



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CONFERENCE MEETING

#15-0947

MEMO No: 14/15-03

TO: Honorable Mayor & Members of the Fort Lauderdale City Commission

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

DATE: June 29, 2015

TITLE: City Auditor Annual Performance Review and Merit Adjustment

The City has employed John Herbst as the City Auditor since August 1, 2006. In accordance with the Employment Agreement with the City Auditor, the City Commission may grant merit increases to the City Auditor to such extent as the City may determine that it is desirable on the basis of an annual performance review.

I am pleased to announce that the City Auditor's Office has completed its second peer review, with a determination that our internal quality control system was suitably designed and operating effectively. This review is required for the City Auditor's Office to remain in compliance with Government Auditing Standards, and demonstrates our ongoing commitment to running a high-quality, professional, and independent audit function.

The City Auditor's Office has had a productive year. Based on increased requests from the Commission and management, the office has gradually shifted its focus away from the traditional audit and assurance function to concentrate more on consulting-type activities. We believe that we can add greater value by engaging with staff to identify risks when new activities and projects are being considered, rather than coming in after the fact to uncover problems.

As an example, I would like to note the successful conclusion of the Resource Recovery Board litigation. We played a key role as the financial expert on behalf of the ILA cities in the settlement discussions with the court-appointed mediator. As part of the negotiating team, we were able to explain and defend the complex issues in dispute to the other plaintiff cities, judge/mediator, and County representatives. As a result of the settlement, the City stands to receive approximately \$5,221,955 in cash, \$120,000 in reimbursement for the time spent by the Auditor's Office in attempting to audit the RRB's books, as well as a share of the future proceeds to be received from the sale of the Alpha 250 site.

The following is a summary of audit activities for the 2014-2015 fiscal year.

A. Audits / Follow-ups:

1. Completed Field Work/Under Management Review:

Audit of Sixth Street Plaza - Report #14/15-01

Quality Assessment Review - Report #14/15-02

RFP Review Process - Report #14/15-03 (To be released)

Status of Open Findings of Previous Audits - Report #14/15-04 (To be released)

Resource Recovery Board – Final Report - Report #14/15-05 (To be released)

2. Fieldwork in Process:

Compliance review of cemetery management contract

Operational review of the Radio Shop

Compliance review of engineering and design progress billings from RDC for the Las Olas Aquatic Center

B. Internal Reviews:

Comprehensive Annual Financial Report “CAFR” for FYE September 30, 2014

Annual Report to Bondholders for FYE September 30, 2014

Community Redevelopment Agency “CRA” Annual Report for FYE September 30, 2014

2015 Proposed Budget

2015 Multi-Year Financial Forecast (Burton Model)

C. Consulting Activities/Due Diligence:

Las Olas Marina unsolicited development proposal

Las Olas Marina Expansion RFP

FLAC cost escalation change order request

Bahia Mar proposed lease financial analysis

Parking garage utilization at the beach (Jack Newton letter)
Passive vs active investment strategy (Bill Goetz letters)
In-Service distribution analysis and resolution strategy
P&F Pension funding shortfall/prior period restatement
ERP business definition requirements and RFP solicitation
Broward MPO service agreement
CBRE contract amendment
FP&L Utility Tax Audit
Review of Water & Sewer Revenue Refunding Bonds, Series 2014
Review of CRA Tax Increment Revenue Note, Series 2015
Review of GO Refunding Bond
Bond Rating Agency presentations
Southside School New Market Tax Credit proposal
WAVE Flagler loop extension/CRA funding request
Commission Agenda Memos

D. Attendance at Meetings:

Participated in the 16 week (84 hour) executive certification in project management program at Florida Atlantic University
City Manager FL2 Stat meetings
Audit Advisory Board meetings
Budget Advisory Board meetings
Budget Revenue Estimating Committee meetings
Police & Fire Pension Board meetings
General Employee Retirement System Board meetings
Federal Court Facilities Task Force meetings and Feasibility Study Selection Committee

Union Collective Bargaining Sessions

E. Other Activities:

Hired a new Construction Auditor

Participated in community outreach by attending Chamber of Commerce functions, ribbon cuttings and other events at various locations throughout the City

All staff has taken a minimum of 40 hours of continuing professional education (CPE)

Updated website for the City Auditor's Office

Sit on the audit committees for the Broward County School Board, the Broward County Housing Authority, and the Community Foundation of Broward County

Prepared by: John Herbst
Department Director: John Herbst