

**MINUTES**  
**FORT MYERS BEACH**  
**AUDIT COMMITTEE**  
Town Hall  
2525 Estero Boulevard  
Fort Myers Beach, FL 33931

**Monday, June 11, 2018**

**I. CALL TO ORDER**

Meeting was called to order at 9:01 a.m. by Chair Rodwell. Members present: Dick Cote, John Goggin, Dan Hughes, Edward Lombard and James Rodwell.  
Staff Liaison: Robert Lange

**II. PLEDGE OF ALLEGIANCE**

**III. APPROVAL OF MAY 14, 2018 MINUTES** – no motion.

**IV. FINANCIAL SOFTWARE UPDATE**

Mr. Lange stated that the system was live and all of May activities were recorded. They were in the process of interfacing the payroll. He was working with the budgetary side and data was in the system. He indicated that his highest priority was to roll out the system. He stated that the County will release the certified tax roll on July 1, 2018 and he will update the document with those figures. Mr. Lange reported that he was excited about the new system and he suggested that Mr. Redovan be involved with the controls and accountability to help eliminate potential issues.

Mr. Cote questioned what Mr. Lange saw in the future for himself and the Town in terms of a permanent finance director. Mr. Lange replied that he did not plan on leaving right away and he would finish what he started.

**V. PRELIMINARY AUDIT UPDATE – DISCUSSION AND RECOMMENDATION**

Marty Redovan from CliftonLarsonAllen attended via telephone. Chair Rodwell questioned the material weakness on the internal controls and whether they had a method for solving it. Mr. Redovan explained that one transaction concerned the state revolving fund balances and related amounts charged in additional fees on top of the draw down. Chair Rodwell noted that there was a turnover in staff. Chair Rodwell questioned whether Mr. Redovan was comfortable with Mr. Lange's written response to the report. Mr. Redovan replied that he was and he realized that a lot had to do with the turnover in financial staff. He noted that it was a composite of employees getting up to speed and utilization of the new system.

Chair Rodwell questioned whether Mr. Redovan had staff available to create a risk assessment program. Mr. Redovan replied that he could put a proposal together for consideration. Chair Rodwell noted that the program had to cover not only IT, but personnel. Mr. Redovan replied that he would have to meet with Chair Rodwell to make sure he understood the scope on the personnel side.

Mr. Lombard questioned Mr. Lange regarding the risk assessment requirement. Mr. Lange responded that they changed their IT provider who inventoried their equipment and software. He noted that the old hardware and software were outdated and had been updated. He commented that they would follow any plan offered by Mr. Redovan to make sure the system was accountable. He felt they had gone a long way with the integrity of the system with the recent updates.

Mr. Goggin questioned what happened to Anthony and Mr. Lange replied that he left due to medical issues. Mr. Lange indicated that he asked Anthony if he would be interested in returning as a contracted employee in the fall. Mr. Goggin stated that they needed to find out what was going on with the systems in general before moving forward with an audit of the financials. He suggested that they do a review of the assessment of the systems that were in place, what the deficiencies were, what they did to shore up those and the status of the remediation work. Chair Rodwell remarked that a risk assessment could be planned for the middle of the year. Mr. Lange noted that Evolve Tech assigned a new person to replace Anthony and they were monitoring his performance. He indicated that they were working on the servers to integrate all the platforms. He stated that they could contact a representative from Evolve Tech to provide a status of everything that had been done so far. Mr. Goggin agreed that they could go back to the respondents of the RFP to see how they responded to the initial request. Mr. Lange explained that they already knew that the basic hardware was bad and the firewall was weak. He will provide a copy of the RFPs and the responses.

Mr. Cote questioned increased charges for services in the amount of \$443,000.00 on Page 9. Mr. Lange explained that franchise tax billings created by the state were open to what the market was and there was a variance that was hard to define. Mr. Redovan stated that the highlights were pending updates before the draft got to the Audit Committee. In the current year, charges for services based on updated information were more in the neighborhood of \$221,000.00. Mr. Lange stated that it would be corrected in the final report, which would be presented to Council on June 18, 2018. Mr. Redovan noted that the draft was completed but they were waiting on an update from Town Attorney Turner to make sure there were no subsequent events. Mr. Lange will contact Town Attorney Turner concerning the update.

Mr. Hughes questioned when and how often they amended the budget and what did they accomplish by amending the budget. Mr. Lange replied that the budget was periodically amended to reflect projects that had not been originally identified. If transfers or budget amendments were required, he recommended changes for Council's approval. He explained that he had to amend the budget to account for the Building Department's budget for the remainder of the year from April 1 forward, reduce the general fund budget and establish a budget for the Building Department.

Mr. Goggin questioned whether Angie Brewer would provide a report regarding prevailing wages. Mr. Lange replied that it was a part of their contract.

Mr. Hughes questioned post-employment benefits. Mr. Redovan explained that it was related to health care coverage.

Mr. Cote questioned whether the audit fees were fixed or adjusted. Mr. Redovan explained that the fees would be adjusted and he was still working on quantifying the additional work. He will work with Mr. Lange regarding a change order. Mr. Redovan thought it may be in the range of \$5,000.00. Mr. Cote questioned Mr. Redovan regarding their staff issues. Mr. Redovan explained that it was a struggle and a concern but he could not guarantee that employees would remain with his company. He concluded by summarizing findings in the report.

Discussion was held regarding whether they needed to make a motion. Consensus was reached to make a recommendation. Chair Rodwell will report to Council that they reviewed the report, asked questions and were satisfied with the answers.

Consensus was reached to skip the July meeting. Mr. Lange will forward a copy of the preliminary report and a copy of the final Audit Committee Ordinance. Mr. Lombard questioned whether Mr. Lange would provide a copy of the financial details of the stormwater project. Mr. Lange will email the report.

**VI. ADJOURN**

**MOTION:** Mr. Lombard moved to adjourn the meeting; second by Mr. Cote.

**VOTE:** Motion passed unanimously.

Meeting adjourned at 10:08 a.m.

Adopted 10/8/2018 with/without changes. Motion by Ed Lombard  
(DATE)

Vote: 4-0 Signature: James D. Rodwell

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