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MEMORANDUM

DATE: JULY 2, 2018

TO: NORTHEAST FLORIDA REGIONAL COUNCIL EXECUTIVE COMMITTEE

THRU: PERSONNEL, BUDGET & FINANCE POLICY COMMITTEE

FROM: ^{DS} DONNA STARLING, CHIEF FINANCIAL OFFICER

RE: AUDIT FIRM SELECTION FOR FISCAL YEAR 2018, 2019, 2020

The Northeast Florida Regional Council released a Request for Proposal in June for Audit Services for fiscal year ending 2018, 2019 and 2020.

In total, the Council received three (3) responses. The proposal review committee included three Council staff members. Proposals were received from, in alphabetic order:

- Carrs, Riggs, Ingram LLC
- James Moore & Company
- Magers & Associates

The committee unanimously chose James Moore & Company as being the most responsive and qualified for the project.

Recommendation

Authorize the CEO to negotiate and execute a contract with James Moore & Company for audit services at a cost of \$14,500 for fiscal year 2018, \$15,000 for fiscal year 2019 and \$15,500 for fiscal year 2020.

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REQUEST FOR PROPOSALS

FOR

AUDITING SERVICES

General Information

A. Purpose

This Request for Proposal (RFP) is to contract for a financial audit and a compliance audit in accordance with generally accepted auditing standards; Government Auditing Standards; OMB Circular A-133, the Single Audit Act; the provisions of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F. R. Part 200); and all other applicable laws and regulations.

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed to practice in the State of Florida, hereinafter referred to as the “Auditing Firm” to perform a financial and compliance audit of the Northeast Florida Regional Council, hereinafter referred to as the “Council”.

B. Description of Entity and Records to be Audited

The Northeast Florida Regional Council is a regional government agency serving seven counties—Baker, Clay, Duval, Flagler, Nassau, Putnam, and St. Johns—and their 26 municipalities. Formed in 1977 by an interlocal agreement pursuant to Florida Statutes, Chapter 163, it is one of 10 Regional Planning Councils statewide. The Northeast Florida Regional Council provides a wide scope of services and programs including local and regional comprehensive and strategic planning, Development of Regional Impact reviews, economic development, regional transportation, natural resources, affordable housing, emergency preparedness, technical assistance to local governments and conflict resolution services.

The Northeast Florida Regional Council is governed by a 35-member Board, two-thirds elected officials and one-third gubernatorial appointees.

The Council receives funding from federal, state and local governments.

Additionally, the Council provides administrative and management services to two 501c(3) organizations, the Northeast Florida Healthcare Coalition and the Regional Community Institute of Northeast Florida.

The books of account are maintained using the Grants Management System (GMS) accounting software. The Council maintains one main operating checking account and a money market account. Total accounts payable and payroll checks issued throughout the year total approximately 800. The current operating budget is 2.4 million. Administrative offices and all records are located at 100 Festival Park Avenue, Jacksonville, FL 32202.

C. Terms of Agreement

It is expected that the contract shall be a three-year fixed price contract. The contract is for fiscal year 2018, 2019, 2020.

At the discretion of the Council, this audit contract can be renewed for up to three additional years. The cost for the optional periods will be negotiated at renewal.

D. Who May Respond

Only Certified Public Accountants who are licensed in the State of Florida may respond to this RFP. The Auditing Firm should have a minimum of ten (10) years' experience in continuous CPA services with a minimum of five (5) years' experience in governmental auditing. The firm must also be a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

E. Bidder's Conference

In order to ensure consistent responses and provide correct information to all interested parties, a bidder's conference will be held on May 31, 2018, at 10:00 a.m., **if requested**, at the office of the Northeast Florida Regional Council, 100 Festival Park Avenue, Jacksonville, FL 32202.

The Auditing Firm may request a bidder's conference by emailing dstarling@nefrc.org by May 24, 2018, before 4:00 p.m.

F. Instructions on Proposal Submission

1) Closing Submission Date

Proposals must be submitted **no later than 3:00 p.m., Eastern Time Zone on June 15, 2018.**

2) Inquiries

Except for as provided above in Item E., during the bidding process, all prospective proposers are hereby prohibited from contacting any member of the Northeast Florida Regional Council's Board of Directors or employees in any respect during the solicitation and evaluation period. The violation of this rule shall result in the automatic disqualification of any response to a bid solicitation submitted by the violator.

3) Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Auditing Firm and will not be reimbursed by the Council.

G. Instructions to Prospective Bidders

Your proposal should be addressed as follows:

Northeast Florida Regional Council
100 Festival Park Avenue
Jacksonville, FL 32202
Attention: Donna Starling

It is important that the Auditing Firm's proposal be submitted in a sealed envelope clearly marked in the lower left-hand corner with the following information:

SEALED PROPOSAL
For Audit Services

Failure to do so may result in premature disclosure of your proposal.

It is the responsibility of the Auditing Firm to ensure that the proposal is received by the Council by the date and time specified above.

Late proposals will not be considered.

H. Applicable Laws and Regulations

The selected audit firm shall comply with all federal, state and local laws, rules and regulations which may apply.

I. Right to Reject

The Council reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP. The Council may request additional information from any proposer.

J. Small and/or Minority-Owned Businesses

Efforts will be made by the Council to utilize small businesses and minority-owned businesses.

An Auditing Firm qualifies as a small business firm if it meets the definition of "small business" as established by the Small Business Administration (13 CFR 121.3-8).

K. Notification of Award

It is expected that a decision selecting the successful Auditing Firm will be made within two months of the closing date for the receipt of proposals.

Scope of Services

A. Scope of a Financial and Compliance Audit

The Council's fiscal year is October 1st through September 30th. The Council's records will be audited for fiscal years 2018, 2019, 2020.

The financial audit and compliance audit should be performed in accordance with generally accepted auditing standards; Government Auditing Standards; OMB Circular A-133, the Single Audit Act; the provisions of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F. R. Part 200); and all other applicable laws and regulations.

B. Internal Controls

The Auditing Firm will prepare a report or reports relative to its study and evaluation of the internal control structure conducted in accordance with the requirements stated above as follows:

- 1) Internal accounting controls
- 2) Management comments relating to the accounting and administrative controls denoting any substantive weaknesses, an assessment of their effects on financial management and recommendations on initial steps toward eliminating them.

C. Report Requirements

- 1) The following financial statements are to be included in the audit report:
 - A. Statement of Net Position
 - B. Statement of Activities
 - C. Balance Sheet
 - D. Statements of Revenues, Expenditures and Changes in Fund Balance
 - E. Other financial statements as may be required.
- 2) The following supplemental schedules:
 - A. Statement of Activities, Budget to Actual
 - B. Schedules of Expenditures of Federal and State Awards, if required.
 - C. Schedules of Proportionate Share of Net Pension Liability
 - D. Schedules of Employer Contributions
 - E. Other reports as may be required.

Auditing Firm Responsibilities

- A. Adhere to “Generally Accepted Auditing Standards” as established by the American Institute of Certified Public Accountants (AICPA) and the “Governmental Auditing Standards”, issued by the Comptroller General of the United States.
- B. Acknowledge that they are currently aware of Federal and State Laws applicable to the Council.
- C. Conduct the audit in accordance with the requirements pronounced by the State of Florida and particularly the rules and regulations of the Auditor General.
- D. Staff the engagement with adequately trained and supervised personnel who are experienced in auditing governmental organizations.
- E. Be responsible for all typing, printing, and processing of fifty (50) printed copies and one electronic copy of the Council’s Audit.
- F. Not directly or indirectly become associated, in any manner whatsoever, with any event, enterprise, association, contract, relationship, venture or situation of any nature which will conflict with or compromise its independence with regard to the Council audit during the term of this Agreement.
- G. Additional Services
 - 1) The Auditing Firm will serve as audit and accounting consultant to the Council throughout the agreement period and as such will provide necessary information and assistance on an as needed basis. The Council will not be billed for such services.
 - 2) The Auditing Firm will prepare all required tax returns for the Council. The Council is required to file two 990 Return of Organization Exempt From Income Tax. The Council will not be billed for such services.
 - 3) The Auditing Firm will prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations as required by OMB Circular A-133. The Council will not be billed for such services.
 - 4) If the Auditing Firm, due to one or more accounting and/or reporting deficiencies, is required to give advice, testimony, or other such activity not within the scope of rendering, confirming or justifying a report of audit services rendered, such service will be made without an additional charge to the Council. The Auditing Firm will obtain corrective action and submit audit reports to appropriate agencies. Any preliminary findings of possible fraud, misapplication or misappropriation of funds shall be immediately reported to the Chief Executive Officer of the Council.
 - 5) The Council may, from time to time, desire the Auditing Firm to include additional

records and procedures in its audit. Such requests for additional work will be submitted in writing to the Auditing Firm by the Chief Executive Officer or the Chief Financial Officer. The Auditing Firm will be compensated based on its standard hourly billing rates at the time of the request. Additional services performed under this subsection will be billed to the Council separately from its normal billings.

Delivery Schedule

The Council is required to present the completed audit report to its full policy board at the February board meeting following the fiscal year end closing. The board meeting is held the first Thursday of the month.

The audit fieldwork should begin no earlier than the first week in November, in order to meet the identified deadlines. The Auditing Firm is to transmit an electronic copy of the draft audit report to the Council's Chief Financial Officer on or before the second week in January.

The Auditing Firm shall complete its audit and render fifty (50) printed audit report copies and one electronic copy of the audit report, seven (7) business days prior to the February Board meeting.

Reports may be submitted earlier than the above schedule. However, if the Auditing Firm fails to make delivery of the audit reports within the time schedule specified herein, or if the Auditing Firm delivers audit reports which do not conform to all of the provisions of this agreement, or if any terms of the contract have been breached, the Council may give written notice of default to the Auditing Firm, terminate the whole or any part of this agreement. Administrative, contractual or legal actions may be taken if there is a serious breach of contract.

The Auditing Firm will present the completed audit reports to the Personnel, Budget, and Finance Committee and the full policy body of the Council and additional committees as requested.

Price

The Auditing Firm's proposed price should be submitted separately. Include information indicating how the price was determined. For example, the Auditing Firm should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should be indicated. **The pricing information should be given in a separate sealed envelope.**

Payment

Payment will be made when the Council has determined that the total work effort has been satisfactorily completed. Should the Council reject the report, the Chief Executive Officer will

notify the Auditing Firm in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of this agreement and for ninety (90) days after the Auditing Firm submits the final invoice for payment.

Progress payments will be allowed to the extent that the Council can determine that satisfactory progress is being made.

Upon delivery of the all copies of the final reports to the Council full policy body and their acceptance and approval, the Auditing Firm may submit an invoice for the balance due on the agreement for the audit. In no instances will a payment be made above and beyond the agreement price.

Work Papers

Upon request, the Auditing Firm will provide a copy of the Work Papers pertaining to any questioned costs determined in the audit. The Work Papers must be concise and provide the basis for the questioned costs as well as an analysis of the problem.

- A) The Work Papers will be retained at least five (5) years from the end of the audit period.
- B) The Work Papers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the General Accounting Office, and the Council.

Confidentiality

The Auditing Firm agrees to keep the information related to this agreement in strict confidence. Other than the reports submitted to the Council, the Auditing Firm agrees not to publish, reproduce or otherwise divulge such information, in whole or in part, in any manner or form or authorize or permit others to do so, taking such reasonable measures as are necessary to restrict access to the information while in the Auditing Firm's possession to those employees on the Auditing Firm's staff who must have the information on a "need-to-know" basis. The Auditing Firm agrees to immediately notify, in writing, the Council's authorized representative in the event the Auditing Firm determines or has reason to suspect a breach of this requirement.

Insurance Requirement

The firm awarded the contract shall secure, maintain and present insurance coverage reflecting the minimum amounts of \$ 1,000,000 for general liability, \$1,000,000 for professional liability and workers compensation to include employers liability limits as required by the State of Florida.

The firm must also name the Council as an additional insured on the general liability and professional liability.

Public Entity Crimes Certification

In accordance with Florida Statutes section 287.133(3) (a), the Auditing Firm will complete and return as part of the RFP the Public Entity Crimes Certification form.

Drug-Free Workplace Certification

In accordance with Florida Statutes section 287.087, the Auditing Firm will complete and return as part of the RFP the Drug-Free Workplace Certification form.

Peer Review

Auditing Firm must include a copy of the most recent peer review report, the related letters of comments, and the firm’s response to the letter of comments.

Auditing Firm’s Technical Qualifications

The Auditing Firm, in its proposal, shall, as a minimum, include the following:

A. Prior Auditing Experience

The Auditing Firm should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited. Experience should include the following categories:

- 1) Prior experience auditing multi-funded nonprofit governmental agency under the OMB Circular A-133, Single Audit Act.
- 2) Prior experience auditing similar programs funded by the State of Florida.
- 3) Prior experience auditing Federal programs in accordance with the provisions of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200).
- 4) Prior experience auditing computerized systems that allocate indirect costs.

B. Organization, Size, and Structure

- 1) The Auditing Firm should describe its organization, size (in relation to audits to be performed) and structure. Indicate, if appropriate, if the firm is a small or minority-owned business.
- 2) State whether the firm is local, regional, or national. Provide the location of the office from which the work is to be performed.

C. Staff Qualifications

The Auditing Firm should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

- 1) Audit team make-up.
- 2) Overall supervision to be exercised.
- 3) Prior experience of the individual audit team members.

Only include resumes of staff to be assigned to the audits. Education, position in firm, years and types of experience, continuing professional education, state(s) in which licensed as a CPA, etc., will be considered.

D. Understanding of Work to be Performed

The Auditing Firm must sign and include as an attachment to its proposal the Certifications enclosed with this RFP. The publications listed in the Certifications will not be provided to potential Auditing Firms by the Council, because the Northeast Florida Regional Council desires to contract only with an Auditing Firm who is already familiar with these publications.

E. Auditing Firm Contact

The Auditing Firm will identify the person who will serve as the Auditing Firm's contact with the Council, along with the person's mailing address and telephone number.

Proposal Evaluation

A. Submission of Proposals

All proposals shall include four (4) bound copies and one (1) digital copy of the Auditing Firm's technical qualifications, pricing information (in a separately sealed envelope), the Drug-Free Workplace form, the Public Entity Crimes form, the firm's latest peer review and the signed Certifications. These documents will become part of the agreement.

B. Nonresponsive Proposals

The Council reserves the right to waive any immaterial inconsistencies in a proposal which might otherwise appear to make said proposal nonresponsive. Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

- 1) The proposal is not received timely in accordance with the terms of this RFP.

- 2) The proposal does not include the Certifications, Drug-Free Workplace form and Public Entity Crimes form.
- 3) The proposal is not adequate to form a judgment by the reviewers that the proposed undertaking would comply with the Governmental Auditing Standards of the U.S. Comptroller General.

C. Evaluation Process

Evaluation of each proposal will be based on the following criteria:

<u>Factors</u>	<u>Point Range</u>
1) Prior experience auditing	
a. Prior experience auditing multi-funded nonprofit governmental agency under OMB Circular A-133	0-10
b. Prior experience auditing similar programs funded by State of Florida	0-10
c. Prior experience auditing Federal programs under the provisions of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200)	0-10
d. Prior experience auditing computerized systems that allocate indirect cost	0-10
2) Organization, size, and structure of Auditing Firm.	
a. Number of staff auditors available for this audit	0-5
b. Minority/small business	0-5
3) Qualifications of staff to be assigned to the audits to be performed. This will be determined from resumes submitted. Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, etc. will be considered.	
a. Audit team makeup	0-10
b. Average length of public and governmental experience for staff auditors and supervisor involved in audit	0-10
4) Auditing Firm's understanding of work to be performed.	

a.	Statement of understanding of work to be performed	0-10
b.	Realistic time estimates of each audit step	0-5
5)	Price	<u>0-15</u>

MAXIMUM POINTS: 100

D. Review Process

The Council may, at its discretion, request presentations by or meeting with any or all Auditing Firms, to clarify or negotiate modifications of the Auditing Firm’s proposals.

However, the Council reserves the right to make an award without further discussion of the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Auditing Firm can propose.

The Council contemplates award of the contract to the responsible Auditing Firm with the highest total points.

CERTIFICATIONS

On behalf of the Auditing Firm:

- A. The individual signing certifies he/she is authorized to contract on behalf of the Auditing Firm.
- B. The individual signing certifies the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- C. The individual signing certifies the prices quoted in this proposal have not been knowingly disclosed by the Auditing Firm prior to an award to any other Auditing Firm or potential Auditing Firm.
- D. The individual signing certifies the Auditing Firm is a properly licensed certified public accountant, and a public accountant licensed in the State of Florida.
- E. The individual signing certifies the Auditing Firm meets the independence standards of the Governmental Auditing Standards.
- F. The individual signing certifies he/she is aware of and will comply with the U.S. Government Accountability Office (GAO) requirement of an external quality control (peer) review at least once every three years.

- G. The individual signing certifies he/she has read and understands the following publications relative to the proposed audits:
1. Governmental Auditing Standards issued by the Comptroller General of the United States (also referred to as the Yellow Book)
 2. Governmental, Accounting, Auditing, and Financial Reporting (GAAFR)
 3. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.
 4. OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200).
 5. The American Institute of CPAs (AICPA) guide to State and Local Governments.
- H. The individual signing certifies he/she has read and understands all of the information in this Request for Proposal.
- I. The individual signing certifies the Auditing Firm, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. (If the Auditing Firm or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this ____ day of _____, 2018.

 (Auditing Firm's Name)

 Signature of Auditing Firm's Representative

 Printed Name and Title of Individual Signing