

TOWN OF DAVIE

TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: William F. Underwood, II, Director of Finance

SUBJECT: Resolution

AFFECTED DISTRICT: All

TITLE OF AGENDA ITEM: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH THE FIRM OF MOORE STEPHENS LOVELACE, P.A. TO REVIEW THE TOWN'S PROCUREMENT SYSTEM INTERNAL CONTROLS AND TO PROVIDE BEST PRACTICES.

REPORT IN BRIEF: On February 1, 2006, Town Council was provided with four companies to choose from to review the Town's internal controls. Council ranked Moore Stephens Lovelace, P.A. as the most qualified company to review the Town's internal controls. The attached contract authorizes the services that Moore Stephens Lovelace, P.A. will provide to the Town.

PREVIOUS ACTIONS: N/A.

CONCURRENCES: N/A.

FISCAL IMPACT:

Has request been budgeted? yes
If yes, expected cost: \$12,500
Account Name: 001-0122-512-0306 Contractual
Additional Comments: Not applicable

RECOMMENDATION(S): Motion to approve the resolution.

Attachment(s):

Letter from Dan O'Keefe
Resolution
Contract



**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

February 6, 2006

To the Honorable Members of
The Town Council
6591 Orange Drive
Davie, Florida 33314

Please find attached an agreement that sets forth the scope of services Moore Stephens Lovelace, P.A. (MSL) is to provide the Town of Davie, Florida. The scope of services is based on our understanding and discussions we had with you at the February 1, 2006 Town Meeting. This engagement is to provide consulting services related to the Town's procurement system made up of the purchasing, receiving, accounts payable and disbursements functions. This engagement does not constitute a forensic audit or review which we understand the Town Council will contract for at a later date.

These services are focused on assessing the adequacy of internal controls related to the Town's procurement system. The agreement sets forth the procedures we will perform and the information we will review during the performance of this engagement.

Thank you for the opportunity to serve you. Should you have any questions please do not hesitate to call.

Very truly yours,

Daniel J. O'Keefe, CPA
Project Director

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH THE FIRM OF MOORE STEPHENS LOVELACE, P.A. TO REVIEW THE TOWN'S PROCUREMENT SYSTEM INTERNAL CONTROLS AND TO PROVIDE BEST PRACTICES.

WHEREAS, on February 1, 2006, Town Council had the opportunity to rank four companies to review the Town's internal controls and over the procurement process; and

WHEREAS, Moore Stephens Lovelace, P.A. was chosen to review the Town's internal controls; and

WHEREAS, after review, Town Council wishes to accept the agreement with Moore Stephens Lovelace, P.A.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council of the Town of Davie does hereby enter into a contract with Moore Stephens Lovelace, P.A. to review the Town's procurement systems, internal controls, make recommendations for improvement and authorizes the Mayor to execute an agreement for such services which is attached hereto and identified as Attachment "A".

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2006

MAYOR/COUNCILMEMBER

Attest:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2006

ATTACHMENT "A"

**CONSULTING AGREEMENT BETWEEN THE TOWN OF DAVIE AND
MOORE STEPHENS LOVELACE, PA.**

This agreement made and entered into the ___th day of February 2006 by and between the:

Town of Davie
6591 Orange Drive
Davie, Florida 33314

And

Moore Stephens Lovelace, P.A. (MSL)
1201 South Orlando Ave., Suite 400
Winter Park, FL 32789

This agreement sets forth the scope of consulting services MSL is to provide the Town of Davie (the “Town”) related to the Town’s procurement system made up of the purchasing, receiving, accounts payable and disbursements functions. The services to be provided are described in three tasks as follows:

Task I – Gain an Understanding of Procurement System and Internal Controls

- Obtain copies of purchasing ordinances, resolutions, and purchasing manuals
- Obtain copies of any written procedures, including drafts of procedures, related to any aspect of the procurement system
- Interview employees responsible for different functions of the procurement system and document procedures they perform
- Diagram procurement system prior to October 2005 and as it currently exists
- Identify internal controls within procurement system
- Perform a walkthrough of selected transactions to verify understanding of procurement system and internal controls

Task II – Evaluate Effectiveness of Existing Internal Controls

- Determine if internal controls are *detect* controls or *prevent* controls
- Determine if internal controls can be easily modified or circumvented
- Determine ability of management to override internal controls
- Identify specific weaknesses in internal controls
- Perform a risk assessment of existing procurement system
- Identify additional internal controls or modifications to existing internal controls that will mitigate risk of loss or misstatement

Task III – Report Findings

- Indicate scope of work performed
- Describe procurement system
- Identify existing strengths of system
- Identify specific weaknesses of system
- Provide a risk analysis of existing system
- Provide recommendations for improvement
- Provide implementation plan for recommendations

The fee for these services will be at MSL's standard hourly rates plus out-of-pocket costs (such as report reproduction, typing, postage, travel, copies, telephone, etc.) except that they agree that their gross fee, including expenses, will not exceed \$12,500. MSL's standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. We anticipate that work will begin in March 2006 and invoices will be provided monthly as work is complete.

In accordance with MSL's policies, work may be suspended if the account becomes 30 days or more overdue and may not be resumed until the account is paid in full. If they elect to terminate their services for nonpayment, the Town will be obligated to compensate them for all time expended and to reimburse them for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from management personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, MSL will discuss it with management and arrive at a new fee estimate before they incur the additional costs.

This fee will be invoiced on an interim basis during the progress of our engagement. Invoices are due within ten (10) days of the invoice date. Any remaining balance is due upon delivery of the final product. Any subsequent discussions, conferences, telephone conversations, correspondence or related services will be invoiced separately.

In the event we are requested or authorized by the Town or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Town, the Town will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

A service charge of 1.5 percent per month will be assessed on any invoice not paid within thirty (30) days of the invoice date. We reserve the right to halt further services until payment on past due invoices is received. In the event that collection procedures are required, you agree to pay all expenses of collection, including collection efforts by our staff, which will be billed at our standard hourly rates, and all attorney's fees and costs actually incurred by our Firm in connection with such collection, whether or not suit is filed thereon.

This engagement is for a limited period of time and is further limited by scope. Any other services performed on your behalf shall be by separate agreement. If at any time during the engagement, you fail to make prompt payments or cooperate with the staff performing this engagement, we reserve the right to suspend performance until such time as payment is made or cooperation resumes. In no event will our Firm be liable for incidental or consequential damages, even if we have been advised of the possibility of such damages.

The terms and conditions set out in this agreement constitute the entire agreement between the parties and supersede any verbal or written agreements concerning the above-referenced services. If the services and terms outlined above are in accordance with your understanding, please sign two copies of this letter, keep one for your records and return one to us.

We greatly appreciate this opportunity to be of service to you. If you have any questions, please do not hesitate to contact us. All inquiries should be directed to the Shareholder in charge of this engagement, Daniel J. O'Keefe, CPA.

Sincerely,

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

The above terms and conditions are accepted and affirmed.

By: _____

Date: _____