

ACTION ITEM

Audit Committee Meeting, December 10, 2019
Board of Governors Meeting, December 11, 2019

<p>CONTRACT ID:</p>	<p>Independent CPA Auditing Services Invitation to Negotiation No. 19-0015 RECOMMENDED VENDOR: DIXON HUGHES GOODMAN LLP</p>																				
<p>BUDGETED ITEM</p>	<p>As an ongoing expense item this is budgeted annually.</p>																				
<p>CONTRACT AMOUNT</p>	<p>\$1,511,000 for the life of the contract including all renewals. Contract annual fees are as follows:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Year one</td> <td style="text-align: right;">\$285,000</td> </tr> <tr> <td>Year two</td> <td style="text-align: right;">\$293,000</td> </tr> <tr> <td>Year three</td> <td style="text-align: right;">\$302,000</td> </tr> <tr> <td>Base year total</td> <td style="text-align: right;">\$880,000</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Renewal year one</td> <td style="text-align: right;">\$311,000</td> </tr> <tr> <td>Renewal year two</td> <td style="text-align: right;">\$320,000</td> </tr> <tr> <td>Renewal year total</td> <td style="text-align: right;">\$631,000</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Base contract total</td> <td style="text-align: right;">\$1,511,000*</td> </tr> </table> <p>In addition:</p> <p>Additional Professional Services: The Vendor will provide Additional Professional Services as may be required by Citizens for Agreed Upon Procedures for financing purposes.</p> <p>*Citizens compensation to Vendor for Additional Professional Services will not exceed 15% of the corresponding base annual fee.</p>	Year one	\$285,000	Year two	\$293,000	Year three	\$302,000	Base year total	\$880,000			Renewal year one	\$311,000	Renewal year two	\$320,000	Renewal year total	\$631,000			Base contract total	\$1,511,000*
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<p>PURPOSE / SCOPE</p>	<p>Purpose: This Action Item seeks Board approval to enter into a contract with Dixon Hughes Goodman LLP to provide Citizens with Independent CPA Auditing Services. The Independent CPA Auditing Firm will provide annual auditing services in satisfaction of Rule 690-137.002, Florida Administrative Code, Section 627.351(6)(p), and Section 624,424, Florida Statutes (the Regulatory Requirements). The awarded Firm will annually provide a letter of designation to Citizens as set for in Rule 690-137.002, Florida Administrative Code, for filing by Citizens with the Florida Office of Insurance Regulation, (the Independent CPA Designation letter). The Firm will annually conduct three (3) financial statement audits, to include an annual financial audit for Citizens SAP based financial statements, an annual financial audit for Citizens' GAAP based financial statements, and an annual financial audit for FMAP's GAAP based financial statements, each an Annual Audit and collectively the "Three Annual Audits". In addition, as part of the Additional Professional Services, the Firm will issue Agreed Upon Procedures as required by Citizens for financing purposes. On November 12, 2019 at a Public Meeting for Intent to Award Contract, Dixon Hughes Goodman LLP was the awarded vendor.</p>																				
<p>CONTRACT TERM(S)</p>	<p>The contract will be three (3) years and may be renewed for two (2) optional one-year renewals.</p>																				

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PROCUREMENT METHOD	Pursuant to Section 287.057, Florida Statutes, on August 20, 2019, Citizens released Request for Proposals No. 19-0015 for Independent CPA Auditing Services. Responses were received September 26, 2019 from six (6) Vendors. All Vendors passed the responsive and responsible vendor review conducted by Purchasing and the Vendor Management Office. The six (6) Vendors were sent to the Evaluation Committee which consisted of members from Citizens' Executive Administration, Financial Services Controller Administration, and Financial Reporting. On November 12, 2019 at a Public Meeting for Intent to Award Contract, Dixon Hughes Goodman LLP was the awarded Vendor.
RECOMMENDATION	It is recommended that Citizen's Audit Committee approve and recommends the Board of Governors; a) Approve the three (3) year base term contract in the amount of \$880,000, and two (2), one (1) year renewal terms in the amount of \$631,000 for a total contract of \$1,511,000; and Additional Professional Services as required by Citizens for Agreed Upon Procedures for financing purposes not to exceed 15% of the corresponding Annual Fee for Independent CPA Auditing Services, ITN 19-0015 to Dixon Hughes Goodman LLP; and b) Authorize staff to take any appropriate or necessary actions consistent with this Action Item.
CONTACTS	Jennifer Montero, Chief Financial Officer