



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

July 28, 2022

2:00 P.M.

MINUTES

Committee Members Present: Kim Mills, CPA, Chair
John Keillor, CPA, CIA, Vice Chair
Nancy Shepherd, CPA, CIA, CRMA
Cecil Bragg, CPA

Committee Members Absent: Deidre Melton, CFE, CIA, CISA, CISM, CRISC

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

Clerk Staff Absent: Gwen Marshall, Clerk of Court and Comptroller

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

Kim Mills, Chair, called the meeting to order at 2:06 p.m.

II. Approval of the April 13, 2022, meeting minutes..... Kim Mills

John Keillor moved to approve the minutes of the April 13, 2022, meeting. The motion was seconded by Cecil Bragg, and the motion carried.

III. Comments from the Clerk..... Kenneth Kent, COO and Chief Deputy Clerk

Kenneth Kent, on behalf of Clerk Gwen Marshall, reported the results of the Fiscal Year 2020-2021 financial statements audit. There were two findings associated with the Clerk’s operations. One was the vulnerability of Access databases used to upload journals to the financial system, Banner. Mr. Kent explained the Clerk’s office has been reviewing users with access to input data into the Access databases. This is intended to limit access only to staff with the appropriate authorization. Additionally, a consultant may be contracted to review opportunities for reducing the number of Access databases and to identify functions in Banner that may replace those databases to enhance data integrity and security.

The second finding resulted from delays in the required submission of court-related fees to the Department of Revenue. The oversight was due to low staffing levels in the accounts receivable department.

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Next, there was a general discussion on Banner, its limitations, and enhancements gained with the recent upgrade. The newer version offers more screen visuals and allows for more automation of processes. It also provides a more functional and user-friendly Human Resources module utilized by the office.

Following, Mr. Kent recognized finance staff for meeting financial reporting deadlines despite system limitations and staffing challenges. They have excelled in revamping processes to gain more effectiveness and efficiency, providing more support to the Clerk's and Board's operations.

Lastly, Mr. Kent informed the committee of a Request for Proposals for Banking Services. He noted that the County has been utilizing the same banking arrangements for the past thirty years.

IV. Internal Audit Charter Proposal..... Luis Camejo, CIA

Luis Camejo, Internal Audit Manager, continued the discussion on the proposed internal audit charter alluding to the feedback received from Audit Committee members since the previous meeting. Mr. Camejo summarized the most prominent changes. The format of the proposed charter follows the template published by the Institute of Internal Auditors. Outdated statutory references were updated. Additionally, the Authority section was restructured to clearly define the scope of the internal audit activity allowed by Florida Constitution, Florida Statutes, and Leon County's Charter.

Mrs. Mills called for a vote on the proposed charter. Nancy Shepherd moved to approve the proposed charter, John Keillor seconded the motion, and all members of the Advisory Audit Committee agreed. Mrs. Mills proceeded to sign the new charter.

V. FY 2020-2021 Annual Financial Statement Audit. Luis Camejo

Mr. Camejo reported the results of the Fiscal Year 2020-2021 annual financial statements audit, reiterating the issues previously conveyed to the committee by the Assistant Finance Director, Travis Stephens, while the audit was still in progress. The report included the closing of prior years' findings resulting from errors reported in accounts payable, accounts receivable, and fixed assets balances. Management resolved these issues by implementing more frequent reviews of pertinent schedules.

The Management Letter addressed to the BoCC, listed the following:

- 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
- Constructions in Progress expenditures for completed projects, but still reported under Construction in Progress.

Finally, Mr. Camejo relayed the audit observations addressed to the Clerk of Court and Comptroller, which included:

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

VI. FY 2021-2022 Annual Audit Plan Luis Camejo

Mr. Camejo cited the projects completed during the current period, including projects carried forward from the previous year:

- CARES Act, Individual Assistance Program (carried forward)
- Solid Waste, Collection Process (carried forward)
- Guardianship Audit Process Review
- DAVID Access Control Audit

Following, Mr. Camejo summarized the status of ongoing projects:

Disbursement Cycle – Accounts Payable Review. – This engagement is in the reporting phase. The objective of this engagement was to determine whether current procedures are suitable to process payments accurately while maintaining an effective control environment. During the review, IA noted:

- Instances where users were given access to databases outside of their scope of work.
- Vendors requiring deactivation from the Vendor Master File.
- Two instances of duplicate payments in a review of 332 disbursement transactions.
- The life insurance premium disbursement process entailed:
 - insurance payments for employees not registered with the insurance carrier,
 - employees’ deductions greater than amounts invoiced, and
 - employees’ insurance rate changes not reflected on the carrier’s invoices.

Mr. Camejo acknowledged management’s swift actions to solve all instances prior to the conclusion of the engagement.

Purchasing Process – Board. – This engagement is entering the testing phase. The following objectives were presented:

- To compare written policies and procedures to current processes, highlighting the most prominent controls, and evaluate whether the design of the existing controls is adequate for the following purchasing processes:
 - Purchasing Cards (P-cards)
 - Warehouse inventory
 - Purchase Orders (including blanket purchase orders)
 - Solicitation and bidding
 - Tangible property

- To determine whether data management controls have been designed to protect the integrity of the organization’s database and to assess their operating effectiveness.

Mr. Camejo recognized management for their assistance in providing the documentation requested for review in a timely fashion.

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

Mr. Camejo reported on the Q3-2022 Budget to Actual Variance Report and reiterated the differences noted in the previous quarter:

- The Solid Waste Collection review exceeded the budgeted time of 265 by 28 hours.
- The DAVID Access Controls engagement required only 172 of the 400 hours originally budgeted. The underutilization of hours resulted from the specific testing steps described in the MOU.
- The Accounts Payable review has exceeded the 500 hours originally budgeted by 32. Mr. Camejo estimates needing additional 50 hours to finalize this engagement.
- The Purchasing Process has utilized 201 of the 450 hours allocated to this project. However, the audit team is developing practical testing sheets to gain efficiency during the documentation process. The new estimated completion date for this project was pushed back to September 30, 2022.

VIII. Audit Recommendations and Corrective Action Plan.....Natalie Hill

Ms. Hill reported audit recommendations closed during Q3-2022. For the BoCC, it included:

Accounts Payable and Receivable. – The audit identified several misstatements in the amounts reported for accounts payable and receivable that had already been paid or received. At the conclusion of the 2020-2021 external financial audit, the "corrective action for this recommendation was taken and this recommendation was considered resolved". Additionally, in a conversation with the Assistant Finance Director, IA observed a spreadsheet used by finance staff to reconcile adjusting entries not recorded in either Banner and/or Caseware. This spreadsheet helps tracking potential differences between the accounting and reporting systems.

Capitalization of Fixed Assets in Accordance with GASB 34 Fixed Assets. – The audit noted multiple expenditures for the purchase of capital assets or improvements meeting the definition of capital assets under GASB and the capitalization policy of the Board, that were not properly reported or included in the fixed asset management system.

Management has taken action to improve the communication of pertinent information to ensure all fixed asset purchases are captured timely and recorded accurately. The 2020-2021 audit report noted that "corrective action for this recommendation was taken and this recommendation was considered resolved".

For the Clerk of Court, Ms. Hill reported:

Disbursement Cycle- Purchasing Process. – IT purchases are not consistently tagged and tracked as intended by management due to a shortfall in communication while implementing

new procedures. Additionally, the storing of new IT equipment not ready for use is inefficient as items are not logged upon receipt, they are not kept in a secure location, and they are not inventoried until they are connected to the server reducing inventory accountability.

IT Director, Daniel Andrew, presented ManageEngine, an inventory software, and informed all assigned IT equipment was tagged and added to the platform. Additionally, access to the storage room, was restricted to IT personnel.

Guardianship Process - Lack of Supporting Documentation. – The Guardianship Accounting audit process does not require underlying documentation to support all payments disbursed in an accounting period. Additionally, third-party statements required to substantiate reported beginning and ending cash balances are not complete.

The Division of Internal Auditing met with the new Civil Court Director, Chief Deputy, and Family Law Supervisor and received a copy of the letter disseminated to the attorneys responsible for Guardianship cases "Notice Regarding a Change in Guardianship Audits", which states that "in accordance with section 744.368 Florida Statutes, we will be requiring the full year bank statements with all filed Guardianship Accountings..." Additionally, IA verified that policy "Auditing Annual Guardianship Accountings" 4.1.GA.05 includes the request for "Full and correct account of the receipts and disbursements for all the ward's property over which the guardian has control and a statement of the ward's property on hand at the end of the accounting period." The Department is behind on the review of audited guardianship cases. Thus, IA will not perform any additional testing.

IX. Other Business Luis Camejo

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

X. Adjournment Kim Mills

There being no further business, the meeting was adjourned at 3:52 p.m.

Kim Mills, Chair
Audit Advisory Committee