



CITY MANAGER'S OFFICE MEMORANDUM

TO: Mayor and Commissioners

FROM: Jim Scholl, City Manager
Mark Z. Finigan, Finance Director

DATE: June 21, 2018

SUBJECT: Request for Proposals: #008-18
Independent Auditing Services

ACTION STATEMENT:

The purpose of this resolution is to request acceptance and approval by the City Commission of the ranking by the Audit Evaluation Committee for Independent Auditing Services and authorization for the City Manager to negotiate and execute a contract, subject to City Attorney review and approval, with the highest ranked proposer, Keefe, McCullough & Co. LLP.

BACKGROUND AND RANKING PROCESS:

A three-year contract is contemplated. The contract will contain a provision allowing the City to exercise one additional option for two years.

An Audit Evaluation Committee comprised of the following four members was established, pursuant to Resolution 18-106:

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|--|-----------------|
| • Finance Director | Mark Finigan |
| • City Grant Administrator | Carolyn Sheldon |
| • Deputy Community Services Director | Michael Turner |
| • Key West Certified Public Accountant | Denise Rohrer |

On April 25, 2018 Request for Proposal (RFP) #008-18, Independent Auditing Services, was formally advertised. Two addendums were released. Due date and time for receipt of proposals was established for May 23, 2018 at 3:00 p.m. To follow is a list of the six (6) proposals that were received:

1. Cherry Bekaert, LLP
2. Clifton, Larson, Allen, LLP

3. Keefe, McCullough & Co., LLP
4. Marcum LLP
5. Mauldin & Jenkins LLC
6. S. Davis & Associates

On June 13, 2018 at 2:00 p.m. the Evaluation Committee met, in a properly noticed meeting, to discuss and rank the six proposals. During the meeting the following discussions occurred:

- Two (2) proposals were believed to have taken either unacceptable exceptions to the RFP, submitted outdated requested information or represented certain aspects in their proposal which could present future undetermined cost to the City and for those reasons were not considered for rating and ranking:
 - Mauldin & Jenkins
The proposed number of audit hours was determined by the evaluation committee to be unacceptably too low to adequately perform the scope of the engagement and significantly inconsistent with the other proposers. Proposal also indicated additional charges would be incurred if the City's single audit requirements exceed three; a possibility for future years.
 - S. Davis & Associates
The Florida professional business licenses submitted in the proposal for the entity and the proposed consulting manager were expired. Also, the proposal did not indicate a commitment to publishing the Comprehensive Annual Financial Report -- a core scope requirement in the RFP.
- General discussion on the strengths and weaknesses of each proposal.
- All Evaluation Committee members felt they had sufficient understanding of remaining proposals to move forward with the rating and ranking process.

Proposer	Finigan	Sheldon	Turner	Rohrer	Total	Ranking
Keefe McCullough	89	95	86	100	370	1
Clifton Larson Allen (CLA)	87	85	85	95	352	2
Cherry Bekaert	84	80	75	90	329	3
Marcum	79	90	76	80	325	4

FINANCIAL IMPACT:

The FYE 2017 cost for independent auditing services delivered by Keefe, McCullough & Co., LLP (the incumbent) was \$131,000 (inclusive of the Navy audit now required as part of the impending contract). The annual engagement amount starting in FYE 2018 proposed by the four firms is:

- | | |
|----------------------------|------------------------------------|
| 1. Keefe, McCullough & Co. | \$375,000 total for Years 1 thru 3 |
| 2. Clifton, Larson, Allen | \$366,600 total for Years 1 thru 3 |
| 3. Cherry Bekaert | \$390,500 total for Years 1 thru 3 |
| 4. Marcum | \$394,000 total for Years 1 thru 3 |

OPTIONS:

City Commission can accept, without presentations, the ranking as follows (With 1. being the highest ranked firm) and authorize the City Manager to execute a contract with the highest ranked firm:

1. Keefe, McCullough & Co.
2. Clifton, Larson, Allen
3. Cherry Bekaert
4. Marcum

Or, the City Commission can require presentations at the next regularly scheduled City Commission meeting and then select a proposal from the above ranked firms.

RECOMMENDATION:

City Commission accept and approve the Independent Auditing Services firm ranking, as presented by the Audit Evaluation Committee and authorize the City Manager to negotiate and execute a contract, subject to City Attorney review and approval, with the highest ranked proposer, Keefe, McCullough & Co. LLP.