

MEMORANDUM

August 19, 2014

TO: Honorable Mayor and City Commission

VIA: Kenneth Fields, City Manager

FROM: Dorothy Ecklund, Finance Director

RE: Auditing Engagement Letter

SYNOPSIS: The approval allows Cherry Bekaert CPAs & Advisors to perform professional auditing services for Fiscal Year Ending September 30, 2014, with the option to renew for two additional years.

RECOMMENDATION

Staff recommends that the City Commission take the following action:

1. Approve Cherry Bekaert CPAs & Advisors to perform professional auditing services for Fiscal Year Ending September 30, 2014, with the option to renew for two additional years; and
2. Authorize the City Manager to execute the Auditing Engagement Letter between the City of Lake Wales and Cherry Bekaert CPAs & Advisors, after approval by the City Attorney.

BACKGROUND

At its meeting on August 7, 2014, the Audit Selection Committee selected Cherry Bekaert CPAs & Advisors to perform the professional auditing services for the City and recommended approval by the City Commission. The primary purpose of the Committee was to assist the City in selecting an auditor to conduct the annual financial audit. The duties of the Audit Selection Committee were as follows:

1. Evaluate proposals provided by qualified firms;
2. 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 within the RFP.

The audit selection committee members who evaluated the firms were:

Joseph Jenkins, Board Member of the Fire Pension Plan and Fire Chief
Chris Mimbs, Accounting Manager
Linda Kimbrough, General Employee Pension Plan Trustee
Katherine Rogers, Airport Authority Board member

The audit selection committee top three firms, in order of preference, were:

Cherry Bekaert CPAs & Advisors
Purvis Gray & Company LLP
Clifton Larson Allen

Evaluation factors included the firm's experience/performance on comparable government engagements, Quality of firm's professional personnel to be assigned to engagement, price quote for service, adequacy of audit approach, approach to the management letter, and familiarity with Certificate of Achievement in Financial Reporting.

FISCAL IMPACT

The all-inclusive maximum price for audits fee for the City audit report and interim work will not exceed \$67,700 for FY 2013'14 audit. The next two years have all-inclusive maximum annual price \$67,700.

ATTACHMENT

Audit Selection Committee – Ranking Totals – Professional Auditing Services

Service to be ranked:
Professional Auditing Services

PROPOSAL RANKING SHEET

Name of Community:	CITY OF LAKE WALES, POLK COUNTY, FLORIDA
Date of Selection Committee:	August 7, 2014, 12:00 P.M., City Manager Conference Room

Firm A:	Averett, Warmus, Durkee
Firm B:	Brynjulfson
Firm C:	Cherry Bekaert
Firm D:	Clifton Larson Allen
Firm E:	Mauldin & Jenkins
Firm F:	McDermitt/Davis
Firm G:	Purvis Gray & Company

EVALUATOR	SIGNATURE	A	B	C	D	E	F	G
1. Joseph Jenkins		62	68	93	85	78	74	93
2. Chris Mimbs		90	75	100	90	85	85	95
3. Linda Kimbrough		80	64	70	77	81	68	85
4. Katherine Rogers		68	65	94	84	92	85	92
5.								
6.								
TOTAL		300	272	357	336	336	312	365



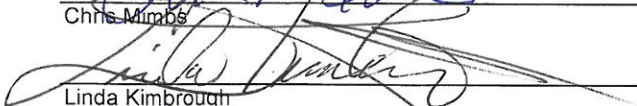
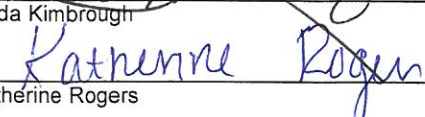
The First Ranked Firm is:	Purvis Gray & Company
The Second Ranked Firm is:	Cherry Bekaert
The Third Ranked Firm is:	Clifton Larson Allen / Mauldin & Jenkins

Based on Scoring

The First Ranked Firm is:	Cherry Bekaert
The Second Ranked Firm is:	Purvis Gray & Company
The Third Ranked Firm is:	Clifton Larson Allen

Based on Individual Ranking

Recommended Firm	Cherry Bekaert
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 _____ Joseph Jenkins	<u>8-7-14</u> Date
 _____ Chris Mimbs	<u>8/7/14</u> Date
 _____ Linda Kimbrough	<u>8/7/14</u> Date
 _____ Katherine Rogers	<u>08/07/14</u> Date

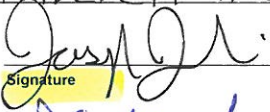
*Service to be ranked:
Professional Auditing Services*
PROPOSAL RANKING SHEET

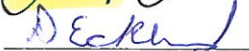
Name of Community:	CITY OF LAKE WALES, POLK COUNTY, FLORIDA
Name of Person Ranking Firms:	Joseph Jenkins
Proposal Ranking Sheet Due:	August 4, 2014, 2:00 P.M. Finance Director
Date of Selection Committee:	August 7, 2014, 12:00 P.M., City Manager Conference Room

EVALUATION FACTORS	Possible Point in Rank Weight	Averett Warmus Durkee	Brynjulfson	Cherry Bekaert	Clifton Larson Allen	Mauldin & Jenkins	McDermitt/Davis	Purvis Gray & Company
Experience/performance on comparable government engagement.	20	10	10	19	15	19	10	20
Quality of firm's professional personnel to be assigned to engagement.	20	16	14	19	17	16	17	19
Price quote for service.	20	13	10	18	18	16	15	17
Adequacy of audit approach.	20	17	18	19	17	19	19	19
Approach to the Management Letter.	10	6	8	8	8	8	8	8
Familiarity with Certificate of Achievement in Financial Reporting.	10	0	8	10	10	0	5	10
Ranking Total	100	62	68	93	85	78	74	93

Provide a listing of firms by descending "Ranking Totals". Firms should be listed by the firm you would choose first under "First Ranked Firm" and descending order based on "Ranking Total". All seven firms must be listed within ranking order.

First Ranked Firm:	Cherry Bekaert
Second Ranked Firm:	Purvis Gray and Company
Third Ranked Firm:	CliftonLarsonAllen
Fourth Ranked Firm:	Mauldin and Jenkins
Fifth Ranked Firm:	McDermitt Davis
Sixth Ranked Firm:	Brynjulfson
Seventh Ranked Firm:	Averett Warmus Durkee

Proposal Ranked by: 
Signature

Ranking Converted by: 
Dorothy Ecklund, Finance Director

Instructions:

- 1) Audit Committee members need to provide a completed and signed "Proposal Ranking Sheet" to the Finance Director by 2:00 P.M., August 4, 2014.
- 2) The Finance Director shall convert proposal ranking sheets into a summary worksheet by August 7, 2014, based on ranking points. The summary worksheet shall be provided at the Audit Selection Committee meeting.
- 3) The Audit Committee, after discussion and review of proposed ranking sheets, shall recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services.
- 4) The Finance Director shall complete an agenda item for the August 19th City Commission meeting, based on the recommendation of the Audit Committee.

Service to be ranked:
Professional Auditing Services
PROPOSAL RANKING SHEET

Name of Community:	CITY OF LAKE WALES, POLK COUNTY, FLORIDA
Name of Person Ranking Firms:	Chris Mimbs
Proposal Ranking Sheet Due:	August 4, 2014, 2:00 P.M. Finance Director
Date of Selection Committee:	August 7, 2014, 12:00 P.M., City Manager Conference Room

EVALUATION FACTORS	Possible Point in Rank Weight	Averett Warmus Durkee	Brynjulfson	Cherry Bekaert	Clifton Larson Allen	Mauldin & Jenkins	McDermitt/Davis	Purvis Gray & Company
Experience/performance on comparable government engagement.	20	15	10	20	20	20	20	20
Quality of firm's professional personnel to be assigned to engagement.	20	20	15	20	20	15	15	20
Price quote for service.	20	20	15	20	10	15	15	15
Adequacy of audit approach.	20	15	15	20	20	15	15	20
Approach to the Management Letter.	10	10	10	10	10	10	10	10
Familiarity with Certificate of Achievement in Financial Reporting.	10	10	10	10	10	10	10	10
Ranking Total	100	90	75	100	90	85	85	95

Provide a listing of firms by descending "Ranking Totals". Firms should be listed by the firm you would choose first under "First Ranked Firm" and descending order based on "Ranking Total". All seven firms must be listed within ranking order.

First Ranked Firm:	Cherry Bekaert
Second Ranked Firm:	Purvis Gray & Co
Third Ranked Firm:	Clifton Larson Allen
Fourth Ranked Firm:	Averett Warmus Durkee
Fifth Ranked Firm:	Mauldin & Jenkins
Sixth Ranked Firm:	McDermitt/Davis
Seventh Ranked Firm:	Brynjulfson

Proposal Ranked by: Chris Mimbs
Signature

Ranking Converted by: Dorothy Ecklund
Dorothy Ecklund, Finance Director

Instructions:

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- 2) The Finance Director shall convert proposal ranking sheets into a summary worksheet by August 7, 2014, based on ranking points. The summary worksheet shall be provided at the Audit Selection Committee meeting.
- 3) The Audit Committee, after discussion and review of proposed ranking sheets, shall recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services.
- 4) The Finance Director shall complete an agenda item for the August 19th City Commission meeting, based on the recommendation of the Audit Committee.

Service to be ranked:
Professional Auditing Services

PROPOSAL RANKING SHEET

Name of Community:	CITY OF LAKE WALES, POLK COUNTY, FLORIDA
Name of Person Ranking Firms:	Linda Kimbrough
Proposal Ranking Sheet Due:	August 4, 2014, 2:00 P.M. Finance Director
Date of Selection Committee:	August 7, 2014, 12:00 P.M., City Manager Conference Room

EVALUATION FACTORS	Possible Point in Rank Weight	Averett Warmus Durkee	Brynjulfson	Cherry Bekaert	Clifton Larson Allen	Mauldin & Jenkins	McDermitt/Davis	Purvis Gray & Company
Experience/performance on comparable government engagement.	20	18	16	17	15	14	10	18
Quality of firm's professional personnel to be assigned to engagement.	20	15	14	15	14	16	9	16
Price quote for service.	20	13	15	10	12	17	18	14
Adequacy of audit approach.	20	16	10	12	18	15	16	17
Approach to the Management Letter.	10	8	5	7	8	10	7	10
Familiarity with Certificate of Achievement in Financial Reporting.	10	10	4	9	10	9	8	10
Ranking Total	100	80	64	70	77	81	68	85

Provide a listing of firms by descending "Ranking Totals". Firms should be listed by the firm you would choose first under "First Ranked Firm" and descending order based on "Ranking Total". All seven firms must be listed within ranking order.

First Ranked Firm	Purvis Gray & Company
Second Ranked Firm	Mauldin & Jenkins
Third Ranked Firm	Averett Warmus Durkee
Fourth Ranked Firm	Clifton Larson Allen
Fifth Ranked Firm	Cherry Bekaert
Sixth Ranked Firm	McDermitt/Davis
Seventh Ranked Firm	Brynjulfson

Proposal Ranked by: Linda Kimbrough
Signature

Ranking Converted by: D. Ecklund
Dorothy Ecklund, Finance Director

Instructions:

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- 2) The Finance Director shall convert proposal ranking sheets into a summary worksheet by August 7, 2014, based on ranking points. The summary worksheet shall be provided at the Audit Selection Committee meeting.
- 3) The Audit Committee, after discussion and review of proposed ranking sheets, shall recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services.
- 4) The Finance Director shall complete an agenda item for the August 19th City Commission meeting, based on the recommendation of the Audit Committee.

*Service to be ranked:
Professional Auditing Services*
PROPOSAL RANKING SHEET

Name of Community:	CITY OF LAKE WALES, POLK COUNTY, FLORIDA
Name of Person Ranking Firms:	Katherine Rogers
Proposal Ranking Sheet Due:	August 4, 2014, 2:00 P.M. Finance Director
Date of Selection Committee:	August 7, 2014, 12:00 P.M., City Manager Conference Room

EVALUATION FACTORS	Possible Point in Rank Weight	Averett Warmus Durkee	Brynjulfson	Cherry Bekaert	Clifton Larson Allen	Mauldin & Jenkins	McDirmitt/Davis	Purvis Gray & Company
Experience/performance on comparable government engagement.	20	14	14	20	16	20	16	20
Quality of firm's professional personnel to be assigned to engagement.	20	12	12	20	18	16	16	18
Price quote for service.	20	18	12	20	16	18	18	16
Adequacy of audit approach.	20	12	14	16	16	20	18	20
Approach to the Management Letter.	10	6	8	9	10	8	10	9
Familiarity with Certificate of Achievement in Financial Reporting.	10	6	5	9	8	10	7	9
Ranking Total	100	68	65	94	84	92	85	92

Provide a listing of firms by descending "Ranking Totals". Firms should be listed by the firm you would choose first under "First Ranked Firm" and descending order based on "Ranking Total". All seven firms must be listed within ranking order.

First Ranked Firm	Cherry Bekaert
Second Ranked Firm	Purvis Gray + Company
Third Ranked Firm	Mauldin + Jenkins
Fourth Ranked Firm	McDirmitt / Davis
Fifth Ranked Firm	Clifton Larson Allen
Sixth Ranked Firm	Averett Warmus Durkee
Seventh Ranked Firm	Brynjulfson

Proposal Ranked by: Katherine Rogers
Signature

Ranking Converted by: Dorothy Ecklund
Dorothy Ecklund, Finance Director

Instructions:

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- 2) The Finance Director shall convert proposal ranking sheets into a summary worksheet by August 7, 2014, based on ranking points. The summary worksheet shall be provided at the Audit Selection Committee meeting.
- 3) The Audit Committee, after discussion and review of proposed ranking sheets, shall recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services.
- 4) The Finance Director shall complete an agenda item for the August 19th City Commission meeting, based on the recommendation of the Audit Committee.

Summary of Auditing Proposals Received
RFP - For Auditing Services

	Averett Warmus Durkee Orlando, Florida	Brynjulfson Auburndale, Florida	Cherry Bekaert Orlando, Florida	Clifton Larson Allen Sebring, Winter Haven, Lakeland	Mauldin & Jenkins Bradenton, Florida	McDermitt / Davis Orlando, Florida	Purvis Gray & Company Sarasota, Florida
Office Location	Orlando, Florida	Auburndale, Florida	Orlando, Florida	Sebring, Winter Haven, Lakeland	Bradenton, Florida	Orlando, Florida	Sarasota, Florida
Years of Experience	25 years of experience	N/A	67 years of experience	Nearly 50 years of experience	Over 90 years experience	30 years of experience	Over 65 years of experience
Staff	16 audit staff dedicated to government audits. Total staff of 111	One director/partner level officer and plans for a maximum of two staff level employees	225 personnel in Florida	Over 60 professionals in local offices Total staff of 3,600	40 personnel in Bradenton Total staff of 253	26 employees in Orlando Office	75 employees
Gov. Experience	Page 1 25 years of services to government entities.	Page 1 19 governmental entities and performs 3 internal financial reporting services	Page 6 Over 30 municipalities, over 300 benefit plans, more than 75 pension plans. Experienced with airport audits	(listed in Transmittal Letter) More than 70 Florida governments Serve over 1,700 governments nationally	Page 7 Over 250 governmental units in the Southeast on an annual basis.	Page 1 12 Municipalities, 1 Airport Authority, and 50 Community Development Districts.	Page 1 12 Municipalities, 6 Counties, 6 School Boards on an annual basis.
Engagement Team	Page 6	Page 2	Page 14	Page 20	Page 15	Page 5	Page 10
Professional Education	Page 7	Page 3	Page 24	Page 21	Page 29	Page 2	Page 12
Audit Approach	Page 9	Page 7	Page 11	Page 33	Page 36	Page 15	Page 34
Management Letter	Page 14	Page 11	Page 45	Page 46	Page 46	Page 18	Page 44
Familiarity with Cert. of Achievement Reporting	Page 1	Page 12	Page 6, 44	Page 45	Page 10	Page 1	Page 42
Number of Estimated Hours Proposed Engagement	450 hrs - Page 11	355 hrs - Page 8	650 hrs - Page 38	600 hrs - Page 43	410 hrs - Page 40	378 hrs - Page 15	570 hrs - Page 3
Cost - First Year	Listed on page 2 City 45,000 General Pension 2,000 Firefighters Pension 2,000 Police Pension 2,000 Airport Audit 7,000 CAFR Assistance 3,000 Total 61,000 Single Audit Included in price above	Listed on page 12 City 45,050 General Pension 3,250 Firefighters Pension 3,250 Police Pension 3,250 Airport Audit 5,500 Total 60,300 Additional Fee: Single Audit 4,850 flat fee if needed	Listed on page 9 City 55,000 General Pension 2,400 Firefighters Pension 2,400 Police Pension 2,400 Airport Audit 5,500 Total 67,700 Single Audit Included in price above	Listed on page 5 City 48,000 General Pension 2,500 Firefighters Pension 2,500 Police Pension 2,500 Airport Audit 7,000 Total 62,500 Additional Fee: Single Audit* 4,000 per major program *Note - Could have as many as three major programs	Listed on page 4 City 37,000 General Pension 2,667 Firefighters Pension 2,667 Police Pension 2,666 Airport Audit 5,500 Total 50,500 Additional Fee: Single Audit* 4,500 per major program *Note - Could have as many as three major programs	Listed on page 3 City 38,000 General Pension 2,000 Firefighters Pension 2,000 Police Pension 2,000 Airport Audit 6,000 CAFR Assistance 1,000 Total 50,000 Additional Fee: Single Audit* 5,000 per major program *Note - Could have as many as three major programs	Listed on page 3 City 48,900 General Pension 2,200 Firefighters Pension 2,200 Police Pension 2,200 Airport Audit 5,000 CAFR Assistance 1,000 Total 61,500 Additional Fee: Single Audit 4,000 flat fee if needed
Cost - Second Year	City 46,350 General Pension 2,060 Firefighters Pension 2,060 Police Pension 2,060 Airport Audit 7,210 CAFR Assistance 3,090 Total 62,830 Single Audit Included in price above	City 46,400 General Pension 3,350 Firefighters Pension 3,350 Police Pension 3,350 Airport Audit 5,665 Total 62,115 Additional Fee: Single Audit 4,996 flat fee if needed	City 55,000 General Pension 2,400 Firefighters Pension 2,400 Police Pension 2,400 Airport Audit 5,500 Total 67,700 Single Audit Included in price above	City 48,960 General Pension 2,550 Firefighters Pension 2,550 Police Pension 2,550 Airport Audit 7,140 Total 63,750 Additional Fee: Single Audit* 4,080 per major program *Note - Could have as many as three major programs	City 39,800 General Pension 2,734 Firefighters Pension 2,733 Police Pension 2,733 Airport Audit 5,700 Total 53,700 Additional Fee: Single Audit* 4,600 per major program *Note - Could have as many as three major programs	City 38,760 General Pension 2,040 Firefighters Pension 2,040 Police Pension 2,040 Airport Audit 6,120 Total 51,000 Additional Fee: Single Audit* 5,000 per major program *Note - Could have as many as three major programs	City 49,868 General Pension 2,244 Firefighters Pension 2,244 Police Pension 2,244 Airport Audit 5,100 CAFR Assistance 1,020 Total 62,720 Additional Fee: Single Audit 4,080 flat fee if needed
Cost - Third Year	City 47,741 General Pension 2,122 Firefighters Pension 2,122 Police Pension 2,122 Airport Audit 7,426 CAFR Assistance 3,183 Total 64,715 Single Audit Included in price above	City 47,790 General Pension 3,450 Firefighters Pension 3,450 Police Pension 3,450 Airport Audit 5,840 Total 63,980 Additional Fee: Single Audit 5,145 flat fee if needed	City 55,000 General Pension 2,400 Firefighters Pension 2,400 Police Pension 2,400 Airport Audit 5,500 Total 67,700 Single Audit Included in price above	City 49,939 General Pension 2,601 Firefighters Pension 2,601 Police Pension 2,283 Airport Audit 7,283 Total 65,025 Additional Fee: Single Audit* 4,161 per major program *Note - Could have as many as three major programs	City 41,000 General Pension 2,800 Firefighters Pension 2,800 Police Pension 2,800 Airport Audit 5,900 Total 55,300 Additional Fee: Single Audit* 4,700 per major program *Note - Could have as many as three major programs	City 39,520 General Pension 2,080 Firefighters Pension 2,080 Police Pension 2,080 Airport Audit 6,240 Total 52,000 Additional Fee: Single Audit* 5,000 per major program *Note - Could have as many as three major programs	City 50,831 General Pension 2,289 Firefighters Pension 2,289 Police Pension 2,289 Airport Audit 5,202 CAFR Assistance 1,040 Total 63,940 Additional Fee: Single Audit 4,160 flat fee if needed

Summary worksheet prepared by Dorothy Ecklund, Finance Director on 07/18/2014. Worksheet is intended for discussion purposes only. Audit Selection Committee Members will be provided copies of all proposals received for their review.

Note: Over the last five year, the City had single audits for FY 2010'11 and FY 2011'12.

Finance expects to have single audits for FY 2013'14, FY 2014'15 and FY 2015'16. Finance expects at least two major programs in FY 2014'15 or FY 2015'16.