

## Internal Audit Committee Meeting Minutes

The Internal Audit Committee met on Wednesday, May 22, 2024, at 1 p.m. at the Brevard County Government Center, 2725 Judge Fran Jamieson Way, Viera, Florida, Building C, Florida Room, 3<sup>rd</sup> Floor.

**Committee Members Present:** Sam Lenck, Mary Young, Nancy Tomassone, Steve Simmons. Absent member(s): Wayne Cooper.

**Internal Auditors Present:** Laura Manlove, Rob Broline, Debbie Goode, Weiss Campbell.

**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; Marc Bernath, Public Works Director; Edward Fontanin, Utility Services Director; John Scott, Emergency Management Director; Kathy Wall, Central Services Director; Elizabeth Swanke, Support Services Manager; Isidro Rivera, Accountant II; Tim Lawry, Facilities Construction Manager; Dale Bell, Building and Operations Manager; Karen Conde, Assistant to County Manager; and 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 February 21, 2024, 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. **Follow-up Report:** Mr. Broline presented the Pre-Trial and Misdemeanor Probation Services follow-up report.

Ms. Tomassone questioned observation 3 regarding auditors comments, what is considered a sufficient explanation for missing tests or items found under this observation? Mr. Broline said he did not have all the details in front of him today but explained due to the nature of the findings we asked for explanations on what happened, and did they look into the issues to find the root cause, the explanations were reasonable.

Mr. Lenck stated not all parolees are required to be drug tested, does the judge make that determination? Mr. Broline said it's determined by the judge; the probation officers then determine if violations occur and when to violate the parolee. Mr. Broline reviewed the last observation.

Mr. Lenck asked if there is any intent to do another audit in the future? Mr. Broline said that would be up to this committee and we certainly could do another audit, but at this point, it's not on the audit plan.

Ms. Young asked regarding the contract, it was extended until November. Mr. Abbate explained it was extended and with this we will move forward and renew the contract. Mr. Broline stated due to the renewal, we put this audit ahead of everything else and also noted that Professional Probation Services management was very cooperative.

Mr. Lenck suggested that you may want to look at this again in another two or three years. Mr. Broline explained, on the county side, Ms. Bradley, does regular audits and monitoring.

Mr. Simmons asked for clarification if Ms. Bradley was not previously monitoring the contract. Mr. Broline explained she transferred to the county from PPS and is new in this position so there is a transitional time, it was being monitored on the county side, the monitoring has since been improved. There were no further questions.

### **III. Audit Reports:**

#### **a. Utilities Financial Condition Review.** Ms. Goode presented the review.

Ms. Young questioned the rate increase schedule on page 9, why does the rate drop in 2026. Ms. Goode explained the water and sewer user rates will automatically adjust to the Consumer Price Index at that point.

Ms. Young stated the ARPA Grant, which has a time constraint, and comparing what's budgeted to what's spent there's a gap, you have until 2025 to get it committed. During the point you were looking at it, is it all committed, and will they be able to spend it? Ms. Goode explained they are working on multiple projects which are in the design phase. Mr. Fontanin said they are fully on track, and they track all funding with the Budget Office. He noted the funds are required to be procured by December of this year and fully spent by December of 2026.

Ms. Goode continued with the overview.

Mr. Simmons asked as you go through these capital projects, estimates, and approved budgets, is there a process in place to monitor if they go over what is budgeted and how are those overages funded? Ms. Goode explained they have a budget process in place where they track all projects and determine total costs to estimate. She further explained this is a different audit, we started doing financial condition reviews when the economy was poor, and from a financial condition we look at how departments are doing financially. She also explained we do go in with other audits to look at capital expenditures. This review is a financial condition versus looking at internal controls and monitoring. She noted the next Utility Service audit, Mr. Broline will present how we are doing by testing those controls. There were no further questions.

#### **b. Contract for the Emergency Operations Center.** Mr. Broline presented the report.

Mr. Lenck stated he was surprised this was a cost-plus contract, since the facility was determined what it's going to look like, you would think that a construction company would be able to give actual costs. Mr. Bernath explained it's really a construction manager at risk contract, once we selected the firm, we got a guaranteed maximum price and it's only the changes that are out of scope that we would pay for, we would also deduct payments if we made large purchases in-house, due to tax savings, it was not a true cost-plus contract.

Mr. Broline continued with his overview and asked Mr. Bernath to provide an update on the project. Mr. Bernath stated next Friday is the ribbon cutting ceremony and we are in the final push to get the facility open.

Mr. Broline reviewed Observation 1, Monthly Statements.

Mr. Lenck stated he could see a requirement to obtain copies of major subcontracts, why would you want to get copies of every subcontract? Mr. Broline explained the contract requires it however, it was up to management, and noted management

stated in their response that they will not require subcontracts to be submitted for future projects unless it's a grant funding requirement.

Mr. Broline reviewed Observations 2 and 3. There were no further questions.

It was suggested by Ms. Manlove and Mr. Lenck, since there is a new committee member, everyone should introduce themselves. The Committee members all gave a brief introduction.

**IV. Risk Assessment and Audit Plan Review:** Mr. Campbell gave an overview of the Internal Audit Plan.

Mr. Lenck asked if there will be any audit reports and follow ups for the next meeting. Mr. Broline stated there will be a follow up report on Accounts Payable and a report on Cash Management and Investment for August. Mr. Campbell also noted they will have the reports for Information Technology for the next meeting and the Save Our Indian River Lagoon report will be in November.

**V. Other Business:** Ms. Manlove discussed the Internal Audit Services contract will be ending in November and the procurement will be issued soon and anticipate that whatever firm is selected to continue as the Internal Auditor will perform your next Risk Assessment at the beginning of that new contract.

**VI. Public Comments:** No public comments.

Meeting adjourned at 1:59 p.m.