# INTERNAL AUDIT COMMITTEE MINUTES

## The Internal Audit Committee met on Wednesday, April 20, 2022, at 1:00 p.m. at the Brevard County Government Center, 2725 Judge Fran Jamieson Way, Viera, Florida, Building C, Florida Room, 3rd Floor.

**Committee Members Present:** Sam Lenck, Chair, Roberta Stoner, Brian Germain. Members absent; Mary Young, Mike Miller.

**Internal Auditors Present:** Jennifer Murtha, Jill Reyes, Laura Manlove, Rob Broline, Debbie Goode, Weiss Campbell, John Hughes, Jamie Bardee, Yvonne Clayborne, Christine Noll-Rhan.

**County Staff Members Present:** Frank Abbate, County Manager; Jim Liesenfelt, Assistant County Manager; John Denninghoff, Assistant County Manager; Matt Wallace, Public Safety Director; Jill Hayes, Budget Director; Kathy Wall, Central Services Director; Christi Schverak, Assistant County Attorney; Karen Conde, Assistant to County Manager; Tad Calkins, Planning and Development Director; Virginia Barker, Natural Resources Director; Peter Cranis, Tourism Director; Mary Ellen Donner, Parks and Recreation Director; Kathy Prothman, Finance Director; Jerry Visco, Human Resources Director; Pat Voltaire, Fire Chief; Scott Jurgensen, Deputy Fire Chief; Tom Klein, Assistant Fire Chief; Joy Roth, Administrative Assistant.

Mr. Lenck called the meeting to order at approximately 1:00 p.m.

### Approval of Meeting Minutes:

The minutes from the September 15, 2021, meeting were presented for approval. There were no changes or corrections. Ms. Stoner motioned to approve the minutes, seconded by Mr. Germain. Motion carried unanimously.

### Follow-up Reports:

Ms. Clayborne reviewed the first follow-up report on Educational Facilities Impact Fees and noted only one item remains open. There were no questions.

Mr. Broline reviewed both the HR Recruitment and Onboarding and Library Services Turnover follow-up reports and noted all items are now closed. There were no questions.

### Audit Report, a. American Rescue Plan Act Grant:

Ms. Noll-Rhan gave an overview of the first quarterly American Rescue Plan Act report and noted there were no exceptions found, all allocated projects are allowable under Treasury Guidance, and the Quarterly Project and Expenditure report was submitted on time as required. There were no questions.

#### Audit Report; b. Payroll Function:

Mr. Broline presented the report and reviewed items found in observation one: Termination and Separation Payout Calculations.

Mr. Lenck questioned if screen shots of leave balances are required. Mr. Broline explained there is a requirement to retain information and County Finance relies on and retains real-time screen shots for any disputes or questions from employees. Ms. Stoner asked if this is written in a policy or procedure. Mr. Broline explained errors were found in the reports and since screen shots are accurate they are taken on the date of termination.

Ms. Prothman explained the system calculates leave balances in real-time and once that point-in-time passes they cannot go back in the system and look at prior leave balances so when calculating leave payouts for terminating employees, real-time screen shots are used. Ms. Prothman further explained reports are generated after each payroll cycle for all current and terminating employees for leave balance documentation purposes, disputes, or questions. During the audit, when screen shots were not taken, reports were reviewed and noted a problem with a variant, that variant has since been locked to ensure inadvertent changes are not made. Discussion ensued regarding generating reports for a point-in-time, specific use of screen shots, and how screen shots are kept.

Mr. Broline finished his review and noted he will go back and re-test and verify. Mr. Lenck said when do you think you’ll go back and test. Mr. Broline said probably will be six months.

Mr. Broline reviewed the remaining observations. There were no further questions.

#### Audit Report; c. Fire Rescue Data Analysis:

Ms. Manlove gave an overview of the presentation and explained through the internal audit function, the Board of County Commissioners requested this audit be conducted in response to the increase of the Fire Assessment in 2021. Ms. Manlove turned the presentation over to Mr. Campbell.

Mr. Campbell presented the data analysis review starting with the vacancies, turnover, and overtime.

Mr. Lenck questioned if it’s a standard procedure to do exit interviews? Mr. Campbell explained it’s new and it provides insight to their department. Mr. Campbell continued with the review.

Ms. Manlove added these actions were embedded into Fire Rescue’s seven year plan and it’s recommended that Fire Rescue continue to monitor and track their progress against their plan initiatives and we will formally follow-up on that progress through the internal audit function.

Mr. Lenck stated regarding the high school sponsorships, are you attempting to hire people right out of high school or get them interested in future employment? Mr. Abbate gave a brief overview of the sponsorship program with Palm Bay High School and possible future expansion to other high schools. He also mentioned the scholarship availability with Eastern Florida State College and the need to focus recruitment efforts at a local level verses statewide which would benefit the County as well as municipalities.

Mr. Lenck asked if you expect people to traditionally go to two-years of college? Chief Voltaire explained it’s a vocational program, students will get Fire 1 through the high school and Fire 2 or Emergency Medical Technician through the college then will serve a minimum of a two-year commitment to Brevard County Fire Rescue.

Mr. Germain asked if ambulance service is under that program too, and do they generate revenue? Chief Voltaire stated yes. There were no further questions.

#### Audit Report; d. Golf Brevard Contract Compliance:

Mr. Campbell presented the Contract Compliance report and gave an overview of the two observations: Reporting Package Documentation and the Maintenance Policies and Procedures. Ms. Donner stated the maintenance plan was due on March 31, 2022. Golf Brevard submitted both preventative maintenance and tree plans and noted this observation has been completed.

Mr. Lenck questioned if the monthly financial reports are more than required to monitor the status and commented that you would be able to spend more time reviewing details on a quarterly statement verses a monthly statement. Ms. Murtha explained the terms and conditions are currently in negotiations. The County wanted to be conservative and come back and review it a few years later, however, we would be happy with a quarterly report.

Ms. Manlove also explained Golf Brevard paid back a significant portion of their funding and is on track to complete that soon, the risk around this has dropped and we think the County could consider streamlining some reporting mechanisms in which they monitor the vendor. Mr. Campbell added there are monthly reporting for both financial and operational but could reconsider quarterly reporting for financial but recommends keeping monthly reporting for operations.

Mr. Abbate explained negotiations are underway, however, the County is working with Valkaria Airport and the Federal Aviation Administration for the lease of the grounds. Mr. Abbate noted Golf Brevard is looking to pay off their debt to the County this year and looking for a longer term lease so they can move forward with major improvements plans for irrigation and a club house. He also mentioned Ms. Donner provides maintenance oversite.

Ms. Donner stated she conducts golf course inspections quarterly and since it’s been going well, we might take that to two times a year. Mr. Germain asked how many golf courses do you inspect? Ms. Donner stated there are two; Spessard Holland located in Melbourne Beach and Habitat located in Valkaria. There were no further questions.

#### Audit Report; e. Half-Cent Sales Surtax 2020 Audit Report:

Ms. Murtha explained this audit presented is for fiscal year 2020 and this Committee has received several audit reports, however, this one was not presented to the Committee. She explained this was an oversite that was brought to their attention. Ms. Murtha added they attended the Save Our Indian River Lagoon Citizen Oversite Committee meeting to also explain this audit was not completed. She also noted they completed a thorough analysis and added a timeline into the transmittal letter that lists all reports that have been submitted and presented to this Committee and the Save Our Indian River Lagoon Citizen Oversite Committee. Ms. Murtha apologized for the oversite and has reviewed the audit universe to ensure there were no other oversites.

Ms. Murtha pointed out the following with the Committee: procurement process map; segregation of duties between three different areas; and testing of revenues, expenditures, and procurement compliance. Ms. Murtha turned the presentation over to Ms. Bardee.

Ms. Bardee presented the testing of expenditures section of the report. Ms. Stoner noted an error on page 5. Ms. Murtha stated they will make that correction. There were no questions.

Mr. Broline presented the procurement process for vendors. Mr. Lenck asked why were some vendors single sourced? Mr. Broline explained this goes through a justification and approval process. Ms. Barker provided an explanation of one single sourced vendor, Ocean Research & Conservation. Mr. Broline noted two more errors on page 7. There were no further questions.

Ms. Murtha followed up by stating their team continues to attend the Save Our Indian River Lagoon Citizen Oversite Committee meetings and stated they are kicking off the audit for fiscal year 2022 over the summer. Mr. Lenck said you are just there to observe and you are not making any recommendations. Ms. Murtha said yes, and explained if anyone is interested they can go to the website and watch meetings, review their plans, and financial data along.

Ms. Murtha added they attended the Board of County Commissioners meeting on March 22nd when this report came up to be able to answer any questions and spoke to a couple of the Commissioners about the audit oversite.

Mr. Lenck asked you did go through the rest of the audit plan and made sure no other audits were missed. Ms. Murtha stated yes. There were no further questions.

#### Audit Report; f. United States Specialty Sports Association Contract Compliance:

Ms. Manlove explained this report is for results of contract year 2021 and contract year 2021-22 and reminded the Committee the contract was amended to allow for an alternative version for calculating room nights based on data captured. Ms. Manlove turned the presentation over to Mr. Campbell.

Mr. Campbell provided an overview of the agreement and the two contract amendments.

Mr. Lenck questioned how can United States Specialty Sports Association guarantee the room nights requirement? Mr. Cranis explained during the renegotiation process it was agreed by both parties to go to a formula approach due to difficulty gathering raw data in the prior years and he further explained the financial impacts if minimum room nights are not met, challenges with the coronavirus, travel restrictions, and higher costs in Brevard County. Mr. Cranis also stated they are improving their outreach efforts for more teams, growing their rooms, and felt confident they will meet their numbers. Discussion ensued regarding challenges obtaining the room night requirements.

Mr. Campbell continued with his review of room night calculations, data completeness, and capital expenditure investment.

Mr. Lenck said if you are talking about room nights, are you talking strictly hotel and motel type rooms or you also talking about individual houses? Mr. Campbell explained the room night calculation is dependent on the event, if it’s greater than 4 hours, if the individual lives greater than 75 miles away then it’s counted as a room night. Mr. Lenck said whether they stayed or not? Mr. Campbell stated exactly. Ms. Murtha explained in the past they used Anthony’s Travel to track down specific data however, this formula is more accurate.

Mr. Abbate explained we moved to the formula because during the first year the Tourism staff spent an enormous amount of time contacting each hotel and Airbnb’s to get that specific information and it became overwhelming so we looked for a fair system and this is what we all could agree on with modification to the contract.

Mr. Campbell explained again the significant capital investment on their end is certainly contributing to the reimbursement they receive and so the opportunity is on capturing the data and making sure it’s complete and accurate.

Mr. Lenck stated they did not submit the complete data that was required. Mr. Campbell explained it was a combination of data fields left blank and the use of general terms in some data fields.

Mr. Lenck questioned if anyone has gone back to United States Specialty Sports Association to explain it’s to their benefit to have a completed document. Mr. Campbell explained they had significant amount of communication with United States Specialty Sports Association as noted in this report. Ms. Murtha further explained we had an exit conference with them along with the County to ensure we were getting all data and noted zip codes are more important than the other data fields. Mr. Lenck agreed the zip code would be an easy calculation.

Mr. Campbell noted the agreement does not specify which data field to use to calculate and believes using a specific guidance like zip codes would streamline this process. Discussion ensued. There were no further questions.

### Scheduling of meeting dates for 2020:

Mr. Abbate proposed the following dates to the Committee: July 13th or July 20th and October 12th or 26th. The Committee agreed on July 13th at 1 p.m. and October 12th at 1 p.m.

### Other Business:

No other business.

### Public Comments:

Mr. Jurgutis, a Brevard County citizen, stated looking at the Half-Cent Sales Tax report, is there anyway citizens could get this report prior to the date of presentation, or change it somehow, if I heard correctly, you all received a draft copy prior to today. Mr. Lenck explained the Committee receives reports a few days prior to meetings so they have a chance to review them and make note of any questions. Mr. Jurgutis wanted to know how could we make it equitable for the citizens to see these reports prior the meetings, this is the first we got to see this. Mr. Lenck explained it would not be proper because we need to review them, if there are recommendations do those recommendations make sense? If there are management responses, do those make sense. So, there are some things that are going to change, it didn’t happen at this meeting but at some meetings after we discuss it, we may question the comments to ensure they address the issue that was recommended and do not want to issue a report that’s not final.

Mr. Jurgutis stated he understood but also wanted to know, if getting the report today, would he be able to comment at the next meeting regarding some concerns or do we write you. Mr. Lenck explained this Committee is not the correct group to respond and you would need to respond to the County. He also explained the Committee reviews the report, does the report make sense or, in our opinion, were adequate procedures done in the report, do the conclusions make sense, do the recommendations make sense and does the County’s response make sense. Mr. Jurgutis said so I can direct to the County any concerns that I have; I don’t want to over burden them I know they have a lot of work. Mr. Lenck asked if there were any comments.

Mr. Abbate added we verified with the County Attorney’s Office to make sure we handle the draft reports appropriately and under Florida Statute, audit reports are not public record until they are accepted by the governing body, the governing body is this Committee. We are following the direction from the County Attorney’s Office, they looked at case laws to make sure this is appropriate.

Mr. Lenck also explained when reports are handed out, it’s still a draft report because we have not gone through it and made sure the recommendations and comments make sense. Mr. Abbate stated since this is a public meeting we make sure there are copies available. Mr. Jurgutis said all right, thank you. There were no further public comments.

Meeting was adjourned at approximately 2:13 p.m.