

Internal Audit Committee Meeting Minutes

The Internal Audit Committee met on Wednesday, November 8, 2023, at 1 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; Mary Young; Nancy Tomassone.

Internal Auditors Present: Jennifer Murtha; Laura Manlove; Debbie Goode; Rob Broline; Christine Rhan-Noll.

County Staff Members Present: Frank Abbate, County Manager; John Denninghoff, Assistant County Manager; Jim Liesenfelt, Assistant County Manager; Matt Wallace, Public Safety Director; Jill Hayes, Budget Director; Becky Behl-Hill, Attorney; Jerry Visco, Human Resources Director; Melissa Powers, Human Resources Deputy Director; Jeff McKnight, IT Director; Lois Boisseau, Assistant IT Director; Karen Conde, Assistant to County Manager; Lisa Bradley, Community Corrections Manager; Joy Roth, Administrative Assistant to County Manager.

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

- I. **Approval of Meeting Minutes:** The minutes from May 24, 2023, meeting were presented for approval. There were no corrections or changes. Ms. Young motioned to approve the minutes, seconded by Ms. Tomassone. Motion carried unanimously.
- II. **Audit Report: a. American Rescue Plan Act Quarterly Reports.**

Ms. Noll-Rhan presented the first quarterly report. There were no questions.

Ms. Noll-Rhan presented the second quarterly report. Mr. Lenck questioned if the method of computation appeared to be valid? Ms. Noll-Rhan stated yes, I did not have anything to change. Ms. Noll-Rhan continued and reviewed the cumulative approved project totals. Mr. Lenck asked how long can the county wait before funds can be dispersed? Ms. Noll-Rhan said they have until December 2026. Ms. Young asked did you look at the proposed obligations or what's pending. Ms. Noll-Rhan explained the obligations have been identified but are not at the contractor phase at this time. There were no further questions.

Audit Report: b. Pre-Trial and Misdemeanor Probation Services.

Mr. Broline presented the report and gave an overview of the contract and services that Professional Probation Services provides for the county. Ms. Tomassone questioned the reference to "Attachment B" noted on page 4 if that was correct since the attachment is not listed in the document. Mr. Broline explained it's an error and he will make the correction in the report.

Mr. Broline reviewed Observation 1, Probationer Documentation, and explained the findings, recommendation, and management's response for the 40 random samples selected. Ms. Tomassone asked what is the total population size and due to the lack of documentation found in the samples tested, do you feel all cases have been captured? Mr. Broline explained the other mitigating controls and processes that are in place. Ms. Bradley further explained the six probation officers are carrying approximately 180 cases now, however, the number fluctuates. Mr. Lenck stated it's about a thousand cases and it would be good to know a ballpark of the total population. Mr. Broline also explained they took samples from

across different types of programs to get a good representation. There were no further questions.

Mr. Broline reviewed Observation 2, Probationer Supervision. Ms. Young questioned the completion date of November and since we are in November, is the contractor providing the information requested. Mr. Broline said yes, and explained since there was a gap from the last committee meeting there is an update regarding the responses and Mr. Wallace will provide that update following this review. There were no further questions.

Mr. Broline reviewed Observation 3, Random Drug Testing, and noted the contractor is required to supervise offenders with respect to random drug testing in accordance with the drug policies set by the respective judge. Ms. Young stated it must be hard for probation officers dealing with multiple judges for multiple individuals. Mr. Broline explained each judge has their own policy and relies on the probation officer to manage that process.

Mr. Lenck questioned the number of findings for the sample size and was concerned that other potential issues may not be found. Mr. Broline explained the recommendation is for the contractor to provide explanations for each exception found which will help the contractor form their action plan which is also a recommendation that they provide a written copy to the county.

Mr. Broline reviewed Observation 4, Caseload by Probation Officer, and noted the caseload cap per officer according to the agreement. Mr. Lenck questioned if the contractor was informed of these observations? Mr. Broline explained they vetted all observations and recommendations with the contractor. Ms. Bradley also explained they were understaffed and over worked due to COVID however, they are on the right track now. There were no further questions.

Mr. Broline reviewed Observation 5; Background Checks, relating to the contractor's employees and noted the one finding. Ms. Tomassone questioned if there is a requirement in the contractor's procedures that background checks get updated every few years or just the initial background check. Mr. Broline stated just the initial background check is done. Ms. Young commented an employee could commit a crime after the initial background check. Mr. Broline explained the contractor looks at this within their organization and police this themselves and any employee who enters the jail has to go through a procedure. Mr. Wallace further explained the county is requiring the contractor to conduct updated background checks for all its officers and supervisors as part of mitigation plan and to ensure all these findings are not repeated. There were no further questions.

Mr. Broline, reviewed Observation 6, Annual Audited Financial Statements, and noted this is a straight contract requirement and reviewed the timing issue and non-audited statements.

Ms. Young questioned if the audit requirement is a standard financial audit because everything you are looking at is of a compliance nature and explained I don't know that it would really address what the county would really want to know, which is everything that's in this report, true compliance with the contractor. Mr. Broline explained if you are heavily invested in a company, you are not going to know if the contractor is financially underwater if you don't require audited financials, it's the viability of the company. Mr. Lenck questioned why the county is asking for audited financial statements. Ms. Manlove further explained it's common and a good practice for counties to obtain financial statements from significant

contractors where if they weren't viable, it would pose risk to the county. Whether or not what the county obtains is a compilation, a review, or an audited financial statement is really up to them, how much comfort do they feel they need to rely on that contractor. I don't think we necessarily have an internal audit recommendation there, it's a discussion with management, but the process itself is good practice.

Mr. Broline reviewed Observation 7, Reporting, Annual and Quarterly. Mr. Broline noted this is a requirement in the contract and the contractor was not compliance in terms of delivering reports on time and emphasized that management has been in communication with the contractor on a regular basis and they are addressing all issues. There were no questions.

Mr. Broline reviewed Observation 8, Policies and Procedures.

Mr. Lenck questioned the number of corrective actions required and the amount of time allowed to get these corrected and completed. Mr. Broline explained the high-risk issues are high priority and the date was provided by management as they felt it was reasonable and appropriate.

Ms. Tomassone commented that she is interested in how we correct the issues now and how do we plan to stay on top of them, so they don't recur. Mr. Broline stated that Mr. Wallace is here to provide additional information.

Mr. Wallace introduced himself and provided the committee with an update regarding their outcome of meetings with the contractor and their written responses, development of audit findings matrix, internal timeline for corrective actions, and putting a process in place. Mr. Wallace noted the contractor has been very receptive and provided Public Safety responses, documentation, certified audit, and a plan to all findings.

Ms. Young questioned that the contractor has already resolved and responded to everything. Mr. Wallace stated yes, we have everything that the audit asked for and Mr. Broline will be returning to revalidate all responses and documentation and the county is committed to answer this audit. Ms. Young questioned who reviews the responses, does that get handed off to someone to verify? Mr. Wallace explained Ms. Bradley will follow up on their responses and he further explained the contractor is turning a profit according to the audited financials, which shows the viability of the contract.

Mr. Abbate explained Mr. Wallace will provide a status report prior to the next quarterly meeting and he further explained the contractor has a renewal coming up; however, the county will extend the contract for a certain period of time to ensure all corrective actions have occurred and also allow enough time, if needed, for the county put out an RFP for a replacement. If all corrective actions occur, then we will extend the contract for the remainder of the year and then look at the second year.

Mr. Lenck questioned if Mr. Broline is going to do additional testing of additional samples after this date? Mr. Broline stated yes, and explained he will work with Mr. Wallace's team to determine the testing window.

Ms. Young, questioned if you are actually going to look for drug testing being in compliance, judges orders, and caseloads? Mr. Broline explained yes, they will look at all areas using additional samples within the determined window.

Mr. Wallace explained there is a new program manager who has been on the job since May of this year and has been in communication with the county and is very motivated to get this corrected and get his organization going.

Ms. Tomassone commented about the additional follow up work and questioned where does that time come from, planning wise. Mr. Broline stated he is treating this as a full scope audit and further explained every plan has a built-in follow up. Under this circumstance, this was asked to be moved up, but it's still part of the plan and the only difference here is timing. Ms. Tomassone asked if you would have sufficient hours to complete all this work? Mr. Broline stated yes. There were no further questions.

Audit Report: c. Save Our Indian River Lagoon.

Ms. Manlove presented the Save Our Indian River Lagoon Report, she noted this particular annual report is focused on three major categories: collections, expenditures, and procurement. No exceptions were noted in the testing for all three categories.

Ms. Young stated we are in year six and what we don't look at is the progress of the lagoon. One of the biggest items appears to be sewer which has been identified as one of the major contributors to the problem and we are trying to rectify that, but we don't get a feel for that because you don't look at the scientific aspects. Ms. Manlove explained the Citizens Oversight Committee has oversight and monitoring from that perspective and the members are experts in their various fields. Ms. Manlove also explained they continue to attend those oversight meetings.

Ms. Young further commented on the major undertaking regarding sewer, impacts on capacity to treat water, the funding from ARPA, and questioned if we are making headway.

Ms. Barker said we are making headway. The sewer projects are burdensome due to connection, design, permitting, construction, and the challenge of providing sewer into existing developments. She further explained they are making progress regarding water quality, water clarity, and due to the shorter duration between algal blooms, we're beginning to see seagrass recovery in some areas of the lagoon. In some areas of the lagoon, we've achieved between 20% and 50% of the load reductions for nitrogen and phosphorus. Ms. Barker also explained they have completed 82 projects with 26 under construction right now and another 46 in the design or permitting phase. These are complicated multiyear projects and once completed, it will be around 70% of the load production accomplished therefore, years from now we should achieve 70% of load reductions.

Ms. Young stated the sales tax is for 10 years, and we have until 2027, so four more years. Ms. Barker said the sales tax is through December of 2026 and we have about 3 years left.

Ms. Young questioned if we are going to have enough funds to finish up from where we are because sales tax is based on spending and going through an economic issue. Ms. Barker said it's challenging and explained how in prior years the sales tax collections were growing faster than construction costs and we were keeping up with inflationary costs of construction. This year the revenue collections are about 3.8% whereas construction costs are around 6% inflation and further explained this is evaluated annually and currently, we are making up the difference with grants to fill the gap and should be able to deliver the projects included in the plan.

Mr. Lenck asked if there's an opportunity to extend the additional sales tax or if there is a prohibition towards it? Mr. Abbate explained it would be a Board decision and further explained how the numbers are difficult to deal with due to lead time, rising construction costs, permits, and reallocation of funds. He also discussed other initiatives regarding environmental endangered lands program and a courthouse expansion. There were no further questions.

Audit Report: d. Library PCI Readiness Assessment.

Ms. Manlove presented the Library PCI Readiness Assessment Public Report and noted since there was no quorum at the September meeting, she wanted to document this report during an Audit Committee meeting and will discuss with the County Manager and County Attorney if a closed meeting is appropriate for the next committee meeting.

III. Follow up reports.

Mr. Broline presented the follow up reports and explained the Public Records Request audit is still open, documentation has been provided, and testing is scheduled for this month. All items should be fully addressed at the next committee meeting.

Mr. Broline continued with follow up report, Payroll, and explained all related items are now closed.

IV. Risk Assessment and Audit Plan Review.

Ms. Manlove presented the Proposed Internal Audit Plan for 2024 and explained why the seven audits are proposed for 2024 and stated they are seeking audit committee direction. The committee agreed the first three Information Technology audits are required and important.

Ms. Young questioned if the new Emergency Operations Center is currently under construction. Mr. Abbate explained it is and we anticipate it will be completed and ready to occupy in May of 2024. Ms. Manlove stated it's good timing to get in before closeout and make sure all calculations are proper before final retainage is paid.

Mr. Lenck questioned if this is a partnership between the Sheriff's Office and the Board of County Commissioners regarding funding. Mr. Abbate explained no, however, we are supporting him in his effort to consolidate dispatch for the unincorporated areas under his jurisdiction and he will have space at the EOC for that function.

Ms. Young questioned Cash Management and Investments; you say efficiency and effectiveness, are you really just looking at the process of bank reconciliations or investing? Ms. Manlove said yes, and explained they would be looking at policies and procedures, segregation of duties, user access, and noted there has been a lot of changes and this would be good time to take a look at this area.

Ms. Young commented on a past issue regarding a grant report that did not get filed timely, and questioned if a new process was set up for grant compliance monitoring and possibly looking at consolidation of grant compliance in 2025. Mr. Abbate provided an explanation of the issue that occurred regarding the grant reimbursement and further explained several actions that have occurred like creating an administrative order; providing reports to the Clerk's office for monitoring; and hiring a Grants Coordinator on a county wide basis. He also explained a variety of departments have internal staff due to the number of grants, for example, Natural Resources restructured their department to allow staff to focus on

preparing grants, monitoring, and requesting reimbursements. Mr. Abbate also stated we can look at this area for 2025 to provide an appropriate level of audit review.

Ms. Manlove stated that we concur that grants compliance is a risk that we monitor, and we do discuss in our risk assessment interviews with the commissioners and with leadership.

Mr. Lenck said it's a huge area to attempt to audit and you would have to be very specific. Ms. Manlove stated we could look at the process.

Ms. Young stated I think you do, when they look at ARPA, they're looking at that process and when they do, there were so many things that we can't touch and if there is a process to try and centralize that, it might be interesting to take a look.

Mr. Abbate explained there's a lot of different areas: For example, Housing and Human Services, under HUD, and Space Coast Area Transit have very specific annual auditing from the outside. Therefore, a lot of grants associated with them are ongoing. But, from the generalized ones, we'll review it with the auditors and see what appropriate level of review will be and in a what year.

Ms. Young questioned that in 2025 we're going to look at landfill operations. Are we looking at compliance or financial, but when you say operations, you're talking financial, almost like a financial review? Ms. Manlove stated yes, I do think this was a third-party vendor if I'm remembering correctly so this might be a contract compliance piece that we discussed.

Mr. Abbate explained the Board committed to a long-term financial plan for several Solid Waste projects, one is building a new class three facility which is underway now since the current location (Sarno) is close to shutting down due to height restrictions. Another project is the class one central disposal facility (Cocoa) being expanded to handle all class one and class three items, and the final project is rebuilding the transfer station located in Titusville. Since this is a \$150 to \$160 million project, we suggested having the auditors review what we're doing operationally and financially, and ensure we have a plan that moves forward.

Ms. Tomassone stated for each of these audit universe components, is there background documentation or anything that you maintain to support where the plan actually falls out, so like how do I know if I'm seeing something that hasn't been audited since 2011, do you know that's a lower risk area or something that we don't have to be as concerned about versus something else that's on the plan now? Ms. Manlove explained the risk assessment process is constrained by resources and we have our risk assessment interviews with commissioners to get an understanding and guidance of what their priorities are from our list that we have ranked as high risk across the county since we are not able to fund every high priority item, yes, we do have workpapers.

Ms. Tomassone asked if there is anything of concern that we are not getting to that's a higher risk, that we might not get to for a period of time and do we need to be concerned about that as a committee in terms of oversight. Ms. Manlove said I think it's a great question I don't know if maybe that would be something we could workshop in the future and have a deeper dive into what that might look like here at the county.

Ms. Young questioned if there is anything that we should know that you all felt was high risk but because of resources, other priorities, and other determinations that we're not planning to address in 2024 or maybe in 2025? Ms. Manlove explained yes, there are other areas of

high risk that are not on this plan, however, if there was something critical and we're concerned about without being able to look at, we would come before you and let you know.

Ms. Young commented that in the past, you have been pulled at times for such emergency projects and we had special reports. Ms. Manlove stated they were Valkaria Airport, fire fighters, and golf. There were no further questions.

V. Other Business: 2024 Internal Audit Committee Dates.

The committee discussed meeting dates for 2024 and agreed to the following dates:

February 21, 2024

May 22, 2024

August 21, 2024

November 6, 2024

Mr. Lenck stated we have four members now. Mr. Abbate stated the fifth member is going to the Board for approval on December 5th.

Ms. Young questioned the 8-year term limit and said 50% of the members are past that limit. Mr. Abbate explained the Board passed an ordinance a few years ago that placed term limits, however, any commissioner who is having difficulty filling a position can make a request of the Board to waive that provision and would need a supermajority vote. Ms. Young stated so it's there if the Board needs it, otherwise the general rule is we should still show up. Mr. Abbate stated that he is not sure how long the 8-year term limit will be in place since there are different commissioners with different perspectives on it, and institutional knowledge for certain committees is important.

VI. Public Comments:

There were no public comments.

Meeting was adjourned at 2:52 p.m.