



THE HONORABLE  
**GWEN MARSHALL**

CLERK OF THE CIRCUIT COURT AND COMPTROLLER

CLERK OF COURTS • COUNTY COMPTROLLER • AUDITOR • TREASURER • RECORDER

**DIVISION OF INTERNAL AUDITING**

**LEON COUNTY AUDIT COMMITTEE MEETING**

**April 24, 2023**

**2:00 P.M.**

**MINUTES**

**Committee Members Present:** Deidre Melton, CISA, CIA, CFE, CISM, CRISC, Chair  
John Keillor, CPA, CIA, Vice Chair  
Nancy Shepherd, CPA, CIA, CRMA  
Ted Sauerbeck, CPA  
Tom Duncan

**Clerk Staff Present:** Gwen Marshall, Clerk of Court and Comptroller  
Kenneth Kent, COO and Chief Deputy Clerk  
Luis Camejo, CIA, CFE, Internal Audit Manager  
Natalie Hill, Internal Auditor

I. Meeting Called to Order .....Deidre Melton, CISA, CIA, CFE, CISM, CRISC, Chair

Deidre Melton called the meeting to order at 2:04 p.m.

II. Approval of the February 3, 2023, meeting minutes..... Deidre Melton

Nancy Shepherd moved to approve the minutes of the February 3, 2023, meeting. The motion was seconded by Tom Duncan, and the motion carried.

III. Chief Deputy Clerk's Comments..... Kenneth Kent

Kenneth Kent, COO and Chief Deputy Clerk, on behalf of the Clerk of Court and Comptroller, Gwen Marshall, updated the audit committee on the status of the 2021-2022 annual consolidated financial statement submission. The Finance Department is working diligently to meet the Government Finance Officers Association's (GFOA) May 1, 2023, extended deadline. The Sheriff's Office continues facing challenges to provide Finance staff with required documentation to consolidate financial reports.

Mr. Kent summarized the major findings included in the external auditor's draft report. For BoCC, Mr. Kent reported issues associated with construction in progress and fee schedule processes. For the Clerk's Office, Mr. Kent reported issues associated with Access database uploads. Mr. Kent explained The Division of Internal Auditing (IA) would provide details on all findings but reiterated management's commitment to prompt action to mitigate pertinent risks.

IV. FY 2021-2022 Annual Financial Statement Audit.....Natalie Hill, Staff Auditor

Ms. Hill updated the committee on reported findings associated with BoCC and with the Clerk of Court and Comptroller's Office.

On BoCC, Ms. Hill reported:

- **2021-001 Capital Lease Asset Recognition.** This is a prior year finding. Corrective action was taken, and relevant recommendations have been resolved.
- **2021-002 Capital Assets for Other Constitutional Officers.** This is a prior year finding. Management took corrective action, and the recommendation has been resolved.
- **2022-001 Insurance Recoveries.** Reinsurance recoveries collected subsequent to year end, but related to previous years' claims paid were recorded as revenue in the subsequent year received rather than being recorded as a receivable and an offset to expenses in the year the expenses were incurred. As a result, accounts receivable was understated, and expenses were overstated. Management will update internal controls to include a notification step when claims are submitted to track and recognize claims and proceeds in the correct accounting period.
- **2022-002 Construction in Progress.** This is a second year finding. The trial balance includes significant amounts of completed projects in the non-depreciable construction in progress category. Thus, management is not expensing some completed projects through depreciation. Management has broadened the scope of review and implemented more streamlined communication between stakeholders within the capital asset management process.
- **2022-003 Purchasing Card (P-Card) Documentation.** One of 30 P-Card samples had no supporting documentation. The P-Card holder did not provide required documentation to the Finance Department and transactions were not reviewed or approved by the employee's supervisor. Management will review and update the P-Card policy to align processes with best practices.
- **2022-004 Employee Benefit Fund Receivables and Payables.** The procedures for recording Employee Benefit Fund transactions preclude proper classification of receivable and payable accounts resulting in erroneous reported balances. Management has reviewed and updated procedures to record and reconcile the Employee Benefits fund to account for payments and liabilities appropriately and timely.
- **2022-005 Reconciliation of Balances Between Other Constitutional Officers.** Auditors identified several instances where reported balances for transactions between BoCC and other constitutional offices, did not reconcile. This is the result of poor communication and a lack of periodic reconciliations. Management will ensure effective communication between BoCC and Constitutional Offices by implementing off cycle training, periodic reconciliations, mid-year reviews, and an end of year preparation meeting.

On the Clerk of Court's operations, Ms. Hill reported:

- **2021-002 Timely Remission of Amounts to Florida Department of Revenue.** This is a prior year finding. Management has taken action to mitigate associated risks and the recommendation is considered resolved.

- **2021-001 MS Access Database Uploads.** This is a second year finding. Data from Access databases used to upload journal entries to Banner lack controls to protect the integrity of the data. Management has initiated a review of the Access databases and is also contemplating other alternatives to address the risks identified during the review.
- **2022-002 Fees and Fines Schedule Change Management.** The fees and fines schedule contained within the case management system, lacks controls over the input and monitoring of the fees. This includes written procedures for managing changes to the fees and fines schedule, procedures for authorizing changes, user testing and acceptance of changes, implementation of changes into the production environment, documentation requirements, and an independent monitoring of the schedule for changes. Management has created a work group for fee changes review. This work group is comprised of staff from IT, Audit, Legal, and Finance. The goal is to build a sustainable framework for proper maintenance of the fee structure.

V. FY 2022-2023 Annual Audit Plan.....Luis Camejo, CIA, CFE

Mr. Camejo referenced the Audit Committee Bylaws, Section 5.01, emphasizing "...Once approved, the annual work plan may only be modified upon Committee approval" to propose removal of the scheduled "Fixed Assets Review" project from the annual plan and to reallocate hours to the "Tax Deeds Process" and the "Fees Disbursement Table" reviews. Mr. Camejo explained the "Tax Deeds Process" project is already 100 hours over budget and that additional 100 hours may be needed for its completion. Additionally, Mr. Camejo explained the structure of the database associated with the "Fee Disbursement Table" review required a different approach from the original plan and additional hours are needed.

Following Mr. Camejo's explanation, Ms. Shepherd motioned to approve the amended audit plan, and Mr. Keillor seconded it. All members were in favor.

VI. Q2-2023 Budget to Actual Variance Report.....Luis Camejo

Mr. Camejo informed the audit committee of the following time overages/shortages and corresponding projects status:

**Tax Deeds Process.** As of March 31, 2023, this project is in the fieldwork phase and actual hours have exceeded budgeted hours by 99. One out of three objectives have been completed including the drafting of the finding. Policies are not reviewed timely and there is no approval process before making decisions. Outdated policies reference procedures and systems no longer in use. IA reviewed the website's section on tax deeds and found outdated references and language that does not align with current processes. Additionally, there is no segregation of duties to perform relevant procedures. IA estimates additional 100 hours are needed to complete this project.

**Fee Disbursement Table.** This project is still 93 hours short of the 360 budgeted hours. However, the scope of this engagement was expanded to review the entire fee disbursement table. The expansion will require a substantial number of additional hours. As of March 31, 2023, IA has reviewed 70 assessments and identified:

- Inconsistent fee designation. IA compared two tables embedded in the case management system to the distribution schedule published by the Florida Court Clerk and

Comptrollers (FCCC). These tables contain a field defining fees as discretionary or mandatory. IA noted over 34 designations not aligned with FCCC's distribution schedule.

- Misuse of accounts. IA identified 20 instances where accounts are labeled "liability" when they should be "revenue".
- Several instances where the fee distribution in Benchmark differs from FCCC's distribution schedule. Funds may not be coded properly.
- Several instances where collected funds may not be distributed to the correct recipient.
- Potential issues were communicated to management for review and follow up.

### **Outstanding Audit Issues Follow Up.**

#### **BoCC**

- **Construction in Progress.** This is a second year finding. Project managers are not always communicating the completion of projects for proper accounting classification. Therefore, not all completed projects are depreciated. Management will broaden scope of review of projects and will streamline communication to foster more accountability and better reporting of capital assets.
- **Purchasing Process Review.** IA identified inconsistent language used throughout the policy and overlapping financial thresholds. As a result, management agreed a revision of the policy was needed. As of March 21, 2023, management informed the Purchasing Policy is being revised by several departments including legal to ensure enactment of a comprehensive policy. As approval from county commission is required, the date of implementation of the revised policy was pushed back from March 31, 2023, to September 30, 2023.
- During the Purchasing Process review, IA also noted the P-Card policy was outdated, contained confusing language, and did not clearly define allowable and unallowable expenses. Management agreed and as of March 21, 2023, reported the P-Card policy will be presented to county commission the first week of May for approval.
- **Cybersecurity.** BoCC did a great job by retaining third party consultants to assist in addressing the issues identified during the 2021 Penetration Assessment. All but one item remains open as management continues seeking a solution to address the last issue.

#### **Clerk of Court**

- **MS Access Databases Uploads.** There is a lack of controls to ensure data integrity around the Access databases used to upload journal entries to Banner. Management informed of multiple potential approaches to mitigate this issue; implementation of controls to existing Access databases, Banner Self-service, FUPLOAD, and .Net applications are under consideration. Once management identifies a financial and practical approach, it will gather the resources to execute this undertaking.
- **Cybersecurity Issues.** As of March 21, 2023, Chief Information Officer informed there are still five outstanding issues. A third-party vendor will be sought to assist with recommendations and re-testing controls to ensure issues are properly addressed. IA will continue monitoring the progress.

**Facilities Management Cash Collection Walkthrough.** IA issued the final memo on February 13, 2023. It summarized the results of the review including an outdated narrative; management was not aware of the change fund balance; cash collection did not include physical counts by operators; the balance held in the hoppers was low resulting in frequent

visits to the bank to replenish the hoppers; the change fund counted by IA did not tie to the balance recorded in the balance sheet. IA also reviewed the narrative for Parks and Recreation and inquired about a \$100 change fund that had been written off in the accounting records. The memo included recommendations and management action plans which, as of the date of this meeting, were mostly implemented.

Before discussion of the next agenda item, Clerk Marshall recused herself and left the meeting.

**Fraud Awareness Program.** IA continues the initiative to develop a fraud awareness program to foster transparency and accountability throughout the organization. Mr. Camejo reported the results of the first quarterly review of the most sensitive databases:

- **Direct Deposit Table.** This table houses sensitive bank information that is used to pay vendors and employees through direct deposits. IA identified 29 users with access to modify sensitive data within the table. Management responded timely and:
  - Removed access from 23 users whose roles did not require access to the table
  - Granted Read-Only access to four users based on their job responsibilities
  - Verified that only intended users accessed the table during the period reviewed
- **Pay-Rate Table.** This table contains employees’ payroll information. IA identified 19 users with access to modify the table. Management proactively took action and:
  - Removed access from 11 users whose roles did not require access to the table
  - Granted Read-Only access to five users based on their roles and responsibilities
  - Verified that only intended users access the table during the period reviewed

**Fraud, Waste, and/or Abuse Awareness Emails.** IA issued the second organization-wide email on February 28, 2023, raising awareness to report allegations of potential fraud, waste, and/or abuse. IA received questions and feedback from several departments to clarify reporting procedures. IA also reported to the committee an anonymous allegation of potential waste/abuse. The audit committee instructed Internal Audit Manager, Luis Camejo to arrange a separate meeting to address this concern.

VII. Other Business ..... Luis Camejo

Mr. Camejo explained IA conducted several meetings as a preliminary risk assessment and shared a sample of the information gathered during those meetings. Mr. Camejo also shared a summary of calls received through the Hotline indicating they are mainly associated with customers seeking administrative assistance. Lastly, Mr. Camejo reported IA’s participation in the expansion of cash collection sites within the Clerk’s operations as part of an initiative to improve customer service.

VIII. Adjournment ..... Deidre Melton

There being no further business, the meeting was adjourned at 4:29 p.m.

---

Deidre Melton, Chair  
Audit Advisory Committee