



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 13, 2022

2:00 P.M.

MINUTES

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

Clerk Staff Present: Kenneth Kent, COO and Chief Deputy Clerk
Luis Camejo, CIA, Internal Audit Manager
Natalie Hill, Internal Auditor
Travis Stephens, Assistant Finance Director

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

Kim Mills, Chair, called the meeting to order at 2:03 p.m.

II. Approval of the January 20, 2022, meeting minutes..... Kim Mills

Nancy Shepherd moved to approve the minutes of the January 20, 2022, meeting. The motion was seconded by Deidre Melton, and the motion carried.

III. FY 2020-2021 Financial Statement Update..... Travis Stephens, Assistant Finance Director

Mr. Stephens provided an update of the County’s financial reporting requirements for Fiscal Year 2020-2021. The Office did not meet the March 31, 2022, filing deadline with the Government Finance Officers Associations (GFOA), due to the departure of the finance director from the Sheriff’s Office and a delay by Buck Consulting, in the actuarial evaluation of the “Other Post-Employment Benefits”. However, the GFOA granted a filing extension to May 2, 2022, which the County expects to meet. Mr. Stephens also foresees meeting the June 30, 2022, financial reporting deadline with the Auditor General.

Following the status of the County’s financial reporting requirements, Mr. Stephens reported the progress of the Clerk’s Fiscal Year 2020-2021 annual financial audit. He discussed the, still in progress, Management Letter addressed to the Clerk which included the following:

- Microsoft Access databases, used to upload journal entries to Banner, provide limited protection from unauthorized data manipulation, and

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- Instances of untimely submission of the portion of all fines, fees, service charges, and costs to the Department of Revenue as required by Section 28.37(3), Florida Statutes.

Next, Mr. Stephens discussed the, still in progress, Management Letter addressed to the BoCC, which included:

- A new capital lease liability where the related amount was not included as a capital lease asset,
- Several expenditures and purchases associated with other constitutional offices that were omitted from the list of capital assets, and
- Expenditure items for completed projects, but still reported under Construction in Progress.

The procedures related to the referenced observations involve other constitutional offices. Therefore, management is broadening its existing controls to better monitor accountability over the reporting process.

IV. FY 2021-2022 Annual Audit Plan Luis Camejo, CIA

Luis Camejo, Internal Audit Manager, provided an update of the annual audit plan. During the second quarter of FY 2021-2022, the Division of Internal Auditing (IA) issued two reports. Mr. Camejo summarized each report as follows:

Guardianship Audit Process Review. – The objective of this engagement was to determine whether the court’s auditing procedures are adequate to ensure account balances and transactions reported during the period January 1, 2020, through December 31, 2020, were reasonable, legitimate, adequately supported, and in compliance with statutory requirements and with the guidance provided in the Florida Court Clerks and Comptroller’s Best Practices. The following opportunities for improvement were identified:

- Current guardianship auditing procedures do not require supporting documentation to substantiate disbursements reported by the guardian.
- Bank and Trust statements submitted to the court are incomplete; generally, only the first and last pages of each statement are included.

Effective April 1, 2022, management will notify guardians to include complete bank statements in support of the annual accounting reports. Additionally, internal policies have been updated to enhance the process as per the recommendations presented.

In addition to the reported recommendations, IA learned that terminated users of Benchmark, the case management system, are still listed as active. Auditors assisted the Chief Deputy, Kenneth Kent, in identifying, removing, and updating the system’s user database.

Cash Collection Walkthrough – Office of Intervention and Detention Alternatives. - The objective of this walkthrough was to evaluate the control environment over the cash collection process and to provide opportunities for improvement aligned with the County’s mission to “...provide public services which serve and strengthen our community”. IA identified the following opportunities for improvement:

- Cash custodians can void cash receipting transactions in the system without management approval.
- An unaccounted for/missing page from the sequentially numbered pre-printed receipt book.
- The safe box where cash deposit bags are secured overnight and prior to pick up:
 - Has no camera directly pointing at it to record who accesses it
 - Multiple (6) staff have knowledge of the safe box’s access code
 - The combination to the safe has not been changed since 2014, even though terminated cash custodians were familiar with the combination
- The cash narrative has not been updated to indicate that, at the end of the day, two employees count and reconcile cash collected to the transactions recorded in the system.
- Furthermore, this site does not offer the option to receive payments online. This option should be contemplated, as:
 - Not all clients live in the city of Tallahassee where the collection site is located
 - The current system (Bindo POS), experiences connectivity interruptions periodically, and
 - The Office does not maintain a change cash fund

Management took immediate action to ensure cash custodians’ access to void transactions was removed, instructed all staff to write “void” on unused receipts, updated the cash collection narrative, and changed the access code to the safe. As of the day of this meeting, management was still negotiating with Facilities for the implementation of a camera pointing directly at the safe. Lastly, management would consider, as part of the upcoming budget, extending collection efforts to include an online option to clients.

Lastly, Mr. Camejo informed the Accounts Payable engagement was in the final stages of the planning phase. He expects to have objectives finalized by April 29, 2022.

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

Mr. Camejo reported on the Q2-2022 Budget to Actual Variance Report and reiterated the differences noted in the previous quarter:

- The Solid Waste Collection engagement exceeded the original 265 hours budgeted by 28 hours.
- The DAVID Access Controls engagement required only 172 hours of the 400 hours originally budgeted. The underutilization of hours resulted from the specific testing steps described in the MOU as opposed to being developed by the auditor.

Additionally, Mr. Camejo reported a total of 48 accumulated hours invested in Audit Recommendations and Corrective Action Plan follow-up to discuss with management outstanding audit recommendations. No additional overages or shortages were reported.

VI. Audit Recommendations and Corrective Action PlanNatalie Hill

Ms. Hill reported on two BoCC’s outstanding audit recommendations as of the beginning of Q2-2022: errors in the capitalization of fixed assets and in the accounts payable and accounts

receivable balances. Management has dedicated resources to perform monthly and quarterly reviews to identify misclassification of accounts, reverse accruals, and to correct end-of-year adjustments timely. External auditors recognized these process improvements and deemed corresponding issues resolved. Consequently, IA will close these issues.

Ms. Hill also reported on the audit recommendations associated with the Clerk's operations:

1. **Vendor Master File.** – The vendor master file database is not reviewed periodically. IA identified duplicate vendors' names and duplicity in other fields during the review process. Management dedicated resources to clean the vendor database. As a result, 29,760 vendors were deactivated due to lack of activity during the last five years. Similarly, 94 duplicate vendors were deactivated. Management is still developing desktop procedures and working with MIS to automate a periodic vendor database maintenance process.
2. **IT Purchases and Inventory.** – IA identified inconsistent tracking of IT purchases and tagging. The process to recover IT equipment from terminated employees is not defined. To mitigate the risk associated with the current process, management purchased a new software, ManageEngine, to better track IT equipment. Management is also evaluating the current "Employment Termination" policy to ensure accountability is established over returned equipment from terminated employees. Management estimates completion of their action plans by June 30, 2022.

Management developed a process to tag certain items under the \$1,000 threshold. All desktops and laptops have been tagged and corresponding information has been entered in the software. The assignment of IT equipment is now tracked in ManageEngine and IT staff will ensure terminated employees return assigned laptops. Supervisors will be responsible for employee's hardware other than laptops. Additionally, access to IT equipment is now limited to IT staff.

3. **Guardianship Audit Process.** – IA determined auditing procedures over the guardianship audit process lacked basic requirements to ensure accountability over disbursements of the ward's funds. During the review, IA noted:
 - a. Current guardianship auditing procedures do not require supporting documentation to substantiate disbursements reported by the guardian.
 - b. Bank and Trust statements submitted to the court are incomplete; generally, only the first and last pages of each statement are included.

IA was informed the Family Law Supervisor notified guardians to include complete bank statements to support the annual accounting reports. This requirement will apply to cases beginning on or after April 1, 2022. Additionally, internal policies have been updated to enhance the process as per the recommendations presented.

CLOSED ITEMS

1. **The Vendor Set-up Process.** – It lacks a formality to define authorized employees with access to add and remove vendors to and from the system. Access roles are not

clearly defined for management to fully understand the access levels granted to employees.

Management developed a new vendor set-up form and a process to streamline procedures to add new vendors to the system. Management was unable to obtain a report detailing jobs descriptions, system roles, classes, and codes. During the last conversation with the Finance Director and Assistant Finance Director, Internal Audit was informed, due to limited resources and lack of a comprehensive system generated access report, the development of a system access and attributes matrix cannot be completed in the foreseeable future. Therefore, IA has closed this issue, but it will keep it in the ongoing risk assessment spreadsheet. It is worth mentioning Management will continue identifying and defining roles to grant staff the correct access levels.

VII. Other Business Luis Camejo

Kim Mills, Audit Committee Chair, reminded all members the importance of attending the committee meetings in person.

Mr. Camejo presented the proposed Internal Audit Charter to the audit committee. Members received a copy of the current and the proposed charter for review and will provide their input during the next quarterly meeting scheduled in July.

Lastly, Mr. Camejo reported the utilization of the Clerk’s website to upload IA’s annual audit plans, audit reports, and other IA relevant auditing activities.

VIII. Adjournment Kim Mills

There being no further business, the meeting was adjourned at 4:03 p.m.

Kim Mills, Chair
Audit Advisory Committee