



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 20, 2022**

**2:00 P.M.**

**MINUTES**

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

**Committee Members Absent:** John Keillor, CPA, CIA

**Clerk Staff Present:** Kenneth Kent, COO and Chief Deputy Clerk  
Luis Camejo, CIA, CFE, 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 2:08 p.m.

II. Approval of the July 28, 2022, meeting minutes.....Kim Mills

Cecil Bragg moved to approve the minutes of the July 28, 2022, meeting. The motion was seconded by Deidre Melton, and the motion carried.

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

Kenneth Kent, COO and Chief Deputy Clerk, on behalf of Clerk Gwen Marshall, reported the Clerk of Court and Comptroller’s Office (Office) has been preparing diligently for the timely compilation of financial statements and supporting schedules associated with the annual financial audit. The Finance Division is aiming to submit audited financial statements to the Government Finance Officers Association (GFOA) by the March 31, 2023, submission deadline.

Mr. Kent also reported management continues evaluating banking services proposals. The Office has maintained the same banking arrangement for many years, and it is contemplating alternatives that may offer better customer service coupled with financial benefits. Current banking costs may exceed interest generated by existing balances. Management engaged a third-party consultant to develop a complex rating scale which includes among other factors, the cost of professional services, data security, transferability of data, availability of

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information, compliance, and documentation. The Office is analyzing the best combination of banking services and costs.

IV. Advisory Audit Committee – Welcome New Member. .... Luis Camejo, CIA

Luis Camejo, Internal Audit Manager, welcomed and introduced Clerk’s newly appointed audit committee member, Ted Sauerbeck, to the members of the Advisory Audit Committee. Mr. Sauerbeck has over 40 years of auditing experience. He worked at the Auditor General’s Office where he gained experience auditing local government, school boards, and universities.

V. Advisory Audit Committee – Exiting Members. .... Kenneth Kent

Mr. Kent acknowledged Leon County audit committee appointee, Cecil Bragg and Clerk of Court audit committee appointee, Kim Mills, for their six consecutive years of service as members of Leon County’s Advisory Audit Committee. Mr. Kent presented them with awards for their contribution in overseeing the work of the Internal Audit Division and ensuring their effectiveness and independence. As the awards were presented, pictures were taken to memorialize this event. Both Ms. Mills and Mr. Bragg expressed their gratitude for the opportunity to serve in their respective roles during these years, coinciding that “it is rewarding to help make a difference”.

VI. FY 2021-2022 Annual Report ..... Natalie Hill

Ms. Hill reported on the projects completed during the fiscal period 2021-2022, which included two projects carried forward from the previous fiscal year:

**Guardianship Audit Process Review.** The audit report was issued on February 29, 2022. The purpose of this engagement was to assess the court’s auditing procedures when reviewing guardianship expenditures. Our review revealed underlying documentation to support disbursements is not included and the bank statements provided by the guardians are not complete. IA recommended the Office implements a requirement to obtain full support for all disbursements. Additionally, IA recommended full bank statements be requested and included in the ward’s file. Management complied with the recommendations, updated Guardianship policies, and sent out a memo requesting disbursement support from outstanding cases.

**DAVID Access Control Audit.** The audit report was issued on December 23, 2021. The purpose for the review of the Driver and Vehicle Information Database (DAVID) is to evaluate the controls to protect personal data from unauthorized access, distribution, use, modification, or disclosure. During this review, IA noted user access permission is not updated timely. IA identified one employee whose access was removed 36 days after the last day of employment. Additionally, the required quarterly quality control reports are not performed within 10 days after each quarter. IA recommended the court implement a calendar of activity to ensure the Office remains in compliance with contractual obligations. The Office incorporated the report’s recommendations.

**Accounts Payable.** This report was issued on August 10, 2022. The purpose of this engagement was to determine whether disbursements are processed timely and accurately. The report for this engagement noted:

Deficiency in the assignment of access roles. IA noted:

- Users with incompatible access to:
  - Enter invoices and process checks
  - Process and void checks
  - Modify the accounts receivable ledger
  - Modify the Vendor Master File
  - Modify employees' pay rates
  - Modify the direct deposit table which is used to disburse direct payments
- Outdated vendors within the Vendor Master File.

Management removed users with incompatible access as recommended and deactivated 75 duplicate vendors from the Vendor Master File.

**Purchasing Process – Board.** This audit report is scheduled to be issued on October 24, 2022. The purpose of this engagement was to evaluate the efficiency and effectiveness of the purchasing process. During this review, IA identified:

- The Purchasing Policy and the P-Card Policy use terms inconsistently. This may create confusion when interpreting the intended controls.
- The P-Card Policy is outdated, it contains overlapping thresholds, and it lacks a clear definition of when P-cards may be used.
- Duplicate vendors housed in the Vendor Master File.
- Deficiencies in the level of access granted to employees.

IA provided management a spreadsheet detailing the inconsistencies presented in the Purchasing and P-Card policies. Management recognized the need to revise these policies. Additionally, access levels were updated removing identified incompatible functions.

Ms. Hill also reported on the walkthroughs performed to evaluate the cash collection processes at the following sites:

**The Office of Intervention and Detention Alternatives.** Points to consider included:

- Cash custodians could void cash transactions without management approval
- The access code to the safe was shared by 6 employees
- The combination to the safe has not been changed since 2014
- The cash narrative has not been updated

Management addressed these risks and updated processes as per the recommendations.

**Clerk of Court and Comptroller's Finance Division.** Points to consider included:

- Knowledge of the access code to the large safe was shared by 5 employees
- The cash drawer was not closed or reconciled daily in the presence of a supervisor
- The cash narrative is outdated

Management limited access to both large and small safe. The cash narrative was updated, and the change fund was dissolved.

Ms. Hill also included in her report the status of the Management Action Plan – Audit Log.

#### **Outstanding Audit Recommendations**

Fiscal Year 2021-2022 started with two outstanding issues. They were related to errors reported in accounts payable and accounts receivable balances and items not being capitalized properly.

At the end of this fiscal period, there were two new issues resulting from the annual audit:

- Deficiencies in the controls when accounting data is uploaded to the general ledger:
  - Lack of access control
  - Lack of management review when uploading journals to Banner through Access tables
  
- Lack of compliance with the Florida Spring Grant Program. Reporting requirements include the submission of quarterly status reports to the state grant manager. In December 2020, the report was not prepared or submitted. Similarly, in March and June of 2021, the reports were prepared but not submitted timely.

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

Mr. Camejo reported on the Q4-2022 Budget to Actual Variance Report reiterating on the variances reported on the previous quarter and adding the following points:

- The overall overage for all projects and activities shows a variance of 8 hours. This represents the net effect of overages and shortages of all projects completed during FY 2021-2022.
- There was only one project highlighted in red, Purchasing Process – BoCC, that was not completed prior to September 30, 2022. The draft audit report was shared with management. IA is waiting on management’s action plan to be incorporated to the draft report and the issuance of the final report is scheduled for October 24, 2022.
- There were overages of 72 hours for the Accounts Payable engagement, and 78 hours for the Purchasing Process – BoCC. These overages were mainly the result of drafting the audit reports and several rounds of review thereafter. IA will attempt to implement better techniques to gain efficiency in this area.

VIII. FY 2022-2023 Annual Risk Assessment and Audit Plan ..... Luis Camejo

Mr. Camejo explained the annual risk assessment was performed using a quantitative and a qualitative analysis. The quantitative analysis included four risk factors: dollar expenditure, full time equivalent, operational impact, and public concern. For the qualitative analysis, senior management from the Clerk’s Office and BoCC were interviewed to understand their perception of risk in specific areas. The result of the risk evaluation weighed heavier on processes identified during the qualitative analysis. These risk factors were used to develop the annual audit plan. IA will develop a long-term plan to address risk factors identified in business units from the quantitative analysis.

**Annual Audit Plan**

After contemplating available resources, Mr. Camejo presented the following plan:

**Tax Deeds Process – Clerk.** – This project was selected for review due to a lack of supervision, opportunity for collusion with outside parties, and questionable reimbursement claims processed in the past.

**Fee Disbursement Table – Clerk.** – This project is associated with the assessment of court costs and fees. Some of the most relevant risks include the fee disbursement tables not being updated timely, users having access to modify the fee structure, lack of supervision over changes to the fee structure, and potential errors on the disbursement of fees to pertinent agencies.

**P-Card Program – Board.** – The risks associated with this process include the lack of documentation to support extraordinary P-card transactions, the unauthorized use of P-cards when PO should be used, the lack of a well-defined P-Card policy, and the limited or lack of P-Card transactions reviewed.

**Guardianship Audit Process – Clerk.** – As the Clerk’s Office is responsible for the effective administration of Guardianship cases, this recurring engagement will be performed by selecting two audited guardianship cases to evaluate auditing procedures.

**Cash Counts**

IA will be performing walkthroughs of the cash collection process at 12 different Clerk and BoCC cash collection points.

**Implementation of a Fraud Awareness and Review Process**

IA will begin the implementation of a fraud awareness and review process by performing the following activities:

- Sending quarterly e-mails to the organization to elevate awareness of the program
- Assisting in the development of, or updating of, the Fraud, Waste, and Abuse Policy
- Presenting COSO Enterprise Risk Management workshops to management
- Performing quarterly reviews of:
  - Changes to the Pay Rate table
  - Changes to the Direct Deposit Table
  - Changes to the Vendor Master File
  - Approved Payroll against Disbursed Payroll

IX. Other Business ..... Luis Camejo

Mr. Camejo shared the updated Advisory Audit Committee Member’s contact list, noting that BoCC is still in the process of appointing a new member and the final version of the contact list will be shared with all members during the January meeting.

Mr. Camejo presented meeting dates for the remaining quarterly meetings and informed he would add a placeholder to members’ calendars. Lastly, Mr. Camejo reminded members that in January 2023, the audit committee would be voting to elect the new Chair and Vice Chair.

X. Adjournment ..... Kim Mills

There being no further business, the meeting was adjourned at 4:14 p.m.

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Kim Mills, Chair  
Audit Advisory Committee