

Financial Affairs
Richard H. Hinds, Chief Financial Officer

**SUBJECT: REQUEST FOR AUTHORIZATION TO AWARD REQUEST FOR
PROPOSAL (RFP) # 053-CC10, CASUALTY CLAIMS ADMINISTRATOR
AUDIT SERVICES**

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

At the Board meeting of December 11, 2002, the Board authorized release of RFP # 053-CC10; Casualty Claims Administrator Audit Services, to select a firm to complete a comprehensive audit of self insured workers' compensation, general liability, automobile liability, and professional liability claims.

Two proposal were received at the regularly scheduled bid opening for this RFP, which occurred on January 28, 2003. Staff, and the Board's insurance consultant, Siver Insurance Consultants, Inc., conducted an analysis and on February 21, 2003, members of the Superintendent's Ad-Hoc Insurance Committee met in an advertised meeting to review the received proposals. The following members and guests were present:

MEMBERS:

Mr. Frank J. Cobo, Board Member
Mr. Paul R. Philip, Chief of Staff
Mr. George M. Burgess, Chief Financial Officer - Designate
Mr. Larry Stanearth, Chief Business Officer
Dr. Rose Barefield-Cox, Assistant Superintendent, Office of Procurement & Materials Management
Mr. Scott B. Clark, Risk and Benefits Officer
Ms. Patricia Freeman, Director, Business Development and Assistance

**RESOURCE
PERSONNEL:**

Mr. Johnny Brown, School Board Attorney
Mr. George Balsa, Chief Auditor
Ms. Barbara Jones, Procurement & Materials Management
Ms. Kathy Gordon, Siver Insurance Management Consultants

**REPLACEMENT
G-47**

The committee reviewed the two received proposals from Deloitte & Touche, LLP, and KPMG, LLP. While both firms' proposals met the minimum qualifications, the committee spent much time analyzing the components of the evaluation criteria, which included:

- Demonstration of Competency and Experience
- Projected Cost
- Ability to Provide All Requested Services
- Minority and Women Business Participation

Both firms listed selected teams to perform the requested audits, which will be assembled from selected staff on a national basis. The real difference in the proposals was the pricing in that Deloitte & Touche, LLP provided maximum fees and maximum expenses, where KPMG provided estimated expenses and fees, subject to increases due to numerous listed caveats. The fee structure of the two proposals are as follows:

	Deloitte & Touche, LLP	KPMG, LLP
FIRST YEAR FEES	\$85,000	\$ 88,000
EXPENSES	<u>8,000</u>	<u>10,000</u>
TOTAL	\$93,000	\$ 98,000
SECOND YEAR FEES	\$75,000	\$ 92,400
EXPENSES	<u>8,000</u>	<u>10,500</u>
TOTAL	\$83,000	\$102,900
THIRD YEAR FEES	\$75,000	\$ 97,020
EXPENSES	<u>8,000</u>	<u>11,025</u>
TOTAL	\$83,000	\$108,045
TOTAL OF THREE YEARS	\$259,000 GUARANTEED	\$308,945 ESTIMATE

Under the terms of the RFP, additional clarification was sought from KPMG in an effort to get them to provide a "not to exceed" fee and expense figure, however, KPMG would not provide anything other than an estimated fee structure.

A motion was made to award the three year contract to Deloitte & Touche, LLP. Mr. Cobo amended the motion asking that staff go back to Deloitte & Touche, LLP, to attempt to negotiate a reduction in their fee structure. The motion as amended was unanimously approved by the committee.

Following the direction of the committee, Mr. Scott B. Clark, Risk and Benefits Officer, successfully negotiated a reduction in the proposed fees of Deloitte & Touche, LLP, resulting in a first year fee maximum of \$82,000, representing a 3.5% reduction over their proposed fee cap of \$85,000 for the first year. Second and third year fees and all expenses as outlined in their proposal as capped amounts would remain the same as they had already been discounted in the proposal.

At this time, staff is recommending that the Board contract with Deloitte & Touche, LLP to perform comprehensive casualty claims administrator audit services, subject to the provisions of the RFP, at the negotiated fee structure. Because the audit is specific to the Board's self-insured workers' compensation, general liability, automobile liability and professional liability claims, staff is recommending that the annual costs of such audits be funded from the Board's self-insured liability claims account (0100, 5324,9112,8150,7730).

RECOMMENDED:

That The School Board of Miami-Dade County, Florida:

1. award its contract for Casualty Claims Administrator Audit Services, subject to the provision of Request For Proposal (RFP) # 053-CC10, for a three year term, effective March 13, 2003, with the fee structure for the three year term to be the negotiated amounts of \$82,000, \$75,000, and \$75,000 respectively, subject to annual expenses for each of the three years of \$8,000, paid from the Office of Risk and Benefits Management's Professional and Technical Budget, with funding for such expenses to be from the Board's self-insured general liability claims account (0100, 5324,9112,8150,7730); and
2. authorize the Superintendent to enter into a contract with Deloitte & Touche, LLP, subject to the provisions of RFP # 053-CC10, for a three year period, effective March 13, 2003.

GMB:sc