NORTH MIAMI
FLORIDA
Office of the City Manager

MEMORANDUM

To: The Honorable Mayor and Council Members

From: Aleem A. Ghany, City Manager

Date: July 8, 2014

RE: Forensic Audit Status

Direction from the Mayor and Council to staff at the June 10, 2014 Council Meeting was for staff to research the steps necessary to procure a forensic audit. Kathy DeBose and Derek Noonan from the State of Florida Auditor General's Office were contacted and it was learned that municipalities cannot procure forensic audits on demand. One of four scenarios must occur in order for an audit of this scale to be conducted:

1. Citizens' petition, where 20% of voters in the last election request the Joint Legislature Audit Committee[i] to consider undertaking a state "operational" audit.
2. State Attorney's Office or local law enforcement demonstrates a case to the Joint Legislature Audit Committee, outlining fraud or financial misconduct, so that the State intervenes and prompts an "operational" audit.
3. By majority vote of the council to request a state audit, the state would come in at a cost to the City and perform an "operational" audit.
4. A member of the legislature can make a request for an "operational" audit on behalf of the City Council.

[ii]In past practice, if any of the four scenarios occur, the Auditor General refers to the Joint Legislature Audit Committee.

Staff also gathered information on the procedures and estimated costs associated with a forensic audit. The costs will vary depending on the level of review and number of departments. The scope of work under consideration includes 400 hours to analyze the City's financial records, expense reports, vendor related party review and approval safeguards, building and zoning records and any process irregularities. The four City departments of particular focus are Finance, Purchasing, Public Works and Building & Zoning. The cost range with the above hours and focus will be from $90,000 to $120,000 (four departments) for the past three years. Three of the audit firms contacted were:

NORTH MIAMI
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Memorandum to: The Honorable Mayor and Council Members
Re: Forensic Audit Status
July 8, 2014

1. Morris & Brown
2. Brody & Associates
3. Fiske & Company

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[i] It is estimated that the Joint Legislature Audit Committee would not hear our case until late December 2014 and January 2015.

[ii] The State department and audit firms contacted conduct sample testing, where only particular areas of concern are evaluated.

BRODY & ASSOCIATES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

■ Telephone: (305) 931-2225 ■ Fax: (305) 931-2218

One Turnberry Place
19495 Biscayne Boulevard
Suite 850
Aventura, Florida 33180

June 30, 2014

Linda Julien
City of North Miami
17011 N.E. 19th Avenue
North Miami Beach, Florida 33162

City of North Miami
Forensic and Safeguard Review

Dear Linda:

We appreciate the opportunity to provide forensic and safeguards review services in correlation to Lucie Tondreau, including several associated City of North Miami employees. Our analysis will include, but not limited to, a review of the City of North Miami's financial records, expense reports of Lucie Tondreau and associated employees, vender related party review and approval safeguards, building and zoning process irregularities and other records as made available to us. Upon our retention, we will work with you to identify the specific records relevant to our analysis. We will perform any other procedures we are specifically requested to undertake as may be within the scope of our engagement.

Furthermore, per our initial discussions, we will review the following 4-divisions: Public Works, Finance, Community Development Agency and Building & Zoning. We have allocated approximately 100-hours for each division.

Please note that our work may involve an analysis of accounting books and records. However, this engagement does not include an audit in accordance with Generally Accepted Auditing Standards, nor will we be expressing an opinion on the fairness of the financial statements of any entity.

We have undertaken a review of our records and have not identified any professional relationships between us and the parties involved in this matter. We will notify you immediately if any conflicting relationships come to our attention.

The workpapers and other materials created by us during this engagement are the property of Brody & Associates. All documents provided to us during the course of our investigation will be returned to you, at your request. Any written reports or documents we prepare are to be used only for the purpose of this engagement.

Although it is difficult to estimate the total cost of our services, as the time required for analysis is dependent on dynamic variables such as the availability of pertinent records, historic financial information, expense reports, vender verification procedures and other relevant items, including meetings and assistance on discovery issues. We bill for our services based on actual hours, plus out-of-pocket expenses incurred, if any. Nevertheless, as stated above, we estimate 100-hours for each of the 4-divisions (2013); accordingly, with an approximate blended billing rate of $210, our fees are estimated to be $84,000.

Your Forensic Team will be Ali Ansari (Director of Forensic Services) – Project Leader; Evan Brody (Managing Shareholder); Lisa Goldberg (Senior Manager of Forensic Services) and other Staff. Standard hourly rates are currently as follows:

Personnel	Rate per Hour
Ali Ansari (Project Leader)	$280
Evan Brody	$395
Lisa Goldberg	$255
Staff	$160

We appreciate the opportunity to serve the City of North Miami. If this arrangement is acceptable to you, please sign one copy of this letter and return it to me at your earliest convenience, including sending a retainer of $10,000. Please call me at (305) 931-2225, if you have any questions regarding this or any other matter.

Best regards,

Brody & Associates, P.A.

Brody & Associates, P.A.

ACKNOWLEDGED AND ACCEPTED:

By: _____

Title: _____

Date: _____

Brody & Associates PA
Standard Terms and Conditions
Engagement Letter (Attachment)

1. Scope Brody & Associates shall be obligated only for services specified in the engagement letter to which these terms and conditions are attached.

2. Term This engagement will come into full force and effect upon receipt by Brody & Associates of the signed engagement letter. Unless terminated sooner in accordance with its terms. This engagement may be terminated by either party at any time by giving written notice to the other party.

If at any time during this engagement, Client decides for any reason it is not in the best interest of Client to continue with this engagement, Client may notify Brody & Associates to that effect. In the event of such notification, Client Agrees to pay Brody & Associates for time charges at standard hourly rates and expenses incurred to the date of notification to the extent the amount so computed exceeds payments previously made by Client for the engagement.

3. Payment of Invoices Client agrees, by accepting the terms of the engagement letter, to pay all invoices to Brody & Associates within fifteen (15) days of the invoice date or such other date as may be indicated in the engagement letter to which these Standard Terms and Conditions are attached. Without limiting its rights or remedies, Brody & Associates shall have the right to halt or terminate entirely its services until payment is received on past due invoices.

4. Cooperation Client shall cooperate with Brody & Associates in the performance by Brody & Associates of its services hereunder, including, without limitation, providing Brody & Associates with timely access to data, information and personnel of Client. Client shall be responsible for the performance of its employees and agent and for the accuracy and completeness of all data and information provided to Brody & Associates for purposes of the performance by Brody & Associates of its services.

5. Reliance on Information/ Authorities Brody & Associates will base its conclusions on the facts and assumptions that Client Submits and will not independently verify this information. Inaccuracy or incompleteness of the information Client provides could have a material effect on Brody & Associates conclusions. Brody & Associates will not update its advice for subsequent changes or modifications to the law and regulations, or to the judicial and administrative interpretations thereof, unless Client separately engages Brody & Associates to do so after such changes or modifications.

6. Federal Confidential Communications Privilege By retaining Brody & Associates, Client agrees that Brody & Associates is instructed to claim the privilege on Client's behalf, with respect to any applicable communications, up to and until such time as Client may waive any such privilege in writing. A disclosure of any such confidential communications to third part may cause any confidentiality privilege to be waived, Client should notify Brody & Associates. Nevertheless, Brody & Associates will have the sole discretion to release documents when ordered by the Court. In the event of a court subpoena or requests to provide the court with documents, Client may hire and pay for an attorney to represent Brody & Associates with respect to drafting any protest letters.

Client understands that Brody & Associates makes no representation, warranty, or promise, and offers no opinion with respect to the applicability of such confidentiality privilege to any communication and agrees to hold Brody & Associates harmless should the privilege be determined not to apply to particular communications. Client agrees to indemnify Brody & Associates for any attorney's fees and other cost and expenses incurred by Brody & Associates with respect to this engagement.

7. Management Responsibility

Brody & Associates will not, pursuant to this engagement, perform any management functions for Client nor make any management decisions. Client understands and agrees that pursuant to this engagement, Client's responsibilities include the following:

1. Designating a management level individual or individuals to be responsible for overseeing the services being provided;
2. Evaluating the adequacy of the services performed and any finding that result;
3. Making management decisions, including accepting responsibility for the results of the services; and,
4. Establishing and maintain internal controls, including monitoring ongoing activities.

Brody & Associates PA
Standard Terms and Conditions
Engagement Letter (Attachment)

To the extent that Brody & Associates' relationship with Client requires auditor independence, Brody & Associates shall not be required to, and shall not, undertake any task or function which Brody & Associates in its sole judgment determines would impair its independence under the applicable auditor independence rules. Such rules are as defined or interpreted by the American Institute of Certified Public Accountants, the Securities and Exchange Commission, the Independence Standards Board, the state boards of accountancy, and any other regulatory authority exercising competent jurisdiction over Brody & Associates, and Brody & Associates' professional practice policies, as the same may be amended from time to time.

8. Limitation of Liability and Indemnity Brody & Associates' maximum liability to Client arising for any reason relating to services rendered under this engagement shall be limited to the fees paid for these services. In the event of a claim by a third party relating to services under this engagement, Client will indemnify Brody & Associates and its personnel from all such claims, liabilities, costs and expenses, except to the extent determined to have resulted from the intentional or deliberate misconduct of Brody & Associates personnel.

9. Legal Counsel Client should consult with and/ or engage legal counsel for the purpose of advising on non-tax legal aspects of matters on which Brody & Associates provides tax advice and drafting any legal documents and/or agreements that may be required in connection therewith. To the extent services of legal counsel or other professional service providers are required, Client is responsible for engaging and paying such service providers.

10. Independent Contractor It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, partner or joint venture of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create obligation on behalf of, or in the name of, the other.

11. Entire Agreement These terms and the engagement letter to which these terms are appended, including any Attachments, constitute the entire agreement between Brody & Associates and Client with respect to the subject engagement and supersede all other oral and written representation, understandings or agreements relating to the subject engagement.

12. Governing Law These terms and the engagement letter to which these terms are appended shall be governed by and construed in accordance with the laws of the state of Florida.

13. Agreement to Arbitrate The Client agrees that any controversy, arising out of or in any way relating to any service provided by Brody & Associates shall be submitted to binding arbitration. The costs will be initially paid equally by both parties; however, if Brody & Associates receives any consideration from the Arbitration, all cost of Arbitration shall be paid entirely by Client, including but not limited to, attorney fees and Arbitration costs. If Brody & Associates does not receive any consideration from the Arbitration, then Brody & Associates shall pay attorney fees and Arbitration costs. The American Arbitration Association (AAA) shall perform such arbitration.

14. Waiver of Right to Jury. Brody & Associates and Client agree, by entering into this agreement, to forfeit their constitutional right to have any such dispute decided in a court of lay before a jury, and instead are accepting use of binding arbitration.

15. Acknowledgments by Parties: The Client by signing this agreement, also acknowledges that he or she has been informed that:

a) No Duress. This agreement may not be submitted to a Client approval when the Client's condition prevents the Client from making a rational decision whether or not to agree;
b) Binding Arbitration and Effect on Right of Appeal. Binding arbitration means that the parties give up their right to go to court to

assert or defend a claim covering this agreement. The resolution of claims covering by this agreement will be determined by a neutral panel of arbitrators and not a judge or jury. AAA has been selected for such matters. Each party is entitled a fair hearing, but the arbitration procedures are simpler and more limited that rules applicable in court. Arbitration decisions are as enforceable as any court order. The decision of an arbitration panel is final and many only be appealed in accordance with Florida status.

c) **Read Agreement and Understood. I have read and understand the above agreement. I understand that I have the right to have my questions about arbitration or this agreement answered and I do not have any unanswered questions. I execute this agreement of my own free will and no under any duress.**

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

July 2, 2014

Mr. Arthur H. Sorey, III
Manager of the Office of Management and Budget
City of North Miami
776 NE 125 Street
North Miami, FL 33161

Dear Mr. Sorey III:

We appreciate the opportunity to present our Firm's qualifications for your consideration.

Engagement Scope and Background – We understand that you have requested a proposal for services consisting of forensic accounting procedures that will include transaction and internal control reviews for four departments of the City of North Miami ("CITY"), including Finance, Public Works, Building and Zoning, and the Community Redevelopment Agency, for the three year period ended September 30, 2013. We will be performing specific investigative accounting procedures, which may or may not be in accordance with US generally accepted accounting principles and US generally accepted auditing standards. Such procedures will be governed by the AICPA Standards on Consulting Services No. 1.

Our procedures will involve an evaluation of the City's internal accounting and operating controls, review compliance with these controls, evaluate risks of fraud and misconduct, and recommend enhancements where necessary to strengthen the CITY's practices. Work may include inquiries of respective CITY personnel, analysis of accounting and other information to be provided by the CITY, and other procedures as we deem appropriate.

- For systems, we will consider the impact of access controls, software controls, and network/data center controls for mission critical systems in the four functions that we will review.
- For related CITY revenue sources, we will consider all types of payments and deposits, authorization controls, necessary documentation, and cash receipts controls and procedures for such transactions, including segregation of duties and reconciliation controls.
- For any receipts involving cash, checks, credit, debit cards, online payments, or other payments, we will document and review the related internal control procedures. For those transactions involving rates, we will verify the accuracy and timeliness of the rates charged to the respective authorizing documentation.
- We will review the revenue cycle process and identify any other relevant programs and controls which are significant and should be evaluated and tested.

DRAFT SUBJECT TO REVIEW AND REVISION

- For purchasing and accounts payable transactions, we will evaluate the controls and procedures surrounding governing authority, bid/quote requirements, purchase requests and approvals, invoice payment authorization, check issuance, budget monitoring, and general ledger posting.

- In addition, we will review the divisional general ledgers, transaction detail, and budget information for significant and unusual transactions that require further analysis.
- We will also consider particular CITY program requirements and test such controls, where appropriate.

Further details regarding areas to be tested, including the extent of testing and relevant samples may only be derived once we have reviewed the general ledger, interviewed management regarding the operations and controls, and identified the risks or unusual transactions.

We will provide our observations in either a verbal report or written format as you request.

Qualifications - Morrison, Brown, Argiz & Farra, LLC (MBAF) is a national firm ranked as the nation's 36th certified public accounting and advisory firm serving domestic and international clients in more than 45 states and 44 countries from our offices in Miami, New York, Baltimore, Boca Raton, Boulder, Fort Lauderdale, Orlando, Valhalla and India. The firm is a limited liability company with a team of more than 400 highly-qualified advisors and staff overseen by the Chairman and CEO, Tony Argiz. We have in place an Executive Committee and each office has a principal-in-charge who responds to the Chairman and CEO.

MBAF has earned a strong reputation for trust and integrity through a commitment to high standards and excellent client service since 1969. MBAF has been ranked by INSIDE Public Accounting for 17 years as *Best of the Best*, one of the top 50 best managed firms in the nation, and only one of two firms so ranked consecutively for the last ten years.

Our team of Certified Financial Forensic Professionals, Certified Public Accountants, and other professionals on the forensic team are experienced in identifying and evaluating various types of financial fraud and internal control risks, and has conducted whistleblower investigations for public and non-profit enterprises. We have worked on over 1,000 cases, including those that have involved financial fraud and forensic procedures, and have been qualified as experts in state and federal courts on forensic examinations. We also have expertise in non-profit IT systems which can be a target of fraudulent activity due to the reliance on technology systems that require review and testing in order to assess the quality of the control environment. Our extensive experience in implementing technology systems for non-profits makes us qualified in providing forensic accounting services to non-profit entities such as yours. The biographies of selected team members are attached for your review.

Finally, we are focused on meeting your deadlines and are dedicated to communicating with you so that you are aware of our findings, questions or concerns as we proceed through the forensic review. Our goal is to make every reasonable effort to work with client management to ensure that we provide appropriate comments and findings and resolve open items before the conclusion of the investigation. We will communicate verbally or in writing, the status of our forensic engagement to the CITY every two weeks and be responsive to your requirements.

DRAFT SUBJECT TO REVIEW AND REVISION

Non-Profit Services – Servicing the non-profit industry is a core focus of our firm. MBAF offers an entire group of professionals dedicated to meeting the unique needs of non-profits. Our non-profit professionals have conducted audits both at a local and national level for over 100 non-profits, including governmental entities, charitable organizations, churches and religious organizations, cultural and educational institutions, museums, philanthropic organizations, private foundations, service providers and other non-profits. We have also performed A-133 compliance reviews.

Time Frame for Services to be Performed- Our services are estimated to take approximately two to three months to complete. CITY is responsible for providing requested information on a timely basis and ensuring that it designates individuals with suitable skill, knowledge, or experience to oversee any services we provide.

Professional Fees for Services to be Performed – Our professional fees for these services will are estimated at $105,000, over the three year period, as follows:

Year 1 (10/1/2012 - 9/30/2013)	**Year 2** (10/1/2011 – 9/30/2012)	**Year 3** (10/1/2010 – 9/30/2011)
$35,000	$35,000	$35,000

Any additional services requested during or after the term of this Agreement will be billed at our then current professional rates.

We are certain that you recognize it is difficult to estimate the amount of time this engagement may require. The time involved depends upon the extent and nature of available information. as well as the developments that may occur as work progresses. It is Firm's intention to work closely with CITY to structure the work so that the appropriate personnel are assigned to the various tasks in order to keep fees at a minimum. Firm shall use its best efforts in the performance of the assignment,

Responsibilities - The services as described are not designed and cannot be relied upon to disclose errors, irregularities or illegal acts (other than the specific matter this engagement relates to), including fraud or defalcations that may exist, although their discovery may result from Firm's engagement. However, we will inform you of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our procedures regarding Illegal acts that may have occurred, unless they are clearly inconsequential.

DRAFT SUBJECT TO REVIEW AND REVISION

Confidentiality - With respect to financial, statistical and personal data relating to CITY which is confidential and which is submitted to or obtained by Firm In order to carry out this Agreement, Firm will instruct its personnel to keep such information confidential. Unless other arrangements are made, we will retain this data along with our files for three years after conclusion of our involvement in the matter. Our files will be destroyed after a 30-day notice to you. With respect to Firm, it may be necessary for us to prepare written documents that support our conclusions. These documents are to be used only in connection with the above-referenced matter and may not be published or used in any other manner without the written consent of the Firm, provided however that CITY may furnish these documents to any government authority at their discretion.

We commit to and are confident that we can meet your needs and look forward to the opportunity to speak with you further concerning this engagement.

Sincerely,

Antonio L. Argiz, CPA
Chairman and CEO

DRAFT SUBJECT TO REVIEW AND REVISION

Proposal
City of North Miami

Agreed Upon Procedures and Forensic Engagement

Submitted by Alan P. Fiske, CPA/ABV/CFF

July 2, 2014

NORTH MIAMI
FLORIDA

FISKE & COMPANY

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Engagement Letter and Schedule 1 ..... Attachments

Vision

Fiske and Company endeavors to demonstrate a high level of skill and excellence when providing our services, and to remain focused on the solutions needed and the success desired by the organizations, businesses and individuals we serve.

Mission

Fiske and Company strives to deliver value and to collaborate with clients in order to provide timely solutions to meet their challenges. We seek to differentiate our firm through commitment to integrity, innovation, industry leadership, and staff engagement.

Introduction to Fiske and Company

Fiske and Company is one of the "Top 25 Accounting Firms" serving South Florida. For over 42 years we have been providing public and private clients with forensic accounting, audits, litigation support services, and business valuations, as well as tax guidance, and accounting advice. Whether municipalities, non-profit organizations or for-profit corporations, entrepreneurs, individuals, families, or closely held businesses, Fiske and Company offers a unique blend of expertise, technical skill, and customized services. Fiske and Company is licensed (#AD0016278) and registered in the State of Florida with the Department of Business and Professional Regulation, Division of Certified Public Accountants (Board of Accountancy), and the key professionals assigned to your engagement team is properly licensed and certified to practice in Florida.

In addition to the comprehensive services listed above, our certified public accountants provide review and compilation, agreed upon procedures and other assurance solutions, eminent domain services, due diligence, and other business advisory and financial consulting services. References, Certificate of Insurance, and Peer Review available upon request.

CPAAI
CPA ASSOCIATES INTERNATIONAL

We are a member firm of CPA Associates International, CPAAI, a global organization of independently owned accounting, audit, business valuation, litigation support, and financial services firms. CPAAI members include experienced, credentialed, accountants, financial experts and thought-leaders in the valuation profession. Through our membership in CPAAI, we have access to other audit and forensic professionals on a state and national level, if needed, to consult on specific issues.

We Serve the Following:

- Closely Held Businesses
- Partnerships
- S-Corporations, C-Corporations
- Small to Middle-Market Companies
- Entrepreneurs, Emerging/High Growth Enterprises
- High Net-Worth Families and Individuals
- Municipalities
- Hospital Districts and Facilities
- Non-Profit Organizations

Industry Expertise

Over time we have developed expertise serving the needs of clients in specific industries. These skills have been developed through prior career experience, professional concentration and education, and involvement in industry groups which allow us to stay current on trends, issues and best practices. Our industry expertise includes:

- Manufacturing/Distribution
- Real Estate/Construction
- Healthcare/Medical
- Professional Service Firms
- Technology Companies
- Insurance
- Hospitality
- Retail
- Municipal
- Not-for-Profit

Community Involvement

Fiske and Company encourages participation in civic and charitable associations and organizations and is proud to play an important part in the South Florida community. Our Directors, Principals and Associates are involved in local civic, not-for-profit and charitable organizations, and often support their participation through financial contributions for special events, assisting with publicity and media coverage for various organizations, and providing referrals.

Professional Affiliations Include:

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Association of Eminent Domain Professionals
- National Association of Certified Fraud Examiners
- Expert Resource Connection
- CPA Associates International
- Broward Professional Alliance
- Broward County Bar Association
- Broward Estate Planning Council
- West Broward Estate Planning Council
- Fort Lauderdale Estate Tax Council
- Insurance Accounting and Systems Association Incorporated (IASA)

Community/Civic Affiliations Include:

- Fort Lauderdale Chamber of Commerce
- Legal Aid of Broward County
- Jewish Federation of Broward County
- JAFCO
- American Cancer Society
- American Diabetes Association
- Joe DiMaggio Children's Hospital Foundation
- American Friends of the Hebrew University

Our Understanding of Your Organization and Its Needs

The City Council of North Miami has requested an "agreed upon procedures" and forensic engagement covering the last three years of several departments and the Community Redevelopment Agency. We will apply the agreed-upon procedures listed in the attached schedule to certain internal control procedures of The City of North Miami with respect to the Building and Zoning Department, Finance Department, Community Redevelopment Agency and Public Works Department in effect at the time of our engagement. This engagement is solely to assist in the evaluation of certain internal controls.

An engagement such as this involving a large and complex entity like The City of North Miami demands a firm with pertinent expertise. The "City" will be an important client for Fiske and Company. The quality of the team we have assembled to serve you is evidence of our commitment to this engagement. The "agreed upon procedures" and forensic engagement as outlined in the attached engagement letter and detailed schedule will satisfy all relevant legal, regulatory and contractual requirements and be completed in accordance with the attestation standards established by the American Institute of Certified Public Accountants.

Fiske and Company has no professional relationships with the City of North Miami, and there would be no conflict of interest relative to performing the proposed engagement. Any reports, financial documents and statements, and recommendations will be presented within the required time frame and budget to the City Counsel, or other parties so designated.

Our Integrated Approach in Providing Engagement Services

Our Engagement Approach	
Planning	• We begin by assigning to the engagement team experienced staff who have relevant experience and expertise working with municipalities on accounting, audit, internal controls, and forensic engagements. • Upon acceptance, we will make necessary arrangements to discuss and review any audit or other work papers of the current CPA firm. • We initially discuss our engagement plan with the "City" leadership and management team and any financial or legal advisors. Our goal is to confirm our understanding of the engagement, establish the roles of the parties, the timeline, and address any concerns with respect to the scope of the assignment.
Deliverables	• Calendar of Key Dates and Deadlines: The calendar creates accountability for all elements of planning, fieldwork, and closing items to complete the engagement, keep reporting deadlines and forensics timely. • Client Assistance List: This detailed list will establish the majority of what is to be requested as part of the examination process, fieldwork and financial information needed to complete the engagement. The more detailed and comprehensive this document is, the more efficient the fieldwork.
Audit Approach & Forensic Procedures	• Technology and analysis are key components of our approach. We use electronic discovery, data analysis and audit software to extend our auditing and forensic analysis. From many sources we will import, join, analyze, sample, and extract data. Software will be used wherever it can be efficient and effective in statistical sampling. • We use a risk based approach with analytical procedures and specific substantive tests for the most significant financial accounts. • Our overall strategy is designed to gain an understanding of the client's strategic initiatives, procedures and processes. We focus our procedures heavily on the higher risk areas. • Once we have completed the preliminary reports and exhibits, we will discuss these with the appropriate parties to address any questions or concerns. The final reports and recommendations will be issued upon resolution of any open items. • We expect to perform the fieldwork and analysis at the client location, and will conclude the reporting at our firm's offices. In addition, we will schedule meetings or conference calls during fieldwork and wrap-up to discuss open items and request additional information as required throughout the engagement from "City" leadership and management. The timeframe to perform the engagement may vary slightly depending on the availability of the requested information from the client.
Reporting Process	• Throughout the engagement, we will actively and consistently communicate with management and the "City" leadership about the progress of our examination and forensic analysis.

Delivering Value by Providing Solutions

Fiske and Company is committed to providing timely and innovative solutions for our clients in the most cost-effective manner possible.

How we Provide Solutions	
Experience and Credibility	• Your engagement team will include highly trained audit and accounting professionals and forensic experts who have experience with municipalities, and in a wide range of industries and types of organizations. Our award winning firm has been successfully performing accounting, audit, and forensic engagements and making recommendations regarding internal controls for over 40 years.
Personal Attention and Regular Communication	• Your service team will provide a high-level of hands-on involvement and attention. • We take 100% responsibility for our work using a consultative approach working "shoulder to shoulder" and co-coordinating with clients' accounting and finance personnel. • We encourage you to contact us if changes or questions arise.
Continuity	• Our staff turnover rate is extremely low, well below the industry average, enabling us to maintain consistency. • Retaining the continuity of our engagement team enables us to build upon the knowledge we gain during our start-up phase and become more efficient and effective in serving our client's needs.
Learning About the Client	• We invest a great deal of time at the beginning of our client relationships learning about the individual organization and unique requirements, also including: o Evaluating major factors affecting operations o Identifying major areas of risk o Accounting and financial processes and information systems o Specialized technical requirements o Philosophy and vision, goals and objectives

The Fiske and Company Difference

What makes Fiske & Company different from other CPA firms?	
Communication	• We believe in taking a proactive approach to managing client needs. • We believe in constant communication with our clients. • We keep our clients informed through open and direct communication with the valuation team.
Planning	• We believe our clients' interests are best served by planning for opportunities rather than reacting to events. • We will outline *deliverables and deadlines* in the planning process to assist in the proper and timely workflow of the engagement.
Integrated Approach	• We develop professionals who are not just accountants and auditors but also financial advisors. All professionals communicate well with and have a close relationship with the tax and litigation support services group.
Technology	• Our firm uses the most advanced accounting software, electronic discovery and data mining techniques, thus we are highly productive, maintain a paperless environment, and guarantee all documents are secure.
National & International Resources	• Through our affiliation with CPA Associates International we can assist clients with global issues, or those who are looking toward national or international market expansion and growth. o CPAAI's purpose is to bring the members, their clients, and the financial community the combined strength and broad scope or service made possible by an international association of outstanding CPA firms.

Scope of Services and Professional Fees

Fiske and Company is committed to providing timely, quality service at fair and competitive rates. We anticipate concluding the fieldwork 30-45 days following receipt of our signed engagement letter, and will issue our report 20 days after the conclusion of our fieldwork.

Our fees as described in detail in the attached engagement letter are based on the time required to complete to your satisfaction the services requested and also based on the complexity of the work, and the level of expertise necessary. We are looking forward to working with the City of North Miami, and the fees that we have quoted below reflect our desire to perform this engagement. During the initial period of the engagement, "start-up" time and expenses will be incurred to gain a better understanding of The City of North Miami. The services that we will perform are not designed and cannot be relied upon to disclose errors, fraud or illegal acts, should any exist. However, we will inform the appropriate level of management of any material errors that come to our attention and any fraud or illegal acts that come to our attention.

Services to be provided and estimated fees are as follows:	Proposed Fee
Please see the attached Engagement Letter for a detailed outline of our fees for the services outlined in the attached Schedule 1. For the "Agreed Upon Procedures", covering the last three years, using the approaches and methods we deem appropriate relating to the Building and Zoning Department, Finance Department, Public Works Department, and the Community Redevelopment Agency we propose the following: • Agreed Upon Procedures • Evaluation of Internal Controls • Testing of Internal Controls and Procedures • Report of Findings and Recommendations Total Proposed Fees	$97,000 - $107,000
Additional Service Considerations if Requested:	$75- $335 Staff - Partner (per hour)

Engagement Team

We have identified and selected a team of professionals who have the audit experience necessary in performing "Agreed Upon Procedures", Internal Control documentation and evaluation, and Forensic Engagements to serve you. All work product and reports are reviewed for quality control before being issued.

Name	Role
Alan P. Fiske, CPA/ABV/CFF *Managing Director*	• Senior Director on the engagement • Performs final review
Joel Mutnick, CPA *Audit Services Director*	• Director on the engagement • Audit team leader
Martin K. Williams, CPA/CFF, CFE *Forensic Accounting and Litigation Services Principal*	• Principal on the engagement • Forensic team leader
Katie M. Gilden, CPA/CFF, CFE, CVA *Forensic Accounting and Litigation Services Principal*	• Principal on the engagement • Forensic team member

A complete biography of each member of the service team begins on page 12.

Profile of Fiske and Company

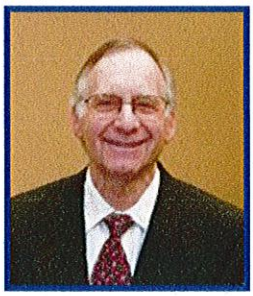
Founded	1972
Ownership	2 Managing Directors
Associates	15 Associates, including 2 Directors and 3 Principals
Offices	Fort Lauderdale, Miami, and Boca Raton, Florida
Professional Affiliation	CPA Associates International
Firm Member Affiliation	Affiliated with the AICPA and the FICPA, the Institute of Business Appraisers, Expert Resource Connection, and the National Association of Certified Fraud Examiners
Regional Rankings	Consistently ranked as one of South Florida's "Top 25 Accounting Firms" and "Top 25 Litigation Support Accounting Firms" by the South Florida Business Journal
Awards	Honored as one of the 2014 "Best Places to Work" and as a 2014 "Business of the Year" by the South Florida Business Journal. Alan Fiske, Marty Williams and Katie Gilden are consistently recognized as "Top CPAs" in Litigation Support by the South Florida Legal Guide.

Fiske and Company is an "Equal Opportunity Employer"

Member of AICPA® · PROUD MEMBER OF FICPA Florida Institute of Certified Public Accountants · ACFE Association of Certified Fraud Examiners ASSOCIATE MEMBER · IBA Institute of Business Appraisers · CPAAI CPA Associates International · Expert Resource Connection, LLC

Engagement Team Biographies

Alan P. Fiske, CPA/ABV/CFF
Managing Director



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Direct Line
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Email
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Education
University of Miami,
Bachelor of Business Administration
(Concentration in Accounting)

Licenses/Certifications
Certified Public Accountant (CPA)
Accreditation in Business Valuation (ABV)
Certification in Financial Forensics (CFF)

Experience

Alan is the Managing Director of Fiske and Company. He established the firm in 1972, and spearheaded its development into not only one of South Florida's "Top 25 Accounting Firms", but also one of the "Top 25 Litigation Support Accounting Firms" in the region. His guidance has nurtured the firm's reputation for unparalleled expertise in forensic accounting, business valuation, and litigation consulting services. Alan also has extensive practice experience in accounting and taxation for corporations, partnerships, and individuals. He has worked with municipalities and non-profits as well. Additionally, Alan has testified in both deposition and trial as an expert witness in Federal and Circuit Courts throughout Dade, Broward, Palm Beach and Martin counties in Florida, as well as in Jacksonville, Florida, and in Delaware.

Practice Areas

- Fraud
- Criminal Tax
- Audit
- Valuation
- Economic Damages
- Lost Profits
- Stockholder Disputes
- Breach of Contract

Professional Development and Community

Alan is a member of the American and Florida Institutes of Certified Public Accountants, the National Association of Certified Fraud Examiners, the Association of Eminent Domain Professionals, the Institute of Business Appraisers, and the Intellectual Property Law Association of Florida.

Alan has appeared as an expert on valuation, patent infringement and intellectual property matters for CNN's "For Your Money" program, and authored articles on fraud for the Miami Herald and other publications.

Alan's awards include being named a "Key Partner" in Accounting by the South Florida Business Journal, and a "Top CPA in Litigation Support" by the South Florida Legal Guide. Accounting articles he has co-authored have been published in the South Florida Business Journal, the Daily Business Review, the South Florida Legal Guide, Miami Herald and the Sun Sentinel.

Biographies Continued

Joel S. Mutnick, CPA
Audit and Accounting Services Director

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Email
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Education
Wayne State University,
Bachelor of Business Administration
(Concentration in Accounting)

Licenses/Certifications
Certified Public Accountant (CPA)

Experience

Joel has over 30 years of financial accounting and audit experience in public accounting firms and has provided effective, cost-efficient audits to small, medium, and large organizations in both the private and public sectors. Joel has issued reports in the form of reviews, compilations and agreed-upon procedures across a wide spectrum of industries and has been responsible for GAAP, SAP, as well as tax and internal financial reporting.

Joel has performed more than 75 audits of property and casualty, life and health insurance companies throughout the United States for Statutory, GAAP and SEC purposes. He has performed numerous SOC audits and has also audited offshore insurance carriers in France, England, and Bermuda, as well as the Turks and Caicos Islands and the Caymans.

Joel has also taught courses on GAAP and SEC financial statement footnote preparation, reinsurance, financial statement analysis and "reserving" to senior insurance executives. Joel has lectured on the tax requirements of property and casualty insurance companies, and presented seminars on the discounting of reserves and the preparation of insurance company corporate tax returns.

Joel has served on the three-member Audit Committee of the North Broward Hospital District for 20 years.

Practice Areas

- Financial Statement Audits
- Compilation and Reviews
- Agreed Upon Procedures
- SOC Audits and Internal Control Analysis
- GAAP/GAAS/SAP Reporting
- IRS Tax Audits
- Due Diligence

Professional Development and Community

Joel is a member of the American Institute of Certified Public Accountants, the Florida Institute of Certified Public Accountants. The Florida Association of Domestic Insurance Carriers (FADIC), and the Insurance Accounting & Systems Association, Incorporated (IASA). He is a long term member of the Broward Health Audit Committee.

Biographies Continued

Martin K. Williams, CPA/CFF, CFE
Forensic Accounting /Litigation Services Principal

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Email
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Education

University of Miami,
Bachelor of Business Administration
(Concentration in Accounting),
Master of Business Administration

Licenses/Certifications

Certified Public Accountant (CPA)
Certification in Financial Forensics (CFF)
Certified Fraud Examiner (CFE)

Experience

Martin (Marty) Williams has managed the Forensic Accounting and Litigation Support Services Practice of Fiske and Company since 2004. Marty takes a hands-on approach when directing strategy for clients that face a rising wave of fraud, and costly lawsuits related to complex business disputes.

In addition to investigating fraud, Marty has provided economic damages and lost profits computations in cases pertaining to breach of contract, shareholder disputes, and personal injury. Marty has been actively involved in engagements pertaining to Insurance Litigation and Intellectual Property Litigation, and has assisted clients with business valuations, receiverships, agreed-upon procedures, and consulting services. Marty assists counsel in theory development, discovery, and assessments of risk and damages exposure. His years of experience enable him to analyze complex financial, tax and accounting issues, and deliver reports in a clear manner easily understood by the courts and judiciary. Marty assists counsel in assessing the strengths and weaknesses of the opposing party's positions.

Marty has provided expert witness testimony for the Broward Circuit Court and the American Arbitration Association. His career spans almost 15 years in both the public and private accounting sectors, and includes "Big 4" experience in business advisory, financial consulting, and assurance services.

Practice Areas

- Forensic Accounting
- Insurance Defense
- Shareholder Disputes
- Economic Damages
- Lost Profits
- Breach of Contract
- Assurance Services

Professional Development and Community

Marty is a member of the American and Florida Institutes of Certified Public Accountants, the National Association of Certified Fraud Examiners. Marty's recent awards include being named a "Top CPA in Litigation Support" by the South Florida Legal Guide in 2012, 2013, and 2014. Articles he has co-authored have been published in the Daily Business Review and the South Florida Legal Guide.

Biographies Continued

Katie M. Gilden, CPA/CFF, CFE, CVA
Forensic Accounting/Litigation Support
Principal

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Email
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Education

University of Miami,
Bachelor of Business Administration
(Concentration in Accounting),
Master of Science in Taxation

Licenses/Certifications

Certified Public Accountant (CPA)
Certified Fraud Examiner (CFE)
Certification in Financial Forensics (CFF)
Certified Valuation Analyst (CVA)

Experience

Katie Gilden joined Fiske & Company in 2009. Prior employment included serving as Principal of a boutique consulting firm that specialized in forensic accounting investigations of complex financial matters related to civil litigation cases and bankruptcy. Earlier in her career, she worked for Deloitte and Touche as well as for another "Big 5" public accounting firm.

Over the last 10 years, Katie has provided litigation support services in cases dealing with fraud and professional negligence. Katie's skills extend to business valuations and analysis of complex tax and financial planning strategies. Katie has developed pro-active tax strategies to minimize tax liability and mitigate future tax exposure for clients. She also provides clients with state and local tax consulting services.

Practice Areas

- Forensic Accounting
- Valuation of Intangible/Tangible Assets
- Shareholder Disputes
- Economic Damages
- Lost Profits
- Breach of Contract
- Tax Planning and Consulting

Professional Development and Community

Katie's recent awards include being named a "Top CPA in Litigation Support" by the South Florida Legal Guide in 2013 and 2014, as well as a 2014 "Up and Comer" in Professional Services by Lifestyle Media Group. Articles she has co-authored have been published in the Daily Business Review in 2013 and the South Florida Legal Guide in 2014.