

3. ACCEPTANCE OF AUDIT REPORT ON "AGREED UPON PROCEDURES" AS OF JANUARY 31, 2011 FOR THE PERIOD COVERING FISCAL YEAR END SEPTEMBER 30, 2010 BY TCBA WATSON RICE LLP.
(ATTACHMENT - #3)



RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY

BANK OF AMERICA FINANCIAL CENTRE
2001 BROADWAY SUITE 300
RIVIERA BEACH FLORIDA 33404
PHONE: 561-844-3408
FAX: 561-881-8043
WEBSITE: www.rbcra.org

MEMORANDUM

TO: Honorable Chair and Members, CRA Board of Commissioners
City of Riviera Beach, Florida

FROM: Tony T. Brown, Executive Director, Riviera Beach CRA

DATE: September 23, 2011

CC: Ruth Jones, City Manager
Michael Haygood, Interim CRA Attorney

SUBJECT: TCBA Watson Rice LLP "Agreed Upon Procedures" Audit Report on Accounting for Certain Transactions

Upon assuming my responsibilities as Executive Director of the Agency on September 15, 2010, I wanted assurances that the Agency's cash position was properly stated as of September 15, 2010; that the Agency's accounting and general systems and procedures were adequate; that certain high-dollar amount transactions were being recorded properly; and, that fiscal year-end closing transactions were being properly recorded. To accomplish this objective, I engaged the CPA firm TCBA Watson Rice LLP to conduct a limited audit of the Agency.

The specific objectives of the audit were as follows:

- Objective No. 1: Review the internal accounting controls and test account reconciliations as of September 15th and September 30th 2010
- Objective No. 2: Perform a review of the Ocean Mall Interlocal Agreement between the CRA and the City dated October 26, 2009
- Objective No. 3: Perform a review of the accounting staff's closing entries for the fiscal year ended September 30, 2010 and also their reconciliation of the CRA's books and records to the City's from fiscal 2008 to fiscal 2010

Watson Rice's "Observations, Findings and Recommendations" are contained in their report dated January 31, 2011. Included in the report are the Agency's responses to the auditor's recommendations. A copy of the audit report is attached for your review.

The audit disclosed three findings that Watson Rice felt needed to be addressed:

- Finding No. 1: An established procedure requiring dual signatures on checks in excess of \$10,000 was not followed in one instance
- Finding No. 2: The Ocean Mall Interlocal Agreement between the City and the CRA did not appear to meet the legal framework of a loan agreement
- Finding No. 3: Closing entries for fiscal years ending September 30, 2008, 2009, and 2010 noted incomplete and improper recording of year-end accruals that were not in agreement with the City's corresponding account balances

As noted in the Agency's response to the auditor's findings and recommendations, the Agency has taken appropriate steps to adhere to its procedure to obtain the required signatures on all disbursements; the Ocean Mall Interlocal Agreement between the City and the CRA has been properly modified; and, year-end closing entries for the periods identified have been properly completed and account balances on the CRA's books are reconciled with the City's books on a periodic basis.

Except as noted above, the auditors concluded that the Agency's internal controls over financial reporting were "suitably designed, in all material respects, to prevent or detect and correct material misstatements in the financial statements on a timely basis as of September 30, 2010."

We assure you that the Agency has moved aggressively to continue to improve its systems and procedures to insure the financial integrity of our financial accounting and management reporting.

TB/ab