

Internal Audit Committee Meeting Minutes

The Internal Audit Committee met on Wednesday, February 21, 2024, 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: Mary Young, Nancy Tomassone, Wayne Cooper. Absent members: Sam Lenck, Steve Simmons.

Internal Auditors Present: Jennifer Mutha, Laura Manlove, Rob Broline, Debbie Goode, Vincent Catrone.

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.

Ms. Young called the meeting to order at approximately 1 p.m.

- I. **Approval of Meeting Minutes:** The minutes from November 8, 2023, meeting were presented for approval. There were no corrections or changes. Mr. Cooper motioned to approve the minutes, seconded by Ms. Tomassone. Motion carried unanimously.
- II. **Internal Audit Function Overview:** Ms. Manlove stated due to several new members, she wanted to give an overview of the Internal Audit for Brevard County. Ms. Manlove presented the overview.

Ms. Young questioned if the Committee ever asked the internal auditors to audit a specific area for fraud, because a fraud audit is a very unique audit. Mr. Broline said there was one regarding a contracting issue and it was investigated and with that investigation it became that focus. Ms. Young said it's not your normal routine, when we look at the plan, we do not have any scheduled fraud audits, which is important because if we needed you to do a fraud audit, that would mean we had some real concerns. Ms. Murtha agreed and noted we would make the suggestion to do a fraud audit based on something we identified.

Ms. Manlove also explained when they perform audits, we are thinking about fraud risk. When we are looking at cash procedures or contracting with a third-party vendor, there is always a consideration of fraud. Internal audits can be fluid and be redirected to respond to a situation that might arise including fraud and that's under our purview.

Ms. Tomassone asked if a commissioner had questioned an audit report after it had been issued? Ms. Murtha said yes, and explained we will review the report with them and in some cases, they are the ones who initiated the conversation to go and do the audit. Ms. Goode also noted we have been called to a County Commission meeting to discuss a particular report.

Ms. Tomassone asked if there are any new areas on this plan that had not previously been on this audit universe? Ms. Manlove explained this plan is brought to this committee every meeting, there are no new areas since the last time we presented this to you. We have updated statuses of the approved audits; those are the changes.

Ms. Tomassone said we talk about high-risk items appearing on the audit plan, it might be helpful to see what the risk of each of these areas would be, are there any high-risk areas you are not getting to but feel you should, that we need to be aware of? Ms. Manlove explained we would never change this plan without coming before the audit committee which is why there are no changes since last time. If we felt a change is needed because a high-risk area came to our attention and we needed to consider putting it on the plan, we would come to the audit committee first for approval. She further explained during the risk assessment review, we explain how we rank each audit, and she suggested, they could provide a workshop where they lay out in greater details the risk rankings in all areas that are looked at throughout the process.

Mr. Cooper said the biggest area would be where cash is handled, and I know you are in the credit card system now. Ms. Murtha explained information technology has risen to be a large percent of our audit plan.

Ms. Young explained we approve this plan in November, at that point, we can shift things around and if there is a need, they will inform us. She further explained there was a situation where the county had a need and it was not on the plan, they pulled the auditors in to take a look and then provided a special report to this committee. They are available if something occurs that needs immediate attention. I think most of all the areas of truly high-risk, that we can address, are on this plan and we do cycle through them. If we do a workshop, we can talk about things that are not specifically on the list or how they are incorporated indirectly with some of the other areas on the list.

Ms. Tomassone explained it doesn't have to be very detailed and she is not trying to create additional work but is looking for another level of assurance. There were no further questions.

III. **Follow-up Reports:** Mr. Broline presented the first up report; Public Records Requests.

Ms. Tomassone asked if it would be helpful to have a target date of correction for each individual item. Mr. Broline explained if the item is not closed, you would see a target date. Once an item is closed, we change the status to closed.

Ms. Tomassone asked regarding observation 1, items not entered into the system, but a memo was issued, do you go beyond that to look at some samples to see if items were entered into the system? Mr. Broline explained it depends on the level of risk associated with it and if it's widespread or not, this was through an interview process where we found it wasn't always being done. We felt it was sufficient to remind employees, we did not have any actual exceptions. Mr. Broline continued the review. There were no further questions.

Mr. Broline presented the second follow up report; Pre-Trial and Misdemeanor Probation Services and noted this was a contract compliance or monitoring audit.

Mr. Cooper asked how long has this vendor been contracted with the county? Mr. Broline explained the company was acquired and the county had to go back through the contract process, they were awarded the contract on February 1, 2021, with a 3-year contract with two 2-year renewal options. Mr. Wallace further explained the county extended the contract from February to November of this year, so they are on contract with us through November based on this audit and their performance.

Mr. Broline explained the county put the vendor on notice to get these items resolved and back on track during this period, that's why you see those target dates, we are going to go back and complete the follow up testing. Ms. Young noted it was a short extension, just through November, not a full 3-year extension.

Mr. Broline reviewed observation 2, Probationer Supervision. Ms. Young noted on this observation, the recommendations did not follow the order of the findings and the comments followed the order of the recommendations so there was some difficulty matching up the recommendation to the issue. Mr. Broline explained our intent is to map it exactly so this is a scribal error and should have lined up to be easily followed and he noted they will make that adjustment on the next report and going forward.

Mr. Broline reviewed observation 3, Random Drug Testing. Ms. Young questioned, with the explanations provided by the vendor, you did not modify anything in the recommendations or testing, that would have been documented, right? Mr. Broline stated yes. Ms. Young noted it's good they could explain what happened, because they can identify what's working or not working. Mr. Broline said that was the point of asking for explanations so they could see where the break down is and get it corrected.

Mr. Broline continued with observation 4, Caseload by Probation Officer. Mr. Cooper asked if they were underemployed? Mr. Broline stated yes, and in the report itself it was noted about the effects of COVID.

Mr. Broline reviewed the closed observations.

Ms. Tomassone commented about the tremendous amount of work done correcting these issues and believe we now have a good baseline for success going forward and wanted to encourage that the processes and controls continue so we have good results moving forward. Mr. Wallace stated there was a tremendous amount of effort based on the audit results, the contractor is very interested in being compliant, they are meeting with our operations officer next week to go over all items and they are getting ready for re-testing. The vendor wants to succeed and continue on with the county. Ms. Tomassone said I'm just recognizing that there has been a lot of work done in a short period of time.

Mr. Cooper questioned if the contractor was worth saving? Mr. Abbate explained the vendor was given the deficiencies and need to comply by April. He further explained bringing on a new vendor is a long process, if we can save the current vendor, we are better off; however, if they do not comply, we have until November to get another vendor on board.

Ms. Manlove added looking at the audit plan, there's a lot of green so when we issue reports, we have estimated completion dates and management responds to them, we go back and follow up there's usually a lot of work that's been done to make those follow ups clean and mitigate the risks, that's the culture here. There were no further questions.

- IV. **Environmental Endangered Lands Financial Condition Review:** Ms. Young requested a short overview of what a financial condition review is and was there a specific goal of why this review was done.

Ms. Goode explained financial condition reviews started several years ago due to the economy and a need to look at areas from a financial condition standpoint. She explained they look at department's budget versus actuals, fund balances, cash flow,

and compliance. These reports show a financial picture for the County Commissioners so they can make decisions.

Ms. Goode further explained this review was done because the citizens of Brevard County approved a referendum in 2022 authorizing the County to issue bonds to fund the program. This review started in November, and it was requested by the County Manager to be advanced and presented to the Board this month. She further explained, prior to presenting it to the Board, Ms. Goode contacted Mr. Lenck (Committee's Chair) to review it. Mr. Lenck reviewed the report, had no questions, and gave permission to forward it in draft to the Board. This Committee will be the final approval before the report is finalized by the Board of County Commissioners.

Ms. Goode added this is not an audit, the EELs program is audited by the External Auditors as part of their audit process. If or when bonds are issued, there may be a reason we would come in and audit to ensure the money is being spent appropriately. We have done reviews before for ambulance services, fire rescue, and currently there is one underway for Utilities Services.

Ms. Young asked how much did the Board approve for bonds? Mr. Abbate explained what options were presented to the Board. The Board approved the ability to bond for \$6.2 million, \$3.2 million to be utilized for capital improvements to existing facilities and equipment, and to fund program operations. Another component is to potentially issue bonds up to \$3 million, at a future date, for appropriate land acquisition. He further explained if the Board did not to move forward with issuing bonds, the dollars that were previously available for annual maintenance and staffing of the program would have expired with the last bond, leaving the Board with several other options.

Ms. Goode presented the report to the Committee.

Ms. Young said she remembered some land was disposed of several years ago that helped operations, and wondered if that was restructuring of what we had under the EELs program and questioned if an analysis of the property had been done. Mr. Abbate explained that no property has been sold. He explained there were a variety of categories listed in the EELs presentation for the Board to identify criteria for any future land purchase(s). The Board chose to focus on future land purchases that directly benefit the Indian River Lagoon and St. Johns River because they wanted to see a scientific approach similar to the SOIRL program.

Ms. Goode noted on page 12, the fund received proceeds from the sale of parcels in 2010 and 2011. Ms. Donner explained this was the Forever Florida Fund, where the county actually purchased land and the state reimbursed the county 50% of that land. This allows the state to retain ownership, and the county to retain management.

Ms. Young said I didn't know if we had acquired a large track of land, that we wanted the interior and we did anything ancillary, it was a 1/3 if an acre purchase for \$8000 and just made us wonder why because it was so small. Mr. Abbate explained this occurs in Public Works, when we are purchasing land for road capacity or expansions, we have to buy land for drainage or stormwater. We may buy more property than needed, once it's engineered, then there is excess lands, those lands can be available for surplus in appropriate circumstances.

Ms. Goode noted the county has policies and procedures in place on purchasing and surplusing process. There were no further questions.

- V. Other Business: Ms. Manlove gave brief preview of upcoming reports for the next meeting, stating there will be several Information Technology reports and a Utilities Financial Condition analysis.

VI. Public Comments: There were no public comments.

Meeting was adjourned at 2:21 p.m.