

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: REQUEST AUTHORIZATION TO ENTER INTO A CONTRACTUAL SERVICES AGREEMENT BETWEEN THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AND ERNST & YOUNG LLP, PURSUANT TO REQUEST FOR PROPOSALS NO. 013-HH10 – EXTERNAL INDEPENDENT AUDITING SERVICES

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: EVALUATE AND REDESIGN INTERNAL BUSINESS OPERATIONS

Request For Proposals No. 013-HH10 – EXTERNAL INDEPENDENT AUDITING SERVICES, which opened on November 13, 2007, is to obtain the services of an independent certified public accounting firm, duly licensed to practice in the State of Florida, to perform an audit of the financial statements and records of The School Board of Miami-Dade County, Florida, in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants, for the Office of Management and Compliance Audits. This is a term proposal. Four (4) proposers responded to this advertised solicitation.

This recommendation is made pursuant to the selection procedures established by Section 219.391 of the Florida Statutes and the Request For Proposals. A meeting of the School Board Audit Committee was held on January 29, 2008. Four (4) proposals were presented for consideration: Cherry, Bekaert & Holland, LLP; Ernst & Young LLP; KPMG; and Rachlin, Cohen & Holtz. These proposals were ranked based on the criteria set forth in the Request For Proposals. Based on these rankings, the School Board Audit Committee recommended that the School Board engage the firm of Ernst & Young LLP, the highest ranked firm, for the yearly financial and compliance audit of the School Board's financial records and staff proceeded to negotiate the fees.

Pursuant to Florida Statute, Ernst & Young LLP has submitted an Engagement Letter, and the Truth-In Negotiations Certificate, confirming an intent to audit and report on the basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of The School Board of Miami-Dade County, Florida, for the years ending June 30, 2008, 2009, and 2010. The objective of the audit of the financial statements is to express opinions on whether the basic financial statements of each applicable opinion unit are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States, as promulgated by the American Institute of Certified Public Accountants and the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

For those fiscal years noted above where the Florida Auditor General is not performing external audit services for the District, Ernst & Young LLP will conduct an audit in accordance with the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133 - Audits of States, Local Government and Nonprofit Organizations, and express an opinion on compliance for each major program and render the required reports.

Ernst & Young LLP will also provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a material effect on the financial statements, as required by Governmental Auditing Standards, intended solely for the information and use of the School Board Audit Committee, management, and specific legislative or regulatory bodies.

Ernst & Young LLP will communicate in writing to management and to the School Board Audit Committee all significant deficiencies and material weaknesses identified during the audit of the District's financial statements, as well as any significant and material weaknesses communicated to management and to the Audit Committee in previous audits that have not yet been remediated. Ernst & Young LLP may also communicate other opportunities observed for economies in or improved controls over the District's operations.

Ernst & Young LLP has agreed to perform the regular financial and compliance audit of the school system's financial records at a not-to-exceed amount of \$1,054, 555, for the initial three-year contract period, as follows:

Fiscal Year Ending June 30, 2008	- \$337,350
Fiscal Year Ending June 30, 2009	- \$351,555
Fiscal Year Ending June 30, 2010	- \$365,650

If the Office of the Auditor General of the State of Florida is not to perform the annual audit to comply with the Federal Single Audit Act Amendments of 1996, and OMB Circular A-133, Ernst & Young LLP has agreed to perform the audit at a not-to-exceed amount of \$242,740, as follows:

Fiscal Year Ending June 30, 2008 - \$77,000
Fiscal Year Ending June 30, 2009 - \$80,850
Fiscal Year Ending June 30, 2010 - \$84,890

This contract may be extended for an additional two years at terms to be negotiated after completion and submission of the audit reports for the fiscal year ending June 30, 2010. This contract may be terminated by the School Board, with or without cause, upon sixty (60) days written notice given to Ernst & Young LLP. The reason(s) for termination will be brought to the attention of the School Board Audit Committee at a scheduled meeting.

Fees were negotiated which resulted in a savings of \$17,290.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, **AUTHORIZE** the Superintendent of Schools to enter into a contractual services agreement between The School Board of Miami-Dade County, Florida, and Ernst & Young LLP, pursuant to Request For Proposals No. 013-HH10 – **EXTERNAL INDEPENDENT AUDITING SERVICES**, to obtain the services of an independent certified public accounting firm, duly licensed to practice in the State of Florida, to perform an audit of the financial statements and records of The School Board of Miami-Dade County, Florida, in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants, for the Office of Management and Compliance Audits, effective March 19, 2008, through March 18, 2011, as follows:

1. **ERNST & YOUNG LLP**
201 SOUTH BISCAYNE BOULEVARD, SUITE 3000
MIAMI, FL 33131
MIKE PATTILLO, CPA, COORDINATING PARTNER

Highest Rated Proposal

2. Authorize Procurement Management Services to purchase up to a not-to-exceed amount of \$1,054,555 for the initial three (3) years of the contract period, to perform yearly financial and compliance audits.
3. Authorize Procurement Management Services to purchase up to a not-to-exceed amount of \$242,740 for the initial three (3) years of the contract period, to perform yearly federal single audits.

OSP/ae