

APPROVED

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
City Hall 8th Floor Conference Room
Thursday, January 27, 2022, 5:30 PM**

<u>Board Member</u>	<u>Attendance</u>	Cumulative Attendance	
		<u>Present</u>	<u>Absent</u>
D. Keith Cobb, Chairman	P	2	0
Lane Hacker	P	2	0
Joey Epstein	P	2	0
Thomas Bradley	P	2	0

Staff Present

Susan Grant, Director, Finance
John Herbst, City Auditor
Laura Garcia, Controller, Finance
Aricka Johnson, Structural Innovation Manager, Office Management & Budget
Megan Gaillard, Assistant City Auditor III
Marco Hausy, Assistant City Auditor III
Glenn Marcos, Assistant Director/Procurement and Contracts Manager, Finance
Debra Conyers, Board Liaison

Other Attendees

John Weber, Crowe, LLP
Rob Broline, CRI, LLC
Ben Kincaid, CRI, LLC

Call to Order

Chairman Keith Cobb called the meeting to order at 5:30 PM.

Roll Call

At the time of roll call, four appointed members to the Board were present, allowing for a quorum.

Review of Meeting Minutes for Approval

Chairman Cobb directed the review of the previous meeting minutes.

Joey Epstein motioned to approve the October 28, 2021 meeting minutes. Tom Bradley seconded. The meeting minutes were approved unanimously in a voice vote.

Floor Open for Public Input

Chairman Cobb opened the floor for public input. No members of the public came forward.

Forensic Examination of the Rio Vista Restoration Project

Ben Kincaid, CRI LLC provided a high-level overview of the major findings with in the report. Mr. Kincaid's first overall finding related to identifying the restoration project's conflicting interpretations between the contracts and the City's policies and procedures. Another major finding was that Commissioner Ben Sorenson did direct City staff and City vendors through communications via emails, as well as text messages. Susan Grant chimed in and gave a brief summary of management's responses. Ms. Grant stated the past practice of utilizing line items on unrelated contracts was stopped immediately and implementation of training, specifically with the Public Works department has begun.

Further discussion between CRI LLC, Board members and City staff ensued (see attached report)

Peer Review Report

Chairman Cobb stated that he and the Board had an opportunity to review the report prior to the meeting. Mr. Cobb congratulated the City for receiving a gold star. (see attached report)

Quarterly Audit Compliance Report- December 2021

John Herbst briefly explained that the City has been very receptive on working with the City Auditor's office on trying to fix the findings and make everything better to enhance the internal controls. (see attached report)

Audit Work Plan Update

John Weber, Crowe LLP explained they received the final trial balance on December 30, 2021. Mr. Weber stated the City is now providing information on a regular basis, and the plan is to get the audit completed and issued prior to the March 31, 2022 deadline.

Further discussion ensued between Crowe LLP and Board members.

ERP Update

Laura Garcia explained that City staff and Infor have been attending multiple meetings to provide the sample data to input into the system. They are creating a new chart of accounts to match the State of Florida, which is close to being complete. Ms. Garcia

stated testing will begin February 8th, 2022 and the Procurement Division will also be involved in the testing. Megan Gillard added that the City Auditor's office is doing an ERP implementation audit making sure the approvals and processes are working correctly. Ms. Gillard also expressed that it should be completed by December 2022.

Action to Appoint a Representative to the Revenue Estimating Conference

Chairman Cobb asked who in the group would like to be the representative for the Revenue Estimating and Budget process. Tom Bradley nominated Joey Epstein to represent the Audit Advisory Board at the conference, Lane Hacker seconded.

Special Meeting March 3, 2022 CRA Audit

Chairman Cobb asked for a motion to approve the March 3, 2022 special meeting. Joey Epstein made the motion and Tom Bradley seconded. The meeting date was approved unanimously in a voice vote.

Other Business

N/A

Communication to the City Commission

N/A

Adjournment

The next regularly scheduled Audit Advisory Board meeting will be April 28th, 2022 at 5: 00 PM.

The meeting adjourned at 6:09 PM

[Minutes prepared by Debra Conyers, Board Liaison]



CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

**(External Audit and City
Commission Audit)**

As of December 31, 2021



WE BUILD COMMUNITY



CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The Structural Innovation Division of the Office of Management and Budget compiles the quarterly Open Audit Findings Status Report. The report is based upon updates provided by departmental staff. It provides the status of open audit findings from external auditors and the City Auditor's Office each quarter.

There are currently 15 open audit findings, including observations. As departments implement the corrective action plans and upload supporting documentation into the Audit Compliance Tracking System (ACTS), they are required to notify the Commission Auditor that they believe a finding has been resolved. The Auditor's Office will continuously review these responses throughout the year and will notify the System Administrator in the Structural Innovation Division to close findings that have been cleared.

This quarter seven new findings were added to the report. Five external auditor findings are related to the Rio Vista Restoration Project and two City Auditor's Office findings are related to the City's Computer Software and Programs Inventory Review.

Department staff are required to review and update the status of each of their open findings on a quarterly basis. Following the update, a report is compiled and distributed to the City Manager and the City's Leadership Team. This report is presented to the Audit Advisory Board on a quarterly basis.

The department breakdown can be found in the table below.

Number of Open Findings

DEPARTMENT	December 2017	December 2018	December 2019	December 2020	March 2021	June 2021	September 2021	December 2021
City Manager's Office	0	3 *	1*	0	0	0	0	2 ***
City Clerk's Office	0	0 0	0	0	0	0	0	1 ***
Community Redevelopment Agency	2	1	0	0	0	0	0	0
Finance	2	0	8**	4	4	3	1	3 ***
Human Resources	7	5	4	3	3	3	3	3
Information Technology Services	0	0	0	1	1	0	0	2
Parks and Recreation	9	6	1	1	1	0	0	0
Police Department	0	0	0	0	0	3	0	0
Public Works Department	0	0	0	0	0	0	3	3
Development Services Department	2	2	2	1	1	1	1	1
TOTAL	22	17	16	10	10	10	8	15

* Two (2) findings within the City Manager's Office were the result of the programmatic audit of the Consolidated Annual Performance and Evaluation Report submitted to the US Housing and Urban Development (HUD) and one (1) finding was the result of the City's Annual Single Audit. All other open findings/observations are the result of internal audits.

**Two (2) open findings within the Finance Department came from the Independent Auditor's Report of the financial statements in the FY 2018 Comprehensive Annual Financial Report. All other open findings/observations came from reports issued by the Office of the City Auditor.

*** Two (2) findings within the City Manager's Office, one (1) finding within the City Clerk's Office, and two (2) findings within the Finance Department are the result of an independent auditor report relating to the Rio Vista Restoration Project.

**Status of Audit Findings
as of December 31, 2021**

Issue No	External Auditor's Findings	Status Reported by Staff	Page
Finance Department			
466	Finding 1 - Change Order Approvals, Rio Vista Restoration Project	Partially Implemented	3
467	Finding 2 - Continuing Contracts, Rio Vista Restoration Project	Partially Implemented	4
City Manager's Office			
468	Finding 3 - Commission Inquiries, Rio Vista Restoration Project	Partially Implemented	6
470	Finding 4 - Tone at the Top, Rio Vista Restoration Project	Partially Implemented	7
City Clerk's Office			
471	Finding 5 - Public Records, Rio Vista Restoration Project	Implemented	9
City Auditor's Office Findings			
Development Services Department (previously Department of Sustainable Development)			
108	Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 2	Partially Implemented	12
Finance Department			
429	Finding #12: Duplicate P-Card Detection	Partially Implemented	15
Human Resources Department			
95	Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	17
100	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Partially Implemented	18
237	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9 - Employee Handbook	Partially Implemented	19
Information Technology Services Department			
464	Computer Software and Programs Master Inventory Listing	Partially Implemented	22
465	Weak Internal Controls Relating to Software Programs used by Various Departments	Partially Implemented	23
Public Works Department			
460	Continuous Monitoring of Overtime, Finding #1 - Preapproval of overtime	Not Implemented	25
461	Continuous Monitoring of Overtime, Finding #2 - Tracking overtime	Not Implemented	26
462	Continuous Monitoring of Overtime, Finding #3 - Accurate supervisor approval	Not Implemented	27

External Findings



External Findings Finance Department



Finding 1 - Change Order Approvals, Rio Vista Restoration Project

Issue No: 466
Date of Finding: 11/22/2021
Final Date of Completion 06/30/2022

		Name	Title	Department
<u>Responsible Person 1</u>	sgrant	Susan Grant	Director of Finance Department	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutillier	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Update procurement code and procurement manual

Milestone Date of Completion 06/30/2022

Department: Finance

Audit Initiator 3rd Party Auditor

Title: Finding 1 - Change Order Approvals, Rio Vista Restoration Project

Issue / Observation There appears to be inconsistencies regarding the City's interpretation of its procurement policies and procedures as they relate to change orders and task orders.

Recommendation: The City should review its procurement policies and procedures for clarity. The City should provide additional training to relevant personnel regarding change orders and task orders.

Correction Plan: Management Response: Management concurs with the recommendation. The Procurement Code and Manual will be reviewed to provide specificity and consistency with regard to eligible expenditures in task orders and change orders. Additional training will be provided to Procurement staff as well as staff charged with administering contracts in using Departments .

Current Status: Staff has reviewed applicable sections of the procurement code and procurement manual with the City Attorney's Office and City Auditor's Office and will be drafting changes to both documents .

On December 14, 2021, both the Finance Department/Procurement Services Division, in conjunction with the Public Works Department, conducted training entitled "City of Fort Lauderdale Competitive Procurement Requirements for Construction, Professional Services and Project Management" for the procurement staff and project managers regarding competitive bidding requirements for construction and professional services and project management overview. Several topics, such as, but not limited to, projects, purchase orders, task orders, funding, invoicing, and contracting were discussed.

Finding 2 - Continuing Contracts, Rio Vista Restoration Project

Issue No: 467
Date of Finding: 11/22/2021
Final Date of Completion 06/30/2022

		Name	Title	Department
<u>Responsible Person 1</u>	sgrant	Susan Grant	Director of Finance Department	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutillier	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Update the procurement manual and procurement code. Continue to train staff on procurement policies.

Milestone Date of Completion 06/30/2022

Department: Finance

Audit Initiator 3rd Party Auditor

Title: Finding 2 - Continuing Contracts, Rio Vista Restoration Project

Issue / Observation The City appears to have taken conflicting interpretations regarding the administrative renewals of its continuing contracts and whether the administrative renewal provides for additional funding without City Commission approval.

Recommendation: The City should review its procurement policies and procedures as well as its contracts for clarity regarding administrative contract renewals. The City should provide the relevant personnel with training regarding any changes to its interpretation.

Correction Plan: Management Response: Management concurs with the recommendation. The Procurement Code and Manual will be reviewed to provide specificity and consistency with regard to the dollar value of administrative renewals. Additional training will be provided to Procurement staff as well as staff charged with administering contracts in using Departments. Public Works will coordinate training on proper use of Continuing Contracts with the Procurement division to ensure all Project Management staff understand the related procurement policies.

Current Status: Staff has reviewed applicable sections of the procurement code and procurement manual with the City Attorney's Office and City Auditor's Office and will be drafting changes to both documents.

On December 14, 2021, both the Finance Department/Procurement Services Division, in conjunction with the Public Works Department, conducted training entitled "City of Fort Lauderdale Competitive Procurement Requirements for Construction, Professional Services and Project Management" for the procurement staff and project managers regarding competitive bidding requirements for construction and professional services and project management overview. Several topics, such as, but not limited to, projects, purchase orders, task orders, funding, invoicing, and contracting were discussed.

External Findings City Manager's Office



Finding 3 - Commission Inquiries, Rio Vista Restoration Project

Issue No: 468

Date of Finding: 11/22/2021

Final Date of Completion 02/28/2022

	Name	Title	Department
<u>Responsible Person 1</u>	gchavarria	Greg Chavarria	Assistant City Manager
<u>Responsible Person 2</u>			City Manager

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Distribution of memorandum highlighting Section 3.07 and 6.06 of the City Charter.

Milestone Date of Completion 02/28/2022

Department: City Manager

Audit Initiator 3rd Party Auditor

Title: Finding 3 - Commission Inquiries, Rio Vista Restoration Project

Issue / Observation A City Commissioner directed City personnel and City vendors.

Recommendation: The City should provide further guidance to the City Commission and City personnel regarding what is considered appropriate inquiries and interaction with lower level staff.

Correction Plan: A memorandum will be provided to all Public Works staff highlighting Section 3.07 and 6.06 of the City Charter and providing guidance on the difference between an inquiry and a directive and the appropriate response should they receive a request from a Commissioner. Public Works leadership will ensure any requests are directed through proper channels in the City Manager's Office. In addition to this focused approach in the Public Works Department, a memorandum reminder will be delivered city wide to all employees and questions will be answered as they are raised.

Current Status: On November 16, 2021 the City Manager distributed a citywide memorandum, 21-111 - Procedure regarding routing of Neighbor inquiries originating from elected officials.

Finding 4 - Tone at the Top, Rio Vista Restoration Project

Issue No: 470
Date of Finding: 11/22/2021
Final Date of Completion 12/30/2022

Responsible Person 1 Irosa
Responsible Person 2

Name	Title	Department
Lillian Rosa	Professional Standards Manager	City Manager

Correction Plan Status: Partially Implemented

Finding Type: Finding

Next Milestone Identify appropriate training

Milestone Date of Completion 03/31/2022

Department: City Manager

Audit Initiator 3rd Party Auditor

Title: Finding 4 - Tone at the Top, Rio Vista Restoration Project

Issue / Observation There was a failure in the tone at the top of the Public Works Department.

Recommendation: The City should provide appropriate guidance including whistleblower provisions to its personnel regarding reporting potential internal control overrides.

Correction Plan: Management agrees there was a failure at the top of the Public Works Department. When the Finance Director identified the procurement discrepancy and brought it to the attention of the City Manager, a discussion with then Public Works Director Raj Verma, the Human Resources Director, City Attorney and City Auditor occurred on June 17, 2021. Mr. Verma resigned June 18, 2021. The City has hired a new Public Works Director who will focus on creating an ethics driven organizational culture. Furthermore, the Public Works Department will work with the Human Resources Department to identify appropriate training related to internal control overrides and whistleblower provisions to be given to employees. The City has also hired a new Chief Procurement Officer who is very experienced and will provide excellent oversight going forward of our procurement processes.

Current Status: The City Manager's Office and Human Resources Department are identifying appropriate training and information to address the internal controls and whistle blower concerns, including evaluation of the best way to provide the training/information to staff.

External Findings City Clerk's Office



Finding 5 - Public Records, Rio Vista Restoration Project

Issue No: 471
Date of Finding: 11/22/2021
Final Date of Completion 12/30/2022

Responsible Person 1 dsoloman
Responsible Person 2

Name	Title	Department
David Soloman	Deputy City Clerk	City Clerk's Office

Correction Plan Status: Implemented

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: City Clerk's Office

Audit Initiator 3rd Party Auditor

Title: Finding 5 - Public Records, Rio Vista Restoration Project

Issue / Observation The City was unaware of the existence of certain communications by Commissioner Sorensen related to City business.

Recommendation: The City should review its policies and procedures related to public records retention for adequacy and provide appropriate training, where necessary.

Correction Plan: Management Response: Management concurs with the recommendation. A review of policies and procedures related to public records retention will be conducted jointly with the City Clerk and City Attorney. Where necessary, additional training will be provided

Current Status: The City Clerk's Office conducts Public Record and Record Management training regularly to staffers throughout the city. Our office attends all of Human Resource's New Employee Orientations and discuss the trainings we offer as well as train them on public records and record management. In the past, we have visited various departments and trained large numbers of individuals. In 2022, our office will continue our trainings in a virtual format.

Reports Issued by the City Auditor's Office



Development Services Department

(previously Department of Sustainable Development)



Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue No: 108
Date of Finding: 10/24/2011
Final Date of Completion 01/31/2022

	Name	Title	Department
<u>Responsible Person 1</u>	abattle Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>			

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Complete the review and provide the final report.

Milestone Date of Completion 01/31/2022

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue / Observation Condition
 The City of Fort Lauderdale is not reporting code liens in accordance with generally accepted accounting principles (GAAP), specifically Governmental Accounting Standards Board (GASB) 33. Auditor Note: The City Auditor's Office (CAO) has communicated the potential financial reporting issue to the external auditor for their consideration.

Criteria
 GASB Statement No. 33 establishes accounting and financial reporting standards for imposed nonexchange revenue transactions – governments are required to recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

Recommendation: The CAO recommends that the City Manager require the following:
 1. The Director of the Building Department work in conjunction with the Finance Director to determine the total outstanding code lien receivables owed to the City.
 2. The Director of the Building Department develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received.
 3. The Director of the Building Department develop a policy for the City Commission's consideration to set the minimum acceptable level for code lien settlements to allow the Finance Department to determine the net collectible receivable to be recorded in the financial statements, in accordance with GASB 33.

Correction Plan:
 1) Management concurs. The Director will work with the Finance Department and Information Technology (IT) to enhance the current Community Plus software to provide the ability to determine the total outstanding code liens and fines owed to the City at any given time. If the current software is not capable of such enhancement, a replacement product will be sought.
 2) Management concurs. The Director will develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received. The current software enhancement should include the ability to communicate and share this information with Finance. If that is not possible, an alternate software product should be sought as stated above.
 3) Management concurs. The Director will develop a policy and will make recommendations to the City Commission for setting minimum acceptable levels for Code lien settlements to allow the Finance Department to determine the net collectible receivable.

Current Status:

By December 31, 2021, the Community Enhancement Division completed the review of the 9,000 records that they began reviewing in September 2021. On or before January 31, 2022, Community Enhancement will send a report of all outstanding balances to the Finance Department for review. The completion of the final review and a draft report of all outstanding balance will be provided in January 2022. The Department will also share the progress, discuss the reporting policy and the frequency of the report with Finance Department. The production of the reports will mark the final day of completion for this finding.

Finance Department



Finding #12: Duplicate P-Card Detection

Issue No: 429
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2022

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutilier	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone Leverage ERP system to identify and stop duplicate payments.

Milestone Date of Completion 09/30/2022

Department: Finance

Audit Initiator Commission Audit

Title: Finding #12: Duplicate P-Card Detection

Issue / Observation The current internal control system does not prevent or detect duplicate P-card payments of invoices processed by both Accounts Payable and the respective departments.

Cause:

Finance lacked software that would enable and facilitate a control over a high volume of transactions.

Impact:

Material waste could occur as uncorrected duplicate payments of the same transaction.

Recommendation: Finance should enhance internal controls to prevent and detect duplicate payments of P-card invoices.

Correction Plan: With the implementation of the new ERP in fiscal year 2020, P-Card charges will be approved by the Department and routed through Accounts Payable (“AP”) for processing. Part of this process will include uploading the P-card charge directly to the corresponding AP vendor file, which will help identify duplicate invoices. This will aide Management by identifying duplicate payments.

Current Status: Finance will leverage the new ERP system in order to identify and stop duplicate invoices . ERP implementation has kicked off and Conference Room Pilot (CRP) training for the Financials and Supply Chain Management (FSM) module is anticipated to be completed by 3/31/22. ERP go-live is scheduled for 10/1/22.

Human Resources Department



Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue No: 95
Date of Finding: 12/29/2009
Final Date of Completion 06/30/2023

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Asst. City Manager/ Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Implementation, Testing and Validation of Infor Performance, Learning and Succession Planning modules.

Milestone Date of Completion 06/30/2023

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue / Observation Condition:
 The City does not actively engage in employee succession planning and mentoring for key functions/positions throughout the City and many such positions lack written policies and detailed procedures. Under the Committee of Sponsoring Organizations (COSO) framework Internal Control Environment component 1.2 "Commitment to Competence", succession planning is a standard element of the internal control environment. It helps to ensure a smooth transition, minimize disruption and mitigate costs resulting from the loss of institutional knowledge when long-term employees leave the organization.

Cause:
 Management has not mandated succession planning and the development of standard operating procedures for all departments.

Impact:
 Without formal succession planning and mentoring, the City risks decreased efficiency, effectiveness and quality of service delivery as new employees attempt to gain sufficient knowledge to perform the key aspects of their jobs.

Recommendation: The City Manager should instruct all department directors to develop a comprehensive employee succession/mentoring plan for key functions/positions within their respective departments. Moreover, a significant component of a successful employee succession/mentoring plan is having a regularly updated set of written policies and procedures for each of these key functions/positions. This recommendation is further emphasized in Finding 1.

Correction Plan: Succession planning in its truest sense may be difficult to accomplish in the public sector given Personnel Rules, seniority considerations among bargaining units, etc; however, the human resources department (HRD) will continue to work with City departments on workforce planning and identification of key skills that must be maintained within the department.

One of HRD's future initiatives is to develop a comprehensive succession planning program. However other foundational components are required before implementation, such as: the development of Citywide Values and Competencies aligned with career ladders. Once these components are in place, HRD can develop a robust succession planning program.

Current Status: Succession Planning will be implemented as part of the now approved Cloud ERP system and will follow the ERP implementation timeline. The Performance Planning and Learning Management Module of the ERP are at the end of the implementation timeline.

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training

Issue No: 100
Date of Finding: 12/29/2009

Final Date of Completion 08/31/2022

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Asst. City Manager/ Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone Rollout of second annual survey

Milestone Date of Completion 08/31/2022

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training

Issue / Observation Condition:
 The City Auditors Office's (CAO's) review of the Human Resources Department's (HRD's) efforts to meet stakeholder needs and expectations revealed that they are not proactively seeking input from either internal or external customers to gauge user satisfaction with the quality and effectiveness of the services HRD provides. Furthermore, HRD staff is not currently receiving customer service training, which is of paramount importance for a department that primarily exists to provide services to other departments within the government.

Criteria:
 Under the Committee of Sponsoring Organizations (COSO) framework Information and Communication component 4.1 "Mechanisms that support information flow inside the organization", internal survey processes and component 4.2 "Mechanisms that support information flow outside the organization", external surveys are a standard element of the internal control system.

Recommendation: The City Manager should require the Director of HRD to:
 1. Develop and conduct an annual survey of job applicants and City employees to inquire about their level of satisfaction with the array of services provided by HRD. The survey results should be analyzed and used as a planning tool to promote and prioritize service delivery improvements.
 2. Provide HRD staff with annual customer service training to ensure that staff responds to service requests with a customer focused approach.

Correction Plan: HRD will explore the possibility of conducting an annual customer service survey. Staff will receive customer service training budget permitting.

Current Status: The results from the employee engagement survey were analyzed and reviewed by HR management and subsequently shared with staff in a department meeting. Staff were encouraged to ask questions and explore implications of the results. Results were examined from a department wide perspective as well as targeted to each division, with overwhelmingly positive responses for each division and the department.

Going forward, at least one aspect of the survey results will be highlighted in future department and manager meetings to continue to identify opportunities to influence process improvement and customer service. The next annual survey will be launched in August 2022. The next HR Customer Service training is scheduled for the second quarter of FY 2022.

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9

Issue No: 237
Date of Finding: 12/29/2009

Final Date of Completion 01/31/2022

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Asst. City Manager/ Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Launch of Employee Handbook

Milestone Date of Completion 01/31/2022

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9

Issue / Observation Condition
 The City Auditor's Office (CAO) found that Human Resources Department (HRD) does not publish a comprehensive employee handbook. Instead, HRD relies on the combined information contained in the specific union contracts, the policy standard manual (PSM), and the Personnel Rules. These combined documents serve to provide information on many of the topics typically covered in the sample of employee handbooks reviewed by the CAO as well as best practice literature. However, the CAO noted that it was difficult and time consuming to research specific items from among the various sources, which collectively substitute for a traditional employee handbook. This is not a user-friendly method and can leave staff confused and without complete and accurate information.

Recommendation: The City Manager should require the Director of HRD to:

1. Create and publish an employee handbook and/or,
2. Create a matrix by employee-type and include hyperlinks on the HRD website that would serve to centralize and guide both union and non-union employees to pertinent information pertaining to the City's various policies and procedures as well as other important employee information.

Correction Plan: Employee handbooks typically contain various policies, including standards of conduct, such as workplace violence, discrimination, anti harassment, and benefits. While the City does not have one official document entitled "Employee Handbook", the previously described information can be found in the City's Personnel Rules, Policy and Standards Manual, Pay Plan Ordinance and the various collective bargaining agreements. The compilation of such information into one document would require a significant outlay of staff resources. Additionally, because an employee handbook is often the focus of employment related litigation, any compilation or drafting of a citywide employment manual would require the involvement of the City Attorney's office and/or outside counsel for constant review and updating. In light of the above, HRD does not agree with the CAO's recommendation.

REBUTTAL

The CAO feels strongly that employee handbooks are such an important resource as to be almost universal in their use. We are unaware of any organization of our size that fails to have a comprehensive handbook to educate and inform employees of their rights, benefits and obligations. While the production of such a resource may be time consuming and detailed, the benefits to the employees far outweighs the cost to the City.

Current Status:

The Assistant City Manager/ Human Resources Director has provided final approval and HR is working with Strategic Communications to develop an effective launch of the employee handbook. Employees will have access to the handbook via LauderShare and in print where necessary by February 1, 2022.

Information Technology Services Department



Computer Software and Programs Master Inventory Listing

Issue No: 464
Date of Finding: 10/22/2021
Final Date of Completion 12/30/2022

Responsible Person 1 aparker
Responsible Person 2 vflorestal

Name	Title	Department
Andrew Parker	Director of ITS	Information Services
Valerie Florestal	Business Operations Manager	Information Services

Correction Plan Status: Partially Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion 12/30/2022

Department: Information Services

Audit Initiator Commission Audit

Title: Computer Software and Programs Master Inventory Listing

Issue / Observation The detailed finding and recommendations have been provided to City Management. Detailed information and status updates will not be provided in this report to protect the security and operation of the City's network. A status update will be provided when the finding has been closed.

Recommendation:

Correction Plan:

Current Status: ITS completed the update of the software inventory list. ITS will implement a new process to improve the maintenance of the City's software inventory list no less than once a year.

Weak Internal Controls Relating to Software and Programs used by Various Departments

Issue No: 465
Date of Finding: 10/22/2021
Final Date of Completion 06/30/2022

		Name	Title	Department
<u>Responsible Person 1</u>	aparker	Andrew Parker	Director of ITS	Information Services
<u>Responsible Person 2</u>	vflorestal	Valerie Florestal	Business Operations Manager	Information Services

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion 06/30/2022

Department: Information Services

Audit Initiator Commission Audit

Title: Weak Internal Controls Relating to Software and Programs used by Various Departments

Issue / Observation The detailed finding and recommendations have been provided to City Management. Detailed information and status updates will not be provided in this report to protect the security and operation of the City's network. A status update will be provided when the finding has been closed.

Recommendation:

Correction Plan:

Current Status: ITS will revise the City's Technology Purchase Policy and Standards Manual (PSM) to require all departments to notify ITS of new software purchases.

Public Works Department



Continuous Monitoring of Overtime - Public Works

Department Finding # 1

Issue No: 460
Date of Finding: 09/09/2021

Final Date of Completion 02/28/2022

		Name	Title	Department
<u>Responsible Person 1</u>	adodd	Alan Dodd	Director of Public Works	Public Works
<u>Responsible Person 2</u>	fford-powell	Felicia Ford-Powell	Sr. Management Analyst	Public Works

Correction Plan Status: Not Implemented Finding Type: Significant Deficiency

Next Milestone Implementation and roll-out of PW overtime forms.

Milestone Date of Completion 02/28/2022

Department: Public Works

Audit Initiator Commission Audit

Title: Continuous Monitoring of Overtime - Public Works Department Finding # 1

Issue / Observation Due to the COVID-19 pandemic and other emergencies, the risk for adverse occurrence increases in both impact and likelihood in the utilization of overtime hours. The limited scope audit focused on the most dollars earned and the most overtime hours incurred by employees between January 1, 2020 and March 31, 2020 in the Public Works department.

Public Works department's Basic Workweek and Overtime Policy (PW#1001) that details the overtime request and approval process was last revised in September 2018. The policy's process aligns with, and defers as supplemental to, the City's PSM 6.32.1, Reporting on Overtime.

While both the PSM 6.32.1 and the departmental policy (PW#1001) require pre-approvals for overtime hours, the City Auditor's Office did not find evidence of this within or outside of the Kronos time-keeping system.

Recommendation: The City Auditor's Office recommends that the Public Works department implement a documented pre-approval process as required by the PSM 6.32.1 and PW#1001. The City Auditor's Office also recommends that the City updates the PSM 6.32.1 to reflect "unforeseen" overtime.

Correction Plan: Management Response:
 In response to the findings and recommendations, Public Works will be taking the following actions:

- Add language to PW#1001 Basic Workweek and Overtime Policy, allowing for verbal approval of overtime, when necessary (e.g., field work requiring office supervisor approval), written approval would follow.
- Inform Human Resources of the concerns with the Citywide PSM 6.32.1.
- Create internal controls in the form of an internal procedure, form, and database for requesting, approving, and tracking overtime. The form will at a minimum meet the requirements of form J-224, Overtime Authorization Form, that is referenced in PSM 6.32.1 as an alternative to record overtime.

Current Status: Staff is currently working with Public Works Management team to develop and implement internal tracking processes for overtime in addition to revising the PW#1001 Basic Workweek and overtime policy.
 The organizational chart for the department is being reviewed and will be updated to ensure supervisors are accurate.

Continuous Monitoring of Overtime - Public Works

Department Finding # 2

Issue No: 461
Date of Finding: 09/09/2021

Final Date of Completion 02/28/2022

		Name	Title	Department
<u>Responsible Person 1</u>	adodd	Alan Dodd	Director of Public Works	Public Works
<u>Responsible Person 2</u>	fford-powell	Felicia Ford-Powell	Sr. Management Analyst	Public Works

Correction Plan Status: Not Implemented Finding Type: Significant Deficiency

Next Milestone Implementation and roll out of overtime forms.

Milestone Date of Completion 02/28/2022

Department: Public Works

Audit Initiator Commission Audit

Title: Continuous Monitoring of Overtime - Public Works Department Finding # 2

Issue / Observation The City Auditor's Office noted that the Kronos system is not capable of recording justification for overtime, as required by the PSM 6.32.1. However, the PSM provides an alternative to record overtime details utilizing form J-224, Overtime Authorization Form. This form is not utilized by Public Works. Rather, several Public Works supervisors developed their own spreadsheets for overtime tracking. Reviewing the six spreadsheets provided, we found the following internal control weaknesses:

- a. The spreadsheets were incomplete. 11 out of the sample of 23 (48%) had no approval support.
- b. The spreadsheets only record total overtime hours, while form J-224 requires regular and overtime beginning and ending times to clearly demonstrate when overtime occurred.

Recommendation: ISSUE/OBSERVATION CONTINUED:
 c. The spreadsheets do not require approver signatures and dates, while form J-224 requires all forms to be signed and dated by the approver.
 d. The spreadsheets record the location and task/event for the overtime, while form J-224 also requires "reason overtime was required" to be documented.

RECOMMENDATION:
 The City Auditor's Office recommends that a standardized method of tracking overtime be implemented. At the minimum, documentation should mirror the requirements on form J-224. Such as details on the beginning and end of overtime hours, the reasoning for the overtime, the approving supervisor, and the date of approval.

Correction Plan: Management Response:
 In response to the findings and recommendations extracted below, Public Works will be taking the following actions:
 • Create internal controls in the form of an internal procedure, form, and database for requesting, approving, and tracking overtime. The form will at a minimum meet the requirements of form J-224 referenced in the findings.

Current Status: Staff is currently working with Public Works Management team to develop and implement internal tracking processes for overtime in addition to revising the PW#1001 Basic Workweek and overtime policy.
 The organizational chart for the department is being reviewed and will be updated to ensure supervisors are accurate.

Continuous Monitoring of Overtime - Public Works

Department Finding # 3

Issue No: 462
Date of Finding: 09/09/2021
Final Date of Completion 02/28/2022

		Name	Title	Department
<u>Responsible Person 1</u>	adodd	Alan Dodd	Director of Public Works	Public Works
<u>Responsible Person 2</u>	fford-powell	Felicia Ford-Powell	Sr. Management Analyst	Public Works

Correction Plan Status: Not Implemented Finding Type: Significant Deficiency

Next Milestone Implementation and roll out of overtime forms.

Milestone Date of Completion 02/28/2022

Department: Public Works

Audit Initiator Commission Audit

Title: Continuous Monitoring of Overtime - Public Works Department Finding # 3

Issue / Observation Due to the COVID-19 pandemic and other emergencies, the risk for adverse occurrence increases in both impact and likelihood in the utilization of overtime hours. The limited scope audit focused on the most dollars earned and the most overtime hours incurred by employees between January 1, 2020 and March 31, 2020 in the Public Works department.

From the sample of Public Works high overtime earners, 15 out of 30 (50%), Kronos approvers did not match the worker's named supervisor per the Public Works organizational chart .

Recommendation: The City Auditor's Office recommends ensuring that Kronos approvers are in line with the Public Works Department's organizational chart.

Correction Plan: Management Response:
 In response to the findings and recommendations extracted below, Public Works will be taking the following actions:

- Add language to PW#1001, the department's Basic Workweek and Overtime Policy, to clarify who is authorized to approve overtime.
- Review organizational charts to ensure supervisors are accurate.

Current Status: Staff is currently working with Public Works Management team to develop and implement internal tracking processes for overtime in addition to revising the PW#1001 Basic Workweek and overtime policy.
 The organizational chart for the department is being reviewed and will be updated to ensure supervisors are accurate.



Carr, Riggs & Ingram, LLC
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November 29, 2021

Mr. John Herbst, CPA, CGFO, CGMA
City Auditor
City of Fort Lauderdale, Florida
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

Re: Forensic Examination of the Rio Vista Restoration Project

Dear Mr. Herbst:

Our firm was engaged to perform an inquiry concerning the City of Fort Lauderdale, Florida's (City) Rio Vista Restoration Project. This inquiry was predicated on the discovery that certain City policies and procedures did not appear to have been followed for this project. Attached is Carr, Riggs & Ingram, LLC's Forensic Examination Report detailing the procedures performed and the resulting findings.

We have performed this engagement in accordance with the Statement on Standards for Forensic Services No. 1 as promulgated by the American Institute of Certified Public Accountants (AICPA). While our work involved analysis of accounting records, our engagement did not constitute an audit in accordance with generally accepted auditing standards, an examination of internal controls, or any other attestation or review service in accordance with standards established by the AICPA. Had other procedures been performed, other matters may have come to our attention that may have affected the findings reported herein.

This report is intended solely for the use of the City and should not be used for any other purpose without prior permission from CRI. We have no obligation, but reserve the right, to update this report for information that comes to our attention after the date of this report.

Sincerely,

Carr, Riggs & Ingram, LLC

Carr, Riggs & Ingram, LLC
Certified Public Accountants



**City of Fort Lauderdale, Florida
Rio Vista Restoration Project**

**Forensic Examination Report and
Supplementary Information**

November 29, 2021





**City of Fort Lauderdale, Florida
Rio Vista Restoration Project
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City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Executive Summary

Executive Summary

Carr, Riggs & Ingram, LLC (CRI) was engaged to perform an inquiry into the City of Fort Lauderdale, Florida's (City) Rio Vista Restoration Project. This inquiry was predicated on the discovery that City policies and procedures did not appear to have been followed for the Rio Vista Restoration Project and City concerns that internal controls may have been overridden on this project.

CRI performed certain procedures on the City's books and records for December 1, 2019 through August 31, 2021 (review period). These procedures included, but were not limited to, interviews with key City personnel and analysis of supporting documentation including certain City personnel's electronic data. Summaries of CRI's major findings, based upon the investigative procedures performed, are listed below.

- **Contract/Procedures Conflicting Interpretations**

The City has taken broad or conflicting interpretations on the administrative renewal of master contracts as well as the uses of master contracts. This appears to have included administratively renewing contracts for additional funds not clearly authorized by the City Commission. The City has also utilized line item master contracts for unrelated projects not included in the master contract scope. These interpretations occurred with other projects prior to the Rio Vista Restoration Project and these interpretations may have arisen in prior City administrations. Refer to Findings 2 and 3.

- **Commissioner Sorensen Directed City Staff/Vendors**

Commissioner Sorensen's frequent communications with lower level City staff and certain communications with City staff/vendors do not reflect mere Commissioner inquiries. Rather, based on the volume and frequency of these communications, Commissioner Sorensen directed City staff/vendors during the Rio Vista Restoration Project. It does not appear that Commissioner Sorensen's direction of City staff/vendors was done with malicious intent. It was done in an apparent effort to assist the Rio Vista residents in his District, who had endured the sewer breaks. The City was unaware of City related communications by Commissioner Sorensen on his personal cell phone and certain records may not have been retained as required. Refer to Findings 2, 3 and 4.

- **Public Works Director Overrode City Policies and Procedures**

The former Public Works Director, Raj Verma, directed City staff to bypass the City's policies and procedures in relation to the Rio Vista Restoration Project. Mr. Verma disregarded City policies and procedures in the interest of getting projects completed and created a poor "tone at the top" of the Public Works Department. As such, Mr. Verma directed City staff to significantly expand the Rio Vista Restoration Project's scope without proper approval pursuant to City policies and procedures. Mr. Verma also directed staff not to prepare/submit a change order in relation to the expanded scope until after the work was predominately completed. Mr. Verma in effect encouraged communications between City staff and Commissioner Sorensen. Refer to Findings 1, 2, 3 and 4.

We recommend that the City review and implement the 5 recommendations in our report for improving the City's procurement internal controls as soon as possible. The procedures performed by CRI and the resulting findings are discussed in detail within the Forensic Examination Report.

City of Fort Lauderdale, Florida Rio Vista Restoration Project Forensic Examination Report

Background

The City of Fort Lauderdale, Florida (City) was established in 1911 and is located in Broward County, Florida. The City provides a wide range of services for the residents of Fort Lauderdale. These services include police protection, fire-rescue services, parks and recreation programs, water, wastewater collection and treatment, sanitation services, parking and street maintenance.

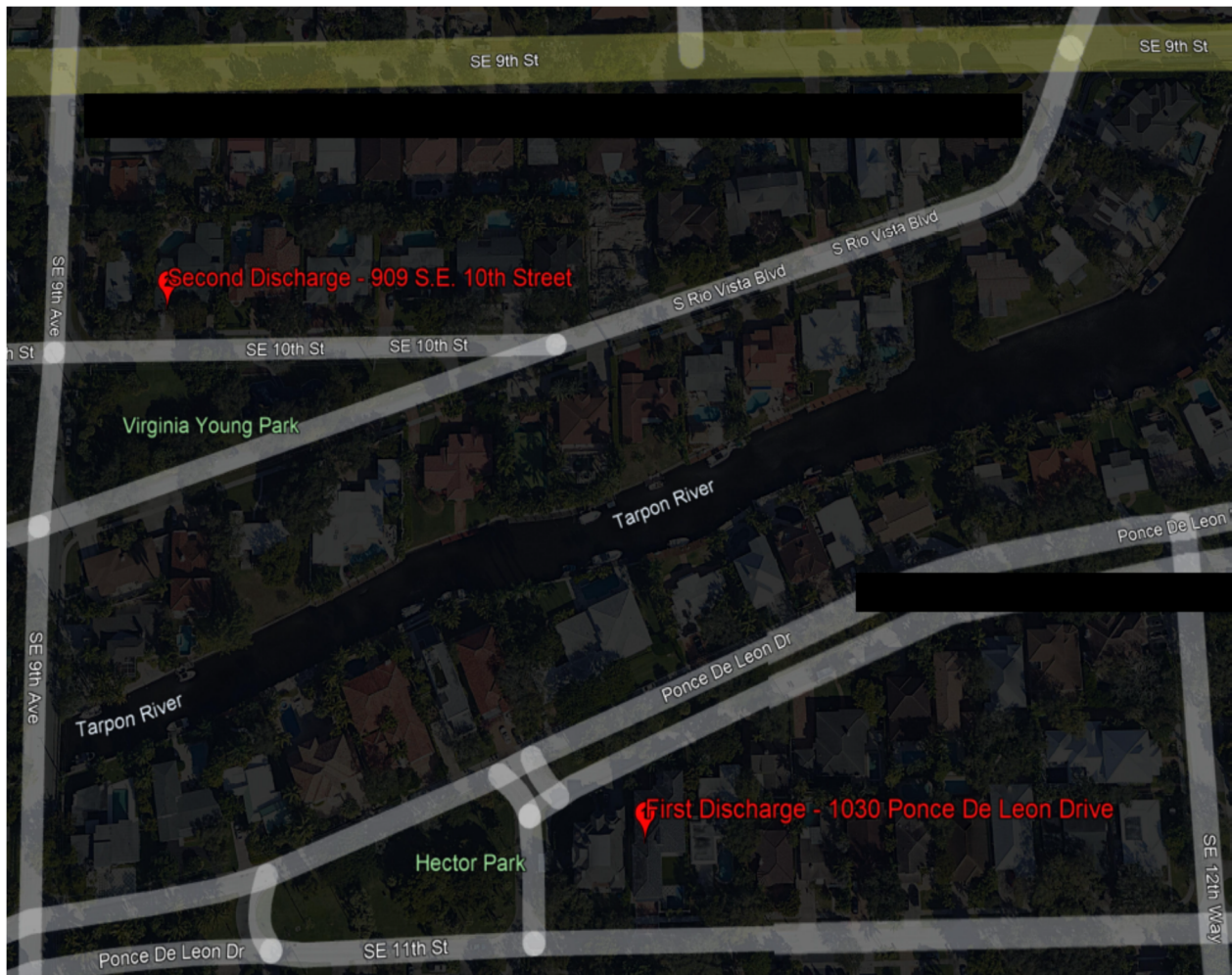
The power and authority to set policies for the City is vested in the City Commission, which is elected by the citizens of Fort Lauderdale. The City Commission consists of five members. The Mayor is elected at-large and the remaining four commissioners are elected by individual districts. The City operates under a commission-manager form of government. The City Commission appoints four charter officers and delegates certain duties and responsibilities to these charter officers. These charter officers include a City Manager, a City Attorney, a City Clerk and a City Auditor.

The City Manager is responsible for the administration of the City and its daily operations. The City Manager is generally responsible for hiring the various City department directors. One of the City's departments is the Public Works Department. This department has three divisions, which include engineering, sustainability and utilities. The Engineering Division provides project management for improvements to the City's infrastructure and the Sustainability Division oversees the implementation of the City's Sustainability Action Plan and other essential environmental services. The Utilities Division is responsible for maintaining the City's water and wastewater infrastructure.

On or around December 10, 2019, there was a break in the City's sewer main line, which consisted of a 54-inch sewer pipe. The sewer main line carries all of the sewer flow from the City and five other municipalities to the George T. Lohmeyer Regional Wastewater Treatment Plant. The sewer break occurred at or around 1030 Ponce De Leon Drive in the Rio Vista neighborhood. On or about December 20, 2019, a separate break in the City's sewer main line occurred. This occurred at or around 909 S.E. 10th Street in the Rio Vista neighborhood. Due to the critical nature of the sewer pipe breaks, over 200 million gallons of untreated waste/sewage flowed into the Rio Vista neighborhood and the surrounding waterways. The sewer breaks impacted two City parks located in the Rio Vista neighborhood: Hector Park and Virginia S. Young Park. The Rio Vista neighborhood is a high-end residential area that has an active voluntary civic association, the Rio Vista Civic Association. The Rio Vista neighborhood is part of City District Four, which is represented by Commissioner Ben Sorensen. A Google map overview of the sewer breaks and their proximity to the City parks is presented on the following page.

The City issued an emergency purchase order to David Mancini & Sons, Inc. for the emergency repairs and clean-up related to the sewer line breaks. David Mancini & Sons, Inc. was also engaged by the City to replace the southern portion of the sewer main line. In or around April 2020, the City's Public Works Department initiated the restoration process for Hector Park and Virginia S. Young Park (Rio Vista Restoration Project) and utilized a City contractor, Hinterland Group, Inc. (Hinterland). In or around June 2021, the Public Works Department submitted a change order for \$871,486.50 related to a task order issued to Hinterland for the Rio Vista Restoration Project. The City's Finance Department began questioning the submitted change order and it became apparent that the majority of the work had been done prior to the Public Works Department submitting the change order. The City's Public Works Director, Raj Verma, resigned shortly thereafter.

City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Report



CRI's Forensic Team participated on a conference call with the City Auditor's Office on July 27, 2021. During this conference call, the City Auditor's Office expressed its concerns over the Rio Vista Restoration Project and whether or not City policies and procedures were followed or overridden. CRI was subsequently engaged on August 10, 2021 to provide the requested forensic accounting services for the City.

Scope

Our investigation was for the period beginning December 1, 2019 through August 31, 2021. Our work was limited to those specific areas identified by the City. As delineated in subsequent sections of this report, certain key individuals declined CRI's request for interviews. Relevant, known communications were reviewed in relation to these individuals. Based on the available information, CRI does not believe that interviews with these individuals would substantively affect the findings and conclusions in this report.

**City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Report**

Approach

Our engagement was conducted in accordance with the Statement on Standards for Forensic Services No. 1 (SSFS) and applicable professional standards promulgated by the American Institute of Certified Public Accountants (AICPA). The AICPA's SSFS does not specifically require or promote the use of certain methodologies, techniques, etc. for forensic engagements. This is due to the fact that no single standard can be extensive enough to consider all of the potential methodologies, techniques, etc. that could be applied to every forensic engagement.

Rather, this statement implements general standards that should be followed during a forensic engagement. These standards include that an AICPA member should have the professional competence to perform the engagement and exercise due professional care during the performance of the engagement. These standards were followed during the course of our engagement.

Using the data provided to us, we performed the procedures enumerated in our engagement letter executed August 10, 2021 as delineated below. We also applied various commonly used forensic data mining techniques to the provided data to identify trends, patterns and potential internal control overrides in the data provided. These techniques and the identified trends/patterns/internal control overrides are outlined below.

Expert Qualifications

Ben Kincaid, CPA, CFE, CVA, CFF

Benjamin Kincaid has over 9 years of experience in public accounting and in providing a variety of forensic accounting services. These forensic accounting services include litigation support, financial fraud investigations, business valuations, lost profit calculations, etc. Mr. Kincaid has served as a consultant for several state, county and other local law enforcement agencies/governments and serves on the Florida Institute of Certified Public Accountant's Valuation, Forensic Accounting and Litigation Committee.

Additionally, Mr. Kincaid is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Kincaid has also received the Certified Fraud Examiner and Certified in Financial Forensics designations. These forensic accountant designations are considered to be the most valuable forensic certifications. Holders of these forensic accountant designations are required to demonstrate a high level of knowledge and competence within the field of forensic accounting. Mr. Kincaid is also a Certified Valuation Analyst, which is the most widely recognized business valuation credential. A summary of Mr. Kincaid's résumé and qualifications is included in Appendix A of this report.

**City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Report**

Rob Broline, CPA

Rob Broline has over 20 years of proven skills and experience in public accounting. Mr. Broline provides a variety of consulting and internal control services for governments, construction firms and other organizations. These services include entity-wide risk assessments, process risk/control assessments, internal audits, operational audits, construction cost audits and forensic reviews.

Mr. Broline is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Broline speaks regularly on internal controls and related topics for a variety of construction and governmental organizations. A summary of Mr. Broline's résumé and qualifications is included in Appendix A of this report.

Steve Riggs, CPA, Cr.FA

Steve Riggs has extensive experience in public accounting and in providing a variety of consulting services. These consulting services include litigation support, forensic accounting, mergers and acquisitions, expert witness testimony, etc. Mr. Riggs has been qualified as an expert witness in several courts and has also served as a court appointed trustee. Mr. Riggs is a co-founder of Carr, Riggs & Ingram, LLC, which is one of the top 25 public accounting firms in the United States of America and was appointed to the Florida State Board of Accountancy.

Additionally, Mr. Riggs is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Riggs has also received the Certified Forensic Accountant designation. The Certified Forensic Accountant designation is considered to be one of the most valuable forensic certifications. Holders of the Certified Forensic Accountant designation are required to be licensed Certified Public Accountants and must demonstrate a high level of knowledge and competence within the field of forensic accounting. A summary of Mr. Riggs' résumé and qualifications is included in Appendix A of this report.

Summary of Procedures Performed

1. Reviewed City policies and procedures related to the Rio Vista Restoration project.
2. Conducted interviews with the following individuals to obtain an understanding of the Rio Vista Restoration project, project approval process, project records and City policies and procedures:
 - a. Chris Lagerbloom, City Manager;
 - b. Ben Sorensen, City Commissioner;
 - c. Susan Grant, Finance Director;
 - d. Phil Thornburg, Parks & Recreation Director;
 - e. James Hemphill, Assistant Procurement & Contracts Manager;
 - f. Talal Abi-Karam, Assistant Public Works Director;

**City of Fort Lauderdale, Florida
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- g. Dr. Nancy Gassman; Assistant Public Works Director;
- h. Victor Carosi, Assistant Public Works Director;
- i. Omar Castellon, Chief Engineer;
- j. Rares Petrica, Senior Project Manager;
- k. Francisco Rios, Project Manager II;
- l. Elkin Diaz, Senior Project Manager;
- m. Kymberly Holcombe, Business Operations Manager;
- n. David Mancini, Jr., City Vendor; and,
- o. Fred Stresau, Rio Vista Civic Association Landscape Architect.

CRI requested to interview the following individuals, who declined to be interviewed.

- a. Raj Verma, former Public Works Director;
- b. Jodi Hart, former Procurement & Contracts Manager;
- c. Christina Currie, Rio Vista Civic Association President;
- d. Daniel Duke, Hinterland Group, Inc. President; and,
- e. Project Managers at Hinterland Group, Inc.

Hinterland Group, Inc. and Christina Currie declined the interviews through their legal counsel and/or referred us to their legal counsel. Ms. Hart stated she declined the interview as she did not recall anything specific regarding the Rio Vista Restoration Project. Mr. Verma declined due to various concerns regarding the audit.

- 3. Analyzed supporting documentation including certain City personnel's electronic data for the Rio Vista Restoration Project for compliance with the City's policies and procedures.
- 4. Determined whether the City's internal controls were overridden by City personnel and identified the individuals responsible for the internal control overrides.

Source Documentation

We reviewed and relied upon the documentation listed in Appendix B of this report during our investigation. These documents included, but were not limited to, contracts, purchase orders, electronic communications and payment applications.

Finding 1

Policies and Procedures

The City has adopted various ordinances as well as internal policies and procedures (herein collectively referred to as policies and procedures). These policies and procedures guide the operation of the City and help form the basis for the City's internal controls. We reviewed the City's policies and procedures applicable to the Rio Vista Restoration Project. This information as well as our interviews with City personnel provided us with an understanding of the City's policies and procedures. This understanding and specific policies and procedures are addressed further in subsequent sections of this report.

Finding 2

Understanding of the Rio Vista Restoration Project

The interviews provided us with an understanding of the Rio Vista Restoration Project, project approvals, project records and the City's policies and procedures. The interviews also provided us with an understanding of the individuals involved in the Rio Vista Restoration Project including City personnel and individuals not employed by the City.

The City adopts an annual Community Investment Plan (CIP), which reflects a 5-year capital project plan by funding source. The CIP provides direction to the responsible City departments/divisions on which capital projects are to be undertaken. As part of the adopted fiscal year 2019-2023 and 2020-2024 CIPs, funding from the City's Stormwater Fund was established for Hector Park Stormwater Improvements (Project No. P12020). The Engineering Division of the Public Works Department was responsible for the Hector Park Stormwater Improvements. Within the Engineering Division, there are designated teams for certain fund/project types; such as, stormwater projects. The stormwater improvement team (herein referred to as the stormwater team) is overseen by Omar Castellon, Chief Engineer. Mr. Castellon's team includes Rares Petrica, Senior Project Manager, and Francisco Rios, Project Manager II.

The stormwater team generally utilizes the stormwater construction contract for its capital projects. The stormwater construction contract was a continuing, master contract and was the result of a sealed bid solicitation in 2017. The four awarded vendors were Hinterland Group, Inc., Southeastern Engineering Contractors, Inc., DP Development of the Treasure Coast, LLC and G P E Engineering & General Contractor Corp.

Projects are assigned to these vendors utilizing task orders. Task orders are awarded to these vendors on a rotational basis. The rotation may vary depending upon a vendor's ability, specialty experience, previous task order amounts, ongoing City projects, etc. Per City staff, the task orders and cumulative task order amounts by vendor will vary due to these exceptions. Task orders are not pre-planned for certain vendors.

In or around September 2019, Task Order No. 15 was issued to Hinterland for the Hector Park Stormwater Improvements Project (Hector Project). City staff indicated that Hinterland was awarded this task order as part of its normal rotation process for the stormwater construction project. The Hector Project was scheduled to begin in December 2019. However, due to the sewer main break near Hector Park, the Hector Project was postponed. Mr. Castellon stated that Hinterland was not involved in the sewer main break emergency project (emergency project).

**City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Report**

Understanding – Project/Contractor Assignment

During the emergency project and the sewer main line replacement project, the City allowed its contractor, David Mancini & Sons, Inc., to utilize Hector Park as a staging area for quicker mobilization. The staging caused additional damage to the parks and delays in restoring the parks from the sewer breaks. In January through March 2020, the City had various meetings regarding the restoration of Hector Park and Virginia S. Young Park. In an early March 2020 meeting that included the City Manager, Chris Lagerbloom, it was determined that the Public Works Department would take the lead in the Rio Vista Restoration Project.

Per Dr. Nancy Gassman, Assistant Public Works Director, Mr. Verma stated that he would lead this project and appoint a project manager for the Rio Vista Restoration Project. In late March 2020, Mr. Verma assigned Francisco Rios, Project Manager II, as the project manager of the Rio Vista Restoration Project. Mr. Rios indicated that Mr. Verma’s rationale for assigning the stormwater team to this project was due to the stormwater team being “already in there” for the Hector Park Stormwater Improvements Project. Mr. Rios further indicated that Mr. Verma initially planned to utilize “in-house staff” for the Rio Vista Restoration Project with the potential support of David Mancini & Sons, Inc. This initial plan changed due to staffing resources/other project commitments within the Public Works Department.

In April 2020, Mr. Verma stated to the stormwater team including Public Works Business Operations Manager, Kymberly Holcombe, that he had discussed the Rio Vista Restoration Project with former Procurement & Contracts Manager/Chief Procurement Officer, Jodi Hart. Mr. Verma relayed that Ms. Hart had “signed off” on utilizing Hinterland under the stormwater construction contract for the restoration project. Mr. Castellon stated that Hinterland was chosen for this work since they were “already there.” In or around October 2020, Task Order 25 was issued to Hinterland for \$1,717,817 for the Rio Vista Restoration Project.

Mr. Rios stated that the Public Works Department did not prepare any design plans for the Rio Vista Restoration Project. Mr. Rios further stated that the Rio Vista Restoration Project involved “day by day design construction.” Mr. Rios indicated this was unusual as the planning process normally takes up to one year for the design and permitting that needs to occur before construction. When asked why the normal process was bypassed, Mr. Rios stated that it was Mr. Verma’s direction to get this project done and that the “City wanted [it] done ASAP.”

Understanding – Playground Restoration

City staff indicated that the parks were damaged during the emergency project. Fred Stresau, a certified Landscape Architect voluntarily working with the Rio Vista Civic Association, stated the playground equipment within the Virginia S. Young Park could have been cleaned with a pressure washer as the playground equipment was not that old. However, City staff indicated that various parts of the playground equipment were damaged and it was determined that the playground equipment needed to be replaced.

**City of Fort Lauderdale, Florida
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Forensic Examination Report**

The stormwater team worked with the Public Works Department's former in-house landscape architect, Thomas White, for the Rio Vista Restoration Project. Mr. Petrica stated that a project manager within the Parks & Recreation Division stated that she did not want to be involved in this project. Mr. Castellon stated that the stormwater team "does not do park restoration; it should be the Parks & Recreation [Department]." Phil Thornburg, Parks & Recreation Director, stated that he worked with Mr. White regarding the initial playground design, but he was not involved much after July 2020. Mr. Thornburg also stated that "he did not have a role [in the Rio Vista Restoration Project] and [he] was not asked to be involved [in it]."

Mr. Thornburg stated that the Rio Vista neighborhood was involved in the planning process for the park restorations. Mr. Thornburg indicated that this is not unusual as the City wants to provide for the neighborhood's needs/wants within the allotted amount of money for the parks. Commissioner Ben Sorensen (Commissioner Sorensen) affirmed this by stating that the City "put it up to the [Rio Vista] neighborhood as they know better what they want" and the City "let the [Rio Vista neighborhood] drive the park playground equipment process." Commissioner Sorensen stated that he did not have a role in the park design/equipment selection. In or around April 2020, the Rio Vista neighborhood approved playground equipment built by Kompan, Inc., a higher-end playground equipment manufacturer based in Denmark. Commissioner Sorensen stated that Kompan playground equipment is used all around the City. Mr. Thornburg stated that he believed that the Rio Vista neighborhood is the only park with Kompan playground equipment, but the Kompan playground equipment price was not exorbitant.

Mr. Thornburg stated that both the Virginia S. Young Park and Hector Park were planned for rehabilitation as part of a \$200 million parks bond issued in 2019. Due to the future rehabilitation, it "made sense to use [the] park bond money" for the parks restoration. Mr. Thornburg and the Rio Vista Civic Association made a presentation to the Parks, Recreation and Beaches Advisory Board regarding the use of the park bond monies for Hector Park and Virginia S. Young Park. The Advisory Board recommended approving the use of the park bond monies. In July 2020, the City Commission approved the Advisory Board's recommendation and the park designs. The City Manager stated that the parks/playground equipment costs were not provided to/approved by the City Commission.¹

Understanding – Additional Projects/Change Order

City staff indicated that Mr. White had estimated the cost of the playground at Virginia S. Young Park at \$200,000. The playground cost and related park restoration costs funded by park bond monies were included in the original Task Order 25 for \$1,717,817. Mr. Hemphill, Assistant Procurement & Contracts Manager, stated that the Procurement Services Division reviewed and approved Task Order 25. No issues were raised on Task Order 25 and Ms. Hart approved it per Mr. Hemphill. Mr. Hemphill stated that the Procurement Services Division is not an expert in construction and does not know what is occurring at each project. Instead, the Procurement Services Division relies on the information provided by the project manager.

¹ City Agenda Memorandums 20-0501 and 20-0092 included budget amendments/fund reallocations related to the Rio Vista Restoration Project. These budget amendments were approved by the City Commission. However, the budget amendments do not reflect the City Commission's approval of the costs and no detailed cost information was presented to the City Commission.

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Ms. Holcombe stated that the original Task Order 25 was within the stormwater construction services contract cap and that there were no issues with the task order. Ms. Holcombe believed that all task order items aligned with the contract. Ms. Holcombe stated that Ms. Hart complied with City policies and procedures. Ms. Holcombe further stated that “the fact that Jodi [Ms. Hart] was comfortable with the task order things...that way my green light.” Ms. Holcombe stated that this was supported by Ms. Hart’s signature on Task Order 25 and Ms. Hart’s conversation with Mr. Verma.

As the Rio Vista Restoration Project progressed, various scope changes were added. Mr. Castellon stated that Hinterland was “doing the work with no approval.” Mr. Rios stated that he was told to “lump all items/changes into one CO [change order] because it takes too long.” Mr. Verma and the stormwater team provided this direction and/or were aware of this direction per Mr. Rios. Mr. Rios indicated that Mr. Verma had stated that “if they followed the change order process, the project would not get done.” Mr. Petrica described the change order options as “do a change order for each change or wait and lump them together at the end.” Mr. Petrica stated that Mr. Verma decided to choose the latter option. Mr. Rios stated that Hinterland agreed to this approach.

Mr. Petrica also stated that this project had “a lot of scope creep.” Mr. Petrica described the water main replacement, road raising, road narrowing, playground and lights as being scope creep on this project. As the project continued to progress, the scope creep continued. Mr. Rios indicated that Hinterland started to slow down its work on Rio Vista Restoration Project as Hinterland was not getting paid. Mr. Castellon stated that at one point Hinterland called and said they were not going to do any more work until they got paid. Mr. Rios indicated that he told Hinterland that they would get a change order approved for its additional work.

In or around May 2021, the Public Works Department started to prepare a change order to Task Order 25 related to the additional work/scope performed by Hinterland. Mr. Castellon indicated that Hinterland had performed 80%-90% of the additional work/scope by June 2021. Ms. Holcombe stated that she did not discuss the change order with anyone; however, Mr. Verma was pushing to get the change order done. Ms. Holcombe further stated that everyone in Public Works was addressing the change order with urgency. The change order for Task Order 25 was approved by the Procurement Services Division without any issues being raised.

Per Susan Grant, Finance Director, the Commission Agenda Memorandum for the change order to Task Order 25 came into her que in June 2021. Ms. Grant started questioning the change order and had a discussion with Mr. Verma regarding the change order. Ms. Grant stated that it became apparent that the work had been done without a valid, approved change order in place. Mr. Verma subsequently sent Ms. Grant an e-mail regarding their discussion. Ms. Grant immediately informed the City Manager and the City Attorney regarding the change order. Ms. Grant related that the Procurement Services Division probably should not have approved the original Task Order 25 with the playground equipment cost included in it. Prior to Ms. Grant’s tenure with the City, the City Attorney reviewed every task order, but this became too onerous and it was later delegated to the Chief Procurement Officer, Ms. Hart. The City Manager stated that he was aware that the City was performing restoration work for the Rio Vista neighborhood, but he was not aware that the restoration work was going beyond the normal level of restoration.

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Understanding – Procurement Process

Per the stormwater team, Mr. Verma hoped to have the Rio Vista Restoration Project change order approved as an emergency purchase. City staff interviewed uniformly agreed that the Rio Vista Restoration Project was not an emergency and did not qualify as such under the City's Procurement Manual.

As previously indicated, task orders are utilized for continuing, master contracts. Initially, a purchase requisition is entered for each awarded vendor for an equal amount of the contract award amount. The purchase requisition can be adjusted up or down based on task orders and available funding. City staff indicated that they can issue an initial task order up to the available funds/contract award amount/cap without additional City Commission approval. City staff indicated that there are no contract amounts with each vendor, only the total contract award amount on the master contract.

City staff indicated that any change order or cumulative change orders in excess of 10% of the original amount require City Commission approval. There was some confusion among City staff whether the 10% related to the contract amount or the task order amount. Ms. Grant stated that the Procurement Manual is not clear on this issue. However, it should be based on the task orders based on historical interpretation by Ms. Hart, the former Chief Procurement Officer. Change orders that fall below the 10% threshold may be approved by the Chief Procurement Officer. Ms. Holcombe stated that change orders to task orders are generally for unforeseen project conditions. A small portion of Public Works' change orders exceed 10% of the initial task order.

The stormwater construction services contract was a line item contract, where City vendors agree to set rates for certain types of goods and services. Per the stormwater team, they try to be as broad as possible in the line item contracts, as they never know what type of unforeseen circumstances/goods/services may be required for certain stormwater capital improvements. As a result, the stormwater construction services contract includes various pass-through item allowances. These pass-through line item allowances include specialized construction services and landscaping allowances. Mr. Petrica indicated that the line items/allowances utilized by the stormwater team for Task Order 25 made sense with the project scope's actual design. Mr. Hemphill stated that Task Order 25 listed playground along with testing under the specialized construction services pass-through line item. This listing did not raise an issue at the time when Ms. Hart approved it according to Mr. Hemphill.

Understanding – City Commissioner Involvement

The City Manager, Chris Lagerbloom, stated that City Commissioners may make inquiries with City staff, but they cannot provide directives to City staff/vendors. The City does not provide specific training for commissioners regarding their interaction with City staff. However, the City Attorney does provide guidance to commissioners regarding their interaction with City staff. City staff indicated that no training or policies and procedures are provided to them regarding interactions with City Commissioners. The City Manager stated that he does not want to be the one to stop/hold up progress on City operations. The City Manager requests that City staff keep him in the loop, but that he likes them to handle commission inquiries like they were him to a certain degree. Mr. Lagerbloom stated that Commissioners may interact with Department Directors and maybe Assistant Department Directors, but no one below the Assistant Department Director level. Mr.

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Lagerbloom also stated that it is okay for Commissioners to ask vendors questions “here or there,” but they should not give direction to the vendors.

Commissioner Sorensen stated that he viewed his role as Commissioner as being an advocate for people and brought matters/concerns to City staff. Commissioner Sorensen stated that there is no formal onboarding process for Commissioners, but he knows the ethics requirements as there is ethics training provided by the City.² Commissioner Sorensen stated that “Commissioners cannot direct staff. Commissioners cannot direct contractors.” Commissioner Sorensen further stated that he “cannot say ‘fix that’”; instead, that type of request must be sent to the City Manager.

Commissioner Sorensen stated that he lives in the Rio Vista neighborhood and that the sewer breaks were a big issue in the City. Commissioner Sorensen was described as full of energy and committed to his district. Commissioner Sorensen was also described as being more engaged on the Rio Vista sewer breaks. The City Manager stated that the City’s sanitation division brought to his attention during the emergency project that Commissioner Sorensen was getting too involved in the emergency project. One of the examples provided related to Commissioner Sorensen interacting/driving around with one of the City’s vendors, Cliff Berry, Inc., during the emergency project. Separately, one City staff stated to us that Commissioner Sorensen “direct[ed] the sewage cleanup.” Mr. Lagerbloom stated that he had a private discussion with Commissioner Sorensen regarding this issue. Commissioner Sorensen stated that he may have had a discussion with the City Manager regarding it, but he could not recall.

Commissioner Sorensen stated that he talked to the Public Works Department staff “pretty regularly.” Commissioner Sorensen further stated that he would meet with someone from Public Works every few weeks and would be in touch with them regularly. Commissioner Sorensen reiterated that his correspondence with Public Works were “inquiries only; just questions.” Commissioner Sorensen indicated that he had no idea regarding the level of communication frequency with City staff, but that it would occur via phone calls, texts, e-mails and in-person.

Mr. Rios, the project manager, indicated that some weeks Commissioner Sorensen would contact him every day and other weeks at least 2 or 3 times per week. This occurred via phone calls, text messages, e-mails and onsite visits. Mr. Verma would also forward e-mails from Commissioner Sorensen to Mr. Rios for him to reply. Mr. Rios confirmed that this was an “unusual” level of involvement. Mr. Petrica noted that Commissioner Sorensen was on the project site “all the time” and that the project was Commissioner Sorensen driven. Mr. Castellon stated that the stormwater team knew that the City Charter prohibits Commissioners from giving direction to staff. Mr. Castellon stated that Commissioner Sorensen did not give him any direction, but he was uncomfortable with the direct communication with Commissioner Sorensen. Commissioner Sorensen would ask for a status update from Mr. Castellon throughout the Rio Vista Restoration Project. Although this was an inquiry from Commissioner Sorensen, Mr. Castellon took it as “get it done.”

² In March 2019 and June 2021, the City Attorney communicated to City Commissioners reminders regarding the City Charter prohibiting “the City Commission from giving direction or orders to City staff” and that “any direction or order for [City] staff to act, except for purposes of obtaining and providing information, should be directed through the City Manager.”

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Mr. Rios noted that Commissioner Sorensen would call about specific items/questions, but the calls would also involve status updates. Mr. Rios stated that he did not receive specific direction from Commissioner Sorensen (i.e., “go fix this”). Instead, Commissioner Sorensen would ask “Can you fix this?” or “Is this something we can do?” Mr. Rios stated that his impression was that it needed to be done and he felt pressure to do so. In response to a later direct question regarding if anyone directly or indirectly pressured him, Mr. Rios subsequently stated that he was “unsure” if Commissioner Sorensen pressured him. Mr. Rios stated that the pressure came from his boss, Mr. Petrica, Mr. Castellon and Mr. Verma. Mr. Rios also stated that Commissioner Sorensen requested that they [Public Works/Hinterland] add additional staffing to the Rio Vista Restoration Project.

Mr. Castellon stated that Public Works had many meetings with the neighborhood residents, Commissioner Sorensen and Mr. Verma. Mr. Castellon further stated that there “was a lot of pushback from [Commissioner] Sorensen and the [neighborhood] residents to [Public Works].” Mr. Rios stated that Commissioner Sorensen met with the Rio Vista neighbors, who provided a lot of feedback to him. Commissioner Sorensen, along with a Rio Vista neighborhood resident, requested that Mr. Castellon “get rid of Hinterland and [to] not give [any] more work” to Hinterland in or around June 2021. Mr. Castellon stated that they could not get rid of Hinterland at that point.

Mr. Rios also stated that the Rio Vista neighborhood wanted their neighborhood better than what it was prior to the sewer breaks. Mr. Rios stated that “no one would tell them [Rio Vista neighborhood] no. Raise the road? Yes. Narrow the road? Yes. Add ramps? Yes. Buy park equipment? Yes.” Public Works “did what [Commissioner] Sorensen wanted them to do.” Mr. Castellon stated that there was one meeting where Commissioner Sorensen and certain Rio Vista neighborhood residents approached the Public Works team onsite, which consisted of Mr. Castellon, Mr. Verma, Mr. Petrica and Mr. Rios. Mr. Verma met with the residents and Commissioner Sorensen. Mr. Petrica and Mr. Rios both recalled this meeting as well. After Mr. Verma concluded the meeting, Mr. Verma added to the project scope. Mr. Castellon stated that it was Mr. Verma’s decision to add to the project scope, but he observed agreement between Mr. Verma and Commissioner Sorensen.

The stormwater team did not observe interactions/meetings between Commissioner Sorensen and Hinterland, the project vendor. Mr. Rios noted that around April 2021, Hinterland’s president, Daniel Duke, relayed to Mr. Rios that Commissioner Sorensen purportedly communicated with Hinterland. Mr. Rios stated that he had “never seen it happen before” where a Commissioner interacted with a vendor. Other City staff indicated that it does happen where a Commissioner interacts with a vendor, but that it is unusual.

Commissioner Sorensen stated that he “never directed [City] staff/[vendors]” on the Rio Vista Restoration Project. Commissioner Sorensen stated that he in “no way” directed City staff to bypass City policies and procedures. Commissioner Sorensen did not have any concerns regarding the project scope/approval as Public Works said they could do it. Commissioner Sorensen further stated that he never pressured City staff/vendors to do anything. Commissioner Sorensen was asked whether given the volume of his correspondence to City staff if City staff could have felt pressured

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by it. Commissioner Sorensen responded “maybe – [I] cannot get in their minds.” Commissioner Sorensen, in response to a separate question regarding City staff direction/pressure, stated that strongly pressuring/directing City staff was “not needed; not allowed. [City] staff put pressure on themselves.” Commissioner Sorensen also stated that in retrospect, the City Manager or Assistant City Manager should have been included in the communications.

Commissioner Sorensen stated that he did have contact with City vendors. When asked what those contacts involved, Commissioner Sorensen stated that these contacts occurred at neighborhood civic association meetings or where he inquired regarding project updates. Commissioner Sorensen recalled that Hinterland did relay that they were having a tough time getting in touch with City staff regarding getting paid and he relayed the information back and forth between Hinterland and Public Works.

Understanding – Public Works Director Overrides

City staff stated the former Public Works Director, Raj Verma, was a hands-on manager. Mr. Verma was also described as having a plan to change the entire Public Works Department. City staff indicated that Mr. Verma had a desire to get the work done. City staff almost uniformly stated that Mr. Verma would say “just get it done” in response to project questions.

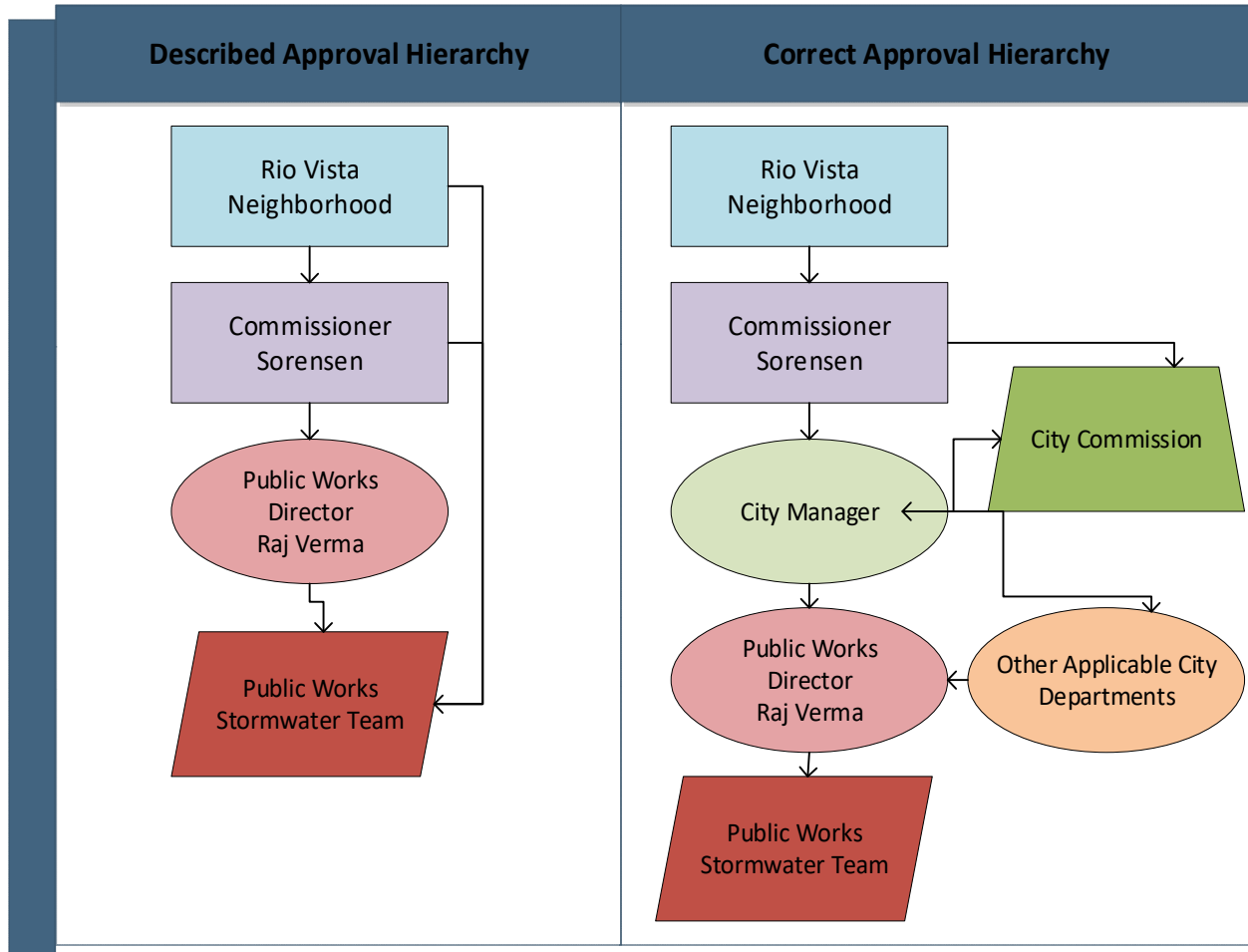
City staff also stated repeatedly that Mr. Verma expressed frustration about the process to get things done and that policies have to change. Mr. Lagerbloom stated that Mr. Verma was dismissive of policies and procedures and believed that following policies and procedures slowed things down. Dr. Gassman stated that Mr. Verma was “cavalier and had a general attitude to just get work done and disregard policies and procedures if they get in the way.” Commissioner Sorensen also noted that Mr. Verma expressed frustration with City policies and procedures.

Mr. Castellon stated that he received an e-mail from Mr. Verma directing him to bypass City policies and procedures.³ Dr. Gassman stated that Mr. Verma “instructed staff to work outside of policies and procedures of the City.” The stormwater team stated that they all questioned Mr. Verma’s direction for scope additions and bypassing policies and procedures. Mr. Verma would reply that the “park went through a lot” so the stormwater team “went above and beyond” for the Rio Vista neighborhood. The stormwater team also stated that there were various internal discussions complaining about all of the changes and the volume of communications from Commissioner Sorensen and the Rio Vista neighborhood residents. Mr. Rios stated that they [the stormwater team] were instructed to handle it by Mr. Verma. Mr. Rios stated that he “felt [Mr. Verma] should have told Commissioner Sorensen no, but he did not. Eventually they [stormwater team] just did what he [Commissioner Sorensen] wanted them to do.” Mr. Castellon described it as Mr. Verma did not provide any other options – “Commissioner Sorensen pushed this.” Dr. Gassman described it as “Commissioner Sorensen wants X, make this happen.” Dr. Gassman stated that Commissioner Sorensen did not pressure her; instead, Mr. Verma raised the priority on staff to respond. Mr. Petrica described to us the apparent approval hierarchy was the Rio Vista neighborhood,

³ It appears Mr. Castellon was referring to a June 2021 “after the fact” e-mail from Mr. Verma.

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Commissioner Sorensen and then Mr. Verma. A summary of the described approval hierarchy versus the appropriate approval hierarchy is presented in the below flow chart.



Mr. Lagerbloom stated that he was unaware that Mr. Verma had bypassed City policies and procedures until the City Finance Director, Susan Grant, brought it to his attention in June 2021. Mr. Lagerbloom referenced an e-mail from Mr. Verma in June 2021 in which Mr. Verma stated that following City policies and procedures and doing the work became impossible. Mr. Lagerbloom also stated that he was unaware of Commissioner Sorensen’s purported involvement in the Rio Vista Restoration Project and unaware that Mr. Verma could not “rein in citizens and Commissioner Sorensen.” Mr. Verma did not inform him of these issues. Mr. Lagerbloom indicated that he knew the Rio Vista neighborhood was energized and involved in the community, but that it was nothing new. Mr. Lagerbloom stated that he questioned Mr. Verma regarding these issues in June 2021. Per Mr. Lagerbloom, Mr. Verma was dismissive of his questions and said “Well Chris, you know how the Commissioners are...” Per Mr. Lagerbloom, he told Mr. Verma that their “job is to push back when needed” and Mr. Verma replied that “you know how this goes.”

Finding 3

Supporting Documentation Analysis – Renewal/Change Order Interpretations

The City's procurement ordinance requires that the City Commission approve contracts equal to or greater than \$100,000. In June 2017, the City Commission (CAM 17-0642) approved the contract award for the stormwater construction services contract in the estimated aggregate amount of \$4,500,000. The City Commission also authorized the Chief Procurement Officer, as the City Manager's designee, to approve two, one-year renewal options contingent upon fund appropriation.

In May 2018, the City Commission (CAM 18-0423) approved an award increase to the stormwater construction services contract of \$2,000,000. This was due to the use of the stormwater construction services contract by other departments and the original award of \$4,500,000 being exceeded after the first contract year. The Chief Procurement Officer administratively renewed the stormwater construction services contract in 2019 and 2020. In the administrative renewals, the Chief Procurement Officer also approved renewal contract award increases totaling \$6,500,000 (\$4,500,000 contract award + \$2,000,000 contract increase) for 2019 and 2020. The renewal contract award increases were not directly approved by the City Commission.

The stormwater construction services contract does not have an award amount listed due to it being a line item/unit price contract. The stormwater construction services contract provides that "any increase to the contract price shall be executed through an amendment to [the] agreement and approved by the City Commission." It further provides that "should the cumulative amount of the executed task orders exceed the contract price, a contract amendment must be approved by the City Commission authorizing additional funding for this contract."

Per the City's Procurement Ordinance and Procurement Manual, the Chief Procurement Officer is authorized to issue change orders increasing a contract price awarded by the City Commission up to 10% cumulatively. If the cumulative change orders exceed 10% of the contract price awarded by the City Commission, the change order must be approved by the City Commission. As previously indicated, the City has historically interpreted that the 10% change order threshold is based on task orders not the contract. This interpretation does not appear to align with the City's procurement policies and procedures. The City's Procurement Manual only addresses continuing contracts and task orders under Architectural and Engineering Professional Services Solicitations, which would not apply to the stormwater construction services contract.

Supporting Documentation Analysis – Contract Interpretation

As previously indicated, the stormwater construction services contract was utilized for the Rio Vista Restoration Project. The use of the stormwater construction services contract for this project was approved by Mr. Verma and Ms. Hart. The stormwater construction services contract, as its name implies, was intended only for stormwater capital improvement projects. This is supported by the contract, the bid solicitation and the Commission Agenda Memorandum.

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For example, Bid Item # 377 under the stormwater construction services contract was a pass-through cost item for specialized construction activities. The description for this bid item included full compensation for miscellaneous labor and equipment needed during construction, which was not specifically covered by other bid items in the contract. The Public Works Department and the Procurement Services Division interpreted that, based on the bid item description, the Virginia S. Young Park playground equipment was specialized construction activity. This is supported by the below e-mail excerpts.

June 14, 2021: Mr. Verma to various City personnel including Mr. Hemphill, Penelope Burger, Rhonda Hasan, Ms. Grant, Glynis Burney and Alain Boileau
“According to the PW PMs [Public Works Project Managers], although it is theoretically a ‘stormwater’ contract, there are many other allowable items.”

September 1, 2020: Ms. Hart to Mr. Petrica and other City personnel including Mr. Verma and Mr. Hemphill

“A Prime or Sub can only be used for the scope covered in the contract. If the contract for structural bridge consulting services does not include a scope that would be applicable for the [seawall] work we need, then it doesn’t matter if the contractor is capable to do the work we want. The scope of the contract needs to align to the scope of the work.

I am not a Subject Matter Expert to know what contracts we have that would cover the seawall work that you would like performed. If the scope of the annual civil consultants contracts includes seawalls, then having this vendor as a sub of an awarded Prime would be a way of accomplishing [the] contracting.”⁴

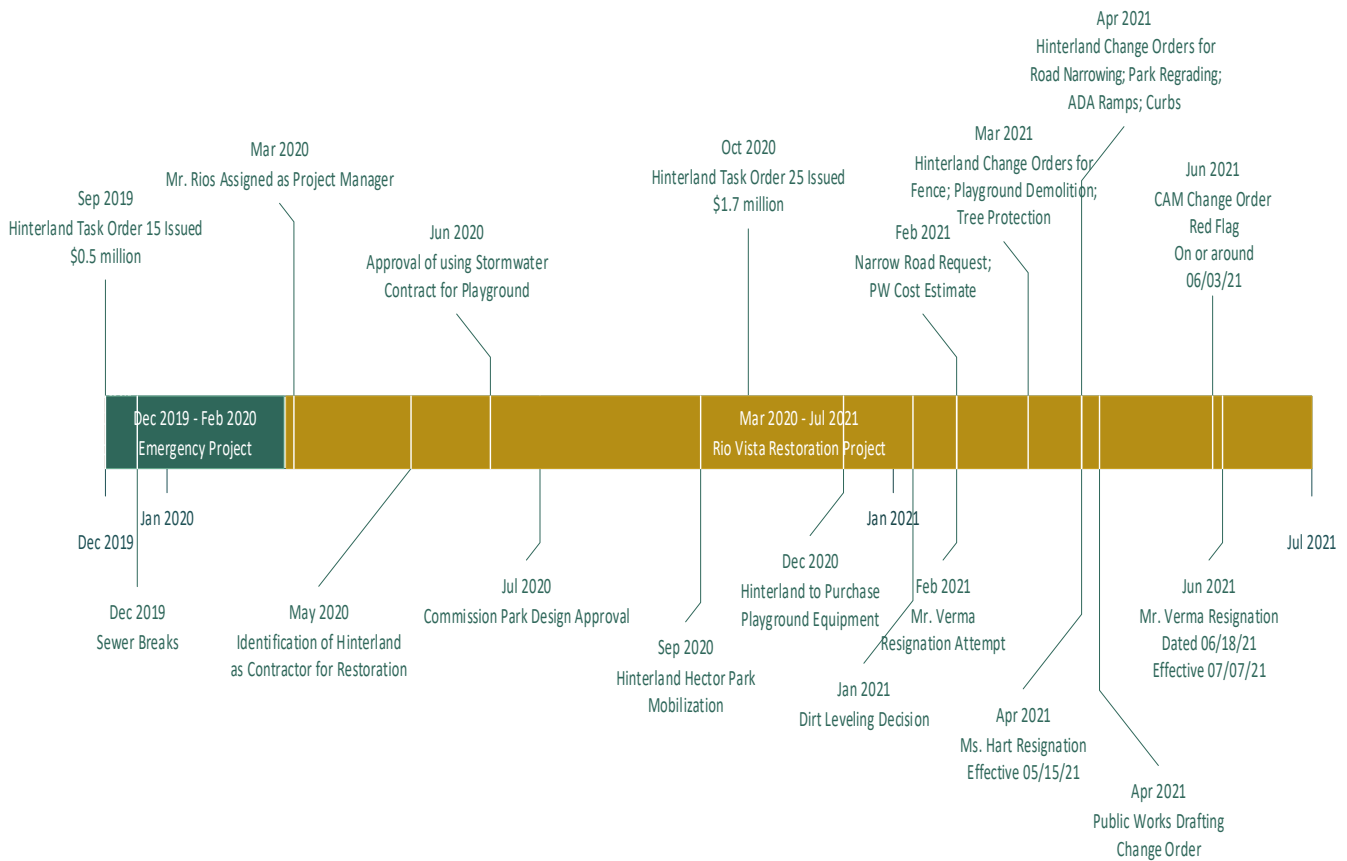
It does not appear that the line item scope interpretation was limited to the Rio Vista Restoration Project. In September 2017, the City Commission (CAM 17-0889) approved an award increase to the stormwater construction services contract for DP Development of the Treasure Coast, LLC. Per the Commission Agenda Memorandum, the award increase related to construction services at the Fort Lauderdale Executive Airport. Specifically, the outlined scope of work for this project included milling and resurfacing two inches of runway asphalt and leveling the new runway asphalt surface. The scope of work for this project does not appear to be stormwater related based on the available information. Interviews and e-mail correspondence with/by Mr. Hemphill and Ms. Grant confirmed that these broad and/or conflicting interpretations were not limited to the Rio Vista Restoration Project.

⁴ It should be noted that based on the available correspondence, it appears that here the Public Works Department and Procurement Services Division were reviewing the contract line items not the overall contract scope.

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Supporting Documentation Analysis – Additional Scope

The Rio Vista Restoration Project’s scope changed continually throughout the review period. A timeline of the project and the project scope changes are presented below.



As outlined above, the original task order (Task Order 25) for the Rio Vista Restoration Project was issued in October 2020. The task order was approved by various staff levels in the Public Works Department and the Procurement Services Division. Approvers included Mr. Rios, Mr. Castellon, Ms. Holcombe, Shannon Barrett, Maria Santiago, Kimberly Smith, Aneisha Daniel, Mr. Hemphill and Ms. Hart. Task Order 25 project scope included parks restoration, water main replacement, water services, asphalt paving, curb, sidewalk and landscape restoration. The total task order amount was \$1,717,817.

In July 2020, the City Commission (CAM 20-0501) approved the Parks, Recreation and Beaches Advisory Board’s Recommendation to utilize a portion of the City’s \$200 million general obligation bonds for rehabilitating Hector Park and Virginia S. Young Park. The City Commission approved the park designs but did not approve any costs. Virginia S. Young Park was allocated \$331,500 in park bond monies for new playground equipment including shade tents and lighting, parallel parking, picnic tables, benches, new sod, etc. Hector Park was allocated \$74,500 in park bond monies for new trees, picnic tables, benches, new sod and a new irrigation system.

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Task Order 25 was ultimately funded by three separate funds. These funds included roadway (\$884,440), central region water/sewer fund (\$439,337) and the park bonds [\$394,040 (Hector - \$72,307; Virginia S. Young - \$321,733)]. It appears that the Public Works Department knew that Task Order 25 did not have sufficient funds allocated to it prior to the issuance of the task order. This is supported by the below e-mail excerpts.

October 28, 2020: Relevant portion of e-mail series between Mr. Verma and Mr. Rios with other Public Works personnel copied.

FR: "My understanding is that we would need additional funds from Parks to make up the difference. I'm waiting on Hinterland to summarize the additional funds that we need, most of it is due to the playground cost, which was initially estimated at \$200,000, but they also had to add the cost of the tree protection, arborist, and the safety fence. The total additional cost is probably going to be around \$230,000 to \$250,000. If you don't have any objections, we can reach out to Enrique/Phil [Parks & Recreation] to request the additional funds once we have the actual amount from Hinterland."

RV: "Are these expenses over and beyond the original estimate?"

FR: "We have already used/encumbered \$394,040 for the parks portion on the executed task order [Task Order 25], which doesn't include the costs I mentioned below [above]."

This is in part due to the Public Works Department not properly planning for this project and prioritizing getting the project done. This is supported by a June 2020 e-mail from Mr. Verma stating that the Public Works Department would undertake the playground equipment demolition in-house. The Public Works Department ultimately requested that Hinterland perform the playground equipment demolition work, which was not planned for in Task Order 25. The task order also allotted only \$200,000 for the playground equipment replacement at Virginia S. Young Park, based on initial estimates prepared by Mr. White. The Public Works Department switched back and forth between the City purchasing the playground equipment and Hinterland purchasing the playground equipment. Ultimately, the stormwater team requested that Hinterland purchase the playground equipment. The order estimate for the playground equipment obtained by Hinterland in January 2021 totaled \$402,970.51, which is more than double the City's initial estimate. By having Hinterland purchase the playground equipment, sales tax totaling \$19,167.37 was assessed on the playground equipment and included in the Hinterland order estimate.

Based on the supporting documentation analyzed and interviews with City personnel, the Public Works Department requested that Hinterland perform additional scope/work not outlined in Task Order 25. The additional scope/work included fencing, park regrading, demolition of playground equipment, tree protection, road narrowing, raising of a road, watermain valves, temporary asphalt, lights, parking spaces, curbing and ADA ramps. As previously delineated in this report, Mr. Verma directed the stormwater team to wait on preparing a change order until the end of the project. Mr. Rios noted that Hinterland agreed to this approach.

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It should be noted that Hinterland submitted several change orders during early 2021 to Mr. Rios regarding these scope changes. Hinterland also requested confirmations from the stormwater team that the scope changes were approved. This is supported by the below e-mail excerpts.

April 23, 2021: E-mail series between Mr. Rios and Hinterland (Nelson Bello and other Hinterland personnel)

NB: "Per our field meeting this morning, we will be milling 1.5" on S Rio Vista Blvd and SE 10th Street as per the marked area on the attachment and paving two ¾" lifts. We will be issuing a change order for the proposed work. Please confirm that we [are] authorized to continue as discussed."

FR: "Please proceed."

May 5, 2021: Mr. Rios to Hinterland (Charles Emering, Daniel Duke, Chase Rogers, Jay Breig and Nelson Bello)

FR: "I agree that the Hector Park grading/berms, is new scope of work."

In or around April 2021, the Public Works Department started preparing a change order for the Rio Vista Restoration Project/Task Order 25. The change order went through numerous internal revisions. These revisions included increased change order amounts and language describing the change order. In its final, unapproved version, the change order totaled \$871,486.50, which increased the Rio Vista Restoration Project cost to \$2,589,303.50.

A large portion of the change order values were labeled as pass-through line items/allowances with minimal descriptions. Specifically, item number 377 totaled \$323,630. Per the supporting information, this pass-through line item/allowance included amounts/charges for an engineering firm, overtime/weekend charges and expediting fees. The stormwater team with Mr. Verma's approval agreed to these charges. However, several of these items were not eligible line items under the stormwater construction services contract.

It should be reiterated that the City did not approve this change order. The City made various payments to Hinterland for the Hector Project (Task Order 15) and the Rio Vista Restoration Project (Task Order 25). These payments totaled \$527,020.00 and \$1,527,525.90 for Task Order 15 and Task Order 25, respectively.

Supporting Documentation Analysis – Communications/Approvals

CRI analyzed various forms of electronic data related to certain City personnel involved in the Rio Vista Restoration Project. This included, but was not limited to, e-mails, Microsoft Teams messages, text messages and phone records. CRI noted that certain City personnel receive cell phone allowances from the City and utilize their personal cell phone for City business. CRI also noted that Commissioner Sorensen routinely utilized his personal cell phone for City business even though he is issued a City cell phone. Commissioner Sorensen offered for CRI to forensically examine his personal cell phone and retrieve City related data. This was ultimately not considered necessary based on our interviews with City personnel and other data obtained during our investigation. Commissioner Sorensen later provided various correspondence from his personal cell phone/e-mail that he identified during his review of his communications.

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The correspondence provided by Commissioner Sorensen from his personal cell phone included correspondence related to City business. The correspondence included text messages, e-mails and WhatsApp messages. These communications were not provided by the City in relation to our document requests and the City was unaware of the existence of these communications. It is unknown/unclear whether all City related communications on Commissioner Sorensen’s personal cell phone were retained for public records retention purposes.

CRI identified numerous, frequent communications between the stormwater team including Mr. Verma and Commissioner Sorensen as well as Rio Vista residents. The level and frequency of communication supports the statements previously delineated in this report made by the stormwater team during their respective interviews. A summary of the available phone call records (December 2020 through August 2021) between applicable Public Works Department personnel and Commissioner Sorensen is presented in the below table.

City Employee	Desk Phones	Cell Phones	Total
Marie Pierce, Stormwater Operations Manager	2	-	2
Dr. Nancy Gassman, Assistant Public Works Director	1	-	1
Talal Abi-Karam, Assistant Public Works Director	-	-	-
Fransisco Rios, Project Manager II	5	35	40
Daniel Duke, Hinterland	-	2	2
David Mancini, Jr.	-	6	6
Elkin Diaz, Senior Project Manager	-	4	4
Raj Verma, Former Public Works Director	-	32	32
Victor Carosi, Assistant Public Works Director	-	1	1
Rares Petrica, Senior Project Manager	7	15	22
Omar Castellon, Chief Engineer	2	9	11
Total Calls	17	104	121

CRI identified numerous e-mail messages from Commissioner Sorensen to certain Public Works Department personnel during the review period. A large portion of Commissioner Sorensen’s e-mails to the relevant Public Works Department personnel were phrased in the form of a question. These e-mails included where Commissioner Sorensen forwarded communications from Rio Vista residents to the stormwater team and requested that the stormwater team address the Rio Vista resident’s questions/issues. A high-level summary of relevant e-mail communications between Commissioner Sorensen and the stormwater team are presented in Schedule A of this report. It should be noted that these e-mail communications were voluminous and this schedule presents only a sample of the communications.

During our interview with Commissioner Sorensen, Commissioner Sorensen was provided copies of certain e-mails referenced in this report. Commissioner Sorensen was inquired regarding how he viewed these communications and whether the communications arose to the level of directing City staff. Commissioner Sorensen reviewed these selected e-mails and stated that he was asking questions of City staff. He stated that maybe there is a grey area between inquiry and direction, but

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his intention was inquiry. As previously indicated, Commissioner Sorensen stated that he never pressured City staff/vendors to do anything. Commissioner Sorensen was asked whether given the volume of his correspondence to City staff if City staff could have felt pressured by it. Commissioner Sorensen responded “maybe – [I] cannot get in their minds.” Commissioner Sorensen in response to a separate question regarding City staff direction/pressure stated that strongly pressuring/directing City staff was “not needed; not allowed. [City] staff put pressure on themselves.”

Based on our interviews with the stormwater team, the stormwater team believed that Commissioner Sorensen’s “inquiries” were implied directives, even though they were phrased in the form of a question. The below e-mail excerpt is an example of how City personnel interpreted Commissioner Sorensen’s “inquiries.”

June 3, 2021: Commissioner Sorensen to Residents, Mr. Petrica, Sayd Hussain, Mr. Verma, Mr. Rogers and Jill Prizlee.

Commissioner: “Yes, we will work on this. Rares, Sayd and Team, Can we have SE 2nd Court fixed/repaved?”

Ms. Prizlee: “FYI. 1)Alleyway; 2)Directive from Commissioner”

Various e-mails from Commissioner Sorensen to the stormwater team appear to be providing specific direction to the stormwater team. These e-mails include, but are not limited to, the following e-mails (the e-mails are summarized more fully on Schedule A of this report).

- June 17, 2020 – “Can we remove this boom?”
- January 7, 2021 – “When can the dirt be leveled?”
- January 16, 2021 – “Francisco will make sure this can work.”
- April 23, 2021 – “I would like it to be an individual choice for each homeowner. Can you confirm?”

There were also various e-mails and text messages from Commissioner Sorensen reflecting that Commissioner Sorensen provided direction to City vendors. Excerpts from these communications are presented below.

- November 30, 2020: Commissioner Sorensen to David Mancini, Jr. – “There are detour signs on the SE corner of Federal Highway and SE 7 Street. Can you remove those?”⁵
- January 14, 2021: Commissioner Sorensen to Rio Vista Residents and the stormwater team – “I was at Hector Park yesterday meeting with Jimmy with Hinterland...I would like the water main and the stormwater pipe done at the same time but we are waiting on further engineering work for the stormwater pipe...I will have the contractor [Hinterland] move them [excavated materials] further away from the fence so the material doesn’t spill over onto the roadway.”

⁵ Commissioner Sorensen was shown this text message during his interview. Commissioner Sorensen stated his intention was asking the vendor a question as he didn’t know whether or not the signs were the contractor’s or someone else’s.

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In October 2020, Commissioner Sorensen from his personal cell phone texted the City Manager regarding a fine issued by the City to Hinterland. The relevant text message excerpts are presented below.

October 25, 2020: Commissioner Sorensen to Chris Lagerbloom

CS: "Hinterland is the contractor doing work at Hector Park in Rio Vista. They got fined by the City. Can we forgive that fine? They feel they were allowed to dewater the way they were doing. The court case or something is tomorrow."

CL: "Will address tomorrow. They should not be contacting you. That is a huge problem - maybe unethical. Don't get yourself in a pickle. Send them to public works. It's a cutthroat business and Johnson would love to know Hinterland is contacting you directly. Just want you to protect yourself. I'm consistently getting nasty letters from that industry on who we call, who we call first, who we call second and why we chose one versus another."

CS: "Got it. Thanks"

It should be noted that Commissioner Sorensen communicated with Daniel Duke, president/owner of Hinterland, regarding payments from the City and the unapproved change order in the months following the above exchange. In a series of text messages provided by Hinterland, Commissioner Sorensen texted Mr. Duke that "it [Task Order 25 change order] is approved. I get 10 questions a day about the parks so the more info I have the better."

Many of the scope changes for the Rio Vista Restoration Project were generated by requests from the Rio Vista neighborhood. These requests were generally routed to Commissioner Sorensen, who elevated the requests to the stormwater team and Mr. Verma. As aforementioned, the stormwater team indicated that the residents and Commissioner Sorensen were pressuring the stormwater team and Mr. Verma regarding the Rio Vista Restoration Project. In an April 2021 e-mail, Mr. Verma stated that they were "under [a] lot of pressure to get this project completed." Based on the available information, Mr. Verma acquiesced to these requests and directed the stormwater team to add the requested additional scope items to the project. This is supported by the following e-mail excerpts:

February 21, 2021: Series of e-mails between Mr. Verma and Commissioner Sorensen as well as the stormwater team and Rio Vista residents.

CS: "We have alignment among the impacted neighbors - that they do not want parking spaces at the park. Raj, Rares and Francisco, Sorry for this change. Can you remove the parking spaces on the south side of Hector Park? Thank you very much!"

RV: "Commissioner Sorensen: As requested, we will remove the parking spaces from the park."

April 29, 2021: Mr. Verma to Mark Williams as well as stormwater team and other City personnel

"If you're satisfied that contractor has a valid reason, we'll continue to move forward. My goal is to get out of there ASAP. I'm prepared for any fallout. Can't afford to get into a contest with contractor at this point and get into a lawsuit situation. [Francisco]: Please monitor this aspect as best as you can."

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June 4, 2021: Mr. Verma to Ms. Grant and other City personnel

"I am assuming that our conversation after this email went out was helpful. To summarize, the original scope changed significantly (changed every week). There were multiple sub-projects with multiple funding sources in the same area. Following the correct process became impossible due to events beyond staff's control. Most importantly, the deadline of water consent order had to be complied with. All work was done with my approval. Staff simply followed my directions. I had a deadline to meet and move on to other more important projects."

April 5, 2021: Mr. Verma to Commissioner Sorensen and other City personnel including Mr. Lagerbloom and Alain Boileau

"Good afternoon Commissioner: While there is some merit to Fred's comments, with respect, I must disagree. **If we were to follow the full blown process, the project would still have been in the design phase. I have always maintained that certain things would be lacking and missing, which we could reconcile later. Trying to coordinate water, stormwater and sewer projects along with the design changes has been very challenging. There are permitting and contractual limitations that the staff cannot overlook. Our goal has been and continue to be to finish the critical elements first and then make other adjustments.** The landscaping plans were prepared by Tom White, City's landscape architect. We are making alternate arrangements based on the needs and priorities. Hope to have new resources in June 2021." (emphasis added).

As previously indicated, Mr. Verma expressed frustration with the City's policies and procedures. In February 2021, Mr. Verma handed a resignation letter to Mr. Lagerbloom, which he later rescinded. Mr. Verma ultimately resigned on or around June 18, 2021 with July 7, 2021 as his effective termination date. In his resignation letter, Mr. Verma provided his criticisms of the City including the "demanding (and many times unrealistic) expectations of the Community and Commission."

During our review, we also noted the following e-mail excerpt between Ms. Hart and Ms. Holcombe regarding paying a vendor. This e-mail appears to suggest that the City may not have complied with its policies and procedures in relation to other projects.

March 10, 2020: Series of e-mails between Ms. Hart to Ms. Holcombe and other City personnel

JH: "Where are we at with getting a po [purchase order] [for] the Rio Vista emergencies?"

KH: "We have the requisitions started in BSO, however funding is not available until the 3/17 Commission consideration of the necessary budget amendment."

JH: "How can we get creative? The vendor should not have to wait until commission. They have already provided the service. Can we juggle in the meantime?"

Finding 4

Internal Control Override Analysis – Public Works Director

The City's policies and procedures state that "no officer of the city shall, except in cases of emergency as specified herein, issue any oral or written purchase order, contract, or conduct open market purchases in any manner unless specifically authorized by this article." The City's policies and procedures further defines an unauthorized purchase as "any item(s) or service(s) that is purchased in a manner that is inconsistent with this article or the Procurement Manual, including any item or service that is: Purchased without sufficient funds; Splitting orders, [etc.]." Based on the foregoing information, it is clear that Mr. Verma knowingly overrode the City's policies and procedures on the Rio Vista Restoration Project. Mr. Verma knowingly directed the stormwater team to bypass the City's policies and procedures as well. It does not appear that Mr. Verma maliciously overrode the City's policies and procedures or received a personal benefit from these overrides.

In certain correspondences, the City Manager and other City personnel were copied regarding additions to the project's scope. These personnel have indicated that they were unaware of Mr. Verma's direction to override City policies and procedures. Due to the minimal amount of correspondence that these individuals were copied on in relation to the internal control overrides, it is unlikely that these individuals were aware of the internal control overrides at the time.

During our review of the Public Works Director's electronic data, we noted various admonishment to various Public Works personnel regarding their contacting/involving other departments, like Procurement, without discussing with Mr. Verma first. Mr. Verma also regularly expressed frustration with the City's policies and procedures to Public Works personnel and others within and outside the City. Although Mr. Verma may have had well-intended purposes behind these admonishments and expressions of frustration, it may have also caused a failure or a poor "tone at the top" in the Public Works Department. Per the National Commission on Fraudulent Reporting, the "[t]one at the top refers to the ethical atmosphere that is created in the workplace by the organization's leadership. Whatever tone management sets will have a trickle-down effect on employees of the company. If the tone set by managers upholds ethics and integrity, employees will be more inclined to uphold those same values. However, if upper management appears unconcerned with ethics and focuses solely on the bottom line, employees will be more prone to commit fraud because they feel that ethical conduct is not a focus or priority within the organization. Employees pay close attention to the behavior and actions of their bosses, and they follow their lead. In short, employees will do what they witness their bosses doing." The National Commission on Fraudulent Reporting has also determined that the tone at the top has a significant role in creating an anti-fraudulent or fraudulent atmosphere.

We noted various e-mails where the stormwater team also expressed frustration with the procurement process. These frustrations, combined with the lack of reporting internal control overrides or refusal to override internal controls, supports the determination that there was a failure in the "tone at the top" of the Public Works Department. Certain City personnel indicated that the City's policies and procedures are adequate and there was just a failure to follow policies and procedures by certain City personnel.

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Mr. Verma also in effect created an opportunity for Commissioner Sorensen to direct City personnel. This opportunity was in part created by Mr. Verma continually directing his staff to directly correspond with Commissioner Sorensen. It also appears that Mr. Verma did not intervene or request the City Manager to intervene in Commissioner Sorensen's involvement when the stormwater team complained about the level of correspondence from Commissioner Sorensen.

Internal Control Override Analysis – Commissioner Directives

The City Charter governs the roles, responsibilities and prohibitions of the City Commission and the Charter Officers. Specifically, Section 3.07 of the City Charter states the following:

“Neither the city commission nor any of its members shall direct the appointment of any person to office or employment by the city manager, or in any manner prevent the city manager from using his or her own judgment in selecting those officers or employees which he or she is entitled to appoint or select under provisions of this charter, and the civil service system rules and regulations. **Except for the purpose of inquiry, the commission and its members shall deal with the administrative service solely through the city manager, and neither the commission nor any member thereof shall give orders to any subordinates of the city manager, either publicly or privately.**” (emphasis added).

Section 6.06 of the City Charter further provides the following:

“Neither the city commission, any of its committees, nor any of its members, individually or collectively, shall direct the appointment of any person to, or removal from, office by the city manager or any of the manager's subordinates, or in any manner, directly or indirectly, take part in the appointment or removal of any officer or employee in the classified or nonclassified service of the city except as provided in section 6.02 of this article. All inquiry dealing with any portion of the classified or nonclassified service of the city shall be with the city manager, except with regard to assistant city clerks, assistant city auditors, and except with regard to commission assistants, **neither the city commission nor any member thereof shall give any orders to any subordinate or officer of the city, either publicly or privately, directly or indirectly. Any violation of the provisions of this section by a member of the city commission shall be grounds for removal from office.**” (emphasis added).

Based on the foregoing information, certain communications from Commissioner Sorensen to the stormwater team by themselves appear to be Commission inquiry only. However, based on the volume and frequency of Commissioner Sorensen's communications with the stormwater team, even when put in the form of an inquiry, Commissioner Sorensen in effect directed City staff during the Rio Vista Restoration Project. In addition, other communications from Commissioner Sorensen do not appear to be mere inquiries, but instead provide direction to City personnel and City vendors. This direction appears to be contrary to the City Charter. It does not appear that Commissioner Sorensen gave such direction with malicious intent nor did he receive monetary benefits related to the Rio Vista Restoration Project.

Conclusion

Based on the aforementioned observations and findings, the City should consider implementing the following recommendations for improving its internal controls:

1. Change Order Approvals

Finding: There appears to be inconsistencies regarding the City's interpretation of its procurement policies and procedures as they relate to change orders and task orders.

Effect: The City may not be in compliance with its policies and procedures.

Recommendation: The City should review its procurement policies and procedures for clarity. The City should provide additional training to relevant personnel regarding change orders and task orders.

2. Continuing Contracts

Finding: The City appears to have taken conflicting interpretations regarding the administrative renewal of its continuing contracts and whether the administrative renewal provides for additional funding without City Commission approval.

Effect: The City may be awarding additional funds to continuing contracts without proper approval.

Recommendation: The City should review its procurement policies and procedures as well as its contracts for clarity regarding administrative contract renewals. The City should provide the relevant personnel with training regarding any changes to its interpretation.

3. Commission Inquiries

Finding: A City Commissioner directed City personnel and City vendors.

Effect: The City may not be in compliance with its City Charter.

Recommendation: The City should provide additional guidance to the City Commission and City personnel regarding what is considered appropriate inquiries and interaction with lower level staff.

4. Tone at the Top

Finding: There was a failure in the tone at the top of the Public Works Department.

Effect: The poor tone at the top in part resulted in overrides to City policies and procedures.

Recommendation: The City should provide appropriate guidance including whistleblower provisions to its personnel regarding reporting potential internal control overrides.

5. Public Records

Finding: The City was unaware of the existence of certain communications by Commissioner Sorensen related to City business.

Effect: The City may not be in compliance with Florida Statutes regarding public records retention.

Recommendation: The City should review its policies and procedures related to public records retention for adequacy and provide appropriate training, where necessary.



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Based upon the foregoing information, the former Public Works Department Director, Raj Verma, knowingly overrode the City's policies and procedures on the Rio Vista Restoration Project. Mr. Verma directed Mr. Castellon, Mr. Petrica and Mr. Rios to bypass/override the City's policies and procedures as well. These individuals did not report these internal control overrides. These overrides were in part caused by Commissioner Sorensen's direction of certain City personnel and certain City vendors. Mr. Verma did not address Commissioner Sorensen's direction and/or did not report this issue to the City Manager.

These failures/overrides allowed unapproved/unauthorized additions to the Rio Vista Restoration Project's scope. Mr. Verma's actions and inactions also created a poor "tone at the top" within the Public Works Department. The City was unaware of certain communications from Commission Sorensen related to City business that appeared to be stored on Commissioner Sorensen's personal cell phone. As such, the City may not be retaining certain City records in accordance with Florida Statutes on public records retention.

The City has taken broad or conflicting interpretations on the administrative renewal of master contracts as well as the uses of master contracts. This appears to have included administratively renewing contracts for additional funds not clearly authorized by the City Commission. The City has also utilized line item master contracts for unrelated projects not included in the master contract scope. The interpretations appear to have occurred from prior City administrations and the City has utilized these interpretations as the basis for some of its procurement decisions.

City Management reviewed and concurred with CRI's recommendations, which are delineated in this report. Per the City Manager, the City is taking the necessary steps to implement these recommendations. The City has also hired a new Public Works Director, who will focus on creating an ethics driven organizational culture.

Supplementary Information

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Schedule A - Summary of Relevant Communications

Date	From	To	Applicable Correspondence (Emphasis in Bold)
04/06/20	Commissioner Sorensen	Raj Verma and Resident	Raj, Grande Drive east of Eisenhower - water project - Port Watermain Project. Can you give us an update?
04/06/20	Raj Verma	Commissioner Sorensen; Resident; and, Omar Castellon	Omar: Please provide an update. Thanks Raj
06/17/20	Commissioner Sorensen	Raj Verma; Dr. Nancy Gassman; and, Rio Vista Resident	Raj and Nancy, Can we remove this boom? Thank you. Ben
07/01/20	Commissioner Sorensen	Rio Vista Residents; Raj Verma; and, Dr. Nancy Gassman	Let's check on these items. Raj, Nancy and Anthony, Can you help with or point us in the right direction for Mary's questions? We have been trying to get her sidewalk fixed since the beginning of the year. Her sidewalk was broken in multiple pieces and removed due to the work on the sewage break. Thank you!
07/23/20	Commissioner Sorensen	Raj Verma	Forwarded Rio Vista Resident e-mail regarding sidewalk and road repairs.
07/29/20	Commissioner Sorensen	Francisco Rios; Rio Vista Residents; and, David Mancini, Jr.	City Team and David, Can you give us your feedback to Beth's questions?
07/29/20	Raj Verma	Commissioner Sorensen; Francisco Rios; Omar Castellon; and, Thomas White	Except for Tarpon River cleanup/dredging question, please provide Beth a timeline. May be we can put the timeline on our webpage. For that, please have Omar coordinate with Chaz.
07/29/20	Commissioner Sorensen	Rio Vista Resident and Raj Verma	Thank you for your email. We will immediately look into this. Raj, Can you please see below?

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Date	From	To	Applicable Correspondence (Emphasis in Bold)
09/28/20	Commissioner Sorensen	Raj Verma; Dr. Nancy Gassman; and, Rio Vista Resident	Hi Raj and Nancy, Can you look I to the below? Thanks Hey Ben, just FYI there is a lot of nasty looking water in the Tarpon just east and west of the 9th ave bridge, don't know if it is from construction in hector park.
10/13/20	Commissioner Sorensen	Christina Currie; Francisco Rios; Raj Verma; Omar Castellon; Thomas White; and, Rio Vista Residents	Team, I just had a good talk with Francisco and it sounds like we will be able to have the trees protected with the guidance of the city arborist this week. Ben
10/21/20	Commissioner Sorensen	Dr. Nancy Gassman; Francisco Rios; Rares Petrica; Marie Pierce; and, Rio Vista Resident	Thanks. We will look into this. Nancy and Francisco, Can you please see below?
10/21/20	Dr. Nancy Gassman	Commissioner Sorensen; Francisco Rios; Rares Petrica; Marie Pierce; and, Rio Vista Resident	Stormwater Operations inspectors will be reviewing the situation today. By his email, Commissioner Sorenson has also asked Engineering to review construction projects in the area.
10/21/20	Francisco Rios	Commissioner Sorensen; Dr. Nancy Gassman; Rares Petrica; Marie Pierce; and, Rio Vista Resident	The contractor working on Hector Park will send a crew crew to check the storm drains as soon as possible. If they have to remove any erosion control devices to make sure the houses don't get flooded, they will do so, and they will install them back after the flooding has subsided.
10/24/20	Commissioner Sorensen	Raj Verma; Ben Rogers; and, Christina Currie	Ben and Raj, Can you give me an update on what I think was a new water pipe that was installed across SE 7th Street between Federal Highway and 616 SE 7 Street? I think the work is done and now it needs to get paved. Thanks! Ben

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Date	From	To	Applicable Correspondence (Emphasis in Bold)
10/24/20	Commissioner Sorensen	Christina Currie; Raj Verma; Phil Thornburg; and, Francisco Rios	Let's get an update from Phil and Francisco. Phil, Raj and Francisco, Can you help with Whitney's question and give us an update on Virginia Young Playground progress? Thank you. Ben
10/25/20	Greg Chavarria	Chris Lagerbloom; Ben Rogers; Raj Verma; Tarlesha Smith; and, Commissioner Sorensen	Good evening Commissioner Sorensen: Staff followed up on the inquiry from the Hinterland Group citation that took place this past week. We came to know that the citation was made by our PD for the contractor not violating local ordinance. We were prompted to take action due to a Facebook video post reported by the public. Below is a copy of the citation detail that specifies negligence of not having a weeping bag for the dewatering process. The contractor did not follow process and should know about this local ordinance requirement. Staff feels that citation is fair and just. The citation is local and no other agency is involved. Please let us know if you have any further questions.
11/13/20	Commissioner Sorensen	Francisco Rios	Hi Francisco! Is Hinterland able to start construction on the park on Monday? Thanks! Ben
12/13/20	Commissioner Sorensen	Resident; Raj Verma; and, Ben Rogers	I am sorry about this. Raj and/or Ben, Could you please help me? Thank you. Ben
12/13/20	Raj Verma	Resident; Ben Rogers; Commissioner Sorensen; Omar Castellon; and, Alex Torres	Sure Commissioner. Copying Omar and PM, Alex. Thanks Raj

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12/16/20	Commissioner Sorensen	Rio Vista Resident; Christina Currie; and, Omar Castellon	Thank you for all of your patience in dealing with all of this. Omar, Can you give us an update and also give us an idea of when Ponce De Leon might be paved? Thank you. Ben
01/07/21	Commissioner Sorensen	Rio Vista Residents; Raj Verma; and, Omar Castellon	Thanks so much for these additions and sharing the concern about the dirt mountains. Raj and Omar, When can the dirt be leveled? Thank you. Ben
01/07/21	Raj Verma	Omar Castellon; Francisco Rios; and, Victor Carosi	Can we have temporary asphalt until we are ready to mill and pave the whole road? It would be a CO but that would be fine. Thanks

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Date	From	To	Applicable Correspondence (Emphasis in Bold)
01/14/21	Commissioner Sorensen	Rio Vista Residents; Francisco Rios; Raj Verma; Omar Castellon; and, Christina Currie	<p>I was at Hector Park yesterday meeting with Jimmy with Hinterland...knocking on some of your doors to provide an update. Hinterland is installing a water main under the street on the north side of Ponce de Leon...They should have finished last night the work in front of your house Stephanie and should be working in front of your house today Strawn. The will continue moving east installing the water main. Additionally, we are going to be installing a new stormwater pipe and re-grading the street to help with drainage. Francisco and I were talking about this yesterday. I would like the water main and the stormwater pipe done at the same time but we are waiting on further engineering work for the stormwater pipe.</p> <p>The big piles of excavated materials that had been stored on the northeast corner of Hector Park, have been hauled off from the site. There is still some construction material remaining that will be used to backfill the trench for the new watermain. Those piles would have to remain on-site, but I will have the contractor move them further away from the fence so the material doesn't spill over onto the roadway.</p> <p>Omar, Can you give us a new update? Thank you!</p>
01/16/21	Commissioner Sorensen	Francisco Rios and Rio Vista Resident	<p>Francisco will make sure this can work. If you have any issues just call me on my cell - 954.218.3688. Have a great trip! Thank you!</p> <p>Ben</p>
01/26/21	Commissioner Sorensen	Rio Vista Residents; Raj Verma; Omar Castellon; and, Francisco Rios	<p>Good question. Francisco and Omar, Is there anything that can be done about this FPL pole Strawn mentions below? Thanks.</p> <p>Ben</p>

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Date	From	To	Applicable Correspondence (Emphasis in Bold)
01/29/21	Commissioner Sorensen	Raj Verma	SW 15 Court has a clogged drain - I think. Can we look into this? Thank you! Ben
02/02/21	Commissioner Sorensen	Rio Vista Resident; Christina Currie; Francisco Rios; and, Ben Rogers	Ben Rogers, Can we explore putting in two permanent speed bumps on SE 11 Street (on the south side of Hector Park)? There was one there before this road/sewer work was done. Also, can we explore slightly narrowing SE 11 Street there as well, adding more space to the park? Thank you!
02/05/21	Raj Verma	Commissioner Sorensen; Rio Vista Residents; Francisco Rios; Omar Castellon; Chris Lagerbloom; Christina Currie; and, Victor Carosi	I checked out the project site yesterday. Yes, we can narrow the road to about 11'. For consistency's sake (to match the pattern on the west side of SE 9th Avenue and to restore what was there before), we recommend 4-foot bike lanes (striped) on both sides of Hector Park. Speed humps are desirable because of "straight shot" roadway. I'm not sure what process the City has for Residethood support to get them. I will need help / recommendation from the HOA, including the locations. Thanks

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Date	From	To	Applicable Correspondence (Emphasis in Bold)
02/05/21	Commissioner Sorensen	Raj Verma; Rio Vista Residents; Francisco Rios; Omar Castellon; Chris Lagerbloom; Christina Currie; and, Victor Carosi	Thank you very much. That is great news about narrowing the road and the speed humps! When you say we can narrow SE 11 Street to 11 feet, does that 11 feet include the 4 foot wide bike lane or is it 11 feet plus a 4 foot wide bike lane for a total of 15 feet? I would prefer a total width of 11 feet. Christina (President of Rio Vista Civic Association), Is the narrowing of the street okay from a Civic Association perspective? In terms of the location of speed humps on SE 11 Street, I have been talking with the Residents on SE 11 Street about locations. Is that process of determining the location along with Raj okay or do you have a process preference?
02/05/21	Raj Verma	Commissioner Sorensen; Rio Vista Residents; Francisco Rios; Omar Castellon; Chris Lagerbloom; Christina Currie; and, Victor Carosi	It is 11' (lane width) + 4' bike lane. Absolute minimum lane width is about 9' to 10' per Code/Design Standards provided there is no room. Preferable width is 10' to 11' Thanks
02/05/21	Commissioner Sorensen	Raj Verma; Rio Vista Residents; Francisco Rios; Omar Castellon; Chris Lagerbloom; Christina Currie; and, Victor Carosi	Residents, I just spoke to Raj and we believe we have flexibility to have or not have bike lanes. So, let's do this. How about we all meet onsite with Raj on SE 11 Street at Hector Park on Monday (2/8) at 4 PM? We can review all options and put forward our preferred option? Ben

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Date	From	To	Applicable Correspondence (Emphasis in Bold)
02/09/21	Commissioner Sorensen	Rio Vista Residents; Raj Verma; Francisco Rios; and, Rares Petrica	We will look into this. Those sidewalks look horrible. Raj, Rares and Francisco, Can we have these sidewalks fixed as part of our post-sewer work? Thank you.
02/09/21	Raj Verma	Commissioner Sorensen; Rio Vista Residents; Francisco Rios; and, Rares Petrica	All sidewalks damaged during the projects will be fixed. Thanks
02/10/21	Rares Petrica	Francisco Rios	Can we please make sure Hinterland replaces these flags of sidewalk.
02/22/21	Commissioner Sorensen	Rio Vista Resident; and, Francisco Rios	We are working on it [playground equipment]. Francisco, Can you give us an update? Thanks!
03/08/21	Commissioner Sorensen	Francisco Rios; Rio Vista Residents; Rares Petrica; and, Omar Castellon	All good questions. Omar, Francisco and Rares, Can you help us with Al's questions? Thank you. Ben
03/19/21	Commissioner Sorensen	Francisco Rios; Rio Vista Residents; Rares Petrica; and, Omar Castellon	Francisco, Is the contractor working today and this upcoming week in the Hector Park area? I just wanted to check to ensure they are going to be pushing hard to complete everything. Thanks! Ben
04/23/21	Commissioner Sorensen	Francisco Rios and Rio Vista Resident	I think so. Francisco, I would like it to be an individual choice for each homeowner. Can you confirm? Thanks Ben

City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Supplementary Information
Schedule A - Summary of Relevant Communications

Date	From	To	Applicable Correspondence (Emphasis in Bold)
04/23/21	Commissioner Sorensen	Rio Vista Residents; Omar Castellon; Francisco Rios; Alex Torres; and, Raj Verma	I am not sure but let's ask. Francisco, Can you help with Chris' questions regarding "There is additional underground infrastructure repair/replacement on Ponce de Leon Drive, as part of a different project, which might impact the dates shown.)"? Thanks! Ben
04/30/21	Commissioner Sorensen	Rio Vista Residents; Francisco Rios; and, Rares Petrica	Let's gets some feedback from Francisco and Rares. Rares and Francisco, Please see below.
04/30/21	Rares Petrica	Rio Vista Residents; Francisco Rios; and, Commissioner Sorensen	The contractor will remove the filter fabric this morning from the catch basin which will drain the area, the fabric is required as pollution prevention measure.
05/06/21	Rares Petrica	Francisco Rios	Can you send Ben Sorensen and cc me and Raj that light poles that we calling out for Virginia Park, and if any for Hector.
05/06/21	Francisco Rios	Commissioner Sorensen; Raj Verma; and, Rares Petrica	Good afternoon Commissioner Sorensen: Please see attached shop drawings for the new light posts and fixtures. There will be three (3) light posts installed at Virginia Young Park, around the new playground area. No light posts are proposed at Hector Park.
05/07/21	Christina Currie	Commissioner Sorensen	I like that they have the anti-graffiti coating. If possible I think adding the outdoor electric outlets at bottom like some others around the City have would be useful for cellphone charging and maybe even lights at holiday time.
05/07/21	Commissioner Sorensen	Christina Currie; Rares Petrica; and, Francisco Rios	Rares and Francisco, Can you give us feedback on Christina's idea? Thanks

See Forensic Examination Report.

City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Supplementary Information
Schedule A - Summary of Relevant Communications

Date	From	To	Applicable Correspondence (Emphasis in Bold)
06/03/21	Commissioner Sorensen	Rio Vista Residents; Omar Castellon; Francisco Rios; and, Alex Torres	Rares or Francisco, Can you give us an update on Hector and Virginia Young Parks? Ben
06/12/21	Commissioner Sorensen	Raj Verma; Rares Petrica; and, Anthony Fajardo	Hi team Sidewalk blocked off at 1002 E las Olas where city did water tap. Been that way for a couple weeks. Would be very good if it got repaired and opened back up. I think it is city but not sure. Is this us? Can we complete it? Ben
06/15/21	Commissioner Sorensen	Rares Petrica	Rares, Are we working on that pipe at the Animal Hospital? Also, can you give me a quick update on the Rio Vista parks? Ben
06/23/21	Commissioner Sorensen	Francisco Rios; Rio Vista Residents; Rares Petrica; and, Omar Castellon	Francisco, Rares and Omar, Thanks in advance for the update. Ben

City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Supplementary Information
Appendix A – Expert Qualifications



Ben Kincaid, CPA, CFE, CFF, CVA
Partner in the Forensic, Litigation and Valuation Services Group
(850) 837-3141 phone | BKincaid@CRIcpa.com

Experience

Known for his data analytics and translating the data into defensible, investigative results, Ben Kincaid has over nine years of experience in providing forensic accounting, litigation support and business valuation services across CRI's footprint. These services have included investigating compliance, employee malfeasance, hidden asset schemes, breach of contract claims, business interruption losses, economic damages, due diligence and valuation disputes. Ben has provided these services to a wide range of clients and industries; such as, state, county and local governments as well as private companies, non-profit organizations and publicly traded companies.

Ben speaks regularly on the topics of fraud prevention, fraud detection and business valuations. Ben has also worked with various law firms and law enforcement on civil and criminal matters and presented findings to various law enforcement agencies including the FBI, FDLE, DOJ and GBI. Ben also provides expert witness services and has qualified as an expert witness in various state courts. Ben is a graduate from Pensacola Christian College with a Bachelor of Science Degree in Business with a double concentration in Accounting and Finance. Ben serves on the FICPA's Valuation, Forensic Accounting and Litigation Committee and is a deacon at his church.

Education, Licenses & Certifications

- BS, Business, Pensacola Christian College
- Certified Public Accountant (CPA) – Indiana and Florida
- Certified Fraud Examiner (CFE)
- Certified Valuation Analyst (CVA)
- Certified in Financial Forensics (CFF)

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Association of Certified Fraud Examiners (ACFE)
- National Association of Certified Valuators and Analysts (NACVA)

City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Supplementary Information
Appendix A – Expert Qualifications



Rob Broline, CPA
Partner in the Forensic, Litigation and Valuation Services Group
(321) 426-3026 phone | RBroline@CRLcpa.com

Experience

Rob has over twenty years of proven skills and experience in public accounting. Industries served include the following: K-12, Higher Education, State and Local government, Hospitality, Healthcare, Construction, and Commercial. Rob specializes in entity-wide risk assessments, process risk / controls assessments, internal audits, operational audits, construction cost audits and forensic reviews. Rob is the CRI lead on the outsourced internal audit work that CRI performs for the Brevard County Board of County Commissioners. Internal and operational audits performed include, but are not limited to, the following departments / functions: accounts payable; central services; community block development grant; facilities; information technology; parks and recreation; public works; purchasing cards; asset management; central cashier; fire rescue; licensing, regulation, and enforcement; purchasing and procurement; timekeeping and overtime.

Education, Licenses & Certifications

- BA, Accounting, Cedarville University
- Certified Public Accountant (CPA)
- Certified Construction Auditor

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Institute of Internal Auditors
- Speaker Florida Government Finance Officers Association
- Speaker Government Finance Officers Association National Conference

City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Supplementary Information
Appendix A – Expert Qualifications



Steve Riggs, CPA, Cr.FA

Partner in the Forensic, Litigation and Valuation Services Group

(850) 837-3141 phone

SRiggs@CRlcpa.com

Experience

Steve Riggs has over 40 years of experience in public accounting and consulting services. He specializes in taxation, representation before the Internal Revenue Service (IRS), divorce settlements and litigation, forensic accounting, mergers and acquisitions, and court appointed corporate/trustee engagements. In January 2009, Steve was appointed to the Florida Board of Accountancy. Steve also served as Chairman of the Florida Board of Accountancy in 2014.

Steve is a founding partner of one of the top 25 accounting firms in the country, Carr, Riggs & Ingram, LLC (CRI). CRI employs more than 1,800 professionals in 43 offices across Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Tennessee, New Mexico and Texas. Prior to co-founding Carr, Riggs & Ingram, Steve worked for the IRS as a field agent for four years in Jacksonville, Florida.

Steve has been appointed by various Courts as a corporate trustee or custodian and has managed and sold businesses under the supervision of the Court. Steve has also been appointed by the Courts as an expert witness and as an executor.

Steve is a graduate from the University of West Florida in Pensacola with a bachelor's degree in accounting. Today, Steve serves on the University of West Florida College of Business Advisory Council and the Board of Trustees of the University of West Florida Foundation.

Education, Licenses & Certifications

- BS, Accounting, University of West Florida
- Certified Public Accountant (CPA)
- Certified Forensic Accountant (Cr.FA)

Professional Affiliations

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Alabama Society of Certified Public Accountants
- American Board of Forensic Accounting

City of Fort Lauderdale, Florida
Rio Vista Restoration Project
Forensic Examination Supplementary Information
Appendix B – Source Documentation

We reviewed and relied upon the following documentation during our investigation:

- City Charter;
- City Manager Memorandum No. 21-35, Management Responses;
- Procurement Ordinance;
- Procurement Manual including revisions;
- Public Works Department Organizational Charts;
- Jodi Hart Resignation Letter;
- Raj Verma Resignation Letter;
- Various Notice to Proceed/Contractors/Owner;
- Desk phone call logs for James Hemphill, Chris Lagerbloom, Ben Sorensen, Jodi Hart, Susan Grant, Francisco Rios, Kymberly Holcombe, Marie Pierce, Raj Verma, Thomas Williams, Nancy Gassman, Talal Abi-Karam, Rares Petrica, Phil Thornburg, Victor Carosi, Omar Castellon and Elkin Diaz;
- City cell phone call logs for Ben Sorensen, Chris Lagerbloom, Kymberly Holcombe, Nancy Gassman, Raj Verma and Victor Carosi;
- Relevant City e-mails for James Hemphill, Chris Lagerbloom, Ben Sorensen, Jodi Hart, Susan Grant, Francisco Rios, Kymberly Holcombe, Marie Pierce, Raj Verma, Thomas Williams, Nancy Gassman, Talal Abi-Karam, Rares Petrica, Phil Thornburg, Victor Carosi, Omar Castellon and Elkin Diaz;
- Applicable Checks to Hinterland Group, Inc.;
- Applicable Pay Estimates/Applications and Supporting Documentation for Hinterland Group, Inc.;
- Applicable Task Orders, Change Orders and Electronic Approvals for Hinterland Group, Inc.;
- Bid Solicitation for Stormwater Construction Services Contract;
- Stormwater Construction Services Contracts;
- Applicable Commission Agenda Memorandums and Supporting Documentation; and,
- Various Public Works Data Related to Hinterland Group, Inc.



Memorandum

Memorandum No: 21-38

Date: November 22, 2021

To: John Herbst, City Auditor

From: Chris Lagerbloom, ICMA-CM, City Manager

Re: Forensic Examination of the Rio Vista Restoration Project – Management Responses

A handwritten signature in blue ink, appearing to read "CLagerbloom".

Management appreciates the City Auditor making the Forensic Examination of the Rio Vista Restoration Project a priority. The examination identified Findings that will be addressed by Management.

The following are Management Responses to the examination Findings:

Finding 1

Change Order Approvals

Finding: There appears to be inconsistencies regarding the City's interpretation of its procurement policies and procedures as they relate to change orders and task orders.

Recommendation: The City should review its procurement policies and procedures for clarity. The City should provide additional training to relevant personnel regarding change orders and task orders.

Management Response: *Management concurs with the recommendation. The Procurement Code and Manual will be reviewed to provide specificity and consistency with regard to eligible expenditures in task orders and change orders. Additional training will be provided to Procurement staff as well as staff charged with administering contracts in using Departments.*

Finding 2

Continuing Contracts

Finding: The City appears to have taken conflicting interpretations regarding the administrative renewal of its continuing contracts and whether the administrative renewal provides for additional funding without City Commission approval.

Recommendation: The City should review its procurement policies and procedures as well as its contracts for clarity regarding administrative contract renewals. The City should provide the relevant personnel with training regarding any changes to its interpretation.

Memorandum No: 21-38
Page 2 of 3

Management Response: *Management concurs with the recommendation. The Procurement Code and Manual will be reviewed to provide specificity and consistency with regard to the dollar value of administrative renewals. Additional training will be provided to Procurement staff as well as staff charged with administering contracts in using Departments. Public Works will coordinate training on proper use of Continuing Contracts with the Procurement division to ensure all Project Management staff understand the related procurement policies.*

Finding 3 *Commission Inquiries*

Finding: A City Commissioner directed City personnel and City vendors.

Recommendation: The City should provide further guidance to the City Commission and City personnel regarding what is considered appropriate inquiries and interaction with lower level staff.

Management Response: *A memorandum will be provided to all Public Works staff highlighting Section 3.07 and 6.06 of the City Charter and providing guidance on the difference between an inquiry and a directive and the appropriate response should they receive a request from a Commissioner. Public Works leadership will ensure any requests are directed through proper channels in the City Manager's Office. In addition to this focused approach in the Public Works Department, a memorandum reminder will be delivered city wide to all employees and questions will be answered as they are raised.*

Finding 4 *Tone at the Top*

Finding: There was a failure in the tone at the top of the Public Works Department.

Recommendation: The City should provide appropriate guidance including whistleblower provisions to its personnel regarding reporting potential internal control overrides.

Management Response: *Management agrees there was a failure at the top of the Public Works Department. When the Finance Director identified the procurement discrepancy and brought it to the attention of the City Manager, a discussion with then Public Works Director Raj Verma, the Human Resources Director, City Attorney and City Auditor occurred on June 17, 2021. Mr. Verma resigned June 18, 2021. The City has hired a new Public Works Director who will focus on creating an ethics driven organizational culture. Furthermore, the Public Works Department will work with the Human Resources Department to identify appropriate training related to internal control overrides and whistleblower provisions to be given to employees. The City has also hired a new Chief Procurement Officer who is very experienced and will provide excellent oversight going forward of our procurement processes.*

Memorandum No: 21-38
Page 3 of 3

Finding 5
Public Records

Finding: The City was unaware of the existence of certain communications by Commissioner Sorensen related to City business.

Recommendation: The City should review its policies and procedures related to public records retention for adequacy and provide appropriate training, where necessary.

Management Response: *Management concurs with the recommendation. A review of policies and procedures related to public records retention will be conducted jointly with the City Clerk and City Attorney. Where necessary, additional training will be provided.*



The City of Fort Lauderdale, Florida
Status Report
Fort Lauderdale Aquatic Center
(FLAC) Renovation Project

Prepared By:
Carr, Riggs & Ingram



November 23, 2021

Mr. John Herbst
City Auditor/Community Redevelopment Agency Auditor
Community Redevelopment Agency, City of Fort Lauderdale
100 North Andrews Avenue
Ft. Lauderdale, FL 33301-1016

Dear Mr. Herbst:

Pursuant to our three year original agreement dated August 23, 2017 and as extended on August 18, 2020, we were engaged to provide various contract compliance consulting services for the City of Fort Lauderdale Community Redevelopment Agency. Upon your request, we are providing the services performed and results thereof through July 2021 and project status through September/October 2021.

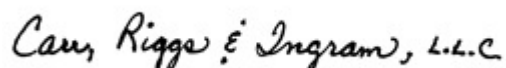
Our report is organized in the following sections:

- **Results Summary, Scope of Services and Procedures** – This section outlines the results summary, scope of services and the related procedures being performed or to be performed.
- **Interim Results / Status** – This section provides the detailed results and/or current status of the more significant items of FLAC since our previous interim report issued in August 2020 and our Final Report issued for the Las Olas Corridor Improvement Projects (LO) in January 2021.
- **Next Steps and Estimated Timetable** – This section provides next steps relative to the FLAC project and estimated timetable, including key milestones.
- **Exhibit A – Cost Recovery / Credits Recap** – Represents a summary of the specific CRI identified cost recovery provided to management with our monthly pay application observations and recommendations and the resulting credits obtained by management back to the City.

The procedures performed did not constitute an audit in accordance with generally accepted auditing standards. Accordingly, we express no opinion on any of the items assessed. Our procedures were performed in conformity with the *Statements on Standards for Consulting Services* of the American Institute of Certified Public Accountants. The results and recommendations are based on our analysis of the processes, documents, records, and information provided to us by management. Had other procedures been performed, other matters may have come to our attention that may have affected the results and recommendations reported herein.

This report is intended solely for the use of the City and should not be used for any other purpose without prior permission from CRI. We have no obligation, but reserve the right, to update this report for information that comes to our attention after the date of this report.

Respectfully submitted,



CARR, RIGGS & INGRAM

Results Summary, Scope of Services and Procedures

Results Summary

Recovery Amount Identified by CRI through PA 37*	Amount Credited to the City through PA 38	Amount to be Credited to the City (in-process)	Total Amount Credited/to be Credited to the City	Difference**
\$355,821	\$260,341	\$40,824	\$301,165	\$54,656

*This amount does not include other various items identified by CRI that were subsequently resolved without the need for credits – i.e. resulting in cost avoidance after issue was identified, obtaining proper support, explanation, or approval by City PM.

**Represents: 1) pending response from HP related to truck/car maintenance charges - \$45,553; 2) variance between City PM’s and CRI’s calculation of mark-up rates for payment & performance bonds, builders risk, and general liability insurance - \$9,103.

Note: The fees paid by the City to us related to these services performed was approximately \$177,000. **This represents about a 2.0 ratio of cost savings/recovery identified to fees paid.** The PA review services performed included: 37 monthly PA reviews (about 200 to 250 pages of supporting documentation for each PA), 13 GMP change orders (30 to 100+ pages of support to review per CO), stale invoice analysis (40 invoices), various interim status reports, monthly (or bi-weekly) status calls and site visits as needed.

This savings to date relates to the FLAC project and is prior to any comprehensive cost verification procedures to be performed at completion of the project. Details of each cost recovery / savings item is noted below. See below and Exhibit A. The potential recovery for the LO project was included in the January 2021 Final LO Report.

Scope of Services and Procedures

CRI was engaged to conduct construction contract compliance services for the construction of the parking garage, Las Olas Boulevard corridor improvements and the Aquatic Center renovation. The Construction Manager for the LO project was Skanska and the Design-Builder for the FLAC project was Hensel Phelps (HP). Our services include:

Engagement / Project Planning

We held onsite entrance conferences with the City Auditor and an Assistant City Auditor of the City Auditor’s Office (CAO) and the Project Manager (PM) for the Beach Community Redevelopment Agency (CRA) to establish overall project administration logistics and to gain a better understanding of the three projects and key activities and processes especially related to the monthly pay application submission and approval process.

Monthly Pay Application Reviews

The objective of the payment application review is to determine that the amount invoiced is a reasonable representation of work completed or stored to date and the charges billed on the payment application are in accordance with the terms and conditions of the contract. Our payment application (PA) checklist consists of 25 steps, which include the following: vouching compensation and expenses (general conditions/requirements) to proper support, verifying subcontractor pay applications were properly included/signed, and validating approval for contingency usage, owner direct purchases, and change orders (CO). We performed site visits to review the status/progress of the project on an as needed basis.

Contract review and Cost Proposal (GMP) Review

We performed contract reviews and GMP proposal reviews early in the project cycle to provide for greater clarity and specificity in the contract and GMP proposal and to help facilitate cost avoidance/recovery. We proposed contract language improvements focusing on the key economic terms such as specificity of allowable vs. disallowable costs, change order mark-up and approval process, labor and burden rates, fee, etc.

Construction contract compliance cost verifications (closeout)

The objectives of the construction contract compliance close-out cost verification procedures are to ensure costs were incurred and billed in accordance with the terms and conditions of the contract. The construction contract compliance cost verification goes beyond the monthly pay application reviews to the project records (including the job cost detail report).

Interim Results / Status

Project Status – through September/October 2021

Project	Pay Applications (PA) Submitted	Completed & Stored to Date	Original GMP	Amended GMP	% Complete
FLAC	39 (Oct 2018 – Sept 2021)	\$29,315,885	\$26,995,368	\$34,845,200	84%

Description		Approval Date	Amount
ORIGINAL CONTRACT AMOUNT / GMP		8/21/2018	\$ 26,995,368
CO1	30% Design Fee for 27M Tower	2/6/2020	185,218
CO2	Dept. of Health and Building Code Change	2/6/2020	230,620
CO3	100% Design Fee for 27M Tower and Deck	3/10/2020	501,493
CO4	Deep Foundations for 27M Tower and Deck	3/10/2020	413,883
CO5	North Observation Deck	6/29/2020	2,769,201
CO6	27-Meter Dive Tower Construction	6/29/2020	5,101,060
CO7	Owner Contingency Budget Transfer	8/20/2020	-
CO8	Owner Direct Purchase of 27-M Precast	10/20/2020	(2,215,233)
CO9	FPL Delays, Unforeseen Conditions, and Owner Upgrades	12/3/2020	1,191,727
CO10	Owner Direct Purchase of Pool Deck Material	2/2/2021	(179,800)
CO11	Owner Direct Purchase Additional 27-M Precast	3/16/2021	(148,337)
CO12	Owner Contingency Budget Transfer	7/15/2021	-
Total net changes			\$ 7,849,832
Amended Contract Amount / GMP as of 9/30/2021			\$ 34,845,200
CO13	Omega Timing System Change, Unforeseen Conditions, Revised Scoreboard Signage, and Time Extension.	10/28/2021	114,347
Amended Contract Amount / GMP as of 10/31/2021			\$ 34,959,547
Increase in schedule - calendar days*			254
Estimated increase in months			8.5
Estimated remaining payment applications			10
Revised Substantial Completion Date*			15-Mar-22
Revised Final Completion Date*			30-Apr-22
Additive Change Orders			10,393,202
Deductive Change Orders (Owner Direct Purchases)			(2,543,370)
Net changes			7,849,832

*Per Change Order 13 (approved on October 28, 2021)

We performed monthly pay application reviews and provided our feedback to the City Project PM and CAO each month. Additionally, we held status calls with the City PM and CAO often every other week or whenever requested through July 31, 2021. This was the ending date of our extension to review the monthly pay applications.

Interim Results / Status - continued

Monthly Payment Application Reviews – Results / Status

With each PA monthly review, we provided the City Project Manager (PM) with real-time specific observations and our recommended actions for charges that were not properly supported by HP or potentially disallowable based on the economic terms and conditions of the contract documents. Examples include:

- Duplicate payroll & craft labor charges
- Stale invoices/charges; duplications
- Legal Costs
- Training & Team Meetings
- Temporary Office - excess
- Inaccurate change order markup
- Missing third-party support (e.g. vendor invoice, receipt) various charges
- IT charges exceeding maximum allowable
- Disallowable auto allowances
- Unsigned Subcontractor PA's
- Intern Lodging costs

Results /Management Actions: Below is a summary of the results of our procedures through the July 2021 PA for those items we identified as disallowable per the contract, duplicate charges and/or not properly supported:

Recovery Amount Identified by CRI through PA 37	Amount Credited to the City through PA 38	Amount to be Credited to the City (in-process)*	Total Amount Credited/to be Credited to the City*	Difference**
\$355,821	\$260,341	\$40,824	\$301,165	\$54,656

*The total amount credited/to be credited represents the recovery amount identified by CRI and agreed to by the City PM. City management has obtained the credits or is in the process of taking action to obtain these credits from HP as indicated above.

**Difference: Represents the following: 1) pending response from HP related to truck/car maintenance charges - \$45,553; 2) variance between the City PM's and CRI's calculation of mark-up rates for payment & performance bonds, builders risk, and general liability insurance - \$9,103.

Management was provided with the CRI identified recovery amount with our specific observations and recommendations for response/resolution each month via our detailed 37 monthly pay application reviews as summarized in Exhibit A. See results and status therein.

Next Steps and Estimated Timetable / Milestones

Below is our estimated timetable for the remaining pay applications to be processed and the performance of our cost verification closeout procedures for FLAC:

Project	Pay Applications Remaining as of 9/30/21*	Estimated Final Completion Date**	Closeout Cost Verification Timing***
FLAC	8 to 10	April 30, 2022	June 15, 2022 – August 15, 2022

*Upon closing out the project there may be a PA for the final change order and then final retainage.

**Source: Change Order 13 – approved on 10/28/21.

***The estimated time to complete our procedures and issue our final report is approximately 6 to 8 weeks from the date HP provides their final job cost detail and the requested supporting documentation to execute our procedures. This estimated time table is contingent upon HP's responsiveness to our document requests and follow-up inquiries in the testing and vetting process.

EXHIBIT A – COST RECOVERY/CREDITS RECAP

Item	Description/Type of Duplicate/Disallowable Charges	Recovery Amount Identified by CRI through PA 37	Amount Credited through PA 38 to the City	Amount to be Credited (Debited) to the City	Total Amount Credited (Debited) /to be Credited (Debited) to the City	Difference
1	Legal Fees - disallowable charge (related to subcontractor)	\$ 97,500	\$ 97,500		\$ 97,500	\$ -
2	Change Orders 1 - 9 - overbilling of DB Fee - 6% vs. 5% Fee	98,071	96,563	1,508	98,071	-
3	Payroll / craft labor duplicate/overbillings (multiple incidents)	34,468	29,576	4,892	34,468	-
4	Stale Invoice review - duplicate billings - (multiple invoices)	31,418	83	31,335	31,418	-
5	IT charges billed over \$1.34/hour cap*	11,110	11,110		11,110	-
6	Temp office - disallowable/overbilling	9,603	9,603	-	9,603	-
7	Training & Team Meetings	11,522	11,522		11,522	-
8	Intern lodging - 4 months - disallowable charge	3,897		3,897	3,897	-
9	Sub bond - subcontractor - not reimbursable	1,633		1,633	1,633	-
10	Defensive Driving course	1,418	1,418	-	1,418	-
11	Custom face masks - disallowable	1,231	1,231	-	1,231	-
12	Various other disallowable / duplicate billings (6 items)	1,913	1,735	178	1,913	-
13	CO 1 - 9: GC mark-up calculation variance	6,484	-	(2,619)	(2,619)	9,103
14	Truck/car maintenance - exceed reasonable allowances	45,553	-	-	-	45,553
		\$ 355,821	\$ 260,341	\$ 40,824	\$ 301,165	\$ 54,656

Note: Blank amount in the difference column indicates that City PM agrees with the recovery amount identified by CRI and the total amount credited / to be credited.
 *Notation: Item 5 - After we identified this issue, beginning with the August 2020 PA (PA23), HP began correcting the IT Fee discrepancy on the general condition billing and the City no longer had to request credits back; however, this resulted in additional savings (cost avoidance) of \$19,982 for total savings to date of \$31,092.

Observations/Management Responses:

- 13 CRI Observation:** CRI differs in the calculation of the GC markups (i.e. GL, BR, and P&P). HP and the City PM stacked the Fee and GC fees on top of each other instead of individually calculated based on the COW - this resulted in overage in the GC mark-up charged/billed. GC mark-ups should not be charged on COW plus the DB Fee and the respective mark-ups should not be stacked (i.e. GL=Fee x GL rate; BR= Fee + GL x BR rate; P&P=Fee + GL + BR x P&P rate). Contract is silent on whether mark-ups can be stacked or not; however, our experience in the industry is that these mark-ups are not to be stacked.
- 13 City Management Response:** P&P Bond and BR are both calculated from the contract value. On the P&P certificate provided to the City, the initial P&P cost was based off the initial contract price of \$26,995,368. This was the value of the overall contract awarded to Hensel Phelps. The GL rate was described in earlier responses and is a corporate wrap rate that is based on total monthly billings. These indirect costs are calculated on the adjusted contract value and not just on the direct cost of work. Approval of the change order does not mean that Hensel Phelps is charging for these items. Approval of the change is an approval of a budget increase for the indirect costs needed to support the work. Hensel Phelps is still required to provide backup for any costs billed against those budgets, and any savings in these indirect budgets at the completion of the project would go to the City.
- 14 CRI Observation:** Truck/car allowances approved by City management, but all maintenance costs should not be allowable as separate reimbursable cost of work.
- 14 City Management Response:** HP to provide justification/support - pending as of report date.



Memorandum No: 21/22-03

Date: December 28, 2021

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA
City Auditor

Re: Independent External Quality Review

The City Auditor's Office follows the Generally Accepted Government Auditing Standards (GAGAS) established by the U.S. Government Accountability Office, as required by the City Charter. These standards require a high level of independence, objectivity, sound professional judgment, quality control, and independent review of audit evidence.

GAGAS also require audit organizations performing audits, reviews, and attestation engagements in accordance with GAGAS to undergo an external peer review at least once every three years by reviewers that are independent of the audit organization being reviewed. The external peer review determines whether, during the period under review, the reviewed audit organization's internal quality control system was adequate and whether quality control policies and procedures were being complied with to provide the audit organization with reasonable assurance of conforming with applicable professional standards.

In November 2021, a peer review was conducted to evaluate our audit and review reports, working papers, policies and procedures, and included interviews with audit staff and other stakeholders. The review included the selection of all the audits and reviews performed under GAGAS during the period from July 1, 2018 to the fiscal year period ending September 30th, 2021. As described in the attached report, the peer review found that our office fully complies with GAGAS.

Please contact me if you have any questions about the peer review process or our office. While we always look for ways to further improve, we are pleased to have our office's professionalism confirmed by other auditors.

cc: Chris Lagerbloom, City Manager
Alain E. Boileau, City Attorney
David Solomon, City Clerk

December 8th, 2021

Megan Gaillard
Assistant City Auditor
City of Fort Lauderdale
Fort Lauderdale, Florida

Dear Ms. Gaillard:

We have completed the peer review of the City Auditor's Office of the City of Fort Lauderdale for the period from July 1st, 2018 to September 30th, 2021, and issued our report on this same date.

We extend our thanks to you, your staff, and the other city officials we worked with for the cooperation extended to us during our review.

Cordially,



Cristina B. Martinez
Managing Member
Evoluir LLC

The City of Fort Lauderdale City Auditor's Office Peer Review Report

FOR THE THIRTY-NINE-MONTHS PERIOD ENDING September 30TH, 2021
PREPARED BY Evoluir LLC

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THE CITY OF FORT LAUDERDALE AUDITOR'S OFFICE PEER REVIEW REPORT

To The City of Fort Lauderdale
Mayor and Commissioners
Fort Lauderdale, Florida

The City Auditor's Office (CAO) of the City of Fort Lauderdale provides Assurance and Consulting Services for the City Commission as a chartered entity in accordance with generally accepted government auditing standards (the standards or GAGAS) in the United States of America. The standards require that the CAO be subject to a peer review every three years. Our responsibility is to express a conclusion on whether the City of Fort Lauderdale Auditor's Office system of quality control has been suitably designed and whether the CAO is complying with its quality control system to provide CAO with reasonable assurance of conforming with the generally accepted government auditing standards in all material respects.

We have performed a peer review engagement in accordance with generally accepted government auditing standards (GAGAS) promulgated by the U.S. Government Accountability Office. The scope of our peer review includes; (a) a review of the audit organization's quality control policies and procedures; (b) consideration of the adequacy and results of the audit organization's internal monitoring procedures; (c) a review of selected auditors' reports and related documentation; and (d) a review of other documents necessary for assessing compliance with standards, including but not limited to, independence documentation, CPE records, relevant human resource management files, and interviews with a selection of the reviewed audit organization's professional staff at various levels to assess their understanding of and compliance with relevant quality control policies and procedures.

To complete the assessment, we performed a peer review risk assessment to help determine the number and types of audits to select for review. Based on the risk assessment, our team used a combination of the following approaches to select individual audits for review with greater emphasis on those audits with higher assessed levels of peer review risk: (1) GAGAS audits that provide a reasonable cross-section of the GAGAS audits performed by the reviewed audit organization; and (2) audits that provide a reasonable cross-section from all types of work subject to the reviewed audit organization's quality control system, including one or more audits performed in accordance with GAGAS. The review included the selection of all the audits performed under GAGAS during the period from July 1, 2018, to the fiscal year period ending September 30th, 2021.

Based on the evaluation performed, it is our conclusion that the City of Fort Lauderdale Auditor's Office system of quality control has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects.

Evoluair LLC

Certified Public Accountants
December 8, 2021

City of Fort Lauderdale, Florida Rio Vista Restoration Project Summary of Forensic Examination Report

National Strength.
SOUTHERN ROOTS.



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors
CRIcpa.com

Contract/Procedures Conflicting Interpretations

- 
- Administrative contract renewals

- 
- Use of master contracts for unrelated projects

- 
- May have arisen in prior City Administrations

Commissioner Sorensen Directed City Staff/Vendors

Directed City staff/vendors

No malicious intent

Public records retention

Public Works Director Override Policies and Proc.



- Directed City staff to bypass City policies and procedures



- Directed Scope Expansion



- Encouraged Communications between City staff and Commissioner Sorensen



- Failure in Tone at Top

Recommendations

Change Order Approvals

Continuing Contracts

Commission Inquiries

Tone at the Top

Public Records

TODAY'S PRESENTERS

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CARR, RIGGS & INGRAM, LLC