



September 1, 2016

City of Coral Gables
Procurement Division
2800 SW 72nd Avenue
Miami, FL 33155

Re: Recommendation for Internal Auditing Services

Dear Procurement Division,

Verdeja, De Armas & Trujillo, LLP has reviewed all of the proposals submitted in response to the Request for Proposal for Internal Auditing Services (RFP2016.06VF). Although five (5) proposals were received only four (4) of the proposals are considered in our evaluation. One of the proposers was not included as part of our evaluation as they have been selected for another engagement (RSM US, LLP), which will conflict with the current proposal. The following notations and comments will serve as our technical review and recommendation presented to the City of Coral Gables Procurement Division and the Budget/Audit Advisory Board.

1. Experience of Proposer

- a. BDO USA, LLP- Proposer provided similar engagements with municipal as BDO's experience, 2 references with similar scope (not local). Also provided 2 engagements, to serve for references of GSK, which is listed, as a local subcontracted firm for their proposal. References by local office (GSK) have no mention of municipal government experience.
- b. Crowe Horwath, LLP- Firm explains their national presence as well a local reference of engagements within several municipalities. Crowe Horwath provided references of similar local municipalities. No specific tasks completed as part of the engagements or references were provided.
- c. Marcum LLP- This firm provides local references including municipalities and various other local engagements as experience including their scope of work. Not all included engagements are municipal government experience.
- d. PAAST P.L.- PAAST included previous engagements of internal audit in their experiences and references yet no mention of municipal government experience. Engagements included for experience are local clients.

2. Clarity of Audit Approach

- a. BDO USA, LLP- BDO's proposal included a breakdown of methodology for each section of the scope of services, including visual aids and sample reports expected on their behalf. The proposer included a timeline, sample audit plan with budgeted hours and expectation of completion. Details regarding the techniques and tools to be used were included.
- b. Crowe Horwath, LLP- This firm provided clear descriptions and explanation of the segmentation within the proposed engagement. All responsibilities and functions were detailed and presented. Crowe Horwath's proposal also included sample charts and visuals with costs and hours estimated to complete the proposal.
- c. Marcum LLP- Proposer lacked details in explanation and understanding of scope or approach for this engagement. Segments were briefly identified and described with no timeline expectation or transition plan. Details regarding specific tasks or approach to audit, other than the exact language requested in the proposal, were not expanded on or included.

d. PAAST P.L.- Firm clearly explains the expectation according to the scope. There is a breakdown based on the segments included in the proposal with details of the process and thorough explanation of risk assessment expected. PAAST included visual aid (chart) to display timelines, and anticipated audit timeline/completion format.

3. Cost Comparison- Based on the range of proposed fees and hours there is a significant difference, which we attribute to each proposers' understanding and expectation of work encompassed in the scope and timeline of completion. A review of the proposed price per year, budget hours to complete the engagement, as well as a breakdown of those hours in a percentage by staff level is below.

Proposal Pricing:	BDO USA, LLP	CROWE HORWATH, LLP	MARCUM, LLP	PAAST P.L.
Year 1	\$300,000	\$179,800	\$170,000	\$278,400*
Year 2	\$300,000	\$134,960	\$172,500	\$199,200
Year 3	\$300,000	\$101,360	\$175,000	\$199,200
Total Fees	\$900,000	\$416,120	\$517,500	\$676,800
Budgeted Hours per position provided	Total Budget Hours: 6,662	Total Budget Hours: 2,771	Total Budget Hours: 2,700	Total Budget Hours: 5, 640
Percentage of Hours (Staff, Supvr, Manager, and Partner)	35%, 35%, 25% 5%	29%, 32%, 29%, 10%	37%, 33%, 20%, 10%	35%, 33%, 22%, 10%

*PAAST P.L. indicated on their proposal that Year 1 costs include an in-depth risk assessment.

Solely based on the technical information presented by all proposers through their written response our firm recommends the City to proceed with the firm with the most similar engagement experience, clear understanding of the work requested and detailed description of their audit approach to complete the scope of services providing the City with the highest quality of work with the most reasonable cost. Our firm agreed with the Evaluation Committee interviewing the proposers to clarify and fully understand each proposers approach and ability to complete the Scope of Services as expected by the City. These interviews allow the Committee to expand upon experience from the proposers.

At the completion of the interviews and deliberation Verdeja, De Armas & Trujillo, LLP fully supports and agrees with the Budget/Audit Advisory Committee and elected committee members with their recommendation for the City to engage with Crowe Horwath, LLP to provide the Internal Audit Services.

If you should have any questions, please contact Manny Alvarez at (305) 446-3177.

Respectfully yours,



Manny Alvarez, CPA
Partner
Verdeja, De Armas & Trujillo, LLP