



"The Best Waterfront City in Which to Live, Work And Play."

CITY OF RIVIERA BEACH

TO: HON. MAYOR, CHAIRPERSON, AND CITY COUNCIL

THROUGH: JONATHAN EVANS, CITY MANAGER, MPA, MD, ICMA-CM

FROM: ELENA GEORGIEV, CPA, CGMA, CIA, CISA, INDEPENDENT AUDITOR

SUBJECT: **2020-2021 ANNUAL REPORT, 2021-2022 DRAFT AUDIT PLAN, AND
AUDIT COMMITTEE**

DATE: SEPTEMBER 15, 2021

CC: GENERAL PUBLIC

Background:

Annual Report

Ordinance 4173, Sec. 2-235 requires that the Independent Auditor submits her/his Annual Report by October 1st of each calendar year. The Annual Report includes a list of completed audits, major findings, corrective actions taken by management, and significant issues which have not been fully addressed.

The report was made available to the City Manager on August 31, 2021.

Audit Plan

Ordinance 4173, Sec. 2-233 requires that the Independent Auditor submits her/his one-year Audit Plan by September 1st of each calendar year. The Draft Audit Plan is risk-based and includes a list of planned audits and/or reviews for the upcoming year. The audit plan may be amended during the year, as deemed necessary.

The draft audit plan was made available to the City Manager on August 30, 2021.

Audit Committee

On March 4, 2020, City Council adopted Resolution 27-20, which established an Audit Committee, whose primary purpose was to assist Council in the selection of a qualified Certified Public Accounting firm to provide financial auditing services to the City. In addition, the Audit Committee was assigned advisory responsibilities over the Internal Audit activity. Finally, it confirmed the appointment of four (4) individuals to the Audit Committee.

On July 21, 2021, City Council adopted Ordinance 4173, which significantly expanded the duties of the Audit Committee to include the following:

- a. At least annually, meeting separately with the City Manager, the Auditor, the Finance Director, and the independent audit firm, to evaluate the condition of the entity's controls, systems, and risk, and to discuss other matters staff and the independent audit firm desire or are required to bring to the Audit Committee's attention such as fraud, illegal acts, and financial and control weaknesses;
- b. Reviewing with management and the independent audit firm the effect of any new regulatory and accounting initiatives;
- c. Reviewing with management and the independent audit firm all critical accounting policies and practices used by the City of Riviera Beach, all alternative treatments of financial information, and all material written communications between the independent audit firm and management, such as any management letter or schedule of unadjusted differences;
- d. Reviewing with management and the independent audit firm the City of Riviera Beach annual financial statements and related footnotes, the independent audit firm's audit of the financial statements and their report, any significant changes required in the independent audit firm's audit plan, and any serious difficulties or disputes with management encountered during the audit;
- e. Reviewing with the Auditor and the independent audit firm the adequacy of the City of Riviera Beach internal controls including computerized information system controls and security, and any related significant findings, recommendations, and management responses of the independent auditors and internal audit;
- f. Review the corrective actions taken by management to address any management letter comments; and
- g. Evaluating the independent audit firm.

Furthermore, the Ordinance requires that Audit Committee members possess certain attributes and, finally, changed the terms of service.

Of the four original appointees, three (3) have expressed their willingness to return and serve on the Audit Committee. However, in light of the recent changes, the Independent Auditor wishes to inquire of City Council members whether they wish to open all four (4) Audit Committee memberships to the public or only one (1).

City Goals:

The goal of the Office of the Independent Auditor is to use the resource made available to its staff wisely and promote efficiency, effectiveness, economy, and integrity throughout the City.

Fiscal/Budget Impact:

Amounts usually expended in connection with this activity.

Recommendation:

The Office of the Independent Auditor recommends that City Council reviews the 2020-2021 Annual Report and the 2021-2022 Audit Plan. Additionally, the Auditor seeks Council members' opinion on whether Council wishes to re-appoint the three (3) Audit Committee members or open the positions to the public.

Attachments:

1. 2020-2021 Annual Report
2. 2021-2022 Draft Audit Plan
3. Resolution 27-20
4. Ordinance 4173