



# MEMORANDUM

AGENDA ITEM #IV.E

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DATE: APRIL 26, 2021

TO: COUNCIL MEMBERS

FROM: STAFF

SUBJECT: FINANCE COMMITTEE / AUDITOR SELECTION & OVERSIGHT COMMITTEE

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Chair Bailey proposes to create a three- to five-member Finance Committee that will assist the Council in reviewing the Council's monthly Financial Report in advance of the regularly scheduled Council Meeting. In addition, the Finance Committee will serve as the Auditor Selection & Oversight Committee.

Please find herewith Legal Counsel's April 5, 2021 Memorandum regarding the Auditing Services Contract.

## Recommendations

Appoint three- to five-members to serve on a Finance Committee / Auditor Selection & Oversight Committee.



## SOUTH FLORIDA REGIONAL PLANNING COUNCIL

### MEMORANDUM

TO: Isabel Cosio Carballo, Executive Director  
Leo Braslavsky Soldi, Finance Manager  
Kathe Lerch, Office Administrator  
Jeff Tart, Sr. Loan Officer

CC: Mario J. Bailey, Chair  
Members of the Executive Committee

FROM: Samuel S. Goren, General Counsel *SSG*  
Sean M. Swartz, Assistant General Counsel *SMS*

DATE: April 5, 2021

RE: South Florida Regional Planning Council ("Council") / Auditing Services Contract

In furtherance of discussions with SFRPC staff, and following our independent review of the agreement between the SFRPC and S. Davis and Associates, P.A., (the "Agreement") we are providing you with the information related to the status of the Agreement, and recent revisions to Florida law related to the retention of auditing services. This memorandum is provided as an update to our previously issued memorandum dated October 2, 2019 and related to the Council's Auditing Services Contract.

The current Agreement provides for S. Davis and Associates to perform auditing services for the SFRPC for the period from October 1, 2016 through September 30, 2021. Following the conclusion of the services on September 30, 2021, **the SFRPC will need to retain a new auditing firm.**

In 2019, the Florida Legislature approved, and the Governor signed Chapter 2019-15, Laws of Florida. This new law, which became effective July 1, 2019, includes certain amendments to Section 218.391, F.S., related specifically to the composition of the auditor selection committee, and the process for the selection of an entity to perform auditing services for the SFRPC.

#### I. AUDITOR SELECTION COMMITTEE

Section 218.391, F.S. requires the SFRPC Board to establish an auditor selection committee. The primary purpose of the auditor selection committee is to assist the SFRPC Board in selecting an auditor to conduct the annual financial audit; however, the auditor selection committee may serve other audit oversight purposes as determined by the SFRPC Board.

In accordance with the amendments to Section 218.391, F.S., the auditor selection committee must consist of at least three members. One member must be a member of the SFRPC Board, who shall also serve as the chair of the committee. An SFRPC employee, including the

Executive Director and the Finance Director, may not serve as a member of the auditor selection committee; however, SFRPC employees may serve in an advisory capacity to the committee.

In accordance with Section 218.391, Fla.Stat., the auditor selection committee's duties, and responsibilities are as follows:

- 1) Establish factors to use for the evaluation of audit services. These factors shall include, but are not limited to, ability of personnel, experience and the ability to furnish the required services, among other factors as may be determined by the committee.
- 2) Publicly announce requests for proposals. This public announcement must include, at a minimum, a brief description of the audit and indicate how interested firms may apply.
- 3) Provide interested firms with a request for proposal. The request for proposals shall include information on how proposals are to be evaluated and other information the committee determines is necessary for interested firms to prepare a proposal.
- 4) Evaluate proposals by qualified firms. If compensation is one of the factors established by the committee, as referenced above, it cannot be the sole or predominant factor used to evaluate proposals.
- 5) Rank and recommend, in order of preference, no fewer than three (3) firms deemed to be the most highly qualified to perform the required services after considering the factors established by the committee. If fewer than three (3) firms respond to the request for proposals, the committee shall recommend such firms deemed to be the most highly qualified.

## **II. CONSIDERATION BY SFRPC BOARD**

Upon receipt of the recommendations of the auditor selection committee, the SFRPC Board shall inquire of the qualified firms as to the basis of compensation, select one (1) of the firms recommended by the committee, and negotiate a contract, using one of the following methods:

- 1) If compensation is not one of the factors established by the auditor selection committee and not used to evaluate the firms based on the process set forth above, the SFRPC Board shall negotiate a contract with the firm ranked first. If the SFRPC Board is not able to negotiate a contract with that firm, negotiations with that firm shall be formally terminated and the commission shall undertake negotiations with the second-ranked firm. Failing to reach an agreement with the second-ranked firm, negotiations shall be formally terminated and undertaken with the third-ranked firm. While the SFRPC Board may, during this process, reopen negotiations with any of the three top-ranked firms, it may not negotiate with more than one firm at a time.

- 2) If compensation is one of the factors established by the auditor selection committee and used to evaluate the firm based on the process set forth above, the SFRPC Board shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

The SFRPC Board may select a firm recommended by the auditor selection committee, and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.

The SFRPC Board may also designate the Executive Director or other individual to conduct these negotiations on its behalf. Ultimately, the method used by the SFRPC Board to select a firm recommended by the auditor selection committee and negotiate a contract with such firm must ensure that the agreed-upon compensation is reasonable to satisfy the statutory requirements related to annual financial audit reports (Sec. 218.39, F.S.), as well as the needs of the SFRPC Board.

If the SFRPC Board is unable to negotiate a satisfactory contract with any of the recommended firms, the auditor selection committee shall recommend additional firms, and negotiations shall continue in accordance with the process detailed herein until an agreement is reached.

### **III. CONTRACT REQUIREMENTS**

The SFRPC's selection of an auditor must be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. The written contract between the SFRPC and the selected firm shall, at a minimum, include the following:

- 1) A provision specifying the services to be provided and fees or other compensation for such services.
- 2) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.
- 3) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.

Written contracts entered into pursuant to these procedures may be renewed, and such renewals may be done without the use of the audit selection procedures detailed herein.

### **IV. CONCLUSION**

As detailed herein, the selection of an independent auditor is subject to specific statutory competitive procurement requirements. The General Counsel's Office is prepared to work the SFRPC Board and the SFRPC's professional staff to facilitate this process and ensure compliance with these statutory requirements for auditor selection.

Please contact our office if there is any additional information that we can provide.



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*Member: American Institute of Certified Public Accountants | Florida Institute of Certified Public Accountants*

March 29, 2021

To Council Members  
South Florida Regional Planning Council  
1 Oakwood Boulevard, #250  
Hollywood, Florida 33020

We are pleased to confirm our understanding of the services we are to provide South Florida Regional Planning Council (the "Council") for the year ended September 30, 2020. We will audit the financial statements of the governmental activities, and each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Council as of and for the year, ended September 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Council's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Council's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis,
- 2) Budgetary Comparison Schedules,
- 3) Schedules of Proportionate Share of the Net Pension Liability, and
- 4) Schedules of Contributions to the Florida Retirement System.

We have also been engaged to report on supplementary information other than RSI that accompanies the Council's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation

to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of expenditures of federal awards.

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on-

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Council. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste and abuse in financial statement audits nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to

preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Council's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Council's major programs. The purpose of these procedures will be to express an opinion on the Council's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

#### **Management Responsibilities**

Management is responsible for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and



fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with

the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

#### **Engagement Administration, Fees, and Other**

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service

Engagement Letter  
March 29, 2021

providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, grants, loans, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, if any, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Council; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of S. Davis & Associates P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the U.S. Department of Commerce or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of S. Davis & Associates P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the U.S. Department of Commerce. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Tanya I. Davis is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Engagement Letter  
March 29, 2021

Our fee for these services is \$37,500 in accordance with our audit contract, however, as adjusted for engagement starting date for fiscal year ended September 30, 2020, to be paid as follows:

Payment 1	April 15, 2021	30% of total fee: \$11,250
Payment 2	May 1, 2021	30% of total fee: \$11,250
Payment 3	May 15, 2021	20% of total fee: \$7,500
Final payment	within 20 days of the Council adoption of the final report	20% of total fee: \$7,500

If the adoption of the final report occurs prior to May 15, 2021, payment 3 and the final payment will be combined and due within 20 days of the Council's adoption of the final report.

In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Delay in audit planning or fieldwork may cause audit inefficiencies and impact budgeted audit hours. If a delay becomes apparent, we will discuss it with you and arrive at a new audit timetable. If significant additional time is necessary due to delays or otherwise, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Any changes not provided elsewhere herein have to be agreed to by mutual consent of both parties. Any controversy or claim arising out of or relating to the services covered by this letter or hereafter provided by us to the Council (including any matter involving any component unit, subsidiary, affiliate or agent of the Council or S. Davis & Associates, P.A.) shall be submitted first to voluntary mediation, and if mediation is not successful then to binding arbitration, in accordance with the dispute resolution process set forth in the attachment to this letter. Judgement on any arbitration award may be entered in any court having proper jurisdiction. In the event we must proceed with legal action to recover any unpaid invoice, you will be obligated to pay all attorneys and costs that we incur. In addition, you agree that the exclusive venue for any action to collect such unpaid invoices shall be the courts of Broward County, Florida. We appreciate the opportunity to be of service to the Council and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



S. Davis & Associates, P.A.

Engagement Letter  
March 29, 2021


RESPONSE:

This letter correctly sets forth the understanding of the Council.

Management signature:   
Isabel Cosio Carballo, MPA

Title: Executive Director

Date: April 7, 2021

Governance signature:   
Mario J. Bailey

Title: Chair

Date: 4/4/21

## **DISPUTE RESOLUTION PROCEDURES**

The following procedures shall be used to resolve any controversy or claim (“dispute”) as provided in our engagement letter of March 29, 2021. If any of these provisions are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

### ***Mediation***

A dispute shall be submitted to mediation by written notice to the other party or parties. In the mediation process, the parties will try to resolve their differences voluntarily with the aid of an impartial mediator, who will attempt to facilitate negotiations. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the American Arbitration Association (“AAA”) or such other neutral facilitator acceptable to both parties.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute.

The mediation will be treated as a settlement discussion and therefore will be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

### ***Arbitration***

If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute will be settled by arbitration. The arbitration will be conducted in accordance with the procedures in this document and the Arbitration Rules for Professional Accounting and Related Services Disputes of the AAA as in effect on the date of the engagement letter (“AAA Rules”). In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, regardless of the size of the dispute, to be selected as provided in the AAA Rules. Any issues concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may serve on the panel unless he or she has agreed in writing to abide and be bound by these procedures.

## **DISPUTE RESOLUTION PROCEDURES - Continued**

The arbitrators may not award non-monetary or equitable relief of any sort. They shall have no power to award punitive damages or any other damages not measured by the prevailing party's actual damages, and the parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrators have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

No discovery will be permitted in connection with the arbitration unless it is expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrators may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The result of the arbitration will be binding on the parties, and judgment on the arbitrators' award may be entered in any court having jurisdiction.