



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**

**October 18, 2021**

**2:00 P.M.**

**MINUTES**

**Committee Members Present:** Kim Mills, CPA, Chair  
Deidre Melton, CFE, CIA, CISA, CISM, CRISC  
John Keillor, CPA, CIA  
Nancy Shepherd, CPA, CIA

**Committee Members Absent:** Cecil Bragg, CPA, Vice Chair

**Clerk Staff Present:** Gwen Marshall, Clerk of Court and Comptroller  
Luis Camejo, CIA, Internal Audit Manager  
Natalie Hill, Internal Auditor

I. Meeting Called to Order ..... Kim Mills, CPA, Chair

Kim Mills, Chair, called the meeting to order at 2:02 p.m.

II. Approval of the July 21, 2021, Meeting Minutes..... Kim Mills

Nancy Shepherd moved to accept the minutes of the July 21, 2021 meeting. The motion was seconded by John Keillor and the motion carried.

III. Comments from the Clerk.....Gwen Marshall, Clerk and Comptroller

Clerk Marshall provided an update of the Fiscal Year 2020-2021 annual financial audit. The Clerk’s office received a verbal comment on last year’s audit regarding discrepancies with the court registry’s balance reported on the financial statements. If the court registry is not balanced, it may be presented as a written finding in this year’s audit. Staff has identified issues with a case management system conversion in 2013 that failed to properly record registry disbursements and they are reviewing the raw data to reconcile the balances reported in the financial statements to bank activity and to the subsidiary ledger. The results will be presented once the reconciliation is completed.

IV. FY 2020-2021 Annual Report .....Natalie Hill

Natalie Hill, Internal Auditor, presented the Division of Internal Auditing’s (IA) major accomplishments during FY 2020-2021. On audit engagements, she reported:

**Tourist Development Tax.** – The final report was issued on May 25, 2021. The objective of this engagement was to determine whether selected taxpayers had accounted for and reported rental transactions and remitted corresponding tax. The process for calculating and reporting the Tourist Development Tax lacked supervisory review leading to reporting errors and unsupported variances. The recommendation included implementation of operating procedures and oversight over the calculation and payment processes. It also addressed training management and staff to ensure familiarity with the collection and retention of exemption documents to enhance the reporting processes.

**CARES Act, Individual Assistance Program.** – The draft report was issued on August 31, 2021, after reviewing preliminary observations with management. The objective of this engagement was to identify homesteaded addresses used to receive rental assistance through the CARES Act, Individual Assistance Program. Additionally, this engagement included the review of duplicate addresses to assess potential duplicate disbursements. The review resulted in 130 homesteaded addresses used to obtain rental assistance and thirty-three instances with questionable disbursements. IA recommended requesting third party documentary evidence to validate disbursements, requesting refunds from recipients if confirmations could not be obtained, and expanding the data analytics program to ensure early detection of questionable applications during the review process.

**Purchasing Process.** – The final report was issued on October 4, 2021. The objective of this engagement was to assess the design of the control environment surrounding the Purchasing processes at the Clerk’s Office and to evaluate their operating effectiveness. The report noted the vendor master file is not consistently reviewed, IT purchases are not consistently logged, lack of accountability over the collection of IT equipment, and a lack of a process to close open Purchase Orders. Management took a proactive approach to mitigate these deficiencies as they were communicated to them.

**Solid Waste - Collection Process.** – This engagement is in the reporting phase and the draft report is pending issuance. The objective of this review was to determine whether management has taken actions to remediate issues associated with the untimely collection and reporting of deposits received at the Waste Management Station as noted in previous external reviews. Audit procedures revealed that cash receipts from April through June of 2021, were timely deposited, recorded, and reported. However, the reconciliation between the subsidiary system and the General Ledger included unexplained variances and unresolved reconciling items older than 90 days. It is worth mentioning that management has taken immediate action to improve the deficiencies noted.

Ms. Hill also reported on the status of internal and external outstanding audit recommendations tracked in the Management Action Plan Log. At the beginning of the fiscal year, there were 12 outstanding recommendations. Due to circumstances outside the Clerk Office’s control coupled with existing mitigating controls, management accepted the risk on six of the reported deficiencies and developed policies to address the remaining six outstanding issues. The following two new issues resulted from the last financial audit: errors on the capitalization of fixed assets and on balances in accounts receivables and payables.

Lastly, Ms. Hill informed of the IA involvement in the development of 11 internal policies associated with the following:

- Guardianship Audits: The Civil Court Department developed nine policies addressing issues raised in previous guardianship audit reviews.
- Personnel Action Request (PAR): Human Resources updated its PAR policy to mitigate a deficiency noted in an audit.
- Cash Control: The Department of Finance developed a policy to address the cash handling process by several divisions of the organization.

Clerk Marshall recognized Ms. Hill for her successful completion of the first of three difficult exams to obtain the Certified Internal Auditor (CIA) certification.

V. Budget to Actual Variance Report..... Luis Camejo, CIA

Luis Camejo, Internal Audit Manager, reported on the end-of-year Budget to Actual Variance Report and highlighted the following:

- The Tourist Development Tax audit exceeded the original plan by 172 hours due to turnover and additional training needed for the new auditor.
- The Purchasing Process engagement exceeded the original plan by 157 hours due to issues identified with vendor set-up process, access controls, database management that required additional research to better understand associated risks and controls.
- A total of 416 and 249 hours attributed to the Cares Act, Individual Assistance Program and the Solid Waste, Collection Process reviews respectively. These engagements were performed as special requests; therefore, no hours were allocated in the initial annual audit plan.

VI. FY 2021-2022 Annual Audit Plan..... Luis Camejo

Mr. Camejo presented the FY 2021–2022 Annual Audit Plan. The development of the plan included 10 auditable business units for the Clerk and Comptroller’s Office and 25 auditable business units for the County. IA considered four risk factors: dollar amount budgeted, full-time equivalent, potential operational impact, and potential public concern. A weighted average scale was used to rate each auditable business unit against the risk factors. In addition, issues noted in previous reviews and recurring contractual attestation reviews were considered in the plan development. Mr. Camejo presented the proposed audit plan comprised of:

**DAVID Access Control.** – The Leon County Clerk of the Circuit Court and Comptroller signed an interlocal agreement with the Department of Highway Safety and Motor Vehicles for access to its Driver and Vehicle Information Database (DAVID). Due to the confidential nature of the information contained in the database, the agreement requires several control measures by the Clerk’s Office. IA is contractually bound to provide an attestation statement on the control environment of the Office to protect confidential data from unauthorized access, distribution, use, modification, or disclosure. For FY 2021-2022, the attestation is due on November 30, 2021.

**Guardianship Audit.** – The Florida Legislature, in response to the Guardianship Reform Committee's recommendations, passed extensive revisions to the guardianship laws in 1989, which focused on more judicial supervision of wards and mandated the involvement of Clerks' Offices. Section 744.368, Florida Statutes (F.S.), outlines the clerk’s role and responsibility over the guardianship process. The objective is to determine whether adequate audit procedures

are applied to verify reported balances and supporting documentation meets established criteria.

**Purchasing Process (County).** – The purchasing process review performed on the Clerk’s operations revealed several opportunities for improvement around the vendor set-up process, access controls, database management, and inventory controls. Due to the higher volume of transactions and dollar amount, IA recommends expanding this evaluation to assess the design and operating effectiveness over this process to the County.

**Accounts Payable.** – IA is contemplating utilization of data analytics to facilitate the review of opening balances, adjustments, reversal of accruals, potential duplicate payments, and other inherent risks identified through previous external reviews. Additionally, there will compliance review of the statutory and fiduciary responsibility of the Comptroller’s office.

Following discussion, the 2022 Annual Audit Plan was approved. A recommendation was made to incorporate a self-assessment survey in future risk analysis that address the audit needs of lower budget auditable business units.

VII. Audit Committee Bylaws Review .....Natalie Hill

Ms. Hill presented the updated Audit Committee Bylaws and indicated the revision was limited to updating statutory and/or the County’s Ordinances references. Following discussion, staff asked to provide a final draft to Chair Mills and the Clerk for their signatures.

VIII. Audit Recommendations and Corrective Action Plan .....Kim Mills

Mr. Camejo reported on the two outstanding audit recommendations associated with errors in the capitalization of fixed assets and on the balances of accounts payables and accounts receivables. The Finance Department is working closely with the County’s Administration and Office of Management and Budget to implement additional controls to improve processes of budgeting, the recording of capital expenses and reducing reclassification of transactions.

IX. Other Business .....Luis Camejo

Mr. Camejo informed the quarterly audit committee meetings will be held on the third week after the end of each quarter. Staff was asked to send out a calendar invite as a place holder to block the next potential date of the meeting.

X. Adjournment .....Kim Mills

There being no further business, the meeting was adjourned at 4:10 p.m.

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Kim Mills, Chair  
Audit Advisory Committee