

December 18, 2018



AGENDA ITEM 7 E

ADDITIONAL FEE REQUEST FROM THOMAS, HOWELL AND FERGUSON P.A.

TYPE OF ITEM: Approval

STATEMENT OF ISSUE

We have received an invoice from Thomas, Howell and Ferguson for additional fees of \$44,374 stemming from increased risk and out-of-scope services provided during the FY 2017 financial statement audit.

According to the invoice, the additional fees are based on the following:

- Increased audit risk due to Florida Department of Transportation Inspector General (FDOT IG) grant review and additional time required to respond to FDOT IG draft report findings
- Increased documentation and reporting requirements resulting from identification of three material weaknesses and a significant deficiency
- Assistance provided to reconcile amounts on the SEFA schedule to the trial balance and to identify missing and inaccurate information on the SEFA schedule
- Inadequate and delayed responses from the Financial Services Department for resolution of SEFA differences, due to/from balances (including multiple revisions to the true-up schedule), cash reporting, revenue, accounts receivables, and organizational documents such as bylaws
- Assistance to identify and resolve inaccurate true-up related due to/from balances and multiple changes to the true-up schedule and related balances
- Inefficiencies and additional work incurred as a result of restarting the audit in July although account balances were still being determined and requested schedules had not been provided and/or were not accurate
- Reperformance of audit procedures and related documentation as a result of account balances changing as the audit progressed (audit adjusting entries impacted 14 of 21 general ledger balance sheet accounts)
- FDOT IG questions, related research and audit procedures for calculation and approval of indirect cost rate
- Assistance identifying and resolving understated compensated absences balance (client provided schedule that did not reflect all employees, i.e. Executive Director was not included on the schedule)

- Seven conference calls to discuss the status of the audit with respect to the anticipated July 31 deadline
- Additional subsequent disbursement testing required as a result of performing audit procedures more than nine months after year end

The following was provided by Thomas, Howell and Ferguson to show prior years efforts for the financial audit:

Summary of hours by year	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Actual Hours	281	269	309	282	636
Budgeted hours	255	255	255	255	255
Over/(under) budget	26	14	54	27	381
Contract Fee	\$21,550	\$22,197	\$22,863	\$23,549	\$24,256

RECOMMENDED ACTION

Option 1: Approve Invoice No. WD-091918 for payment

Option 2: As desired by the Board

ATTACHMENTS

Attachment 1: Thomas, Howell and Ferguson, PA Invoice No. WD-091918

Attachment 2: Thomas, Howell and Ferguson, PA Summary of Audit Hours by Year



Certified Public Accountants

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Raoul A. Lavin, Director
Capital Region Transportation Planning Agency
300 South Adams Street, A-19
Tallahassee, FL 32301

Invoice No. WD-091918
Invoice Date 11/09/2018
Client No. 68240.ACTP

Billing for increased risk and out-of-scope services provided during the audit of the Capital Region Transportation Planning Agency's (CRTPA) September 30, 2017 financial statement audit. A listing of services provided is detailed in the bullets below. Billing for this additional work is permitted under Section 6 of the executed contract dated June 26, 2013.

Services provided by level of personnel at final fee proposal hourly rates are as follows:

Personnel	Hours	Rate	Amount
Partner	75.90	\$239	\$ 18,140.10
Manager	139.00	184	25,576.00
Senior	31.10	138	4,291.80
Staff	66.60	112	7,459.20
Total	312.60		\$ 55,467.10

Invoice Total	\$ 55,467.10
Less: Discount	<u>(11,093.10)</u>
Amount Due	<u>\$ 44,374.00</u>

Increased risk and out-of-scope work provided:

- Increased audit risk due to Florida Department of Transportation Inspector General (FDOT IG) grant review and additional time required to respond to FDOT IG draft report findings
- Increased documentation and reporting requirements resulting from identification of three material weaknesses and a significant deficiency
- Assistance provided to reconcile amounts on the SEFA schedule to the trial balance and to identify missing and inaccurate information on the SEFA schedule
- Inadequate and delayed responses from the Financial Services Department for resolution of SEFA differences, due to/due from balances (including multiple revisions to the true-up schedule), cash reporting, revenue, accounts receivables, and organizational documents such as bylaws
- Assistance to identify and resolve inaccurate true-up related due to/from balances and multiple changes to the true-up schedule and related balances



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Capital Region Transportation Planning Agency

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Increased risk and out-of-scope work provided (continued):

- Inefficiencies and additional work incurred as a result of restarting the audit in July although account balances were still being determined and requested schedules had not been provided and/or were not accurate
- Reperformance of audit procedures and related documentation as a result of account balances changing as the audit progressed (audit adjusting entries impacted 14 of 21 general ledger balance sheet accounts)
- FDOT IG questions, related research and audit procedures for calculation and approval of indirect cost rate
- Assistance identifying and resolving understated compensated absences balance (client provided schedule that did not reflect all employees, i.e. Executive Director was not included on the schedule)
- Seven conference calls to discuss the status of the audit with respect to the anticipated July 31 deadline
- Additional subsequent disbursement testing required as a result of performing audit procedures more than nine months after year end

cc: Raoul.Lavin@talgov.com
accountspayable@talgov.com
Patrick.Twyman@talgov.com

Invoices are due upon receipt and are past due after 30 days. Please contact Accounts Receivable at (850) 668-8100 or Accountsreceivable@thf-cpa.com within 10 business days regarding billing questions or any contact information changes.

Thomas Howell Ferguson P.A. appreciates your business!

CRTPA

Summary of hours by year

	FY2013	FY2014	FY2015	FY2016	FY2017
Actual hours	281	269	309	282	636
Budgeted hours	255	255	255	255	255
Over (under) budget	26	14	54	27	381
Contract fee	\$ 21,550	\$ 22,197	\$ 22,863	\$ 23,549	\$ 24,256

Timing of current year FY2017 hours

Hours incurred prior to July 10 conference call	141
Hours incurred after July 10 conference call through September 6, 2018	495
Total FY2017 hours	636

Increased risk and out-of-scope work provided

	FY2013	FY2014	FY2015	FY2016	FY2017
OOS billing No. 1 - Invoice dated 7/31/18 for OOS audit services through July 10, 2017 (40 hrs)	\$ -	\$ -	\$ -	\$ -	\$ 6,900

OOS billing No. 2 - discuss

Personnel by level	Hours	Rate	Amount
Partner	75.9	\$ 239	\$ 18,140
Manager	139.0	184	25,576
Senior	31.1	138	4,292
Staff	66.6	112	7,459
Total	312.6		\$ 55,467

Description of increased risk and OOS services provided July 10 through issuance:

- 1) Increased audit risk due to Florida Department of Transportation Inspector General (FDOT IG) grant review and additional time required to respond to FDOT IG draft report findings
- 2) Increased documentation and reporting requirements resulting from identification of three material weaknesses and a significant deficiency
- 3) Assistance provided to reconcile amounts on the SEFA schedule to the trial balance and to identify missing and inaccurate information on the SEFA schedule
- 4) Inadequate and delayed responses from Finance Department for resolution of SEFA differences, due to/due from balances (including multiple revisions to the true-up schedule), cash reporting, revenue, accounts receivables, organizational documents such as bylaws
- 5) Assistance to identify and resolve inaccurate true-up related due to/from balances and multiple changes to the true-up schedule and related balances
- 6) Inefficiencies and additional work incurred as a result of restarting the audit in July although account balances were still being determined and requested schedules had not been provided and/or were not accurate
- 7) Reperformance of audit procedures and related documentation as a result of account balances changing (audit adjusting entries impacted 14 of 21 general ledger balance sheet accounts)
- 8) FDOT IG questions, related research and audit procedures for calculation and approval of indirect cost rate
- 9) Assistance identifying and resolving understated compensated absences balance (client provided schedule that did not reflect all employees, i.e. Executive Director was not included in schedule)
- 10) Seven conference calls to discuss the status of the audit with respect to the anticipated July 31 deadline
- 11) Additional subsequent disbursement testing required as a result of performing audit procedures more than nine months after year end