

**METROPOLITAN PLANNING ORGANIZATION BOARD
EXECUTIVE COMMITTEE**

11:00 a.m., Tuesday, November 20, 2012
Lee County Public Works Building, Conference Room 1B
1500 Monroe Street, Fort Myers



AGENDA

Call to Order

Roll Call

Approval of Minutes

1. *Approval of the Minutes of the September 17, 2012 Executive Committee (Meghan Marion)

New Business

2. Public Comments on New Business Items
3. *Review and Approval of the End of Year Audit Services Contract (Don Scott)
4. +Presentation of the Analysis and Recommendations from the Internal Control Audit Services Task (CliftonLarsonAllen LLP)

Other Business

5. Public Comments on Items Not on the Agenda
6. Announcements
7. Information and Distribution Items

Adjournment

* Action Items + May Require Action

All meetings of the Lee County Metropolitan Planning Organization (MPO) are open to the public. In accordance with the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting should contact Ms. Meghan Marion at the Lee MPO 48 hours prior to the meeting by calling (239) 330-2242; if you are hearing or speech impaired call (800) 955-8770 Voice / (800) 955-8771 TDD. Or, e-mail mmarion@leempo.com.

The MPO's planning process is conducted in accordance with Title VI of the Civil Rights Act of 1964 and related statutes. Any person or beneficiary who believes he has been discriminated against because of race, color, religion, sex, age, national origin, disability, or familial status may file a complaint with the Florida Department of Transportation District One Title VI Coordinator Robin Parrish at (863) 519-2675 or by writing her at P.O. Box 1249, Bartow, Florida 33831.

**MINUTES OF THE LEE COUNTY METROPOLITAN PLANNING ORGANIZATION
BOARD'S EXECUTIVE COMMITTEE**

Held on September 17, 2012

The following members were present for the meeting of the Lee County Metropolitan Planning Organization Board's Executive Committee on September 17, 2012 at the offices of the City of Cape Coral City Hall, Conference Room 252, 1015 Cultural Parkway Blvd., Cape Coral, Florida.

Councilman Kevin McGrail	City of Cape Coral
Vice-Mayor Stephen McIntosh	City of Bonita Springs
Mayor Kevin Ruane	City of Sanibel
Councilman Thomas Leonardo	City of Fort Myers
Commissioner Frank Mann	Lee County Commission

Those also in attendance included: Don Scott and Meghan Marion of Lee County MPO.

CALL TO ORDER

The meeting was called to order at 1:33 p.m. by Mr. Scott.

NEW BUSINESS

Agenda Item #1 – Public Comments on New Business Items

None.

Agenda Item #2 – Complete and Approve the Executive Director's Evaluation

Mr. Scott stated that Staff sent the form out back in July for comments. He stated that this is being done consistent with the contract, which requires an evaluation of the Director completed every year. He reviewed a list of accomplishments and goals for this year.

Councilman Leonardo spoke in regards to the Land Use scope and having coordination with the County and all the different jurisdictions. He also spoke in regards to the funding that is going to Collier County for Bonita Springs and encouraged discussing combining MPO's with Collier County.

Councilman Leonardo also talked about the Director raising to the Board members issues with projects that are not good projects that are being developed.

Councilman McGrail stated that it was tough for him to do a direct observation regarding the evaluation ranking especially on the Staff development skills. He stated that if they are going to evaluate the Director he would like the opportunity to meet with the Director individually to address any questions that we may have when completing the evaluation form.

Councilman Leonardo agreed to the one on one with the Director before the Committee meets to do the evaluation.

Mayor Ruane stated that each evaluation is different. He stated that it is hard to be accurate with the generic forms. He stated that Mr. Scott is doing an above average job. He stated that it might be better for this Committee to come up with a different evaluation form that is more specific.

Mr. Scott stated that this is a starting point.

Councilman Leonardo stated that is why he did a summary of the evaluation form to point out what he is looking for.

Mayor Ruane spoke in regards to merit raises and current cuts that each different jurisdiction has done and that there are going to be no raises due to these issues.

Councilman McIntosh stated that he feels he is still too new to the MPO Board to make a knowledgeable assessment at this time. He stated that appears that everything is going okay.

MOTION BY COMMISSIONER MANN TO NOMINATE COUNCILMAN MCGRAIL AS CHAIRMAN FOR THE EXECUTIVE COMMITTEE MEETING. SECONDED BY COUNCILMAN LEONARDO. MOTION CARRIED UNANIMOUSLY.

Commissioner Mann stated that he doesn't like Executive evaluations because they state what a great job someone is doing and then the next meeting they fire that person. He stated that he put Mr. Scott at above average on the evaluation and stated that he feels Mr. Scott is doing a great job and that if he had a problem he would have come to Mr. Scott and addressed the issue.

Councilman Leonardo stated that if any member had an issue with any of the Staff that they would address it at that time.

MOTION BY COUNCILMAN LEONARDO TO CONTINUE THE CURRENT CONTRACT WITH MR. DONALD SCOTT AS THE LEE COUNTY MPO'S EXECUTIVE DIRECTOR. SECONDED BY COMMISSIONER MANN. MOTION CARRIED UNANIMOUSLY.

Councilman McGrail requested to receive the Director Evaluation forms more in advance so that they can meet individually with the Director for questions that they may have regarding performance. He stated that he would also like to have the Director fill out a self-evaluation in advance. Mr. Scott stated that we will address the recommendations made in next year's evaluation process.

Agenda Item #3 – Review Submitted Request for Proposals for the 2012-004 Annual Auditing Services and Select Consultant to move forward with Negotiations

Mayor Ruane stated that for full disclosure CliftonLarsenAllen is currently working for the City of Sanibel. He reviewed his past experience with each of the different firms. He stated that he rated CliftonLarsenAllen at the highest.

Councilman McIntosh stated that he had CliftonLarsenAllen as his top choice based on past experience with the firm.

Councilman Leonardo stated that he also had CliftonLarsonAllen as his top choice as well based on their Governmental experience including MPO's. He questioned the malpractice coverage amount.

Mayor Ruane explained the malpractice coverage.

Mr. Scott stated that we have federal requirements that need to be included in our contract regarding the amounts of coverage needed.

Commissioner Mann stated that he had CliftonLarsenAllen as his top choice as well.

Councilman McGrail stated that he also had CliftonLarsenAllen as his top choice based on past experiences.

MOTION BY MAYOR RUANE TO MOVE FORWARD WITH CLIFTONLARSONALLEN ON NEGOTIATIONS OF THE CONTRACT. SECONDED BY COMMISSIONER MANN. MOTION CARRIED UNANIMOUSLY.

Councilman Leonardo stated that the individual rankings reflect this result as well.

Commissioner Mann asked what was budgeted for this task.

Mr. Scott replied that we had estimated that it would be between \$15,000 - \$20,000 and it would come back for their approval.

Councilman McGrail and Councilman Leonardo stated that CliftonLarsenAllen is currently doing work for the City of Cape Coral, Lee County and the City of Fort Myers.

Agenda Item #4 – Review and Approve Changes to the Professional Services Contracts Handbook

Ms. Marion reviewed the suggested changes.

MOTION BY COMMISSIONER MANN TO APPROVE THE CHANGES TO THE PROFESSIONAL SERVICES CONTRACTS HANDBOOK AS PRESENTED ON THE STAFF REPORT. SECONDED BY VICE-MAYOR MCINTOSH. MOTION CARRIED UNANIMOUSLY.

Agenda Item #5 – Approve and Give Staff Direction to Move Forward with a Facebook Page for the Lee County MPO

Ms. Marion stated that she has been coordinating with FDOT and FHWA on the procedures to follow when maintaining and starting up a Social Media Page. She reviewed some of the concerns that have been brought up and stated that Staff would like to set up the page so that it would only be Staff blasting out information and block individuals from posting to the page.

MOTION BY COUNCILMAN LEONARDO TO MOVE FORWARD WITH A DESIGNATED FACEBOOK PAGE FOR THE LEE COUNTY MPO. SECONDED BY VICE-MAYOR MCINTOSH.

Councilman Leonardo questioned the security of Facebook.

Councilman McGrail requested that Mr. Scott be the Face of the Lee County MPO's page.

MOTION CARRIED UNANIMOUSLY.

Agenda Item #6 – Review of the Analysis of Funding and Regional Transportation Planning Issues Related to the 2010 Census Draft Scope

Mr. Scott presented this item. He spoke in regards to regional governance of the MPO's. He spoke about the new Census data results.

Councilman Leonardo asked about the gridded areas on the map.

Mr. Scott replied that the difference is what is being added to the urbanized area now based on the new census data.

Councilman Leonardo asked how we would know we would be getting our fair share for the Lee MPO if we combine.

Mr. Scott replied that it probably wouldn't be split that way. He stated that it is different in other areas such as other MPO's just alternating projects.

Councilman Leonardo asked what the City of Bonita Springs feels about this.

Vice-Mayor McIntosh replied that they don't want to change it.

Agenda Item #7 – Audit Services Update

Mr. Scott presented this item.

Councilman Leonardo asked Mr. Scott to send out the VMT Wall Street Journal article that he emailed to him.

Other Business

Agenda Item #8 – Public Comments on Items not on the Agenda

Vice-Mayor McIntosh stated that Mr. Don Eslick has resigned from the Estero Community Leaders and he moved to Collier County. He stated that there is now a new set of officers and he is comfortable with them and would like to make sure that they stay informed. He stated Nick Batos is the new President.

Agenda Item #9 – Announcements

None.

Agenda Item #10 – Information & Distribution Items

Distributed in agenda packet.

ADJOURNMENT

Meeting adjourned at 2:53 p.m.

REVIEW AND APPROVAL OF THE END OF YEAR AUDIT SERVICES CONTRACT

RECOMMENDED ACTION: Review and approval of the audit services contract with CliftonLarsonAllen to conduct the MPO's end of year audit.

At the last MPO Executive Committee meeting, CliftonLarsonAllen was selected to conduct the end of year audit for the Lee MPO. **Attached** is the engagement letter for this project that was submitted by CliftonLarsonAllen which is being incorporated into a contract for the Executive Committee's consideration. Attached to the end of the engagement letter is the fee estimate for the project. The MPO staff and CliftonLarsonAllen will be at the meeting to outline the process and answer questions that the Executive Committee may have.

October 2, 2012

Lee County Metropolitan Planning Organization
Donald L. Scott, Executive Director
P.O. Box 150045
Cape Coral, FL 33915

Dear Mr. Scott:

We are pleased to confirm our understanding of the services we are to provide Lee County Metropolitan Planning Organization ("you" or "your") for the period ended June 30, 2012.

Scope

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Lee County Metropolitan Planning Organization as of and for the period ended June 30, 2012. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Lee County Metropolitan Planning Organization's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 Lee County Metropolitan Planning Organization'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

We have also been engaged to report on supplementary information other than RSI that accompanies Lee County Metropolitan Planning Organization'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 will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards

Audit objectives

The objective of our audit is the expression of opinions as to whether your basic 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 third paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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 OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinion are other than unqualified, 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 to issue a report as a result of this engagement.

Management responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual who possesses suitable skill, knowledge, or

experience to oversee any nonaudit services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lee County Metropolitan Planning Organization and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. Management's responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Management's 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 taken 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 or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts 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 entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. You are responsible for the preparation of the supplementary information 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 or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us 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.

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. We will plan and perform the audit to obtain reasonable rather than absolute 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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. 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 major programs. However, we will inform the appropriate level of management of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you 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 tests of the physical existence of inventories, and 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 the financial statements and related matters.

Audit procedures - internal control

Our audit will include obtaining an understanding of the entity 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 OMB Circular A-133, 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 OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. 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 OMB Circular A-133.

Audit procedures - compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Lee County Metropolitan Planning Organization's compliance with applicable laws and regulations and the provisions of 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*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Lee County Metropolitan Planning Organization's major programs. The purpose of these procedures will be to express an opinion on Lee County Metropolitan Planning Organization's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement administration

We understand that your employees will prepare all cash, 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 auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify the Form SF-SAC and single audit reporting package. It is management's responsibility to complete the auditee sections of the Data Collection Form. We will create the single audit reporting package PDF file for submission; however, it is management's responsibility to review for completeness and accuracy and electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be electronically submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The audit documentation for this engagement is the property of CliftonLarsonAllen LLP (CliftonLarsonAllen) and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Auditor General of the state of Florida 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 CliftonLarsonAllen 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 seven years after the report release date or for any additional period requested by the Auditor General of the state of Florida. 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.

Martin Redovan is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit upon execution of this letter.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review report accompanies this letter.

Use of financial statements

If you and your management intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval of the document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

Mediation

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

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.

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

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute. We both agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (“Limitation Period”) after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Fees

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, word processing, postage, copies, telephone, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Based on the signed service agreement, the maximum fee for the engagement should be \$21,950 for the audit and for entering the information in the Data Collection Form SF-SAC and creating the single audit reporting package. The fee is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If unexpected circumstances require significant additional time, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will 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 even if we have not issued our report. 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.

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf. You and your attorney will receive a copy of every subpoena or request we are asked to respond to so you can control the costs of any discovery process or document request.

Subcontractors

CliftonLarsonAllen may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CliftonLarsonAllen under this agreement. CliftonLarsonAllen will be as responsible for any act done by these subcontractors as it is for its personnel under this agreement.

Agreement

We appreciate the opportunity to be of service to Lee County Metropolitan Planning Organization 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.

Sincerely,

CliftonLarsonAllen LLP



Martin A. Redovan, CPA
Partner
239-226-9902
martin.redovan@cliftonlarsonallen.com

Enclosure

Response:

This letter correctly sets forth the understanding of Lee County Metropolitan Planning Organization.

Authorized Signature: _____

Title: _____

Date: _____

System Review Report

To the Principals of LarsonAllen LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of LarsonAllen LLP (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; audits of employee benefit plans, and an audit performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice applicable to non-SEC issuers of LarsonAllen LLP in effect for the year ended March 31, 2010 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. LarsonAllen LLP has received a peer review rating of *pass*.

Clifton Gunderson LLP

August 13, 2010

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Milwaukee, Wisconsin 53226

tel: 414.476.1880
fax: 414.476.7286

www.cliftoncpa.com



System Review Report

To the Partners of
Clifton Gunderson LLP
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Clifton Gunderson LLP (the firm) applicable to non-SEC issuers in effect for the year ended July 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Clifton Gunderson LLP applicable to non-SEC issuers in effect for the year ended July 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Clifton Gunderson LLP has received a peer review rating of *pass*.

Weaver and Tidwell, LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 3, 2010

Financial Auditing Services
Staff Hours and Fee Estimate

SUMMARY FEE SHEET														
TASK	Activity	PARTNER		MANAGERS		SENIORS		STAFF		CLIENT SERVICE ASSISTANTS		Total Activity Fee (Salary Costs)	M/H by Act.	Total By Task
		Man-hours	Hourly Rate	Man-hours	Hourly Rate	Man-hours	Hourly Rate	Man-hours	Hourly Rate	Man-hours	Hourly Rate			
		M/H	Amt.	M/H	Amt.	M/H	Amt.	M/H	Amt.	M/H	Amt.			
III	Audit Requirements and Tasks	2	\$225	5	\$185	23	\$150	10	\$115	0	\$75	\$5,975	40	\$5,975.00
IV	Audit Reporting and Documentation	2	\$225	12	\$185	30	\$150	26	\$115	0	\$75	\$10,160	70	\$10,160.00
V	Coordination, Meetings and Presentations	6	\$225	8	\$185	12	\$150	4	\$115	3	\$75	\$5,315	33	\$5,315.00
	Totals	10	\$2,250	25	\$4,625	65	\$9,750	40	\$4,600	3	\$225	\$21,450	143	\$21,450.00

TOTAL CONTRACT FEE COMPUTATIONS

STAFF FEE ESTIMATE = \$ 21,450.00
REIMBURSIBLES = 500
TOTAL= \$ 21,950.00

**PRESENTATION OF THE ANALYSIS AND RECOMMENDATIONS
FROM THE INTERNAL CONTROL AUDIT SERVICES TASK**

Mr. Marty Redovan and Mr. Andrew Laflin of CliftonLaronAllen have conducted their analysis on the MPO's internal control policies and procedures and they will present their recommendations at the meeting. Attached is a Powerpoint outlining their analysis. Staff will also address how we are implementing the recommendations that are being made.

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INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

ANALYSIS & RECOMMENDATIONS

By
CliftonLarsonAllen LLP

www.cliftonlarsonallen.com




Objectives

The objectives of our consulting services engagement included:

- Evaluating internal controls over financial reporting, including significant transaction processing cycles
 - Payroll
 - Receipts / Disbursements
 - Financial closing and reporting
- Evaluating internal controls over compliance with laws & regulations, namely expenditures of federal awards and state financial assistance
- Making recommendations for improvement in the areas evaluated

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Payroll Disbursements - Evaluation

- Personnel manual drafted in December 2011
- Bi-weekly timesheets are prepared by each employee and reviewed and approved by the Executive Director each pay period (Executive Director's timesheets are reviewed/approved by Meghan Marion, Transportation Planner)
 - Time is segregated according to the Unified Planning Work Program
 - Timesheets are maintained in Excel, stored on a network drive, and submitted to Goodwill Industries, who processes payroll
- Employees must complete 'Paid Time Off Request' form in advance of taking leave; forms are signed by both employee and supervisor for approval and are stored on a network drive

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Payroll Disbursements - Recommendations

- To attract and retain qualified personnel, devise a more clearly defined health insurance policy (Section 4.2, Benefits, within personnel manual)
 - Current policy states "The MPO will pay a portion of coverage for the employee and dependant coverage. The percentage paid by the MPO is evaluated annually and is subject to change."
 - Recommend eliminating ambiguity regarding coverage within the policy
- Consider upgrading to a more sophisticated timekeeping system, especially if the MPO hires additional employees
 - Current process to accumulate time by UPWP category each monthly billing cycle is manual and time-consuming

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Payroll Disbursements – Recommendations, continued

- After each pay period, review payroll report to be provided by Goodwill Industries to ensure wages, payroll taxes, and PTO utilized for each pay period have been accurately processed and paid
 - Cross-check amount paid per payroll report to bank statement (SunTrust ledger report)
 - Sign off on documentation, evidencing review and approval (maintain either manually or store on network drive)
- Each month-end, review P&L report prepared by the Accountant (Goodwill Industries) and assess reasonableness of the following GL accounts: ‘wages exempt’, ‘accident/life insurance’, ‘health insurance’, ‘pension’, ‘social security tax’, and ‘medicare tax’
 - Sign off on documentation, evidencing review (maintain either manually or store on network drive)

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Non-Payroll Disbursements - Evaluation

- Operating Procedure for Equipment Purchase, Maintenance, & Disposal approved 2/17/12
- Two signatures required for all check withdrawals (Executive Director and Officer)
- Invoices are time stamped and reviewed and signed off by Transportation Planner and/or Project Manager, depending on nature of costs incurred
- Executive Director, the MPO designee, and the Accountant (who processes the check) sign off on the check request form, which contains the relevant backup documentation

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Non-Payroll Disbursements – Evaluation, continued

- PO Request Form must be completed prior to using corporate credit card (used primarily for employee travel)
 - Executive Director signs PO Request Form, evidencing approval, and then credit card is signed out to the individual making the request
 - Receipts must be submitted and attached to credit card statement
- For all travel-related costs to be reimbursed, FDOT Travel Form must be completed and signed by the traveler and Executive Director

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Non-Payroll Disbursements – Controls, continued

- Specific policy exists over procurement, depending on nature and amount of purchase:
 - Less than \$2,000: Complete PO Request Form, which will contain approval and signature of Executive Director
 - \$2,001 to \$10,000: Obtain 3 verbal quotes and complete Request for Quotations Form
 - \$10,001 to \$25,000: Obtain 3 written quotes
 - Over \$25,000: Requires MPO Board approval

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Non-Payroll Disbursements – Recommendations

- Include section within the 'Operating Procedure for Equipment Purchase, Maintenance, & Disposal' document to include discussion on capitalization threshold for equipment acquisitions, recommended useful lives of each category of capital assets, and depreciation method to be used (see recommended language separately attached at **Appendix A**)
- Require that a PO Request Form be used on all non-routine, non-recurring purchases, rather than solely being used for transactions using the corporate credit card
 - Check request forms should only be used for ordinary, recurring purchases or for emergency situations; consider using an annual P.O. for recurring (i.e. monthly) purchases, such as rent, Comcast, phone, virtual data storage, etc.
 - For all purchases over \$2,000, a Request for Quotations Form **and** a PO Request Form should be executed prior to initiating the purchase with the vendor
 - Consider updating the 'Operating Procedure for Equipment Purchase, Maintenance, & Disposal' to account for these policy changes if enacted

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Non-Payroll Disbursements – Recommendations, continued

- On a periodic basis (recommended monthly), the MPO Designee should scan all debits (disbursements) within a SunTrust Transaction Activity report for said period, verifying the legitimacy of all payments from the bank account; sign off on the Transaction Activity report and retain documentation containing evidence of review
- Monthly bank reconciliations should be prepared by the Accountant and provided to the Executive Director for review and sign off; retain documentation containing evidence of review
- Maintain a capital asset depreciation schedule annually (see example separately attached at **Appendix B**)

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Cash Receipts & Cash Management - Evaluation

- Local jurisdictions are invoiced once annually for assessments to MPO
- Primary source of revenues is grant-related reimbursements from federal/state agencies
- Other income includes bank interest
- There is no cash handling at the MPO; all receipts are either received via ACH or checks are deposited by the MPO and processed by the Accountant
- Per Resolution 12-05 adopted February 2012, “no separate written policy shall be adopted for the investment of public funds in excess of amounts needed to meet current operating expenses”

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Cash Receipts & Cash Management - Recommendations

- On a periodic basis (recommended monthly), the MPO Designee should scan all credits (receipts) within a SunTrust Transaction Activity report for said period, verifying the accuracy and, more importantly, the completeness of all receipts into the bank account; sign off on the Transaction Activity report and retain documentation containing evidence of review
- Monthly bank reconciliations should be prepared by the Accountant and provided to the Executive Director for review and sign off; retain documentation containing evidence of review

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Cash Receipts & Cash Management – Recommendations, continued

- Since bank balance typically ranges between \$150k and \$200k at any given time, consider investing excess cash in semi-liquid vehicles, such as CDs, money market funds, or U.S. government securities. If a more complex, sophisticated investment approach is desired, the MPO will need to adopt a more comprehensive investment policy rather than the default to Sec. 218.415(17), FL Statutes

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Financial Reporting & Grant Compliance - Evaluation

- Monthly financial statements (balance sheet and P&L statement) are prepared by the Accountant
- MPO Board approves UPWP every two years
- Invoice packages are provided monthly to FDOT, including support for all payroll and non-payroll expenditures for which reimbursement is requested, as well as a progress report on FHWA-funded tasks
- The MPO requires external contractors/consultants who work on federally-funded projects to certify that they are not a suspended or debarred party

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Financial Reporting & Grant Compliance - Recommendations

- Designate someone from within the organization (or an external party) with sufficient knowledge and understanding of governmental accounting and financial reporting to review the annual financial statements prepared by the auditor
- Scan through the July SunTrust Transaction Activity and identify all transactions that cleared the bank in July that related to revenues or expenditures that occurred in the previous fiscal year; consult with the Accountant to ensure that those transactions are included within the 6/30 year end trial balance prepared by the Accountant

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Financial Reporting & Grant Compliance – Recommendations, continued

- In addition to obtaining a certification from the contractor, consult the Excluded Parties List System (<https://www.epls.gov/>) to verify that all new contractors/consultants are not suspended or debarred parties; retain EPLS documentation
- For all new agreements relating to projects subject to federal or state reimbursement that the MPO shall enter into, be sure to read and understand all requirements under the grant **prior to** expending any federal or state funds (seems obvious but often overlooked)

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Financial Reporting & Grant Compliance – Recommendations, continued

- Complete a SEFA, or Schedule of Expenditures of Federal Awards (and State Financial Assistance, if applicable), annually as of 6/30, and reconcile expenditures to revenues recorded to the general ledger for the applicable year ended (see attached example SEFA for the period ended 6/30/12 at **Appendix C**)
- Include Sec. 5303 funding from Federal Transit Administration passed through to Lee County on the SEFA; due to MPO's responsibility over those funds, provide evidence of review and approval of those expenditures incurred and requested for reimbursement by Lee County

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Questions and Comments

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