

TOWN OF SOUTHWEST RANCHES, FLORIDA

External Audit Services

RFP No. 19-003

Thursday, April 25, 2019

ADDENDUM 2

1. **Question:** Why is the Town requesting a proposal? (i.e. end of current contract, rotation cycle, fresh perspective desired, governing board request, cost)

Answer: The Town has issued a Request for Proposal because it is the end of the current contract term.

2. **Question:** Please comment and/or provide journal entries proposed by the auditors in the prior year?

Answer: There were no journal entries proposed by the auditors in the prior fiscal year.

3. **Question:** Any items in management letters that have been subsequently addressed?

Answer: The independent auditors report on internal controls and the management letters have identified no material weaknesses or significant deficiencies in internal controls for the past six (6) fiscal years.

4. **Question:** What computer systems are used for general ledger operations? Which systems manually interface with the general ledger? Which systems automatically interface with the general ledger?

Answer: Abila financial software (a MIP product) is used for general ledger operations. ADP payroll services are manually interfaced while no other system automatically interfaces with Abila.

5. **Question:** Please comment on the Town's quality of the documentation of the accounting systems, policies and procedures.

Answer: The Town's documentation quality of the accounting system and policies and procedures are excellent and maintained within a Finance Department accounting policy and procedure manual.

6. **Question:** What were the 2016, 2017 and 2018 fees for the audit and single audit (if applicable)?

Answer: Please refer to RFP 19-003, Exhibit "C", on page 80 for the FY 2016-2018 audit fees. As indicated in the RFP, please note that the 2016, 2017, and 2018 single audit pricing included up to two (2) federal and two (2) state single audits.

7. **Question:** Have there been any out of scope billings over the past three years? If so, how much were the out of scope billings and what was the reason for the out of scope service?

Answer: There were no out-of-scope billings for the past three (3) years.

8. **Question:** What was the timing of preliminary and final fieldwork in the past for the audit? Will the City be requesting different timing under this audit contract?

Answer: The average time for past audits preliminary fieldwork was October or earlier and final fieldwork was no later than early December. Please refer to RFP 19-003, page 23, for the "Preferred Schedule for Conducting the Audits" for future audits.

9. **Question:** How many weeks are the auditors typically on site for preliminary and final fieldwork for the audit?

Answer: During the preliminary fieldwork the auditors averaged one (1) week and during final fieldwork the auditors averaged two (2) weeks on site.

10. **Question:** The RFP indicates that final drafts of the report are due to the Town on February 10. The prior year financial statements were not issued until March 20, 2019. What was the reason for the delayed issuance?

Answer: The RFP final draft date of February 10th is listed as a "preferred date" (an earlier date is welcomed). This date provides the Town Finance Department sufficient time to review then prepare an agenda council communication for publication at least one week prior to the agenda date of March 28th (2nd Thursday in March). Accordingly, there was no fiscal year 2018 audit delay.

11. **Question:** Has there been any disagreement with the current auditor firm? If yes, please provide some background on the issue.

Answer: There has been no disagreements with the current auditor firm.

12. **Question:** Is there any planned turnover within key management positions, such as retirement, during the period of the contract?

Answer: There is no planned turnover within key management positions.

13. **Question:** Describe any relationships with third party service providers used by the entity that may have an impact on the accounting or financial reporting of the entity (i.e. ADP, Paychex, etc).

Answer: Other than ADP payroll service which is manually journalized biweekly, there are no other known third-party service providers used by the Town that may have an impact on accounting or financial reporting.

14. **Question:** Are there any significant changes in operations in the current year vs. the prior year including changes in policies and procedures, personnel, or the reporting entity?

Answer: There are no known significant changes in operations in the current year vs. the prior year.

15. **Question:** What are the two most significant issues facing the Town in the next two years?

Answer: The only significant issue impacting the Town within the next two years is its ability to receive full “obligated” status then eventual reimbursement from federal (FEMA) and State (Florida Department of Emergency Management) governments for its Hurricane Irma damages. These filed claims total approximately \$4 million of which some have already have been classified as “obligated” during Fiscal Year 2019.

16. **Question:** In the RFP under documents to be submitted, proposer information - Page 29: Which type of license is it requesting?

Answer: Please complete this form for each Florida Department of Business and Professional Regulation (DBPR) license held (including Certified Public Accountant) by:

a) A minimum of one Managing Principal/Partner designated in the RFP response as the engagement principal/partner; Alternatively,

b) If the bidder also operates as a corporate or other entity, this may be completed and submitted as a corporation or other in lieu of a) above.

17. **Question:** Why is the Town going out for bid at this time? Does the Town have a mandatory rotation policy?

Answer: Please see addendum 2 question 1. And, the Town does not have a mandatory rotation policy.

18. **Question:** Who, specifically, will make up the selection committee?

Answer: The Selection Committee is comprised of the following individuals:

- Martin Sherwood, Southwest Ranches Town Financial Administrator
- Bill Ackerman, Town of Davie Budget and Finance Director
- Georgina Rodriquez, City of Hollywood Accounting Division Director
- David Huppert, Huppert & Huppert CPA's and Southwest Ranches Parks Foundation Volunteer
- Russell Muniz, Southwest Ranches Assistant Town Administrator/Town Clerk

- Alternate: Karen Brooks, City of Coconut Creek Deputy City Manager/CFO

19. **Question:** What was the printing and binding costs of the CAFR and reports for the past two audit years?

Answer: The printing and binding costs were included as part of the audit fee and not required to be itemized.

20. **Question:** How long has the Town been with the current audit firm?

Answer: The Town has contracted with the current audit firm for the past eight (8) fiscal years.

21. **Question:** Can the current audit firm participate in this RFP process?

Answer: Yes, the current audit firm can participate in this RFP process.

22. **Question:** What were the auditor's total hours in the past two audit years completed?

Answer: The fee structure was fixed annually. Please refer to RFP 19-003, Exhibit "C", on page 80 for the past three (3) years of billing/contract history.

23. **Question:** For the fiscal year 2018 & 2017 financial statement and compliance audits, what months and how many weeks were the auditors in the field for preliminary and for final fieldwork? How many auditors participated in the interim and year end fieldwork procedures?

Answer: For both FY's 2017 and 2018 preliminary fieldwork comprised one (1) week and was held during September/October while final fieldwork comprised two (2) weeks and was held during early December. Four (4) auditors in total including partners and supervisory staff participated at various intervals during both preliminary and year end fieldwork.

24. **Question:** What month has the trial balance been completed and provided to the auditors in the prior two year-end audits?

Answer: The final trial balances for all funds was provided on or before the first day of final fieldwork for the prior two year-end audits.

25. **Question:** What services other than the fiscal year financial statement and compliance audit were requested of the auditors and what fees were paid for such services?

Answer: There were no other services required or fees paid to the auditors other than the fiscal year financial statement and compliance audit reports.

26. **Question:** What qualities exhibited by the current audit firm are valued the most by the Town? The least?

Answer: Current audit firm qualities include superior availability throughout the year as well as flexibility, responsiveness and technical skills/resources to mention a few. No weaknesses were exhibited.

27. **Question:** What qualities would you like the new auditors to exhibit?

Answer: Same as previously mentioned above (at a minimum).

28. **Question:** Is there any specific expertise and advise the Town is looking for that it may not be receiving from its current audit firm?

Answer: There are no specific expertise and advise the Town is looking for that it did not receive from its current audit firm.

29. **Question:** With regards to the forms required to be submitted with the response to the RFP, can they be signed digitally?

Answer: Yes, submitted forms can be signed digitally.

30. **Question:** For the original copy of the proposal, can electronic signatures be used?

Answer: Yes, electronic signature can be used to sign the original copy of the proposal.

31. **Question:** For the original and all other copies of the proposal, can digitally-certified signatures be used?

Answer: Yes, digitally-certified signatures can be used for all the other copies of the proposal.

32. **Question:** Does the organization expect changes in federal, state or local funding that will impact reporting requirements in the current year?

Answer: Yes, see the following below response.

33. **Question:** Has anything significant happened in the current year, which is different from prior years?

Answer: As mentioned in the RFP, at least one (1) federal single audit and possibly two (2) state single audits will be required for the current fiscal year primarily due to Hurricane Irma activity.

34. **Question:** Is something significant expected and/or budgeted to occur in the current year, or soon thereafter, of which a potential auditor should be aware?

Answer: No, there is nothing significant or expected and/or budgeted to occur in the current year or soon thereafter, of which a potential auditor should be aware.

35. **Question:** Have there been any issues that may have delayed receipt of the fiscal year 2018, 2017 and/or 2016 final audit reports by a regulatory due date or the date desired by the Town?

Answer: No, there were no issues that delayed receipt of the fiscal year 2018, 2017 and/or 2016 final audit reports by a regulatory due date or the date desired by the Town.

36. **Question:** Please provide a copy of the last auditor's contract?

Answer: See "attachment 1" to the addendum on page 7 for the last 3-years extension contract.

37. **Question:** Please provide a copy of the auditor's last engagement letter.

Answer: See "attachment 2" to the addendum on page 12 for the engagement letter.

RESOLUTION NO. 2016 – 038

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SOUTHWEST RANCHES, FLORIDA, APPROVING THE FIRST MODIFICATION TO THE AGREEMENT WITH MARCUM, LLP; APPROVING AN ADDITIONAL THREE (3) YEAR TERM AT A FIXED ANNUAL FEE; AUTHORIZING THE MAYOR, TOWN ADMINISTRATOR, AND TOWN ATTORNEY TO ENTER INTO THE FIRST MODIFICATION TO THE AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on October 27, 2011, pursuant to Resolution No. 2012-008, the Town Council approved an agreement with Marcum, LLP to provide External Audit Services; and

WHEREAS, the original five year term, which also covered the 2010 fiscal year, has expired; and

WHEREAS, the Agreement allows for a three (3) year extension upon mutual agreement of the parties; and

WHEREAS, the Town's staff has performed a review of the contractor's performance and has found that the contractor has consistently performed all services in accordance with the terms of the original Agreement; and

WHEREAS, the Town Council believes that it is in the best interest of the Town to extend the Agreement with Marcum, LLP to provide External Audit Services for an additional three (3) year term at a fixed annual fee, specifically through September 30, 2018; and

WHEREAS, although the Town and Marcum, LLP have been acting in good faith and in accordance with the terms of the extension, both parties wish to formally recognize same.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Southwest Ranches, Florida:

Section 1. The above recitals are true and correct and are incorporated herein by reference.

Section 2. The Town Council hereby approves the First (1) Modification to the Agreement with Marcum, LLP, in substantially the same form as that

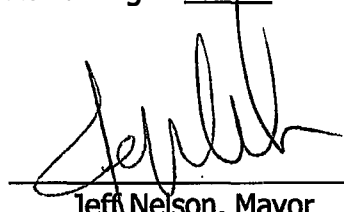
attached hereto as Exhibit "A", to provide External Audit Services for the Town for an additional three (3) year term at a fixed annual fee, specifically through September 30, 2018.

Section 3: The Town Council authorizes the Mayor, Town Administrator, and Town Attorney to enter into an Agreement in substantially the same form as that attached hereto as Exhibit "A" and to make such modifications, additions and/or deletions which they deem necessary and proper to effectuate the intent of this Resolution.

Section 4: This Resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED by the Town Council of the Town of Southwest Ranches, Florida, this 23rd day of June, 2016, on a motion by Vice Mayor McKay and seconded by Council Member Jablonski.

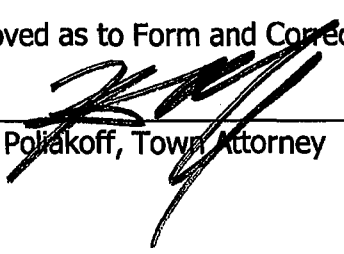
| | | | |
|------------|------------|------------|----------|
| Nelson | <u>Yes</u> | Ayes | <u>3</u> |
| McKay | <u>Yes</u> | Nays | <u>2</u> |
| Breitkreuz | <u>No</u> | Absent | <u>0</u> |
| Fisikelli | <u>No</u> | Abstaining | <u>0</u> |
| Jablonski | <u>Yes</u> | | |



Jeff Nelson, Mayor

ATTEST:


Russell Muñiz, Assistant Town Administrator/Town Clerk

Approved as to Form and Correctness:


Keith Polakoff, Town Attorney

**FIRST MODIFICATION TO THE AGREEMENT BETWEEN
MARCUM, LLP
AND
THE TOWN OF SOUTHWEST RANCHES
ANNUAL AUDIT SERVICES**

THIS FIRST MODIFICATION is made and entered into this 23rd day of June, 2016 by and between the TOWN OF SOUTHWEST RANCHES, a municipal corporation organized and existing under the laws of the State of Florida (hereinafter referred to as "TOWN") and MARCUM, LLP (hereinafter referred to as "MARCUM").

WITNESSETH:

WHEREAS, on October 27, 2011, pursuant to Resolution No. 2012-008, the Town Council approved an agreement with Marcum, LLP to provide External Audit Services; and

WHEREAS, the original five year term, which also covered the 2011 fiscal year, has expired; and

WHEREAS, the Agreement allows for a three (3) year extension upon mutual agreement of the parties; and

WHEREAS, although the Town and Marcum, LLP have been acting in good faith and in accordance with the terms of the extension, both parties wish to formally recognize same.

NOW, THEREFORE, in consideration of the sum hereinafter set forth and for other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, it is agreed as follows:

1. The above recitals are true and correct and incorporated herein.
2. In accordance with Section 3.1 of the Original Agreement, the term is hereby extended for three (3) additional years, specifically through September 30, 2018.

3. In consideration of an additional three year term, Section 4.1 of the Original Agreement and Exhibit "C" of the Original Agreement are hereby amended to set forth the following flat rate maximum Annual Fee:

| Fiscal Year | Financial Audit | Federal Single Audit | State Single Audit | TOTAL |
|--------------------|------------------------|-----------------------------|---------------------------|-----------------|
| 2016 | \$42,723 | \$5,000 | \$5,000 | \$52,723 |
| 2017 | \$44,432 | \$5,200 | \$5,200 | \$54,832 |
| 2018 | \$46,209 | \$5,400 | \$5,400 | <u>\$57,009</u> |
| Grand Total | | | | \$164,564 |

4. Section 29.1 entitled "Public Records" shall be created to read as follows:

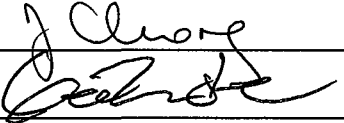
Article 29
Public Records

29.1 **IF MARCUM HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, AS TO MARCUM'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT PHONE: (954) 434-0008; EMAIL: RMUNIZ@SOUTHWESTRANCHES.ORG; RUSSELL MUNIZ, ASSISTANT TOWN ADMINISTRATOR/TOWN CLERK, TOWN OF SOUTHWEST RANCHES, 13400 GRIFFIN ROAD, SOUTHWEST RANCHES, FLORIDA, 33330.**

5. All other Sections shall remain in full force and effect.

FIRST MODIFICATION TO THE AGREEMENT BETWEEN MARCUM, LLP AND THE TOWN OF
SOUTHWEST RANCHES FOR ANNUAL AUDIT SERVICES

WITNESSES:



CONTRACTOR:

MARCUM, LLP

By: MICHAEL FUTTERMAN, PARTNER

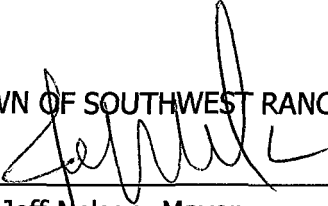
M. Futter

Print Name & Title Above

29 day of ^{AUGUST}~~JUNE~~, 2016

TOWN:

TOWN OF SOUTHWEST RANCHES

By: 

Jeff Nelson, Mayor

23rd day of June, 2016

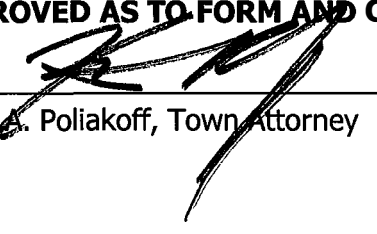
By: 

Andrew D. Berns, Town Administrator

ATTEST:


Russell Muñiz, Assistant Town Administrator/Town Clerk

APPROVED AS TO FORM AND CORRECTNESS:


Keith A. Poliakoff, Town Attorney

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October 30, 2018

To the Honorable Mayor, Town Council and Town Administrator
Town of Southwest Ranches, Florida

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Southwest Ranches (the “Town”) for the fiscal year ended September 30, 2018. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards and Chapter 10.550, Rules of the Auditor General

As stated in our auditee and auditor responsibilities letter dated August 27, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the Town. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Town’s compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis and Budgetary Comparison Schedules, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the Combining and Individual Fund Statements and Schedules, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the Introductory and Statistical Sections, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditors' report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Michael D. Futterman, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Town of Southwest Ranches, Florida

October 30, 2018

Page 3

We began the planning phase of our audit on October 21, 2018 and we will commence the audit fieldwork phase the week of December 10, 2018. We expect to issue our report in March 2019. Michael D. Futterman, CPA, is the engagement partner and is responsible for supervising the engagement and signing the auditors' report or authorizing another individual to sign it.

This information is intended solely for the use of the Mayor, Town Council and Town Administrator and management of the Town of Southwest Ranches and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Marcum LLP".

Marcum LLP