

Personal Property Tax Audit

PA-IB-0813-5

Verification of Availability

Find attached the “**Scopes of Work**” and “**Special Requirements**” for an upcoming **Invitation to Bid (ITB)**. Please review to determine if you would be able to **satisfy the requirements** (as applicable), and **interested in responding**; if so, please check the appropriate areas below and respond to this email confirming the same.

Please pay “**CLOSE**” attention to the various sections and the “**SPECIAL/MINIMUM**” requirements for each, and confirm your **ability** and **availability** to satisfy “**ALL**” sections/scopes.

See Sections **3.1** through **3.4** – Paying very close attention to the requirements of the “**Section 3.2 (Property Assessment/Service Requirements)**”. (While you are **not** proposing at this time, be mindful your response strongly influences SBD’s determination as it relates to a potential **SBE Measure**). So please be diligent in your review of the information and respond accordingly, based on your ability to meet **ALL** the applicable requirements.

Are you able to satisfy the requirements of the attached documents (ITB)?
YES NO

Do you have prior experience consistent with the requirements of this ITB?
YES NO

Can you meet the “Property Assessment/Service Requirements” of (Section 3.2)?
YES NO

I am “**NOT**” interested in this solicitation.

Name of Firm: _____ **SBE Exp. Date:** _____

Owner’s Name: _____ **Signature:** _____

Please respond by **2:00pm, Tuesday September 4, 2012.**

Any questions, feel free to contact me at the number below.

(Respond to the “**Verification**” whether you are interested or not (choosing “**Yes**” or “**No**”), as this helps SBD in the determination of measures).

Regards,

Vivian O. Walters, Jr.
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**DEPARTMENTAL INPUT
CONTRACT/PROJECT MEASURE ANALYSIS AND RECOMMENDATION**

Rev 1

New contract
 OTR
 CO
 SS
 BW
 Emergency
 Previous Contract/Project No.

Re-Bid
 Other

LIVING WAGE APPLIES: YES NO

Requisition/Project No: PA-IB-0813-5

TERM OF CONTRACT: year with one-year options-to-renew

Requisition/Project Title: Personal Property Tax Audit

Description: To assist the PA in auditing unreported or misreported personal properties around Miami-Dade County

User Department(s): Property Appraiser

Issuing Department: PA Contact Person: J.C. Romano Phone: 305-375-4262

Estimated Cost: \$104,000 Per YR Funding Source: General Fund REVENUE GENERATING:

ANALYSIS

Commodity/Service No: <u>946-20</u>		SIC: <u> </u>	
Trade/Commodity/Service Opportunities			
<div style="border: 1px solid black; padding: 5px; margin: 5px auto; width: 80%;"> Contract/Project History of Previous Purchases For Previous Three (3) Years Check Here <input type="checkbox"/> if this is a New Contract/Purchase with no Previous History </div>			
	<u>EXISTING</u>	<u>2ND YEAR</u>	<u>3RD YEAR</u>
Contractor:			
Small Business Enterprise:			
Contract Value:			
Comments:			
Continued on another page (s): <input type="checkbox"/> Yes <input type="checkbox"/> No			

RECOMMENDATIONS

SBE	Set-Aside	Sub-Contractor Goal	Bid Preference	Selection Factor
		%		
		%		
		%		
		%		

Basis of Recommendation:

Signed: J.C. Romano

Date to SBD: 8/23/12

Date Returned to DPM:

RECEIVED
 DEPT. BUSINESS DEV.
 2012 AUG 29 PM 7:08

SECTION 3
TECHNICAL SPECIFICATIONS

PERSONAL PROPERTY TAX AUDIT PROGRAM

3.1 SCOPE OF WORK

The Miami-Dade County Office of the Property Appraisal requires services to audit the tangible personal property tax returns of businesses in the County that file returns, and the personal property of businesses in the County that not file returns for commercial personal property taxpayers for the purpose of assessing unreported or misreported assets as authorized under Chapter 192 of the Florida Statutes.

Audits will be performed in compliance with standards set forth by the PA. The PA will make the final decision on all matters relating to the selection or order of accounts to be audited and to any assessment/adjustment of a taxpayer's account.

This Agreement will be governed by the laws of the State of Florida as they pertain to the taxation of tangible personal property and other related matters.

Upon request from the PA, the successful Bidder and its employees shall provide on the job training to educate the designated employees of the PA as to all aspects of the tax compliance audit service provided pursuant to this Agreement.

Any employee of the PA may accompany the successful Bidder on any audit. The PA shall not be responsible for any travel-related expenses incurred by the successful Bidder or its representatives.

3.2 PROPERTY ASSESMENT/ SERVICE REQUIREMENTS

- A. The primary objective of the property tax audit is to determine that a correct assessment has been made in accordance with Florida Statutes and State of Florida Department of Revenue Rules and Regulations. The auditor, therefore, must apply professionally accepted auditing and accounting standards [Generally Accepted Accounting Principles (G.A.A.P.)]. Under certain circumstances, the auditor will need to supplement application of generally accepted accounting principles and generally accepted auditing standards with sound appraisal principles, as enumerated in the Florida Dept. of Revenue Manual of Instruction on Ad Valorem Tax, to arrive at a correct assessment as required by law. Since these audits are done for property tax assessment purposes, appraisal principles may take precedence.
- B. The audit services include, but are not limited to, the examination of a business taxpayer's accounting records at their home office as needed with no additional costs to the PA. Once records are gathered and reviewed, the auditor must identify all data pertinent to the audit in order to verify all valid cost components are included and assessed at its proper trade level.

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- C. When source documents are not reconcilable, the auditor will make an effort to determine which adjustments are necessary and determine if any other tangible personal property exist (including self constructed assets) that are not on the depreciation schedule or in the fixed asset accounts.
- D. Review findings to ensure assessments are consistent with Fair Market Value as defined by Florida Administrative Code 12D-1.002(2) and Florida Dept. of Revenue Manual of Instruction on Ad Valorem Tax.
- E. Ensure allocated costs and audit findings are in accordance with sound appraisal principles and consistent with the cost, market, and income approaches to value.
- F. Conduct an on-site inspection of the facility that is being audited for the purpose of:
 - 1. Obtaining photographic evidence and documentation of assets being audited.
 - 2. Obtaining a property inventory or an inventory of a sampling of property for the purpose of verifying the completeness and accuracy of the taxpayer's fixed assets records.
 - 3. Classifying unreported property in accordance with Florida Department of Revenue guidelines.
 - 4. Review for any functional and/or economic obsolescence pertaining to the tangible personal property being audited.
- G. Appear, without additional charge or reimbursement of costs, at all quasi judicial and Circuit Court proceedings for the purpose of providing testimony, consultation or both.
- H. For each tax year to be audited the following minimum documentation shall be obtained: Copy of completed and signed federal Income Tax return, complete fixed asset listing and depreciation schedule, copies of all fully executed agreements pertaining to all leased and rented assets. Audits submitted to the PA without this documentation will be accepted.

Note: The successful Bidder will be provided with an auditing form, to be completed and submitted with corresponding reports and documents from audit findings and conclusions.

3.3 ACCOUNTING SELECTION AND PLANNING

- A. Once the PA has selected and assigned accounts to be audited, the successful Bidder will be responsible for audit planning and for scheduling audit appointments with the taxpayer or the taxpayer's agent. Should any audit assigned be deemed un-completeable the "PA" may replace it with another account.
- B. Audit Fieldwork

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The audit includes an in-depth review of accounting records and business activities. Generally, the audit process includes, but is not limited to, the following steps: planning; taxpayer or representative meeting(s); physical inspection of the property or business location; examination of accounting records and tax documents and verification of assets; preparation of audit results, digital pictures and an audit conclusion meeting and/or correspondence with the taxpayer. The audit review will cover the current tax roll year under preparation and the three (3) preceding years.

- C. Upon completion, an audit results report will be prepared. The audit results and taxpayer documentation will include a summary of non-reported property, understatements and/or overstatements of existing property for the purpose of assessing unreported or misreported assets and the explanations of adjustments and similar pertinent items. The audit report shall be furnished to the PA for review and approval.

D. Representation

A representative of the successful Bidder will be available to the PA for the purpose of defending the audit findings before the taxpayer, taxpayer's agent and throughout all appeals process. All legal costs associated with appeals after Value Adjustment Board Hearing will be the responsibility of the PA.

E. Correspondence

All correspondence associated with the audits will be signed by an authorized PA representative.

F. Audit Results

The services provided will be performed in accordance with the terms and conditions of this agreement and in compliance with and in accordance with professionally accepted auditing and accounting standards. [Generally Accepted Accounting Principles (G.A.A.P)]

- G. The successful Bidder computes the valuation of previously unreported or improperly reported property identified during the course of the audit based on the appropriate methodology as historically employed by the PA.
- H. Audits to be performed as to verify the accuracy of taxpayers' returns shall be selected and assigned by the PA. It is agreed that the PA does not guarantee to the successful Bidder a minimum number of returns for audit beginning from the date of execution of this agreement.
- I. The PA agrees to make available to the successful Bidder, copies of the personal tax return and/or history cards for the years for which audits are to be performed.

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J. The successful Bidder agrees to audit the returns assigned for audit for the current year and applicable prior years as permitted by the Florida Statutes which statutes provide for discovery procedures and limitations.

K. The successful Bidder agrees that no employee of the company will consult with or answer questions regarding any aspect of an audit being performed, except with authorized officials of the PA and the taxpayer being audited, unless otherwise directed to do so by the PA.

L. Management Reports

The successful Bidder will provide the PA monthly status reports, discovery reports and similar management reports. The contents of each report will be agreed to by the PA and the successful Bidder prior to the commencement of an audit program and may be modified as deemed necessary. Periodic meetings can be scheduled between the successful Bidder and the PA to review the status of completed audits and audits in process.

3.4 CONFIDENTIALITY

The successful Bidder agrees to abide by confidentiality requirements found in the Florida Statutes and the rules, regulations and ethics of the Accounting Profession concerning confidentiality of taxpayer records. The successful Bidder shall hold the PA harmless from any liability which may result from an action of the successful Bidder or its employees or agents regarding the confidentiality of taxpayer records.

3.5 ACCOUNTS AND CORRESPONDENCE

A. The PA will provide copies of the pertinent returns and supporting documents of the accounts to be audited.

B. The successful Bidder will assist the PA in drafting correspondence to the taxpayers. The PA shall approve, print, sign and mail all correspondence sent on PA letterhead. The PA will be responsible for the cost of postage for handling audit correspondence and the cost of providing the successful Bidder copies of the PA's tax records associated with an individual audit.

C. The successful Bidder's fees for service provided to the PA, in accordance with the provisions of this agreement, shall be based on a per-audit fee depending on size of the account assigned for audit for the latest Certified Assessment. No additional charges will be made for the proceeding year assessments completed for the same taxpayer.

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Bids are to be a set amount per account based on the following four assessed value increments based upon the tax roll in the prior year to this contract:

Accounts from \$50,000 of assessed value to \$400,000 of assessed value.
 Accounts from \$400,001 of assessed value to \$1,000,000 of assessed value.
 Accounts from \$1,000,001 of assessed value to \$5,000,000 of assessed value.
 Accounts over \$5,000,00 of assessed value.

The PA will require approximately 60 % of the audits in the \$50,000 to \$400,000 assessed value range, 30 % of the audits in the \$400,001 to \$1,000,000 assessed value range, 5% of the audits in the \$1,000,001 to \$5,000,000 range, and 5% of the audits over \$5,000,000. These quantities/ percentages may be modified as needed by the PA. The successful bid will be based on the lowest total weighted average price indicated on the estimated quantities above.

- D. Unless otherwise provided for, the fees include all costs associated with the successful Bidder's performance of services including, but not limited to, travel, food, lodging, mileage, salaries, and employee benefits and defending the audit findings throughout all appeals.
- E. Defense of audit findings shall include personal appearances at meetings with taxpayers or their representatives, and providing testimony and evidence at all hearings for the PA, and at any other appeal processes concerning information identified in an audit.
- F. The successful Bidder shall invoice the PA for applicable service fees when the completed audits are submitted. For billing purposes, audits are considered completed when all fieldwork and report preparation is delivered and approved by the PA. Invoiced fees will be due and payable upon receipt.

Audits shall be completed and delivered in phases (each calendar year) and as defined in Section 2, Paragraph 2.28, as follows:

- 1st phase - 25 % of the completed audits shall be delivered no later than March 1,
- 2nd phase - 25 % of the completed audits shall be delivered no later April 1,
- 3rd phase - 25 % of the completed audits shall be delivered no later May 1,
- 4th phase – remaining 25 % of the completed audits and the balance of the work in its final draft on or before June 1 of each calendar year.

3.6 CONTRACT TERM

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Although the contract term is specified in Section 2, Paragraph 2.4, the contract/ services will remain in effect until all Value Adjustment Board (VAB) appeals are exhausted and all Circuit Court litigation is completed for that particular tax year. The successful Bidder will certify all work provided to the PA and must be responsive to all appeals and/ or court hearings pursuant to the audit findings provided, even after the expiration of the contract.

3.4 MONITORING

The successful Bidder's activities conducted and records maintained pursuant to this Contract shall be subject to reasonable monitoring and evaluation by the PA or their duly appointed representatives.

Authority to Contract: The PA's authority to contract for these services herein is authorized by the Florida Statutes and the Miami-Dade Home Rule Charter.

Audit: Upon the receipt of acceptable findings from the successful Bidder, the successful Bidder shall submit invoices to the PA with sufficient detail identifying the audits to which the particular invoice relates for payment.

Inspections: At the conclusion of the audits, a walk through and verification of the assets discovered under bidder's audit, must be completed with the taxpayer or their representative prior to submission of findings to the PA.

Chain Stores, Leasing and Multiple Accounts: When a taxpayer is selected for audit and they consist of a multiple address or chain store all of the books and records for that account will be audited for all locations in this PA and billed based on the collective sum fee category of the last year amount on the certified tax roll.