

**APPROVED**  
**AUDIT ADVISORY BOARD REGULAR MEETING**  
**CITY OF FORT LAUDERDALE**  
**8th FLOOR CONFERENCE ROOM**  
**THURSDAY, JANUARY 29, 2015**  
**5:00 PM**

<b>Board Member</b>	<b>Attendance</b>	<b>Cumulative Attendance</b>	
		<b>10/1/14 – 9/30/15</b>	
		<b>Present</b>	<b>Absent</b>
Martin Kurtz, Chair	P	2	0
Jennifer Diehl	A	0	2
Richard Owen	P	2	0
Kimberly Jackson	A	1	1

**Staff**

Kirk Buffington, Director of Finance  
Linda Logan-Short, Deputy Director of Finance  
Laura Garcia, Acting Controller  
John Herbst, City Auditor  
Marco Hausy, Assistant City Auditor III  
Laura Reece, Assistant Manager of CIP/Grants  
Terrie Lea Hugie, Senior Management Fellow  
Linda Blanco, Board Liaison

**Other Attendees**

John Weber, Partner, Crowe Horwath  
Michelle Blackstock, Crowe Horwath  
Daniel O'Keefe, Moore Stephens Lovelace (MSL)

**Guest Presenters**

John Weber, Partner, Crowe Horwath

**Communication to the City Commission**

None

**Call to Order**

The Chairman called the meeting to order at 5:05 p.m.

### **Roll Call**

At the January 29, 2015 meeting, two (2) appointed members to the Board were present, not allowing for a quorum.

Board Member Kimberly Jackson was expected to arrive late so Chairman Kurtz stated that the Board would begin the meeting and would read the October meeting minutes after her arrival.

Chairman Kurtz begins the meeting by asking whether there is any public input to be heard before entering into the agenda. Hearing none, he moved on to the Audit Status Report.

### **Presentation of Crowe Horwath: Audit Status Report**

John Weber introduced Michelle Blackstock as Senior Manager at Crowe Horwath and Daniel O'Keefe of MSL. Mr. Weber reported that the yearend audit procedures are going on for January. They still have a few more weeks of field work left to complete. The IT work they do is also still in progress. They plan to have their IT auditors come back and finish that up for an exit conference with IT and Management around February 9<sup>th</sup>.

Mr. O'Keefe said single audit is essentially complete and is ready for review. It was another good year for that area. There were no new findings. Compliance issues were fine and they were pleased with the results.

Mr. Weber stated the audit results will be presented on March 5<sup>th</sup> and to the City Commission on March 17, 2015. There were three IT comments in the prior year that they are still working through. Compensated absences will be a repeated comment. At this point, there are no other findings to report. They have not found any material weaknesses and have no recommended adjustments to the financial statements. The audit is going very well and we're getting all the information we need. The pension funds are not audited by Crowe but they will check that they are on track so they don't delay any processes.

Chairman Kurtz stated that Michelle Blackstock is in the process of replacing Aazan St. Rose, who is not leaving Crowe but is moving on to corporate clients. Michelle has a great deal of experience in municipal auditing. Chairman Kurtz asked if there were any other significant personnel changes at Crowe and Mr. Weber replied that they have a new staff to the City on the job but not new to

public accounting. He joined our firm 6-8 months ago from another firm, but there were no other significant changes.

### **Draft Financial Statements**

Mrs. Logan-Short explained the Board's handout packets included the basic fund financials. She reminded everyone that these are unaudited, first drafts of the financial statements. The following are some highlights of where we are: Our fund balance for general fund had increased to almost 24%. One of the main reasons for this is because of the prepayment to the pension fund. In FY14 we were able to take away from Prepaids \$10 million and drop it back down to our fund balance. There are still another \$4 million there that we will be recuperating in 2015. The health of our fund balance is very good, which is great because we are going out for some updated ratings on our General Obligation Bonds. So, the health of our fund balance along with our cash balances will make us look very favorable to the credit agency. Our current ratings are AA- and AA. We hope to get those up. There is nothing different that we're doing this year from what we've done in prior years. There has been no new debt issued. We issued new debt in December which was just refunding of some water and sewer bonds. At the end of the CAFR, when you receive it, you will see an update on what was the effect of the refunding. I believe the City saved about \$9 million on that refunding so it was a very good idea to do that transaction. The financial statements speak for themselves. The financial statements with the verbiage come together in about two (2) weeks. Laura is putting together the CAFR packet and we'll get that out in draft form for comments and review prior to final issuance. Chairman Kurtz asked Mrs. Garcia if there was anything to highlight and she indicated Mrs. Logan-Short covered everything. The fund balance compared to prior years, looks good. Mrs. Logan-Short added that her team is ahead of schedule as they are completely balanced with the financial statements down to the government-wide. Just one little caveat, which Mr. Weber brought up earlier, we are at the mercy of the pension boards and the pension auditors to get their report. We have been diligently hounding them to ensure that we have the numbers for their meetings in February. We have been assured that we would have them. We will keep the board members and the auditors apprised if anything changes with those timelines.

### **Audit Advisory Board Vacancy**

Chairman Kurtz said Roger Ally chose not to renew his term. John has provided a few names but we have not had a chance to contact any of them. One of the three people is highly qualified. He asked if anyone had any suggestions for

a person to replace Roger Ally, to please let him know because he will be meeting with Commissioner Trantalis in the next couple of weeks. The candidate must live or work in Fort Lauderdale. Hopefully, we will have a new person in place by the time we have our next meeting.

### **Other Business**

- Appointing Representative to Revenue Estimating Conference

Chairman Kurtz stated this is the third year they are doing the Revenue Estimating Conference and he participated in it the first year. It's basically the City with a number of partners taking a look at the revenues and whether or not the revenues being used in the budget make sense. It's a very good process and they have the same consultants again this year, which are Burton & Associates. Jennifer Diehl acted as our representative last year. Mr. Buffington said the City's new Treasurer will start with the City next Monday, February 2<sup>nd</sup>, and she will attend that conference. Ed Stull, our financial advisor recommended her as someone he had worked with. Chairman Kurtz recommended that Ms. Diehl serve as the Board's representative again, if she will accept it. Mrs. Blanco to contact Ms. Jennifer Diehl regarding her participation in the conference this year. Mrs. Logan Short asked Ms. Reece when they will begin working on the Conference, and Ms. Reece replied they should meet mid-March since the due date for the revenues is early March. Ms. Logan-Short stated that a decision can be made about this at the upcoming March 5<sup>th</sup> Board meeting. Ms. Reece said only general revenues will be reviewed.

- External Audit Contract Renewal

The contract renewal is being postponed because it requires a vote and Kimberly Jackson did not make it to the meeting tonight. Chairman Kurtz said we have a 3-year contract with two 1-year renewal options. We are now on the third year. If we intend to go with another firm, we need to start the process of reaching out to them. Mr. Buffington stated that the contract also allows the city to terminate for convenience which is a clause all of our contracts have. Only government has that right in contracts. It means if we were unhappy with any vendor, we can terminate during a contract term. Chairman Kurtz expressed his personal opinion that he is leaning toward renewing the contract as we've had three good years with Crowe.

Mr. Buffington said Mrs. Logan-Short and he are both very happy with Crowe. Mrs. Logan-Short added that she was concerned about Mr. St. Rose no longer being on their team, but the transition from him to Ms. Blackstock has been seamless and John Weber has been a great leader. The team prefers to continue with Crowe as long as John is still the resource for us to use. Mr. Buffington agreed with Mrs. Logan-Short. Chairman Kurtz stated they will put the vote off until next month to make it official.

- Status of ERP System

Mr. Buffington reported that we received five proposals and shortlisted to three. We are in the process of scheduling demos across the board for all the different modules of the system. We are getting as many end-users to as many module demos as possible so that we can get feedback from the end-users. Ultimately, the choice of recommended vendor will be made by the Evaluation and Selection Committee but they will consider the input for the end-users in doing so. Chairman Kurtz asked about the budget process that will be getting started. He asked if we are on top of what is needed. Mr. Buffington replied that between what is there and in the CIP for the next couple of years, we are probably close to where we need to be. Ms. Reece said she believed they have \$7 million set aside, which is capital. The final recommendation to the City Commission should be made around April of this year. Mrs. Logan-Short sits on the ERP Committee and she believes a more realistic timeframe would be May or June.

- Chief Information Security Officer (CISO) Update

Mrs. Logan-Short reported Mike Maier has had difficulty in hiring a CISO because of the high industry demand. We made emergency purchases to secure our network. The City has decided to change plans; instead of hiring a CISO, they transferred that responsibility to Mike Maier who is now the Chief Technology Officer and the Chief Information Security Officer. He has hired organizations outside of the City to monitor security, and will have three analysts to work in the City to manage the services that cover the security issues within the City. This was approved by Commission and he has gone along with this arrangement. The analysts will take a look at what we're doing and will recommend policy and changes which will be reviewed by him and the consultant before making the recommendations effective.

Chairman Kurtz next asked Mr. Herbst what the status is of hiring a new construction auditor. Mr. Herbst said Mr. Hausy interviewed a strong candidate last week. This candidate worked in New York a great deal after 9/11 and does not look like she's easily intimidated. She has the right personality for that particular role. He stated that he also needs to speak with City Manager Lee Feldman regarding contracting out for larger projects.

Mr. Buffington advised the Board that he and Mrs. Logan-Short have interviewed a very, very strong candidate for the Procurement Manager position, which has been vacant since last June. They are going to make him an offer next week. He is a CPPO and will be working on his Master's Program. He has what we and Lee Feldman have been looking for. He currently works for the City of Deerfield Beach and had worked for Coconut Creek as well.

Chairman Kurtz asked if there was any other business to discuss and there was none. He reiterated that the Board cannot vote on Crowe's contract renewal or on the October meeting minutes so those items will go on the agenda for next Board meeting.

The next meeting is scheduled for March 5th.

The meeting was adjourned at 5:36PM.

[Minutes prepared by Linda Blanco, Board Liaison]



**City of Fort Lauderdale  
Fiscal Year 2014 Audit Advisory Board Update  
January 29, 2015**

1. Audit status
  - A. Year-end financial statement audit fieldwork in progress
  - B. IT audit fieldwork still in progress, open items have been communicated to management
  - C. Single audit fieldwork completed by MSL, review by Crowe this week
2. Recap of timeline
  - A. Presentation of draft financial statement and single audit reports to Audit Advisory Board – March 5
  - B. Presentation of final financial statement and single audit reports to City Commission – March 17
3. Findings (internal control, compliance or other matters)
  - A. Current year findings
    - i. Potential IT findings – to be discussed with management upon completion of IT audit fieldwork procedures
  - B. Update on prior year findings
    - i. Compensated absences – not expected to be remediated this year
    - ii. Various IT findings – pending completion of IT audit fieldwork
    - iii. All other findings have been remediated or no longer apply
4. Significant adjustments – none at this time
5. Other significant matters
  - A. Pension fund audits
    - i. GERS
      - i. Crowe will refer to work of other auditors
    - ii. Police & Fire
      - i. Crowe will refer to work of other auditors
6. Questions or comments?