

## **MINUTES – AUDIT COMMITTEE MEETING**

August 7, 2023

1 | Page

The Audit Committee of the City of Fort Myers, Florida, met in regular session at Oscar M. Corbin, Jr. City Hall, 2200 Second Street, a meeting place in the City of Fort Myers, Florida, on Monday, August 7, 2023, at 3:00 p.m. Present were: Chair/Councilperson Darla Bonk, Vice Chair/Councilperson Teresa Watkins Brown, and Mayor/Committee Member Kevin B. Anderson. Also present were City Attorney Grant Alley, City Clerk Gwen Carlisle, Assistant City Manager John Lege, Director of Finance Christine Tenney, and Internal Audit Manager Melinda Pensinger.

**CALL TO ORDER/PLEDGE OF ALLEGIANCE:** Chair Bonk called the meeting to order at 3:00 p.m. and led in the Pledge of Allegiance.

**ROLL CALL:** Absent: Committee Member Daniel Acheampong

**PUBLIC COMMENTS (limited to 3 minutes)** - None.

### **1. APPROVAL OF MINUTES – JULY 26, 2023, and JULY 31, 2023, MEETINGS**

**MOTION:** Committee Member Anderson moved to approve the minutes of the Meetings for July 26, 2023, and the July 31, 2023; seconded by Vice Chair Watkins Brown; motion passed.

### **2. COMMITTEE MEMBER FOCUS AREAS, COMMENTS AND CONCERNS** - None

### **3. STAFF LIAISON FOCUS AREAS, COMMENTS AND CONCERNS**

3.1 FY 2021-2022 Annual Comprehensive Financial Report (Christine Tenney) - This item was discussed after Item 3.2 on the agenda.

3.2 Internal Audit Function (Melinda Pensinger)  
(a) Internal Audit Activity Update

Ms. Pensinger indicated she included in the attachments an Internal Audit Activity report, from when she started with the city on March 31, 2023 through July 31, 2023. She stated that when they meet quarterly, she will present an update on the work performed on the Annual Audit Plan. She stated that they do not have a Plan yet as that will need to be approved by the Committee, so the current report is what she has been working on. Ms. Pensinger reported that she has been working on a risk assessment survey. She has sent it to all Department Directors, and has met with several of the department directors and their staff, and others have returned their risk surveys, so she is able to compile the risks. She stated that as the Internal Audit Manager, she can create an annual audit plan based on the risks identified. She noted that the Enterprise Resource Planning (ERP) replacement project, a financial-based system, is moving forward as the City has hired a consultant to come in and look at the City's current processes and recommend future state processes with functional requirements for a Request for Proposal (RFP). Ms. Pensinger advised that she has been attending the ERP meetings to look at those processes and to put control in areas where they are needed.

Committee Member Watkins Brown asked about the email she received regarding the ranking of the Financial Auditors, and if anyone had responded or acknowledged it in anyway. Ms. Pensinger noted that the Finance Department staff has talked with the group and the agenda item for this evening at the Council meeting has been revised to reflect correct ranking.

## **MINUTES – AUDIT COMMITTEE MEETING**

August 7, 2023

2 | Page

Ms. Pensinger explained that since the City's external auditor contract had expired with the former external audit firm, they had to have an auditor selection committee, and since she was new and needing an audit committee, those two could be combined. She also has spent a lot of time getting the RFP for Financial Auditing Services prepared, the Audit Committee formed through resolution, along with the Internal Audit governing documents, now they are at their first quarterly meeting. City Council will be selecting the external auditing firm tonight for the Financial Auditing Services RFP.

*Finance Director Chris Tenney arrived at the meeting at 3:10 p.m.*

### (b) Internal Audit Governance Discussion

Ms. Pensinger distributed a spreadsheet for the discussion of the governing documents. She advised that a draft of the Internal Audit Charter has been provided to the Committee. She stated that there are two sets of standards: Red Book and Yellow Book. She pointed out that there are differences in the two standards, noting that Red Book allows for the provision of consulting services, and the Yellow Book does not. She read the requirement for a Charter based on the Red Book. She pointed out that where they speak of the Chief Audit Executive in the documents, that is her, as the Internal Auditor Manager. Ms. Pensinger reviewed in detail the list of the questions about who would be responsible for what by the governing documents.

Committee Member Anderson felt that the Red Book is more what he is leaning towards as there may be consulting services needed in the future. The consensus of the Committee was to use the Red Book standard. The consensus of the Committee was also to have the Internal Audit Charter, the Annual Audit Plan, and the Internal Audit Budget and Resource Plan approved by Council. They discussed the decision regarding the appointment or removal of the Internal Audit Manager by the Committee. City Attorney Alley cautioned the Committee that based on the City Charter that the Audit Committee should leave employment matters to the City Manager. He advised that the Committee needs to stay in compliance with the Resolution of the Audit Committee. Chair Bonk pointed out that for the minutes the Audit Committee will be able to individually discuss with the City Manager on a one-on-one basis the appointment or removal of the Internal Auditor Manager. City Attorney Alley stated that for remuneration of the Internal Audit Manager, the City Manager presents the budget per the City Charter, but the City Council controls and approves the budget. Ms. Pensinger asked about how much time should be allocated to consulting engagements in the Annual Audit Plan preparation. The Committee agreed to split the time 50/50 between audit and consulting. Ms. Pensinger asked the Committee if the audit reports and consulting reports be posted on Internal Audit's web page, once established. City Attorney Alley agreed the data should be public unless there is some series reason why it should not be.

Committee Member Bonk asked Mr. Lege if he has seen at other cities he worked for if they post the audit information. Mr. Lege stated that they post the information unless there is something in the report, such as IT cybersecurity, HIPPA, or something health related, as long as allowed by the rules of Florida Statutes 119. Ms. Pensinger asked about creating and approving Committee By-laws. City Attorney Alley noted by the Audit Committee resolution they are allowed to create by laws. Chair Bonk stated that will be for discussion at the next Audit Committee meeting.

## **MINUTES – AUDIT COMMITTEE MEETING**

August 7, 2023

3 | Page

Ms. Tenney advised that the ranking of the firms for the RFP for Financial Auditors was miscounted so staff is bringing revised numbers to Council this evening before they award the bid.

### **3.1 FY 2021-2022 Annual Comprehensive Financial Report (Christine Tenney)**

Christine Tenney, Director of Finance, reported that the FY 2022 Audit wrapped up last week. A letter from the Florida Department of Transportation got circulated last week, saying that our single audit had not yet been filed. She advised that the year-end audit was delayed a lot this year for various reasons, one being Hurricane Ian that came at the beginning of the Fiscal Year. She advised that they also had a turnover in staff and that they are also implemented the new GASB 87 this year. Ms. Tenney stated that hopefully they can have the independent audit firm come and give their report to Council very soon.

### **3.3 Committee Member Application (Melinda Pensinger)**

Ms. Pensinger noted that staff has received an application for the Audit Committee from Cossette Burgos, CPA, MST. Her application is on the Council meeting agenda for approval this evening.

## **4. TIME & PLACE OF NEXT MEETING**

Chair Bonk announced that the next Audit Committee meeting is scheduled November 6, 2023, 3:00 p.m. in Council Chambers.

## **5. PROPOSED AGENDA TOPICS FOR NEXT MEETING**

Ms. Pensinger reported that they will discuss the FY 23-24 Audit Plan, Audit Committee By-Laws, and the Internal Audit Charter.

## **ADJOURNMENT**

Chair Bonk adjourned the meeting at 3:57 p.m.