



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 20, 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:** Kenneth Kent, COO and Chief Deputy Clerk  
Edward Burke, Finance Director  
Travis Stephens, Assistant Finance Director  
Natalie Hill, Internal Auditor

I. Meeting Called to Order .....Deidre Melton, CISA, CIA, CFE, CISM, CRISC, Chair  
Deidre Melton, Chair called the meeting to order at 2:02 p.m.

II. Approval of the April 24, 2023, meeting minutes.....Deidre Melton  
Nancy Shepherd moved to approve the minutes of the April 24, 2023, meeting. The motion was seconded by Ted Sauerbeck, and the motion carried.

III. Chief Deputy Clerk’s Comments.....Kenneth Kent  
Kenneth Kent, Chief Deputy Clerk commented on audit related activities in the Clerk’s office. A more in-depth review is to be presented by the finance division. Mr. Kent reported on recent legislation that has led to changes to the Clerks’ fee schedule. There also was a discussion of bills passed that impacted the clerks.

IV. FY 2021-2022 Annual Financial Statement Audit..... Edward Burke, Finance Director  
Travis Stephens, Assistant Finance Director

Edward Burke, Finance Director reported that the Annual Consolidated Financial Report (ACFR) was submitted to the Government Financial Officers Association on May 30, 2023. Also, the Annual Financial Report and packet was submitted the Attorney General on June 29, 2023. Mr. Burke presented the management letter for both the Board of County Commissioners (BoCC) and the Clerk. First, he reviewed the findings for the Clerk’s operations:

- **2022-001 MS Access Database Uploads.** This is a second year finding. Mr. Burke informed that there will be a routine audit report generated by management to facilitate the monitoring of data uploads from the database. Also, staff is working with IT to identify

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all the access databases in Banner. More than 40 databases have been identified and staff is current utilizing 10. Finance is working with MIS to develop procedures for proper database maintenance and security. In addition, they are developing new methodologies to transition to a .Net framework so that the financial application can run on Windows which would then allow single user access.

- **2022-002 Fees and Fines Schedule Change Management.** Finance has been working with CIS to update the fees in the system. Mr. Burke reported on fees and fines that were incorrectly receipted and/ or misapplied. He stated that over \$1 million in revenues was inadvertently sent to the State of Florida's general revenues. Following discussion, staff was directed to inquire with the State to see if the monies can be refunded.

Then there was a review of the BoCC findings:

- **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.
- **2022-002 Construction in Progress.** This is a second year finding. In response to this finding, the Finance Department Management has created quarterly reviews of the budget schedule submitted to the Office of Management and Budget.
- **2021-004 MS Access Database Uploads.** This is a second year finding. The Finance Department and CIS have been completing a review of the Microsoft Access Databases to assess which databases need to be retained and which need to be restricted for access only by certain individuals. Mr. Burke reported that there will be a routine audit report generated by management to facilitate the monitoring of data uploads from the database. Management is developing procedures for proper database maintenance and security of those databases. Finance is working with MIS to develop new methodologies to transition to a “.net” service that allows single user access.
- **2021-005 – Traffic Unit Cash Receipts.** Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.
- **2021-007, 2020-005 & 2019-005 Florida Springs Grant Program, Grant number LP37114 and LP0110E.** The County's Office of Management and Budget (OMB) is responsible for submitting the report. Corrective action for this recommendation is ongoing as of September 30, 2022, and as a result, this is the fourth consecutive year this specific recommendation is reported.
- **2022-001 Insurance Recoveries.** Insurance 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.

- **2022-003 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. A discussion ensued on the responsibilities of enforce compliance with P-card policies. Mr. Burke reported that finance scheduled trainings for P-Card reconcilers to prevent further issues.
- **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.
- **2021-006 Timely Remission of Amounts to FL Dept. of Revenue.** Corrective action for this recommendation was taken and this recommendation was considered resolved in the current year.
- **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.

V. FY 2022-2023 Annual Audit Plan.....Natalie Hill, Auditor

Ms. Hill reported that the audit of the Fee Disbursement Table was postponed due to new legislation. She also reported that finance is working with the County implement new policy and procedures to their P-card program. The audit has been postponed but will resume after new processes have been completed.

Madam Chair expressed concern with the Internal Audit Manager vacancy. A discussion ensued on Natalie Hill’s ability to complete the remaining audits without management oversight. Ms. Hill stated that she was capable of completing the remaining audits and other activities. The audit plan will be updated to reflect the changes.

Ms. Hill reported that initial phase of the risk assessment for next year’s audit had begun.

The Committee has proposed a special meeting before the end of the fiscal year to reassess the progress of the audits.

Hours allocated to the Fixed Assets audit were reallocated to the Tax Deeds Process and Fee Disbursement Table audits at the April 24, 2023.

There was a discussion regarding the Whistleblower complaint, and it was determined that there needs to be an updated guide of policies and procedures to standardize the response when a complaint is received. The Committee recommended that there be an outside party engaged to handle whistleblower and fraud, waste, and abuse complaints. The Committee also

recommends the creation of a policy and procedure library to be made available for staff to reference.

VI. Q3-2023 Budget to Actual Variance Report.....Natalie Hill, Auditor

Budget to actual variance report was tabled.  
Ms. Hill reported on other audit activities:

**Fixed Assets** – The Fixed Assets audit has been postponed.

**Cash Counts** – Four memos have been issued.

**Guardianship Audit** – ongoing.

**Fraud, Waste and Abuse** – Ms. Hill reported that she has stop sending quarterly emails regarding the Fraud Waste and Abuse hotline until the policies and procedures have been updated. Ted Sauerbeck recommended a review of the Lee County website to use as reference.

**Tax Deeds Process** – This engagement is in the reporting phase. Fieldwork has been completed for the three objectives and the report has been drafted. The findings were as follows:

1. Outdated policies reference procedures and systems no longer in use.
2. The Tax Deeds website was allowing accounts that should have been banned to continue in use.
3. There is no documentation or tracking of properties not sold during the auctions that were moved to the list of properties available for sale and eventually transferred to the possession of the County.
4. There were 90 escheated properties that were not accounted for in the County’s financials.
5. Statutorily mandated dates are not being met in a timely manner.
6. The tax deeds website has outdated references and language that does not align with current processes.

**Outstanding Audit Issues Follow Up** – BoCC’s issues were discussed during presentation of the management letter. Ms. Hill provided an update on the following outstanding Clerk issues:

- **Cybersecurity Issues.** As of March 21, 2023, Chief Information Officer informed there are still five outstanding issues. A grant has been awarded and a third-party vendor will be sought to assist with recommendations and re-testing controls to ensure issues have been properly internally addressed. INTERNAL AUDIT will continue monitoring the progress.

VII. Adjournment..... Deidre Melton

There being no further business, the meeting was adjourned at 4:00 p.m.