



**HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY (HBCRA)**

**MEMORANDUM**

**DATE:** April 14, 2017  
**TO:** Chair and Board Members of the HBCRA  
**FROM:** Roger M. Carlton, Executive Director *RMC*  
**SUBJECT:** Stanley Foodman Forensic Audit of HBCRA Phase 1

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Attached is the Phase 1 Forensic Audit of the Hallandale Beach Community Redevelopment Agency. Pursuant to the approved scope of work (attachment 1), there are many findings based upon extenuating circumstances from a wide variety of sources.

The collective findings, should the HBCRA Board determine to authorize Phase II of the forensic review, will be a "True-Up" of funds owed by the City to HBCRA and any adjustment for any funds owed by the HBCRA to the City. There will also be a determination of the role and responsibility of the HBCRA and City's external auditors in this process.

After consultation with City Attorney Jennifer Merino and HBCRA Attorney Steve Zelkowitz, I have directed all staff to forward questions from all sources to me. This is being done because the legal and financial implications of the Phase I report, in conjunction with the Phase II report, are yet to be known and may be significant.

The decision to be made relative to Agenda Item #10.B on the HBCRA Board of Directors Meeting of April 17, 2017 is whether or not to move forward with Phase II. While we do not have a formal cost estimate from Mr. Foodman, a project budget of \$50,000 to \$100,000 provides a realistic estimate.

Thank you for your understanding of the need for discretion on this matter.

Cc: Hallandale Beach City Commission  
Jennifer Merino, City Attorney  
Steven W. Zelkowitz, HBCRA Attorney  
Senior Staff  
Department Directors



February 6, 2017

Roger M. Carlton  
Executive Director  
Hallandale Beach Community Redevelopment Agency  
City of Hallandale Beach  
400 S. Federal Highway  
Hallandale Beach, FL 33009

Re: Forensic Lookback

Dear Mrs. Lucia,

This letter confirms the engagement of Foodman, P.A., CPAs & Advisors, by the Hallandale Beach Community Redevelopment Agency (HBCRA). We are engaged to perform a scope of work analysis in order to determine the methodology required for a forensic look-back at the completeness and integrity of the transactions of the HBCRA for the period beginning when it opened its own financial account(s) and ending on September 30, 2016.

The professional consulting services we currently expect to provide include a study to develop a complete scope of work for this project. The complete scope of work will be divided into two phases.

The first phase will enable us to have an understanding of the accounting and records system of the HBCRA. We expect this to require between two and three days.

During the time we expend on the first section, we will:

1. Conduct interviews with the person(s) responsible for maintaining the HBCRA's books, records and the underlying supporting documentation for the transactions recorded in the books and records of the HBCRA.
2. Conduct a review of the existing books and records of the HBCRA for determining materiality decisions and related sampling (statistical and judgment) sizes to be used during our forensic look-back.
3. Review the operating manual(s) for the current electronic system of accounting so that we are able to trace the origin of entries into the accounting system and to verify the appropriateness of those entries.
4. Review the last Inspector General report regarding the HBCRA.



**FOODMAN**  
**& ASSOCIATES PA**  
**CPAs, Consultants & Advisors**

5. Review the official enabling documents of the HBCRA as well as any amendments required by governmental regulations or actions.
6. As starting point for confirming the existence of real estate titled to the HBCRA, obtain its current schedule of existing real estate held for re-development purposes and a schedule of the real estate held for redevelopment at the date when the HBCRA opened its own bank account(s).

It is our understanding that, for purposes of efficiency of access to required information on a day-to-day basis, we will interact with Celeste D. Lucia, CPA, CGFO, Finance Director, City of Hallandale Beach.

During the course of our engagement, it may be necessary for us to prepare written reports that support our conclusions. We will report directly to Roger M. Carlton, Executive Director, Hallandale Beach Community Redevelopment Agency (HBCRA) as the responsible representative for the HBCRA, and will submit to him all reports, communications, and work product.

As previously discussed with you, we have no following conflict of interest or relationship in connection with this engagement.

Our billings will be sent to the HBCRA, for payment. We will submit bills to you at least monthly on (25<sup>th</sup> day of each month on a 2% Ten Net 30 basis), payable by the tenth day of the following month, which will be based on our standard hourly rates for this type of consulting, plus out-of-pocket expenses. We reserve the right to defer rendering further services until payment is received on past due invoices.

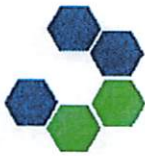
Our customary practice in forensic look-back consulting engagements is to receive a retainer of 50% of the median expected billing in the amount of \$8,750 before beginning work. We expect our fees for this section of the scope of our work to be between \$15,000 and \$17,500. The retainer will be applied towards payment of our final billing in connection with this engagement.

HBCRA shall provide us all documentation and information and make available key personnel within a reasonable period of time pursuant to our request. The failure to do so may result in extensions of time and increased costs that may jeopardize engagement deadlines. In such an event, you will not hold us responsible and all fees and expenses will be paid to us in accordance with the terms of this engagement.

If information becomes known that would make our continued involvement in this engagement inappropriate, we reserve the right to withdraw from this engagement. In addition, we will refuse to perform any requested act that we deem a violation of law, public policy, or our professional ethical standards, and may, as a result, withdraw from the engagement without penalty.

In no event will our firm be liable for incidental or consequential damages resulting from our performance on this engagement, even if we have been advised of the possibility of such damages.





**FOODMAN**  
**& ASSOCIATES P.A.**  
CPAs, Consultants & Advisors

By acknowledging acceptance of the terms of this engagement, HBCRA represents and warrants that it has the authority to employ Foodman, P.A., CPAs & Advisors on the terms and conditions set forth herein. If this is in accordance with your understanding and meets with your approval, please sign and date and have your client sign and date one copy of this letter in the space provided. This agreement will become effective when you return the signed copy to us with the retainer.


Upon completion of this phase one, we will provide a scope and budget for phase two of this engagement as an addendum.

Sincerely,

Foodman, P.A., CPAs & Advisors

Stanley I Foodman, CEO/CPA

Accepted by: \_\_\_\_\_

  
Hallandale Beach Community Redevelopment Agency  
Roger M. Carlton, Executive Director *SWZ*

Date: 2/15/17