

Independent Transportation Surtax Oversight Board

**Meeting
September 24, 2020**



AGENDA

September 24, 2020

2:30-5:00PM

- I. Welcome, Call to Order (Chair Hooper)
- II. Roll Call
- III. PRESENTATIONS
 - I. FY 2019 Surtax Financial Audit Presentation (RSM) (2:35PM)
 - II. FY 2020 Surtax Financial Audit Plan (RSM)
 - III. FY 2021 Surtax Performance Audit Plan (Auditor, Laura Rogers, Audit Senior)
 - IV. Public Outreach, Engagement & Educational Plan (Nichole Kalil, Mobility Advancement Program, Public Information Officer)



AGENDA

September 24, 2020

2:30-5:00PM

IV. ACTION ITEM(S) (Chair Hooper)

1. Approval of Minutes from August 14th, Oversight Board Meeting to Approve Proposed Projects and Proposed Expenditures FY2021 and first Five-Year Plan

V. DISCUSSION ITEMS

1. Board Coordinator Performance Appraisal (Chair Hooper)
2. Final Input on Content of Oversight Board's Inaugural Surtax Report (covering time period of January 2019-September 2020)

VI. NEXT MEETING (location/date discussion)

VII. MEMBERS REPORTS

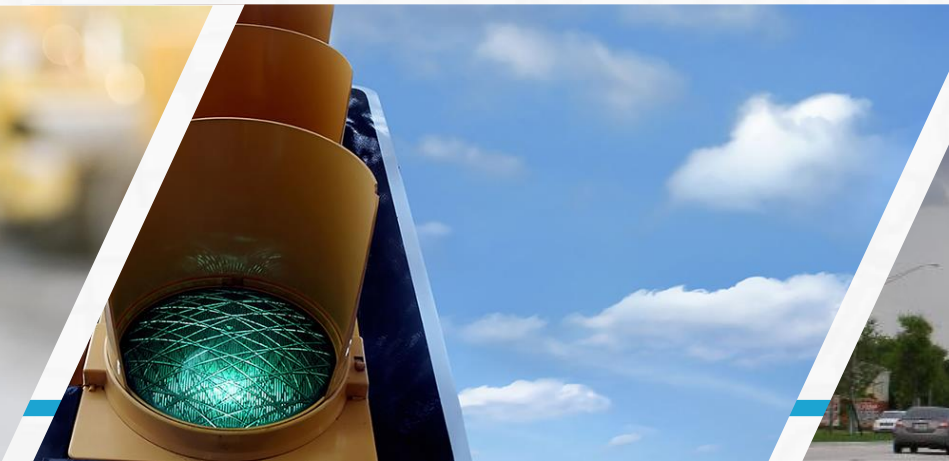
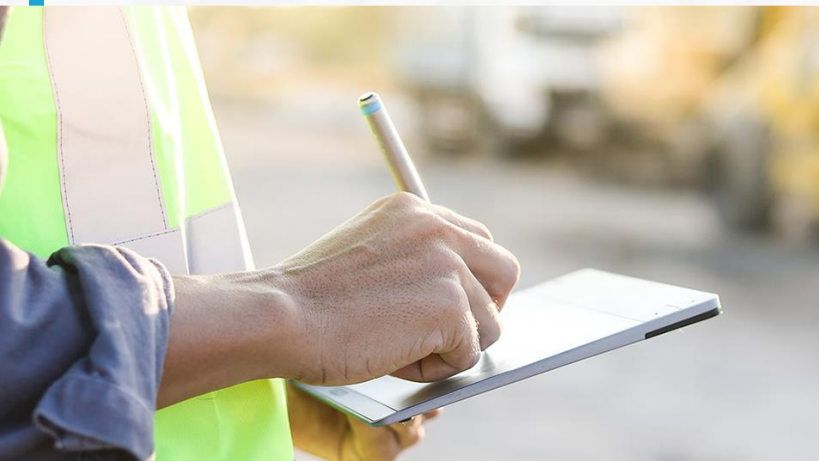
VIII. ADJOURN





PRESENTATION

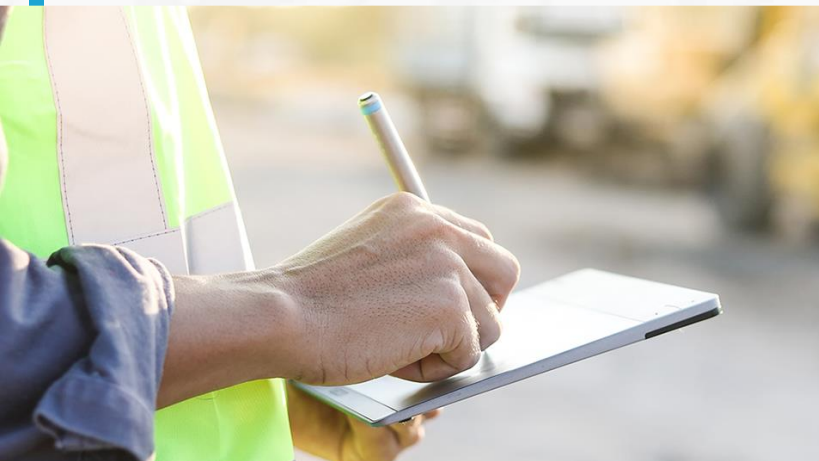
I. FY 2019 Surtax Financial Audit (RSM)





PRESENTATION

II. 2020 Surtax Financial Audit Plan (RSM)



TRANSPORTATION SALES SURTAX FUND OF BROWARD COUNTY, FLORIDA

Audit Plan and AU-260 Communication - Auditor's Communication With Those Charged With Governance

For the fiscal year ended September 30, 2020



September 24, 2020

Table of Contents

| | |
|---|---------|
| Executive Summary | 1 |
| Scope of Services for Fiscal Year 2020 | 2 |
| Communication | 3 |
| Auditor's Communication Responsibility | 4 |
| Additional Required Communications with the Independent Transportation Surtax Oversight Board | 5 |
| Independence | 6 |
| The Concept of Materiality in Planning and Executing the Audit | 7 |
| Basic Users | 8 |
| Auditor's Responsibility Under <i>Government Auditing Standards</i> and Auditing Standards Generally Accepted in the United States of America | 9 |
| Management's Responsibilities | 10 |
| Purpose of our report and responsibility statement | 11 |
| Deliverables | 12 |
| Engagement Timetable | 13 |
| Key Elements in Our Audit Methodology | 14 |
| Our Audit Process and Audit Approach | 15 – 18 |
| Areas of Emphasis and Significant Accounting Areas | 19 – 21 |
| Fraud Considerations and Risk of Management Override | 22 |
| Fraud Responsibilities and Representations | 23 |
| Social Responsibility | 24 |
| Open Discussion | 25 |

Introduction

The key message regarding our audit engagement

Audit quality is our number one priority. When planning our audit we set the following audit objectives for this audit:

A robust challenge of the key judgements taken in the preparation of the financial statements.

A strong understanding of your internal control environment.

A well planned and delivered audit that raises findings early with those charged with governance.

Executive Summary

This document outlines the audit planning process and communicates to The Board of County Commissioners (the “BOCC”), the Independent Transportation Surtax Oversight Board (the “Oversight Board”) of Broward County, Florida, (the “County”), County management, and members of the engagement team, the aspects of our preliminary approach and scope of services to be provided in conducting the audit of the fund financial statements of the County’s Transportation Sales Surtax Fund (the “Fund”), as of and for the year ended September 30, 2020.

As part of the development of this audit plan, we performed the following:

- Performed inquiries with key members of Management;
- Reviewed reports and board meeting minutes issued by the BOCC and Independent Transportation Surtax Oversight Board; and
- Held internal team discussions and performed preliminary risk assessment.

Scope of Services for Fiscal Year 2020

The scope of services for fiscal year 2020 includes the following:

- Perform an audit of the County's Transportation Sales Surtax Fund fund-level financial statements;

Communication

Effective communication between our Firm, the BOCC, the Oversight Board, and the County is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the Fund, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of management.

Auditor's Communication Responsibility

We will timely communicate to you any of the following:

- Fraud involving management and other fraud that causes a material misstatement of the financial statements;
- Illegal acts;
- Instances of noncompliance, or abuse that come to our attention (unless they are clearly inconsequential);
- Any disagreements with management;
- Other serious difficulties encountered in performing the audit;
- Any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit;
- Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process. Such matters will be communicated to you in writing after the audit.

Additional Required Communications with the BOCC and the Independent Transportation Surtax Oversight Board

Auditing Standard AU-260, *The Auditor's Communication With Those Charged With Governance*, require the auditor to provide certain information regarding the conduct of the audit to those who have responsibility for oversight of the financial reporting process. At the completion of the audit, the following matters will be communicated:

- Significant findings resulting from the audit, if any.
- The auditor's views about qualitative aspects of the Fund's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.
- Significant difficulties, if any, encountered during the audit.
- Uncorrected misstatements with management, other than those the auditor believes are not material.
- Disagreements with management, if any.
- Material misstatements that were brought to the attention of management as a result of audit procedures and corrected.
- Management's consultations with other accountants.
- Significant issues, if any, arising from the audit that were discussed, or were the subject of correspondence with management.
- Management's Representation Letter.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and all of our employees, comply with applicable professional independence standards. Our policies address financial interest, business and family relationships, and non-audit services that may be thought to bear on our independence. For example, partners and professional employees of RSM US LLP are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliates of a client.

Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by RSM US LLP, and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality both in planning and performing the audit, evaluating the effect of identified misstatements on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, and in forming the opinion in our report.

Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly immaterial. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

Basic Users

The audit is intended to serve the basic users as follows:

| Users | Auditor |
|--|---|
| Citizens, Taxpayers, Bondholders, Federal and State Agencies | Issues an Independent Auditor's Opinion and other reports that provide reasonable assurance that the Fund's financial statement are fairly stated. |
| BOCC and Independent Transportation Surtax Oversight Board | Assists the BOCC and the Oversight Board members through our work and reports, in discharging it's corporate governance and compliance responsibilities. |
| Management | Provides observations and advice on financial reporting, accounting, and internal control and compliance matters. Share ideas and "best practices" from our experience. |

Auditor's Responsibility Under *Government Auditing Standards* and Auditing Standards Generally Accepted in the United States of America

The primary objective of our audit is to express an opinion on the fair presentation of the fund financial statements of the County's Transportation Sales Surtax Fund, in accordance with accounting principles generally accepted in the United States of America.

We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In carrying out this responsibility, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute assurance that material misstatements are detected. We have no responsibility to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

Management's Responsibilities

As part of the audit process, management is responsible for the following:

- The preparation of the fund financial statements for the County's Transportation Sales Surtax Fund;
- Establishing and maintaining effective internal control over financial reporting and compliance;
- Identifying and ensuring that the Fund complies with the laws and regulations applicable to its activities;
- Making all financial records and related information available to the auditor;
- Providing assistance to the auditor in connection with the audit process;
- Providing the auditor with a letter that confirms certain representations made during the audit;
- Adjusting the financial statements to correct material misstatements and affirming to the auditor in the representation letter that the effects of any uncorrected misstatements aggregated by the auditor during the current engagement pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as whole; and
- Maintaining compliance with the provisions of grant agreements and other relevant contracts.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we will report

Our reports are designed to help the Oversight Board and Board of County Commissioners discharge their governance duties. Our final report will include:

- Results of our work on key audit judgements and our observations on the quality of your annual report;
- Our internal control observations; and
- Other insights we have identified from our audit.

The scope of our work

- Our observations are developed in the context of our audit of the financial statements.

What we don't report

- As you may be aware, our audit is not designed to identify all matters that may be relevant to the BOCC or Oversight Board.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisors.
- Finally, our views on internal controls and organization risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements.

Input/Feedback

- We welcome your input regarding the audit process. If there are areas of risk or emphasis that the BOCC or Oversight Board would like us to pay close attention to, we welcome that input at the outset of the engagement or while the audit process is occurring.

Deliverables

Planned deliverables to the County:

- Independent auditor's report on the Fund's basic financial statements;
- Management's representation letter; and
- Report to the BOCC and the Independent Transportation Surtax Oversight Board

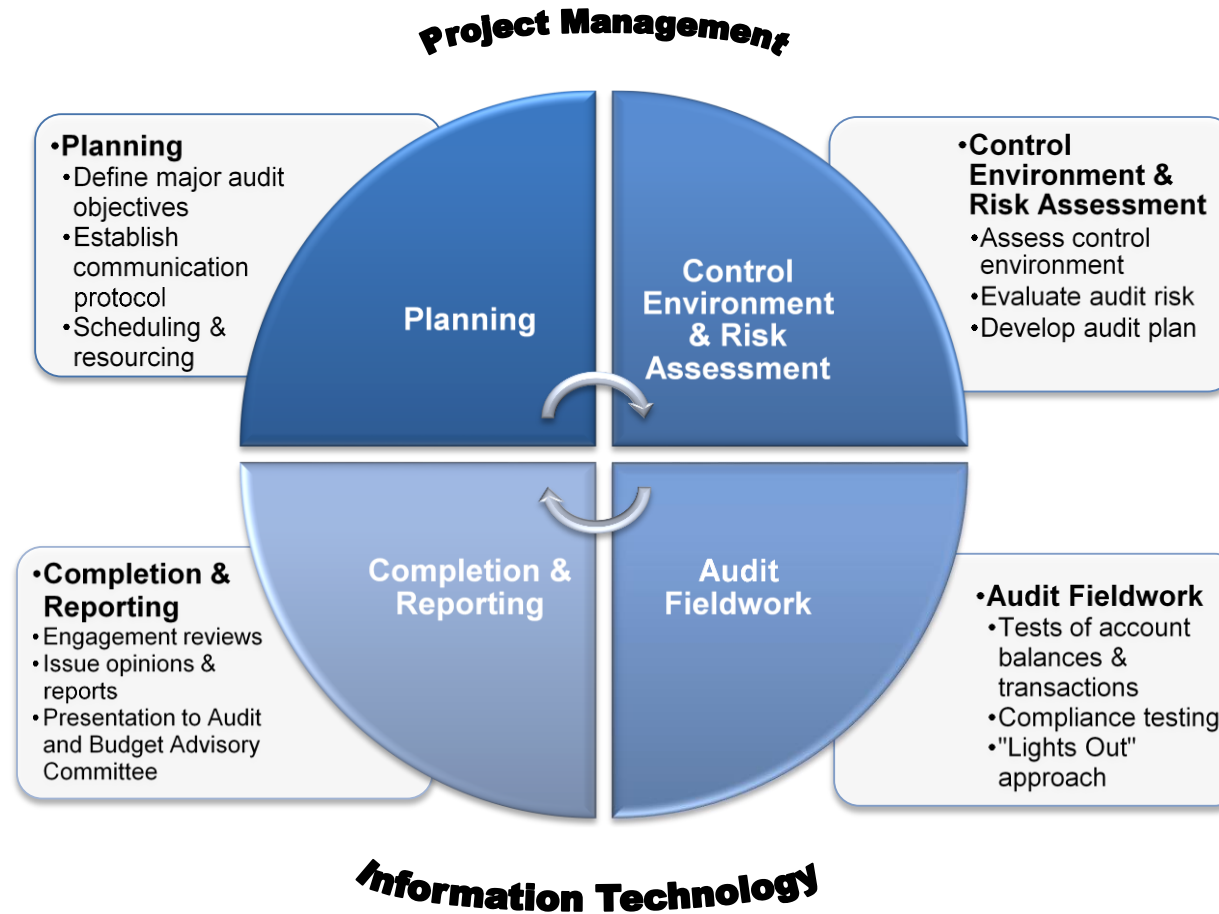
Engagement Timetable

The following chart depicts our proposed audit timeline for fiscal year 2020, which may be modified based on discussions with County management during our audit planning meetings.

| Audit Stage | Aug | Sept | Oct | Nov | Dec |
|---|-----|------|-----|-----|-----|
| Planning Phase: | | | | | |
| Present detailed audit plan to the Board | ■ | | | | |
| Attend Board meetings | | ■ | ■ | | ■ |
| Interim work | | | | | |
| Fieldwork Phase: | | | | | |
| Perform final fieldwork | | | ■ | ■ | |
| Perform bi-weekly status meetings with management | | | ■ | ■ | |
| Reporting Phase: | | | | | |
| Exit conference | | | | ■ | |
| Final reports | | | | ■ | |
| Presentation to the Board: | | | | | |
| Financial Statements | | | | | ■ |
| Management Letter, if applicable | | | | | ■ |

Key Elements in Our Audit Methodology

The following diagram depicts an overview of our audit approach. Embedded within the approach is our overall project management as well as our utilization of information technology and computer-assisted audit techniques:



Our Audit Process

We tailor our audit to your organization and your strategy.



Audit Approach

Preliminary Phase

Planning Activities and Risk Assessment:

- Review interim financials to identify accounting issues, if any;
- Review BOCC and Oversight Board minutes;
- Obtain copies of all new significant agreements, contracts, and pertinent documents, and evaluate the effects of new contracts on the scope of the audit;
- Highlight accounting and reporting matters and refine our understanding of audit risks;
- Meet with finance department personnel to coordinate schedules to be prepared; and

Audit Approach (continued)

Preliminary Phase (continued)

Planning Activities and Risk Assessment:

- Identify critical audit objectives;
- Obtain an understanding and document internal accounting control systems in place;
- Assess materiality considerations;
- Perform compliance tests of internal controls where appropriate;
- Identify substantive procedures to be performed;
- Coordinate IT audit testing of IT general controls;
- Perform interim review of significant audit areas;
- Discuss interim findings and changes to our audit plan with management, if applicable;
- Evaluate the effect of changes in management on audit risk

Audit Approach (continued)

Final Fieldwork and Reporting Phase

Fieldwork and Reporting:

- Confirm account balances
- Test account reconciliations
- Perform test of details
- Vouch significant transactions
- Perform substantive analytical procedures
- Draft independent auditor's reports on the Fund
- Draft management letters

Areas of Emphasis

Internal Controls

- Update and document our understanding of controls over key processes (cash receipts & disbursements)

Routine Processes / Transactions

- Cash receipts and disbursements
- Revenues
- Purchases and accounts payables
- Property & equipment management

Non-Routine Processes / Transactions

- Significant and unusual contracts
- Interlocal agreements

Significant Accounting Areas

| Accounting Area | Risk | Audit Procedures |
|------------------------------|---|---|
| Cash | <ul style="list-style-type: none">▪ Cash is misappropriated | <ul style="list-style-type: none">▪ Perform test of internal control over treasury functions▪ Confirm significant cash balances |
| Liabilities and Expenditures | <ul style="list-style-type: none">▪ Liabilities and expenditures not reported in the proper period▪ Possible budget violations | <ul style="list-style-type: none">▪ Determine if there are any items in dispute at year end▪ Review disbursements occurring subsequent to year end to test for unrecorded liabilities▪ Obtain an explanation for significant variances in account balances occurring between fiscal years and budgets.. |

Significant Accounting Areas (continued)

| Accounting Area | Risk | Audit Procedures |
|---|---|---|
| Revenue (Taxes, Intergovernmental, etc.) | <ul style="list-style-type: none">▪ Revenue is recognized improperly▪ Unavailable/unearned revenue misstated | <ul style="list-style-type: none">▪ Obtain an understanding of the Fund's revenue recognition policy and assess its compliance with GAAP▪ Perform subsequent receipts/cut-off testing▪ Confirm significant revenue balances▪ Perform test of details |

Fraud Considerations and Risk of Management Override

We are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of misstatement, whether caused by error or fraud (*SAS No. 99, Consideration of Fraud in a Financial Statement Audit*)

Our audit procedures will encompass requirements of SAS No. 99 which includes:

- Brainstorming among engagement team members to identify fraud risk areas;
- Gathering information to facilitate the identification of and responses to fraud risk;
- Perform computer assisted testing of journal entries to identify significant and/or unusual transactions;
- Perform walkthroughs and test of controls to address the risk of management override of controls;
- Inquiry of various members of management and the Board regarding their assessment of audit and fraud risk factors.

Fraud Responsibilities and Representations

Responsibilities explained

Responsibilities

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we will obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations

At the conclusion of the audit, we will ask management to confirm in writing that they have disclosed to us the results of their own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that they have disclosed to us all information in relation to fraud or suspected fraud that they are aware of and that affects the entity.

RSM's Social Responsibility

At RSM, we take a special approach to giving back to the communities where we work and live. We are focused on operating in a socially and environmentally responsible manner that supports our core values and furthers our strategic priorities. It's what we call **RSM US Social Responsibility**.



RSM US Foundation

It's simple—we value stewardship and giving back to the communities where we work and live. And the RSM US Foundation helps us do just that.



Birdies Fore Love Program

RSM US partners with the Davis Love Foundation, host organization of The RSM Classic, raising funds that assist children and their families.



RSM US Volunteer Day

Established in 2010, RSM US Volunteer Day represents part of our commitment to the communities where we work and live.



Sustainability

Our firm is committed to being a good steward of the environment. Just as our firm is entrusted to us for the time we are here, so are our surroundings.



Diversity and Inclusion

Our firm is committed to the principles of equal employment opportunity and affirmative action. To support these principles, our commitment extends to fostering a diverse and inclusive work environment.



Ethics

Integrity is one of the firm's core values and we focus on doing the right thing every day for ourselves and for our clients.

Open Discussion

RSM US LLP

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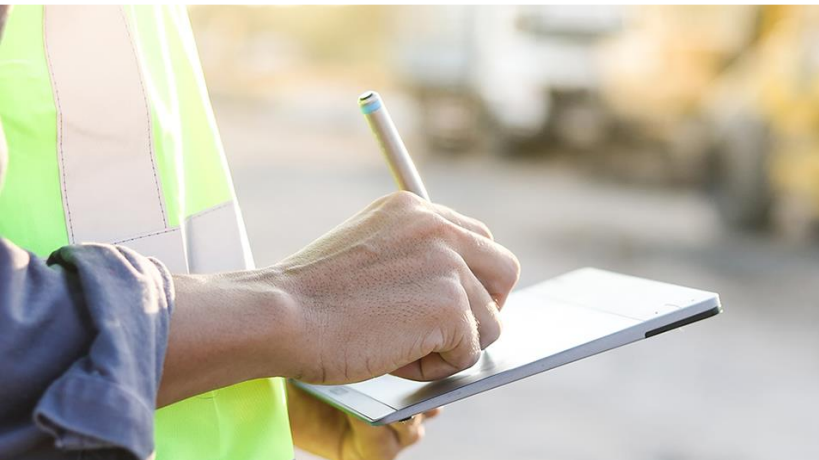
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III. FY 2021 Surtax Performance Audit Plan (County Auditor)



Office of the County Auditor

FY 2021 Audit Plan-Surtax

OFFICE OF THE COUNTY AUDITOR

ROBERT MELTON, COUNTY AUDITOR, CPA, CIA, CIG

LAURA ROGERS, AUDIT SPECIALIST, CIA, CFE, CGAP, CCA

Why Prepare an Annual Audit Plan?



Risk Based Assessment Process



Directs Limited Staff Resources to Needed Areas



Prioritize Critical Areas and Ensure Appropriate Audit Coverage



Inform Stakeholders

Types of Audit Services

Advisory or Consulting Services:

Tasks related to general review of information

Attendance at meetings

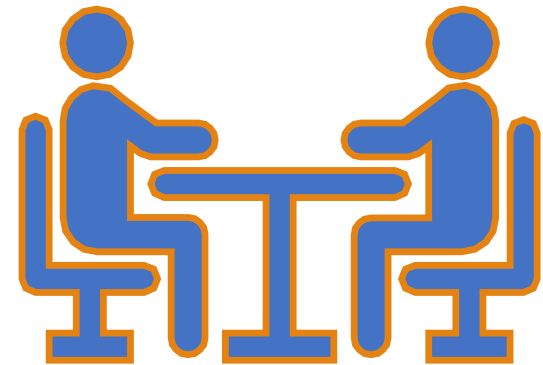
Providing advisory recommendations

Direct Audit Services:

Performance, Financial or Compliance Audits

Re-occurring, One-Time or 'Surprise' Audits

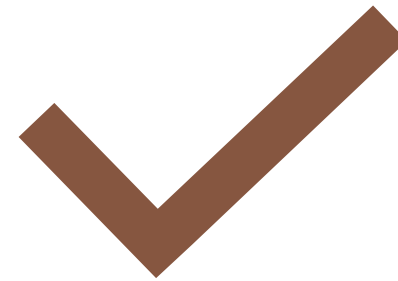
Conducted in Accordance with Generally Accepted Government Auditing Standards



Office of the County Auditor Annual Audit Plan



Presented in a Report to the Board
of County Commissioners



Surtax Audit Activity will be
included in the Overall Annual Plan

Office of the County Auditor

Annual Audit Plan

May include:

Audit Requests from Commissioners, County Administrator or Management

County Auditor's Discretionary items

Investigations of Complaints

Flexibility:

Items not Completed are Generally Carried Forward to Following Year

Subject to Adjustments, Available Resources, and Changing Needs

FY 2021 Audit Plan- Surtax

Surtax Funded Audit Resources

One Full Time Position

Primary Assigned Surtax Auditor:

Laura Rogers, Audit Specialist

Additional Resources:

County Auditor, Deputy County Auditor, Administrative Support
Audit Manager, Audit Senior and Audit Staff Positions

Advisory and Consulting Services

20%



Attendance at Oversight Board Meetings



Review of Surtax Items on BOCC Agenda



Negotiation Assistance for Surtax Funded Projects and Agreements



Review of Surtax Solicitations



Issuance of Advisory Memoranda

Direct Audit Services

80%



Audit of MPO



Audit of Community Shuttle



Audit of Transit Purchasing

Audit Metropolitan Planning Organization

As Requested by Oversight Board at 8/14/20 Meeting

Financial- Expenditures, Invoices, Costs

Performance- Services, Deliverables

Compliance- Other Contract Elements

Other Opportunities for Improvements



Audit of Transit Purchasing

- Compliance with Purchasing Code
- Fair and Open Competitive Procurement
- Purchasing Cards
- Opportunities for Improvement



Audit of Community Shuttle Program

Anticipated Re-Occurring Audit

Rotating Selection of Municipalities Each Year

Financial- Review Invoices and Expenditures

Performance- Service Delivery and Safety

Contract Compliance

Other Opportunities for Improvement



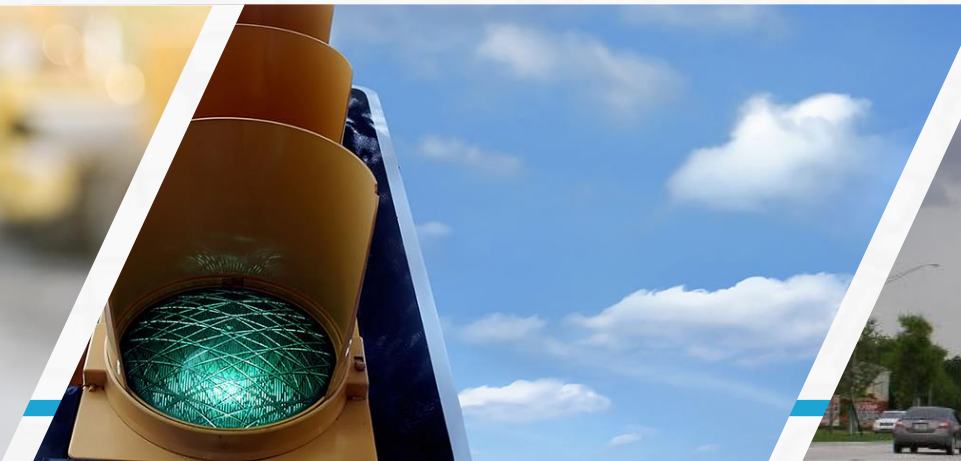
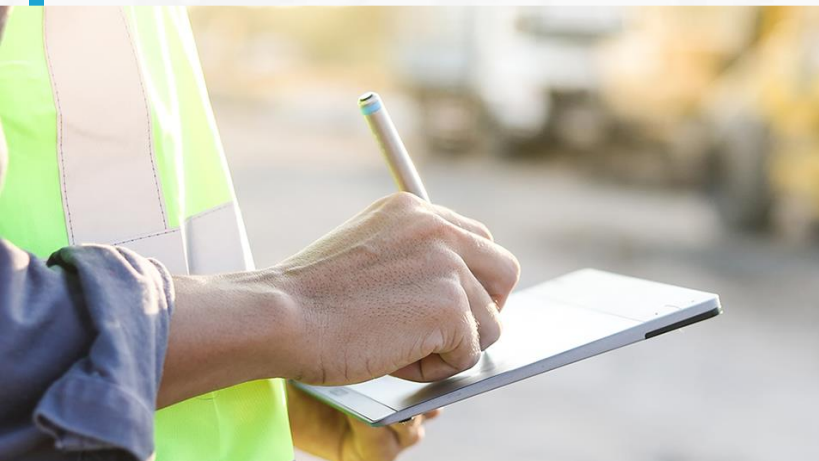
Questions?



PRESENTATION

III. Public Outreach, Engagement and Educational Plan

Launch of the Five-Year Plan
(Nichole Kalil)



Mobility Advancement Program's Public Engagement and Outreach

The launch of the **Five-Year Engagement and Outreach Plan** is comprehensive, multi-faceted and strategic.

Objectives, actions and timelines are clearly identified. The purpose of the Plan is to educate the public about

Broward County's current and planned surtax investments and their benefits: congestion management, improved connectivity and multimodal options, economic benefits, safety, and transit system enhancements.

The Plan considers factors such as project types and timelines, cost effectiveness, the region's demographics, coordination with other outreach and marketing efforts, as well as ongoing effects of the COVID-19 pandemic.

Recognizing the dynamic nature of communication tools and importance of testing our impact, we plan to monitor and report regularly and focus investments on what is effective. We know this Plan will evolve as the program does.



Mobility Advancement Program's Public Engagement and Outreach

Targeted User Groups

- Tri-County commuters
- Users of multi-modes (bike/ped)
- Existing Users of Transit Services
 - Paratransit
 - Fixed Route/Rapid/Express
 - Community Shuttles

General Public

- Vulnerable and hard-to-reach
- Students K-12
- Tourists and “snowbirds”
- Colleges and universities
- Older adults

Deliver messages in multiple languages and use diverse methods (print, audio, visual, 3D, “trusted voices”, etc.)



Mobility Advancement Program's Public Engagement and Outreach

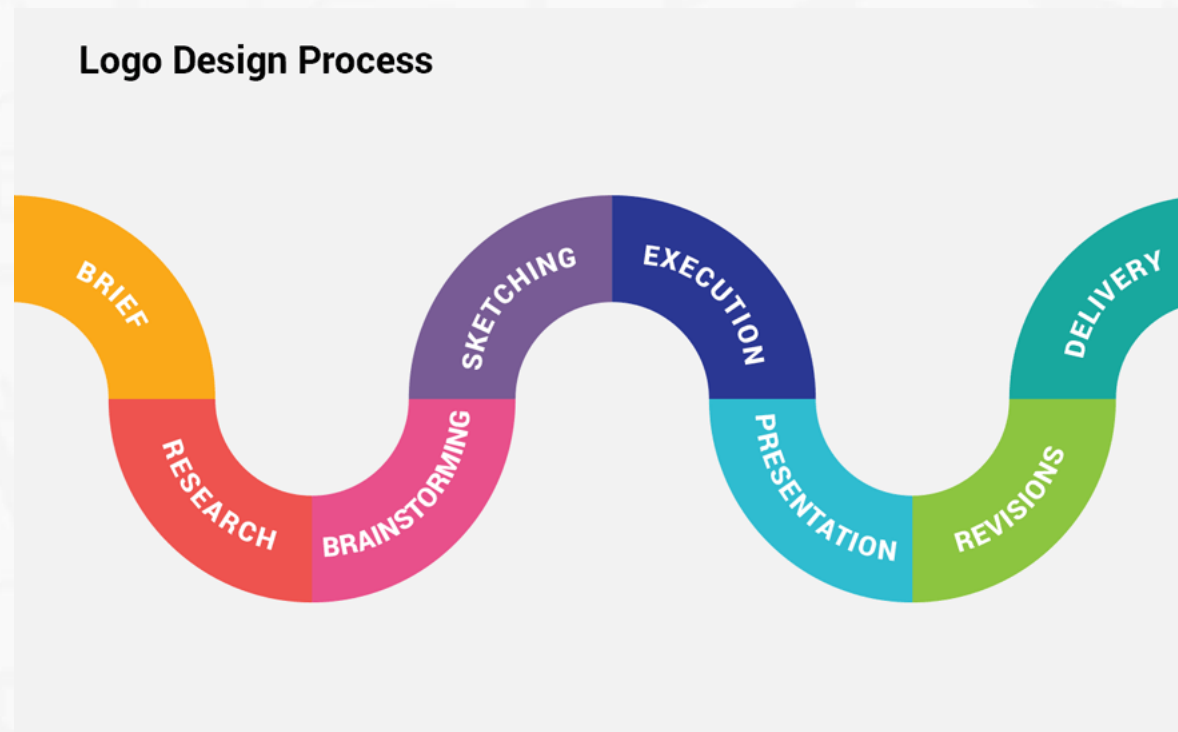
Transparency & Accessibility

- Surtax meetings and presentations
- MAP's social media program
- Information kiosks (indoor and outdoor)
- Public Engagement Space at GC West location
- Partnering and leveraging planned marketing and outreach activities of OESBD, Innovation and BC Transit



Mobility Advancement Program's Public Engagement and Outreach

Priority → Branding!



Mobility Advancement Program's Public Engagement and Outreach

Success and Accountability will be measured by:

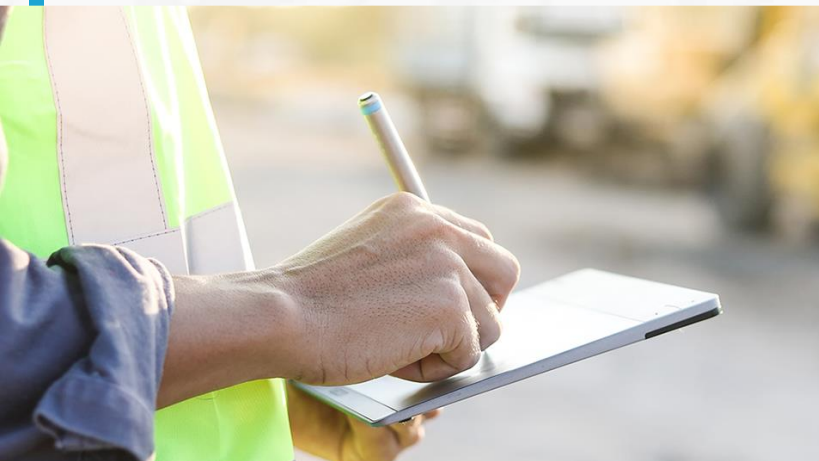
Key Performance Indicators (KPIs)

Technology today is almost entirely built on trackable, digital activities and built-in reporting functionalities, all of which will be captured in our reporting mechanisms. Web analytics, events attended, collateral created and disseminated, social media analytics, positive news coverage, and changes in levels of knowledge about the surtax over time (using baseline focus group data) are all proposed methods of determining impact.





QUESTIONS & ANSWERS



Q&A

THANK

YOU



Oversight Board Meeting Agenda (continued)

IV. ACTION ITEM(S) (Chair Hooper)

1. Approval of Minutes from August 14th, Oversight Board Meeting to Approve Proposed Projects and Proposed Expenditures FY2021 and first Five-Year Plan

V. DISCUSSION ITEMS

1. Board Coordinator Performance Appraisal (Chair Hooper)
2. Final Input on Content of Oversight Board's Inaugural Surtax Report (covering time period of January 2019-September 2020)

VI. MEMBER REPORTS

VII. NEXT MEETING (location discussion)

VIII. ADJOURN

