

**THE CITY OF MEXICO BEACH  
REQUEST FOR PROPOSAL FOR AUDIT SERVICES**

The City Council of the City of Mexico Beach ("Council") is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending September 30, 2019, 2020, 2021, 2022 and 2023.

I. General Information

- 1) The City of Mexico Beach has a population of approximately 775. Mexico Beach is comprised of approximately 1.81 square miles and is served by one major roadway – US Highway 98. The City has its own fire department and Bay County provides on-site law enforcement services.
- 2) The Audit Committee consists of the Keith Lancaster, the Holly White, and the Mayor Cathy selected and appointed by the City Council. A copy of Resolution 20-02 establishing the committee and its duties is attached.
- 3) Questions regarding the Request for Proposal (RFP) are to be addressed to:

Mario Gisbert, City Administrator  
City of Mexico Beach  
PO Box 13425  
Mexico Beach, FL 32410  
Telephone: (850) 648-5700 Ext. 3

- 4) All responses to this RFP must be received no later than 2:00 p.m. (CST) May 5, 2020, at the address listed above. Original and five signed copies of your proposal shall be submitted in one sealed package, clearly marked on the outside " Proposal for Independent Auditing Services ". All responses received by the deadline above will be unsealed at 2:01 p.m. (CST) May 6, 2020, at the address listed above. Any responses received after the deadline will be returned to the proposer unopened and marked "RECEIVED AFTER DEADLINE". All costs incurred by the responding firms in preparing proposals to this request will not be reimbursed by the City of Mexico Beach.
- 5) The Audit Committee reserves the right to reject any or all proposals submitted and to request additional information from the proposers. At the discretion of the Council or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

- 6) The Council reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Mexico Beach and the firm selected.
- 7) The Audit Committee will rank the proposers and recommend the highest ranked firm in accordance with Section 218.391, Florida Statutes to the Council. Upon approval, it is anticipated that the Council will enter into a five-year contract for services related to fiscal years ending September 30, 2019; September 30, 2020; September 30, 2021; September 30, 2022; and September 30, 2023.
- 8) RFP Calendar:
 

April 17	Request for Proposal noticed
April 29	All inquiries submitted in writing
May 5	Responses to RFP due (2:00 p.m. CST)
May 7	The Audit Committee will meet to evaluate the proposals and make a formal recommendation to the City Council.
May 12 or 26	City Council action on committee recommendation.
- 9) Audits for the last several fiscal years were completed by Vance CPA, LLC.
- 10) The City of Mexico Beach does not have an internal audit department.
- 11) All requirements and conditions set forth in this RFP shall be incorporated into the contract between the City of Panama City Beach and the selected firm unless expressly provided otherwise by the contract.

II. Description of Records to be Audited

1. The City provides a full range of services including public safety (law enforcement and fire), highways and streets, water, sewer and stormwater utilities, general administrative services, solid waste and parks and recreation. The City also provides workers compensation coverage, property and liability insurance, and City-paid disability, term life insurance, health and dental insurance for all full-time employees.

2. The City maintains its own accounting records.
3. All accounting records are maintained on the modified accrual basis with accounting records for all government wide funds converted to full accrual basis at fiscal year-end.
4. Budgets are integrated with the accounting records.

III. Services Required

1. Prepare an audit and an opinion on the basic financial statements of the City of Mexico Beach. The audit is to be performed in accordance with generally accepted auditing standards in addition to the following:
  - a. Section 218.39, Florida Statutes
  - b. Rules of the Florida Department of Financial Services
  - c. Rules of the Auditor General (Chapter 10.550, Local Government Entity Audits)
  - d. AICPA Audit and Accounting Guide - Audits of State and Local Governmental Units
  - e. Federal and Florida Single Audit Acts
  - f. *Government Auditing Standards* issued by the Comptroller General of the United States
  - g. Office of Management and Budget Uniform Guidance, Washington, DC
  - h. Generally Accepted Accounting Principles (GAAP)
  - i. Pronouncements of the Governmental Accounting Standards Board (GASB)
2. Final audit required by this RFP must be completed within eight (8) months of the end of the fiscal year.
3. Prepare a calendar including the following items which will be established by the Audit Committee:

- a. Contract signed with proposer
  - b. Interim audit procedures
  - c. Fiscal year end for the City of Mexico Beach
  - d. Close books of the City of Mexico Beach
  - e. Preliminary management comments and recommendations delivered to the City of Mexico Beach Audit Committee
  - f. Written management comments delivered to the City of Mexico Beach Audit Committee
  - g. First draft of financial statements delivered to City Finance Director and the Audit Committee
  - h. Second draft of financial statements delivered to City Finance Director and the Audit Committee
  - i. Final production of financial statements delivered to City Finance Director and Audit Committee.
  - J. Provide a formal "out brief" to the City Council and Audit Committee in a public meeting.
4. Prepare a draft of the City of Mexico Beach's financial statements and related notes to be reviewed and approved by the City of Mexico Beach.
  5. Prepare all required note disclosures for the City of Mexico Beach's financial statements to be reviewed and approved by the City of Mexico Beach.
  6. Prepare the Annual Financial Report which shall include the following contents, as required: all those elements set out in the attached exhibit (the Table of Contents from this year's audit letter), to be reviewed and approved by the City of Mexico Beach.
  7. Prepare FDOT local highway finance report (FHWA-536), to be reviewed and approved by the City of Mexico Beach.
  8. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports for the City of Mexico Beach.
    - a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
    - b. A report on the internal control structure based on the auditors understanding of the control structure and assessment of control risk.
    - c. A report on compliance with applicable laws and regulations.

- d. Reports on compliance with specific requirements applicable to Federal awards and State financial assistance programs.
  - e. The auditor shall communicate in a letter to management and the Audit Committee any reportable conditions found during the audit.
9. Undertake Department of Financial Services report review as required by Section 218.32(1), Florida Statutes.
  10. Provide guidance and assist with implementing changes in governmental accounting standards.
  11. For any debt issued by the City of Mexico Beach which included an official statement in connection with the debt containing basic financial statements and the report of independent accounts, the firm shall be required to issue a "consent and citation of expertise" as auditor and any necessary "comfort letters" at no additional cost to the City of Mexico Beach.
  12. The Auditors shall be required to make an immediate, written report of all fraud, waste and abuse.
  13. Support by City Staff.

**City Staff will:**

Perform the year-end closing of the books;  
 Provide information necessary for preparing draft financial statements and related notes;  
 Prepare work schedules and related materials as requested by the selected firm; and provide access to paid invoices, cancelled checks and other supportive documentation as requested by the firm.

IV. Qualifications of the Auditor

- 1) The firm must be established in Florida and performed continuous CPA services for a minimum of five years.
- 2) The firm must have annually performed a minimum of ten (10) governmental audits and ten (10) single audits over the past three years.
- 3) The firm should clearly indicate its available governmental expertise. Resumes should be provided for the partner and manager who would be in charge of the audit.
- 4) The individuals who will be primarily responsible for the audit must have 24 hours of governmental accounting and auditing CPE.

- 5) The firm should indicate its approach to peer review and provide a report of the most recent peer review. The firm should indicate whether that peer review included a review of local government client activities.
- 6) The firm should indicate any disciplinary actions that have been instituted or proposed against the firm during the last three years.
- 7) The firm should describe the results of any State or Federal reviews during the past three years of the firm's governmental client audit work.

V. Information to be Included in the Proposal

- 1) Title page showing the RFP subject, the name of the firm, address, telephone number, the name of the contact person and the date.
- 2) A table of contents providing a clear identification of the material by section and by page number.
- 3) A statement setting forth the proposer's understanding of the work to be done and a positive commitment to perform the work within the specified time period.
- 4) A statement as to whether the firm is local, regional or national, and a description of the nature and length of work in Florida.
- 5) The location of the office from which the work is to be done and the number of personnel in that office who would be working on the audit.
- 6) An identification of the partners, managers and supervisors who will work on the audit, including staff from other than the local office if necessary for this audit. Resumes for each managerial and supervisory person to be assigned to the audit should be submitted and include the following information:
  - a. Formal education
  - b. Supplemental education relative to governmental accounting and auditing
  - c. Experience in public accounting in general
  - d. Experience in private business or government
  - e. Experience in auditing governmental units
  - f. Membership in various national and state governmental accounting boards, committees, or associations (past and present)
  - g. Professional recognition, such as Certified Public Accounting licenses, awards, etc.

- 7) A description of the firm' s experience inpreparing governmental financial statements and in providing assistance in obtaining the Certificate of Achievement for Excellence in Financial Reporting.
- 8) A listing of Florida counties and municipalities for which your firm ts providing or has provided audit services.
- 9) The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section III of this request for proposal.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of EDP software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and documentan understanding of the internal control structure.
- g. Approach to be taken in determining lawsand regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

10) Proposed compensation. Proposals should include completed cost estimate sheets and any other necessary cost information in a **separate, sealed envelope marked "Cost Estimate."** The City plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

#### V. Evaluation Procedures

- 1) All responses will be reviewed by the Audit Committee using the mandatory and technical quality elements below and the committee may use as guidance the latest Auditor Selection Guidelines prepared by the Florida Auditor Selection Task Force.
- 2) The responses will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for responsiveness. Responsive firms will then be scored on technical qualifications only. Upon the conclusion of this ranking of qualified firms, the firms will then be scored on cost.

The following represent the principal criteria which will be considered during the evaluation process.

Mandatory Elements:

- a. The audit firm is independent and licensed to practice in Florida.
- b. The firm has no conflict of interest with regard to any other work performed by the firm to the City of Mexico Beach.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. Ability to provide the required services in a timely fashion.

Technical Quality (Represents 80% of score):

- a. General Government audit experience (40 points)
- b. Qualifications of individuals assigned to audit (20 points)
- c. Size and organization structure of firm (10 points)
- d. Demonstrated understanding of City's requirements (5 points)
- e. Audit approach (5 points)

Cost of Services (Represents 20% of score. Maximum of 20 possible points).

The Respondent submitting the lowest total estimated cost will receive the maximum points for the cost element of the evaluation. The other Respondents' scores will be based on a relative percentage of the dollar amount higher than the lowest price. The Price points will be determined in accordance with the following formula:

$$\frac{\text{Lowest Price} - A}{\text{Proposer's Price} - B} \times \text{Total Possible Points for Price} - C = \text{Points Earned by Proposer} - D$$

VI. Note to All Prospective Proposers

QUESTIONS OR INQUIRIES REGARDING THE MEANING OR INTERPRETATION OF ANY OF THE PROVISIONS OF THIS RFP MUST BE MADE IN WRITING PRIOR TO CLOSE OF BUSINESS APRIL 29, 2020 AND DIRECTED TO THE CITY FINANCE DIRECTOR. WHEN RESPONSES ARE

REQUIRED TO ANY INQUIRY, THE RESPONSE SHALL BE MADE THROUGH THE CITY CLERK IN WRITING AND PROVIDED TO THE AUDIT COMMITTEE AND TO ALL PARTIES WHO HAVE PICKED UP RFP PACKAGES. CONTACT WITH OTHER MEXICO BEACH PERSONNEL FOR PURPOSES OF INQUIRIES REGARDING MEANING OR INTERPRETATION SHALL BE GROUNDS FOR ELIMINATION.

