

APPROVED

**AUDIT ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
101 N.E. 3rd Avenue, Fort Lauderdale FL 33301
11th Floor Commission Conference Room
Thursday, October 30th 2025, 5:00 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
Linroy Duffus	P	1	0
Bill Livek	A	0	1

Staff Present

Linda Short, Director, Finance
Aaron Kendrick, Deputy Director, Finance
Yvette Mattews, Assistant City Manager
Patrick Reilly, City Auditor
Marco Hausy, Senior Assistant City Auditor
Aricka Johnson, Structural Innovation Manager
Jason Boutilier, Acting Board Liaison

Other Attendees

Brett Friedman, RSM US, LLP
Jean Borno, ABPA

Call to Order

Chairman Joey Epstein called the meeting to order at 5:02 PM.

Roll Call

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

Chairman Epstein noted that Stephen Emery submitted his resignation from the Board effective September 30, 2025.

Review of Meeting Minutes for Approval

Chairman Epstein directed the review of the previous meeting minutes.

Eric Soh motioned to approve the July 31, 2025, meeting minutes. Linroy Duffus seconded. The meeting minutes were approved 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 2025

Ms. Aricka Johnson stated that she would keep her update brief unless there were any questions. She reported that during the past quarter, a total of fifteen findings were closed, which is a very positive outcome. In addition, three audits were completed. The Single Audit resulted in two new findings, while the Independent Financial Audit resulted in four new findings. The City Auditor's Office also conducted an audit focused on fleet fuel performance and billing, which resulted in five new findings. Ms. Johnson concluded by noting that those were the key highlights for the quarter and that she would be happy to provide additional details or address any questions as needed. No further questions were raised.

FY2025 Financial Audit Tentative Timeline

Mr. Brett Friedman stated that, based on the proposed timeline, there had been extensive communication with the Police and Fire Pension Board, and they are fully committed to meeting the target timeline for the end of February. He noted that if this deadline is met, it would be the first time in quite some time that they have done so. Mr. Friedman explained that the goal is to have draft financials from the Police and Fire Pension Board, GERS, as well as for the CRA, by the end of February. This would allow the city to complete a draft ACFR and have the final report issued by the auditors by the end of April. He emphasized the importance of the Police and Fire Pension Board adhering to their timelines, along with timely input from the General Employees (GERS) and CRA and ensuring that adequate city resources are available to support this process.

Draft Large User Report

Mr. Jean Borno stated that the team was presenting a draft of the report and that the audit was essentially complete, pending receipt of the representation letter needed to finalize the report. He noted that this audit was straightforward and would not take long to review. Mr. Borno explained that the audit covered the components making up the schedule and that no issues were identified, resulting in a clean opinion for this year as well. He further noted that there were minimal changes from the prior year, with the rate increasing slightly from approximately \$2.2 to \$2.4 per 1,000 gallons, which is the amount the City was required to charge.

Eric Soh motioned to approve the Draft Large User Report. Linroy Duffus seconded. Approved in a voice vote.

Other Business

Ms. Linda Short stated that, under Other Business, she wanted to discuss recent communications with the auditor regarding audit fees. She explained that per the auditor, some of the fees proposed in the original RFP are no longer aligned with current auditing standards and workload requirements.

Mr. Brett Friedman indicated that the amount of work and required man-hours has increased significantly since 2022 and inquired whether there might be interest in adjusting the audit fees accordingly.

Ms. Short noted that the existing agreement is based on a fixed-fee proposal, and while a one-time contract increase was previously approved to address city-related audit delays, any additional adjustments would be difficult to authorize under the current contract terms. She added that certain audits, such as the CRA audit and the Single Audit, are priced quite low compared to the amount of work involved. Ms. Short asked the board to consider whether they wanted to recommend an increase in audit fees or to explore issuing a new RFP to allow vendors to rebid at updated market rates, given that the Finance Department does not have the authority to amend pricing under the current fixed-fee contract, without Commission approval.

Chairman Joey Epstein stated that he shared the concern regarding the challenges of adjusting a fixed-fee contract. He noted that, for example, the Large User Report has remained consistent from year one to year five and has not been affected by new financial audit pronouncements or changing requirements. While he acknowledged that some of the fees may be somewhat low, he pointed out that both parties entered the agreement with that understanding. Chairman Epstein added that, although he understands the auditor's position, he would not be inclined to approach the Commission to request a fee adjustment.

Ms. Short stated that, to ensure fairness and equity, particularly in light of the new auditing standards, the board may wish to consider whether to recommend issuing a new RFP. She explained that, since the current contract does not allow for a fee increase, the only equitable option may be to go back out for bid. However, she noted that doing so would require the Audit Advisory Board to serve as the Auditor Selection Committee. Per, Florida Statutes, this would also require City Commission action to formally designate the Auditor Selection Committee, with one elected official serving as a chairperson. Ms. Short added that the RFP process typically takes four to five months to complete and stated that, if this is the Board's recommendation, she could proceed with the necessary steps.

Mr. Pat Reily commended that allowing adjustments to a fixed, lump-sum contract could set a problematic precedent for procurement practices. He explained that if one vendor

were permitted to modify pricing mid-contract, others might seek the same opportunity, citing increased costs in materials or labor, such as rising copper prices. Reily noted that in some contracts provisions for additional services can address unforeseen work, but he was uncertain whether this contract contained such clauses. He added that, with only one year remaining in the current agreement, he did not support pursuing a fee adjustment, as doing so could establish an unfavorable precedent.

Ms. Yvette Matthews stated that when the RFP was originally released, all vendors had the opportunity to submit pricing and compete on a level playing field. She explained that revisiting the contract later to renegotiate pricing could be unfair to those who submitted bids under the original terms. Matthews noted that some vendors may have included contingencies for unanticipated costs in their bids, which could explain why one bid appeared lower than others. She emphasized that this context should be considered when evaluating potential adjustments to the contract.

Communication to the City Commission

Chairman Joey Epstein stated that, given that the contract is in its fourth year with only one year remaining, it is likely more prudent to issue a new RFP a year early. He noted that doing so would avoid potential issues or complications with the current contract. Chairman Epstein asked the committee whether they would like to make a motion to proceed with this approach.

Motion made by Mr. Soh to approve to go to RFP one year early, seconded by Mr. Duffus seconded. Approved in a voice vote.

Communication to Commission

The Audit Advisory Board recommends the City Commission create a formal action to establish an Auditor Selection Committee as required by Florida Statutes 218.391(2) to select an external auditor to conduct the required annual financial statements for 5 years beginning with the fiscal year ending September 30, 2026. **Motion passed 3-0.**

Adjournment

The next regularly scheduled Audit Advisory Board meeting will be January 29, 2026, at 5:00 PM.

The meeting adjourned at 5:34 PM

[Minutes prepared by Debra Conyers, Board Liaison]