

**AUDIT SELECTION COMMITTEE MEETING
TOWN OF REDINGTON SHORES
THURSDAY, FEBRUARY 23, 2023 – 10:30 A.M.
AGENDA**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

NEW BUSINESS

1. Introduction of Audit Selection Committee
2. Review of RFP

ADJOURNMENT

“Persons are advised that, if they decide to appeal any decisions made at this meeting, they will need a record of the proceedings, and, for such purpose, they may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.”

“The Town maintains a tape recorder for all public hearings. In the event that you wish to appeal a decision, the tape may or may not adequately ensure a verbatim record of the proceedings. Therefore, you may wish to provide a court reporter at your expense.”

RESOLUTION NO. 09-2022

**A RESOLUTION OF THE TOWN OF REDINGTON SHORES,
FLORIDA, ESTABLISHING AN AUDITOR SELECTION
COMMITTEE; MAKING RELATED FINDINGS; PROVIDING FOR
SEVERABILITY AND FOR AN EFFECTIVE DATE.**

WHEREAS, Florida Statutes § 218.391(2) requires the governing body of Florida's municipalities to establish an auditor selection committee; and

WHEREAS, Florida Statutes § 218.391(2)(b) provides that a municipal audit selection committee must consist of at least three members, one member of which must be a member of the governing body, who shall serve as the chair of the committee; and

WHEREAS, the Chapter 5 of the Redington Shores Town Code provides for a uniform method for creating Town advisory boards and providing the same basic rules and procedures for all such boards; and

WHEREAS, Florida Statutes § 218.391(2)(d) provides that the primary purpose of the auditor selection committee is to assist the governing body in selecting an auditor to conduct the annual financial audit required in Florida Statutes § 218.39, but further provides that the committee may serve other audit oversight purposes as determined by the entity's governing body.

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Town of Redington Shores, Florida, that:

Section 1. Creation and Makeup of Committee

- a. The Auditor Selection Committee (ASC) is hereby established as an advisory committee. Members shall be appointed in the manner set forth in Town Code § 5-5.
- b. One sitting member of the Redington Shores Board of Commissioners shall serve on the ASC and shall serve as the chair of the ASC.
- c. Recognizing the limits of available applicants at any given time, the remaining members of the ASC should, whenever possible, possess experience, expertise or training in business operations, auditing, finance, banking, or accounting.
- d. While not voting members, Town staff members with responsibilities for finance, banking, audit compliance functions, and Town administration shall attend meetings of the ASC as directed by the Town Administrator to ensure the members have the benefit of their expertise, experience, guidance and support.
- e. Members of the committee shall meet at least two times each year on dates coordinated with the Town Administrator to allow the ASC to both review the selection or retention of the Town Auditor and to review the annual audit report.

Section 2. Purpose of Committee

Pursuant to Florida Statutes § 218.391(3), it shall be the duty of the ASC to:

- a. Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.
- b. Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.
- c. Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.
- d. Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.
- e. Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

In addition to these statutory duties, the ASC shall also perform the following additional duties:

- a. Review and comply with the Auditor Selection and Auditor Selection Committee Guidance manual published by the Florida Auditor General and published at:
https://flauditor.gov/pages/pdf_files/auditor%20selection%20guidance.pdf
- b. Monitoring the progress of the Town's annual audits,
- c. Assisting the Commission and Town Administrator with identification of, and implementation of corrective actions which may be necessary as a result of audit reports,
- d. Monitoring and making recommendations on the performance of the Town's auditor, and
- e. Annually reviewing the written reports of the Town's auditor.

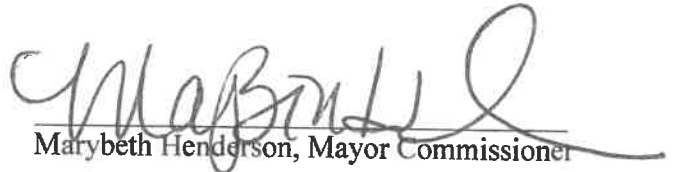
Section 3. Work Product

Pursuant to Town Code § 5-9, the ASC's analysis, recommendations, and work products shall be presented to the Board of Commissioners in its annual report, or on such more frequent basis as the Board of Commissioners, Administrator or ASC deems appropriate.

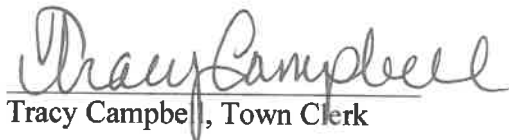
BE IT FURTHER RESOLVED that if any section, subsection, sentence, clause, provision or word of this Resolution is held unconstitutional or otherwise legally invalid, same shall be severable and the remainder of this Resolution shall not be affected by such invalidity, such that any remainder of the Resolution shall withstand any severed provision, as the Board of Commissioners would have adopted the Resolution even absent the invalid part.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon adoption.

DULY ADOPTED with a quorum present and voting this 14th day of December, 2022.


Marybeth Henderson, Mayor Commissioner

Attest:


Tracy Campbell, Town Clerk

**STATE OF FLORIDA
AUDITOR GENERAL**



**AUDITOR SELECTION
AND
AUDITOR SELECTION COMMITTEE
GUIDANCE**

**EFFECTIVE FOR AUDITS FOR FISCAL YEARS ENDED
SEPTEMBER 30, 2021, AND THEREAFTER**

SEPTEMBER 2021

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Auditor Selection Law

Section 218.391, Florida Statutes,¹ the auditor selection law, establishes required procedures for the selection of auditors to perform the financial audits required by Section 218.39, Florida Statutes, for counties, municipalities, special districts, district school boards, charter schools, and charter career technical centers. These procedures help ensure selection of a qualified auditor and satisfactory audit effort. Section 218.391, Florida Statutes, is included as Appendix A to this document.

The established auditor selection process requires a request for proposal (RFP) for the solicitation of the necessary audit services, and a selection and negotiation process in which fees cannot be the sole or predominant reason for selecting a particular audit firm.

The auditor selection law requires that the governing body of each county, municipality, special district, district school board, charter school, and charter technical career center establish an auditor selection committee. Section 218.391(2)(d), Florida Statutes, provides that while the primary purpose of the auditor selection committee is to assist the governing body in selecting an auditor to conduct the financial audit, the auditor selection committee may serve other audit oversight purposes as determined by the entity's governing body.

The purpose of this document, which was initially prepared by an Auditor Selection Task Force² established by the Auditor General, is to provide additional nonmandatory guidance regarding the auditor selection committee and the selection of auditors for performing the financial audit required by Section 218.39, Florida Statutes. Specifically, this document provides guidance in the following areas:

- Composition of auditor selection committees.
- Responsibilities of auditor selection committees.
- Audit proposal evaluation factors.
- Use and elements of an RFP for audit services.
- Use and elements of audit services contracts.

Additional auditor selection topics are included in Appendix B - Questions and Answers. A listing of resources used to prepare this guidance is included in Appendix C.

This document includes numerous references to guidance from the Government Finance Officers Association (GFOA) for audit committees because such guidance is relevant to auditor selection committees assigned audit oversight responsibilities.

Auditor Selection Committee Composition and Size

Legal Requirements

Section 218.391, Florida Statutes, provides that the auditor selection committee for a county must, at a minimum, include each of the county officers elected pursuant to the county charter or Article VIII, Section 1(d) of the State Constitution, or their respective designees, and one member of the board of county commissioners or its designee. The auditor selection committee for a municipality, special district, district school board, charter school, or charter technical career center must consist of at least three

¹ All statutory references in this guidance are to the 2020 Florida Statutes.

² The Task Force included representatives of the Florida Association of Counties, Florida Association of Court Clerks and Controller, Florida Association of Public Purchasing Officers, Florida Association of Special Districts, Florida Government Finance Officers Association, Florida Institute of Certified Public Accountants, Florida League of Cities, and Florida School Finance Officers Association. Also included were representatives of the Auditor General's Office, the Legislative Auditing Committee, and the former Legislative Committee on Intergovernmental Relations.

members, one of which must be a member of the governing body and who must serve as the committee chair.

No employee of the county, municipality, special district, district school board, charter school, or charter technical career center may serve as a member of the auditor selection committee; however, an employee of the county, municipality, special district, district school board, charter school, or charter technical career center may serve in an advisory capacity.

Nonmandatory Guidance

The effectiveness of an auditor selection committee in performing its assigned duties is dependent on the qualifications and skills of its members and the relationship of the members to the governing body.

GFOA Best Practices³ recommend the following regarding the composition of audit committees, which would also apply to auditor selection committees:

- *Ideally, all members of the committee should possess or obtain a basic understanding of governmental financial reporting and auditing. The audit committee also should have access to the services of at least one financial expert, either a committee member or an outside party engaged by the committee for this purpose. Such a financial expert should through both education and experience, and in a manner specifically relevant to the government sector, possess 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals, and reserves; 4) experience with internal controls; and 5) an understanding of audit committee functions.*

For governmental entities experiencing difficulty in acquiring financial expertise on the audit committee, alternative means of acquiring such expertise include, but are not limited to, obtaining assistance from another governmental entity's chief financial officer, engaging an independent financial professional, or providing a training program for audit committee members to develop the necessary financial knowledge.

- *To ensure the committee's independence and effectiveness, no governing body member who exercises managerial responsibilities that fall within the scope of the audit should serve as a member of the audit committee.*

GFOA Best Practices⁴ suggest that the actual audit committee membership be composed of the governing body or a subset of the governing body. Under this approach, it is likely that the entity will need to engage an outside party to obtain the needed experience in governmental financial reporting and auditing. The audit committee members should be provided an orientation on the duties and responsibilities of the committee, including such topics as objectives of internal control, accounting, auditing, and financial reporting to assist in making sound judgments.

- *An audit committee should have sufficient members for meaningful discussion and deliberation, but not so many as to impede its efficient operation. As a general rule, the minimum membership of the committee should be no fewer than three.*

Another factor that could affect the size of the audit committee, particularly in smaller communities, is the availability of individuals who possess both the skills desired of an audit committee member and the willingness to make the commitment to perform effectively as a member. It is important that the entity not compromise these factors, as well as independence considerations, in establishing the size of the audit committee.

³ GFOA's Best Practice: *Audit Committees*.

⁴ GFOA's Best Practice: *Audit Committees*.

- *Members of the audit committee should be educated regarding both the role of the audit committee and their personal responsibility as members, including their duty to exercise an appropriate degree of professional skepticism.*

GFOA Best Practices⁵ suggest that audit committee members be provided training regarding the audit committee function. This is particularly critical where the committee members are governing body members who may not possess the needed experience in governmental financial reporting and auditing. At a minimum, such training might include making members familiar with this guidance and the publications referenced herein.

Small Government Considerations

Smaller entities may experience difficulty in obtaining the necessary experience in governmental financial reporting and auditing from a source that is independent from financial management of the entity. Qualified persons willing to provide such experience may simply not be available within the community. In such instances, the small entity might consider consulting with larger entities in the area to identify employees or consultants of those entities who might be willing to work with their auditor selection committee. A smaller entity may also opt to include members of the auditor selection committee of the larger entity on its auditor selection committee. Regardless of the method used to provide an auditor selection committee function, ultimate responsibility for the selection of the auditor rests with the governing body.

Auditor Selection Committee Responsibilities

Legal Requirements

The primary purpose of the auditor selection committee, as contemplated in Section 218.391, Florida Statutes, is to assist in the selection of an auditor to conduct the financial audit required by Section 218.39, Florida Statutes.

Section 218.391(3), Florida Statutes, establishes the duties of the auditor selection committee to include:

- Establishment of factors to be used for the evaluation of audit services to be provided by an audit firm.
- Public announcement of an RFP.
- Provision of interested firms with the RFP.
- Evaluation of proposals provided by qualified firms.
- Ranking and recommendation in order of preference of no fewer than three firms deemed to be the most highly qualified to perform the required services. If fewer than three firms respond to the RFP, the committee shall recommend such firms as it deems to be the most highly qualified.

The auditor selection committee may also serve other audit oversight purposes as determined by the entity's governing body.

Nonmandatory Guidance

- Establishment of the Auditor Selection Committee. GFOA Best Practices⁶ advise that the audit committee be formally established by charter, enabling resolution, or other appropriate legal means. Likewise, Florida local governmental entity auditor selection committees should be formally established by charter, ordinance, resolution, or written policies and procedures adopted by the governing body. In addition to addressing the composition of the auditor selection committee (see the previous section, Auditor Selection Committee Composition and Size), the formal means by which the auditor selection committee is established should define the

⁵ GFOA's Best Practice: *Audit Committees*.

⁶ GFOA's Best Practice: *Audit Committees*.

committee's responsibilities and prescribe committee member qualifications consistent with GFOA recommendations.

GFOA Best Practices⁷ recommend that the audit committee be established in such a manner that the auditors engaged to conduct the financial audit report directly to the audit committee. If the auditor selection committee is assigned oversight responsibilities with respect to the independent audit and the establishment of internal controls and adequate management processes, the GFOA's Best Practice: *Audit Committees* (October 2008) should be consulted for additional guidance.

- Auditor Selection Committee Responsibilities. GFOA Best Practices⁸ indicate that an audit committee is a practical means for a governing body to provide much needed independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. GFOA Best Practices further indicate that, by effectively carrying out its functions and responsibilities, an audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices, and that the independent auditors, through their own review, objectively assess the entity's financial reporting practices.

The GFOA's publication, *Governmental Accounting, Auditing, and Financial Reporting* (2020), also known as the GFOA Blue Book,⁹ indicates that governing bodies are responsible for ensuring that management fulfills its obligations in regard to internal control and financial reporting. The GFOA Blue Book¹⁰ also indicates that governing bodies typically establish audit committees for this purpose and audit committee responsibilities, in addition to audit oversight, include selecting the auditors. Accordingly, although State law assigns this task to the auditor selection committee, consideration should be given to using the auditor selection committee as an audit committee as contemplated by the GFOA.

The GFOA Blue Book¹¹ further indicates that:

- The auditors should report directly to the audit committee.
- The audit committee should have access to the reports of any internal auditors, as well as access to any annual internal audit work plans.
- The audit committee should publish the results of its work in an annual written report to the governing body.

Should the auditor selection committee be assigned audit oversight responsibilities that are in addition to the statutorily mandated auditor selection committee responsibilities (i.e., used as an audit committee as contemplated by the GFOA), consideration should be given to GFOA guidance regarding audit committee responsibilities. For example, the GFOA's *Audit Management Handbook* (GFOA Handbook) recommends that, in addition to auditor selection, the audit committee perform the following functions:

- Monitoring the Audit
 - Monitoring Activity During the Audit. The GFOA Handbook¹² indicates that concerns of interest to the audit committee during the audit would include whether the audit is progressing on schedule and whether potential problems are identified and immediately corrected, if appropriate. Potential problems might include difficulties in gathering information or contacting key personnel, discovery of instances or indications of fraud,

⁷ GFOA's Best Practice: *Audit Committees*.

⁸ GFOA's Best Practice: *Audit Committees*.

⁹ GFOA Blue Book, Chapter 43, page 43-1.

¹⁰ GFOA Blue Book, Chapter 43, pages 43-1 and 43-2.

¹¹ GFOA Blue Book, Chapter 43, pages 43-2 through 43-4.

¹² GFOA Handbook, Chapter 6, pages 87 and 88.

waste, or abuse that require immediate attention, and circumstances that could result in a modified opinion. Monitoring can be accomplished through periodic progress reports or meetings.

- Review of Final Audit Reports. The GFOA Handbook¹³ recommends that the audit committee review each of the auditor's reports to gain a thorough understanding of problems identified by the auditor to provide the background needed to address resolution of the problems. In view of the emphasis placed on management letters in Florida law and the Rules of the Auditor General,¹⁴ an auditor selection committee assigned audit oversight responsibilities should review the management letters required to be submitted as a part of the audit report. For the committee to effectively review the results of the audit, the results must be communicated in a manner that assures a thorough understanding by the committee members. In lieu of relying solely on the delivery of a written audit report, this might be accomplished at a public meeting¹⁵ in which committee members have an opportunity to ask questions of the auditors. This could be done either in addition to, or in conjunction with, a public meeting of the entity's governing body at which governing body members would also have an opportunity to question the auditors. If the findings are presented at a governing body meeting, consideration should be given to a meeting convened solely or predominantly for this purpose to assure that the findings are adequately communicated.

- Audit Resolution

The GFOA Handbook¹⁶ points out that while it is management's responsibility to implement corrective action related to audit findings, the audit committee should be responsible for monitoring management's implementation. The GFOA Handbook suggests that governing bodies may want to require management to answer to the governing body for any failure to implement corrective action plans in a timely manner to the satisfaction of the audit committee.

Specified entities are required by Auditor General Rule 10.558(2) to provide the Auditor General with responses to all audit findings included in their financial audit reports. The responses are required to include corrective action designed to prevent recurrence of any findings included in the audit report.

- Auditor Evaluation

The GFOA Handbook¹⁷ views auditor evaluation as the first step of the subsequent year's audit procurement or, if audit procurement is not scheduled for the subsequent year, a process for identifying and recommending needed improvements in the auditor's performance. The GFOA Handbook recommends that the audit committee meet with management to discuss matters pertaining to the auditor's performance, including: ability to meet deadlines; compliance with other provisions of the audit contract; competence and cooperativeness of the audit staff; and thoroughness and reasonableness of audit adjustments, findings, and recommendations.

In assessing the overall effectiveness of the audit, the auditor selection committee may determine a need for audit procedures that are in addition to the minimum procedures

¹³ GFOA Handbook, Chapter 6, pages 88 through 91.

¹⁴ All references in this guidance to Rules of the Auditor General rules are to *Chapter 10.500, Rules of the Auditor General* effective for fiscal years ending September 30, 2020, and thereafter.

¹⁵ Auditor selection committee meetings are subject to the Sunshine Law (Section 286.011, Florida Statutes) as discussed in question 11 of Appendix B - Questions and Answers.

¹⁶ GFOA Handbook, Chapter 6, page 92.

¹⁷ GFOA Handbook, Chapter 6, page 92.

necessary to issue an opinion on financial statements. Such information would be useful in preparing future requests for proposals.

- **Communications with the Auditor Selection Committee.** If the auditor selection committee is assigned audit oversight responsibilities (i.e., is acting as an audit committee), effective communication between the auditors and the auditor selection committee is necessary. Financial audits conducted pursuant to Section 218.39, Florida Statutes, must be conducted in accordance with auditing standards generally accepted in the United States¹⁸ and government auditing standards.¹⁹ Auditing standards generally accepted in the United States require that auditors communicate certain matters with the audit committee or other subgroup of those charged with governance²⁰ and communicate with the audit committee regarding internal control-related matters²¹ and identified or suspected noncompliance with laws and regulations.²²

Small Government Considerations

While smaller entities may lack the resources to expand the use of the auditor selection committee to accommodate all or many of the nonmandatory audit oversight functions described above, all entities, regardless of size, are required to use the committee for auditor selection. The entities are encouraged to use the auditor selection committees for the other functions to the extent available in their particular circumstances. Additional discussion regarding the establishment of auditor selection committees by small governments is included in the Auditor Selection Committee Composition and Size section.

Audit Proposal Evaluation Factors

Legal Requirements

Section 218.391(3)(a), Florida Statutes, requires that the auditor selection committee establish factors to be used for the evaluation of audit services to be provided and that such factors include, but not be limited to, ability of personnel, experience, ability to furnish the requested services, and such other factors as may be determined by the committee to be applicable to the particular requirements. Section 218.391(3)(d), Florida Statutes, prohibits the use of compensation as the sole or predominant factor for evaluating proposals.

Nonmandatory Guidance

Consistent with Florida law, GFOA Best Practices²³ state “The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor’s ability to perform a quality audit. Price should not be allowed to serve as the sole criterion for selection of an independent auditor.”

- **Audit Firm Qualifications.** While Florida law prescribes minimal audit firm qualifications that must be considered in selecting an auditor, the *GFOA Handbook*²⁴ describes an evaluation process to be used in selecting the auditor that includes certain mandatory criteria that must be met by the auditor to qualify for further consideration. The criteria listed by the *GFOA Handbook* include:

¹⁸ These standards are promulgated by the AICPA in its publication *AICPA Professional Standards*. All references in this guidance to *AICPA Professional Standards* are to such standards codified as of July 1, 2020.

¹⁹ These standards are promulgated by the Comptroller General of the United States in the publication *Government Auditing Standards*.

²⁰ *AICPA Professional Standards*, AU-C Sections 260.08 -.14.

²¹ *AICPA Professional Standards*, AU-C Sections 265.11 -.15.

²² *AICPA Professional Standards*, AU-C Sections 250.21 -.23.

²³ GFOA’s Best Practice: *Audit Procurement*.

²⁴ GFOA Handbook, Chapter 5, page 79.

- Meets applicable independence requirements.
 - License to practice as a CPA in the State.
 - Receipt of adequate continuing professional education by key personnel.
 - Completion of a quality control review within the past 3 years.
 - A history of performing quality audits.
 - **Technical Qualifications.** The GFOA Handbook²⁵ indicates that if a point system is used to evaluate proposals, the total points should be divided between two categories for technical qualifications of proposers: (1) expertise and experience and (2) audit approach. Expertise and experience qualifications could include, for example:
 - Past experience and performance on comparable government engagements.
 - Quality of the firm's professional personnel to be assigned to the engagement and quality of the firm's management support personnel to be available for technical consultation.
 - Experience with specific State and Federal grant programs.
 - Information technology expertise.
- Audit approach qualifications include, for example:
- Adequacy of proposed staffing plan (hours and level) for the various segments of the engagement.
 - Adequacy of sampling techniques.
 - Adequacy of analytical procedures.

The GFOA Handbook²⁶ points out that technical qualifications should be tailored to meet each government's unique environment and specific audit requirements and cites as an example a government that sponsors its own pension plan for employees, which might require actuarial expertise. The GFOA Handbook also recommends assignment of point value ranges to each criterion to aid in the evaluation of the technical qualifications of proposers, which allows the entity to reflect the relative importance of the qualifications for that government and engagement (i.e., allows the entity the flexibility to reflect qualitative differences in the qualifications presented in the proposals).

Use and Elements of Request for Proposal

Legal Requirements

Pursuant to Section 218.391(3)(c), Florida Statutes, the auditor selection committee must provide interested audit firms with an RFP. The RFP is required to include information on how proposals are to be evaluated and such other information as the committee determines is necessary for the firm to prepare a proposal.

Nonmandatory Guidance

The GFOA Blue Book²⁷ states that an effective RFP serves two purposes: 1) provides enough information about the entity to allow potential auditors to assess whether their particular experience and resources would be a "good match" for the engagement, and 2) elicit enough information from responding audit firms to assess their ability to perform a high quality government audit.

²⁵ GFOA Handbook, Chapter 5, page 80 and 81.

²⁶ GFOA Handbook, Chapter 5, page 81.

²⁷ GFOA Blue Book, Chapter 43, page 43-13.

- Public Announcement for Audit Services. Section 218.391(3), Florida Statutes, provides that the auditor selection committee shall publicly announce an RFP and provide interested firms with the RFP. To achieve the benefits of a competitive selection process, it is critical that there be sufficient responses by qualified audit firms to the RFP. The GFOA Handbook²⁸ states that a well-planned solicitation effort is needed to identify a sufficient number of qualified audit firms. This can be accomplished in a variety of ways and the law does not mandate any specific method. The method selected should provide sufficient time for the potential responders to prepare an appropriate response. The NIGP: Institute for Public Procurement,²⁹ in its publication *Public Procurement Guide for Elected and Senior Government Officials*,³⁰ indicates that potential service providers should be given a minimum of 14 to 30 days to prepare bids or proposals.

To promote competition, the method of noticing the RFP should be designed to reach as many potential providers of audit services as possible. The GFOA Handbook³¹ identifies several methods for identifying and of reaching qualified audit firms from which proposals can be solicited, including advertisement in local newspapers, notice in a publication of the state society of certified public accountants, inquiries of other entities in the same region, and direct mailing to audit firms. In Florida, the Auditor General maintains a database of local government audit reports received, including the names of the audit firms that conducted the audits, thereby providing another source that entities may find useful for identifying and reaching potential audit firms. If the entity opts to advertise in a newspaper, the newspaper selected should have adequate coverage to assure an opportunity for a sufficient number of responses.

- Elements of the Request for Proposal. The GFOA Handbook³² includes a list of 24 information elements that should be considered in designing an RFP for audit services. These elements generally either provide information to the prospective proposers regarding the RFP evaluation process or assure that adequate information is provided by the proposers to allow for an informed decision by the entity. It may not be necessary to include all of these elements in the RFP, but each element should be considered, and those elements considered to be appropriate for the given circumstances should be incorporated. The elements listed in the GFOA Handbook consist of:

1. *How proposals will be evaluated.*

The RFP should clearly state the factors upon which the selection will be based and could provide:

- a. The relative weights of the evaluation factors, particularly with respect to qualifications and price, when price is considered as one of the evaluation factors.
- b. A statement that price will not be the sole or predominant factor to assure that highly qualified firms will receive appropriate consideration and to discourage the submission of proposals with unrealistically low prices by less qualified firms.
- c. Auditor qualifications that are mandatory for all proposers.
- d. Particular qualifications that will be considered more favorably (e.g., experience with particular grant programs).

²⁸ GFOA Handbook, Chapter 4, page 27.

²⁹ NIGP: Institute for Public Procurement is a membership-based, nonprofit organization composed of members representing Federal, state, provincial and local government levels throughout the United States and Canada and provides support to professionals in the public sector procurement profession.

³⁰ NIGP *Public Procurement Guide for Elected and Senior Government Officials* (2016), page 17.

³¹ GFOA Handbook, Chapter 4, pages 27 and 28.

³² GFOA Handbook, Chapter 4, pages 29 through 45.

2. *Procedures to be followed in the proposal process.*

The prospective proposers who will be incurring the cost of preparing and presenting a proposal will need specific information as to how to respond to the RFP. Such information might include:

- a. The appropriate format to use in making the proposal.
- b. Identification of a contact person.
- c. Whether there will be a pre-proposal conference.
- d. Information regarding the submission of proposed prices (i.e., audit fees), such as the form or timing of submission of the proposed audit fee or the level of detail required to support the proposed audit fee (e.g., number of hours x level of staff at set rate per hour).³³
- e. Other aspects of the proposal process, including submission deadlines, consideration of late proposals, and notification of evaluation and auditor selection results.

3. *Brief description of the entity and its accounting systems and financial reporting structures.*

Prospective proposers require information that will provide a basis for determining the type and amount of resources that will be needed to perform the audit. This information might include:

- a. General description of the entity, including:
 - i. The entity's fiscal year.
 - ii. Services the entity provides its citizens.
 - iii. Organizational chart and key personnel.
 - iv. Size of the entity (e.g., geographic area, number of employees, total budget or payroll).
 - v. The entity's documented policies and procedures.
- b. Fund structure and basis of accounting.
- c. Involvement in Federal awards programs and State financial assistance projects.
- d. Description of pension plans.
- e. Information regarding component units and joint ventures.
- f. Magnitude of financial operations.
- g. Scope of information systems, including networking, software vendors, and major applications.
- h. Existence, size, and scope of the internal audit function.
- i. Contact person for access to prior audit information.

4. *Known weaknesses in the entity's internal control structure.*

Prospective proposers will want to be made aware of significant known internal control deficiencies. This could be accomplished by providing the proposers with a copy of the prior year external audit report (including financial statements, auditor's reports, and management letters), prior year adjusting entries, and the status of prior audit report findings (corrected or uncorrected). It may also be useful to provide proposers recent relevant internal audit reports.

³³ Section 218.391, Florida Statutes, permits consideration of compensation in selecting the auditor; however, Section 218.391(3)(d), Florida Statutes, prohibits the use of compensation as the sole or predominant factor for evaluating proposals. Additionally, Section 218.391(5), Florida Statutes, provides that the method used by the entity to select, and negotiate a contract with, an auditor must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of Section 218.39, Florida Statutes, and the entity's needs.

5. *Anticipated implementation problems arising from new authoritative pronouncements.*

An entity's readiness to implement new pronouncements, laws, or regulations having a significant impact on the entity's financial operations and reporting could impact the auditor's consideration of the resources needed to perform the audit.

6. *Principal contacts inside and outside the entity.*

Examples of contacts that proposers might want to be aware of as individuals with whom they will be expected to interact during the engagement include:

- a. Chief executive officer.
- b. Chief financial officer.
- c. Auditor selection or audit committee members.
- d. Director of internal audit.
- e. Grants management personnel.
- f. Legal counsel.

7. *Level of assurance to be required of the auditor for each type of information contained within the report.*

The auditor will need to be made aware of circumstances that might impact the scope of the audit. Such circumstances might include the audit of the financial statements of a component unit by another audit firm or a determination of compliance with specific legal requirements that will require an auditor's report based on an examination conducted in accordance with *AICPA Professional Standards*³⁴ pursuant to Auditor General Rule 10.556(10).

8. *Auditing standards required for the engagement.*

Pursuant to Florida law³⁵ and Auditor General Rule 10.551(3), all required financial audits of entities in Florida are to be performed in accordance with *Government Auditing Standards* promulgated by the Comptroller General of the United States. The RFP might include a statement to this effect to avoid any misunderstanding.

9. *The auditor's specific reporting responsibilities.*

Although the auditor's reporting responsibilities are described in the auditing standards and the Rules of the Auditor General, the GFOA Handbook recommends listing the reporting responsibilities in the RFP. This could be most easily accomplished by reference to the Rules of the Auditor General, Chapter 10.550 (*Local Governmental Entity Audits*), Chapter 10.800 (*Audits of District School Boards*), or Chapter 10.850 (*Audits of Charter Schools and Charter Technical Career Centers, the Florida Virtual School, and Virtual Instruction Program Providers*), as appropriate. For Florida local governmental entity financial audits, the scope of the work to be performed by the auditor could include:

- a. Expression of opinion in conjunction with a full-scope audit of a comprehensive annual financial report (CAFR) (optional under Florida law and Rules of the Auditor General) or a report on basic financial statements only (minimum requirement for all local government audits).
- b. Federal or state single audit reports (required if certain thresholds are met).
- c. Management letter (required for all local government audits).

³⁴ *AICPA Professional Standards*, AT-C Section 315.

³⁵ Financial audits required by Section 218.39, Florida Statutes, and defined by Section 218.31(17), Florida Statutes, must be conducted in accordance with *Government Auditing Standards*.

- d. An auditor's report prepared in accordance *AICPA Professional Standards* pursuant to Auditor General Rule 10.556(10).

Expected deliverables should also include any requirement for separate opinions for any debt issues or to meet any other reporting requirements.

10. *The type and amount of assistance available from the entity.*

Entities can sometimes reduce the cost of their audits by providing certain assistance to the auditor. To formulate the type and amount of resources to be applied to the audit, the auditor needs information as to the type and extent of assistance that will be available from the entity. The GFOA Handbook refers to various types of assistance including internal audit support, clerical support, and preparation of schedules. A statement might be included acknowledging that the entity is responsible for preparing draft financial statements. Any anticipated concerns regarding the ability of the entity to do so should be disclosed.

11. *Required audit timetable and deliverables.*

The GFOA Handbook recommends that the RFP include the latest acceptable dates for the following:

- a. Entrance conference.
- b. Completion of interim audit work.
- c. Completion of year-end field work.
- d. Submission of audit adjustments and draft findings.
- e. Exit conference.
- f. Issuance of reports.

12. *Additional services to be required of the auditor.*

Auditors often provide additional services beyond audit services; however, the ability of auditors to provide nonaudit services to an audit client has been severely limited by *Government Auditing Standards*. Careful consideration should be given to the restrictions on such services prior to including them in the RFP. *Government Auditing Standards*³⁶ suggest that auditors performing nonaudit services obtain agreement from the entity's management that management will perform the following functions regarding nonaudit services:

- a. Assume all management responsibilities.
- b. Oversee the services using an individual with suitable skill, knowledge, or experience.
- c. Evaluate the adequacy and results of the services.
- d. Accept responsibility for the results of the services.

13. *Information on auditor workspace and access to telephones, copiers, FAX machines, and computers.*

The GFOA Handbook suggests that the RFP include information on the location and type of workspace that will be made available to the auditor, as well as availability of telephones, Internet access, copy machines, FAX machines, and computer hardware and software.

14. *Procedures to be followed to determine if additional audit work is necessary and the fee basis applicable to such work.*

Circumstances sometimes arise in which the scope of the audit may need to be expanded

³⁶ *Government Auditing Standards* (2018 Revision) paragraph 3.76.

beyond what was anticipated in the RFP. For example, an entity might request the auditor to perform additional work in an area where the auditor discovered certain control weaknesses. The GFOA Handbook recommends that the RFP indicate that the scope of the audit may only be broadened with the entity's consent and request that proposers indicate how the fee for additional work related to a scope expansion would be determined.

15. Information needed from proposers to evaluate their qualifications.

A primary purpose of the RFP is to provide the entity with information needed to assess the professional skill and experience of the auditors who will perform the engagement. The GFOA Handbook recommends that the RFP ask for the following information from the proposer:

- a. Overall size of the audit firm.
- b. Location and number of professional staff who will perform the engagement.
- c. Identification and qualifications of personnel to be assigned to the engagement, including:
 - i. Names and government audit experience of the partner in charge of the audit and other partners who will be assigned review or quality control functions.
 - ii. Names of the manager and other supervisory personnel who will be assigned to the engagement, including information about their government audit experience.
 - iii. Information on certification, licensure, and CPE training of each of the above.
 - iv. Information on membership in professional societies (e.g., AICPA, FICPA, FGFOA, GFOA, AGA) of each of the above.
 - v. Background and qualifications, including experience, of all other professional audit or other staff assigned to the engagement.

The GFOA Handbook also recommends that the RFP clearly set forth: (1) the circumstances in which the audit staff may be changed; (2) the need for new staff to meet the same level of qualifications; and (3) the entity's right to reject or approve replacements.

16. Requirement for auditors to furnish a statement that they meet the appropriate criteria for independence.

Auditors are required to maintain independence, both in fact and appearance, regarding audit clients. The GFOA Handbook suggests that the RFP require a formal statement from the proposers that they meet the guidelines for independence as set forth in applicable auditing standards.

17. Request for references from other entity clients.

The GFOA Handbook suggests that the RFP ask proposers to furnish the names of governments (preferably of similar type and size) for which they have recently performed similar audits, and contact information for those governments.

18. Request for information on the results of peer reviews.

*Government Auditing Standards*³⁷ require that auditors performing audits in accordance with those standards (in Florida, this includes local governmental entity financial audits conducted pursuant to Section 218.39, Florida Statutes) undergo external peer review at least once every 3 years. The GFOA Handbook recommends that the RFP ask proposers to provide the entity with a report on their most recent peer review, and whether it included a review of the quality of specific government audits. The RFP could also ask for the results of desk or field reviews of their audits by Federal or state agencies.

³⁷ *Government Auditing Standards* (2018 Revision) paragraph 5.84.

19. *Request for information on the status of any disciplinary actions undertaken against the firm.*

The GFOA Handbook recommends that the RFP request information on whether any disciplinary action has been taken against the firm at the Federal or state level and, if such action has been undertaken, the current status of the action. In Florida, certified public accountants may be subject to punishment for a misdemeanor committed pursuant to Section 473.322(2), Florida Statutes, or to disciplinary action by the Florida State Board of Accountancy pursuant to Section 473.323(3), Florida Statutes.

20. *Request for detailed information on the proposer's anticipated audit approach.*

The GFOA Handbook points out that, in addition to information regarding the proposer's qualifications, the proposer's audit approach should be evaluated to determine that the proposer has a sound understanding of the scope of the engagement and the entity's environment. Additionally, the entity needs assurance that the proposer will apply the appropriate level of effort needed to perform the engagement satisfactorily. The GFOA Handbook recommends that the RFP ask for the following types of information:

- a. The extent to which the firm proposes to employ statistical sampling techniques.
- b. The extent to which the firm proposes to employ analytical procedures.
- c. The manner in which the firm intends to segment the engagement.
- d. The hours of staff time at each level that will be devoted to each segment.
- e. The approach proposed for gaining and documenting the auditor's understanding of the entity's internal controls.
- f. The approach proposed for determining which laws and regulations should be tested for compliance.
- g. The method of drawing samples for tests of compliance.

21. *Requirements applicable to working papers and cooperation with other auditors.*

The GFOA Handbook recommends that the RFP clearly establish the period for retention of the auditors working papers by the auditor and parties who are allowed access to the working papers. In establishing the retention period, the entity should consider that *AICPA Professional Standards*³⁸ require financial statement auditors to retain "audit documentation of any nature" (this would include audit working papers) for at least 5 years after release of the audit report. This should be considered a minimum retention period in drafting an audit services contract. The GFOA Handbook also recommends that the RFP include provisions requiring accessibility to the working papers by Federal cognizant agencies; principal auditors, where component units are audited by other auditors; parties designated by the entity as part of an audit quality control review; and successor auditors for matters relating to continuing accounting significance.

22. *Policy toward joint proposals or the use of subcontracting.*

The use of subcontracting or joint ventures on the part of auditors can be a means for encouraging participation by smaller firms. The GFOA Handbook recommends that any subcontracting after the audit contract is awarded be subject to the entity's right to approve or reject subcontracting firms. Further, if joint proposals or subcontracting is allowed, the RFP should request proposers to identify the firm that will serve as the principal auditor.

23. *Right to reject proposals, demand additional information, and use unsuccessful proposals.*

The GFOA Handbook recommends that the RFP indicate that the entity:

- a. Retains the right to reject any or all proposals.
- b. Retains the right to request additional information from proposers and failure to provide

³⁸ *AICPA Professional Standards*, AU-C Section 230.17.

the information could result in rejection of a proposal.

- c. Reserves the right to retain proposals and use ideas from them.
- d. Is not obligated in any manner to reimburse firms for costs incurred in connection with responding to the RFP.

24. *Any additional language to meet the requirements of applicable laws and regulations.*

The GFOA Handbook suggests that the entity be aware of and include any specific language required by law or regulation.

Use and Elements of Audit Services Contract

Legal Requirements

Section 218.391(7), Florida Statutes, requires that every procurement of audit services be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. An engagement letter signed and executed by both parties constitutes a written contract. The written contract shall include, at a minimum, the following:

- A provision specifying the services to be provided and fees or other compensation for such services.
- A provision requiring that invoices for fees and other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.
- A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed. Section 218.391(8), Florida Statutes, provides that written contracts may be renewed (pursuant to renewal periods specified in the contract) without the use of auditor selection procedures and that such renewals shall be in writing.

Nonmandatory Guidance

The audit services contract is a legally binding agreement that should be prepared and reviewed with the advice of legal counsel. The GFOA Handbook³⁹ suggests that the written agreement incorporate by reference the terms of the RFP and specific language regarding the understanding between the entity and the auditors. The entity should also be careful to ensure that the written agreement terms are consistent with the terms of the successful proposal.

- **Engagement Letter**. While Section 218.391(7), Florida Statutes, authorizes the use of an engagement letter as an audit services contract, if it is signed by both parties, the use of an engagement letter does not relieve the need to include all provisions that would constitute a good contract and protect both the entity and the auditor.
- **Required Contract Elements**. As indicated above, there are certain legally required elements that must be included in the audit services contract. Additional guidance for each of these elements follows:
 - *Services to be provided and fees or other compensation (Section 218.391(7)(a), Florida Statutes)*. AICPA Professional Standards⁴⁰ indicate that agreed upon terms of the audit engagement should include, among other things, the objective and scope of the audit, the responsibilities of the auditor, and the responsibilities of entity management. AICPA Professional Standards⁴¹ also suggest elaborating on the scope of the audit, to include reference to applicable legislation, regulations, generally accepted auditing standards, and ethical and other pronouncements of professional bodies to which the auditor adheres. Florida law and the Rules of the Auditor General include several requirements that impact the

³⁹ GFOA Handbook, Chapter 6, page 85.

⁴⁰ AICPA Professional Standards, AU-C Section 210.10.

⁴¹ AICPA Professional Standards, AU-C Section 210.A24.

scope of the audit in addition to the required auditor's reports on the financial statements and State and Federal programs. Specifically addressing these requirements in the contract helps to preclude any subsequent misunderstandings regarding the auditor's responsibilities.

- *Invoices for fees and other compensation in sufficient detail to demonstrate compliance with the contract (Section 218.391(7)(b), Florida Statutes).* AICPA Professional Standards⁴² suggest that the basis on which fees are computed and any billing arrangements be included in the engagement letter (contract). The basis for payment may vary from a lump sum arrangement to specific rates to be paid for the services of specific employees or categories of employees of the audit firm and reimbursement for specific costs, such as travel, incurred in connection with the engagement. The level of detail on the invoice sufficient to demonstrate compliance with the terms of the contract will vary according to the basis for payment. In the case of a fixed fee contract, the basis for payment should be clearly defined within the audit services contract. If the contract identifies certain employees for which the firm will be paid at specified hourly rates, the contract should require invoices that indicate the numbers of hours worked by each employee and application of the appropriate rates. If the contract provides for reimbursement for certain actual costs, the contract should require invoices that demonstrate the costs actually incurred by the firm in the form of receipts or similar documentation.
- *Contract period, renewals, and termination (Section 218.391(7)(c), Florida Statutes).* The contract must specify the number of years for which it will be in effect, including any options for renewal on the part of the entity. The law does not prescribe a maximum term for an audit services contract or a maximum number of renewal periods. Once the contract period, including renewals, has expired, any further required audit services must be subjected to the auditor selection law as required by Section 218.391, Florida Statutes.

The GFOA's Best Practice: *Audit Procurement* recommends that governmental entities enter into multiyear agreements of at least 5 years in duration when obtaining the services of an independent auditor. The GFOA points out that such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit and can also help reduce audit costs by allowing auditors to recover certain "start-up" costs over several years, rather than a single year. The appropriate length for the audit services contract is left to the judgment of the entity. However, as the auditor selection process established by law is intended to ensure selection of a qualified auditor and satisfactory audit effort, entities should avoid establishing excessive contract periods.

- Additional Contract Elements. Additional elements that are recommended by the GFOA Handbook⁴³ to be made a part of the audit services contract include:
 - An independence assertion by the auditor.
 - Language describing the actions to be taken in the event of a disagreement as to whether certain procedures are within the scope of the contract.
 - Provisions to assure the availability of the auditor's services to aid the entity in the defense of claims that may arise as the result of audit work.
 - Language concerning opportunities for socially and economically disadvantaged individuals (such language may be required by law or regulation).
 - Clarification of the auditor's duty to maintain the confidentiality of certain sensitive information.

⁴² AICPA Professional Standards, AU-C Section 210.A24.

⁴³ GFOA Handbook, Chapter 6, pages 85 through 87.

- Provisions establishing the entity's rights to terminate the contract and the procedures for doing so.
- Stipulation as to how the value of the auditor's work is to be determined if the engagement is terminated prior to completion.
- Language establishing the auditor's sole liability for claims arising from the auditor's performance of the engagement.
- Language requiring both the entity and the auditor to attempt to resolve disputes amicably.
- Language requiring formal notification to the other party in the event of a disagreement (e.g., a disagreement over the scope of the audit) and indicating what is to be considered notification in such instance (e.g., registered mail).
- Language specifying how the terms of the contract can be waived or modified.
- Language clarifying that the contract's separate provisions are to stand alone, so that a failure to meet one provision does not nullify the entire contract.
- A requirement for the auditor to obtain insurance coverage.
- A prohibition against the auditor's delegating or subcontracting audit work without the entity's permission.

In developing audit contracts, entities should consider an article⁴⁴ titled *Contract Issues for Governmental Audits* that was jointly developed by the AICPA and GFOA to educate governments and their auditors about clauses in contracts and engagement letters in the governmental environment that may not meet *AICPA Professional Standards* and that may create uncertainty about the auditor's independence.

As shown above, different professional organizations have placed varying emphasis on the contents of the contract for audit services. Entity management must determine the most appropriate provisions for a contract in a given set of circumstances. The specific elements and language to be included within a contract will ultimately be a matter of agreement between the entity and the audit firm.

⁴⁴ A link to this article is provided on the AICPA's Web site at www.aicpa.org/search.html?source=AICPA&q=Contract+Issues+for+Governmental+Audits.

Appendix A - Auditor Selection Law

218.391 Auditor selection procedures.

(1) Each local governmental entity, district school board, charter school, or charter technical career center, prior to entering into a written contract pursuant to subsection (7), except as provided in subsection (8), shall use auditor selection procedures when selecting an auditor to conduct the annual financial audit required in s. 218.39.

(2) The governing body of a county, municipality, special district, district school board, charter school, or charter technical career center shall establish an auditor selection committee.

(a) The auditor selection committee for a county must, at a minimum, consist of each of the county officers elected pursuant to the county charter or s. 1(d), Art. VIII of the State Constitution their respective designees, and one member of the board of county commissioners or its designee.

(b) The auditor selection committee for a municipality, special district, district school board, charter school, or charter technical career center must consist of at least three members. One member of the auditor selection committee must be a member of the governing body of an entity specified in this paragraph, who shall serve as the chair of the committee.

(c) An employee, a chief executive officer, or a chief financial officer of the county, municipality, special district, district school board, charter school, or charter technical career center may not serve as a member of an auditor selection committee established under this subsection; however, an employee, a chief executive officer, or a chief financial officer of the county, municipality, special district, district school board, charter school, or charter technical career center may serve in an advisory capacity.

(d) The primary purpose of the auditor selection committee is to assist the governing body in selecting an auditor to conduct the annual financial audit required in s. 218.39; however, the committee may serve other audit oversight purposes as determined by the entity's governing body. The public may not be excluded from the proceedings under this section.

(3) The auditor selection committee shall:

(a) Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.

(b) Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.

(c) Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.

(d) Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.

(e) Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

(4) The governing body shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the auditor selection committee, and negotiate a contract, using one of the following methods:

(a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

(b) If compensation is one of the factors established pursuant to paragraph (3)(a) and used in the evaluation of proposals pursuant to paragraph (3)(d), the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

(c) The governing body may select a firm recommended by the audit committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.

(d) In negotiations with firms under this section, the governing body may allow a designee to conduct negotiations on its behalf.

(5) The method used by the governing body to select a firm recommended by the audit committee and negotiate a contract with such firm must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of s. 218.39 and the needs of the governing body.

(6) If the governing body is unable to negotiate a satisfactory contract with any of the recommended firms, the committee shall recommend additional firms, and negotiations shall continue in accordance with this section until an agreement is reached.

(7) Every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall, at a minimum, include the following:

(a) A provision specifying the services to be provided and fees or other compensation for such services.

(b) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

(c) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.

(8) Written contracts entered into pursuant to subsection (7) may be renewed. Such renewals may be done without the use of the auditor selection procedures provided in this section. Renewal of a contract shall be in writing.

(9) If the entity fails to select the auditor in accordance with the requirements of subsections (3)-(6), the entity must again perform the auditor selection process in accordance with this section to select an auditor to conduct audits for subsequent fiscal years.

History.—s. 65, ch. 2001-266; s. 1, ch. 2005-32; s. 15, ch. 2019-15.

Appendix B - Questions and Answers

General

1. **Question:** Are the auditor selection requirements of Section 218.391, Florida Statutes, to be applied whenever a local governmental entity (entity) contracts with a CPA firm for any audit services?

Answer: No. Section 218.391, Florida Statutes, applies only to contracting for the financial audit required by Section 218.39, Florida Statutes. However, the use of selection procedures provided for in Section 218.391, Florida Statutes, and other Federal, State, or local laws is advisable when contracting for any audit services.

2. **Question:** Is there a legal requirement or recommendation for mandatory rotation of auditors after a specified number of years or at the end of an audit services contract?

Answer: No. Unless the entity has established its own mandatory auditor rotation requirement, there is no legal requirement for the mandatory rotation of auditors. The current auditor may be included in the auditor selection process at the end of the current audit services contract.

The GFOA's Best Practice: *Audit Procurement* provides "While there is some belief that auditor independence is enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract ... the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory."

3. **Question:** If an entity is satisfied with the existing auditor and can negotiate acceptable fees, can the contract for financial audit services be renewed without going through the auditor selection procedures required by Section 218.391, Florida Statutes?

Answer: A contract for financial audit services can be renewed only as provided in the contract, which is required to include a provision specifying the contract period, including renewals.

4. **Question:** Are the auditor selection procedures required to be used only when an entity decides to change auditors or initiate a request for proposals process?

Answer: No. The revised auditor selection procedures are required to be followed when an audit contract period expires. The audit contract is required to include a provision specifying the contract period, including renewals.

5. **Question:** Chapter 2019-15, Laws of Florida, effective July 1, 2019, amended Section 218.391(2), Florida Statutes, to revise the requirements for establishing the auditor selection committee and appointing committee members. Does this impact an audit services contract that was in effect at July 1, 2019?

Answer: No. An audit services contract that was in effect at July 1, 2019, can remain in effect through the end of the original contract term, including renewals. Entities are required to comply with the new auditor selection committee requirements for auditor selection procedures initiated after July 1, 2019.

6. **Question:** Are audit services contracts required to include renewal option provisions?

Answer: No. The contract is not required to include a renewal provision; however, a contract cannot be renewed in the absence of such a provision.

7. **Question:** Is there a minimum or maximum number of years that an audit contract must cover?

Answer: No. The audit services contract must specify a contract period including renewals, but the law does not specify a minimum or maximum number of years that an audit services contract must cover. This is left to the discretion of the entity and is a matter of agreement between the entity and the audit firm. The entity should use prudent business practices in establishing the contract period.

8. **Question:** Section 218.391(4)(c), Florida Statutes, provides that a governing body may select a firm recommended by the auditor selection committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method. Which specific provisions of the law may be considered nonmandatory under this provision by the application of an alternative methodology?

Answer: Regardless of the negotiation method used, an entity's governing body must establish an auditor selection committee pursuant to Section 218.391(2), Florida Statutes, and the auditor selection committee must perform its functions in accordance with the requirements of Section 218.391(3), Florida Statutes. Regardless of the method used to select the audit firm, compensation may not be the sole or predominant factor used to select the firm (Section 218.391(3)(d) and (4)(c), Florida Statutes).

9. **Question:** Can an auditor selection committee ratify, after the fact, a request for proposal previously developed and issued by City personnel or City personnel's evaluation and ranking of proposals submitted by interested firms?

Answer: No. Pursuant to Section 218.391(3), Florida Statutes, the auditor selection committee is required to create (and provide interested firms with) a request for proposals and to evaluate and rank proposals submitted by interested firms. An auditor selection committee's statutorily prescribed duties may not be delegated to a subordinate or other entity absent statutory authorization (see Attorney General Opinion 2012-31).

10. **Question:** Can an entity select an auditor to conduct a financial audit pursuant to Section 218.39, Florida Statutes, by piggybacking off of another entity's audit contract?

Answer: No. Pursuant to Section 218.391(2), Florida Statutes, an entity seeking such audit services must establish an auditor selection committee and the committee must apply the auditor selection procedures prescribed by Section 218.391(3), Florida Statutes. This law does not include a provision that would allow for piggybacking, and an auditor selection committee's statutorily prescribed function may not be delegated to a subordinate or other entity absent statutory authorization (see Attorney General Opinion 2012-31).

11. **Question:** Are auditor selection committee meetings subject to the Sunshine Law (Section 286.011, Florida Statutes)?

Answer: Yes. Auditor selection committee meetings are subject to the Sunshine Law (i.e., noticing meetings and keeping minutes for all meetings) because the committee is not just fact-finding in nature but also makes decisions in ranking proposals and recommending to the governing body firms deemed to be the most highly qualified to perform the auditing services. See discussion regarding application of the Sunshine law to advisory boards in Part I, Section B.1, of the Attorney General's Government-in-the-Sunshine Manual.

Auditor Selection Committee

12. **Question:** Section 218.391(2)(a), Florida Statutes, provides that the auditor selection committee for a county must, at a minimum, consist of each of the county officers elected pursuant to the county charter or Article VIII, Section 1(d) of the State Constitution or their respective designees and one member of the board of county commissioners or its designee. May a county officer (i.e., clerk of the court, sheriff, property appraiser, tax collector, supervisor of elections, or any other such officer in whom any portion of the fiscal duties of the such officers are under law separately placed)

designate an employee of the county officer to serve in place of the county officer on the county's auditor selection committee?

Answer: Pursuant to Section 218.391(2)(c), Florida Statutes, an employee of a county cannot serve on the county auditor selection committee. The term "employee" is not explicitly defined for purposes of applying this law; however, the term "county" as used in Section 218.391(2)(a), Florida Statutes, encompasses county officers and the board of county commissioners, indicating that the legislature intended the restriction imposed by Section 218.391(2)(c), Florida Statutes, to apply to employees of a county officer or of the board of county commissioners. Accordingly, a county officer may not designate an employee of a county officer to serve in place of the county officer on the county auditor selection committee. However, the employee may serve in an advisory capacity for the auditor selection committee.

13. **Question:** Section 218.391(2)(b), Florida Statutes, provides that the auditor selection committee for a municipality, special district, district school board, charter school, or charter technical career center must consist of at least three members, and one member must be a member of the governing body who must serve as the committee chair. Does this mean that only one member of the governing body may serve on the committee?

Answer: No. The committee can have as many members of the governing body as desired, but at least one member must be a member of the governing body who must be the committee chair.

Dependent Special Districts

14. **Question:** A dependent special district exceeds the audit threshold established by Section 218.39, Florida Statutes, and must provide for a financial audit requirement. Although the district is audited as part of a county or municipality pursuant to Section 218.39(3)(a), Florida Statutes, the district opts to also provide for a separate financial audit. Does the district have to select the auditor for the separate financial audit in accordance with Section 218.391, Florida Statutes?

Answer: No. As the district is not required to provide for a separate financial audit pursuant to Section 218.39, Florida Statutes, it is not required to follow the auditor selection procedures prescribed by Section 218.391, Florida Statutes. However, the use of such selection procedures is advisable to help ensure selection of a qualified auditor and satisfactory audit effort.

15. **Question:** A dependent special district exceeds the audit threshold established by Section 218.39, Florida Statutes, and must provide for a financial audit requirement. The district opts not to be audited as part of a county or municipality pursuant to Section 218.39(3)(a), Florida Statutes, but instead opts to provide for its own financial audit. Does the district have to select the auditor in accordance with Section 218.391, Florida Statutes?

Answer: Yes. As the district is required to provide for a financial audit pursuant to Section 218.39, Florida Statutes, it is required in this situation to follow the auditor selection procedures prescribed by Section 218.391, Florida Statutes.

16. **Question:** A dependent special district does not exceed the audit threshold established by Section 218.39, Florida Statutes; however, the district opts to provide for a financial audit. Does the district have to select the auditor in accordance with Section 218.391, Florida Statutes?

Answer: No. As the district is not required to provide for a financial audit pursuant to Section 218.39, Florida Statutes, it is not required to follow the auditor selection procedures prescribed by Section 218.391, Florida Statutes. However, the use of such selection procedures is advisable to help ensure selection of a qualified auditor and satisfactory audit effort.

Community Redevelopment Agencies

17. **Question:** A community redevelopment agency (CRA) exceeds the audit threshold established by Section 163.387(8), Florida Statutes, and must provide for its own financial audit. Does the CRA have to select the auditor in accordance with Section 218.391, Florida Statutes?

Answer: Yes. Chapter 2021-226, Laws of Florida, amended Section 218.39(1)(h), Florida Statutes, to include CRAs. Because Section 218.391, Florida Statutes, regarding auditor selection procedures applies to all audits conducted pursuant to Section 218.39, Florida Statutes, auditors conducting 2020-21 and subsequent fiscal year audits of CRAs must be selected pursuant to Section 218.391, Florida Statutes.

18. **Question:** A CRA provides for an audit required by Section 218.39, Florida Statutes, by being included in a county or municipality audit pursuant to Section 218.39(3)(a), Florida Statutes; however, the CRA is also required to provide for its own separate financial audit pursuant to Section 163.387(8), Florida Statutes. Can the auditor who conducted the county or municipality financial audit also conduct the separate CRA financial audit?

Answer: Yes. Section 163.387(8), Florida Statutes, does not specify how the CRA is to select an auditor to conduct the required audit and does not include any restrictions on the CRA's selection of an auditor. However, in deciding whether to use the auditor who conducts the CRA's parent entity (county or municipality) financial audit, the CRA should consider whether it would benefit from applying its own auditor selection procedures because, while the parent entity's auditor selection process was designed to find an auditor to conduct a financial audit of a county or municipality, the CRA's selection process should be designed to find an auditor to conduct a financial audit of the CRA. As CRAs are a unique type of local governmental entity, an auditor with the knowledge and experience needed to conduct an audit of a county or municipality may not necessarily have sufficient knowledge and experience needed to conduct an audit of a CRA.

Use of Compensation as Evaluation or Ranking Factor

19. **Question:** If compensation is used as one of the factors to evaluate firms and the governing body of an entity chooses to select a firm other than the auditor selection committee's highest-recommended firm and documents the reason for not selecting the highest-ranked firm pursuant to Section 218.391(4)(b), Florida Statutes, does the next ranked firm become the highest-ranked firm, requiring documentation as to the reason for nonselection, before a firm ranked lower than that firm can be selected?

Answer: The law does not specifically address this circumstance; however, it would be reasonable to conclude that justification is necessary and should be documented for the selection of any firm over a higher ranked firm.

20. **Question:** If compensation is used as one of the factors to evaluate firms and the governing body of an entity chooses to select a firm other than the auditor selection committee's highest-recommended firm pursuant to Section 218.391(4)(b), Florida Statutes, what documentation is required to justify selection of a firm other than the highest-ranked firm?

Answer: Required documentation as to the reason for not selecting the highest-ranked firm under Section 218.391(4)(b), Florida Statutes, is not described in the law. Such documentation could include a statement made by the governing body, possibly in the form of a resolution and included in the minutes of the governing body, describing the factors that caused the governing body to decide that selection of the next ranked firm was in the entity's best interest. Those factors might include inability to negotiate a satisfactory contract with the highest-ranked firm or information provided to the governing body subsequent to the ranking process. However, as specified in Section 218.391(4)(c), Florida Statutes, the decision to select a firm cannot be based on compensation as the sole or predominant factor.

21. **Question:** If compensation is used as a ranking factor, may the governing body also use the alternative method prescribed by Section 218.391(4)(c), Florida Statutes, to select the audit firm or must they use the method prescribed by Section 218.391(4)(b), Florida Statutes?

Answer: The alternative methodology referred to in Section 218.391(4)(c), Florida Statutes, may include the use of compensation as a ranking factor as long as compensation is not the sole or predominant factor used to rank proposals and select the firm.

22. **Question:** If compensation is 20 percent of the ranking criteria and all other factors are each less than 20 percent, is compensation then the predominant factor, or must it be predominant of all factors combined, i.e., greater than 50 percent of all combined?

Answer: "Predominant" is not defined in the law with respect to auditor selection. Certainly, weighting compensation at greater than 50 percent of all combined factors, would constitute "predominant." Black's Law Dictionary defines "predominant" as "Something greater or superior in power and influence to others, with which it is connected or compared."

Noncompliance with Auditor Selection Law

23. **Question:** Pursuant to Section 218.391(9), Florida Statutes, if an entity fails to select the auditor in accordance with Section 218.391(3)-(6), Florida Statutes, the entity must again perform the auditor selection process in accordance with this section to select an auditor to conduct audits for subsequent fiscal years. Does Section 218.391(9), Florida Statutes, apply to a situation where an entity selects an auditor to conduct a financial audit required by Section 218.39, Florida Statutes, without use of an auditor selection committee appointed by the entity's governing body?

Answer: Yes. An entity cannot comply with Section 218.391(3), Florida Statutes, unless the entity's governing body has established an auditor selection committee to carry out the responsibilities prescribed by Section 218.391(3), Florida Statutes.

24. **Question:** An entity is notified that its auditor engaged to conduct a financial audit required by Section 218.39, Florida Statutes, was not selected in accordance with the requirements of Section 218.391(3)-(6), Florida Statutes. What should the entity do?

Answer: The entity should carefully review its auditor selection process to ensure compliance with Section 218.391(3)-(6), Florida Statutes. In doing so, the entity may want to consult with its legal counsel. If it is determined that the entity did not select the auditor in accordance with Section 218.391(3)-(6), Florida Statutes, the entity, at a minimum, must perform the auditor selection in accordance with Section 218.391, Florida Statutes, for the subsequent fiscal year audit as required by Section 218.391(9), Florida Statutes. However, if possible (e.g., an audit contract for the current fiscal year has not been executed, or if executed, can be legally terminated without significant financial costs, and there is sufficient time to reselect the auditor and comply with the audit report submittal deadline), the entity should reperform the auditor selection process for the current fiscal year audit.

25. **Question:** An auditor becomes concerned (e.g., through the process of responding to a request for proposal for audit services) that an entity may not be selecting an auditor to conduct a financial audit required by Section 218.39, Florida Statutes, in accordance with the requirements of Section 218.391(3)-(6), Florida Statutes. What should the auditor do?

Answer: The auditor should notify the entity's governing body of the concern. The entity may not be aware of the Section 218.391, Florida Statutes, auditor selection requirements or that its auditor selection process is not in accordance with that law. At a minimum, the auditor's notification should help ensure the entity's future compliance with Section 218.391, Florida Statutes. Also, depending on the timing of the auditor's notification, the entity may decide to reperform the auditor selection process. Auditors should also consider refraining from responding to a request for proposal for audit services from entities they know to be in violation of Section 218.391, Florida Statutes.

Appendix C - Auditor Selection and Auditor Selection Committee Resources

AICPA Audit Committee Effectiveness Center

(www.aicpa.org/forthepublic/auditcommitteeeffectiveness)

AICPA Professional Standards promulgated by the American Institute of Certified Public Accountants as of July 1, 2020.

Audit Management Handbook, Stephen J. Gauthier, Government Finance Officers Association (1989) (Note: Publication of this *Handbook* was discontinued several years ago as a result of 1996 changes to the Federal Single Audit Act and changes in GFOA policy; however, the references to the *Handbook* in this guidance are consistent with current GFOA policy.)

Choosing an External Auditor: A Guide to Making a Sound Decision, Mid-America Intergovernmental Audit Forum (May 2007)

([https://www.pdfFiller.com/100306568-Choosing an External Auditorpdf-Selecting-performance-audit-topics-PSC-doa-alaska-](https://www.pdfFiller.com/100306568-Choosing_an_External_Auditorpdf-Selecting-performance-audit-topics-PSC-doa-alaska-))

GFOA's Best Practice: *Audit Procurement*, Government Finance Officers Association (www.gfoa.org/best-practices/internal-controls)

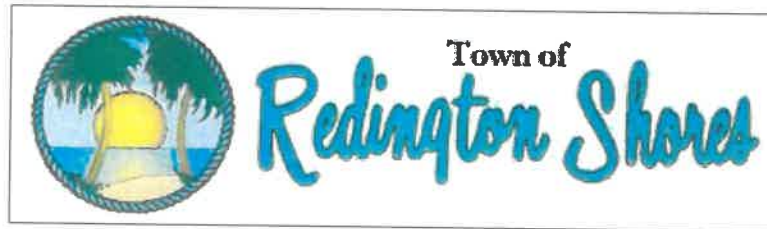
GFOA's Best Practice: *Audit Committees*, Government Finance Officers Association (www.gfoa.org/best-practices/internal-controls)

Government Accounting, Auditing, and Financial Reporting (2020), Government Finance Officers Association

Government Auditing Standards issued by the Comptroller General of the United States (www.gao.gov/yellowbook)

How to Avoid a Substandard Audit: Suggestions for Procuring an Audit (May 1988), National Intergovernmental Audit Forum (www.gao.gov/products/137493)

Public Procurement Guide for Elected and Senior Government Officials promulgated by the NIGP: Institute for Public Procurement (2016) (www.nigp.org/home/find-procurement-resources/elected-officials-procurement-guide)



MEMORANDUM

To: Mayor & Commissioners, Town of Redington Shores

From: Jeff Shoobridge / Heather Guadagnoli

Date: 2/17/23

Re: Financial Statement Audit

The Town must issue a Request for Proposals (RFP) for Independent Audit Services for the Town's annual financial statement audit. However, prior to doing so, the Town must comply with the procedural steps outlined in Florida Statutes § 218.391.

The first step in that process requires the Town to establish an Auditor Selection Committee (ASC) by Resolution. At my request, the Town Attorney has drafted Resolution 08-2022 (attached to this memo) to establish the ASC and provide for its membership and function.

Once established and once members are appointed, I will ensure the ASC members receive an orientation outlining their obligations under the state's ethics, records and sunshine laws, as I am required to do by Town Code § 5-4(B).

The ASC will then commence its work as outlined by the statute and Resolution 08-2022, including the important task of auditor selection, as outlined below.

Auditor Selection Process:

The statute divides the auditor selection process into two phases. The first is overseen by the ASC, while the second is within the purview of the Commission.

As required by the statute, the auditor selection committee shall:

- (a) Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.

- (b) Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.
- (c) Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.
- (d) Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.
- (e) Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph
- (f) If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

While the statute places the development and publication of the RFP under the ASC, my staff and I will assist the ASC in developing an RFP document which complies with the Town's procurement code and solicitation best practices.

Once the ASC solicitation and ranking process described above is complete, the final negotiation and selection process will be finalized by Town administration and the Commission. Specifically, for this part of the process, the statute provides that the governing body shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the auditor selection committee, and negotiate a contract, using one of the following methods:

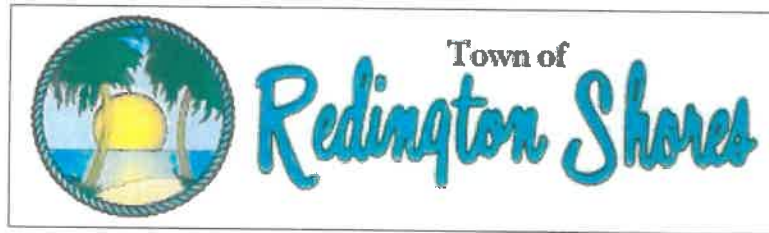
- (a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.
- (b) If compensation is one of the factors established pursuant to paragraph (3)(a) and used in the evaluation of proposals pursuant to paragraph (3)(d), the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.
- (c) The governing body may select a firm recommended by the audit committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.
- (d) In negotiations with firms under this section, the governing body may allow a designee to conduct negotiations on its behalf.

The statute provides that the method used by the governing body to select a firm recommended by the audit committee, and to negotiate a contract with such firm, must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of Florida Statutes § 218.39 and the needs of the governing body.

Finally, the statute requires that every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. For purposes of the statute, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall, at a minimum, include the following:

- (a) A provision specifying the services to be provided and fees or other compensation for such services.
- (b) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.
- (c) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.

Please do not hesitate to contact us with any questions throughout this process.



17425 Gulf Boulevard
Redington Shores, FL 33708
(727) 397-5538

Request for Proposals:
Professional Auditing Services
RFP # [REDACTED]

DRAFT

Town of Redington Shores, Florida
17425 Gulf Boulevard
Redington Shores, FL 33708

Subject: Independent Audit Services

RFP Issue Date:



Proposal Deadline:



Mail or Deliver Proposals to:

Jeff Shoobridge, Town Administrator
17425 Gulf Boulevard
Redington Shores, FL 33708

DRAFT

INSTRUCTIONS AND GENERAL PROVISIONS

The Town of Redington Shores, Florida (Town) is seeking proposals from qualified firms of independent Certified Public Accountants to conduct an audit the financial statements of the Town for the fiscal years ending September 30, 2023, 2024, and 2025 with an option for two, one-year renewals.

Questions:

All written questions should be submitted to townadmin@redshoresfl.com, no later than [REDACTED] and will be answered at the discretion of the Town. Oral questions will not be answered.

Sealed Proposals:

To be considered, please provide one (1) bound original, one (1) unbound copy, and (1) digital copy. Proposals should be submitted in a sealed package and clearly identified as "Sealed Proposal – Independent Audit Services" and delivered to:

RFP # [REDACTED] – Audit Services
Jeff Shoobridge, Town Administrator
Town of Redington Shores, Florida
17425 Gulf Boulevard
Redington Shores, FL 33708

The proposal package must include a sealed submission of the fee proposal form in an envelope identifying the following:

RFP # [REDACTED] – Audit Services
Fee Proposal Form
Name of Proposing Firm
Firm Contact Person

Responses:

All responses must be presented in the same order as specified in this bid. Supporting material may be provided. However, the Town's decision will primarily be based upon an evaluation of the information specifically requested. The Town reserves the right to accept or reject any proposals and to waive rejection for any minor irregularities and technicalities. There is no obligation on the part of the Town to award the contract to the respondent with the lowest cost proposal. The Town will award the contract for audit services to the firm that is most advantageous for, and in the best interest of, the Town of Redington Shores.

Proposals shall clearly indicate the legal name, address, and telephone number of the company, firm, partnership or individual. Proposals shall be signed and the signer shall have the authority to bind the Proposer to the submitted proposal. All expenses for making proposals to the Town

are to be assumed by the Proposer. Proposals received after the deadline will not be accepted. The Town reserves the right to reject any or all proposals. The Town reserves the right to award the contract to the next most qualified offeror if the successful offeror fails to execute a contract within two weeks after the award. The Town reserves the right to terminate the contract at any time before the execution of such contract by all parties without any liability to the Town.

Selection Process and Calendar:

The selection process shall be as follows:

- The Audit Committee shall rank and recommend in order of preference the firms deemed to be the most highly qualified to perform the required services. This determination shall be made based on the evaluation criteria set forth in this RFP.
- The Town Commission shall then select one of the firms.
- The Town Commission, or its designee, shall negotiate a contract with the highest-ranked qualified firm unless it documents in its public records the reason for not selecting the highest-ranked qualified firm.



Request for proposals issued



Proposal submission deadline and request for proposals opening – 2:00 P.M. – Town Hall



Audit Committee Proposal Ranking



Oral presentations by three (3) top-ranked firms if deemed necessary by the Audit Committee



Town Commission awards contract for audit services

Evaluation Process:

Proposals will be reviewed by an Auditor Selection Committee pursuant to Chapter 218.391, Florida Statutes. One member of the Town Commission and members of the Finance Advisory Committee will function as the Audit Committee and the Town Commission shall be the final authority regarding the proposals. The resulting negotiated agreement for audit services shall be final.

The Town staff may use discretion to exchange information with proposers and any communication would be for clarification purposes only.

The criteria being used by the Audit Committee to evaluate proposals include the following:

Evaluation Criteria	Maximum Possible Points
Qualifications, Experience, Expertise	45
Audit Approach	30
References	15
Cost Proposal	10

General Information:

The Town intends to pursue the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting during the period of this agreement. The Town has an ongoing contract with the firm Andrew Tess CPA, LLC to provide the necessary functions within the Finance department as an alternative to employing an in-house Finance Director. Andrew Tess or a designated representative will coordinate with the Town's auditor each year and be the principal contact person(s). The Town does not have an internal audit function. The accounting system currently being used by the Town is Fund Balance by Tyler Technologies.

Elected officials include the Town's Mayor, Vice Mayor and three Commission Members. The Town employed a Town Administrator beginning in fiscal year 2021. The Town had previously operated under a Commissioner-Mayor form of government since incorporation in 1955.

A budget is prepared for all funds. The total budgeted expenditures for all Town funds for fiscal year 2022 are approximately \$5.55 million.

The Town's governmental funds include the General Fund and the Capital Projects Fund. The Town maintains one enterprise fund to account for sewer service.

Police protection is provided by the Town of Indian Shores Police Department and fire services are through the City of Seminole and the City of Madeira Beach. The Town participates in the Florida Retirement System. No post-employment benefits other than COBRA are offered, and health insurance premiums are age-adjusted so there is no OPEB valuation currently required. Neither a Federal or State Single Audit has been performed historically but, as the recipient of over \$1.14 million in State and Local Fiscal Recovery Funds, the Town does anticipate being subject to examination pursuant to the provisions of the Uniform Guidance during the term of this contract.

Scope of Work:

The scope of the audit shall be in accordance with Generally Accepted Auditing Standards; Government Auditing Standards; all applicable Florida Statutes; all guidelines and requirements promulgated by the Office of the Auditor General and any other applicable federal, state and local laws, regulations, or professional guidance not specifically described above as well as any additional requirements which may be adopted by these organizations during the period of this contract.

- A draft, if not the final version, of the Annual Comprehensive Financial Report (ACFR) is expected to be presented at the March Town Commission meeting following each year end.

- A completed report shall be submitted to allow for the timely submission for the GFOA certificate, which is currently due by the end of March following each year end.
- The auditors will prepare a draft of the financial statements, related note disclosures, required and other supplementary information and provide any audit adjusting entries and supporting schedules to the Town.
- Auditors will assist the Town in implementing and complying with any changes in reporting requirements remain in conformity with accounting principles generally accepted in the United States of America.
- Conduct an examination of financial statements to express an opinion on the fairness of presentation of financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles and requirements of the State of Florida and other applicable laws, rules and guidelines.
- An examination of any additional activities necessary to establish compliance with the term "financial audit" as defined and used in Government Auditing Standards and any amendments thereto.
- Utilize financial condition assessment procedures to assist in the detection of deteriorating financial conditions pursuant to Section 218.39(5), Florida Statutes. The auditor may use financial condition assessment procedures developed by the Auditor General or an alternative method. The financial condition assessment shall be done as of the fiscal year end. However, the auditor shall give consideration to subsequent events, through the date of the audit report that could significantly impact the local governmental entity's financial condition. This assessment is expected to be presented at the same time each ACFR is presented.
- Provide an Independent Accountant's Report as required by the Florida Auditor General.
- Provide a Management Letter as required by Section 10.554(1)(i) of the Rules of the Auditor General of the State of Florida including all required disclosures.
- Provide a report on internal controls over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
- If applicable, provide a report on compliance with requirements applicable to each major Federal program and state financial assistance project and on internal control over compliance required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) including the Compliance Supplement, and Chapter 10.550, Rules of the Auditor General and the Florida Single Audit Act.
- If applicable, provide a schedule of findings and questioned costs as mandated by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the Florida Single Audit Act.
- If applicable, provide any other reports required by the Uniform Guidance and the Florida Single Audit Act.
- Workpapers are the property of the audit firm and shall be retained no less than five (5) years after the completion of this agreement.

Assistance to be Provided to the Auditors:

- The Town will ensure that the Town Administrator, Finance representative and other necessary employees will be made available to assist the auditors as needed.
- The Town will coordinate with the auditors to provide accounting records and supporting documentation as deemed necessary to prepare the Town's financial statements.
- The auditors will be provided with a reasonable workspace, computer access to examine transactions within the accounting software, photocopying facilities and access to original and/or electronic documentation.
- The Town will prepare the Letter of Transmittal, Management Discussion and Analysis, and portions of the Statistical Section. The Town reserves the right to review a draft of the ACFR prior to presentation and/or distribution.

Proposal Requirements:

Eligibility:

The following minimum requirements must be met:

1. The firm must have been established as a legal entity in the State of Florida and have performed continuous CPA services for a minimum of five (5) years.
2. Proposer meets the Government Auditing Standards independence requirements.
3. The CPA in charge of the audit has completed, within the immediately preceding two (2) years, at least twenty-four (24) hours of continuing professional education that directly relate to government auditing.
4. The firm adheres to the instructions, terms and conditions outlined in this RFP.

Response Elements:

Every response received by the Town will be considered a public record pursuant to Chapter 119, Florida Statutes.

1. Title Page
2. Table of Contents
3. Profile of Firm
 - a. Affirmation that the elements described above under "eligibility" have been met
 - b. Location of the office where the work will be done and the number of partners, managers, supervisors and other professional staff employed at that office. If a remote working environment is being utilized, please indicate the necessary personnel details as it pertains to this audit.
 - c. Describe the range of activities performed by the local office, or the audit team if geographically distributed, such as the amount of audit, accounting, tax and/or other consulting services.
 - d. The firm must submit a copy of their most recent external quality control review report (peer review) and the firm successfully demonstrates a record of quality work.

4. Qualifications, Experience, Expertise

- a. Identify the current partners, managers and/or supervisors that will work on the audit. Include any aspects of the audit that will be performed by specialists, other consultants, or subcontractors.
- b. For any specialists, other consultants or subcontractors, provide details regarding any applicable professional credentials.
- c. For each partner or supervisor, provide the following information as applicable:
 - Formal education
 - Supplemental education
 - Experience in public accounting, private business or government
 - Experience in auditing governmental entities
 - Memberships to any organizations pertinent to governmental accounting or auditing
 - Professional recognition
- d. Describe current and/or past local government auditing experience, including familiarity with obtaining the Certificate of Achievement for Excellence in Financial Reporting and the performance of Single Audits.

5. Audit Approach

- a. Describe the overall audit approach including the method for ensuring that pending GASB pronouncements will be appropriately communicated to the Town and subsequently audited
- b. Level of firm staff to be assigned to aspects of the audit work
- c. Type and extent of procedures used for analytical review, statistical sampling, and understanding internal controls
- d. Expected timing of interim and year-end field work
- e. Method of audit field work, such as in-person, virtual or combination
- f. Describe the firm's expectation of Town staff regarding involvement in the audit

6. References

- a. Provide a minimum of three (3) references, preferably from other public entities within the State of Florida, for whom you have provided similar services.
 - Include the name of the entity, contact person's name, phone number and email address
 - Type of services provided
 - Dates of services provided

7. Cost Proposal

- a. Cost proposals should be submitted in a sealed package and clearly identified as "Sealed Proposal – Independent Audit Services"
- b. Prepare annual pricing information relative to performing the audit engagement as described in this request for proposals. The total, all-inclusive price is to contain all direct and indirect costs. Prices should be determined for each year of the contract and proposed price increases for the possible extension periods.
- c. Separate each annual audit fee to distinguish the price with and without a Single Audit.

8. Insurance Documentation and Representations

The auditor shall, at its own cost and expense, acquire and maintain (and cause any subcontractors, representatives or agents to acquire and maintain) during the term with the Town, sufficient insurance to adequately protect the respective interest of the parties. Respondents may offer exceptions to the terms of the insurance coverages if adequate alternatives or explanations are offered. The Town is under no obligation to accept any exceptions.

The following appendices shall be signed and returned with each proposal.

- Appendix 1 – Minimum Insurance Requirements
- Appendix 2 – Hold Harmless Agreement
- Appendix 3 – Offeror's Representation and Certification Form

DRAFT

APPENDIX 1 - MINIMUM INSURANCE REQUIREMENTS

REGARDLESS OF WHETHER THE RESPONDENT HAS THE POLICIES AND LIMITS AS STIPULATED BELOW, THE RESPONDENT IS TO SUBMIT A COPY OF THEIR CERTIFICATE(S) OF INSURANCE EVIDENCING POLICIES AND LIMITS OF INSURANCE THAT THEY CURRENTLY HAVE IN FORCE.

If, upon Notice of Intent to Award, the Successful Offeror ("Contractor") does not currently have the policies and limits specified below, they shall have ten (10) calendar days to provide the Town with certificate(s) of insurance evidencing that they have procured such and policies and limits.

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or sub-contractors. The coverage's, limits or endorsements required herein protect the primary interests of the Town, and these coverage's, limits or endorsements shall in no way be required to be relied upon when assessing the extent or determining appropriate types and limits of coverage to protect the Contractor against any loss exposures, whether as a result of the Project or otherwise. The requirements contained herein, as well as the Town's review or acknowledgement, is not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Contractor under this contract.

COMMERCIAL GENERAL LIABILITY

Coverage must be afforded under a per occurrence form policy for limits not less than \$1,000,000 each occurrence, \$1,000,000 products / completed operations each occurrence, \$1,000,000 personal and advertising injury liability, \$1,000,000 each occurrence, \$50,000 fire damage liability and \$5,000 medical expense.

Town of Redington Shores, its officials, employees and volunteers are to be covered as an additional insured with a CG 2014 Additional Insured – Owners, Lessees, or Contractors, or CG 2026 Additional Insured – Owners, Lessees, or Contractors – Scheduled Person or Organization endorsement, or similar endorsement providing equal or broader Additional Insured coverage in respects to: Liability arising out of activities performed by or on behalf of Contractor; products and completed operations of Contractor; or automobiles owned, leased, hired or borrowed by Contractor. The coverage shall contain no special limitation on the scope of protection afforded to Town, its officials, employees or volunteers.

Contractor's insurance coverage shall be primary insurance as respects Town, its officials, employees and volunteers. Any insurance or self-insurance maintained by Town, its officials, employees or volunteers shall be excess of Contractor's insurance and shall be non-contributory.

Contractor, and its insurance carrier, waives all subrogation rights against the Town of Redington Shores for all losses or damages which occur during the contract and for any events occurring during the contract period, whether the suit is brought during the contract period or not.

AUTOMOBILE LIABILITY

Coverage must be afforded including coverage for all Owned vehicles, Hired and Non-Owned vehicles for Bodily Injury and Property Damage of not less than \$1,000,000 combined single limit each accident. In the event Contractor does not own vehicles, Contractor shall maintain coverage for Hired & Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Business Auto Liability policy.

Town of Redington Shores, its officials, employees and volunteers are to be covered as an additional insured in respects to: Liability arising out of activities performed by or on behalf of Contractor; products and completed operations of Contractor; or automobiles owned, leased, hired or borrowed by Contractor. The coverage shall contain no special limitation on the scope of protection afforded to Town, its officials, employees or volunteers.

Contractor's insurance coverage shall be primary insurance as respects Town, its officials, employees and volunteers. Any insurance, or self-insurance maintained by Town, its officials, employees or volunteers shall be excess of Contractor's insurance and shall be non-contributory.

Contractor, and its insurance carrier, waives all subrogation rights against the Town of Redington Shores for all losses or damages which occur during the contract and for any events occurring during the contract period, whether the suit is brought during the contract period or not.

WORKERS COMPENSATION AND EMPLOYER'S LIABILITY

Coverage to apply for all employees at STATUTORY limits in compliance with applicable state and federal laws; if any operations are to be undertaken on or about navigable waters, coverage must be included for the US Longshoremen & Harbor Workers Act. Employer's Liability limits for not less than \$100,000 each accident \$500,000 disease policy limit and \$100,000 disease each employee must be included.

Contractor, and its insurance carrier, waives all subrogation rights against the Town of Redington Shores for all losses or damages which occur during the contract and for any events occurring during the contract period, whether the suit is brought during the contract period or not.

For any contractor/employer/owner who has exempt status as an individual, Town requires proof of workers' compensation insurance coverage for that contractor/employer/owner's employees. If the contractor/employer/owner or individual has applied for a workers' compensation exemption, Town does not recognize this exemption to extend to the employees of the contractor/employer/owner. The contractor/employer/owner is required to provide proof of coverage for their employees. This applies to all contractors/employers/owners including but not limited to the construction industry.

The purpose of this section is to ensure that all contractors, subcontractors, sole proprietors, or business entities of any kind who contract with Town for provision of goods or Services, provide workers' compensation coverage for all employees, and principles of subcontractors, subcontractors, sole proprietors, or other business entities. All provisions of this Section shall be construed in accord with this intent.

PROFESSIONAL LIABILITY and/or ERRORS AND OMISSIONS LIABILITY

Professional (E&O) Liability must be afforded for personal injury and Property Damage for not less than \$1,000,000 each claim, \$1,000,000 policy aggregate.

The contractor, and its insurance carrier, waives all subrogation rights against the Town of Redington Shores for all losses or damages which occur during the contract and for any events occurring during the contract period, whether the suit is brought during the contract period or not.

OTHER INSURANCE PROVISIONS

- a) The Contractor shall provide a Certificate of Insurance to the Town with a thirty (30) day notice of cancellation, ten (10) days notice if cancellation is for nonpayment of premium. The certificate shall indicate if coverage is provided under a "claims made" or "per occurrence" form. If any coverage is provided under a claims made form the certificate will show a retroactive date, which should be the same date of the contract (original if contract is renewed) or prior.
- b) RFP for Audit Services shall be noted on the certificate.
- c) The Contractor has sole responsibility for all insurance premiums and shall be fully and solely responsible for any costs or expenses as a result of a coverage deductible, co-insurance penalty, or self-insured retention; including any loss not covered because of the operation of such deductible, co-insurance penalty, self-insured retention, or coverage exclusion or limitation. For deductible or self-insured amounts that exceed \$10,000, the Contractor shall maintain a Commercial Surety Bond in an amount equal to said deductible or self-insured retention.
- d) All required insurance policies must be maintained until the contract work has been accepted by the Town. In addition, a minimum 30-day notification clause is required if any changes in policy language occur, or in the event the policy is canceled.
- e) The Certificate Holder should read as follows: Town of Redington Shores, 17425 Gulf Boulevard, Redington Shores, FL 33708.
- f) It is the Contractor's responsibility to insure that all sub-Contractors comply with these insurance requirements. Contractors shall include all sub-contractors as insured under its policies or shall furnish separate certificates and endorsements for each sub-contractor. All coverages for sub-contractors shall be subject to all of the requirements stated herein.
- g) All required insurance policies must be written with a carrier having a minimum A.M. Best rating of A-.

Acknowledgement of Insurance Coverage:

Offeror's Firm Name: _____
Signature: _____
Name: _____
Title: _____

APPENDIX 2 - HOLD HARMLESS AGREEMENT

CONTRACTOR shall, at all times hereafter indemnify, hold harmless and, at the Town Attorney's option, defend or pay for an attorney selected by the Town Attorney to defend TOWN, its officers, agents, servants, and employees from and against any and all causes of action, demands, claims, losses, liabilities and expenditures of any kind, including attorney fees, court costs, and expenses, caused or alleged to be caused by intentional or negligent act of, or omission of,

CONTRACTOR, its employees, agents, servants, or officers, or accruing, resulting from, or related to the subject matter of this Contract including, without limitation, any and all claims, losses, liabilities, expenditures, demands or causes of action of any nature whatsoever resulting from injuries or damages sustained by any person or property. In the event any lawsuit or other proceeding is brought against TOWN by reason of any such claim, cause of action or demand,

CONTRACTOR shall, upon written notice from TOWN, resist and defend such lawsuit or proceeding by counsel satisfactory to TOWN or, at TOWN's option, pay for an attorney selected by Town Attorney to defend TOWN. The provisions and obligations of this section shall survive the expiration or earlier termination of this Contract. To the extent considered necessary by the Contract Administrator and the Town Attorney, any sums due CONTRACTOR under this Contract may be retained by TOWN until all of TOWN's claims for indemnification pursuant to this Contract have been settled or otherwise resolved; and any amount withheld shall not be subject to payment of interest by TOWN. Nothing herein shall be deemed a waiver or limitation of any sovereign immunity provided by law or any limitation of the Town's liability in any statute or as otherwise provided by law.

Failure to submit this executed statement as part of the Offeror's Proposal may make their Proposal nonresponsive and not eligible for award consideration.

Acknowledgement of Hold Harmless Agreement:

Offeror's Firm Name: _____
Signature: _____
Name: _____
Title: _____

APPENDIX 3 - OFFEROR'S REPRESENTATION AND CERTIFICATION FORM

In submitting a Proposal, Offeror understands, represents, and certifies the following (if the Offeror cannot so certify to any of following, the Offeror shall submit with its Proposal a written explanation of why it cannot do so). If Town finds, before or after award that Offeror was not truthful concerning any of the following, Town shall have the right to terminate the award without liability and, at its discretion, to seek damages from Offeror, if damages result to Town from such act, in any way whatsoever.

Lobbying: In accordance with Title 49 CFR Part 20, Offeror certifies that they have not paid any person or lobbied any person for influencing or attempting to influence any officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, an employee of a Member of Congress, the Legislature or a State Agency in connection with the awarding of a contract for the Project covered under this solicitation.

Initial _____

Non-Segregated Facilities: Offeror certifies that they do not maintain or provide, for their employees, any segregated facilities at any of their establishments and that they do not permit their employees to perform their services at any location, under their control, where segregated facilities are maintained. Offeror agrees that a breach of this certification is a violation of the Equal Opportunity Clause of any awarded Contract. As used in this certification, the term segregated facilities, means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directives or are in fact segregated on the basis of race, color, religion, or national origin because of habit, local custom, or any other reason. The only exception to this is for the disabled when the demands for accessibility override (e.g. disabled parking).

Initial _____

Public Entity Crime: Offeror certifies that they are not subject to Section 287.133(2)(a) which specifies that a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a Proposal on a contract to provide any goods or services to a public entity, may not submit a Proposal on a contract with a public entity for the construction or repair of a public building or public work, may not be awarded or perform work as a contractor, supplier, sub-contractor, or consultant under a contract with any public entity, and may not transact business with public entity in excess of the threshold amount provided in Section 287.017 of the Florida Statutes, for a Category Two, for a period of thirty-six (36) months from the date of being placed on the convicted vendor list.

Initial _____

Discriminatory Vendor: Offeror certifies that they are not subject to Section 287.134 (2)(a) of the Florida Statutes which specifies that an entity or affiliate who has been placed on the discriminatory vendor list may not submit a Proposal on a contract to provide any goods or services to a public entity, may not submit a Proposal on a contract with a public entity for the construction or repair of a public building or public work, may not be awarded or perform work as a contractor, supplier, sub-contractor, or consultant under a contract with any public entity, and may not transact business with public entity.

Initial _____

Compliance with Laws: Offeror affirms that they will comply with all laws, regulations, executive orders, policies, guidelines, rules, codes, ordinances, and licensing requirements that are applicable to the conduct of its business, including those of local, State and Federal agencies having jurisdiction and authority, to include, but not be limited to the following: Immigration and Nationalization Act; United States Occupational Safety and Health Act; Section 306 of the Clean Air Act (42 USC 1857(h); Section 508 of

the Clean Water Act (33 USC 1368); Executive order 11738; Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000); Title VI of the Civil Rights Act of 1968 (42 U.S.C. 3601); Florida Civil Rights Act of 1992; Americans with Disabilities Act of 1990 (42 U.S.C. 12102); Federal Fair Labor Standards Act (29 U.S.C. 201); Age Discrimination Act of 1975 (42 U.S.C. 6101).

Initial _____

Drug Free Workplace: Offeror certifies that they have a Drug-Free Workplace Program that is in accordance with the Drug-Free Workplace Act of 1988.

Initial _____

Non-Collusion: Offeror being duly sworn, solemnly swears (or affirms) that neither they, nor any of its officers, partners, agents or employees have entered into any agreement, participated in any collusion, or otherwise taken any action which is in restraint of a free competitive solicitation in connection with any response or contract, and that Offeror intends to do the work with his own bona fide employees or sub-contractors and will not provide a response for the benefit of another consultant. By signing below, Offeror is certifying his status under penalty of perjury under the laws of the United States and the State of Florida. Furthermore, Offeror certifies that its affiliates, subsidiaries, directors, officers, and employees are not currently under investigation by any governmental authority and have not in the last ten (10) years been convicted or found liable for any act prohibited by law in any jurisdiction, involving conspiracy or collusion with respect to submitting a response on any public contract.

Initial _____

Conflict of Interest: Offeror certifies that they have not employed or retained any company or person, other than a bona fide employee working solely for the Offeror to solicit or secure an Award of this Contract and that the Offeror has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the Offeror, any fee, commission, percentage, gift or other consideration contingent upon or resulting from an Award or making of an Agreement. Furthermore, Offeror certifies that 1) they are submitting only one Proposal to this Invitation to Proposal and that they have no financial interest in other entities submitting Proposals to this Invitation to Proposal, 2) they, nor its affiliates, nor anyone associated with them have any potential conflict of interest due to any other clients, contracts, or property interests for the Services covered under this Invitation to Proposal, 3) no member of the Offeror's ownership, management or staff has a vested interest in any aspect of or department of Town, 4) no member of the Offeror's ownership, management or staff is presently applying for employment with Town or actively seeking an elected position with Town, and 5) in the event that a conflict of interest is identified during the provision of Services under any Agreement with Town, Offeror will immediately notify Town of such in writing.

Initial _____

Debarment: Offeror certifies to the best of their knowledge and belief, that they and their principals (1) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any State or Federal department or agency; and (2) have not, within a three-year period preceding this Invitation to Proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records; making false statements; or receiving stolen property; and (3) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph 2 of this certification; and (4) have not within a three-year period preceding this Invitation to Proposal had one or more public transactions (Federal, State or local) terminated for cause or default, and (5) will submit a revised Debarment Certification immediately if their status changes and will provide an explanation for the change in status.

If Offeror cannot certify that they are not debarred, they shall provide an explanation with this submittal. An explanation will not necessarily result in denial of participation in a contract.

Initial _____

Convictions: Offeror has fully informed Town of all convictions of the firm, its affiliates (as defined in section 287.133(1) (a) of the Florida Statutes), and all directors, officers, and employees of the firm and its affiliates for violation of state or federal antitrust laws with respect to a public contract for violation of any state or federal law involving fraud, bribery, collusion, conspiracy or material misrepresentation with respect to a public contract. This includes disclosure of the names of current employees who were convicted of contract crimes while in the employ of another company.

Initial _____

Prohibited Interests: Offeror, and its sub-contractors at any tier, certify that they have not entered into any contract, sub-contract, or arrangement in connection with the project covered under this Invitation to Proposal, or of any property included or planned to be included in the project, in which any member, officer, of employee of the Offeror or its sub-contractors, during its tenure, or for two years thereafter, has any interest, direct or indirect.

Initial _____

Equal Employment Opportunity: Offeror shall not discriminate on the basis of race, color, sex, age, national origin, religion, and disability or handicap in accordance with the Provisions of: Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000 et seq.), Title VII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), Florida Civil Rights Act of 1992 (§ 760.10 et seq.), Title 41 CFR Part 60 for compliance with Executive Orders 11246 and 11375, Title 49 CFR 23 and Title 49 CFR 26 for Disadvantaged Business Enterprises, Age Discrimination Act of 1975 (42 U.S.C. § 6101, et seq.), Title 49 CFR 21 and Title 49 CFR 23, Nondiscrimination on the basis of handicap, Title 49 CFR 27, Americans with Disabilities Act of 1990 (42 U.S.C. 12102, et seq.), Federal Fair Labor Standards Act (29 U.S.C. § 201, et seq.), and any other Federal and State discrimination statutes.

Initial _____

Offeror certifies that they comply (or will comply) with the above statements concerning: Lobbying, Non-Segregated Facilities, Public Entity Crime, Conflict of Interest, Compliance With Laws, Discriminatory Vendor, Debarment, Non-Collusion, Prohibited Interests, Convictions, Drug Free Workplace, Equal Employment Opportunity, as noted on pages one through two.

Failure to submit this executed statement as part of the Offeror's Proposal may make their Proposal nonresponsive and not eligible for award consideration.

Acknowledgement of Offeror's Representation and Certification Form

Offeror's Firm Name: _____
Signature: _____
Name: _____
Title: _____

LABELS

(Affix to the front of your response)

Sealed Proposal – Independent Audit Services

RFP # [REDACTED] - Audit Services
Jeff Shoobridge, Town Administrator
17425 Gulf Boulevard
Redington Shores, FL 33708

Sealed Cost Proposal – Independent Audit Services

RFP # [REDACTED] – Audit Services
Fee Proposal Form

Name of Proposing Firm: _____

Firm Contact Person: _____

Audit Committee Ranking Criteria

Proposals will be evaluated by the Audit Committee and the proposer will be selected by the Town Commission based on, but not limited to, the following criteria in order of importance:

Qualifications, Experience, Expertise

Total Possible Points - 45

- Proximity of the assigned office
- Quality and experience of the firm's personnel to be assigned to the engagement, including education, training, memberships, and personal audit experience
- Quality of the firm's support personnel (if applicable)
- Experience of the firm's personnel with GFOA Certificate of Achievement for Excellence in Financial Reporting
- Experience of government engagements of comparable size and complexity

Audit Approach

Total Possible Points - 30

- Completeness of the overall response to the RFP
- Adequacy of general overall audit plan
- Adequacy in communication and implementation of GASB pronouncements
- Adequacy of proposed staffing plan
- Reasonable expectation of Town staff involvement

Responses of References

Total Possible Points - 15

- Consideration of date(s) services were provided
- Comparability in types of services provided
- Respondent's assessment of work done

Proposed Fee

Total Possible Points - 10

This is the last aspect to evaluate, and it is worth the least amount of points. The cost should be evaluated in conjunction with the other categories, but only after the other points are awarded. Some things to consider include:

- The higher priced firm may be charging the Town a premium because they are a recognizable name or considered more prestigious. *(Evaluate the firm profile, credentials of the partners and audit staff individually and check references.)*
- The lower priced firm may not conduct an audit that is the same quality as a firm that bid higher. They may not plan on spending the same amount of time examining records and taking the time to ask questions if they are in a rush to keep their costs down. *(Evaluate audit approach.)*
- The lower priced firm may have an expectation that the Town do more of the legwork compared to another firm. *(Evaluate the audit approach and the expectations of Town staff.)*
- The lower priced firm may not provide the Town with access to higher level staff for technical assistance if they are trying to keep the cost of the audit low by limiting partner or manager involvement. *(Evaluate the audit approach and the level of firm staff to be assigned to the audit work.)*
- The higher priced firm may unnecessarily assign higher level staff to justify a higher fee. *(Evaluate the audit approach and the level of firm staff to be assigned to the audit work.)*

