

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

Monday, May 24, 2021

I. CALL TO ORDER

Meeting was called to order at 9:00 a.m. by Chair Hughes.

II. PLEDGE OF ALLEGIANCE AND ROLL CALL

Members present: Dick Cote, John Goggin, Dan Hughes, Joseph Kirkbride, Edward Lombard, Jim Steele and Bryan Thomas.

Staff Liaison: Interim Finance Director Craig Steinhoff and Accounting Manager Cheri Russ.

Council Liaison: Ray Murphy

III. APPROVAL OF MINUTES – February 8, 2021

MOTION: Audit Committee Member Lombard moved to approve the minutes; second by Audit Committee Member Cote.

VOTE: Motion passed unanimously.

IV. PUBLIC COMMENT – no public comment.

V. DISCUSSION OF FY2020 ANNUAL AUDIT

Interim Finance Director Steinhoff presented a draft audit financial statement. He stated some things were missing and he was not prepared to submit a draft audit that included the audit board reports. He indicated they were waiting on the Town Attorney's letter to complete the audit. He discussed turnover in the finance department as part of the reason for the delay. He commented on his experience. He recommended that they review what they had and accept the audit as it stood today, with a caveat that he would explain the missing pieces. Besides the attorney letter, the other missing item was the schedule of findings and question costs.

Out of 33 audit adjustments, 27 of them were brought to the auditors' attention by the Town. He discussed how they treated the water and stormwater utilities. He noted there were reasons the financials took longer this year. He stated he would not go through the audit page by page and the financial statements were similar to how they were presented in the past. He indicated they had a positive year.

Audit Committee Member Cote questioned where the MDNA was located. Interim Finance Director apologized that it was not included in the email. Audit Committee Member Cote questioned how they could accept just the numbers. Audit Committee Member Steele identified missing pages.

Interim Finance Director Steinhoff stated that since the auditors did not receive the Attorney's letter, they were unwilling to provide a draft report. Audit Committee Member Cote questioned when the auditors requested the Attorney's letter. Interim Finance Director Steinhoff replied that it was requested a couple of weeks ago.

Audit Committee Member Steele revealed that the totals on pages 10-16 of the updated audit were different by \$14,321.00 and the difference was all in cash and cash equivalence. He addressed the two liabilities (State Revolving Loan Fund and Lee County) in the water and stormwater fund on page 20. He questioned whether the State Revolving Loan Fund for stormwater was renegotiated based on the zero balance. Interim Finance Director Steinhoff directed Audit Committee Member Steele to page 36 for the State Revolving Loan Fund terms. Town Manager Hernstadt explained the details. He stated that the Attorney's letter was delayed due to conflicting priorities. He indicated that the auditors told him they had everything they needed in March and he was not sure why they were there at the end of May. He reported that the auditors told him that they would do the entries rather than the Town.

Audit Committee Member Cote questioned how long Interim Finance Director Steinhoff was expected to be with the Town and whether the Town was looking for another finance director. Interim Finance Director Steinhoff replied he was unsure of the length of his role, but he did not think they needed a full-time finance director. Town Manager Hernstadt noted they were recruiting for a finance director and several other positions in the Finance Department.

Audit Committee Member Lombard discussed the importance of the finance director and supported hiring a full-time director. Town Manager Hernstadt agreed.

Audit Committee Member Kirkbride questioned whether the adjustments were reflected in the financial statements they received. Interim Finance Director Steinhoff thought so, but he did not expect the cash to change. He indicated he would review the numbers.

Chair Hughes questioned how Interim Director Steinhoff would rank the competency and capabilities of their current audit on a scale of one to ten. Interim Finance Director Steinhoff rated them a six. He noted it was difficult finding qualified employees.

Chair Hughes stated that the audit was supposed to be completed within six months per the State Statute. He reviewed the reasons for delays in previous years.

Audit Committee Member Goggin felt that the Audit Committee should have been notified of the renegotiated loan and it should have been in the report. Between that and the \$14,000 error, he did not have confidence in the audit. Discussion was held regarding what would happen if they accepted the audit as presented. Interim Finance Director Steinhoff replied that he would identify the pages the Committee did not see and provide explanations behind the numbers in the final version.

Audit Committee Member Cote questioned approving it conditionally on receiving the audit reports from the auditors. Audit Committee Member Lombard questioned accepting an inaccurate report. Audit Committee Member Steele suggested reconvening and reviewing the revised material before they accept it. Audit Committee Member Cote pointed out that they did not have time to read the MNDA. Interim Finance Director Steinhoff stated that he hoped to submit the audit to Town Council at their June meeting.

Chair Hughes suggested they could accept it today conditionally or continue the meeting until they received the documentation. Audit Committee Member Lombard supported reconvening. Audit Committee Member Steele suggested meeting on June 1, 2021. All Committee Members agreed and were available to meet on June 1, 2021, at 9:00 a.m.

MOTION: Audit Committee Member Cote moved to continue this matter to Tuesday, June 1, 2021, at 9:00 a.m. for the sole purpose of reviewing the audit; second by Audit Committee Member Lombard.

VOTE: Motion was approved unanimously.

VI. MEMBER ITEMS AND REPORTS

Audit Committee Member Goggin questioned the current configuration of the finance office and who was being recruited. Chair Hughes questioned the significant change in the number of personnel the Town Manager wanted to hire. He questioned whether they were understaffed now. Interim Finance Director Steinhoff explained his role and stated that most staff did not have a background in governmental experience. He felt that leadership from a finance director was important.

Audit Committee Member Goggin discussed the lack of operating procedures and felt that was part of the problem. Accounting Manager Russ reviewed her experience and stated that her goal was to document everything. Interim Finance Director Steinhoff stated that he would provide monthly financial statements to the Committee.

Liaison Murphy noted that the Town needed to offer tuition reimbursement for employees to make the Town more competitive and retain personnel. He stated he would bring it forward to Town Council. Audit Committee Member Goggin revealed that Public Works Director Chelsea O'Riley received her Master's degree with barely an acknowledgment and no monetary benefit for her extra work.

Audit Committee Member Cote commented they needed to compare all benefits with other communities.

No items from other members.

VII. PUBLIC COMMENT – no public comment.

VIII. SET NEXT MEETING AGENDA AND DATE – June 1, 2021, at 9:00 a.m.

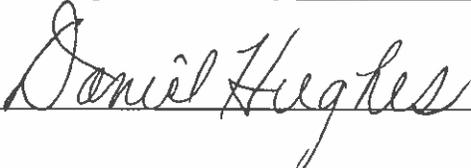
IX. ADJOURN

MOTION: Audit Committee Member Lombard moved to adjourn the meeting; second by Audit Committee Member Cote.

VOTE: Motion passed unanimously.

Meeting adjourned at 10:04 a.m.

Adopted 6-1-21 with/without changes. Motion by LOMBARD
(DATE)

Vote: 6-0 Signature: 

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