

January 25, 2011

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: REQUEST AUTHORIZATION TO ENTER INTO A CONTRACTUAL SERVICES AGREEMENT BETWEEN THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AND MCGLADREY & PULLEN, LLP, PURSUANT TO REQUEST FOR PROPOSALS NO. 024-LL10 – EXTERNAL INDEPENDENT AUDITING SERVICES

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: FINANCIAL EFFICIENCY/STABILITY

Request For Proposals No. 024-LL10 – EXTERNAL INDEPENDENT AUDITING SERVICES, is to obtain the services of a public accounting firm, whose partners or officers are independent certified public accountants, 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; and to perform the financial and compliance audit of all federal financial assistance (Single Audit). The Single Audit will be performed in accordance with the Federal Single Audit Act Amendments of 1996, the United States Office of Management and Budget's (OMB) Circular A-133, other applicable Federal laws, and the Rules of the Auditor General of the State of Florida. Generally accepted auditing standards, the Government Auditing Standards (2007 revision or subsequent revision, as applicable) and any amendments and revisions thereto, issued by the Comptroller General of the United States shall be adhered to.

The Auditor General of the State of Florida conducts a financial audit including the Single Audit every third year, as provided in Florida Statutes. The last audit of the School Board, performed by the Auditor General of the State of Florida, was for the fiscal year ended June 30, 2010. In the years that the Auditor General of the State of Florida agrees to conduct both the financial audit and the Single Audit, the District shall have the option not to utilize the services of the external auditor in the particular year that the Auditor General of the State of Florida conducts both the financial audit and Single Audit of the District. In the event that the District utilizes the external auditing firm for the financial audit only, the firm will exclude the Single Audit portion of the engagement and shall provide for a reduced fee in those years.

This is a term proposal. Five (5) proposers responded to this advertised solicitation.

This recommendation is made pursuant to the selection procedures established by Section 218.391 of the Florida Statutes and the Request For Proposals. The Audit Committee of The School Board of Miami-Dade County, Florida (the Audit Committee), held a special meeting on November 19, 2010, to review the five proposals submitted: Carr Riggs & Ingram; Cherry, Bekaert & Holland, LLP; KPMG; McGladrey & Pullen, LLP; and Moore, Stevens, Lovelace. After extensive discussion, the Audit Committee unanimously recommended that four firms be invited to participate in oral presentations. On January 13, 2011, the Audit Committee held a second special meeting to hear presentations from the four firms and conduct deliberations to select and recommend to the School Board the hiring of the external independent audit firm. Based on the written proposals submitted, oral presentations made and responses from presenters to the questions asked following each presentation, the Audit Committee ranked the firms based on the criteria set forth in Florida Statutes and the Request For Proposals. Based on these rankings, the Audit Committee recommended that the School Board engage the firm of McGladrey & Pullen, LLP, the highest ranked firm, to conduct the School Board's yearly financial and compliance audit and the Single Audit; and the Audit Committee proceeded to negotiate the fees.

McGladrey & Pullen, LLP will perform the audits in conjunction with the joint venture partners of Sharpton Brunson & Company and Rodriguez, Trueba & Company, PA. Fees were negotiated resulting in a savings of \$115,540 or 26%, when compared to the fees in the previous firm's contract for the last year.

Pursuant to Florida Statute, McGladrey and Pullen, LLP has submitted an Engagement Letter, confirming its 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, 2011, 2012, and 2013. The objective of the audit of the financial statements is to express opinions on whether the basic financial statements 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.

McGladrey & Pullen, 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 Government Auditing Standards.

McGladrey & Pullen, LLP will communicate, in writing, to management and to the 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. McGladrey & Pullen, LLP may also communicate other opportunities observed for economies in or improved controls over the District's operations.

McGladrey & Pullen, 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 \$870,000, for the initial three-year contract period, as follows:

Fiscal Year Ending June 30, 2011	-	\$290,000
Fiscal Year Ending June 30, 2012	-	\$290,000
Fiscal Year Ending June 30, 2013	-	\$290,000

In addition, McGladrey & Pullen, LLP has agreed to perform the annual audit to comply with the Federal Single Audit Act Amendments of 1996, and OMB Circular A-133 at a not-to-exceed amount of \$135,000, as follows:

Fiscal Year Ending June 30, 2011	-	\$45,000
Fiscal Year Ending June 30, 2012	-	\$45,000
Fiscal Year Ending June 30, 2013	-	\$45,000

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, 2013. This contract may be terminated by the School Board, with or without cause, upon thirty (30) days written notice given to McGladrey & Pullen, LLP. The reason(s) for termination will be brought to the attention of the Audit Committee at a scheduled meeting.

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 McGladrey & Pullen, LLP, pursuant to Request For Proposals No. 024-LL10 – EXTERNAL INDEPENDENT AUDITING SERVICES, to obtain the services of a public accounting firm, whose partners or officers are independent certified public accountants, 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. The Single Audit will be performed in accordance with the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133 - Audits of States, Local Government and Non-Profit Organizations, and express an opinion on compliance for each major program and render the required reports, effective March 1, 2011, through April 30, 2014, as follows:

1. MCGLADREY & PULLEN, LLP
201 ALHAMBRA CIRCLE, SUITE 810
CORAL GABLES, FL 33134
DONNOVAN MAGINLEY, ENGAGEMENT PARTNER
2. Authorize Procurement Management Services to purchase up to a not-to-exceed amount of \$870,000 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 \$135,000 for the initial three (3) years of the contract period, to perform yearly federal single audits.

RHH/ae