



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 ADVISORY COMMITTEE MEETING

December 5, 2024

2:00 P.M.

MINUTES

Committee Members Present: Deidre Melton, CISA, CIA, CFE, CISM, CRISC, Chair
John Keillor, CPA, CIA, Vice Chair
Ted Sauerbeck, CPA
Tom Duncan
Nancy Shepherd, CPA, CIA, CRMA
Jeffrey Caines, CIA, CFE, CGAP

Clerk Staff Present: Gwen Knight, Clerk of Court
Kimberly Ferree, CPA, Internal Audit Manger

Item 1: Meeting Called to Order - Deidre Melton, CISA, CIA, CFE, CISM, CRISC, Chair

Deidra Melton, Chair recognized the quorum and call the meeting to order at 2:09 p.m.

Item 2: Approval of the April 18, 2024, meeting minutes – Deidre Melton, Chair

The following corrections were made to the minutes of the April 18, 2024, meeting:

- Page 2, Item V - fiscal report period should be reflected as FY 2022-2023 financial report.
- Page 3, Item VI - add the word internal before the word audit to differentiate from the external audit.

Mr. Sauerbeck moved to approve with the noted changes the minutes of the April 18, 2024, meeting. The motion was seconded by Tom Duncan and the motion passed.

Item 3: Clerk's Comments - Gwen Knight, Clerk of the Circuit Courts and Comptroller

Clerk Knight reported that Kim Ferree, CPA was recruited as the next Internal Audit Manager. Ms. Ferree has been with the clerk's office over a month and has made tremendous progress in developing the calendar year (CY) 2025 audit plan. Ms. Ferree introduced herself and discussed her years of experience working as an auditor.

Ms. Ferree recognized Jeffrey Caines, CIA, CFE, CGAP as new member of the IAA Committee starting January 2025. Mr. Caines is the Investigations Manager for the Florida State University Office of Audit and Advisory Services.

There were questions on the past and current activities of the Division of Internal Auditing (IA). Clerk Knight stated that all engagements were tabled due to the staffing turnover. She also reported that the Tax Deeds report was issued and published on the clerk's website. Clerk Knight stated that she is looking forward to getting back on track and revisiting the outstanding issues.

There was a question regarding other vacancies in the IA division. Clerk Knight reported that they have had several interviews but have been unsuccessful finding a candidate with the right skills and experience. However, she recognizes that staff turnover and the lack of recruitment has increased the office's exposure to liability. She is looking to reorganize and restructure the operation to where it can operate best in these challenging times.

Action Item:

Item 4: FY 2024-2025 Annual Audit Plan – Kimberly Ferree, CPA, Internal Audit Manager

Ms. Ferree reported that her highest priority was to conduct the risk assessment and develop the annual audit plan. She reviewed prior internal and external audit reports, expenditures, prior audit working papers and files, conducting numerous inquiries of managers and key personnel in the county, as well as the Clerk's office before sending out risk questionnaires. To have parity with the prior risk assessments and annual audit plans, the same methodology was used by previous auditors. Also, more analysis was included in the report, and the data was consolidated into one spreadsheet to store the information. Areas where detailed charts were difficult to scale down or identified as an individual responder's answers, were not included in the report. The results pertaining to risk questionnaire responses that provided qualitative operational and public concern impacts were assigned a quantitative risk ratings and scores. A summary of the results is documented in Appendix 1, for the Clerk and Appendix 2 for BoCC.

Ms. Ferree reviewed the descriptions of subjective responses in each of the topic areas. She informed that the inclusion of more data charts will help with comparative analysis for future risk assessments and audit plans.

Next, Ms. Ferree presented the FY2024-25 Audit Plan. She noted that expenditures over \$1 million for the BoCC have not moved since the prior plan, except in two areas: housing services department and equipment leases. Also, noted was that the \$1 million threshold for expenditure inclusion in the risk assessment only pertained to the BoCC because the Clerk's budgets are smaller. Therefore, all Clerk's departments are included in the risk assessments and audit plan. The dollar amounts of the budgets are different and the risk scales for the Clerk and the BoCC are different, as noted in the report charts.

Ms. Ferree also reported that vacancy rates will be included to show the significant increases for both the Clerk and the BoCC departments. The rate did not include the

turnover due to the timing to get the risk analysis and audit plan finalized and the ability to follow previous methodology. The vacancy rate shows how significant this issue has been for both the Clerk and BoCC areas. Anytime there is turnover there is a higher risk because the organization loses institutional knowledge.

Ms. Ferree presented on the following operational impacts identified in the risk assessment:

- Adequate technology infrastructure to support the usage; and
- Obsolescence of hardware and software.

The risk rating is scored from insufficient to major in its impact.

Other risks discussed were public concerns. The example provided was a recent news story regarding the filing of fraudulent mortgage deeds. IA received a few calls through the fraud hotline; however, they were looking for information to sign up for the Property Fraud Alert System. This was a risk that would have received a high rating, but the concerns dissipated within a few days. Another example given was hurricanes and other natural disasters. The concern is that services would be in higher demand due to suspension during an emergency.

Ms. Ferree stated that first part of the assessment was quantitative and are assigned a numerical risk rating value. The second part was purely qualitative.

A suggestion was made to include an assessment of current procedures in large due to the turnover rate. Ms. Ferree noted that most of the concerns from questionnaires were the same as in prior risk assessment and carried forward. Ms. Ferree also stated that she is continuing efforts to locate corrective action plans issued in the previous reports that are on the current audit plan. It was advised to look at the previous meeting materials presented to the IAA Committee. Ms. Ferree stated that she will also verify that IA has the follow up corrective actions documented and will continue to work on that until the area has been corrected. In addition, fixed assets, P-cards and guardianship audit findings from the previous year end audit will be included in the audit plan, as well as surprise cash counts.

Ms. Ferree noted that she had prepared a narrative to help understand the Tourist Development Tax. She devised a system to ensure the records received by the IA office are logged and maintained for use in future audits, if selected.

The work plan is comprised of the following five areas: audits; reviews; corrective action plans follow up; other activities; and administrative activities. The risk assessment and audit plan were developed with the presumption of the auditor time and effort target of filling the position by January 6, 2025. The actual time spent will be tracked on the audit plan status report provided in Appendix 3; therefore, no adjustment to the audit plan for any actual time updates are required.

There was a question regarding the period of the report since the time budget area was for dates in the 2024-2025 fiscal period. Ms. Ferree stated that typically the work plan would be issued for the upcoming audit period. Following discussion, it was decided that the plan will cover a 2-year period for 2023-2024 and 2024-2025. Ms. Ferree noted that she will get the 2025-2026 risk assessment and audit plan out in the fourth quarter to get the audit plan back into sync. Also, a recommendation was made to note in the introduction or in the annual plan development sections the turnover in the Division of Auditing as the reason for the doubling of a year on the plan.

Chair Deidre Melton asked staff to bring the revised risk assessment and audit plan back at the next quarterly meeting for approval. She also recognized Ms. Ferree on how well the plan was organized and presented. The other committee members also thanked Ms. Ferree for the thoroughness of the document.

Ted Sauerbeck requested a status on audits that were outsourced to third parties. Clerk Knight reported that the accounting firm Purvis and Gray was contracted to perform an audit sampling of fees on FCCC's Fee & Distribution Schedule. There were a few transactions identified that were not able to be traced on the fee schedule. However, staff is working to address those issues. Clerk Knight stated that she is looking to expand the scope of this audit and will be reaching back out to Purvis & Gray in April 2025.

Following this, there was discussion regarding the findings from the FY2022-2023 Annual Comprehensive Financial Report (ACFR). Clerk Knight stated that previous year findings are included this year's audit plan. Ted Sauerbeck asked for inclusion of a section on the plan for updates on corrective action plans.

Finally, Ms. Ferree reviewed all corrections and suggestions for the audit plan. The changes will be made and brought back to the committee at next quarterly meeting for approval.

Report:

Item 5: FY 2023-2024 ACFR – Kenneth Kent

The review of the FY 2023-24 ACFR was tabled until the next IAA committee meeting to give everyone a chance to go through the report and findings and come back with questions.

A discussion ensued on the RFP for the external audit contract. Clerk Knight reported that the process had concluded, and the contract was awarded to Thomas Howell Ferguson. She will forward the link to the BoCC meeting when the contract is approved by the Board to the IIA Committee.

Other Business & General Discussion – Deidre Melton

Ms. Ferree reported that along with Mr. Caines, Valerie Peacock, Inspector General with the Florida Public Service Commission and Cynthia Hefren, Director of Audit at the Florida Office

of Financial Regulation will join the IAA Committee in January 2025.

Clerk Knight thanked Chair Melton, Vice Chair John Keillor and Tom Duncan for their service on the Committee. She stated that their willingness to service and wealth of knowledge has been a tremendous benefit to the clerk's office and the citizens of Leon County.

There being no further business, the meeting was adjourned at 3:18 p.m.