

C7 G A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, IN SUBSTANTIAL FORM, AMENDMENT NO. 1 TO CONTRACT NO. 19-092-01, BETWEEN THE CITY AND RSM US LLP, PURSUANT TO REQUEST FOR PROPOSAL NO. (RFP) 2019-092-JC FOR AUDITING SERVICES; AUTHORIZING THE ADMINISTRATION TO RENEW THE CONTRACT TO ADD ADDITIONAL AUDITS AS REQUIRED BY FEDERAL OR STATE REGULATORY AGENCIES, BOND COVENANTS, GRANT AGREEMENTS, PERFORMANCE-BASED MANAGEMENT AGREEMENTS AND/OR CONTRACTS; AUTHORIZING THE ADMINISTRATION TO NEGOTIATE A RATE INCREASE NOT TO EXCEED 10% FOR THE AUDIT SERVICES REQUIRED FOR FISCAL YEAR 2024; DELEGATING TO THE CITY MANAGER THE AUTHORITY TO NEGOTIATE A RATE INCREASE NOT TO EXCEED THE CPI OF SAID YEAR FOR EACH SUBSEQUENT AUDIT REMAINING ON THE CONTRACT FOR FISCAL YEARS 2025 AND 2026; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE AMENDMENT NO. 1.

Applicable Area:

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: October 30, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, IN SUBSTANTIAL FORM, AMENDMENT NO.1 TO CONTRACT NO. 19-092-01, BETWEEN THE CITY AND RSM US LLP, PURSUANT TO REQUEST FOR PROPOSAL NO. (RFP) 2019-092-JC FOR AUDITING SERVICES; AUTHORIZING THE ADMINISTRATION TO RENEW THE CONTRACT TO ADD ADDITIONAL AUDITS AS REQUIRED BY FEDERAL OR STATE REGULATORY AGENCIES, BOND COVENANTS, GRANT AGREEMENTS, PERFORMANCE-BASED MANAGEMENT AGREEMENTS AND/OR CONTRACTS; AUTHORIZING THE ADMINISTRATION TO NEGOTIATE A RATE INCREASE NOT TO EXCEED 10% FOR THE AUDIT SERVICES REQUIRED FOR FISCAL YEAR 2024; DELEGATING TO THE CITY MANAGER THE AUTHORITY TO NEGOTIATE A RATE INCREASE NOT TO EXCEED THE CPI OF SAID YEAR FOR EACH SUBSEQUENT AUDIT REMAINING ON THE CONTRACT FOR FISCAL YEARS 2025 AND 2026; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE AMENDMENT NO. 1.

RECOMMENDATION

Adopt the Resolution.

BACKGROUND/HISTORY

The City of Miami Beach (the City) is required to have an annual audit performed on the City's Annual Comprehensive Financial Report (ACFR) in accordance with Florida Statutes 218.39. Other audits are required to be conducted in accordance with the U.S. Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200 (Single Audit) Bonded Debt Covenants, Performance Management and/or Grant Agreements. Each audit herein must be conducted by an independent audit firm.

Pursuant to the above requirements, the City is required to procure auditing services to examine the City's Basic Financial Statements included in the City's Annual Comprehensive Financial Report (ACFR), Federal grant programs and State projects (OMB Uniform Guidance /Single Audit), the Miami Beach Redevelopment Agency's (RDA) financial statements and the North Beach Community Redevelopment Agency (NB CRA) along with several other small special reports including Miami Beach Visitor and Convention Authority's (VCA) financial statement, the Miami Beach Convention Center (MBCC), as managed by Oakview 360 (OVG), Centerplate managed by Sodexo, Children Trust (CT) and others.

In June 2019, the City of Miami Beach entered into a professional services agreement with RSM US LLP for auditing services, pursuant to Request for Proposal (RFP) 2019-092-JC for five (5) years with three (3) optional one (1) year renewal periods, with costs ranging from \$253,500 to \$268,530 on a per annum basis.

In consideration of the approaching expiration of the current Contract with RSM US LLP, the Administration is recommending renewal of the Contract for the three (3) optional one (1) year renewal periods. This contract renewal will also include additional audits, a rate increase not to exceed 10% for the audit of FY 2024 and the ability to negotiate rate increases in an amount not to exceed CPI for the remaining audit periods included in the Contract for FY 2025 and 2026. Therefore, by way of modification of Contract No. 19-092-01 the City seeks to fulfill the statutory requirements outlined above.

ANALYSIS

In June 2019, the City of Miami Beach entered into a professional services Agreement with RSM US LLP for auditing services pursuant to Request for Proposal (RFP) 2019-092-JC. The scope and fees of the current Contract were determined in 2019, and the City's needs, and reporting requirements have changed since the inception of the Contract.

The current Contract has stipulated fixed fees for some audits that the City performs on an annual basis, as well as fixed blended rates for additional services as requested or required to fulfill goals and reporting modifications. Since the inception of Contract No. 19-092-01, the scope of services required by the City has changed and the City's Administration seeks to modify the Contract to reflect current service demands by eliminating entities no longer requiring audit services and including new additional entities and services to meet current demands. Modifications include the removal of audit services for Building Better Communities (BBC) and Safe Neighborhoods Parks Single Audit (SNP), and the addition of the audit and special reports for North Beach CRA (NBCRA), special reports for Miami Beach Redevelopment Agency (RDA), and the audit of Sodexo Live, (food services provider for the Miami Beach Convention Center).

As noted in Exhibit A, periodically audit fees were modified for the anticipated increased cost of providing services. These fees were outlined on an annual basis for each audit service provided to the City. However, although the Contract allows for an additional three (3), one (1) year period renewals, the Contract is silent with respect to rate increases for subsequent years. This silence limits the Administration's ability to negotiate reasonable and competitive fees for the periods remaining on the Contract.

Based on the Administration's discussions with the service provider, RSM US LLP and similar accounting professionals, there are significant challenges to procuring professional accounting services without the necessity of competitive rates and fees. Modification of rates and fees will provide the Administration the ability to negotiate in good faith with RSM US LLP for the sole purpose of maintenance of high-quality audit services while ensuring compliance with industry and regulatory standards.

Further, it can also be noted that recent developments in the professional accounting regulatory environment are changing the landscape of audit services and are redefining professional auditing standards. Recently, the American Institute of Certified Public Accounts (AICPA), Auditing Standards Board (ASB) issued a series of new Statements on Auditing Standard (SAS), SAS 145 through 149. More specifically, (SAS) 145 *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* mandates changes to auditing policies and procedures requiring enhanced auditing methodologies and tools to improve the overall quality of audits and financial reporting. Auditors are now required to implement improved risk assessment procedures, increase documentation of financial audits and improve the use of information technologies into the overall audit procedures and protocols to ensure compliance with this new standard.

It can also be noted that since 2019, the Governmental Accounting Standards Board (GASB), the regulatory body that governs financial reporting and disclosures for governmental agencies, has

issued more than 12 new standards many significantly modifying the scope of reporting procedures and consequently audit testing. Several of these standards have been fully implemented by the City of Miami Beach including Statement No. 87 Leases, Statement No. 91 *Conduit Debt Obligations*, and Statement No. 96 *Subscription Based Information Technology Arrangement*. These implementations have not only placed a significant demand on internal resources, but the combination of these regulatory implementations have increased demands for both the reporting and auditing sides, catapulting the demand for expanded tools and resources to provide appropriate audit services to clients in the governmental industry.

The previous fees and rates on the current Contract also reflect the market conditions of 2019, pre pandemic, pre inflationary environment and are not consistent with the reality of current market value services. The Administration is recommending renewing the current Contract with a not to exceed 10% increased rate for the audit of FY 2024 set to begin within the coming months. The Administration has determined that an up to 10% increase is fair and reasonable if compared to the compounded rate of 23% CPI since the inception of the Contract.

In summary, City Administration would like to amend the Contract to:

- Include an audit and special reports for North Beach CRA (NBCRA), specials report for Miami Beach Redevelopment Agency (RDA), and the audit of Sodexo as outlined in the revised scope of services (Exhibit B).
- Delete audits for Building Better Communities (BBC) and Safe Neighborhoods Parks Single Audit (SNP) which are no longer applicable.
- Add a rate increase of not to exceed 10% for the audit for FY 2024 to account for the significant increase in auditing standards and requirements that have changed since the contract was first executed.
- Add authority to negotiate as necessary in a not to exceed amount, of annual CPI for the subsequent audits remaining in the Contract for FY 2024 and FY 2025.

This modification will permit the City Administration the authority to negotiate audit fees for adjusted scopes of services, allow for CPI modifications as well as modifications for changing regulations commensurate with industry standards and professional environment

FISCAL IMPACT STATEMENT

The Finance Department, Economic Development, CRA and NB CRA have an approved budget for audit services. The approved budget has sufficient funds for the requested increase.

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

FINANCIAL INFORMATION

CONCLUSION

Applicable Area

Citywide

**Is this a “Residents Right to Know” item,
pursuant to City Code Section 2-17?**

No

**Is this item related to a G.O. Bond
Project?**

No

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481,
includes a principal engaged in lobbying?** No

If so, specify the name of lobbyist(s) and principal(s):

Department

Finance

Sponsor(s)

Co-sponsor(s)

Condensed Title

Amend Contract No. 19-092-01 w/ RSM, Auditing Services (RFP 2019-092-JC). FN

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, IN SUBSTANTIAL FORM, AMENDMENT NO.1 TO CONTRACT NO. 19-092-01, BETWEEN THE CITY AND RSM US LLP, PURSUANT TO REQUEST FOR PROPOSAL NO. (RFP) 2019-092-JC FOR AUDITING SERVICES, AUTHORIZING THE ADMINISTRATION TO RENEW THE CONTRACT ADDING ADDITIONAL AUDITS AS REQUIRED BY FEDERAL OR STATE REGULATORY AGENCIES, BOND COVENANTS, GRANT AGREEMENTS, PERFORMANCE MANAGEMENT AGREEMENT AND/OR CONTRACTS AND TO NEGOTIATE A RATE INCREASE NOT TO EXCEED 10% FOR THE AUDITS FOR FISCAL YEAR 2024; DELEGATING TO THE CITY MANAGER THE AUTHORITY TO NEGOTIATE A RATE INCREASE NOT EXCEEDING THE CPI OF SAID YEAR FOR EACH SUBSEQUENT AUDIT REMAINING ON THE CONTRACT FOR FISCAL YEARS 2025 AND 2026 AND FURTHER AUTHORIZING THE CITY MANAGERS AND CITY CLERK TO EXECUTE THE AMENDMENT NO. 1.

WHEREAS, the City of Miami Beach (the City) is required to have an annual audit performed on the City's Annual Comprehensive Financial Report (ACFR) in accordance with Florida Statutes 218.39, and other audits are required to be conducted in accordance with the U.S. Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200 (Single Audit), Bonded Debt Covenants, Performance Management and/or Grant Agreements. Each audit must be conducted by an independent audit firm; and

WHEREAS, in 2019, the City of Miami Beach entered into a professional services agreement with RSM US LLP, for Auditing Services, pursuant to Request for Proposal No. (RFP) 2019-092-JC, for a five (5) year period with three (3) optional one (1) year renewal periods; and

WHEREAS, the City seeks to execute the extension permitted under the contract for the three (3) optional one (1) year renewal periods; and

WHEREAS, the entities outlined in the contract are not consistent with current entities to be included in the audit services offered to the City of Miami Beach for the ensuing years services and the City seeks to modify the lists of audit entities; and

WHEREAS, the current agreement Contract No. 19-092-01 as currently outlined, has no provision for any modification of fees and rates nor any adjustments for CPI as noted in previous years nor for any allowance for adjustments for any significant changes in regulatory conditions; and

WHEREAS, the costs of procuring professional accounting services has experienced marked changes post 2019 resulting in significant challenges in procuring services of highly skilled professional accountants essential to performing professional auditing services; and

WHEREAS, there are increased demands of the auditing regulatory reporting environment attributed to increased Governmental Accounting Standards Board (GASB) regulations. Since 2019, GASB has issued more than 12 new standards, several fully implemented by the City of Miami Beach including Statement No. 87 *Leases*, Statement No. 91 *Conduit Debt Obligations*, and Statement No. 96 *Subscription Based Information Technology Arrangements*; and

WHEREAS, the American Institute of Certified Public Accountants (AICPA), Auditing Standards Board (ASB), the agency that regulates and promulgates standards that all professional auditors follow, recently issued a series of standards – Statements on Auditing Standards (SAS) 145 through 149. The adoption of these standards has, among other things, increased documentation requirements, including the integration of advanced technologies and mandates enhanced risk assessment procedures to be incorporated in the completion of financial audits; and

WHEREAS, the implementation of increased regulatory disclosures, reporting and auditing standards requires significant modifications of audit procedures and enhanced training and technical resources to perform audits in compliance with new regulatory requirements.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby accept the recommendation of the City Manager to approve amending Contract No. 19-2019-01 between the City of Miami Beach and RSM US LLP for auditing services allowing for City Administration to execute the extension permitted under the Contract for the three (3) optional one (1) year renewal periods; and modifying the scope of services to remove services no longer required and to add additional required audits and reports for regulatory and contract compliance and to allow the City Administration authorization to negotiate increases in rates and fees in an amount not to exceed 10% for FY 2024 and negotiate increases in rates not to exceed CPI for subsequent audits for FY 2025 and FY 2026 and further authorizing the City Manager and City Clerk to execute Amendment No.1


PASSED AND ADOPTED this _____ day of _____ 2024.

Steven Meiner, Mayor

ATTEST:

Rafael E. Granado, Secretary

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

City Attorney  Date _____

TAB 4 - COST PROPOSAL

Based on our understanding of your needs, our estimated fees are as follows.

Failure to submit, Cost Proposal Form, in its entirety and fully executed by the deadline established for the receipt of proposals will result in proposal being deemed non-responsive and being rejected.

Bidder affirms that the prices stated on the cost proposal form below represents the entire cost of the items in full accordance with the requirements of this RFP, inclusive of its terms, conditions, specifications and other requirements stated herein, and that no claim will be made on account of any increase in wage scales, material prices, delivery delays, taxes, insurance, cost indexes or any other unless a cost escalation provision is allowed herein and has been exercised by the City Manager in advance. The Cost Proposal Form shall be completed mechanically or, if manually, in ink. **Cost Proposal Form completed in pencil shall be deemed non-responsive.** All corrections on the Cost Proposal Form shall be initialed.

Auditing		2019	2020	2021	2022	2023
Please provide annual auditing fee for each of the audit categories and years listed herein:						
1	Audit of City's Basic Financial Statement (CAFR)	\$121,700	\$121,700	\$125,350	\$125,350	\$129,000
2	OMB Uniform Guidance / UGG Single Audits	24,000	24,000	24,700	24,700	25,400
3	Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	1,300	1,300	1,350	1,350	1,390
4	Miami Beach Redevelopment Agency (RDA)	21,000	21,000	21,630	21,630	22,300
5	Miami Beach Parking Systems Funds (PSF)	21,000	21,000	21,630	21,630	22,300
6	Miami Beach Visitor and Convention Authority (VCA)	18,500	18,500	19,000	19,000	19,570
7	Miami Beach Convention Center as Managed by Global Spectrum (GS)	18,500	18,500	19,000	19,000	19,570
8	Safe Neighborhood Parks Single Audit (SNP)	9,500	9,500	9,785	9,785	10,000
9	Children's Trust (CT)	9,500	9,500	9,785	9,785	10,000
10	Building Better Communities (BBC)	8,500	8,500	8,750	8,750	9,000
TOTAL OF (LINES 1-10) FOR EACH RESPECTIVE YEAR		\$253,500	\$253,500	\$260,980	\$260,980	\$260,980
GRAND TOTAL COST: YEARS 2019-2023		\$1,297,490				

Blended hourly rate of \$175 or Quoted Hourly rates by level for additional services are as follows:

Partner	\$375
Principal/Senior Manager	\$290
Manager	\$205
Supervisor	\$160
Senior	\$135
Staff	\$110

**RSM US LLP**

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September 28, 2024

William Garviso, CPPB, NIGP-CPP
 Procurement Contracting Officer III
 City of Miami Beach Procurement Department
 1755 Meridian Avenue, 3rd floor
 Miami Beach, FL 33139

Dear Mr. Garviso:

Pursuant to our professional services agreement #RFP 2019-092-JC for Auditing Services dated August 8, 2019, we have proposed the following fees for services for fiscal year 2024 as follows:

	Audit services	Fees
1	Audit of the City's Basic Financial Statements (ACFR)	\$141,900
2	OMB Uniform Guidance Single Audits	27,940
3	Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	1,550
4	Miami Beach Redevelopment Agency (RDA)	24,530
5	Miami Beach Parking System Funds (PSF), if applicable	24,530
6	Miami Beach Visitor and Convention Authority (VCA)	21,527
7	Miami Beach Convention Center as Managed by Oak View Group (OVG)	21,527
8	Children's Trust (CT)	11,000
9	Examine compliance of the CRA and Miami Beach Redevelopment Agency (RDA) with Section 218.415 Florida Statutes regarding local government investment policies.	7,000
10	Examine compliance of the CRA and RDA with Sections 163.387(6) and 163.387(7) Florida Statutes regarding the redevelopment trusts.	7,000
11	Issue a report on the stand-alone financial statements of the North Beach Community Redevelopment Agency (NBCRA)	24,530
12	Issue a report on the stand-alone financial statements prepared to summarize the activities of the food services for the Miami Beach Convention Center as managed by Sodexo Live! (Sodexo), also referred to as Centerplate.	25,375
	Total	\$338,409

THE POWER OF BEING UNDERSTOOD
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RSM US LLP is the U.S. member firm of RSM International, a global network of independent assurance, tax and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

RESOLUTION NO. _____

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WHEREAS, in 2019, the City of Miami Beach entered into a professional services agreement with RSM US LLP, for Auditing Services, pursuant to Request for Proposal No. (RFP) 2019-092-JC, for a five (5) year period with three (3) optional one (1) year renewal periods; and

WHEREAS, the City seeks to execute the extension permitted under the contract for the three (3) optional one (1) year renewal periods; and

WHEREAS, the entities outlined in the contract are not consistent with current entities to be included in the audit services offered to the City of Miami Beach for the ensuing years services and the City seeks to modify the lists of audit entities; and

WHEREAS, the current agreement Contract No. 19-092-01, as currently outlined, has no provision for any modification of fees and rates nor any adjustments for CPI as noted in previous years nor for any allowance for adjustments for any significant changes in regulatory conditions; and

WHEREAS, after 2019, the costs of procuring professional accounting services has experienced marked changes resulting in significant challenges in procuring services of highly skilled professional accountants essential to performing professional auditing services; and

WHEREAS, there are increased demands of the auditing regulatory reporting environment attributed to increased Governmental Accounting Standards Board ("GASB") regulations; and

WHEREAS, since 2019, GASB has issued more than 12 new standards, several fully implemented by the City of Miami Beach including Statement No. 87 Leases, Statement No. 91

Conduit Debt Obligations, and Statement No. 96 Subscription Based Information Technology Arrangements: and

WHEREAS, the American Institute of Certified Public Accountants ("AICPA") Auditing Standards Board ("ASB"), the agency that regulates and promulgates standards that all professional auditors follow, recently issued a series of standards – Statements on Auditing Standards ("SAS") 145 through 149; and

WHEREAS, the adoption of these standards has, among other things, increased documentation requirements, including the integration of advanced technologies and mandates enhanced risk assessment procedures to be incorporated in the completion of financial audits; and

WHEREAS, the implementation of increased regulatory disclosures, reporting and auditing standards requires significant modifications of audit procedures and enhanced training and technical resources to perform audits in compliance with new regulatory requirements.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission approve, in substantial form, Amendment no.1 to contract no. 19-092-01, between the City and RSM US LLP, pursuant to Request for Proposal no. (RFP) 2019-092-JC for Auditing Services; authorize the Administration to renew the contract to add additional audits as required by federal or state regulatory agencies, bond covenants, grant agreements, performance-based management agreement and/or contracts; authorize the Administration to negotiate a rate increase not to exceed 10% for the audit services required for fiscal year 2024; delegate to the City Manager the authority to negotiate a rate increase not to exceed the CPI of said year for each subsequent audit remaining on the contract for Fiscal Years 2025 and 2026; and further authorize the City Manager and City Clerk to execute Amendment No. 1.

PASSED AND ADOPTED this _____ day of _____ 2024.

ATTEST:

Rafael E. Granado, Secretary

Steven Meiner, Mayor

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

City Attorney *DL* 10/22/2024
Date