PALM BEACH COUNTY **BOARD OF COUNTY COMMISSIONERS** AGENDA ITEM SUMMARY

Meeting Date: April 5, 2022 Consent [x] Regular

Public Hearing Ordinance

Office of Financial Management & Budget(OFMB) **Department:**

I. Executive Brief

Motion and Title: Staff recommends motion to approve: the First Amendment to the Contract for audit services with RSM US LLP (RSM), a two year renewal for \$1,725,632 for services to be completed by July 31, 2025. The total contract for the five years will be \$4,314,080.

Summary: On June 2, 2020, the Board of County Commissioners (BCC) approved a contract with RSM for three (3) years with two (2), two-year renewal options for a potential seven (7) year contract. Staff was directed to bring the item back to the BCC to be considered for a renewal option or to issue a new RFP. The contract includes a 25% SBE participation of which 10% is with eligible M/WBE firms. The M/WBE firms are Ward & Company, P.A. and Mark Escoffery, P.A.. The current three (3) year contract will expire with the completion of the FY 2022 audit. Including the current three (3) year contract, RSM will be the County's external auditor for 17 years. The agreement contains nonstandard indemnification language which requires RSM US LLP to indemnify the County for RSM US LLP's negligent acts or omissions. This is the same language that was included in the agreement with RSM US LLP, formerly McGladrey, LLP in 2013. Countywide (DB)

Background and Justification: Pursuant to § 218.391(4)(b), Florida Statutes, when compensation is one of the factors considered by the Committee, as was the case here, the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm. Pursuant, to § 218.391, Florida Statutes, a six member Committee composed of representatives of each of the Constitutional Officers and the BCC was established to evaluate proposals for a new audit contract and make a recommendation to the BCC. Five proposals were received and one was deemed nonresponsive. The Committee met on April 17th, and on April 28th to evaluate and rank the remaining four proposals. The Committee voted to rank RSM US LLP as number one, with five of the six Selection Committee members ranking them number one. Further, RSM received 45 more points overall than second ranked MSL, PA. Carr, Riggs & Ingraham and Marcum LLP were ranked third and fourth respectively. RSM was chosen in large part due to their having a significant number of large clients similar in size to Palm Beach County, and appreciable experience in serving those clients.

Attachments:	amendment (3 originals)	
Recommended	by: Department Director	3/21/2022 Date
Approved By:	County Administrator	3/23/22 Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	i	2022	2023	2024	2025	2026		
Capital Expe	enditures	- And the second						
Operating C	osts	<u>\$862,816</u>	<u>\$862,816</u>	\$862,816	<u>\$862,816</u>	<u>N/A</u>		
External Rev	/enues							
Program Income (County)								
In-Kind Match (County)								
NET FISCAL	. IMPACT	<u>\$862,816</u>	<u>\$862,816</u>	\$862,816	<u>\$862,816</u>	N/A		
# ADDITIONAL FTE POSITIONS (Cumulative)								
Is Item Included in Current Budget?			Yes _	X	No			
Does this item include the use of federal funds?			Yes	No <u>X</u>				
Budget Acc	ount No.:							
Fund <u>0001</u>	Department	t <u>760</u> Unit <u>7</u>	7601 Object	<u>3201</u> Progra	m			
B. Recommended Sources of Funds/Summary of Fiscal Impact: Increased contract amounts will be provided during the annual budget process.								
C. Department Fiscal Review:								
III. REVIEW COMMENTS								
A. OFMB Fiscal and /or Contract Dev. and Control Comments:								
A. OF MB Fiscal and for Contract Dev. and Control Continents: 1 2								
B. Legal Sufficiency: Contract Development and Control								
	Assistant County Attorney							
C.	Other Department Review:							
	Departmen	t Director						

FIRST AMENDMENT TO CONTRACT FOR AUDIT SERVICES (Contract No. 20-048/DP)

This First Amendment, dated _______, 2022 is to Contract No. 20-048/DP (R-2020-0613) between Palm Beach County, a political subdivision of the State of Florida, by and through its Board of County Commissioners, hereinafter referred to as the COUNTY, and RSM US LLP, located at 1555 Palm Beach Lakes Blvd., Suite 700, West Palm Beach, FL 33401 a Limited Liability Partnership authorized to do business in the State of Florida, hereinafter referred to as the AUDITOR.

WHEREAS, the parties entered into that certain Contract dated June 2, 2020, hereinafter referred to as the "Contract", whereby the AUDITOR has agreed to provide professional consultation services in the area of external audit to the Office of Financial Management & Budget; and

WHEREAS, the parties desire to exercise the first option for renewal of the Contract for the period August 1, 2023, through July 31, 2025, to include, among other things, the countywide audit of fiscal years 2023 and 2024; and

WHEREAS, the parties desire to modify <u>ARTICLE 4 – PAYMENTS TO</u> AUDITOR, paragraph A, to increase the authorized not-to-exceed total contract amount by One Million Seven Hundred Twenty-Five Thousand Six Hundred Thirty-Two Dollars and no cents (\$1,725,632.00) to compensate for such additional services; and

WHEREAS, the COUNTY desires to add <u>ARTICLE 34 - E-VERIFY-EMPLOYMENT ELIGIBILTY</u> in order to comply with F.S. 448.09.

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

1. <u>ARTICLE 3 – SCHEDULE</u> is hereby amended to read as follows:

"The AUDITOR shall commence services on July 1, 2020, and complete all services by July 31, 2025, with one (1) two (2) year option for renewal at the sole discretion of the COUNTY.

Reports and other items shall be delivered and/or completed in accordance with Exhibit A."

- 2. <u>ARTICLE 4 PAYMENTS TO AUDITOR</u>, paragraph A, is hereby amended to read as follows:
 - "A. The total amount to be paid by the COUNTY under this Contract for all services and materials shall not exceed a total contract amount of Four Million Three Hundred Fourteen Thousand Eighty Dollars (\$4,314,080), comprised of Two Million Five Hundred Eighty-Eight Thousand Four Hundred Forty-Eight Dollars and no cents (\$2,588,448.00) for the period July 1, 2020, through July 31, 2023; and One Million Seven Hundred Twenty-Five Thousand Six Hundred Thirty-Two Dollars and no cents (\$1,725,632.00) for the period August 1, 2023, through July 31, 2025.

The COUNTY agrees to compensate the Auditor in accordance with the fee schedule set forth in the Exhibit B, Appendix A, Price Proposal Pages. The total and cumulative amount of this contract shall not exceed the amounts of funds annually budgeted for these services."

3. <u>ARTICLE 34 – E-VERIFY – EMPLOYMENT ELEGIBILITY</u> is hereby added to the Contract:

"ARTICLE 34 - E-VERIFY - EMPLOYMENT ELEGIBILITY

AUDITOR warrants and represents that it is in compliance with section 448.095, Florida Statutes, as may be amended, and that it: (1) is registered with the E-Verify System (E-Verify.gov) and uses the E-Verify System to electronically verify the employment eligibility of all newly hired workers; and (2) has verified that all of AUDITOR's subcontractors performing the duties and obligations of this Contract are registered with the E-Verify System and use the E-Verify System to electronically verify the employment eligibility of all newly hired workers.

AUDITOR shall obtain from each of its subcontractors an affidavit stating that the subcontractor does not employ, Contract with, or subcontract with an Unauthorized Alien, as that term is defined in section 448.095(1)(k), Florida Statutes, as may be amended. AUDITOR shall maintain a copy of any such affidavit from a subcontractor for, at a minimum, the duration of the subcontractor and any extension thereof. This provision shall not supersede any provision of this Contract which requires a longer retention period.

COUNTY shall terminate this Contract if it has a good faith belief that AUDITOR has knowingly violated Section 448.095(1), Florida Statutes, as may be amended. If COUNTY has a good faith belief that AUDITOR's subcontractor has knowingly violated section 448.095(1), Florida Statutes, as may be amended, COUNTY shall notify AUDITOR to terminate its Contract with the subcontractor and AUDITOR shall immediately terminate

its Contract with the subcontractor. If COUNTY terminates this Contract pursuant to the above, AUDITOR shall be barred from being awarded a future Contract by COUNTY for a period of one (1) year from the date on which this Contract was terminated. In the event of such Contract termination, AUDITOR shall also be liable for any additional costs incurred by COUNTY as a result of the termination."

- 4. <u>EXHIBIT A, SCOPE OF WORK/SERVICES</u>, Section I. <u>PERIODS TO BE EXAMINED</u>, is hereby amended such that the audit engagement will cover the additional fiscal years ending September 30, 2023, and September 30, 2024, which shall include the AUDITOR performing the countywide audits for those additional fiscal years, as well as any other services identified in the Contract.
- 5. All other provisions of said Contract, dated June 2, 2020, are hereby confirmed and, except as provided herein, are not otherwise altered or amended and shall remain in full force and effect.
- 6. In accordance with Palm Beach County Code Chapter 2, Article III, Section 2.51, as amended, this FIRST AMENDMENT shall not take effect until executed by the AUDITOR and COUNTY.

THE REST OF THIS PAGE IS LEFT BLANK INTENTIONALLY

IN WITNESS WHEREOF, the Board of County Commissioners of Palm Beach County, Florida has made and executed this Contract on behalf of the COUNTY and AUDITOR has hereunto set its hand the day and year above written.

ATTEST: JOSEPH ABRUZZO CLERK AND COMPTROLLER	PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS:
By: Deputy Clerk	By: Robert S. Weinroth, Mayor
Signature Name (type or print) Signature Joaquin Soli Name (type or print)	AUDITOR RSM US LLP Company Name Signature Brett Friedman Typed Name Partner Title
APPROVED AS TO FORM AND LEGAL SUFFICIENCY By County Attorney APPROVED AS TO TERMS AND CONDITIONS	
By Department Director	