

APPROVED

**AUDIT ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
1 E. Broward Boulevard Suite 444
4th Floor Commission Conference Room
Thursday, October 31st, 2024, 2:00 PM**

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative Attendance</u>	
		<u>Present</u>	<u>Absent</u>
Joey Epstein	P	1	0
Eric Soh	P	1	0
Stephen Emery	P	1	0

Staff Present

Linda Short, Director, Finance
Aaron Kendrick, Deputy Director, Finance
Laura Garcia, Acting Treasurer, Finance
Patrick Reilly, City Auditor
Marco Hausy, Senior Assistant City Auditor
Angela Mahecha, Senior Assistant to the Director, City Auditor
Richard Morris, Senior Management Analyst, OMB
Debra Conyers, Board Liaison

Other Attendees

Brett Friedman, RSM US, LLP
Anthony Brunson, ABPA
Leslie M. Harden, ABPA

Call to Order

Chairman Joey Epstein called the meeting to order at 2:06 PM.

Roll Call

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

Review of Meeting Minutes for Approval

Chairman Epstein directed the review of the previous meeting minutes.

Stephen Emery motioned to approve the August 9th, 2023, and the April 25th, 2024, meeting minutes. Eric Soh seconded. The meeting minutes were approved unanimously in a voice vote.

Floor Open for Public Input

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

Quarterly Audit Compliance Report- September 2024

Audit status report for the month of September 2024 was presented.

Mr. Reilly explained that Office of Management and Budget track audit findings from City Auditors, external auditors and state auditors and compile the data. He added that each department is responsible for clearing up any audit findings. Currently there are twenty-three outstanding findings.

Ms. Short added suggested that the Quarterly report should include how many findings are on time, how many have been completed and reflect implemented dates.

Further discussion ensued between Board Members and City Staff (see attached handout).

Presentation of FY2023 ACFR

Ms. Short started by explaining how the general fund balance was really high and ended up being almost 34% above threshold, but the City has since spent some of it down in 2024 and 2025. She explained the water and sewer funds cash had a large bump, mainly because the City was growing the cash to help offset some of the costs associated with the water plant bonds. Ms. Short added it gave the City a great rating for bonds, and they were able to be issued. The reserve has since been removed and the City is no longer accumulating for that reserve.

Mr. Friedman talked about the newly adopted standard this year which was GASB 96. He explained that it was for subscription based IT arrangements and did not affect net position, but did affect some beginning balances because there were some IT items, especially as result of the new software system.

Further discussion ensued between Board Members and City Staff.

Stephen Emery motioned to approve ACFR. Eric Soh seconded. The ACFR was approved unanimously in a voice vote.

FY2023 Single Audit

Mr. Brunson explained that the issues with the single audit were basically late reporting issues. He stated beyond satisfying those reporting issues there were no other compliance issues.

Stephen Emery motioned to approve Single Audit. Eric Soh seconded. The Single Audit was approved unanimously in a voice vote.

Further discussion ensued between Board Members and City Staff (see attached handout).

FY 2024 Financial Audit Tentative Timeline

Mr. Friedman presented a FY2024 audit schedule reflecting tentative fieldwork dates. (see attached handout).

Ms. Short explained this would be the timeline that City Finance department will be working towards and would stay on top of the pension boards to provide the necessary information.

Further discussion ensued between Board Members and City Staff.

Other Business

N/A

Communication to the City Commission

N/A

Adjournment

The next regularly scheduled Audit Advisory Board meeting will be January 30th, 2025, at 5:00 PM.

The meeting adjourned at 2:40 PM

[Minutes prepared by Debra Conyers, Board Liaison]



CITY OF FORT LAUDERDALE

Open Audit Findings

Status Report

**External Audit, Single Audit, and
City Commission Audit**

As of September 30, 2024



CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The Office of Management and Budget compiles the quarterly Open Audit Findings Status Report based upon updates provided by departmental staff. Each report provides the status of open audit findings from external auditors and the City Auditor’s Office. The report is distributed to the City Manager, City’s Executive Strategy Team, and Audit Advisory Board on a quarterly basis.

There are currently 23 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 City Auditor that a finding has been resolved. The City Auditor’s Office will continuously review these responses throughout the year and notify the System Administrator in the Office of Management and Budget to close findings that have been resolved.

This past quarter, the following five audit findings were closed:

- Finding 3 - Lack of Billing Interest Payments and Penalties for Late Rent Payments
- Finding 4 - Security and Construction Deposits
- Finding 12 - Duplicate P-Card Detection
- Observation 2 - City Departments Not Reviewing Monthly Cellphone Invoices
- Observation 3 - Independent Verification Control of Lease Rent Collection

The departmental breakdown of open findings can be found in the table below.

Number of Open Audit Findings

DEPARTMENT	September 2020	September 2021	September 2022	September 2023	December 2023	March 2024	June 2024	September 2024
City Manager’s Office	0	0	10	8	8	8	8	5
Development Services	2	1	0	0	0	0	0	0
Finance	6	1	5	7	7	7	8	7
Human Resources	3	3	0	0	0	0	1	1
Information Technology Services	1	0	2	7	7	7	6	5
Parks and Recreation	1	0	0	0	0	0	0	0
Police Department	0	0	0	0	0	0	0	0
Public Works	0	3	3	0	0	1	1	1
Transportation and Mobility	0	0	0	0	0	2	4	4
TOTAL	13	8	20	22	22	25	28	23

Status of Audit Findings as of September 30, 2024

Issue No	External Auditor's Findings	Status	Page
Finance Department			
466	Finding 1 - Change Order Approvals, Rio Vista Restoration Project	Implemented	3
467	Finding 2 - Continuing Contracts, Rio Vista Restoration Project	Implemented	4
Single Audit Findings			
City Manager's Office			
498	2022-001 - Reporting - 20.106 Airport Improvements	Implemented	7
Finance Department			
479	Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance	Implemented	9
499	2022-002 Eligibility - 14.241 HOPWA	Implemented	10
City Auditor's Office Findings			
City Manager's Office			
476	Finding 1 - Documentation for Lease Obligations	Implemented	13
477	Finding 2 - Adequate Policies and Procedures for Lease Operations	Partially Implemented	14
478	Finding 3 - Lack of Billing Interest Payments and Penalties for Late Rent Payments	Closed	15
481	Finding 4 - Security and Construction Deposits	Closed	16
485	Finding 7 - File Retention Practices	Implemented	17
488	Observation 3 - Independent Verification Control of Lease Rent Collection	Closed	18
505	Finding 2 - Internal Control Process and PSM for City Take-Home Vehicles	Implemented	19
Finance Department			
429	Finding 12 - Duplicate P-Card Detection	Closed	21
506	Finding 3 - Physical Inventory for City Vehicles	Not Implemented	23
516	Finding 4 - Inconsistent application of internal controls over purchasing, delivery and payment	Partially Implemented	25
518	Finding 5 - Invoices were not routed to the appropriate parties to be processed in a timely manner	Partially Implemented	27
Human Resources Department			
504	Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone	Partially Implemented	29

Information Technology Services Department			
464	Computer Software and Programs Master Inventory Listing	Partially Implemented	31
465	Weak Internal Controls Relating to Software Programs used by Various Departments	Partially Implemented	32
500	Finding 1 - Lack of confirmation that ordered IT service/equipment had been received/working	Partially Implemented	33
501	Observation 1 - Outdated PSM 9.3.2 Does Not Reflect Current Computer Environment and Practices	Partially Implemented	34
502	Observation 2 - City Departments Not Reviewing Monthly Cellphone Invoices	Closed	35
507	Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance	Partially Implemented	36
Public Works Department			
510	Observation 1 - Task Order Approval and Routing Policy lacks detail on the scope of approvals	Partially Implemented	39
Transportation and Mobility Department			
511	Observation 2 - Invoice approval automation should be considered for construction projects	Implemented	41
513	Finding 1 - Insurance coverage is inconsistent with the requirements of the contract	Implemented	42
514	Finding 2 - Current SSAE 18, SOC 2, Type II report was not provided as required	Implemented	44
515	Finding 3 - Invoicing was inconsistent with the requirements of the contract	Implemented	45

EXTERNAL AUDITOR'S 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 09/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	lshort	Linda Short	Director	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutilier	Senior Management Analyst	Finance

Correction Plan Status: Implemented

Finding Type: Finding

Next Milestone

Milestone Date of Completion

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: The Finance Department/Procurement Services Division and the Public Works Department have created a joint professional development program with the goal of enhancing the procurement and contract management processes. Training dates and course topics are included in the attached development plan. Furthermore, the Procurement Manual has been updated to provide specificity and consistency with regard to eligible expenditures in task orders and change orders.

Finding 2 - Continuing Contracts, Rio Vista Restoration Project

Issue No: 467

Date of Finding: 11/22/2021

Final Date of Completion 09/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	lshort	Linda Short	Director	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutillier	Senior Management Analyst	Finance

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone

Milestone Date of Completion

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: 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 projects, purchase orders, task orders, funding, invoicing, and contracting were discussed. Beginning in January 2022, specificity has been added to Commission Agenda Memos on the value of contract renewals. Furthermore, the Procurement Manual has been updated to provide specificity and consistency with regard to the dollar value of administrative renewals.

SINGLE AUDIT FINDINGS



City Manager's Office



2022-001 - Reporting - 20.106 Airport Improvements

Issue No: 498
Date of Finding: 07/21/2023
Final Date of Completion 07/31/2024
Responsible Person 1 rjames
Responsible Person 2 charrison
Correction Plan Status: Implemented

Name	Title	Department
Rufus James	Director	City Manager
Carlton Harrison	Assistant Director	City Manager

Finding Type: Finding

Next Milestone
Milestone Date of Completion

Department: City Manager
Audit Initiator Single Audit

Title: 2022-001 - Reporting - 20.106 Airport Improvements

Issue / Observation The City could not provide documentation that SF-425, Federal Financial Report was completed and submitted annually as required by Compliance Supplement.

The City is required to perform task in noted areas to be in compliance with the grant terms. For this program annual reporting was a compliance requirement, through submission of the SF-425, Federal Financial Report. The Airport was unaware that this compliance requirement was to be fulfilled by them, therefore, the report was not filed deeming them not in compliance.

Recommendation: A review of the grant agreement and terms with the grant manager/project led to ensure that all requirement(s) are understood and to whom is responsible to complete the task.

Correction Plan: The airport submits quarterly reports for FAA AIP projects, however due to an oversight the annual SF-425 form was not completed. The SF-245 form was completed and submitted on June 14, 2023, and a procedure has been drafted to ensure compliance with the reporting requirements in the future. Additionally, the Airports Project Manager position will be moved from the Public Works Department to the Executive Airport Department in fiscal year 2024 which will improve supervision of the grant reporting requirements.

Current Status: Form SF-245, Federal Financial Report, has been submitted to the FAA, the Airport Engineer position has been moved to the Airport Organization Chart effective 10-1-2023, and a new procedure has been created to ensure compliance. Updated procedures will be reported on the 2023 single Audit report.

Finance Department



Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance

Issue No: 479

Date of Finding: 07/05/2022

Final Date of Completion 10/31/2024

Responsible Person 1 lshort

Name	Title	Department
Linda Short	Director	Finance

Responsible Person 2

Correction Plan Status: Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Single Audit

Title: Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance

Issue / Observation Internal control should be in place to ensure the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFA) is prepared correctly including identification of the proper Assistance Listing Number (ALN) and inclusion of grant expenditures that should be reported on the SEFA.

The City inappropriately listed a grant under the incorrect ALN. In addition, the City reported grant expenditures on the SEFA that should not have been reported on the SEFA. Finally the City reported expenditures as state financial assistance that should have been reported as Federal financial assistance.

Recommendation: The City should implement effective internal controls to ensure the SEFA is prepared in accordance with appropriate standards.

Correction Plan: Staff preparing the SEFA will submit copies of the grant agreements along with the SEFA for review and approval.

Current Status: The FY 2022 SEFA had to be revised to include approximately \$16.1 Million for Assistance Listing Number 21.019 for program COVID Relief, American Rescue Program, which was omitted from the original schedule. The City also adjusted the SEFA for approximately \$49,000 from Federal to State for CFSA program 55.004, as it was improperly classified in the original version. The Finance Department is reviewing the current internal controls to ensure that they are properly designed to ensure that the SEFA is prepared properly. This finding will remain open until the submission of the FY 2023 Annual Comprehensive Financial Report (ACFR), with a result that the finding was cleared.

2022-002 Eligibility - 14.241 HOPWA

Issue No: 499

Date of Finding: 07/21/2023

Final Date of Completion 10/31/2024

Responsible Person 1 Ishort

Responsible Person 2 rwilliams

Correction Plan Status: Implemented

Name	Title	Department
Linda Short	Director	Finance
Rachel Williams	HCD Manager	City Manager

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Single Audit

Title: 2022-002 Eligibility - 14.241 HOPWA

Issue / Observation

The City could not validate the income used in determining eligibility for services of HOPWA funds documented in the Provide Enterprise (PE) System. In addition, income verification support was inconsistent with monthly income amount noted and there was evidence of instances where the monthly support provided was not for a consecutive 3-month period, as required for income verification. Furthermore, self-verification was used to verify income after the COVID-19 restriction was lifted.

The participant's information is initially inputted by the agency (sub-recipient) and submitted to the City for review and approval of funding for housing. For case management, the agency (sub-recipient) input an intake form which includes income, proof of status and identification is reviewed during the annual monitoring process completed by the City. The participant file should include the application information entered and scans of supporting documentation. The PE system has limited storage capacity therefore the original hard copies are kept at the agency site and provided upon request.

Recommendation:

To increase the sample population and frequency of testing of the participant case files to ensure that the program guidelines are being met. Increase the frequency of the subrecipient monitoring and perform follow-up of noted monitoring findings within prior to traditional annual monitoring. In addition, to provide continual training to the subrecipients and perform assessment of efficiencies of procedures to determine viability of relationship.

Correction Plan:

The City identified this issue also during performance of the subrecipient annual monitoring. A monitoring letter was submitted with the noted findings to the agency of SunServe, with a corrective action plan returned to acknowledge the finding.

The City scheduled a mandatory training on January 12, 2023, which required a minimum of 2 people per agency to attend, and educated on the proper way to perform income verifications and document within the PE system.

Current Status:

The Housing and Community Development Division provided training to subrecipients and has increased subrecipient monitoring. Additionally, HUD conducted monitoring of this grant in August and September 2023 and the City did not receive any findings or concerns related to this program. This finding will remain open pending the results of the 2023 Single Audit as evidence that the issue has been resolved.

CITY AUDITOR'S OFFICE FINDINGS



City Manager's Office



Finding 1 - Documentation for Lease Obligations

Issue No: 476
Date of Finding: 09/06/2022
Final Date of Completion 05/30/2024
Responsible Person 1 rjames
Responsible Person 2 charrison
Correction Plan Status: Implemented

Name	Title	Department
Rufus James	Director	City Manager
Carlton Harrison	Assistant Director	City Manager

Finding Type: Finding

Next Milestone
Milestone Date of Completion

Department: City Manager
Audit Initiator Commission Audit

Title: Finding 1 - Documentation for Lease Obligations

Issue / Observation FXE Management did not provide sufficient documentation to support that certain lease obligations were being met.

- FXE Management lacked adequate supporting documentation for the following items:
1. No construction documentation was provided for all applicable lessees relating to,
 - a. Construction progress payments support or pay applications showing the construction start and end dates as related to the leases' construction deadlines and the value of the work completed as related to leases' minimum cost requirements;
 Verification of construction progress was completed by visual inspection, which is also not documented.
 - b. Construction contracts requiring boilerplate provisions per lease;
 - c. Construction bonds; and
 - d. Construction contractors' insurance certificates.
 2. Security deposit bond support for one lessee was not provided.
 3. Support was not provided for one lease for potential additional rent. Additionally, the quality of the additional rent support another three lessees was insufficient.
 - a. For example, only excel spreadsheets were provided for the additional rent support.
 4. Market rate adjustment support, such as appraisals, were not provided for five of the seven (5 of 7) sampled leases.
 5. There were missing fuel invoices for three (3) lessees in support of fuel flowage revenue.

The CAO recommends that the City Manager:

- Recommendation:
- Ensure that FXE management is aware of all lessee obligations, maintains required lease documentation, and implements policies and procedures for monitoring agreement obligations;
 - Periodically review the lease documentation maintained by FXE Management to ensure compliance with requirements and proper monitoring.

Correction Plan: FXE will implement improved controls through a new software, ProDIGIQ, to better monitor agreement obligations. Additionally, FXE will review all lease policies and provisions and consult with legal counsel on relevant procedural updates.

Current Status: The Airport has implemented the lease management system and updated the Airport Lease Form to require monthly reporting by the prime tenant for capital improvements for improved controls. Procedures have been reviewed and updated.

Finding 2 - Adequate Policies and Procedures for Lease Operations

Issue No: 477
Date of Finding: 09/06/2022

Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Present draft Airport Leasing Policy to the Aviation Advisory Board

Milestone Date of Completion 12/31/2024

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 2 - Adequate Policies and Procedures for Lease Operations

Issue / Observation FXE Management lacked adequate policies and procedures for lease operations.

Policies and procedures provided by FXE Management were incomplete, newly created or updated after the audit period, and missing basic internal controls.

Additionally, the non-existence of an FXE leasing policy breaches Policy and Standards Manual (PSM) 7.3.1, which required the creation of a such a policy as of late 2017, just prior to the audit period.

Subsequent Event

Airport policy FXE-008 Accounts Receivable had not been updated and pre-approved by the Director of Finance in regard to transitioning performance of the rent collections process from outside contractor to in-house. This transition began after the audit period, on September 1, 2021, and was significant, impacting approximately \$700,000 receipts per month on approximately 40 leases. This was deemed non-compliance with PSM 9.10.1.

- Additionally, software was obtained in July 2021 to manage the new cash collections, but as of seven (7) months later (February 2022) the software had not been implemented nor policies updated for the processes or controls.

The CAO recommends that the City Manager:

Recommendation:

- Perform an adequate risk assessment to highlight areas of risk and concern with appropriate control design built to govern leases. When possible, software systems should be used with proper security configurations to enhance the controls environment, preferably administered by Information Technology Services (ITS).
- Develop and implement comprehensive policies and procedures for lease operations, flowing from the risk assessment. At a minimum, the policies and procedures should include all items identified through this finding; however, all policies and procedures should be reviewed to determine if there are other policies and procedures that may need to be developed or updated.

Correction Plan: FXE will work with outside counsel and the Finance Department to develop policies and procedures. To initiate the process, FXE will review all lease policies and provisions and consult with legal counsel on relevant procedural updates within 120 days. Additionally, FXE purchased a lease management software to support the monitoring of lease agreement obligations.

Current Status: The lease management system has been implemented. In conjunction with the City Attorney's Office and outside counsel the Airport Lease Form has been revised. The Airport Leasing Policy has been reviewed by stakeholders and the comment period is now closed. The City Attorney's Office is reviewing the policy in preparation for staff to present to the Aviation Advisory Board. Page 14 of 45

Finding 3 - Lack of Billing Interest Payments and Penalties for Late Rent Payments

Issue No: 478

Date of Finding: 09/06/2022

Final Date of Completion 07/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Closed Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 3 - Lack of Billing Interest Payments and Penalties for Late Rent Payments

Issue / Observation Interest payments and penalties had not been billed or collected for late rent payments.

The City Auditor's Office (CAO) found that there were approximately 500 late payments that totaled approximately 5,600 late days. The CAO did not observe any interest payments or penalties that were charged for these late days.

Subsequent Event

In a letter to all airport tenants notifying them that the lease rent collection would be collected by FXE Management instead of the outside contractor beginning on September 1, 2021, FXE Management stated there was a 15-day grace period for late payments. This grace period conflicts with the lease provisions.

Recommendation: The CAO recommends that the City Manager:

- Revise FXE Policy #008 Accounts Receivable to be consistent with lease provisions;
- Consider implementing a mandatory e-payment program for any new tenants;
- Collect owed interest and penalties for late payments or have the City Commission waive the amounts owed; and
- Notify tenants/lessees that there is no grace period for late payments per the agreements and explain the lease provision.
- Consider implementing a late payment penalty within the City's airport lease template that is effective at incentivizing timely payment.

Correction Plan: FXE will evaluate the feasibility implementing an e-payment program. Additionally, FXE will gather details of pending balances of owed interest and penalties and, with the Finance Department, determine appropriate treatment of balances.

Staff will also review implementing late penalties to ensure balances are collected timely.

Current Status: The Airport Lease Form has been updated to reflect an e-payment option for rent payment. Additionally, the Accounts Receivable policy (FXE-008), was revised in April 2024 and approved by the Airport Director.

Finding 4 - Security and Construction Deposits

Issue No: 481
Date of Finding: 09/06/2022
Final Date of Completion 05/30/2024

Responsible Person 1 rjames
Responsible Person 2 charrison

Name	Title	Department
Rufus James	Director	City Manager
Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Closed

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 4 - Security and Construction Deposits

Issue / Observation In some instances, security and construction deposits had not been collected in accordance with lease requirement.

In general, the CAO found that security deposits and construction deposits that were required for the sampled lessees were collected; however, the CAO noted the following exceptions:

- One of 18 lessees did not pay its security deposit valued at approximately \$125,000.
- Five of six security/construction deposits collected during the audit period were not timely;
 - One of these lessees provided coverage in bond form which omitted the first year, resulting in no coverage for that period.
 - One lessee did not increase its security deposit upon declaring bankruptcy per lease requirement.
 - One lessee did not forfeit its construction deposit of \$36,000 for failure to complete construction by the extended deadline.

Recommendation: The CAO recommends that the City Manager:

- Transfer the forfeited funds from the construction deposit in escrow to a City-owned account;
- Collect the \$125,000 amount due in escrow;
- Design and implement policies and procedures to include periodic reconciliation of deposits to the lease provisions and the City's escrow account to ensure that lease provisions have been met;
- Review all other leases (that were not sampled for this audit) for security and construction deposits to ensure they were properly collected; and
- Review all security deposits in escrow to ensure that they are correctly in escrow and resolve any discrepancies identified.

Correction Plan: The Fort Lauderdale Executive Airport (FXE) will examine all leases and determine if deposits are recorded appropriately in escrow accounts. FXE will also follow up with tenants where deposits are not recorded as escrow in the City's financial records to determine if the amount was received. Staff will work with the Finance Department to ensure that deposits are recorded appropriately .

Current Status: All leases have been reviewed by the Sr. Financial Administrator. The lease management system has been implemented and the Airport Lease Form has been updated . The Sr. Financial Administrator updated policies to reflect the implementation of the lease management system and INFOR.

Finding 7 - File Retention Practices

Issue No: 485
Date of Finding: 09/06/2022
Final Date of Completion 03/31/2024

Responsible Person 1 rjames
Responsible Person 2 charrison

Name	Title	Department
Rufus James	Director	City Manager
Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Implemented

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 7 - File Retention Practices

Issue / Observation File retention practices should be improved.

FXE Management exhibited delay or difficulty in promptly providing the auditor with requested lease documents, which should be readily available. Additionally, the City Clerk's Office indicated FXE Management had not provided the Clerk with all current airport lease documents that should be centralized in the Laserfiche retention service for all department's significant documents, which has been effective since approximately 2015.

Recommendation: The CAO recommends the City Manager:
 - Retrain FXE personnel on proper records retention practices and requirements; and
 - Develop and implement policies and procedures to adequately maintain files in accordance with records retention requirements and completeness of the lease files.

Correction Plan: The Division, within the next sixty days, will schedule records retention training with the City Clerk's Office and will continue to coordinate with the City Clerk's Office on file retention efforts and best practices. Additionally, Airport staff will work with the Clerk's staff to develop policies for staff to follow and meet compliance.

Current Status: Airport staff has been retrained on the City's records retention procedures by the City Clerk's Office. Supporting documents of the training have been uploaded. Airport staff will coordinate with the City Auditor's Office to close this item.

Observation 3 - Independent Verification Control of Lease Rent Collection

Issue No: 488
Date of Finding: 09/06/2022
Final Date of Completion 05/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Closed Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: City Manager

Audit Initiator Commission Audit

Title: Observation 3 - Independent Verification Control of Lease Rent Collection

Issue / Observation Collection of lease rents require an independent verification control.

In general, CAO testing determined that rent was accurately billed and collected during the audit period; however, internal controls need improvement.

During and prior to the audit period, an outside contractor performed the majority of the airport rent collection services. Airport personnel would perform an independent verification of the contractor's performance. The separation of incompatible duties ensured that variations in rent over time, such as additional rental amounts, inflation adjustments, and market rate adjustments, were monitored and billed accurately to lease requirements over the long duration of these leases. This is an important control system because these rent adjustments have a compounding effect over time.

However, the audit could not determine that this control system was operating consistently with the outside contractor.

Recommendation: The CAO recommends that the City Manager designate a financial orientated City department to implement detailed monitoring of airport leases and independent verification of FXE's newly insourced rent adjustment and collection process.

Correction Plan: For the period audited, a City contracted third-party was responsible for rent collection which resulted in deficiencies that ultimately led to lease administration responsibilities returning to FXE. FXE staff will research implementation of controls to validate rent adjustments and collections.

Current Status: A lease management system has been implemented. The Senior Financial Administrator and Financial Administrator will oversee the lease administration activities. Airport staff will coordinate with the City Auditor's Office to close this item.

Finding 2 - Internal Control Process and PSM for City Take-Home Vehicles

Issue No: 505

Date of Finding: 09/19/2023

Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	sgrant	Susan Grant	Acting City Manager	City Manager
<u>Responsible Person 2</u>	adodd	Alan Dodd	Director of Public Works	Public Works

Correction Plan Status: Implemented

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 2 - Internal Control Process and PSM for City Take-Home Vehicles

Issue / Observation Internal controls pertaining to city take-home vehicles are not complete, cohesive, nor centrally administered.

Recommendation: The CAO recommends that the City Manager revisit city vehicle usage process and work in conjunction with the respective city departments to update, enhance, and possibly centralize the administration of the PSM.

Correction Plan: Management agrees at the time of the start of the CAO audit, the internal controls and policies for the City's take-home vehicles needed updating, and in fact, management had proactively engaged in the process of updating several of the PSM related to the internal controls and policies of the take-home vehicles.

As a result of management's actions/guidance, recommended updates have been prepared and forwarded to the Executive Strategy Team (EST) for further review and processing.

The EST has been instructed to review the proposed changes to the PSMs that will provide clarity and guidance to employees regarding the use of City vehicles. Additionally, a copy of these audit findings (once completed) will also be given to the EST to review in unison along with the other recommendations.

Once the EST reviews the proposed changes, recommendations will be made to Strategic Innovations to accept or further edit the documents, and then re-publish them for general distribution and posting on LauderShare.

Current Status: PSM 8.1.3 Take Home of City Vehicles and PSM 8.1.3 - A1 Take Home Vehicle Evaluation and Certification were approved by the City Manager effective April 5, 2024.

Finance Department



Finding #12: Duplicate P-Card Detection

Issue No: 429
Date of Finding: 03/01/2019
Final Date of Completion 06/30/2024

Responsible Person 1 lgarcia
Responsible Person 2 lshort

Name	Title	Department
Laura Garcia	Acting Treasurer	Finance
Linda Short	Director	Finance

Correction Plan Status: Closed

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

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: ERP (Infor) go-live occurred on October 3, 2022, and P-card charges are being loaded into the system on a daily basis. Prior to Infor implementation, P-card transaction detail did not transfer to the City's old financial system, FAMIS. For example, if you had two separate P-card charges of \$450 and \$550 hitting the same index code and sub-object, you would only see a \$1,000 total charge in FAMIS. If the \$450 p-card charge was also paid via purchase order (PO), which also would have been processed in a completely different system (BuySpeed), it would be difficult to identify. With Infor, it is the sole system used to process all financial transactions for the City. Since all transactions require a receipt, someone could not attach the same receipt to a P-card transaction and a PO without the department catching the duplicate entry. Furthermore, because there is bifurcation of responsibilities in Infor based on security roles, there are multiple levels of checks. For example, a "Requester" can attach a receipt to a PO in the system, but they cannot close out the PO. That must be done by someone with the "Approver" role, and you cannot have both roles in the system. In conclusion, although it is still a manual process, Infor makes the identification of duplicate payments much easier due to consolidation of systems and the addition of multiple levels of approval.

Current Status:

ERP (Infor) go-live occurred on October 3, 2022, and P-card charges are being loaded into the system on a daily basis. Prior to Infor implementation, P-card transaction detail did not transfer to the City's old financial system, FAMIS. For example, if you had two separate P-card charges of \$450 and \$550 hitting the same index code and sub-object, you would only see a \$1,000 total charge in FAMIS. If the \$450 p-card charge was also paid via purchase order (PO), which also would have been processed in a completely different system (BuySpeed), it would be difficult to identify. With Infor, it is the sole system used to process all financial transactions for the City. Since all transactions require a receipt, someone could not attach the same receipt to a P-card transaction and a PO without the department catching the duplicate entry. Furthermore, because there is bifurcation of responsibilities in Infor based on security roles, there are multiple levels of checks. For example, a "Requester" can attach a receipt to a PO in the system, but they cannot close out the PO. That must be done by someone with the "Approver" role, and you cannot have both roles in the system. In conclusion, although it is still a manual process, Infor makes the identification of duplicate payments much easier due to consolidation of systems and the addition of multiple levels of approval. The department has provided training resources on Infor to assist users with acclimating to processes within the system and is working with the City Auditor's Office on closure of the finding.

Finding 3 - Physical Inventory for City Vehicles

Issue No: 506
Date of Finding: 09/19/2023

Final Date of Completion 12/31/2024

Responsible Person 1 Ishort

Name	Title	Department
Linda Short	Director	Finance
Jason Boutilier	Senior Management Analyst	Finance

Responsible Person 2 jboutilier

Correction Plan Status: Not Implemented

Finding Type: Finding

Next Milestone Create a standardized process/format to effectively demonstrate annual accountability of the City's fleet equipment

Milestone Date of Completion 12/31/2024

Department: Finance

Audit Initiator Commission Audit

Title: Finding 3 - Physical Inventory for City Vehicles

Issue / Observation An independent physical inventory of city vehicles has not been conducted for nearly 10 years (November 2013, Finance - Fixed Assets).

Auditor Note:

An inventory was planned for February 2022, but it was not performed.

- This is not in compliance with State regulations, Florida Administrative Code (FAC), Rule 69I-73.006. FAC and City PSM 9.16.1, which require an annual inventory of assets.

It was also noted that Fleet's inventory file, a spreadsheet, is not properly controlled by password protection.

- In 2021, at an annual cost of \$41,000, Fleet began licensing a vehicle inventory management system, but Fleet was unable to provide the CAO with an inventory report produced by the management system.
- In addition, a full implementation of this system with proper IT general controls would help to ensure inventory records are complete and accurate.

Regarding the physical count aspect of the inventory process, for several years Fleet has implemented a GPS-tracking system within City vehicles, which generally automates an inventory count, but not all vehicles have a device installed, so a physical count is still needed to some extent.

Recommendation: The City Manager should ensure the Finance Director performs the following:

- Fleet and Finance are collaborating annually on a vehicle inventory to ensure assets are safeguarded and financial reporting is complete and accurate, in accordance with PSM's and State regulations,
- Fleet's inventory software is properly controlled and implemented,
- Fixed Assets recordkeeping is implemented in the ERP system.

Correction Plan:

Management agrees with the overall premise and objectives of the CAO findings/recommendations. However, given the advances in technology used by the City's Fleet Management Team, the need for a complete physical vehicle inventory count has been substantially mitigated by Fleet's automated Global Positioning System (GPS) tracking software. When balancing resource availability, cost, previous and ongoing operational reviews, and site visits, against the additional value-added information to be gained from performing a complete physical inventory count of the City's entire fleet, it is not management's opinion that it is in the City's best interest at this time, and therefore, not recommended for vehicles with GPS tracking.

Based on the ongoing continuous operational efforts (site visits, etc.) and technology advances (Collective Data), management believes Fleet is effectively performing a continuous/perpetual audit of the City's fleet inventory and will have Finance work with Fleet to codify its efforts into a standardized process/format to effectively demonstrate its annual accountability of the City's fleet equipment. Furthermore, for the non-GPS vehicles, management does feel it is appropriate to develop a more heightened/targeted review of these vehicles.

Current Status:

The Finance Department's collaboration with Fleet Services to conduct a physical inventory audit of the non-GPS vehicles has been delayed and is expected to occur by December 2024.

Finding 4 - Inconsistent application of internal controls over purchasing, delivery and payment

Issue No: 516

Date of Finding: 07/02/2024

Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	Ishort	Linda Short	Director	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutillier	Senior Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Update the procurement manual to provide further guidance on inverted Purchase Orders (POs).

Milestone Date of Completion 12/31/2024

Department: Finance

Audit Initiator Commission Audit

Title: Finding 4 - Inconsistent application of internal controls over purchasing, delivery and payment

Issue / Observation Since the inception of the relationship between the City and the IPS Group in January 2021, there have been fourteen (14) shipments of meters and/or spare parts delivered to the City. The City Auditor's Office (CAO) examined the source documents related to these shipments, including the master purchase order, quotes, requisitions, purchase orders (POs), electronic receipts (in the absence of original receiving documents), and invoices, noting the following:

- Incomplete requisitions/POs/receipts – two (2) requisitions and the corresponding POs and receipts did not include parts with \$0 unit cost that were quoted and shipped to the City.
- Incorrect requisitions/POs/receipts – six (6) requisitions and the corresponding POs and receipts included parts that were set up with the incorrect quantity and unit cost. Details on the corresponding invoices did not match, yet, they were approved for payment by Transportation and Mobility (TAM) staff and processed by the Accounts Payable Division (Accounts Payable).

Furthermore, the CAO noted that the quotes and the invoices were inconsistent – some were itemized, and others were not. Finally, the CAO also noted that one invoice included incorrect information, yet it was approved for payment by TAM staff and processed by Accounts Payable.

Master Blanket Purchase Order # PP210817 was created on January 5, 2021, and includes descriptions of the equipment and services, along with the negotiated costs. It serves as the basis for requisitions and POs. According to the BSO User Manual, p. 42 (Exhibit 4), once an order is received, administrative staff needs to coordinate with field staff, either via paper or e-mail, to obtain information about what was received, and create an electronic receipt, which signals to the Accounts Payable Division that it may pay the vendor. Before a payment is made, the quantity, unit price, and extended price on the PO, receipt, and invoice should equal.

Recommendation: The CAO recommends that the City Manager instruct the Director of Finance to provide a Citywide training on what controls are and why they are important in the day-to-day operations of the City, and to direct her staff to perform the 3-way match. Also, the CAO recommends that the City Manager instruct the Director of TAM to require his staff to be more diligent in the exercise of their assigned duties.

Correction Plan: Management concurs with this finding. Transportation and Mobility staff utilized the inverted purchase method for the commodity by entering a single line item with a total cost rather than a line-item breakdown including quantities. Management agrees that the 3-way match process, which is an automatic process that is imbedded in the Infor ERP for payments on purchase orders, would have been more efficient if the purchase order was line-item based. Management will provide citywide training on when to use the inverted purchase methodology.

Current Status:

The Finance Department conducted a Procurement Town Hall on May 29, 2024. This training covered how to properly process requisition utilizing all purchasing methods. Additionally, the philosophy on inverted Purchase Orders (POs) has recently changed, and Finance will be updating the Procurement Manual to provide further guidance.

Finding 5 - Invoices were not routed to the appropriate parties to be processed in a timely manner

Issue No: 518

Date of Finding: 07/02/2024

Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	Ishort	Linda Short	Director	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutillier	Senior Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Develop uniform guidance for contract administration.

Milestone Date of Completion 12/31/2024

Department: Finance

Audit Initiator Commission Audit

Title: Finding 5 - Invoices were not routed to the appropriate parties to be processed in a timely manner

Issue / Observation Since the inception of the relationship between the City and the IPS Group in January 2021, forty-four (44) invoices were submitted for payment. The City Auditor's Office (CAO) noted that thirty-eight (38) of the forty-four (44) invoices, or eighty-six percent (86%), were originally submitted only to Transportation and Mobility (TAM). No evidence was provided to show that, upon receipt, TAM staff forwarded these invoices to Accounts Payable. Instead, they uploaded them into BSO or INFOR when creating electronic receipts, some of which were completed over thirty (30) days after the delivery of goods or services, with one completed sixty-eight (68) days after. After the approval of these electronic receipts, which on a few occasions extended the process even further, AP was notified that they could proceed. The date of approval became the official date on which invoices were received by the City, essentially extending the 45 days provided by law.

Additionally, CAO noted that three (3) of the forty-four (44) invoices, or seven percent (7%), were paid after the 45 days provided by State law.

According to the contract, the City must pay the Contractor within forty-five (45) days of receipt of the Contractor's proper invoice, as provided by § 218.74, Fla. Stat. (2012) (Exhibit 5), also known as the Local Government Prompt Payment Act.

To be deemed proper, all invoices must comply with requirements set forth in the contract and must be submitted on the form and pursuant to instructions prescribed by the City's Contract Administrator. These can be found on the face of POs, specifically the requirement to submit invoices to the Accounts Payable Division.

Recommendation: The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish uniform guidance for administering contracts. Staff should not only understand the terms of their own contracts and how to administer them, but also the effect their actions or inactions have on the work of other departments and the City as a whole.

Correction Plan: Management concurs with this finding. The Finance Department's Procurement Division will develop uniform guidance for contract administration.

Current Status: The Finance Department held a Procurement Town Hall to cover best practices for efficient management of contracts. Additional guidance is being developed and is expected to be released by December 2024.

Human Resources Department



Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone

Issue No: 504
Date of Finding: 09/19/2023
Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	jpost	Jerome Post	Director	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize PSM 9.11.5
 12/31/2024

Milestone Date of Completion Human Resources

Department: Commission Audit

Audit Initiator Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone

Title: Substantive testing by data analysis of 100% of cell phone allowances and cell phones during the audit period, fiscal years 2020 through 2022, of 1,009 employees that had a cell phone allowance, CAO found 38 (3.8%) exceptions totaling approximately \$19,000 of cell phone allowances being paid to an employee while also having a cell phone.

Issue / Observation

The CAO recommends that the City Manager have ITS work in conjunction with all departments to perform an analysis to find all continuing cases of overlapping cell phone allowances for prompt cancellation.

Recommendation:

Management concurs with this finding and has taken steps to implement further controls in the process of issuing City Cell Phones Citywide. This is further delineated in Observation 1 response. Additionally, as recommended, ITS and Finance will conduct a comparative analysis of the cell phone stipend roster against the cell phone issued list to identify any current or past offenses .

Correction Plan:

The updated mobile device allowance authorization form has been implemented and is currently in use. The final step of the new mobile device allowance process map needs to be tested. PSM 9.11.5 Mobile Device Policy is still being updated and is undergoing EST review .

Current Status:

Information Technology Services Department



Computer Software and Programs Master Inventory Listing

Issue No: 464
Date of Finding: 10/22/2021
Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Technology Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone Finalize the Information Technology Service Management (ITSM) system Implementation

Milestone Date of Completion 06/30/2026

Department: Information Technology 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: ServiceNow Phase II is being implemented. When complete, IT will be launching the asset management tools to streamline this process.

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 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Technology Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone Update policies and procedures

Milestone Date of Completion 12/31/2024

Department: Information Technology 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: The City's PSM 9.3.2 has been updated and submitted for approval by the Executive Strategy Team (EST) and City Manager.

Finding 1 - Lack of confirmation that ordered IT service/equipment had been received/working

Issue No: 500
Date of Finding: 07/05/2023

Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Technology Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize the Information Technology Service Management (ITSM) system Implementation

Milestone Date of Completion 06/30/2026

Department: Information Technology Services

Audit Initiator Commission Audit

Title: Finding 1 - Lack of confirmation that ordered IT service/equipment had been received/working

Issue / Observation IT service and/or equipment delivery confirmation by the requestor is not in place. In some cases, the IT technician notes "completed" or "done" on the TrackIT ticket and the ticket is closed. In other cases, the ticket status is not marked, and/or the date of delivery is not entered.

Currently, there is no requirement that the requestor confirms that the IT service/equipment was delivered and working as intended.

Recommendation: The CAO recommends that the City Manager require that the Director of IT Services implements internal controls to evidence receipt of IT Service/equipment delivery by the requestor.

This evidence could be in the form of an e-mail attached to the ticket or a notation of the date/time and the person's name who confirmed delivery noted under the "Resolution" tab of the ticket. It is expected that a new ITSM tool will be implemented in the near future; the department should explore whether the new software has better tracking capabilities than the current system in place.

Correction Plan: Information Technology Services (ITS) has recently begun a three-year Transformation and Modernization plan with the goal of achieving IT service excellence by focusing on three critical areas, Cybersecurity, Modernization and Workforce.

ITS is currently finalizing the procurement of a new Information Technology Service Management (ITSM) system which will focus on standardizing service and support, operational efficiency as well as IT governance.

The goal of the ITSM project is not only to replace the existing unsupported and end of life program but to formalize, standardize, and modernize IT service management practices in the City. This initiative will include the adoption of the ITIL (Information Technology Infrastructure Library) framework which is an industry standard based on known and proven principles in efficient, effective, and successful IT management. ITSM modernization will also enable process improvement across the IT organization including asset management, change management, portfolio management, knowledge, contract, and vendor management as well as configuration management, all currently lacking in the IT organization today.

Additionally, key IT staff members are scheduled for a 4-day on-site IT Service Management Workshop on July 31, 2023, as part of the IT Transformation and Modernization three-year plan.

Current Status: ITS continues with Phase II of ServiceNow implementation which will enable more accurate tracking of receipt of inventory, confirmation of equipment installation and that same is in good working condition.

Observation 1 - Outdated PSM 9.3.2 does not reflect current computer environment and practices

Issue No: 501
Date of Finding: 07/05/2023

Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Technology Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Finalize and publish revisions to PSM 9.3.2

Milestone Date of Completion 12/31/2024

Department: Information Technology Services

Audit Initiator Commission Audit

Title: Observation 1 - Outdated PSM 9.3.2 does not reflect current computer environment and practices

Issue / Observation The City's PSM 9.3.2, dated 07/18/2006, is outdated and it does not reflect current practices.

Auditor Note: PSM 9.3.2 describes purchasing/leasing computer hardware and software by various City departments while IT Services' role is restricted to "attending meetings" when vendors solicit departments with new products and "schedule or contract" for training needs. Moreover, the PSM mentions outdated and non-viable technologies in today's environment, such as "ribbons, diskettes" among others.

Recommendation: The CAM recommends that the City Manager requires the Director of IT Services to work on updating PSM 9.3.2. Additionally, developing internal policies should be considered that are reflective of the computing environment, the roles and processes of the IT Services department, and its internal controls.

Correction Plan: The PSM 9.3.2 has been revised by ITS and reviewed by Structural Innovation and will be presented to the Executive Strategy Team for review by the 4th quarter of 2023.

Additionally, ITS is currently finalizing the procurement of a new Information Technology Service Management (ITSM) system which will focus on standardizing service and support, operational efficiency as well as IT governance.

Key IT staff members are scheduled for a 4-day on-site IT Service Management Workshop on July 31, 2023, as a part of the IT Transformation and Modernization three-year plan.

Current Status: Revisions to PSM 9.3.2 have been submitted for review by the Executive Strategy Team (EST).

Observation 2 - City departments not reviewing monthly cellphone invoices

Issue No: 502
Date of Finding: 07/05/2023
Final Date of Completion 05/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Technology Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services

Correction Plan Status: Closed Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Information Technology Services

Audit Initiator Commission Audit

Title: Observation 2 - City departments not reviewing monthly cellphone invoices

Issue / Observation We found no evidence of a review and approval of a Verizon monthly (October 23, 2022) cell phone invoice, totaling \$12,763.55. Further review revealed that monthly cellphone invoices are not reviewed by departments.

Auditor Note: Currently, IT Services performs a cursory review on reoccurring monthly invoice total balances. If a large deviation is notated as compared to prior monthly invoices, IT Services inquires further, otherwise the invoice is paid.

We also noted a compensating control of an annual review of phones by each department .

Recommendation: The CAO recommends that the City Manager require the Director of IT Services to take steps to enhance internal controls. Specifically, cellphones assigned to employees are reviewed at least quarterly for accuracy and the review is evidenced by a signature and date. PSM 9.3.2 should reflect these potential updates.

Correction Plan: ITS will commend with a quarterly review of city departments to review their cellphones issued to employees for accuracy. The review will require a signature and a date.

Current Status: Workflow changes have been initiated and internal IT procedures have been set forth to review bills monthly and to obtain quarterly approvals. It is deemed that a change in the PSM is not necessary to reflect this department procedure.

Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance

Issue No: 507
Date of Finding: 09/19/2023

Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Technology Services
<u>Responsible Person 2</u>	jpost	Jerome Post	Director	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Update policies and procedures

Milestone Date of Completion 12/31/2024

Department: Information Technology Services

Audit Initiator Commission Audit

Title: Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance

Issue / Observation ITS control process' for issuing city cell phones and an employee having a cell phone allowance removed needs to be enhanced.

- There were 18 phones issued in 2022, and 15 employees did not have a cell phone allowance and three employees did have a cell phone allowance. Two employees who had a cell phone allowance did not have the cell phone allowance canceled upon receiving their city cell phone.
- The new ITS control process, implemented in 2022 and aimed at preventing overlapping cell phone allowance payments and issuance of city cell phones, was not formalized in a written policy and procedure document,
- The flowchart for the controls were found to be missing key control components ,
- The process, after the cell phone request is verified with Payroll as to existing cell phone allowance, involves a service ticket assignment between ITS employees that does not require documentation and notification of any changes of cell phone end-user,

Physical control over cell phones was found to need enhancement:

- ITS acknowledged it has no asset management policy:
 - Once a mobile device is issued to a department, there is no expectation the phone will be returned to ITS when the original user is done with it,
- It was acceptable practice for ITS personnel to deliver a newly issued phone to the desk of an employee with no evidence of direct delivery to/receipt by the employee being required.

Recommendation: The CAO recommends that the City Manager instruct the Finance and ITS director to enhance its cell phone pre-verification process within a written policy to include, but not limited to:

- Coordination with the respective departments requesting the cell phone and payroll,
- Periodic inventory and/or enhanced physical controls over the asset,
- Enhanced documentation of delivery and receipt of the cell phone
- Independent review of cell phone end-user, allowances, and inventory by department

Correction Plan:

Management agrees the controls around overlapping of cell phone allowances and provided cell phones/mobile devices should be codified in the City's policies and procedure and will update the appropriate policies to ensure clear and concise directions for all staff members .

A greater onus will be placed on the requesting department's Supervisor/Director to ensure before signing and approving they verify there is no duplication of either the stipend / issued City cell phone. ITS and Finance amended the Mobile Device Allowance form to add ITS signature confirming the employee does not possess a City issued cell phone prior to the stipend being processed in the employees' paycheck. ITS already has this control in place when issuing a city cell phone to ensure no stipend exists. This additional step will close the existing loophole.

To enhance and control the mobile devices' physical assets, moving forward ITS will obtain a signature receipt from all staff members issued a mobile device. Also, on the back end, ITS will work with Human Resources (HR) to add ITS to its Employee Separation Checklist to ensure ITS has an opportunity to collect any issued mobile devices prior to any departing staff member's last day of work.

Current Status:

The City PSM 9.3.2 and 9.11.5 are being updated to reflect current practice and have been submitted for review by the Executive Strategy Team (EST).

Public Works Department



Observation 1 - Task Order Approval and Routing Policy lacks detail on the scope of approvals

Issue No: 510

Date of Finding: 02/06/2024

Final Date of Completion 12/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	fford-powell	Felicia Ford-Powell	Program Manager I	Public Works
<u>Responsible Person 2</u>	MMajstorovic	Milos Majstorovic	Acting Director	Transportation & Mobility

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Finalize the Task Order and Change Order policies and updates to the Task Order Checklist.

Milestone Date of Completion 10/18/2024

Department: Public Works

Audit Initiator Commission Audit

Title: Observation 1 - Task Order Approval and Routing Policy lacks detail on the scope of approvals

Issue / Observation The Task Order Approvals & Routing policy by Public Works Department (PWD) requires that five people approve each Task Order within the department. However, there are no specifics on what each individual approves.

Moreover, the Task Order Approvals and Routing policy does not list all current approvers as required by the routing form. The current Project Manager and Program Manager are not listed.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager directs PWD and Transportation and Mobility (TAM) to enhance the Approval and Routing Policy to reflect the current approvers and their individual responsibilities. Project resource monitoring, budget availability, technical specifications, and time considerations should be assessed by the individual approvers as part of their specific roles. Moreover, the number of approvers could be reduced, and the process could be streamlined thus providing a timelier approval, if duplicative reviews are identified. In addition, an automated approval process should be considered.

Correction Plan: Management concurs with this observation. As recommended in the audit report, Public Works will collaborate with Transportation and Mobility in the development of these formalized documents.

Current Status: The final drafts of the Task Order and Change Order policies are currently under review by Public Works end users. Once internal approval is obtained, the documents will be shared with the Public Works Director and then distributed to our external stakeholders.

Transportation & Mobility Department



Observation 2 - Invoice approval automation should be considered for construction projects

Issue No: 511

Date of Finding: 02/06/2024

Final Date of Completion 05/08/2024

Responsible Person 1 MMajstorovic

Responsible Person 2 fford-powell

Correction Plan Status: Implemented

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Observation 2 - Invoice approval automation should be considered for construction projects

Issue / Observation The invoice approval process for Public Works Department (PWD) and Transportation and Mobility (TAM) construction projects appear to be lengthy and cumbersome. No automated workflow established for invoice approvals.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager directs Information Technology Services (ITS), PWD, and TAM to evaluate implementing enhancements to the approval process, for example, more automation, which may expedite approvals for the vendor payment process.

Correction Plan: Management has reviewed this observation and while the current process is lengthy and cumbersome, we believe that it provides a high level of control over the review and approval of construction pay applications. The Public Works Department manually reviews all construction pay applications to ensure quantities match with approved construction plans, inspector reports, and other contract requirements, as well as any retainage required. The system of checks and balances incorporated in the current process ensures accuracy of payments being made, prior to submittal to the Finance Department for processing. Staff has reviewed its current procedure and believes it is sufficient to meet the City's needs to comply with applicable policies and laws .

Current Status: Transportation and Mobility staff have reviewed its current procedure and believe it is sufficient to meet the City's needs to comply with applicable policies and laws . The City has implemented a new enterprise financial system, INFOR, that includes a routing process for invoice approvals and other procurement services.

Name	Title	Department
Milos Majstorovic	Acting Director	Transportation & Mobility
Felicia Ford-Powell	Program Manager I	Public Works

Finding Type: Observation

Finding 1 - Insurance coverage is inconsistent with the requirements of the contract

Issue No: 513

Date of Finding: 07/02/2024

Final Date of Completion 09/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	MMajstorovic	Milos Majstorovic	Acting Director - Transportation And Mobility	Transportation & Mobility
<u>Responsible Person 2</u>	Ishort	Linda Short	Director	Finance

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Finding 1 - Insurance coverage is inconsistent with the requirements of the contract

Issue / Observation Upon examination of IPS' 2023-2024 insurance certificates, the CAO identified the following discrepancies:

- Commercial General Liability – the policy must include coverage for Contractual Liability and Independent Contractors; however, there is no mention of these on the face of the certificate.
- Business Automobile Liability – the City should be named as Additional Insured , but it is not.
- Cyber Liability – the coverage does not meet the contract terms, and the City is not named as Additional Insured.
- Fidelity/Dishonesty and/or Commercial Crime – the City is not named as Additional Insured .
- Professional Liability and/or Errors and Omissions – no coverage.
- Umbrella/Excess – the City is not named as Additional Insured .

The contract specifies the types and minimum levels of insurance coverage that the IPS Group is obligated to maintain throughout the contract:

- Commercial General Liability:
 - o \$10,000,000 for each occurrence and \$10,000,000 aggregate for Bodily Injury, Property Damage, and Personal and Advertising Injury, and
 - o \$10,000,000 each occurrence and \$10,000,000 aggregate for Products and Completed Operations.
- Additionally, the policy must include coverage for Contractual Liability and Independent Contractors and the City, its officers, employees, and volunteers as additional insured.
- Business Automobile Liability:
 - o \$1,000,000 combined single limit, each accident, for Bodily Injury and Property Damage for all Owned, Hired, Scheduled, and Non-Owned vehicles.
- Cyber Liability:
 - o \$10,000,000 per loss for negligent retention of data as well as notification and related costs for actual or alleged data breaches.
- Fidelity/Dishonesty and/or Commercial Crime
 - o \$3,000,000 per loss for dishonest acts of IPS employees, including, but not limited to, theft of money, personal property, vehicles, materials, supplies, equipment, tools, etc.
- Professional Liability and/or Errors and Omissions:
 - o \$10,000,000 each claim and \$10,000,000 aggregate for Wrongful Acts.
- Workers' Compensation and Employer's Liability:
 - o Coverage must be afforded under Chapter 440, Florida Statutes.

The City shall be named additional insured on all liability policies except Workers' Compensation .

Recommendation:

The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish such uniform guidance to minimize risks, improve efficiency, maintain compliance, and foster good relationships. This guidance should be provided to departments upon signing a contract. It should standardize practices and outline expectations, reducing the risk of errors and oversight.

Furthermore, the CAO recommends that the City Manager work with the respective departments to train staff on how to proactively monitor their respective contracts .

Finally, the CAO recommends that the City Manager instruct the Director of TAM to require IPS to provide updated certificates of insurance and to work with the Director of Human Resources, specifically the Risk Management Division to ensure that these certificates meet the contract requirements.

Correction Plan:

Management concurs with this finding. The Transportation & Mobility Department had initial insurance documents but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current proof of insurance documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Current Status:

The Transportation & Mobility Department (TAM) has obtained current proof of insurance, which has been shared with the City's Risk Manager and has created a checklist to mitigate future occurrences.

Finding 2 - Current SSAE 18, SOC 2, Type II report was not provided as required

Issue No: 514

Date of Finding: 07/02/2024

Final Date of Completion 09/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	MMajstorovic	Milos Majstorovic	Acting Director	Transportation & Mobility
<u>Responsible Person 2</u>	mdunn	Morgan Dunn	Program Manager I	Transportation & Mobility

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Finding 2 - Current SSAE 18, SOC 2, Type II report was not provided as required

Issue / Observation The SSAE 18, SOC 2, Type II reports covering the period from January 2021 to September 2021 and from October 2022 to present were not provided. IPS provided only one report covering the period October 1, 2021 to September 30, 2022.

Section 2.44 of the Solicitation asked the contractors to give an SSAE 18, SOC 2, Type I report with their proposals, and for the successful candidate, to provide an SSAE 18, SOC 2, Type II report annually during the contract term.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager instruct the Director of Transportation and Mobility (TAM) to obtain a current SOC 2, Type II report from IPS, and stress the importance of abiding by the contract terms. In addition, uniform guidance for managing contracts and related training will help alleviate such issues.

Correction Plan: Management concurs with this finding. The Transportation & Mobility Department had initial SSAE 18, SOC 3, Type II reports but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current and missing documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Current Status: The Transportation & Mobility Department (TAM) has obtained current and missing documents, which have been shared with the City's Risk Manager. The department also created a checklist to mitigate future occurrences.

Finding 3 - Invoicing was inconsistent with the requirements of the contract

Issue No: 515
Date of Finding: 07/02/2024
Final Date of Completion 12/31/2024
Responsible Person 1 MMajstorovic
Responsible Person 2 lshort
Correction Plan Status: Implemented

Name	Title	Department
Milos Majstorovic	Acting Director	Transportation & Mobility
Linda Short	Director	Finance

Finding Type: Finding

Next Milestone
Milestone Date of Completion

Department: Transportation & Mobility
Audit Initiator Commission Audit

Title: Finding 3 - Invoicing was inconsistent with the requirements of the contract

Issue / Observation The City Auditor's Office (CAO) examined all invoices submitted to the City for payment and noted that in four (4) instances IPS invoiced the City and those invoices were paid in full before service was completed.

- In one of the four instances, the City paid \$1,340 in September 2022 for the installation of sixty-seven (67) single-space meters, of which nineteen (19) were still in storage in October 2023.
- In another, the City paid \$20,800 in August 2022 for the installation of one hundred and four (104) multi-space meters, of which one (1) is still in storage in October 2023.

According to Section V of the Contract, p. 2 (Exhibit 2), IPS may submit invoices for compensation only after the services for which the invoices are presented have been completed.

Recommendation: The CAO recommends that the City Manager instruct the Director of TAM to provide training to staff to scrutinize invoices more closely and pay only for services already provided to the City .

Correction Plan: Management concurs with this finding. The findings identified a unique situation in which the goods were received but services (installation) couldn't occur due to conflicting site needs, resulting in an immaterial cost impact to the contract. Management will provide additional training.

Current Status: The Transportation & Mobility Department (TAM) has coordinated staff training to provide guidance on methods of comprehensively reviewing invoices.

CITY OF FORT LAUDERDALE, FLORIDA

SINGLE AUDIT REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

CITY OF FORT LAUDERDALE, FLORIDA
SINGLE AUDIT REPORT
Year Ended September 30, 2023

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ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

The Honorable Mayor and Members of the City Commission
City of Fort Lauderdale, Florida

Report on the Audit of the Schedule of Expenditures of Federal Awards and State Financial Assistance

Opinion

We have audited the schedule of expenditures of federal awards and State financial assistance of the City of Fort Lauderdale, Florida (the "City") for the year ended September 30, 2023, and the related notes (Schedule).

In our opinion, the accompanying schedule of expenditures of federal awards and State financial assistance presents fairly, in all material respects, the expenditures of federal awards and State financial assistance of the City of Fort Lauderdale, Florida for the year ended September 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.



Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance as well as Chapter 10.550, Rules of the Auditor General will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

This report is intended solely for the information and use of the Honorable Mayor and Members of the City Commission, management, and specific legislative or regulatory bodies and is not intended to be, and should not be, used by anyone other than these specified parties.



Miramar, Florida
October 18, 2024



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Mayor and Members of the City Commission
City of Fort Lauderdale, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Fort Lauderdale, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Florida Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of City of Fort Lauderdale, Florida's major federal programs and State projects for the year ended September 30, 2023. City of Fort Lauderdale, Florida's major federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Fort Lauderdale, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and State projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Fort Lauderdale, Florida's Federal programs and State projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Fort Lauderdale, Florida's compliance with the requirements of each major federal program and State project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Fort Lauderdale, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Fort Lauderdale, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of City of Fort Lauderdale, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompany schedule of findings and questioned costs as items **2023-001**, **2023-002**, and **2023-003**. Our opinion of the City of Fort Lauderdale, Florida's, is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City of Fort Lauderdale, Florida's response to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The City of Fort Lauderdale, Florida's response was not subject to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Miramar, Florida
October 18, 2024

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2023

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfer to Subrecipient</u>
<u>I. CASH FEDERAL FINANCIAL ASSISTANCE</u>				
U. S. Department of Agriculture:				
Indirect Programs:				
Food and Nutrition Service				
Child and Adult Care Food Program				
Passed Through Florida Department of Health, Bureau of Childcare Food Programs				
Afterschool Snack Program - FY22	10.558	A-4798	\$ 12,481	\$ -
Afterschool Snack Program - FY23	10.558	A-4798	<u>22,258</u>	<u>-</u>
Total Assistance Listing #10.558			<u>34,739</u>	<u>-</u>
Child Nutrition Cluster				
Summer Food Service Program for Children				
Passed Through Florida Department of Agriculture and Consumer Services				
Summer Food Service Program for Children - FY22	10.559	18474	63,573	-
Summer Food Service Program for Children - FY23	10.559	18474	<u>55,969</u>	<u>-</u>
Total Child Nutrition Cluster			<u>119,542</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>154,281</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Direct Programs:				
Office of Community Planning and Development				
Community Development Block Grants/ Entitlement Grants				
	14.218	N/A	1,707,179	286,251
COVID19 Community Development Block Grants/ Entitlement Grants - CDBG-CV				
	14.218	B-20-MW-12-0005	<u>521,230</u>	<u>-</u>
Total CDBG - Entitlement Grants Cluster			<u>2,228,409</u>	<u>286,251</u>
Home Investment Partnerships Program	14.239	M-19-MC-12-0205	20,996	16,247
Home Investment Partnerships Program	14.239	M-20-MC-12-0205	106,101	106,101
Home Investment Partnerships Program	14.239	M-21-MC-12-0205	43,420	39,839
Home Investment Partnerships Program	14.239	M-23-MC-12-0205	76,457	-
HUD - American Rescue Plan Affordable Housing Act	14.239	M-21-MP-12-0205	14,764	-
Housing Opportunities for Persons with AIDS	14.241	N/A	7,117,400	6,480,933
Coronavirus Aid Relief & Economic Security Act				
COVID19 Housing Opportunities for Persons with AIDS	14.241	FLH20-FHW004	<u>179,335</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>9,786,881</u>	<u>6,929,371</u>

(Continued on next page)

See Notes to Schedule.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2023

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfer to Subrecipient</u>
U.S. Department of Justice				
Direct Programs:				
Office of Justice Programs				
Bureau of Justice Assistance				
National Sexual Assault Kit Initiative Grant	16.833	2020-AK-BX-0007	43,092	-
Equitable Sharing Program				
Forfeiture Fund - Federal Equitable Sharing (Non-Treasury)	16.922	N/A	1,411,841	-
Indirect Programs:				
Bureau of Justice Assistance				
Passed Through Broward County				
Local Law Enforcement Crime Gun Intelligence Center Integration Initiative				
Fort Lauderdale Police Department Illegal Gun Crime Reduction Campaign	16.738	15PBJA-21-GG- 03280-JAGP	<u>45,860</u>	<u>-</u>
Total U.S. Department of Justice			<u>1,500,794</u>	<u>-</u>
U.S. Department of Transportation:				
Direct Programs:				
Federal Aviation Administration (FAA)				
Airport Improvement Program				
Runway Incursion MITI	20.106	3-12-0024-033- 2020	1,239	-
Coronavirus Aid, Relief, and Economic Security Act (CARES) Grant	20.106	3-12-0024-034- 2020	8,178	-
COVID19 FAA Coronavirus Response	20.106	3-12-0024-035- 2021	20,207	-
Rehabilitate & Realign Taxiway	20.106	3-12-0024-036- 2021	<u>5,087</u>	<u>-</u>
Total Assistance Listing #20.106			<u>34,711</u>	<u>-</u>
Indirect Programs:				
State and Community Highway Traffic Safety Program				
Highway Traffic Safety				
Passed Through FL Department of Transportation				
Fort Lauderdale Police Motorcycle Safety Campaign	20.600	G2D06	<u>26,603</u>	<u>-</u>
Total Highway Safety Cluster			<u>26,603</u>	<u>-</u>

(Continued on next page)

See Notes to Schedule.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2023

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfer to Subrecipient</u>
U.S. Department of Transportation (cont'd):				
Indirect Programs (cont'd):				
Passed Through University of North Florida				
Pedestrian and Bicycle Safety High Visibility Enforcement and Support Program	20.205	G2A92	71,334	-
Total Highway Planning and Construction Cluster			71,334	-
Total U.S. Department of Transportation			<u>132,648</u>	<u>-</u>
U.S. Department of Treasury				
Direct Programs:				
Coronavirus Relief Fund				
Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	20,035,508	-
Total U.S. Department of Treasury			<u>20,035,508</u>	<u>-</u>
U.S. Department of Homeland Security:				
Direct Programs:				
Homeland Security Grant Program				
Passed Through City of Miami				
FY 2021 Urban Area Security Initiative (UASI) Grant Program	97.067	R0521	99,987	-
FY 2022 Urban Area Security Initiative (UASI) Grant Program	97.067	R0588	14,528	-
FY2020 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0232	47,518	-
FY2020 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0232	6,452	-
FY2020 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0232	1,759	-
FY2020 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0232	14,912	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	19,224	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	108,906	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	12,051	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	3,328	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	3,784	-

(Continued on next page)

See Notes to Schedule.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2023

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfer to Subrecipient</u>
U.S. Department of Homeland Security (cont'd):				
Direct Programs (cont'd):				
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	29,930	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	46,314	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	35,892	-
FY2021 Urban Area Security Initiative - Fire Rescue Technical Rescue Team (TRT) Equipment	97.067	R0521	<u>15,750</u>	<u>-</u>
Total Assistance Listing #97.067			<u>460,335</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>460,335</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 32,070,447</u>	<u>\$ 6,929,371</u>

(Continued on next page)

See Notes to Schedule.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2023

<u>State Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CSFA Number</u>	<u>Grant/ Contract Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total State Expenditures</u>	<u>Total Passed Through to Subrecipients</u>
STATE FINANCIAL ASSISTANCE					
FL Department of Environmental Protection					
Melrose Manors Stormwater Project	37.039	LPA0288		\$ 824,221	\$ -
Hendricks Isle Seawalls	37.098	R2226		<u>179,885</u>	<u>-</u>
Total FL Department of Environmental Protection					
Florida Housing Finance Corporation					
Direct Projects:					
State Housing Initiatives Partnership Program (SHIP)	40.901	N/A		<u>432,524</u>	<u>-</u>
Total Florida Housing Finance Corporation				<u>432,524</u>	<u>-</u>
Florida Department of State					
Direct Projects:					
Division Historical Resources					
City-Wide Architectural Resource Survey - Phase II	45.031	22 h.sm.200.015		48,375	-
Division of Arts and Culture					
Specific Cultural Project (SCP)	45.062	CA2E142		<u>25,000</u>	<u>-</u>
Total Florida Department of State					
Florida Department of Transportation					
Direct Projects:					
Public Transportation					
Construct Taxiway Intersection Improvements	55.004	G1B53		1,739,731	-
FXE Design and Construct Taxiway Golf Pavement Rehabilitation	55.004	G1L87		501	-
Helistop Layout Plan and Obstruction Survey	55.004	G1W05		8,907	-
Design and Construct Runway 31 By-pass Taxiways	55.004	G1W19		5,770	-
FXE Construct Mid-Field T/W Extension & Run-up Area	55.004	G1Z64		<u>16,829</u>	<u>-</u>
Total CSFA #55.004				<u>1,771,739</u>	<u>-</u>
Transit Corridor Development Program					
Transit Corridor Development Program	55.013	G1997		<u>49,981</u>	<u>-</u>
Total CSFA #55.013				<u>49,981</u>	<u>-</u>
Total Florida Department of Transportation				<u>1,821,720</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ 3,331,724</u>	<u>\$ -</u>
Total Expenditures of Federal Awards and State Financial Assistance				<u>\$ 35,402,171</u>	<u>\$ 6,929,371</u>

(Concluded)

See Notes to Schedule.

CITY OF FORT LAUDERDALE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance (the Schedule) presents the activity of all federal awards programs and state financial assistance projects of the City of Fort Lauderdale, Florida (the "City"), for the year ended September 30, 2023. Federal awards programs and state financial assistance projects received directly, as well as passed through other government agencies, are included on the Schedule.

The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting for expenditures accounted for in the governmental funds and the accrual basis of accounting for expenditures in the propriety funds. Under the modified accrual basis expenditures are recognized in the period liabilities are incurred, if measurable. Under the accrual basis, expenditures are recognized in the period liabilities are incurred.

The expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – PROGRAM CLUSTERS

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. Based on this definition, similar programs are presented accordingly.

NOTE 4 – CATALOG OF STATE FINANCIAL ASSISTANCE (CSFA NUMBER)

The program titles and CSFA numbers were obtained from the State of Florida or pass-through grantor of the 2023 Catalog of State Financial Assistance. Where a CSFA number was not assigned to a program, as in the case of the Waterways Program, the CSFA reference number was marked "N/A" on the Schedule of Expenditures for Federal Awards.

NOTE 5 – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

CITY OF FORT LAUDERDALE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2023

NOTE 6 — NON-CASH AND FEDERAL INSURANCE

The City did not receive non-cash assistance in the current fiscal year.

NOTE 7 — DE MINIMIS COST

The City did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance in fiscal year 2023.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards and State Financial Assistance

Internal control over major Federal programs and State projects:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of Auditors' Report issued on Compliance for Major Federal Programs and State Projects: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance or Chapter 10.550, *Rules of the Auditor General*? ___X___ Yes ___ No

Identification of Major Federal Programs and State Projects:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Programs</u>
14.241	Housing Opportunities for Persons with AIDS
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.067	Homeland Security Grant Program

<u>CSFA Numbers</u>	<u>Name of State Projects</u>
37.039	Statewide Water Quality Restoration Projects
55.004	Aviation Grant Programs

Dollar threshold used to distinguish between

Type A and Type B programs:

Federal	<u>\$3,000,000</u>
State	<u>\$750,000</u>

Auditee qualified as low-risk auditee? _____ Yes X No

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section II - Current Year Findings - Financial Statement Audit

None Reported.

Section III - Current Year - Major Federal Award Programs and State Financial Assistance Findings and Questioned Costs

Federal Grants

2023-001 – Reporting – 21.027 – Coronavirus State and Local Fiscal Recovery Fund

Condition: The City could not provide evidence of timely reporting of the required quarterly progress reports.

Context: The City is required to submit quarterly project and expenditure reports by the end of the month after the quarter's end. Per testing the second quarters' reports were submitted after this deadline by approximately 1 month therefore, they are deemed not in compliance.

Effect: The City is not in compliance with the grant terms.

Cause: Staff responsible for completing the reporting was no longer with the organization and due to displacement from the natural disaster timely reporting was impacted.

Questioned Costs: None

Recommendation: A review of the grant agreement and terms with the grant manager/project led to ensure that all requirement(s) are understood and to provide guidance on reporting requirements and resources.

Views of responsible officials and planned corrective actions: On April 12, 2023, the City of Fort Lauderdale suffered a major natural disaster due to a once in a thousand-year weather event resulting in major flooding and related damage. Because of the storm, the City's primary operating facility (City Hall) suffered catastrophic damage and was rendered inhabitable. At the time that the report was due, City employees were still displaced by the severe weather event. The employee in charge of submitting the quarterly reports is no longer with the city and there is no documentation in our files to determine if a waiver was granted. The City has been current on all subsequent reporting requirements and does not foresee this being an issue moving forward.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section III - Current Year - Major Federal Award Programs and State Financial Assistance Findings and Questioned Costs (cont'd)

Federal Grants (cont'd)

2023-002 – Reporting – 97.067 – Homeland Security

Condition: The City could not provide evidence of timely reporting of the required quarterly progress reports.

Context: The City is required to submit quarterly progress reports by the end of the month after the quarter's end. Per testing the third and fourth quarters' reports were submitted after this deadline by 8 months and 4 months respectively, therefore, they are deemed not in compliance.

Effect: The City is not in compliance with the grant terms and therefore funding may be jeopardized.

Cause: Staff responsible for completing the reporting was new to this process and was not aware of the requirement deadline.

Questioned Costs: None

Recommendation: A review of the grant agreement and terms with the grant manager/project led to ensure that all requirement(s) are understood and to provide guidance on reporting requirements and resources.

Views of responsible officials and planned corrective actions: The grant quarterly reporting was late due largely in part to a change in personnel. The new coordinator had to be brought up to speed on the reporting requirements and how to obtain the information. All relevant staff members responsible for quarterly reporting have been trained on the City's processes and management does not foresee this being an issue moving forward.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section III - Current Year - Major Federal Award Programs and State Financial Assistance Findings and Questioned Costs (cont'd)

Federal Grants (cont'd)

2023-003 - Schedule of Expenditures of Federal Awards and State Financial Assistance – Reporting

Condition: The City of Fort Lauderdale could not provide a Schedule of Expenditures of Federal Awards and State Financial Assistance until June 2024 for the period ending September 30, 2023.

Context: The City is required to submit an audit of the SEFA, according to requirement 2 CFR 200.512(1) stating that single audits are due to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report(s) or within nine months after their fiscal period end date.

Effect: The City is not in compliance with the audit reporting requirements.

Cause: Staff responsible for preparation of the SEFA

Questioned Costs: None

Recommendation: The City should implement effective internal control procedures to ensure that the SEFA is prepared in accordance with appropriate standards so that the audit can be performed in a timely manner.

Views of responsible officials and planned corrective actions:

The challenges associated with the timeliness of the preparation of the SEFA were directly related to the implementation of the new Enterprise Resource Planning (ERP) system, which went live on October 1, 2022. The Finance Department discovered that some of the modules of the ERP were not properly configured. As a result, additional time and resources were required to identify and resolve these issues, which contributed to the delay. Improvements to the ERP system have been made and the Finance team has a better understanding of system functionalities. Going forward, the Finance team is confident that the improvements will facilitate timely and accurate financial reporting, ensuring compliance with requirement 2 CFR 200.512(1). Management remains committed to continuously monitoring and refining the process to avoid future delays.

State Grants

None Reported.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section IV - Prior Year - Major Federal Award Programs and State Financial Assistance Findings and Questioned Costs

Federal Grants

2022-001 — Reporting — 20.106 Airport Improvements

Condition: The City could not provide documentation that SF-425, Federal Financial Report was completed and submitted annually as required by the Compliance Supplement.

Context: The City is required to perform task in noted areas to be in compliance with the grant terms. For this program annual reporting was a compliance requirement, through submission of the SF-425, Federal Financial Report. The Airport was unaware that this compliance requirement was to be fulfilled by them, therefore, the report was not filed deeming them not in compliance.

Effect: The City is not in compliance with the grant terms and therefore funding may be jeopardized.

Cause: Staff responsible for completing the reporting were not aware of the requirement and/or that it was their responsibility to complete the task.

Questioned Costs: None

Recommendation: A review of the grant agreement and terms with the grant manager/project led to ensure that all requirement(s) are understood and to whom is responsible to complete the task.

Views of responsible officials and planned corrective actions: The airport submits quarterly reports for FAA AIP projects, however due to an oversight the annual SF-425 form was not completed. The SF-245 form was completed and submitted on June 14, 2023, and a procedure has been drafted to ensure compliance with the reporting requirements in the future. Additionally, the Airport's Project Manager position will be moved from the Public Works Department to the Executive Airport Department in fiscal year 2024 which will improve supervision of the grant reporting requirements.

Current Year Status

No findings in the current year.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section IV - Prior Year - Major Federal Award Programs and State Financial Assistance Findings and Questioned Costs (cont'd)

2022-002 — Eligibility — 14.241 HOPWA

Condition: The City could not validate the income used in determining eligibility for services of HOPWA funds documented in the Provide Enterprise (PE) System. In addition, income verification support was inconsistent with monthly income amount noted and there was evidence of instances where the monthly support provided was not for a consecutive 3-month period, as required for income verification. Furthermore, self-verification was used to verify income after the COVID-19 restriction was lifted.

Context: The participant's information is initially inputted by the agency (sub-recipient) and submitted to the City for review and approval of funding for housing. For case management, the agency (sub-recipient) input an intake form which includes income, proof of status and identification is reviewed during the annual monitoring process completed by the City. The participant file should include the application information entered and scans of supporting documentation. The PE system does limitations of storage capacity therefore the original hard copies are kept at the agency site and provided upon request.

Effect: The City may not be in compliance with the programs eligibility criteria and funding may be jeopardized.

Cause: The subrecipients procedure are not conducive to ensure proper income verification of program participants. The City must also increase monitoring of files and perform additional procedures to address known risk with identified subrecipient(s) and/or process(es).

Questioned Costs: Undetermined

Recommendation: To increase the sample population and frequency of testing of the participant case files to ensure that the program guidelines are being met. Increase the frequency of the subrecipient monitoring and the perform follow-up of noted monitoring findings within prior to traditional annual monitoring. In addition, to provide continual training to the subrecipients and perform assessment of efficiencies of procedures to determine viability of relationship.

View of responsible officials and planned corrective actions: The City identified this issue also during performance of the subrecipient annual monitoring. A monitoring letter was submitted with the noted findings to the agency of Sunserve, with a corrective action plan returned to acknowledge the finding. The City scheduled a mandatory training on January 12, 2023, which required a minimum of 2 people per agency to attend, and educated on the proper way to perform income verifications and document within the PE system.

Current Year Status

The finding was satisfactorily corrected in the current year.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section IV - Prior Year - Major Federal Award Programs and State Financial Assistance Findings and Questioned Costs (cont'd)

State Grants

None Reported.

2021-001 — Schedule of Expenditures of Federal Awards and State Financial Assistance —Material Weakness

Criteria or specific requirement: Internal control should be in place to ensure the Schedule of Expenditures of Federal Awards and State Financial Assistance ("SEFA") is prepared correctly including identification of the proper Assistance Listing Number ("ALN") and inclusion of grant expenditures that should be reported on the SEFA.

Condition: The City inappropriately listed a grant under the incorrect ALN. In addition, the City reported grant expenditures on the SEFA that should not have been reported on the SEFA. Finally, the City reported expenditures as state financial assistance that should have been reported as Federal financial assistance.

Context: Crowe noted in the original SEFA prepared and presented in January, 2022 an amount of approximately \$1 million for Assistance Listing Number (ALN) 97.036 passed through the County. Upon receipt of a revised SEFA in early February 2022, the amount increased approximately \$8.7 million. Upon further review of the grant agreement, Crowe noted that the City incorrectly reported this under the wrong ALN. The City reported this under 97.036 when it should have been reported under 21.019. Subsequent to this the City provided a letter from the County dated January 19, 2021 indicating the \$8.7 million should not be put on the SEFA and that local funds were used from the County versus Federal funds, so the City removed the \$8.7 million from the SEFA. In addition, the City reported approximately \$5.7 million on the SEFA under ALN 97.036 that should not have been reported as funds have yet to be obligated by the grantor and therefore are not available to the City. Finally, the City reported approximately \$83 thousand as state financial assistance that should have been reported as Federal financial assistance.

Effect: The grant expenditures were not originally classified properly on the SEFA. Recording a grant on the SEFA that should not have been reported on the SEFA resulted in a material misstatement of the SEFA.

Cause: The SEFA is prepared by staff in the Treasury Division by reviewing the grant agreements, revenues and expenditures in the City's accounting system. The SEFA is then submitted to grant coordinators for review. Once the SEFA has been reviewed by grant coordinators, supervisory personnel in the Treasury Division reviews and provides final approval. During multiple reviews, the grants in question were inadvertently overlooked causing wrong classifications.

Recommendation: Crowe recommends the City implement effective internal control to ensure the SEFA is prepared in accordance with appropriate standards.

CITY OF FORT LAUDERDALE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2023

Section IV - Prior Year - Major Federal Award Programs and State Financial Assistance Findings and Questioned Costs (cont'd)

2021-001 — Schedule of Expenditures of Federal Awards and State Financial Assistance —Material Weakness (cont'd)

FY2022 Update: The FY 2022 SEFA had to be revised to include approximately \$16.1M for Assistance Listing Number 21.019 for program COVID Relief, American Rescue Program, which was omitted from original schedule. The City also adjusted the SEFA for approximately \$49,000 from Federal to State for CFSA program 55.004, as it was improperly classified in the original version. We recommend that the City review the current internal controls to ensure that they are properly designed to ensure that the SEFA is prepared properly.

Current Year Status

The finding was satisfactorily satisfied in the current year; hence, no findings in fiscal year 2023.

City of Fort Lauderdale
Fiscal Year 2024 Audit Schedule

Tentative Fieldwork Dates

City of Fort Lauderdale

Date	Activity
December	Interim audit fieldwork
TBD	IT audit fieldwork
1/31/2025	Initial Trial Balance
3/3/2025 – 4/15/2025	Year End Fieldwork
2/28/2025	Complete Draft ACFR and other deliverables to be provided by Finance
TBD	City's Final ACFR and other deliverables to be provided to Audit Advisory Board
TBD – No later than 5/22/2025	Presentation of ACFR and other deliverables to City Commission
TBD	Completion targeted between 4/30 & 5/31 filing deadline

Single Audit

Date	Activity
3/28/2025	Draft SEFA
4/7/2025 – 5/16/2025	Year End Fieldwork
TBD	Presentation to Audit Advisory Board
6/20/2025	Completed SEFA from Bunson
6/30/2025	Final submission to granting agencies and Federal Clearing House

City of Fort Lauderdale Community Redevelopment Agency (CRA)

Date	Activity
11/4/2024	Interim audit fieldwork
12/20/2024	Final Trial Balance
1/6/2025 – 1/24/2025	Year End Fieldwork
2/7/2025	Completed Financial Statements and other deliverables to be provided by Finance
TBD - no later than 2/27/2025	CRA's Final Audit and other deliverables to be provided to the Audit Advisory Board
3/18/2025	Presentation to the CRA Board

Large User Audit

Date	Activity
3/14/2025	Draft report
TBD	Year End Fieldwork
TBD	Final Large User report