

Procurement Management Division

City of North Miami Beach

17011 N.E. 19th Avenue, Room 315

North Miami Beach, FL 33162



DATE: Wednesday, November 30, 2016

TO: ALL PROPOSERS

FROM: Meghan C. Bennett, MBA
Purchasing Supervisor

RFP NO.: 2016-05A

TITLE: Independent Auditing Services

SUBJECT: Amendment No. 1

Deadline for receipt of proposals: December 7, 2016 at 2:00 PM EDT

This Amendment is and does become a part of the RFP No. 2016-05 Independent Audit Services for City North Miami Beach.

- A. Attached Pre-Proposal attendance sheet, see Attachment 1 to this Amendment 1.
- B. The following Q&A section becomes part of this RFP:

	Questions	Answers
1.	The General Employees' Pension Plan and the Police & Fire Pension Plan issue stand-alone financials. Does this RFP cover/encompass the stand-alone pensions?	The plans will be reported in the City's CAFR. The plans engage their own auditors.
2.	Who is the current auditor and is it able to bid on current RFP for the given years?	Sharpton, Brunson PA for 5 years and The Sharpton Group for 2 years. Yes.
3.	What is the approved budget amount for the project?	\$190,200 including Fed, State single audit and MDC GOB Bond audit
4.	What was the total audit fees for 2015 audit fees?	2016 - \$140,036.64
5.	How many auditors were on-site? How long were the auditors on-site?	1 auditor for 3 months; 1 auditor for 2 months; 1 auditor for 1.5 months
6.	Is there an available 2015 copy of engagement letter?	See attached
7.	Is the 5-year mandatory auditor rotation required in the City of North Miami Beach?	No
8.	How is the relationship with current auditor and why was the audit submitted to RFP?	New Finance Director request
9.	What is the reason for the cancellation of RFP 2016-05 and the re-bid?	Requirement to seat an audit committee

10.	Does the City expect to meet the requirements of a Federal Single Audit under the Uniform Guidance?	Yes
11.	Does the City expect to meet the requirements of a State Single Audit?	Yes
12.	Can the incumbent auditor bid?	Yes.
13.	Was the City awarded the GFOA Certificate of Excellence for FYE 9/30/2015? If not, why not?	Yes
14.	Are there any minority participation goals for the audit or preference points for minority participation in the proposal process?	No.
15.	What special reports to you expect to be required?	MDC GOB Bond Audit
16.	Other than the change in Finance Directory in August 2016, has there been any other change in finance/accounting department(s) key personnel in the last two years?	No
17.	When will the books be closed and when will the auditors be able to get the final trial balance?	First week in January
18.	Considering the re-bid, have key dates for audit fieldwork, due date of audit reports, etc. been adjusted?	No
19.	Is the price proposal to be submitted in a separate, sealed package?	No.
20.	On Form 8.3, Proposal Signature Page for Corporation, can the office addresses of the firm officers be used, rather than their residence addresses?	No.
21.	On Form 8.12, Proposer Questionnaire, question #11, can the office address of the firm owners be used, rather than the residence addresses?	No.
22.	Section 6.0, #4 of the RFP page 39) states the "Respondent's Project Manager shall be the sole presenter". a. Does this preclude other proposed engagement team members from attending the presentation? b. Does this preclude other proposed engagement team members from speaking at the presentation?	No, the City will address if/when Proposers are invited for Oral Presentations.
23.	In addition to payroll moving to HR, has there been any significant movement or re-organization?	No

24.	Who will rank the firms; staff or the selection committee?	The Audit Committee
25.	Who attended the non-mandatory pre-bid conference?	See attached Addendum.
26.	Who will be the members of the selection committee?	The Audit Committee
27.	Re: Section 5.0 item B, "Overall Business Approach...", can you please explain what you're looking for or give more guidance? Although the language changed from the originally published RFP #2016-05, it is still unclear.	This section of the Proposal should provide information as to the overall business approach to the outlined scope of services.
28.	Who is the new finance director?	Janette Smith, CPA
29.	Who were the respondents to RFP 2016-05, the original RFP?	Information is not available at this time per Florida Statute Chapter 119 Public Records Exemption

ALL OTHER INFORMATION REMAINS THE SAME



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November 18, 2015

Ms. Ana M. Garcia
City Manager
City of North Miami Beach
17011 N. E. 19th Avenue
North Miami Beach, FL 33162

Dear Ms. Garcia:

As part of our engagement with the City of North Miami Beach, Florida (the City), we are pleased to confirm our understanding of the services we are to provide to the City for the year ended September 30, 2015 with the option of auditing the City's financial statements for the subsequent fiscal year. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended September 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Budgetary Comparison Schedule
3. Schedule of Employer Contributions to Pension Plans
4. Schedule of Funding Progress Pension Plans
5. Schedule of Funding Progress for Other Post-Employment Benefit Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards and state financial assistance, as applicable.
2. Combining and individual fund statements and schedules.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. The introductory section of the comprehensive annual financial report.
2. The statistical section of the comprehensive annual financial report.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to federal major programs and state major projects, as applicable and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each federal major program, as applicable, in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that are applicable to each of its major state projects.

Audit Objectives - Continued

The *Government Auditing Standards* report on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for federal major programs and state major projects, as applicable and federal major program and state major project compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General in considering internal control over compliance and federal major program and state major project compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Section 10.557 Rules of the Auditor General for Local Governmental Entity Audits; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and a determination of state major project(s) in accordance with Chapter 10.550, Rules of the Auditor General, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a reports, or may withdraw form this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal awards and state financial assistance and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards and state financial assistance in accordance with the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General as applicable.

You will be required to acknowledge in the management representation letter your preparation of the financial statements and the schedule of expenditures of federal awards and state financial assistance and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management Responsibilities - Continued

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. You are also responsible for providing for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The City is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements.

Your responsibilities also include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review no later than February 28, 2016.

Management Responsibilities - Continued

You are responsible for preparation of the schedule of expenditures of federal awards and state financial assistance in conformity with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, as applicable. You agree to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards and state financial assistance no later than the date the schedule of expenditures of federal awards and state financial assistance is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General as applicable; (b) that you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is fairly presented in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General as applicable; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for presentation of the supplementary information in accordance with GAAP; (b) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter.

This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

Audit Procedures-General

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether 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. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors and any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as an auditor is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors. Our liabilities for this engagement are limited to the fees paid for the work performed.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures-Internal Controls

Our audit will include obtaining an understanding of the City 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.

Audit Procedures-Internal Controls - Continued

Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program and state major project as applicable. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs and major state projects. As applicable, our procedures will consist of the applicable procedures described in the *OMB Circular A133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs and Chapter 10.550 Rules of the Auditor General for the types of compliance requirements that could have a direct and material effect on each of the City's major state projects. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs and major state projects in our report on compliance issued pursuant to OMB Circular A-133 and the Florida Single Audit Act as applicable.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse.

Audit Administration, Fees, and Other - Continued

We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

You are responsible to notify us in advance of your intent to reproduce our report for any reason, in whole or in part, and to give us the opportunity to review any printed material containing our report before its issuance. Such notification does not constitute an acknowledgement on our part of any third party's intent to rely on the financial statement. With regard to the financial statement published electronically on your internet website, you understand that electronic sites are a means to reproduce and distribute information. We are not required to read the information contained in your sites, or to consider the consistency of other information in the electronic site with the original document.

The audit documentation for this engagement is the property of The Sharpton Group, P. A. (Vendor) and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to regulatory agencies or its designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities or pursuant to Chapter 119, Florida Statutes, Florida's public records law. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of The Sharpton Group, P. A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. We will also make the audit documentation for this engagement available to the City upon request and reasonable notice.

It is our policy to retain engagement documentation for a period of five years after the report release date or for any additional period requested by any regulatory agency. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Audit Administration, Fees, and Other - Continued

To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement, and you will provide us with a receipt for the return of such records.

The balance of our engagement file, other than the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan), which we will provide to you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

The City will indemnify The Sharpton Group, P. A. and its partners, principals and employees and hold them harmless from any claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the City's management. Any such indemnification will be pursuant to the provisions of and within the limitations of Section 768.28, Florida Statute.

In the event either party claims a breach of any term of this engagement, the dispute first shall be submitted to voluntary mediation. If this is unsuccessful, then the dispute will be brought to binding arbitration conducted under the rules then prevailing of the American Arbitration Association in the City where this agreement is signed, and the judgment or award of the arbitration shall be binding and conclusive upon the parties and may be entered in any court having proper jurisdiction.

The cost of voluntary mediation shall be borne equally by both parties. With respect to binding arbitration, the prevailing party shall recover reasonable attorney's fees and costs.

Kevin E. Adderley is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We estimate that our fees for the fiscal year ended September 30, 2015 will be \$125,000 which includes implementation of new auditing standards, if applicable. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If additional time is required because of unexpected circumstances or for changes in the requirements of the Governmental Accounting Standards Board or our professional auditing standards or changes in the funds structure of the City, we will discuss these circumstances with you and arrive at a new fee estimate before we incur the additional costs.

In addition, if the City of North Miami Beach is required to undergo an audit in accordance with the Federal Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards* during any year of this contract, the additional fee will be \$15,000 for the fiscal year ended September 30, 2015. This fee is dependent on the number of federal programs that have to be tested as a major program in accordance with the requirements of the Federal Single Audit Act and OMB Circular A-133.

Audit Administration, Fees, and Other - Continued

Our invoices for these fees will be rendered as the work progresses, and are payable on presentation. In accordance with our firm policies, should any invoices remain unpaid for more than thirty days, we reserve the right to defer providing any additional services until all outstanding invoices are paid. You agree that we are not responsible for the impact on the City of any delay that results from such non-payment by you.

We acknowledge your right to terminate our services at any time, and you acknowledge our right to resign at any time (including instances where in our judgment, our independence has been impaired or we can no longer rely on the integrity of management), subject in either case to our right to payment for charges incurred to the date of termination or resignation.

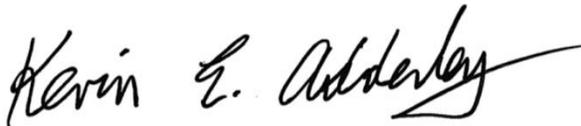
This letter is effective for the fiscal year ending September 30, 2015. Additionally, the City has the option to grant a three year extension pursuant to the terms and objectives of this agreement at its sole discretion.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2015 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

THE SHARPTON GROUP, P. A.



Kevin E. Adderley

RESPONSE: This letter correctly sets forth the understanding of the **City of North Miami Beach, Florida**.

BY: _____

DATE: _____

PRINT NAME & TITLE: _____

THE SHARPTON GROUP, P. A.

FEE EXPLANATION AND AGREEMENT

A. Fee Structure

From time to time, we get inquiries concerning our method of charging fees. This is understandable since each CPA firm handles fees a little differently and some new clients may not have used a CPA before. This letter is our tool for communicating our fee structure to our clients and other interested parties.

B. Basics

All time spent by partners of The Sharpton Group, P. A. or their staff members on your matters including, but not limited to (a) accounting; (b) review work; (c) conferences; (d) report preparation; (e) research; (f) telephone calls; (g) settlement negotiations; (h) consulting; or (i) tax preparation and research will be billed at the applicable hourly rates.

Each staff member maintains accurate time records, and clients are billed based on actual time spent on their behalf. Since we sell no products and accept no contingent fees, our time and expertise are our only source of income.

C. Hourly Rates

A standard hourly rate is set for each staff member based on the criteria of experience and ability. If no extenuating circumstances exist, clients are billed using standard hourly rates multiplied by the actual hours worked.

Hourly rates vary substantially among staff members -- currently from a low of \$85 to a high of \$285 per hour. Accordingly, it makes sense to use less experienced staff members to perform routine accounting procedures to achieve the lowest hourly rate.

D. Out-of-Pocket Expenses

Basic overhead costs are included in the hourly rates. Expenses specifically on behalf of a client are charged to them. Travel, postage, word processing, copies, long distance calls, courier services, etc. is included in this category.

E. Billings

Billings will be made monthly, but less frequent for limited activity, and are payable in full upon request. If the account has not been paid within 60 days from the date of invoice, a finance/interest charge of 10% per annum on the unpaid balance could be charged. It is understood that The Sharpton Group, P. A. has the right to defer rendering further services until payment is received on past-due billings. If action is instituted to collect accountant's fees and cost pursuant to this Agreement, the undersigned client agrees to pay such sums as the court may fix as attorney's fees and costs.



Fowler, Holley, Rambo & Stalvey, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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System Review Report

August 5, 2015

To the Partners of
The Sharpton Group, P. A.
and the Peer Review Committee of the Florida Institute of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of The Sharpton Group, P. A. (the firm) in effect for the year ended February 28, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

We noted the following deficiencies during our review:

1. **Deficiency** – The firm's professional development (CPE) quality control policies and procedures require that a periodic assessment be made of the capabilities and competencies of personnel, including those directly related to any special industries. While the firm was in compliance with its CPE quality control policies and procedures and that required by *Government Auditing Standards*, our review noted a few deficiencies in documentation on audit engagements, including engagements performed under *Government Auditing Standards*, particularly with regard to the documentation of the risk of material non-compliance with compliance requirements for major programs, including fraud risk, reconciliation of the schedule of expenditures of Federal Awards to the financial statements and use of actuary reports. We were able to satisfy ourselves that, in each case, sufficient procedures had been performed. However, the review noted one engagement conducted under *Government Auditing Standards* with documentation deficiencies that resulted in the engagement not being in conformity with professional standards in all material respects. The firm has subsequently prepared the additional documentation.

Recommendation - We recommend the firm comply with its quality control policies and procedures by identifying and conducting CPE appropriate to the needs of personnel, particularly with respect to the documentation requirements of professional standards in the areas noted by the review.

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James E. Folsom, CPA • Robert D. Elliott, CPA • Emily A. Browning, CPA, MAFF
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To the Partners of
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2. Deficiency - The firm's quality control policies and procedures provide for engagement quality control review (EQCR) for engagements meeting certain criteria established by the firm. Our review noted that, where EQCR procedures were required, due to certain personnel changes, the review was performed by the manager on the engagement. If EQCR procedures had been performed by a person sufficiently independent of the engagement, the deficiencies noted probably would have been identified and corrected. This matter was noted on engagements performed under *Government Auditing Standards*.

Recommendation – We recommend the firm insure that EQCR procedures are performed by persons that are sufficiently independent of the engagement, including giving consideration to outsourcing the procedure when necessary.

In our opinion, except for the deficiencies described above, the system of quality control for the accounting and auditing practice of The Sharpton Group, P. A. in effect for the year ended February 28, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. The Sharpton Group, P. A. has received a peer review rating of *pass with deficiencies*.

Fowler, Holley, Rambo + Stalvey, P.C.



REQUEST FOR PROPOSAL: 2016-05A

Independent Auditing Services

NON-MANDATORY PRE-BID MEETING & SITE VISIT

ADVERTISEMENT DATE: 11/17/2016

Non Mandatory Pre-Bid Meeting: 11/22/2016 at 10:00 AM

Current DUE DATE/OPENING: 12/7/2016 at 2:00pm

Review Meeting 1:

City Website, Demandstar.com, DBR

	NAME	E-MAIL	COMPANY NAME / ADDRESS	PHONE#
1	Volney Jackson	Vjackson@mslcpa.com	Moore Spies & Lovelace CPA	305-819-9555
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