**LOWER FLORIDA KEYS HOSPITAL DISTRICT**

**REQUEST FOR PROPOSALS FOR**

**INDEPENDENT AUDITOR SERVICES**

**MAY 2024**

1. **INTRODUCTION**

The Lower Florida Keys Hospital District (“LFKHD” or “District”) invites qualified audit firms to submit proposals and/or indicate their interest to provide independent audit services to the District, as more fully set forth in Section III below. The purpose of the audit is to express an opinion as to whether the District’s financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles; and to submit a management letter advising of the opportunities observed during the audit for economies and efficiencies in operations and improvements in the internal control structure, and compliance with laws, regulations and the provisions of contracts or agreements. The audit is to be conducted in accordance with generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the Florida Rules of the Auditor General; and will include tests of accounting records, and determination of major programs; and other procedures necessary to enable the expression of an opinion.

1. **RESPONSE PROCEDURES**
   1. **Submittal Instructions**

Audit firms responding the Request for Proposals (“RFP”) must submit two (2) complete sealed copies and an electronic version of their response.

Responses will be received until 5:00 pm on Friday, July 12, 2024. Any responses received after the stated time and date will not be considered and will be returned unopened.

One sealed copy and one electronic copy of the response is to be delivered to:

Lewis W. Fishman, P.A.

Corporate Counsel/Registered Agent

Lower Florida Keys Hospital District

c/o 311 Palisades Blvd.

Sleepy Hollow, NY 10591

Telephone No.: 305-670-2100

Email: [lwf@lewiswfishmanpa.com](mailto:lwf@lewiswfishmanpa.com)

and

Jillian Cranney-Black

Administrator

Lower Florida Keys Hospital District

P.O. Box 5403

Key West, Fl 33045-5403

Email: [jclfkhda@aol.com](mailto:jclfkhda@aol.com)

* 1. **Response Format**

The response must address the issues identified in Attachment A.

**Questions and Additional Information**

All questions and additional information must be addressed in writing to Lewis W. Fishman, P.A., and e-mailed to [lwf@lewiswfishmanpa.com](mailto:lwf@lewiswfishmanpa.com).

1. **GENERAL INFORMATION**

LFKHD is an independent special taxing district of the State of Florida, created by special act of the Legislature in 1967, and amended from time to time, and recodified in Chapter 2003-307, Laws of Florida. The District’s boundaries include that portion of Monroe County encompassing the area from the southern end of the Seven-Mile Bridge through and including the City of Key West. The purpose of the District is to provide for the healthcare needs of the residents of the District, through the operation of one or more hospitals.

The District is governed by a nine (9) member Board of Commissioners (the “Board”) whose terms are staggered for four (4) year terms each, and who are appointed by the Governor of the State of Florida. At present there are three (3) vacancies on the Board.

On May 1, 1999, the District entered into a thirty (30) year lease with Key West HMA, Inc., a subsidiary of Health Management Associates, Inc., a public entity (collectively, “HMA”), whereby the District leased its land and facilities to HMA, and HMA has assumed responsibility for the management and operation of the hospital. HMA prepaid the District a $20 million lease payment. On July 30, 2013, Health Management Associates, Inc. entered into a definitive merger agreement with Community Health Systems, Inc. (“CHS”), which merger was completed and effective as of January 27, 2014, and the responsibility for the management and operation of the hospital has been transferred to CHS.

The District remains obligated as a taxing district to assure the ongoing provision of hospital and healthcare services to the indigent residents of the District, which obligation the District has met by entering into an Indigent Care Agreement with HMA, to assure the provision of such services, and for which the District remitted a defined payment of $1,500,000 annually to HMA for ten (10) years. This payment obligation ended in March 2009, at which time HMA contractually assumed full responsibility for the provision of such indigent care services. In addition, the District is obligated to provide funding for professional services for HMA’s operation of a primary care clinic, up to the maximum amount of $500,000 annually, until the earlier of the year the total of cash and investments of the District are less than $3,000.000 or the Clinic is replaced by other programs or it becomes economically impractical to operate as determined by HMA. As part of the audit, the Auditors are expected to verify the appropriateness of the hospital admissions classified as meeting the indigent care definitions as set forth in the Indigent Care Agreement.

The total assets of the District as of December 31, 2023 were approximately $10,000,000 and consist almost entirely of cash and investments. In accordance with the District’s financial policy, the District has retained an investment advisor to invest funds to yield the highest returns within investment guidelines adopted by the District consistent with the guidelines established by Florida Statutes. Administrative expenses of the District are approximately $85,000 per year.

Section 218.391, Florida Statutes, requires each local governmental entity, which includes the District, to publicly announce requests for proposals for independent audit services; provide interested firms with a copy of the RFP; evaluate proposals received; rank and recommend in order of preference the most highly qualified responders; and proceed to negotiate an Audit Services Agreement.

The District is currently seeking proposals from qualified audit firms interested in providing independent audit services to the District for the District’s fiscal year ending September 30, 2024. It is expected that the audit will be presented to the Board in May of each year for the prior fiscal year, and timely filed with the Auditor General. The District reserves the right to negotiate the Audit Services Agreement for an additional two (2) fiscal year periods. The successful bidder will be responsible for preparing the District’s independent audit, consistent with all generally accepted accounting principles and the requirements of Florida law governing public bodies.

Qualified and interested audit firms are requested to submit proposals to provide the services described in this RFP. The District expects its independent audit firm to be highly experienced, familiar with the laws placed upon governmental entities, to provide a comprehensive audit and management letter consistent with generally accepted accounting principles and Florida Law, and to have positive peer review.

The District’s current, longstanding auditors, will no longer be performing audit services at the conclusion of the District’s 2023 fiscal year audit, and thus applicants will not be competing with an incumbent audit firm.

1. **DISTRICT PROCESS**
   1. **District Obligations**

Compensation shall *not* be the sole or predominant consideration of the District. Rather, governmental auditing experience, ability to furnish the requested services, locality of the firm, and ability to meet District time frames are of utmost importance, although fees to be charged will be considered.

The District’s Finance Committee, which has been appointed by the Board and also serves as its Audit Committee (collectively, the “Committee”), shall meet and review all proposals received. The Committee shall rank and recommend in order of preference the firms deemed most highly qualified.

Upon receipt of the Committee recommendations, the Board shall review the Committee recommendations, may but are not obligated to request oral presentations by the responders, and shall proceed to identify one of the responders and seek to negotiate an Audit Services Agreement with the highest ranked qualified firm unless the Board states for the record why it elected to negotiate with a lesser ranked firm.

The Board has requested that its general counsel, Lewis W. Fishman, in conjunction with its Treasurer/ Committee Chair, conduct the negotiations.

Once negotiations have been concluded, a written agreement will be prepared embodying all terms agreed upon, including services to be provided, professional fees, the term of the agreement, and conditions upon which it can be renewed or earlier terminated, and submitted to the Board for final approval.

* 1. **Proposal Schedule**
     1. Issue RFP: May 9, 2024
     2. Responses due: June 14, 2024
     3. Finance/Audit Committee meeting to review proposals and rank responses: June – July 2024
     4. Oral presentations, if requested by Finance/Audit Committee: August 5, 2024
     5. Selection of proposed Auditor – August 2024
     6. Negotiation and execution of contract: September 2024
  2. **Effective Period of Proposals**

All proposals must state the period for which it shall remain in effect. Such period shall be not less than one hundred eighty (180) days from the RFP due date.

* 1. **Right of Rejection by District**

Notwithstanding any other provisions of this RFP, the District reserves the right to award this contract to the audit firm that best meets the requirements of the RFP and is compliant with Florida Law. Further, the District reserves the right to reject any or all proposals prior to execution of the contract, and to waive any informalities or irregularities in any response, with no penalty to the District.

* 1. **Contract Term**

It is the intent to award a contract for an initial period of three (3) years, with the option to renew it for an additional three (3) year period. The decision to renew the contract will be at the sole discretion of the District.

**ATTACHMENT A**

1. **MINIMUM INFORMATION FROM RESPONDERS**
   1. State the overall size of the audit firm.
   2. State whether the audit firm is local, regional, national or international.
   3. State the location of the office from which the work is to be performed and the number of partners, managers, supervisors, seniors and other professional staff employed at the office.
   4. Identify the personnel who will be assigned work on the District audit, their prior governmental audit experience, and attach résumés of such individuals to the RFP response.
   5. Provide proof of licensure of the assigned personnel as CPA’s in Florida.
   6. Identify the firm’s continuing professional education requirements for its personnel.
   7. Identify all previous governmental type audits the firm has performed, stating for each the year, nature of governmental entity, and identity of a contact person at that governmental entity.
   8. Provide information on the professional societies the firm, and the individuals to be assigned to the District audit, belong to.
   9. Identify the information technology abilities of the firm.
   10. Provide a copy of the Firm’s most recent peer review.
   11. Identify whether the firm’s most recent peer reviews included a review of the quality of specific government audits.
   12. State whether any disciplinary action has been taken against the firm and, if so, the status of such action.
   13. Provide a list of client references whom the District can contact.
2. **COMPENSATION**
   1. Set forth the proposed fees and compensation, either as a sum certain or the hourly rates of each of the contemplated audit engagement personnel, and the approximate number of hours the engagement is expected to take.
   2. State the firm’s willingness to attend District Finance Committee and/or Board meetings, which are currently held quarterly, and what, if any, fees will be charged for such attendance.
3. **COOPERATION**
   1. Identify the type and nature of services that can be performed by District personnel that will lessen the engagement fee, and identify the nature of such work.
4. **AUDIT REQUIREMENTS**
   1. Audit the general purpose financial statements of the District.
   2. Audit the statements of revenues and expenses and cash flows of the District.
   3. Render an audit opinion in conjunction with the full-scope audit of a comprehensive annual financial report.
   4. Reports on internal controls and compliance, in accordance with Governmental Auditing Standards.
   5. Issue a management letter indicating deficiencies or opportunities for accounting and reporting improvements, including identifying material weaknesses, as required by Florida Statutes and the Rules of the Auditor General.
   6. Communicate with the applicable Florida agencies and transmit the Audit as required by law.