Agenda Report

2725 Judge Fran Jamieson Way
Viera, FL 32940

Consent

F.5. 11/21/2023

Subject:
Acceptance and Approval of Internal Audit Reports and the FY 2023/2024 Internal Audit Plan

Fiscal Impact:
There is no fiscal impact associated with this request.

Dept/Office:
County Manager

Requested Action:
It is requested that the Board of County Commissioners acknowledge and approve the Internal Auditors' Reports and approve the Internal Audit Plan for Fiscal Year 2023/2024.

Summary Explanation and Background:
The Internal Auditors completed the following Audit Reports:

- Audit Reports:
    - American Rescue Plan Act (ARPA) Grant Quarterly Reports
        - 2nd Quarter, FY 2022/2023
        - 3rd Quarter, FY 2022/2023
    - Contract for Pre-Trial and Misdemeanor Probation Services
    - FY 2023 Half-Cent Sales Surtax - Save Our Indian River Lagoon ("SOIRL")
- Follow-up Reports:
    - Public Records Request (status: testing period)
    - Payroll (status: closed)
- Risk Assessment and Internal Audit Plan Review

These reports and the Internal Audit Plan were reviewed by the Internal Audit Committee on November 8, 2023.

Clerk to the Board Instructions:

BREVARD County
BOARD OF COUNTY COMMISSIONERS
FLORIDA'S SPACE COAST

Kimberly Powell, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972
Kimberly.Powell@brevardclerk.us

November 22, 2023

MEMORANDUM

TO: Frank Abbate, County Manager

RE: Item F.5., Acceptance and Approval of Internal Audit Reports and the FY 2023/2024 Internal Audit Plan

The Board of County Commissioners, in regular session on November 21, 2023, acknowledged and approved the Internal Auditors' Reports; and approved the Internal Audit Plan for the Fiscal Year 2023/2024.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

Donna Scott
for: Kimberly Powell, Clerk to the Board

/dm

Internal Audit Committee of
Brevard County, Florida

Internal Audit of
The American Rescue Plan Act Grant

Prepared By:
Internal Auditors

Table of Contents

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, FL 32940

321.255.0088
321.259.8648 (fax)
CRIcpa.com

Transmittal Letter

September 6, 2023

The Audit Committee of
Brevard County, Florida
2725 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2022/2023 internal audit plan, we hereby submit our internal audit of the American Rescue Plan Act ("ARPA") Grant. We will be presenting this report to the Audit Committee at the next scheduled meeting on September 20, 2023.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations and testing results related to our internal audit of the ARPA grant.
Background	This provides a general overview of the ARPA grant.
Objectives Approach and Results	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach and the results of our audit procedures.
Table I – Cumulative Approved Project Totals	Total cumulative amounts for approved projects allocated by category from the quarterly report through March 31, 2023.

We would like to thank all those involved in assisting the Internal Auditors in connection with the internal audit of the ARPA grant.

Respectfully Submitted,

Carr, Riggs & Ingram, L.L.C.

Internal Auditors

Executive Summary

Overview

The American Rescue Plan Act of 2021 is a $1.9 trillion coronavirus rescue package designed to facilitate the United States' recovery from the devastating economic and health effects of the COVID-19 pandemic. Brevard County was allocated $116,920,177, and received its initial tranche of funding in the amount of $58,460,088.50 on May 18, 2021 and the remainder of the funding was received on June 9, 2022.

These funds may be used for four categories:

1. Public health emergency with respect to Coronavirus Disease or its negative economic impacts
2. Premium pay to eligible workers
3. Revenue replacement for the provision of government services to the extent of the reduction in revenue of the county
4. Investments in water, sewer, or broadband infrastructure

The Treasury's final ruling detailing the final compliance requirements was published on January 6, 2022.

Objective, Approach and Results

The primary purpose of the internal audit of the ARPA grant function was to test the accuracy and compliance of the recovery plan and the quarterly project and expenditure report due April 30, 2023.

We obtained the draft quarterly project expenditure reports and reviewed the report prior to the submission date for compliance with reporting guidelines, and that all projects budgeted for had descriptions for allowable activities. See results noted below.

Additionally, we noted that the County has expended funds during this quarter (January 1, 2023 - March 31, 2023) under seventeen projects, and we agreed the expenditure amount in the report to the general ledger detail without exception for the programs totaling $6,925,308.

Summary of Results (See within for expanded results)	
Quarterly Project and Expenditure Report (January 1, 2023 - March 31, 2023) Submitted: April 30, 2023	Project Allocations
The report was reviewed and submitted on time.	All of the proposed projects approved through March 31, 2023 were allowable projects based upon the category assignment.

Background

Overview:

ARPA activities are initiated and developed at the local level to support a community's response to and recovery from the COVID-19 public health emergency. Each entitlement grantee receiving ARPA funds may determine what activities it will fund as long as certain requirements are met.

Allowable Activities and Unallowable Activities:

Allowable activities fall under one of four categories:

1. Public Health and Negative Economic Impacts caused by the Public Health Emergency
2. Premium Pay for Essential Workers
3. Water and Sewer and Broadband Infrastructure Improvements
4. Replace lost public sector revenues

Unallowable activities include:

1. Contributions to Pension Plans
2. Debt Payments
3. Contributions for Reserve Funds
4. Paying Settlements of Judgments
5. Programs with requirements that undermine CDC Guidance

Lost Revenues

The lost revenues calculation is detailed in the interim final ruling, and expanded options were allowed for by Treasury's final ruling issued January 6, 2022.

The rate of growth is determined as the higher of either 5.2% standard rate or the actual rate of the county. The actual growth rate is calculated using the average annual revenue growth in the last full three fiscal years prior to COVID -19 public health emergency.

The counterfactual revenue is then calculated for each year utilizing either a fiscal or calendar year for 2020, 2021, 2022, and 2023, utilizing the formula below.

$$base\ year\ revenue\ \times (1 + growth\ adjustment)^{\frac{n}{12}}$$

The counterfactual revenue is then compared to the actual revenue, and the difference is the lost revenues for the period.

Background – continued

Schedule of Funding and Period of Performance:

The County received $58,460,088.50 on May 18, 2021, and received the remaining $58,460,088.50 on June 9, 2022. The funds can be used for expenditures from March 3, 2021 through December 31, 2026. Any funds expended January 1, 2025 - December 31, 2026 must be obligated by December 31, 2024 and can only be spent on what was obligated. Any funds not spent on what was obligated by December 31, 2026 must be returned to the U.S. Department of Treasury.

Procurement:

The procurement guidelines are the same as all other federal grants. Purchases must be made following the requirements in 2 CFR §200.318 through 200.327. Purchases above the simplified acquisition threshold (currently at $250,000), must be bid or noncompetitive procurement methods should be documented. Quotes should be obtained for small purchases (purchases between the simplified acquisition threshold and the micro-purchases threshold (currently at $10,000)).

Prior to entering in to subawards or contracts with award funds, the County must verify that contractors and/ or subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR §19.300.

Reporting:

The County has a population that exceeds 250,000 residents; therefore, is subject to the following reporting requirements.

1) Interim Report - due August 31, 2021
2) Recovery Plan Performance Report - due August 31, 2021, and then annually by July 31st.
3) Project and Expenditure reports - due quarterly 30 days after the end of each quarter, beginning with January 31, 2022
4) FFATA reporting is being done by the Treasury on behalf of all recipients. The threshold is increased to $50,000 for subawards, and this information is included in the Project and Expenditure reports for the Treasury to perform the reporting.

The Recovery Plan Performance report is required to be publicly accessible.

Subrecipient Monitoring:

Subrecipients need to be monitored to ensure they are in compliance with the terms and conditions of the subaward and use the funds for authorized purposes. For any subaward agreements, the County would need all the required information in the contracts pursuant to 2 CFR §200.332. Currently, the County does not have any subrecipients for the ARPA grant.

Staffing

Key personnel involved the ARPA grant include:

Name	Title
Jill Hayes	Budget Director
Kathy Wall	Central Services Director
Anthony Hagan	Grant Manager

Objectives and Approach

Objectives

The objectives of this internal audit included the following:

- Test the accuracy and compliance of the quarterly project and expenditure report, due April 30, 2023.
- Determine if approved projects are allowable.

Approach

Our internal audit approach consisted of three phases:

Planning

During the first phase, Management provided their preliminary planned projects for ARPA spending which consisted of the vaccine incentive program, water and sewer infrastructure, affordable housing, and revenue replacement projects, and drafts of the quarterly project and expenditure report.

Testing

Our procedures included reviewing a draft of the project and expenditure report and the recovery plan due on April 30, 2023 prior to submission for completeness of the required information as defined by the US Department of Treasury. We agreed the expenditure and obligation amounts to underlying general ledger detail. We reviewed if the new projects met the criteria for their applicable categories.

Reporting

At the conclusion of our analysis, we summarized the results of our procedures into a report and conducted exit interviews with the Budget Office and the County Manager to discuss the details of our results.

Results

Procedures and Results	Resolution
1. Quarterly Reporting and Expenditures	
Management prepared the project and expenditure report that was due April 30, 2023 prior to the due date. The County has expended funds under seventeen projects during the quarter, and we agreed the expenditure amount for the quarter ended March 31, 2023 in the report to the general ledger detail without exception, and recalculated the cumulative expenditure amounts reported for each project. All projects listed in the report were in the proper category based upon their descriptions. We agreed the obligated amounts to what was budgeted in SAP. During our initial review of the project expenditure report, we noted that one project did not have an obligation amount that agreed to SAP, and one project category that needed to be changed to lost revenues. All remaining items in the report were correct. The report was prepared by the Grant Manager and then reviewed and submitted by the Budget Director, ensuring proper internal controls over the compliance for reporting.	Management updated the amounts for the obligation, and changed the project category to lost revenues. See Table I for Cumulative Approved Project Totals.

<table>
<tr><th>Procedures and Results</th><th>Resolution</th></tr>
<tr><td colspan="2">2. Project Allocations</td></tr>
<tr><td>We reviewed all of the projects that were approved by the Brevard County Board of Commissioners ("BOCC") at various BOCC meetings through March 31, 2023. All of the proposed projects were allowable projects based upon the category assignment. There were two new projects listed in the project expenditure report submitted on April 30, 2023.

See the table below for approved projects as of March 31, 2023. Funds can be obligated through December 31, 2024.

<table>
<tr><th>Category</th><th>Budgeted Project Totals</th></tr>
<tr><td>1. Public Health and Negative Economic Impacts caused by the Public Health Emergency</td><td>$8.8M approved. See Table I.</td></tr>
<tr><td>2. Premium Pay for Essential Workers</td><td>$0 No projects have been approved for this category.</td></tr>
<tr><td>3. Water and Sewer and Broadband Infrastructure Improvements</td><td>$66.4 million for 75 water sewer infrastructure projects</td></tr>
<tr><td>4. Replace lost public sector revenues
2020 lost revenue - $21,735,842
2021 lost revenue - $26,760,639</td><td>$40M approved. See Table I.</td></tr>
</table></td><td>Two projects, which had no expenditures, were allowable under the lost revenue category.</td></tr>
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Table I – CUMULATIVE APPROVED PROJECT TOTALS

Total amounts by category allocation from the quarterly report through March 31, 2023

Category	Budgeted	Cumulative Obligations	Cumulative Expenditures
Public Health and Negative Economic Impacts caused by the Public Health Emergency:			
Affordable Housing	$2,000,000	$0	$0
COVID-19 Medical Claims Reimbursement	3,596,298	3,596,298	3,596,298
P25 Backbone Equipment at EOC	1,200,000	0	0
Employee Vaccine Incentive Program	2,000,000	1,997,086	1,997,086
Subtotal - Public Health and Negative Economic Impacts caused by the Public Health Emergency	$8,796,298	$5,593,384	$5,593,384
Water and Sewer and Broadband Infrastructure Improvements			
75 various projects	$66,374,377	$26,484,708	$9,834,064
Replace lost public sector revenues: (current max $48,496,481)			
Animal Hospital	$1,000,000	$0	$0
Capital Improvement for Parks in South Brevard	3,500,000	0	0
Cocoa Maintenance Facility Feasibility and Concept Plan	250,000	0	0
Merritt Island Maintenance Facility Feasibility and Concept Plan	250,000	0	0
Mosquito Control Entomology Lab Equipment	300,000	3,930	3,930
Fleet Maintenance Facility Modifications	2,847,000	0	0
Beach Re-Nourishment	6,442,628	6,442,628	0
Merritt Island Feasibility	40,000	40,000	4,000
Property Appraiser GIS System Upgrades	1,866,000	0	0
District 5 Community Agencies	1,705,540	1,705,540	1,645,380
Parrish Park Trailhead	737,000	682,782	54,218
New EOC building	12,200,000	12,200,000	1,529,794
Fire Rescue Revenue Replacement	8,479,003	460,643	460,643
Devonshire Stormwater	422,788	352,323	87,545
Subtotal - Replace lost public sector revenues	$40,039,959	$21,887,846	$3,785,510
Total	$115,210,634	$53,965,938	$19,212,958

Internal Audit Committee of
Brevard County, Florida

Internal Audit of
The American Rescue Plan Act Grant

Prepared By:
Internal Auditors

CARR RIGGS & INGRAM
CPAs and Advisors

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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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Transmittal Letter

September 6, 2023

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Brevard County, Florida
2725 Judge Fran Jamieson Way
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Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations and testing results related to our internal audit of the ARPA grant.
Background	This provides a general overview of the ARPA grant.
Objectives Approach and Results	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach and the results of our audit procedures.
Table I – Cumulative Approved Project Totals	Total cumulative amounts for approved projects allocated by category from the quarterly report through June 30, 2023.

We would like to thank all those involved in assisting the Internal Auditors in connection with the internal audit of the ARPA grant.

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Objective, Approach and Results

The primary purpose of the internal audit of the ARPA grant function was to test the accuracy and compliance of the recovery plan and the quarterly project and expenditure report due July 31, 2023.

We obtained the draft recovery plan and quarterly project expenditure reports and reviewed the reports prior to the submission date for compliance with reporting guidelines, and that all projects budgeted for had descriptions for allowable activities. See results noted below.

We obtained support for the lost revenues calculation and recalculated the lost revenue based on the formula and other grant specifications. See results noted below.

Additionally, we noted that the County has expended funds during this quarter (April 1, 2023 - June 30, 2023) under seventeen projects, and we agreed the expenditure amount in the report to the general ledger detail without exception for the programs totaling $14,178,747.

Summary of Results (See within for expanded results)			
Quarterly Project and Expenditure Report (April 1, 2023 - June 30, 2023) Submitted: July 28, 2023	Project Allocations	Lost Revenues Calculation (October 1, 2021 – September 30, 2022) Submitted on the Quarterly report in July 2023	Recovery Plan 2023 (Updated annually) Submitted July 28, 2023
The report was reviewed and submitted on time.	All of the proposed projects approved through June 30, 2023 were allowable projects based upon the category assignment.	All aspects of the calculation appeared accurate.	The report was reviewed and submitted on time.

Background

Overview:

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The counterfactual revenue is then compared to the actual revenue, and the difference is the lost revenues for the period.

Background – continued

Schedule of Funding and Period of Performance:

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Procurement:

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Subrecipient Monitoring:

Subrecipients need to be monitored to ensure they are in compliance with the terms and conditions of the subaward and use the funds for authorized purposes. For any subaward agreements, the County would need all the required information in the contracts pursuant to 2 CFR §200.332. Currently, the County does not have any subrecipients for the ARPA grant.

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Key personnel involved the ARPA grant include:

Name	Title
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Anthony Hagan	Grant Manager

Objectives and Approach

Objectives

The objectives of this internal audit included the following:

- Test the accuracy and compliance of the quarterly project and expenditure report, due July 31, 2023.
- Determine if approved projects are allowable.

Approach

Our internal audit approach consisted of three phases:

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During the first phase, Management provided their preliminary planned projects for ARPA spending which consisted of the vaccine incentive program, water and sewer infrastructure, affordable housing, and revenue replacement projects, and drafts of the quarterly project and expenditure report.

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Results

Procedures and Results	Resolution
1. Quarterly Reporting and Expenditures	
Management prepared the project and expenditure report that was due July 31, 2023 prior to the due date. The County has expended funds under seventeen projects during the quarter, and we agreed the expenditure amount for the quarter ended June 30, 2023 in the report to the general ledger detail without exception, and recalculated the cumulative expenditure amounts reported for each project. All projects listed in the report were in the proper category based upon their descriptions. We agreed the obligated amounts to what was budgeted in SAP. During our initial review of the project expenditure report, we noted that one project did not have an additional payment application that came in for the current expenditures. There was a new column added to the report for completion status. There were 6 projects that needed their status updated. All remaining items in the report were correct. The report was prepared by the Grant Manager and then reviewed and submitted by the Budget Director, ensuring proper internal controls over the compliance for reporting.	Management updated the amount for the expenditure, and updated the completion status for the 6 projects. See Table I for Cumulative Approved Project Totals.

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See the table below for approved projects as of June 30, 2023. Funds can be obligated through December 31, 2024.

<table>
<tr><th>Category</th><th>Budgeted Project Totals</th></tr>
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<tr><td>3. Water and Sewer and Broadband Infrastructure Improvements</td><td>$63.7M for 75 water sewer infrastructure projects</td></tr>
<tr><td>4. Replace lost public sector revenues
2020 lost revenue - $21,735,842
2021 lost revenue - $26,760,639
2022 lost revenue - $26,626,502</td><td>$41.9M approved. See Table I.</td></tr>
</table>
</td><td>Two projects, which had no expenditures, were allowable under the lost revenue category and infrastructure category.</td></tr>
<tr><td colspan="2">3. Lost Revenues Calculation</td></tr>
<tr><td>All aspects of the calculation appeared accurate.</td><td>None needed.</td></tr>
<tr><td colspan="2">4. Recovery Plan</td></tr>
<tr><td>The Recovery Plan report was prepared with all of the required elements. Some of the budgetary and expenditure amount totals did not agree to the cumulative amounts on the quarterly report.</td><td>The budgetary and expenditure amounts were updated to agree to the cumulative quarterly report prior to submission.</td></tr>
</table>

Table I – CUMULATIVE APPROVED PROJECT TOTALS

Total amounts by category allocation from the quarterly report through June 30, 2023

Category	Budgeted	Cumulative Obligations	Cumulative Expenditures
Public Health and Negative Economic Impacts caused by the Public Health Emergency:			
Affordable Housing	$2,000,000	$0	$0
COVID-19 Medical Claims Reimbursement	3,596,298	3,596,298	3,596,298
P25 Backbone Equipment at EOC	1,200,000	0	0
Employee Vaccine Incentive Program	2,000,000	1,997,086	1,997,086
Subtotal - Public Health and Negative Economic Impacts caused by the Public Health Emergency	$8,796,298	$5,593,384	$5,593,384
Water and Sewer and Broadband Infrastructure Improvements			
75 various projects	$63,727,793	$27,000,208	$12,874,784
Replace lost public sector revenues: (current max $75,122,983)			
Animal Hospital	$1,000,000	$0	$0
Capital Improvement for Parks in South Brevard	3,500,000	0	0
Cocoa Maintenance Facility Feasibility and Concept Plan	250,000	0	0
Merritt Island Maintenance Facility Feasibility and Concept Plan	250,000	0	0
Mosquito Control Entomology Lab Equipment	300,000	202,389	174,351
Fleet Maintenance Facility Modifications	2,847,000	0	0
Beach Re-Nourishment	6,442,628	6,442,628	0
Merritt Island Feasibility	40,000	40,000	15,250
Property Appraiser GIS System Upgrades	1,866,000	1,654,171	211,829
District 5 Community Agencies	2,000,000	2,000,000	1,645,380
Parrish Park Trailhead	737,000	682,782	54,218
New EOC building	12,200,000	12,200,000	12,200,000
Fire Rescue Revenue Replacement	8,479,003	460,643	460,643
Devonshire Stormwater	422,788	357,001	161,868
Capital Improvements	1,533,193	0	0
Subtotal - Replace lost public sector revenues	$41,867,612	$24,039,614	$14,923,539
Total	$114,391,703	$56,633,206	$33,391,706

Internal Audit Committee of
Brevard County, Florida

Internal Audit of the Contract for
Pre-Trial and Misdemeanor Probation Services

Prepared By:
Internal Auditors

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CRI CARR RIGGS & INGRAM
CPAs and Advisors

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September 6, 2023

The Audit Committee of
Brevard County, Florida
2725 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2022/2023 internal audit plan, we hereby submit our internal audit of the Pre-trial and Misdemeanor contract. We will be presenting this report to the Audit Committee at the next scheduled meeting on November 8, 2023.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations related to our internal audit of the Pre-trial and Misdemeanor contract.
Background	This provides an overview of the Pre-trial and Misdemeanor contract.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of our approach.
Observations Matrix	This section provides the results of our internal audit procedures, including our recommended actions and management's responses.

We would like to thank all those involved in assisting the Internal Auditors in connection with the internal audit of the PPS contract.

Respectfully Submitted,

Carr, Riggs & Ingram, L.L.C.

Internal Auditors

Executive Summary

Overview

The Board of County Commissioners of Brevard County, Florida (the "County") entered into a three-year contract ("Agreement") with Professional Probation Services, Inc. ("PPS", "Contractor") on February 1, 2021. The County has the option to renew this contract with two (2) consecutive renewals of one-year each, contingent upon a mutual approval by PPS.

Objective

The primary objective was to assess compliance by the Contractor with key provisions of the Agreement with the County and to assess whether the system of internal controls over the County's management of the contract is adequate and appropriate for promoting and encouraging consistent application of management's objectives for compliance with key contract terms, and County policies and procedures, as applicable.

Observations

During the course of our work, we discussed any identified observations with management. Our observations and recommendations for improving controls and operations are described in detail in the Observations Matrix included in this report. A summary of observations is identified and their relative risk rating is provided below.

Observation ratings are a subjective evaluation of the severity of the concern and the potential impact on the operations. An observation rating of "High" represents an issue of immediate concern and could cause significant operational issues if not addressed soon. A "Moderate" rating is an issue that may also cause operational issues and does not require immediate attention but should be addressed as soon as possible. Observations given a "Low" rating could escalate into operational issues but can be addressed through the normal course of conducting business.

Observation	Risk Rating
1. ***Probationer Documentation*** - For the cases sampled, there was a lack of documentation included in Probation Tracker as required by the Agreement. Additionally, there were various instances in which the documentation was not sufficient to determine compliance with the provisions of the Agreement.	High
2. ***Probationer Supervision*** – For the cases sampled, there were various instances of probation officer supervisory activities in which the documentation was not sufficient to determine whether the Probation Officer (PO) performed the required activities. For one case, the cost of supervision collected exceeded the amount specified in the Agreement.	High
3. ***Random Drug Testing*** – For the cases sampled, there were various judge ordered random drug tests identified that lacked evidence of proper action taken by the PO related to fraudulent tests, missed tests and/or failed tests.	High
4. ***Caseload by Probation Officer*** – For the months sampled, there were various caseloads that exceeded the 200 people per PO threshold limit.	Moderate

Executive Summary - continued

Observation	Risk Rating
5. ***Background Checks*** – For one of the PO's background checks reviewed, the results did not comply with the Agreement.	Moderate
6. ***Annual Audited Financial Statements*** – Audited financial statements were not provided by PPS as required by the Agreement.	Moderate
7. ***Reporting – Annual and Quarterly*** – For the annual budget reporting requirement, PPS did not submit their fiscal budget year budgets for the most recent three fiscal years. For the required quarterly reporting, PPS did not include one particular financial statistic in accordance with the Agreement.	Low
8. ***Policies and Procedures*** - We noted that PPS policies and procedures have not been updated for at least ten years specific to their services provided to the County. Additionally, we noted that the respective judge testing protocol effective dates ranged from 2018 to 2020.	Low

Management General Response: Observations Summary

PPS experienced significant impacts in staffing from COVID 19 effects, resulting in unusually high turnover between 2020 and 2023. Both the probation officer and managerial levels were seriously affected, resulting in service level impacts. PPS has achieved full staffing capacity as of April 2023 and has overcome many of these challenges. Additionally, in May 2022, the Brevard County Community Corrections Manager retired after serving for 20 years. The successor has been in position for a little over a year.

See specific management responses for each observation in Observation Matrix below.

Background

Overview

The County entered into a three-year contract with PPS on February 1, 2021. The County has the option to renew this contract with two (2) consecutive renewals of one-year each, contingent upon a mutual approval by PPS.

PPS PO's uses the term "defendants" in their case management as documented in Probation Tracker. In the Agreement between the County and PPS, the term "probationers" or "offenders" is used in reference to individuals receiving services. Probation Tracker is PPS's proprietary software used by PPS management and staff to track and document all defendant activity.

Scope of Work
The Agreement indicates the following regarding the overall scope of PPS services to the County: the Contractor shall provide proper liaison with the Court, to perform the initial intake of persons placed on misdemeanor probation and pretrial services with the Contractor, to properly supervise persons placed on misdemeanor probation and pretrial services with the Contractor, and to appear at all Court proceedings involving an offender supervised by the Contractor or as necessitated by the Court for persons placed on misdemeanor probation and pretrial services.

Compensation
Services performed in accordance with the Agreement shall be provided at no cost to the County. The Contractor shall derive compensation for services solely from probationers. The fee schedule for services is incorporated into the Agreement. All fees for services shall remain firm with no increases for the term of the Agreement without prior written approval from the Board of County Commissioners of Brevard County.

Collection of Fees
The Contractor agrees to collect all fees for Cost of Supervision, Community Service insurance, and drug testing. The Clerk of the Court shall collect all monies for fines, costs, surcharges, and restitution. The Contractor is entitled to collect from each probationer the cost of supervision as may be ordered by the sentencing County Court judge and as authorized by Florida Statute. The County or the County Court may review this amount annually and may order an increase for new cases, at its discretion, according to Florida law. A written document detailing procedures for handling the collection of all offender fees will be provided by the Contractor to the Administrative County Court judge, or his/her designee, the Clerk of the Court, and the County. This document will include how the Contractor will track monies collected by the Contractor and monies collected by the Clerk.

Programs and Services
The needs of each offender referred to the Contractor by the Court shall be evaluated by the Contractor. The Contractor will consider each individual's needs from a social, economic, vocational, and rehabilitative viewpoint and will endeavor to refer the individual to appropriate resources or assist them in finding resources to meet their needs. The following programs and services shall be provided and administered by the Contractor at no expense to the County:

Background - continued

Pretrial Release Services: The Pretrial Release program releases offenders who do not pose a risk, to the community and who will with some degree of certainty, return to court at the time and place specified. This is accomplished by means of interview and background investigations carried out by the Pretrial Release staff members, taking into consideration relevant Florida Statutes and the Administrative Orders of the 18th Judicial Circuit in and for Brevard County. The Contractor will require offenders on Pretrial Release to report to the Contractor by telephone on a weekly basis and document such contacts or failures to contact.

Pretrial Community Supervision Services: The Pretrial Community Supervision program provides intensive monitoring and guidance of offenders awaiting trial or the conclusion of their case who do not meet the criteria of the Pretrial Release Program. This is accomplished through the enforcement of conditions of release set by the Court, which can reasonably be expected to protect the public's safety and secure the offender's likely appearance for future court dates. The Contractor shall be responsible for ensuring there is at least one (1) face-to-face meeting per month for each person who is placed on Pretrial Community Supervision. The Court may require additional face-to-face meetings. Additionally, each person in the program shall be required to call-in to the telephone number designated by the Contractor once a week for the other weeks of each month. Referrals are made to appropriate treatment, educational, or employment programs. Upon request, presentations to the Court shall be made regarding the offender's compliance or conditions as ordered.

Pretrial Diversion Services: The Pretrial Diversion program defers prosecution of qualified, first-time offenders. Its purpose is to reduce recidivism of offenders within the Criminal Justice System. Entry in the Pretrial Diversion program is approved and authorized by assessment and determination of the State Attorney. In this program, the Contractor is responsible for generally coordinating with the State Attorney's Office and for contacting the offender regarding participation in the diversion program. The Contractor shall also set up the signing of the contract by the offender and State Attorney's Office, after participation is approved by the State and agreed to by the relevant parties. Offenders entering the program are supervised by the Contractor to ensure completion of their personalized contractual agreement, which includes (at a minimum) a custom-tailored treatment plan, law-abiding behavior, and payment of restitution. Offender's compliance/non-compliance is reported to the State Attorney.

Misdemeanor Probation Services: The Contractor shall provide misdemeanor probation services that operate in accordance with Chapter 948, Florida Statutes, providing supervision of offenders sentenced to misdemeanor probation by the County Courts. Offenders Court-ordered to misdemeanor probation must adhere to the conditions as imposed by the Court, such as classes, drug-testing, substance-abuse treatment, counseling, community service, and fees, as imposed by the Court. The Contractor shall report the offender's compliance/non-compliance to the Court. The Contractor shall determine if an offender requires other services in addition to those ordered by the Court and shall use its best efforts to direct the offender to an appropriate program. Records of referrals to such programs and progress reports shall be included in the offender's case file. The Contractor shall cooperate with all treatment agencies, schools, and other programs to which offenders are referred. In any case where a treatment provider, school, or other program does not appear to be providing its proper function, the Contractor shall immediately notify the Court.

Reporting and any New Programs: The Contractor shall provide an annual report, and other statistical reports as required by the Court, County or law, to the Chief Judge, Administrative County Court Judge, and the County Manager/County Contract Monitor. Any new programs proposed by the Contractor to be utilized by the people placed on probation or pretrial services shall be disclosed to the County Court and the County Contract Manager and shall be subject to the review and approval of the County Court, prior to implementation. The Contractor shall provide a quarterly report summarizing the number of offenders supervised by the Contractor, payment of the required contribution under supervision or rehabilitation, and the number of offenders for whom supervision or rehabilitation were terminated to the Chief Judge of the Circuit, with a copy to the County Manager/County's Contract Monitor. All records must be open to inspection upon request by the County, the court, the Auditor General, the Office of Program Policy Analysis and Government Accountability, or agents thereof.

Drug-Testing Laboratory and Services: The Contractor is responsible for establishing Drug Testing Laboratory Services that comply with Court-ordered drug testing and that include random urinalysis and breathalyzer testing to detect the presence of controlled substances and/or alcohol in a person's biological system. Offender's compliance/non-compliance is reported to the Court or requesting party. The Contractor shall supply and be responsible for all testing supplies and equipment. The Contractor's staff performing the drug-testing services shall not be involved in the supervision of any person or offender in any other of the programs managed by the Contractor. Probation Officers may assist in drug testing only for the purposes of observation to prevent any opportunity/possibility for adulteration.

Financial Procedures: Each person on probation, diversion, or Community Supervision shall have a specific account for all money collected from that person. The Contractor shall provide a designated employee(s), who is not involved in supervising any supervised clients, who will be responsible for collecting payments, fees, etc., from all supervised clients. When the supervised person makes a payment to the Contractor, the designated employee of the Contractor shall immediately issue a receipt to the supervised person for the amount paid. Each receipt shall state the total amount paid, the total balances due, how the money from the payment is allocated, and the next scheduled appointment. Each receipt shall be unique with distinct features to avoid forgery. The Contractor shall adopt procedures, which shall be submitted to and approved by the County, to ensure monies are securely received and accounted for properly. The Contractor shall make receipts available in both English and Spanish.

Records

All records must be maintained in compliance with applicable Florida Statutes, including but not limited to, Chapter 119 and Chapter 948, along with Florida Administrative Code provisions with respect to maintaining public records and retaining and destruction of public records, including electronic records and social media (smartphones texting, Twitter, etc.). The Contractor should pay particular attention to the requirements of Florida Statute 119.0701.

The Contractor is required to, including, but not limited to:

- Maintain a separate digital/electronic file containing information on each offender referred to its programs and make these records readily accessible to the County*;

Background - continued

- Provide Internet access of all case files to designated Court personnel of the Courts, the Clerk of the Court, the State Attorney's Office, the Public Defender's Office, the Brevard County Sheriff's Office, the County Attorney's Office, and Brevard County Community Corrections*;
- Provide Internet access of all case files on a 24-hour-365-days/year basis, making the same information that's available to the Contractor's personnel also available to designated Court personnel*;
- Maintain records in a secure location for a period of five (5) years from expiration of the pretrial or probationary term;
- Maintain information in the file including the name of the offender, case number, charge(s), case disposition, electronic monitoring records, correspondence, payment records, any known prior criminal record, court ordered conditions, status reports resulting from offender contact, offender's profile information, drug testing records, and any compliance documentation.

***Probation Tracker is PPS's proprietary software used by PPS management and staff to track and document all defendant activity.**

JUDICIAL MANAGEMENT RESOURCES LLC AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES - TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Judicial Management Resources LLC	Professional Probation Services	Judicial Corrections Services	Georgia Probation Management	Eliminations	Consolidated
Revenues	$ 35	$ 9,531,267	$ 3,320,286	$ 1,406,262	$ -	$ 14,257,850
Operating expenses	956,409	9,539,652	3,002,125	1,432,185	(1,438,750)	13,491,621
Income (loss) from operations	(956,374)	(8,385)	318,161	(25,923)	1,438,750	766,229
Other income and expense:						
Management fees	961,500	477,250	-	-	(1,438,750)	-
Income (loss) from subsidiaries	761,103	292,238	-	-	(1,053,341)	-
Interest expense	(203,519)	-	-	-	-	(203,519)
Total other income and expense	1,519,084	769,488	-	-	(2,492,091)	(203,519)
Net income (loss)	562,710	761,103	318,161	(25,923)	(1,053,341)	562,710
Retained earnings - beginning of year	(197,960)	(2,203,376)	311,069	372,255	1,520,052	(197,960)
Retained earnings - end of year	$ 364,750	$ (1,442,273)	$ 629,230	$ 346,332	$ 466,711	$ 364,750

Excerpted from Judicial Management Resources, LLC Compiled Consolidated Financial Statements For the Year Ended December 31, 2022. Compiled by McMullan CPA's.

Staffing

Key personnel from the County and PPS that were involved in our engagement included:

Title
Community Corrections Manager, Brevard Public Safety, Brevard County
Director, Public Safety Group, Brevard County
Chief Operating Officer & Corporate Counsel, Professional Probation Services
General Manager, Professional Probation Services

Objectives and Approach

Objectives

The primary objective was to assess compliance by the Contractor with key provisions of the Agreement with the County and to assess whether the system of internal controls over the County's management of the contract is adequate and appropriate for compliance with key contract terms, certain laws, rules and County policies and procedures, as applicable.

Approach

Our approach consisted of three phases:

Understanding and Documentation of the Process

During the first phase, we held an entrance conference with the Director of Brevard Public Safety and the Community Corrections Manager, Public Safety to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements. We reviewed the PPS contract, Florida Statutes, administrative orders, County policies and other resources related to Accounts Payable. We conducted interviews with responsible Brevard Safety and PPS personnel and documented their respective roles in the processes. We updated our understanding of the PPS contract key compliance attributes and relevant contract management controls.

Detailed Testing

The purpose of this phase was performance of testing procedures based on our understanding of the PPS contract key compliance attributes, applicable County ordinances, and Florida State Statutes. Our procedures included interviewing relevant personnel and testing individual PPS case files. We met with responsible personnel from PPS and County personnel related to the PPS contract and documented their role in the process. The population of offenders used for sample selection included all cases that had activity from June 2022 through June 2023. The procedures performed included:

- Obtained an understanding of the Pre-Trial and Misdemeanor Probation processes and identified critical controls.
- Determined whether any written policies and procedures were in place over Pre-Trial and Misdemeanor Probation processes.
- Tested a selection of Pre-Trial Release Officers, Probation Officers and In-Take Officers employed with PPS for the following:
    - Documentation of completion of required education, training, and continuing education or renewal of training;
    - For PTR Officers, documentation of completion of security training provided by the Brevard County Sheriff's Office.
    - Selected four months to assess whether the caseload assigned to each Probation Officer exceeded parameters set forth in the contract.

Objectives and Approach - continued

Approach – continued

Detailed Testing - continued

- Tested a selection of defendants to determine that fees assessed are collected in an amount consistent with the fee schedule agreed to in the contract for the following:
    - Costs of supervision;
    - Community service insurance;
    - Drug testing;
    - Program fees.
- Tested a selection of defendants to determine whether supervision were for the term set forth by the sentencing judge.
- Tested a selection of defendants to determine whether the payment of courts costs and fees to the Brevard County Clerk of Courts, if required, were documented in the defendant's records.
- Tested a selection of defendants to determine whether changes to the amount of the probationary fees and/or the term of the probation period were documented to support the propriety of such change.
- Tested a selection of daily cash reports from June 2022 through June 2023 for the following:
    - Determined that receipts identified in the daily cash reports were consistent with the fees assessed as documented in the defendant's probation records;
    - Determined that receipts collected from each defendant were appropriate based on the orders set forth by the sentencing judge.
- Tested a selection of defendants receiving pre-trial release services to determine offenders were evaluated for eligibility for the program and monitored in compliance with relevant state statutes and under the authority set for in the Pre-trial Release Policy and Procedures Manual and the Agreement Section B. 1. of Attachment A.
- Tested a selection of defendants receiving pre-trial community supervision services to determine offenders were evaluated for eligibility for the program and monitored in compliance with the provisions set forth in Section B. 2. of Attachment A to the Agreement.
- Tested a selection of defendants receiving pre-trial diversion supervision services to determine defendants were monitored for completion of their contractual agreement with the State Attorney's Office in compliance with the provisions set forth in Section B. 3. of Attachment A to the Agreement.
- Tested a selection of defendants receiving misdemeanor probation services for monitoring of the defendant's adherence to the conditions imposed by the court, such as classes, counseling, community service, educational programs, and payment of statutorily required fees and other costs imposed by the court in compliance with the requirements set forth in the Agreement Section B. 4. of Attachment A.
- Tested a selection of defendants receiving drug testing services to determine defendants were monitored for completion of drug testing as set forth by the sentencing judge in compliance with the provisions set forth in Section B. 5. of Attachment A to the Agreement.

Objectives and Approach - continued

Approach – continued

Detailed Testing - continued

- Tested a selection of defendants currently classified as "indigent" for the following:
    - Determine that costs of supervision are waived as ordered by the sentencing judge;
    - If indigent status was determined by PPS upon initial intake or during the probation period, determine the financial status report was prepared and evaluated in compliance with PPS policies.
- Tested a selection of defendants required to perform community service work for the following:
    - Determined the charges against the defendant are not on the list of "prohibited charges" as set forth by the community service organization;
    - For defendants who have completed their probationary period, determine the community service hours completed were in compliance with the orders set forth by the sentencing judge.
- For defendants for which courts costs and/or fines were converted to community service hours, determine the hours were converted appropriately in the defendant's records as set forth by the sentencing judge.
- Tested a selection of warrants to determine the warrant was prepared, reviewed, approved and remitted to the courts (judge) timely.
- Tested a selection of defendants identified as unemployed offenders to determine that Job Assistance services were provided as outlined in Section E of Attachment A to the Agreement and reporting of job assistance referrals were made to the County.
- Determined the County obtained copies of PPS's fiscal budget and audited annual financial report for each year in the contract period as required by Section M of Attachment A to the Agreement.
- Determined the County obtained copies of all required Certificate(s) of Insurance during the contract period as required by Section 7 the Agreement.
- For quarterly reports of performance benchmarks submitted to the County and the Chief Judge, determined the reports contained all the performance benchmarks required by Chapter 948.15(3), Florida Statutes, and Section M of Attachment A to the Agreement.

Reporting

At the conclusion of our procedures, we documented our understanding of the processes related to the Pre-Trial and Misdemeanor Probation Services process and summarized our findings related to our contract compliance testing procedures. We conducted an exit conference with management and have incorporated management's responses into our report. We prepared our report and provided copies to appropriate County personnel.

Observations Matrix

Rating	Observations	Recommendation	Management Response
High	***1. Probationer Documentation***		
	We selected a random sample of 40 probationer (offenders) cases such that our sample included all the types of cases managed by PPS probation officers (PO) including: Pre-trial Release, Pre-Trial Community Supervision, Pre-Trial Diversion and Misdemeanor Probation. We noted the following: a. For 17 out of 40 cases, there was a lack of documentation included in Probation Tracker as required by the Agreement (Attachment A, C. 3.) Types of documentation: Rejection Letters, Community Center Completion, Drug-test results, Probation Program Completion Letter, Probation Terms Modification, VOP forms, Warrants, Medical marijuana cards, etc. b. For the 17 cases noted above, PPS was unable to subsequently provide documentation not included in Probation Tracker (some offender cases included multiple missing document types) as follows: • Program Completion Letters - 1 • Rejection Letters - 2 • Positive Drug Statement - 3 • Community Service - 1 • Drug Tests Notated/Recorded - 9 • Medical Marijuana cards - 2 • Program Contract agreement - 1 • Dismissal Letter - 2 • Violation of Probation - 1 • Judgments - not signed – 2 • Unemployment Assistance - 1	We recommend that County management perform the following: a. Require PPS to retain and upload all relevant case documentation to Probation Tracker in accordance with the Agreement (Attachment A, Section C.3.) b. Request PPS to provide additional training to PO's to help facilitate more effective PO compliance with the requirement to retain relevant case documentation in Probation Tracker. c. Request PPS to put a process in place to provide for review/oversight of the PO's.	**Response:** The County agrees with the audit recommendations: a. The Community Corrections Manager (CCM) will meet with the contractor every 2 months to evaluate the retention and upload of all relevant case documentation. b. The CCM will request PPS to provide additional training for PO's on retaining and uploading relevant case documentation. c. The CCM will require the contractor to develop an audit form for Probation, Pre-Trial Diversion and Pre-Trial Release cases. Once an audit form is implemented, the CCM will review 10% of PPS cases monthly to ensure performance requirements are met in compliance with the contract. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** November 2023

Observations Matrix

Rating	Observations	Recommendation	Management Response
High	***2. Probationer Supervision***		
	For the 40 cases sampled, we noted the following regarding PPS supervising activities: a. For 4 of the offenders that were court ordered to have no contact with the victims, there was no notation in Probation Tracker by the PO that the offender's address was compared to the victim's address in accordance with the Agreement (Attachment A, Section H. 4.). b. For 1 of the offenders, the VOP process was not notated by the PO in the offender's file that resulted in the auditor being unable to verify that the VOP process was in accordance with the 5 days required by the Agreement (Attachment A, Section K.). c. One of the offenders failed to check in for one month, and the PO fail to contact the offender until one month thereafter out of compliance with the Agreement (Attachment A, Section B. 2. *(1) Face-to-face meeting per month for each person who is placed on Pretrial Community Supervision. Additionally, each person in the program shall be required to call-in to the telephone number designated by the Contractor once a week for the other weeks of each month*). d. For one of the cases, fees for Cost of Supervision were collected in excess of the scheduled amount in the amount of $165.00. Instead, the fees collected were based on the State Attorney Pre-trial form.	We recommend that County management perform the following: a. Request PPS to provide additional training to PPS PO's to help facilitate more effective PPS PO compliance with the requirements of their supervisory services. b. Request PPS to refund the overpayment of $165.00, if feasible. c. Remind PPS of the requirement to charge and collect fees in accordance with the fee schedule included in the Agreement (Attachment B). d. Request PPS to put a process in place to provide for review/oversight of the PO's.	**Response:** The County agrees with the recommendations. a. The CCM will request PPS to provide additional training to POs for compliance with their supervisory services. b. The CCM will require and coordinate with PPS to determine if refund is required. c. The CCM will review the fee schedule with PPS and the requirement to comply with the fee schedule unless amended by the County. d. The CCM will work with PPS to put a review/oversight process in place for the PO's. (See c. in observation 1 above). e. Once a, b, c and d above are complete, the CCM will report to the Public Safety Director of the contractor's compliance. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** November 2023

Rating	Observations	Recommendation	Management Response
High	***3. Random Drug Testing***		
	PPS is required to supervise offenders with respect to random drug testing in accordance with drug test policies set by the respective judge. The PO's supervision of the random drug testing includes: the identification and reporting of the following: fraudulent tests, missed tests and failed tests. For the 40 offenders selected, 15 of them included judge ordered random drug testing which resulted in the following: a. One offender presented a fraudulent sample, however; there was no indication that PO immediately notified the judge/court (fraudulent sample is grounds for immediate notification to the Judge/court). Note: the fraudulent sample was notated in Probation Tracker on 12/27/2021 and VOP status was reported 10/31/2022. Additionally, there was no notation by the PO that he alerted the judge/court of the fraudulent sample. b. Three offenders failed to show/missed more than 2 drug test appointments for drug testing, however; PO did not report violation to Judge per policy (2 no shows is grounds for violation). (1 missed 5 tests, 2 missed 25+) c. 1 out of the 15 offenders failed drug test 19 times before VOP was filed. PO failed to adhere to Judge's drug test policy (2 drug fails is grounds for violation).	We recommend that County management perform the following: a. Request PPS management to provide a detailed explanation as to the causes for each of these specific exceptions noted. b. Request PPS management to provide a written action plan for the steps PPS will take to facilitate PPS compliance with the respective judge order drug testing policies and VOP reporting requirements.	**Response:** The County agrees with the recommendations. a. The CCM will follow-up with PPS management to provide explanations for the exceptions noted. b. The CCM will require PPS to provide a written action plan to follow the judge's drug testing policy and VOP reporting requirements. c. Once a and b above are complete, the CCM will report to the Public Safety Director of the contractor's compliance. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** November 2023

Observations Matrix

Rating	Observations	Recommendation	Management Response
Moderate	***4. Caseload by Probation Officer***		
	The Agreement requires the following with respect to PO caseload throughout the contract period (Attachment A, Section A.2.): *One (1) probation officer for every 200 people on active probation, community supervision, or pre-trial diversion. No probation officer shall have more than 200 people under supervision (includes people on probation, community supervision and/or pretrial diversion cases added together; a person under supervision for more than one case is counted as one person for the purpose of this limitation).* We noted the following with respect to this provision: • For the month of October 2022, we noted that four PO's exceeded this threshold as follows: 202, 256, 239, and 256. • For the month of December 2022, we noted that four PO's exceeded this threshold as follows: 203, 230, 250, and 226. • For the months of February and May 2023, no exceptions were noted.	We recommend that County management perform the following: a. Request PPS to provide a plan as to how they will comply with the caseload requirements of the Agreement throughout the Agreement period (Attachment A, Section A.2.) and remind them in writing of the requirement as indicated below: *Each officer's caseload shall be reviewed every two (2) weeks to ensure this caseload limitation is being met and caseloads shall be adjusted to meet the limitation. Documentation of such review and how caseloads are equalized shall be forwarded to the County's contract manager at the end of each month.* b. Implement a documented review of PPS PO caseload as part of County management's monthly desktop audits to monitor PPS progress and compliance with the Agreement.	**Response:** The County agrees with the recommendations and will review them with the contractor. a. The CCM will request PPS to provide a plan for complying with the caseload requirements, which may include amending the PO caseload threshold. b. The CCM will review the PPS PO caseload on a regular basis and document. The CCM will document this review going forward as part of County management desktop audits. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** November 2023

Rating	Observations	Recommendation	Management Response
Moderate	***5. Background Checks***		
	We noted that the Agreement requires the following with respect to background checks for PPS employees: *A background check, including FCIC/NCIC check, and verification of relevant employment and claimed education shall be conducted on all newly hired officers and supervisors to determine that the person is of good character and has no felony or other conviction involving dishonesty or deceit. Pursuant to Sec. 948.15(3)(b), Florida Statutes, staff qualifications and criminal record checks of staff shall comply with standards established by the American Correctional Association. The results of the background check shall be kept on file and available for examination by the Court and the County* (Attachment A, Section L.) We reviewed the background checks of 27 PPS employees noting the following result for one current PPS PO employee: • Misdemeanor conviction – Theft by Deception This is a lack of compliance with Section L noted above since the nature of the misdemeanor conviction is identified as "Theft by Deception" and, as such, appears to qualify as an *"other conviction involving dishonesty or deceit."*	We recommend that County management perform the following: a. Request PPS to conduct updated background checks for all its officers and supervisors and present the results to the County upon request. b. Request PPS to provide the results of the background checks in accordance with the Agreement (Attachment A, Section L.) and to address the disposition of *"felony or other conviction involving dishonesty or deceit"* as applicable.	**Response:** The County agrees with audit recommendations. a. The CCM will request PPS to conduct updated background checks for all its officers and supervisors and present the results to the County upon request. b. The CCM will request PPS to provide the results of the background checks in accordance with the Agreement and to address the disposition of "felony or other conviction involving dishonesty or deceit" as applicable. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** November 2023

Rating	Observations	Recommendation	Management Response
Moderate	***6. Annual Audited Financial Statements***		
	The Agreement requires the following with respect to annual financial statements (Attachment A, Section M.1.) *An annual financial report, **audited and certified by a licensed, independent Certified Public Accountant,** shall be provided to the County within 180 (one hundred-eighty) days following the close of the Contractor's fiscal year. The certified financial report shall be in such detail as to disclose the revenues, expenses, and disbursements relating to the services provided (emphasis added).* The annual financial report provided for 12/31/2022 was a compilation and not ***"audited and certified by a licensed, independent Certified Public Accountant."*** A Compilation Financial Report offers no assurance whatsoever by the accountant as stated in the report: *We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.*	We recommend that County management require PPS to provide an annual audited financial report by a licensed, independent Certified Public Accountant within 180 days following the close of the Contractor's fiscal (i.e. 12/31/2022) year as required by the Agreement (Attachment A, Section M.1.).	**Response:** The County agrees with the audit recommendation and will require PPS to provide an annual audit financial report by a licensed independent CPA within 180 days close of contractor's fiscal year. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** November 2023

Observations Matrix

Rating	Observations	Recommendation	Management Response
Low	***7. Reporting – Annual and Quarterly***		
	<u>**Annual Budget Reporting**</u> PPS did not provide the County with a copy of their fiscal budget each year within 30 (thirty) days of the beginning of its fiscal year for fiscal years 2021, 2022 or 2023 pursuant to the Agreement (Attachment A, Section M.2.) <u>**Quarterly Reporting**</u> In its Quarterly Reporting, PPS did not include the following statistical data to the County: *Number of in-person visits, number of other visits, and type of visit for each program* in accordance with the Agreement (Attachment A, Section M.3.)	We recommend that County management to require PPS to comply with the annual and quarterly reporting requirements in accordance with the Agreement (Attachment, A, Sections M.2 and M.3).	**Response:** The County agrees with the audit recommendation and will require the contractor to provide their fiscal budget each year within 30 days of the beginning of the fiscal year and to update their quarterly report to include statistical data i.e., number of in-person visits, number of other visits, and type of visit for each program. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** November 2023

Rating	Observations	Recommendation	Management Response
Low	***8. Policies and Procedures***		
	We noted that PPS policies and procedures have not been updated for at least ten years specific to their services provided to the County. Additionally, we noted that the respective judge testing protocol effective dates ranged from 2018 to 2020.	We recommend that County management perform the following: a. Request PPS to provide updated and consistent policies and procedures manual. b. Include a policy that requires PPS to obtain the most recent drug testing protocols from the respective judge on a regular basis (suggest annual) and document the updated policy as applicable in Probation Tracker.	**Response:** The County agrees with the audit recommendations and will request the contractor: a. To provide updated policies and procedures. b. To include an updated policy reference for protocols from each respective judge at least every 3 years or if a new judge is assigned to the bench. **Responsible party:** Lisa Bradley, Community Corrections Manager, Public Safety Department **Estimated completion date:** March 2024

Brevard COUNTY

Brevard County, Florida
Internal Audit Report: FY 2023 Half-Cent Sales Surtax – Save Our Indian River Lagoon ("SOIRL")

September 18, 2023

RSM

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TRANSMITTAL LETTER

September 18, 2023

The Audit Committee of
Brevard County, Florida
2725 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved Brevard County ("County") Fiscal Year ("FY") 2022/2023 internal audit plan, we hereby present our internal audit report of the Half-Cent Sales Surtax – Save Our Indian River Lagoon Project ("SOIRL") for FY 2023. Below is an overview of the SOIRL timeline.

FY 2017	The County began collecting surtax revenue in January 2017. RSM issued the first SOIRL report dated October 25, 2017, and presented it to the Audit Committee on November 1, 2017, and to the independent SOIRL Citizen Oversight Committee ("COC") on November 17, 2017. Our report included walkthroughs and control design assessments of the interlocal agreement process as well as the County's financial system, SAP, project tracking processes, and account monitoring and oversight. There were minimal expenditures, and as such, no expenditures were tested.
FY 2018	RSM issued the FY 2018 SOIRL report dated May 2, 2018, and presented it to the audit committee on May 16, 2018. A copy was provided to the SOIRL COC. In addition to sharing the project plan status, the scope of the detailed transaction testing in this report included revenue, interlocal contracting, and expenditures.
FY 2019	RSM issued two SOIRL reports during FY 2019, dated November 7, 2018, and August 7, 2019. They were presented to the Audit Committee on November 7, 2018, and August 21, 2019, respectively, and to the SOIRL COC in January 2019 and October 2019. The scope of the detailed transaction testing in these reports focused on revenues and expenditures for a sample of projects as well as providing unaudited example project timelines.
FY 2020	RSM issued the FY 2020 SOIRL report on March 22, 2022, and presented it to the Audit Committee on April 20, 2022, and to the COC on May 20, 2022. The scope of the detailed transaction testing focused on revenues, procurement, and expenditures.
FY 2021	RSM issued the FY 2021 SOIRL report dated June 9, 2021, and presented it to the Audit Committee on June 9, 2021, and to the SOIRL COC in July 2021. The scope of the detailed transaction testing in this report included revenues and expenditures.
FY 2022	RSM issued the FY 2022 SOIRL report dated September 23, 2022, and presented it to the Audit Committee on October 26, 2022, and to the SOIRL COC on November 18, 2022. The scope of the detailed transaction testing in this report included revenues, procurement, and expenditures.
FY 2023	RSM completed the draft FY 2023 SOIRL report dated September 18, 2023, and will present it to the Audit Committee on November 8, 2023. The final report will be presented to the SOIRL COC in an upcoming meeting. The scope of the detailed transaction testing in this report included revenues, procurement, and expenditures.

TRANSMITTAL LETTER - CONTINUED

We would like to thank the staff in County Finance, Central Services, Natural Resources Department and all those involved in assisting the Internal Auditors in connection with this review.

Respectfully Submitted,

RSM US LLP

RSM US LLP

EXECUTIVE SUMMARY

Background

On November 8, 2016, the citizens of Brevard County passed a Half-Cent Sales Surtax to address the critical need of funding to implement the SOIRL Project Plan aimed to meet water quality targets and improve the health, productivity, aesthetic appeal, and economic value of the lagoon. The surtax is effective for a period of ten years, beginning January 2017, and was originally projected to generate $302 million in funding.

The original Project Plan ("Plan") was developed in partnership with scientists, economists, environmentalists and multiple government agencies. The first annual Plan update was recommended by the COC and approved by the Board of County Commissioners ("BOCC") in March 2017. Local stakeholders submit projects annually to the County for inclusion in the Plan which are reviewed by the COC and approved for Plan inclusion by the BOCC. The most recent plan update was approved by the BOCC in February 2023.

The County manages certain projects in the Plan and contracts directly with the respective organizations/contractors to complete the work. Key accounting and compliance duties in the administration of the Plan are segregated between the County's Central Services Office and County Finance. The County's Central Services function drives the procurement and contracting. In addition, certain portions of the Plan require the County to enter into agreements with local municipal governments where the Indian River Lagoon ("IRL") shares jurisdiction. Based upon the current Project Plan, as amended, there are multiple municipal partners with whom the County contracts, on a reimbursement basis, to complete projects funded by the surtax. An agreement must be executed for each project, so there may be multiple agreements for one municipality. County Finance receives the deposit of SOIRL funds directly from the Florida Department of Revenue and disburses the funds for eligible expenditures directly to municipal partners/vendors.

Number of Observations by Risk Rating

FY 23 SOIRL	High	Moderate	Low
Expenditures Testing	-	-	-

Objectives and Approach

The primary purpose of the Half-Cent Sales Surtax internal audit is to test the appropriateness, existence, and accuracy of the SOIRL activities as reported by the County Management to the COC, BOCC, and public. Our audit approach consisted of the following phases:

Understanding and Documentation of the Process

We obtained preliminary data from County Finance, Central Services, and Natural Resources relative to our in-scope period. We reviewed the COC committee meeting minutes as well as relevant Statutes, Ordinances, Administrative Orders, and written policies and procedures.

Testing and Reporting

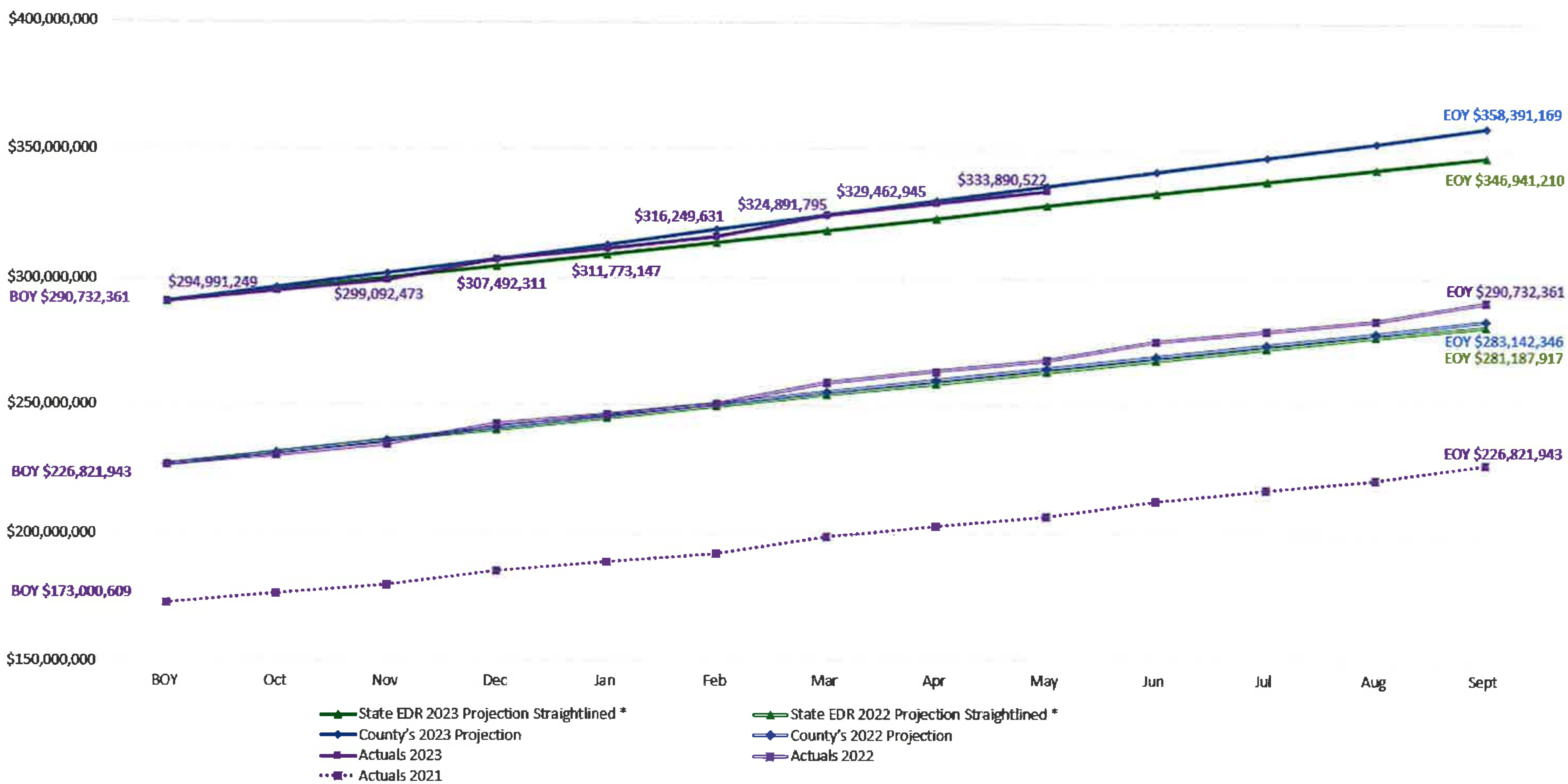
For the scope period July 1, 2022, through May 31, 2023, RSM performed select audit procedures, including confirmation of reported surtax collections, validation of a sample of expenditure supporting documentation, and review of procurement documentation for compliance with applicable Florida Statutes and BOCC policies and procedures. We judgmentally sampled non-project procurements as well as approved projects for testing, considering the amount spent during the scope period, prior audit testing, and complexity of the contract as follows:

- Confirmed 100% of collections independently through the Department of Revenue.
- 15 out of 59 active projects were selected for expenditure testing, representing $5,195,738 of $10,348,470 (50%) total expenditures during the scope period. There was a total of 83 invoices tested.
- Reviewed evidence of proper procurement compliance for all of the vendors sampled in the expenditure testing. While the vendors selected for expenditure testing did have updated Task Orders executed, there was only 1 new request for proposals ("RFP") occurring during our scope period to test for procurement testing, there were no new invitation to bids ("ITB") or request for qualifications ("RFQ") specifically related to SOIRL.

We compiled the results of our detailed testing into this written report.

OVERVIEW

On November 8, 2016, the citizens of Brevard County passed a Half-Cent Sales Surtax to address the critical need for funding to implement the Plan. The surtax is effective for a period of ten (10) years, with collections starting January 1, 2017. As is customary with sales tax, the first payment is received 2-3 months after being earned, starting with January collections being paid in March 2017. The below graphic represents projected vs. actual collections. This graphic is updated and published by the County on its website and presented to the COC monthly.

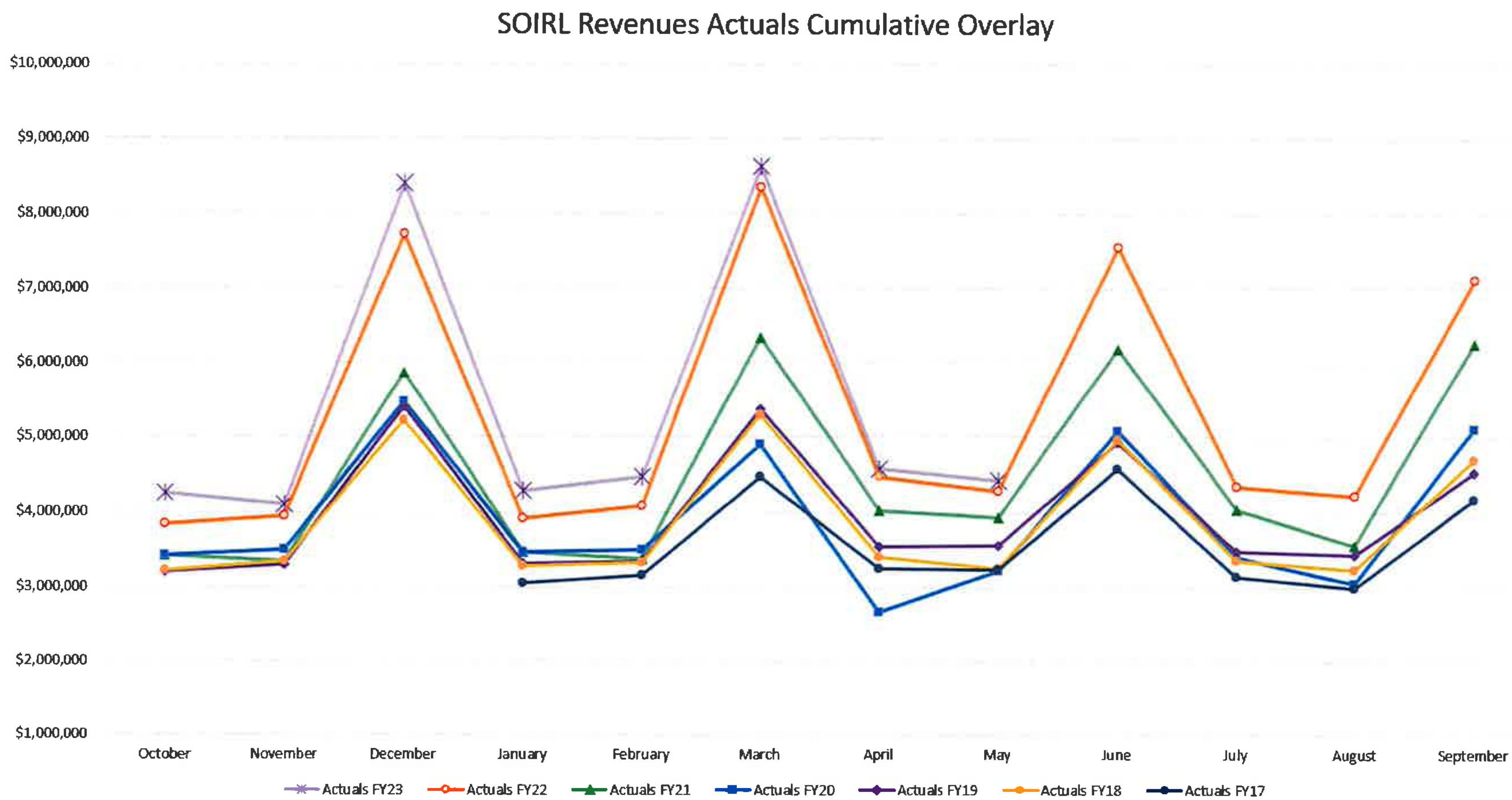


RESULTS

Collections Testing

The County receives a monthly surtax deposit via ACH from the State of Florida. County Finance receives an e-mail from the Department of Revenue to log in to their account detailing the revenue collections for the covered period. The information included includes multiple tax types and the reported totals for the deposited month. The funds are deposited directly from the Florida Department of Revenue to the County, and County Finance posts the journal entry to the SOIRL trust fund. We independently confirmed the reported revenues for the SOIRL surtax by comparing them to the Department of Revenue's publicly available surtax transaction detail to test for completeness and accuracy of the County's reported SOIRL surtax collections. ***No exceptions were noted in our testing.***

The surtax allocation trends of actual collections over the scope period are illustrated below.



RESULTS – CONTINUED

Expenditures

The County reported a total of $10,348,470 in SOIRL expenditures from the SOIRL trust fund for the period of July 1, 2022, through May 31, 2023. Those expenditures funded 59 active projects during the scope period. Of the active projects, we obtained support from County Finance and the publicly available online payment database for a sample of 15 projects, with 83 invoices totaling $5,195,738 (50%) of the total SOIRL expenditures during the scope period. The projects sampled were judgmentally selected. The table below shows the compiled results of the testing procedures and a description of testing attributes completed for the current round of testing. ***No exceptions were noted in our testing.***

	Septic Removal by Sewer Extension							
Detailed Procedures	Sykes Creek - Zone N	Micco - Zone B	Merritt Island - Zone C	Sykes Creek - Zone R	North Merritt Island - Zone E	South Central - Zone D (Brevard County)	Lake Ashley Circle	South Central - Zone C
Prime Contractor(s) / Municipality	Wade Trim, Inc.	Wade Trim, Inc.	Wade Trim, Inc.	Wade Trim, Inc.	Wade Trim, Inc.	Infrastructure Solution Services, LLC Callaway & Price, Inc. The Title Station, Inc	City of West Melbourne	CK Contractors and Development, LLC Infrastructure Solution Services, LLC The Title Station, Inc Florida Power & Light Company
Subcontractor(s)							Infrastructure Solution Services, LLC	
Approved Prime Contract	✓	✓	✓	✓	✓	✓	✓	✓
Set Contracted Values	✓	✓	✓	✓	✓	✓	✓	✓
Assigned Task Order	✓	✓	✓	✓	✓	✓	1	4
Invoice Supported and Reviewed	✓	✓	✓	✓	✓	✓	✓	✓
Prime Contractor Proof of Payment Reviewed*	✓	✓	✓	✓	✓	✓	✓	✓
Reimbursement Package Reviewed	2	2	2	2	2	2	✓	4
Municipality Proof of Payment Reviewed	2	2	2	2	2	2	✓	4
Homeowner Proof of Payment Reviewed	2	2	2	2	2	2	1	4
Expense Allowable per Program	✓	✓	✓	✓	✓	✓	✓	✓

RESULTS – CONTINUED

Expenditures - Continued

	Septic Removal by Sewer Connect	Vegetation Harvesting	Stormwater Projects	Package Plant Connection	Monitoring & Respond	Public Education	Sewer Laterals
Detailed Procedures	Central IRL Septic System 269 Quick Connections	Mechanical Aquatic Vegetation Harvesting	Grant Place Baffle Box	Oak Point Wastewater Treatment Facility Improvements	Ecological Response to Dredging Mims and Sykes Creek/Muck Dredging Impacts Year 3	Restore Our Shores: Community Collaborative	Satellite Beach Pilot & Countywide
Prime Contractor(s) / Municipality	Individual homeowners	Melbourne Tillman Water Control	City of Melbourne	Matthew Circle, LLC	Florida Institute of Technology	East Coast Zoological Society	Individual Homeowners
Subcontractor(s)			Jobear Contracting, Inc.				
Approved Prime Contract	✓	✓	✓	✓	✓	✓	✓
Set Contracted Values	✓	✓	✓	✓	✓	✓	✓
Assigned Task Order	3	1	1	1	4	4	3
Invoice Supported and Reviewed	✓	✓	✓	✓	✓	✓	✓
Prime Contractor Proof of Payment Reviewed*	✓	✓	✓	✓	✓	✓	✓
Reimbursement Package Reviewed	✓	4	✓	2	4	4	✓
Municipality Proof of Payment Reviewed	3	4	✓	2	4	4	3
Homeowner Proof of Payment Reviewed	✓	1	1	1	4	4	✓
Expense Allowable per Program	✓	✓	✓	✓	✓	✓	✓

* All SOIRL payments and/or journal entries are processed by the County Finance Department.

Notes:

1. SOIRL projects completed by municipalities, special districts, or contracted community organizations will not have assigned task orders, as these documents are specific to projects that are implemented by Brevard County staff and contractors. The municipality submits an application for reimbursement. The supporting documentation submitted for these applications includes the invoices documenting that the municipality has received the goods and/or services and municipality proof of payment as evidence that the municipality subsequently paid for those goods and/or services. Homeowner proof of payment is not applicable.
2. SOIRL projects where Brevard County is the responsible entity and the contract is for continuing services will have assigned task orders and/or invoices for the completion of work from those task orders. As such, those projects will not have reimbursement packages or proof that another municipality or homeowner has paid for those goods and/or services.
3. SOIRL septic system upgrades are reimbursement agreements with individual homeowners and, therefore, would not have assigned task orders and/or the municipality's involvement for proof of payment.
4. SOIRL projects where Brevard County is the responsible entity and the contract is for construction will have invoices for the completion of work. As such, those projects will not have assigned task orders, reimbursement packages, or proof that another municipality has paid for those goods and/or services.

RESULTS – CONTINUED

Procurement

All vendors tested through the expenditure testing were also tested for proper procurement processes. While these vendors had new task orders and subsequent purchase orders for expenditures, all of which were tested, there were no new competitive solicitations (invitation to bid ("ITB"), request for qualifications ("RFQ"), or request for proposals ("RFP")) for the vendors in our expenditure sample. Through discussion with the Natural Resource Management Department, it was determined that only one competitive solicitation for the SOIRL program was completed during our audit period of July 1, 2022, through May 31, 2023, which was tested. ***No exceptions were noted in our testing.***

	Sampled Vendors				
Detailed Procedures*	Florida Power & Light	Callaway & Price, Inc	Infrastructure Solution Services, LLC	Wade Trim, Inc.	CK Contractors & Development LLC
Purchase Order Approved by Purchasing	✓	Land	✓	✓	✓
Purchase Thresholds and Related Required Admin Approvals Reviewed	✓	✓	✓	✓	✓
Purchase Served Public Purpose and Related to SOIRL Project	✓	✓	✓	✓	✓
No Bid Splitting to Avoid Competitive Solicitation Reviewed	✓	✓	✓	✓	✓
Procurement Method	SS	Land	RFQ/CCNA	RFQ/CCNA	ITB

	Sampled Vendors				
Detailed Procedures*	East Coast Zoological Society	Atkins North America**	Florida Institue of Technology	The Title Station, Inc.	Matthew Circle, LLC
Purchase Order Approved by Purchasing	✓	✓	✓	Land	✓
Purchase Thresholds and Related Required Admin Approvals Reviewed	✓	✓	✓	✓	✓
Purchase Served Public Purpose and Related to SOIRL Project	✓	✓	✓	✓	✓
No Bid Splitting to Avoid Competitive Solicitation Reviewed	✓	✓	✓	✓	✓
Procurement Method	SS	RFQ/CCNA	SS	Land	SS

* Detailed Procedures are based on Applicable Florida Statutes ("FS"), BOCC Policies ("BCC"), BOCC Administrative Order ("AO"), and Purchasing Services ("PS") Procedures as follows: FS 287.017, 287.055, 287.057; BCC-25, BCC-26; AO-29. See Appendix D for process maps for procurement process flow, required purchase thresholds approvals, and related internal controls.
** Vendors selected for competitive procurement testing.

Procurement Notes:

- RFQ/CCNA - procured via a request for qualifications under the Consultant's Competitive Negotiation Act and approved by the BOCC pursuant to BCC-26 and BCC-25 and associated FS.
- RFP – procured via a request for proposals and approved by the BOCC pursuant to BCC-25 and associated FS.
- ITB - procured via an invitation to bid and approved by the BOCC pursuant to BCC-25 and associated FS.
- SS - procured via single source method and approved by the BOCC pursuant to BCC-25 and associated FS.
- Land - procurement related to the acquisition of land (purchase orders are not issued for land acquisitions) and approved by the BOCC pursuant to BCC-25 and associated FS.

APPENDIX A: OBSERVATION RISK RATING DEFINITIONS

Definitions of the rating scale are included below.

Observation Risk Rating Definitions	
Rating	**Explanation**
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, public perception/brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals and internal control structure.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, public perception/brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals and improve its internal control structure. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, public perception/brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals and improve its internal control structure. Action should be taken immediately.

APPENDIX B: ORDINANCE 2016-15

- The BOCC adopted Ordinance 2016-15 on August 23, 2016. The ordinance placed a Tax Referendum on the upcoming election ballot for voter consideration.
- On November 8, 2016, within the territorial limits of Brevard County, the Tax Referendum was voted on and passed with 62% favorable vote, to allow for a half-cent sales surtax on sales within the County.
- This legally restricted tax will help pay to restore the IRL over a 10-year period by implementing the approved SOIRL Project Plan, as amended.

- The Ordinance authorizes the use of the half-cent sales surtax to provide restoration services to improve the quality of the water and the lagoon through methods such as:
  - Wastewater Treatment Facility Upgrades for Reclaimed Water,
  - Fertilizer Education,
  - Storm-water Outfall Treatment,
  - Septic to Sewer Integration,
  - Septic Upgrades,
  - Muck Removal and Dredging,
  - Oysters and Restoring Living Shorelines and
  - Monitoring, Reporting and Adapting.

APPENDIX C: SOIRL COMMITTEE

The Oversight Committee

The Ordinance requires the creation of SOIRL COC, which consists of seven members and seven alternate members across seven different fields:

- Finance
- Science
- Tourism
- Real Estate
- Technology
- Education / Outreach
- Lagoon Advocacy

Additionally, the COC meetings typically include the following County staff at each meeting:

- Natural Resources Management ("NRM") Director
- Assistant County Attorney
- Executive Secretary
- SOIRL Program staff, as appropriate

SOIRL COC Role

The role of the SOIRL COC per the Bylaws adopted on February 17, 2017, is to review monitoring data on timeliness of project delivery, actual and updated project costs, and actual nutrient removal effectiveness; review new literature and local studies on the types of projects included in the plan and potential alternative project types; evaluate alternative project proposals received from the community; and recommend adjustments to the Project Plan to be approved by the Board of County Commissioners.

Meetings

Since December 16, 2016, the SOIRL COC is scheduled to meet monthly. Meetings are open to the public and include time for public comments. Meeting minutes and agenda are available at the website: http://www.brevardfl.gov/SaveOurLagoon.

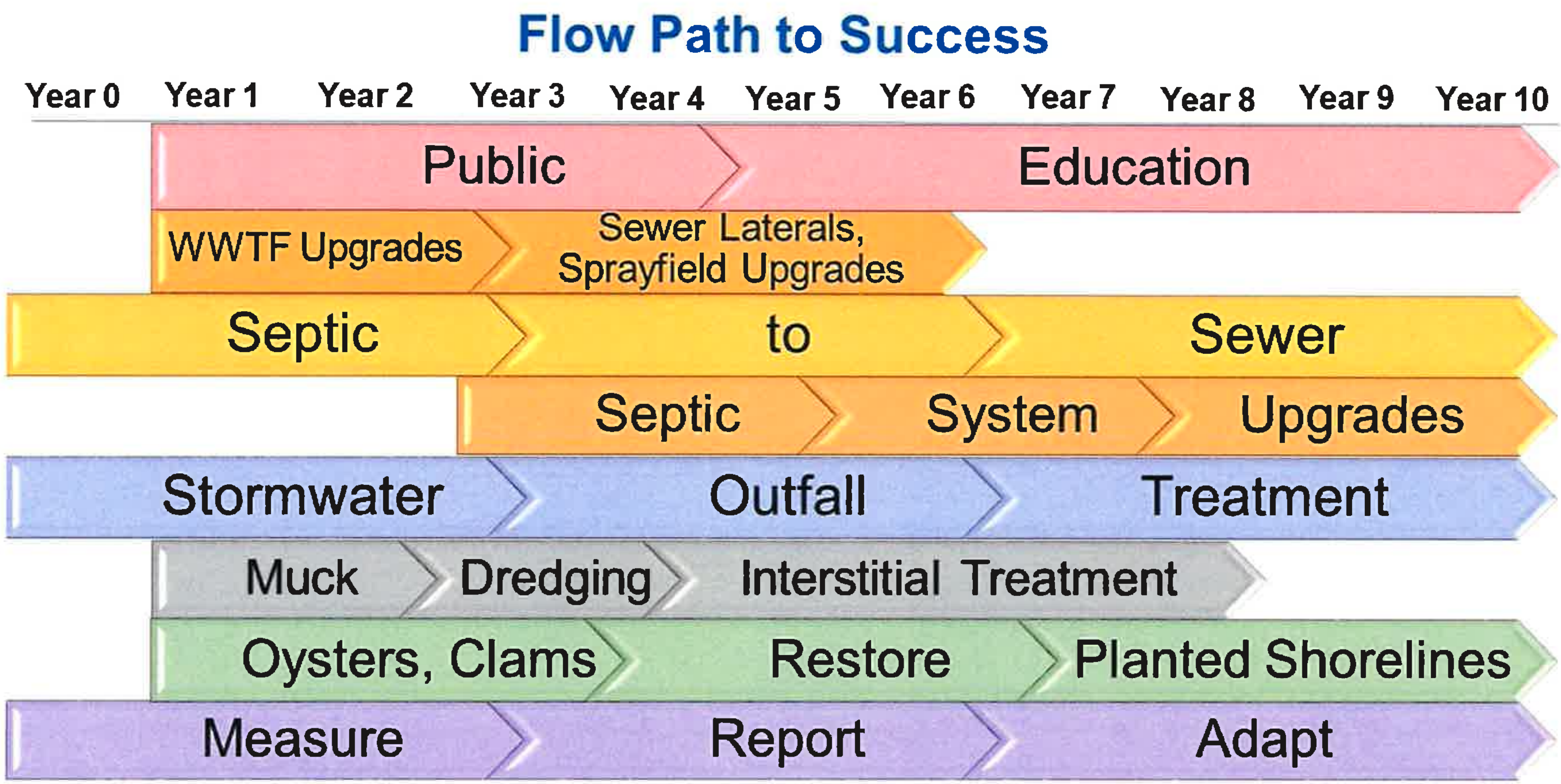
2023 Citizen Oversight Committee

- Todd Swingle (2023 & 2022 Chair), Finance Member
- Vinnie Taranto (2023 Vice Chair, 2021 Chair), Technology Member
- Stephany Eley (2021 Vice Chair, 2018 Chair), Education/Outreach Member
- John Windsor (2019 Vice Chair, 2020 Chair), Lagoon Advocacy Member
- Lorraine Koss (2017 Chair), Science Member
- Bobby Putnam, Tourism Member
- Barbara Wall-Scanlon, Real Estate Member
- Curt Smith, Finance Alternate
- Charles Venuto, Science Alternate
- Terry Casto, Lagoon Advocacy Alternate
- Don Deis, Technology Alternate
- Eric Mannes, Real Estate Alternate
- Kimberly Newton, Education Alternate
- Laurilee Thompson, Tourism Alternate

APPENDIX D: PROJECT PLAN

The original Plan was developed in partnership with scientists, economists, environmentalists, and multiple government agencies. The first annual plan update was recommended by the COC in February and approved by the BOCC in March 2017. Local stakeholders are provided the opportunity to submit projects annually to the County for inclusion in the Plan. These projects are reviewed by the COC and approved for inclusion by the BOCC.

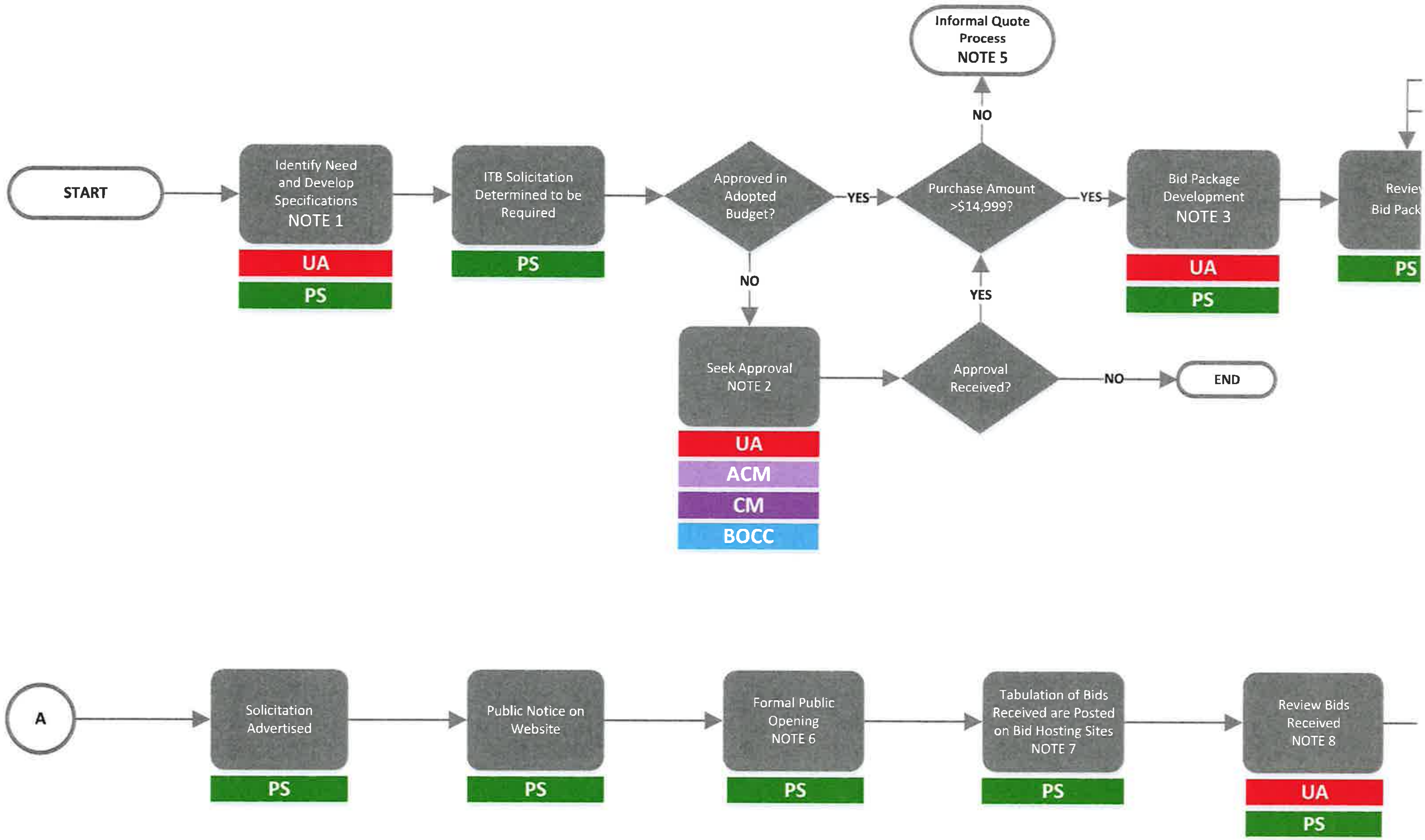
The SOIRL tax was approved for ten (10) years. The plan projects have been prioritized and ordered to deliver improvements to the lagoon in the most beneficial spatial and temporal sequence with the ultimate goal of a healthy IRL system. If a future project is ready to move forward earlier than scheduled in the Plan, if such advancement is consistent with temporal sequencing goals in the Plan and is recommended by the COC, and if there are sufficient SOIRL trust fund dollars available, the County Manager (for budget changes less than $200,000) or BOCC have the authority to adjust the project schedule at any time to ensure that approved projects funded in the Plan move forward as soon as feasible. The timing of the projects is shown in the figure below.



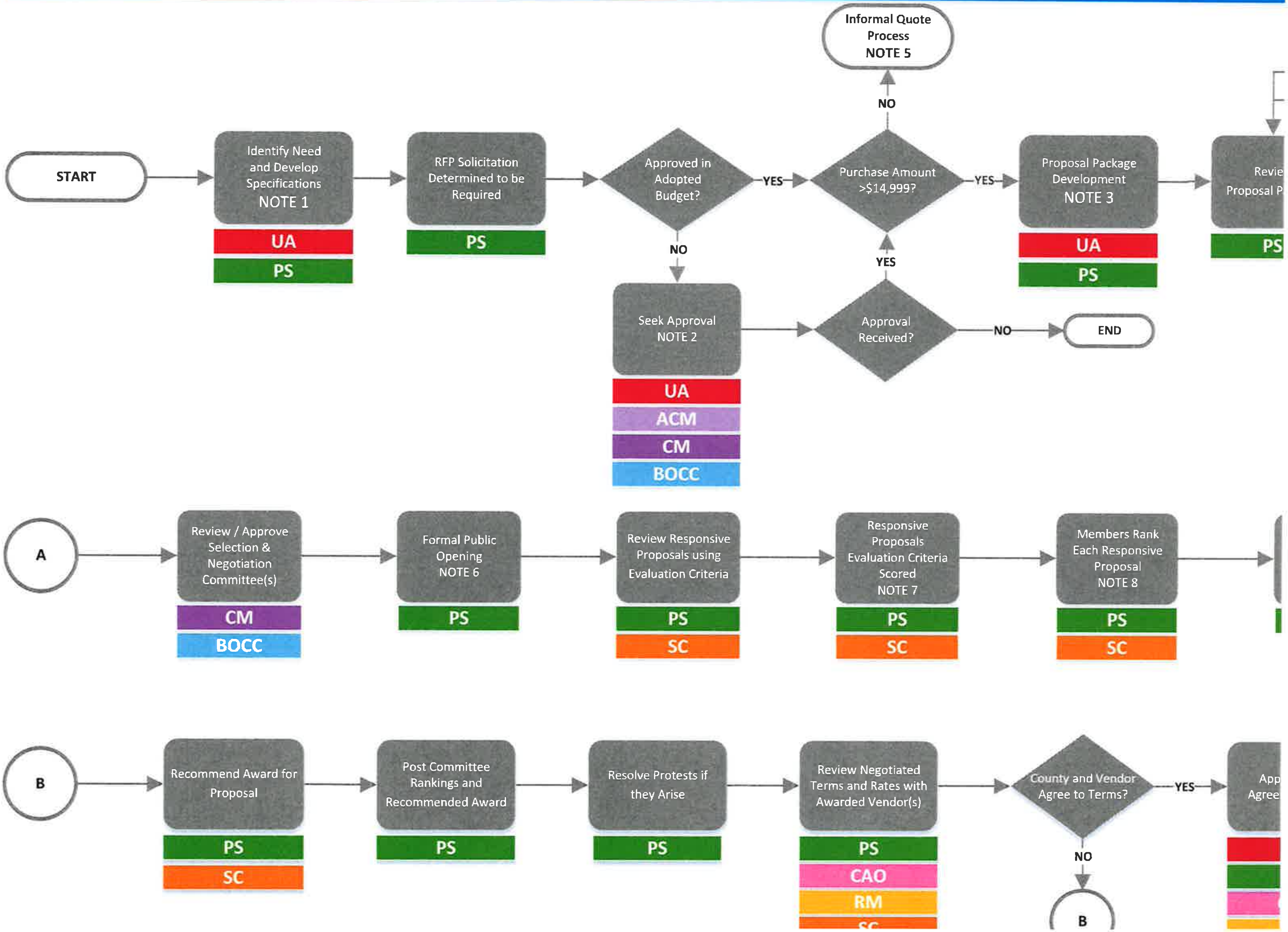
APPENDIX E: PROCUREMENT PROCESS MAPS

Continued on next page.

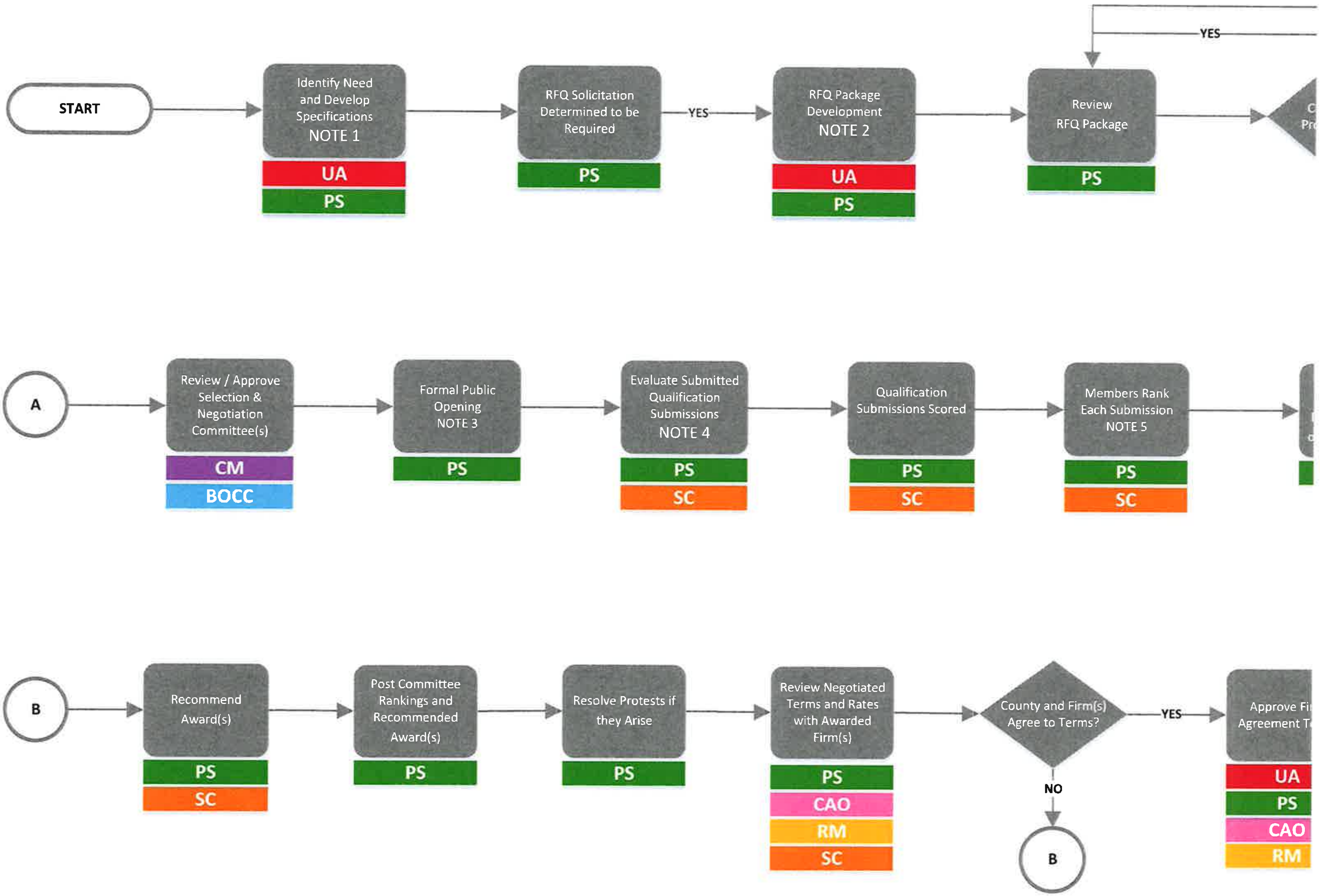
Appendix E - Brevard County Invitation to Bid (“ITB”) Solicitation a



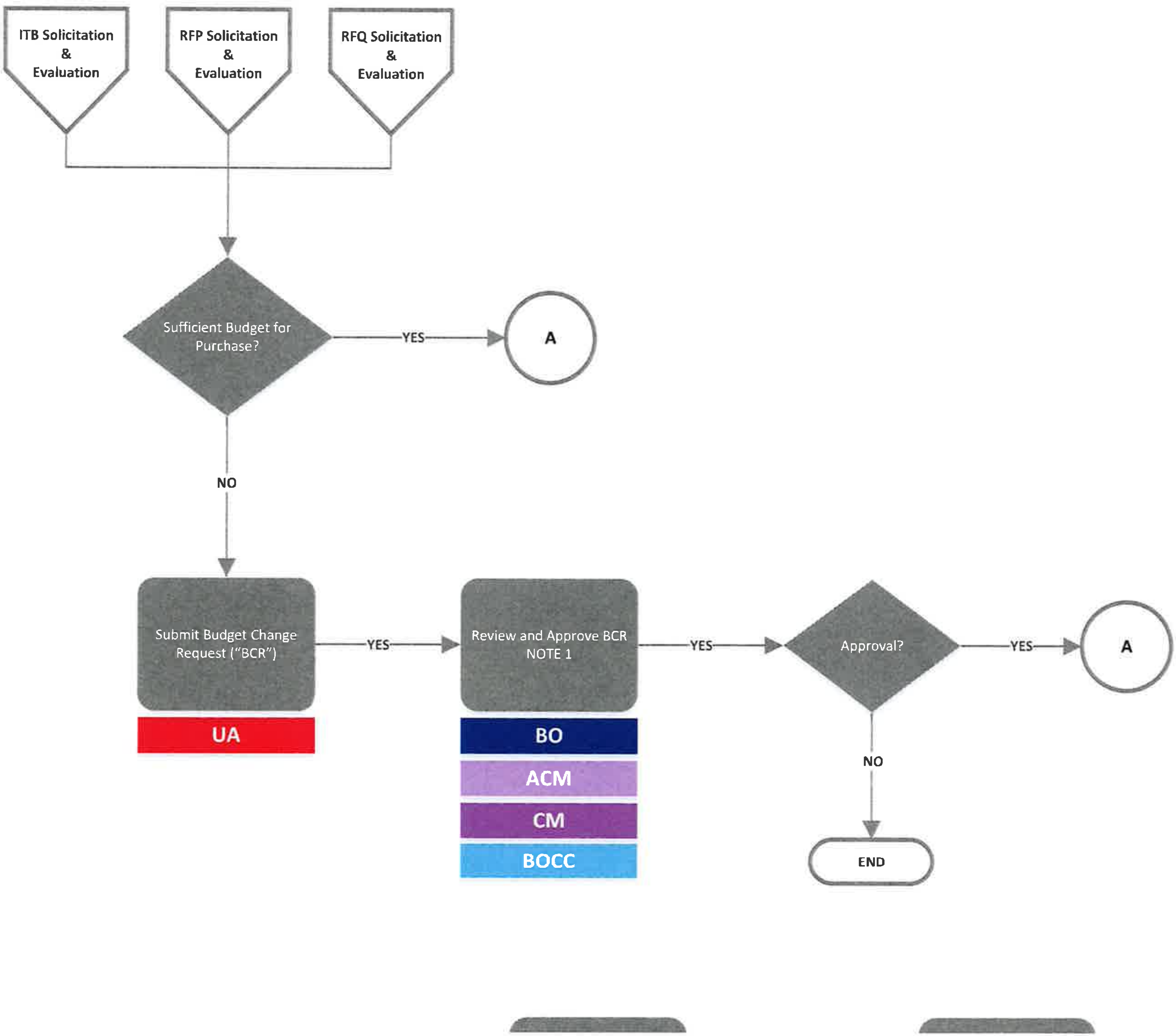
Appendix E - Brevard County Request for Proposal ("RFP") Solicitation



Appendix E - Brevard County Request for Qualifications ("RFQ") Solicitat



Appendix E - Brevard County Approval Authority for Purchase Orc



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Brevard County

Brevard County, Florida
Internal Audit Report: Follow Up

September 13, 2023

RSM

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TRANSMITTAL LETTER

September 13, 2023

The Audit Committee of
Brevard County, Florida
2725 Judge Fran Jamieson Way
Viera, Florida 32940 6699

Pursuant to our FY23 Audit Plan with Brevard County, Florida, we hereby present the results of our follow up procedures over previously issued audit reports. The objective of the overall follow up procedures is to determine if open issues from previous audit reports have been properly remediated. Follow Up is meant to validate, on a sample basis, the effectiveness of the remediated controls of the previously reported open issues. We will be presenting this report to the Audit Committee of Brevard County, Florida at the next scheduled meeting on September 14, 2023.

Follow up procedures were performed on the following two (2) audit reports during this follow up process.

Audit Report	Report Date	Total Findings	Previously Closed	Closed	Total Open
Public Records Request	March 25, 2022	5		1	4
Payroll	June 29, 2022	4		4	
Total Audit Findings		9		5	4

We would like to thank the staff and all those involved in assisting us with this engagement.

Respectfully Submitted,

RSM US LLP

Internal Auditors

PUBLIC RECORDS REQUEST

March 25, 2022

OBSERVATIONS MATRIX: PUBLIC RECORDS REQUEST

Risk	1. Entering Public Records Request	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Moderate	Based on our interviews and walkthroughs with CAO management and staff, we noted the following: PRRs submitted via telephone, in person, or via email were not always entered into PRRT by the respective department Records Custodians as required by AO 47.	CAO management is working with IT to update the PRRT software and will perform the following in concert with this update: a. Circulate an email to all the department directors and Records Custodians reminding them of the requirement to enter all PRRs into the PRRT with AO 47 attached. b. Circulate an email to all County employees reminding them of their responsibility under AO 47 to assure compliance and uniformity with regard to the handling of requests for inspection and copies of public records not exempted by State law and to notify their applicable Records Custodian to ensure any PRR received is entered into the PRRT system in accordance with AO 47. Draft email for County as well as custodians has been created and will be sent out upon implementation of the system updates.	We will test this audit item after sufficient time has passed for the CAO to circulate the email.	**Open**
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	We recommend that CAO management perform the following to facilitate compliance with AO 47 that requires all PRRs to be entered into the PRRT software for tracking/monitoring: a. Circulate an email to all the department directors and Records Custodians reminding them of the requirement to enter all PRRs into the PRRT with AO 47 attached. b. Circulate an email to all County employees reminding them of their responsibility under AO 47 to assure compliance and uniformity with regard to the handling of requests for inspection and copies of public records not exempted by State law and to notify their applicable Records Custodian to ensure any PRR received is entered into the PRRT system in accordance with AO 47.	a. August 2022 (o); October 2023 (r) b. October 2022 (o); October 2023 (r)	November 2023	

OBSERVATIONS MATRIX: PUBLIC RECORDS REQUEST (CONTINUED)

Risk	2. Closing Public Records Requests	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Moderate	Based on our interviews and walkthroughs with CAO management and staff, we noted the following: PRRT has an automated control requiring an entry into the comments field prior to PRR closure. However, anything typed in the "Comments" field allows the PRR to be closed. No pull down menus/templates with the most common responses are utilized.	CAO management in working with the IT department has configured a pull down menu to include the most common responses to the requester. We are in the final stages of testing all of the changes that have been implemented.	We will test this audit item after sufficient time has passed following the implementation of the system updates.	Open
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	We recommend that CAO management perform the following: Work with the IT department to determine whether the PRRT can be configured to add a Drop down menu to include the most common responses to the requester. Alternatively, if this is not feasible, take this into consideration in the implementation of Next Request. a. Note: Based on our experience with Next Request, it has pull down templates and/or menus available to facilitate the above.	January 2023 (o) October 2023 (r)	November 2023	

OBSERVATIONS MATRIX: PUBLIC RECORDS REQUEST (CONTINUED)

Risk	3. Public Record Request Consultations with CAO	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Moderate	Based on our interviews and walkthroughs with CAO management and staff, we noted the following: In accordance with AO 47, upon request by any County Employee responding to a PRR, the CAO provides guidance for fulfilling PRRs in compliance with the Florida Public Records Act. Based on our discussions with the CAO, this direction is most commonly communicated to the County employee via email. Depending on the nature of the request for guidance, and if asked via phone, the CAO would sometimes provide guidance orally as well. If any records are redacted or exempted, the PRR response provided to the requester must include the relevant Public Records F.S. citation. According to the CAO, the most common statement used when records are redacted is similar to: "Your requested documents are enclosed, and have been redacted pursuant to section 17.325(3) of the FL Statutes." (Per CAO staff).	CAO management is working with IT to implement the following as part of the PRRT software update: a. Provide standard wording to the Records Custodians for redacted public records to ensure consistency. For example: *Your requested documents are enclosed, and have been redacted pursuant to section 17.325(3) of the F.S.* b. Provide standard language for any PRR's that have exempt records while citing the appropriate section of the F.S. This will be provided in the reminder email that is sent to custodians, upon the implementation of the system updates. In the interim, instruction has been provided to custodians who have attended the training sessions.	We will test this audit item after sufficient time has passed following the implementation of the system updates.	**Open**
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	To facilitate consistency relative to redacted and exempt records, we recommend that management perform the following: a. Provide standard wording to the Records Custodians for redacted public records to ensure consistency. For example: Your requested documents are enclosed, and have been redacted pursuant to section 17.325(3) of the F.S. b. Provide standard language for any PRR's that have exempt records while citing the appropriate section of the F.S.	August 2023 (o) October 2023 (r)	November 2023	

OBSERVATIONS MATRIX: PUBLIC RECORDS REQUEST (CONTINUED)

<table>
<tr><th>Risk</th><th>4. Monitoring Open Requests</th><th>Management Comments as of August 2023</th><th>Auditor Comments as Of August 2023</th><th>Status</th></tr>
<tr><td rowspan="3">Moderate</td><td>Based on our interviews and walkthroughs with CAO management and staff, we noted the following:
a. One of the assistant county attorneys we interviewed who was part of the PRR process indicated that she regularly monitored the outstanding PRRs in the PRRT to identify any "older" outstanding requests to ensure that they are addressed in a timely manner. However, she indicated that there is no formal documented monitoring process in place.
b. Presently, the CAO Records Coordinator has access to close any of the PRR requests in PRRT.
• At times, the CAO Records Coordinator has to close previously fulfilled PRR's that have been noted as fulfilled in PRRT, but not closed by the respective Records Custodian. All but a few of the PRRs were fulfilled by County departments/offices other than the CAO.
• The respective Records Custodians for each department have access to close the open requests that appear in their respective cue.</td><td>CAO management implemented the following:
A spreadsheet was created to monitor all the open PRRs. The spreadsheet is updated multiple times during the week as each PRR develops. An email is sent following up on any PRRs that are open more than 14 days.</td><td>We will test this audit item after sufficient time has passed following the implementation of the monitoring process.</td><td rowspan="3">Open</td></tr>
<tr><th>Auditor Recommendation</th><th>Estimated Completion Date</th><th>Testing Date</th></tr>
<tr><td>We recommend that management perform the following:
a. Develop and document a formal, monitoring process in keeping with current practice to address open PRRs on at least a weekly basis.
b. Formally designate the CAO Records Coordinator, in keeping with current practice, to perform and/or to oversee this monitoring process to help ensure that open requests are addressed and closed in a timely manner.</td><td>Completed in June 2022</td><td>November 2023</td></tr>
</table>

OBSERVATIONS MATRIX: PUBLIC RECORDS REQUEST (CONTINUED)

Risk	5. Public Records Request Accessibility	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Low	During our interviews and walkthroughs with CAO management and staff, we noted the following: a. The County website in the PRR section does not include the CAO's physical location (i.e., address, building & suite number) for requesters that want to submit their requests by mail or in person.	CAO management added the physical location of the CAO's to the website where the PRR section is currently located (i.e., address, building & suite) to facilitate accessibility for requestors that want to submit a PRR in person or by mail.	We inspected the website (brevardfl.gov/PublicRecordsRequest) on August 29, 2023 noting that the physical location of the CAO was included. This audit item is considered closed.	Closed
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	We recommend that management add the physical location of the CAO's to the website where the PRR section is currently located (i.e., address, building & suite) to facilitate accessibility for requestors that want to submit a PRR in person or by mail.	Closed	Closed	

PAYROLL

June 29, 2022

OBSERVATIONS MATRIX: PAYROLL (CONTINUED)

Risk	1. Termination/ Separation Payout	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Low	We noted the following related to our testing of 40 employee termination/separation payout calculations: a. The Payroll Supervisor indicated that the payroll staff are to utilize the leave payout balance in SAP as of the termination/separation date to calculate the leave payout amount. However, the Payroll Supervisor also indicated that screen shots of the leave balance were not consistently retained as support for the leave payout calculation. b. For 11 out of 40 employees, no screen shot of the balance in SAP was retained as support for the amount used to calculate the leave payout amount. As such, we were not able to determine whether or not the leave balance used to calculate the payout amount agreed to the balance in SAP as of the date of the employee's termination/separation. c. Further, based on discussions with the Payroll Supervisor, the "Absence Quotas" (pay period leave) reports were recently discovered to be inaccurate such that not all leave types were included periodically throughout the FY2021 testing period. These reports are retained to provide the transactional data for "entitlement", "used" and "total remaining" for each employee. d. If a terminated/separated employee disputed the transactional data that supports the original leave entitlement, leave used, or the total remaining balance that was paid out, there would be no documented historical data to respond to the dispute. e. For 1 out of 40 employees, there was no evidence that the payout calculation was reviewed by someone other than the preparer.	a. County Finance Payroll procedures have been updated to require staff to print and retain SAP screen shots of the leave balances as support for the leave amount paid to terminated/separated employees. b. The "Absence Quota" report has been corrected to include all leave types and the variant has been locked to ensure that inadvertent changes are not made to the report in the future. c. County payroll staff have been provided guidance and additional training to ensure that evidence of review is provided via the reviewer's name or initials and date reviewed.	a. We obtained a sample of 10 terminated/separated employees and verified that evidence supporting leave balances were properly retained. We consider this audit item closed. b. We obtained the "Absence Quota" report and verified it was corrected to include leave types and viewed a screen shot showing that the report was locked to mitigate the risk of inadvertent changes to the report. We consider this audit item closed. c. In conjunction with our testing in a. above, we noted proper evidence of review by someone other than the preparer. We consider this audit item closed.	Closed
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	We recommend County Finance management perform the following: a. Require payroll staff to print and retain a screen shot of the leave balance in SAP as of the termination / separation date as support for the leave amount paid to the terminated /separated employee. b. Correct the "Absence Quota" report to include all leave types. c. Provide guidance / additional training to payroll staff to help ensure that evidence of review is provided via the reviewer's name or initials and date reviewed.	Closed	Closed	

OBSERVATIONS MATRIX: PAYROLL (CONTINUED)

Risk	2. Benefit Deductions	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Low	During our testing of payroll, we noted that for 4 out of 40 employees selected, the supporting forms were not provided and/or included in the employee personnel file as authorization for deductions from the respective employee's payroll check.	There is a program in place for placement of these deduction forms in the applicable files.	We obtained a sample of 20 employees and verified that the proper supporting forms were retained for the respective employee's personnel file as authorization for the deductions from the respective employee's paycheck. We consider this audit item closed.	Closed
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	We recommend that management obtain and retain the applicable supporting forms in the personnel files as evidence of employee authorized deductions to reduce the risk of inaccurate/unauthorized deductions.	Closed	Closed	

OBSERVATIONS MATRIX: PAYROLL (CONTINUED)

Risk	3. Pay Rate Changes	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Low	During our payroll testing of 40 employees, no exceptions were noted related to pay rate changes. During our discussions with the County Finance Director and the County Payroll Supervisor, the County Payroll Supervisor produced the "Valbasis" (Other Pay) report exported from SAP for November 2021 (FY2022). This report includes hazard pay, out of class, and Fire Rescue rate changes. We observed that there was one error related to hazard pay for Facilities personnel for the current fiscal period (FY2022). Hazard pay is an additional $1.00/hr. and only applies to Facilities personnel; however, we observed that for one Facilities employee the hazard pay was $8.00/hr. Based on further discussions with the County Finance Director and the County Finance Payroll Supervisor, they indicated that although this report was produced on a biweekly basis, it was not being reviewed by County Finance Payroll. Consequently, we performed additional procedures related to hazard pay. We obtained the "Valbasis" report for the period of testing (10/1/20 – 9/30/21) noting any hazard pay identified for Facilities employees was $1.00/hr. No exceptions were noted.	County Finance Payroll procedures have been updated to require staff to review the "Valbasis" report biweekly for reasonableness, verify entries with appropriate County management and document this review with initials and date performed. Payroll staff began reviewing this report beginning with the first payroll after it was brought to their attention during the audit.	We selected a sample of two months of pay periods and verified that the "Valbasis" report was reviewed biweekly for reasonableness by appropriate County Finance and County management/staff as evidenced on the report itself and by emails attached to the reports. We consider this audit item closed.	Closed
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	We recommend that County Finance Payroll review the "Valbasis" report biweekly for reasonableness to reduce the risk of inaccurate pay rate changes going undetected. Evidence of the review should be documented via signature/initials and date performed.	Closed	Closed	

OBSERVATIONS MATRIX: PAYROLL (CONTINUED)

Risk	4. Personnel Records	Management Comments as of August 2023	Auditor Comments as Of August 2023	Status
Low	Based on inquiry and observation, we noted that personnel files are stored securely in a vault in the Records section of the Office of Human Resources (HR). Further, the room has a self closing door which locks each time it closes. Based on discussions with the Records Supervisor, Record's staff closely monitor anyone who accesses the file area since their desks are located next to the access point. We observed that access to the general workplace area is monitored by the two employees located at the desk in the lobby area which is accessed by the main door from the building common area. Besides the Records Supervisor, the Records Supervisor indicated that other HR office staff in both Records and Personnel sections have keys as well. However, there is no sign out log for the keys and no list of employees that currently have custody of the keys.	a. Human Resources has accounted for all the keys capable of opening the room where the personnel files are stored. b. Human Resources created and maintains a sign out log for those who have custody of keys.	a. We performed a site visit noting that Human Resources accounted for all the keys capable of opening the room were the personnel files are stored. We consider this audit item closed. b. In conjunction with our site visit noted at a. above, we noted that Human Resources has a sign out log to keep track of who has custody of the keys. We consider this audit item closed.	Closed
	Auditor Recommendation	**Estimated Completion Date**	**Testing Date**	
	We recommend that management perform the following: a. Account for the keys issued or change the locks and issue new keys to those authorized by the Office of Human Resources who require regular access to the personnel files. b. Create and maintain a sign out log for those who have custody of keys.	Closed	Closed	

Brevard
COUNTY

Brevard County, Florida
Internal Audit Report: Proposed Audit Plan FY23/24

September 13, 2023

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TRANSMITTAL LETTER

September 13, 2023

The Audit Committee of
Brevard County, Florida
2725 Judge Fran Jamieson Way
Viera, Florida 32940-6699

We hereby submit the proposed internal audit plan for the Brevard County, Florida ("County") for fiscal year ("FY") 2023/2024. We applied a broad-based, comprehensive view of risk linked to the annual budget and operations, reviewed Board documents, and conducted interviews with County Commissioners, as well as the County Manager and other stakeholders to gain a high-level understanding of their pressure points and concerns and narrow in on the relevant objectives and identified inherent risks. We also conducted interviews with members of the Management team to identify opportunities and vulnerabilities, as well as reviewed board meeting minutes, financial reports, budget documents, and various media sources to understand the County's current risk appetite and overall environment. Our 'risk' focus is centered on Financial, Operational, and Compliance risk, as well as the general effect of Public Perception with regard to County-wide activities and initiatives. We have presented a two-year plan, which is *continuously evolving* and is presented in *draft* form because it is a *living document*. As factors change and situations arise, this plan can and will change. Our internal audit approach and methodology are outlined below:

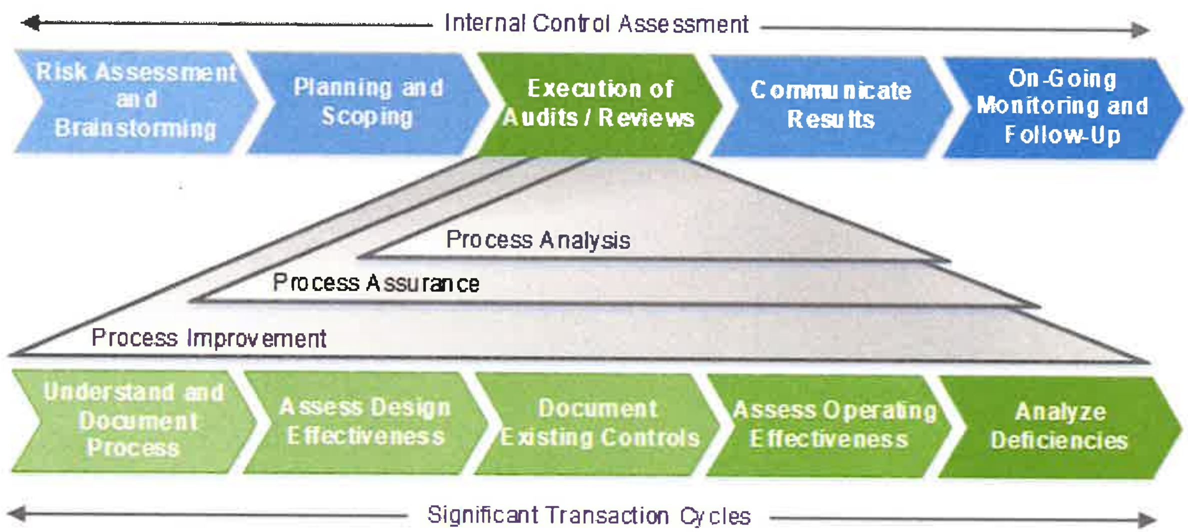
Internal Audit Approach and Methodology

We have included potential significant risks and internal audit strategy for each function in the proposed FY 2023/2024 internal audit plan in this report. The preliminary FY 2024/2025 plan is presented in our audit universe for informational purposes but may change and will be revisited prior to the end of the current year. We would like to thank the County Commissioners, County Manager, Management, various departments, and staff involved in assisting with the risk assessment process.

Respectfully submitted,

RSM US LLP

Internal Auditors

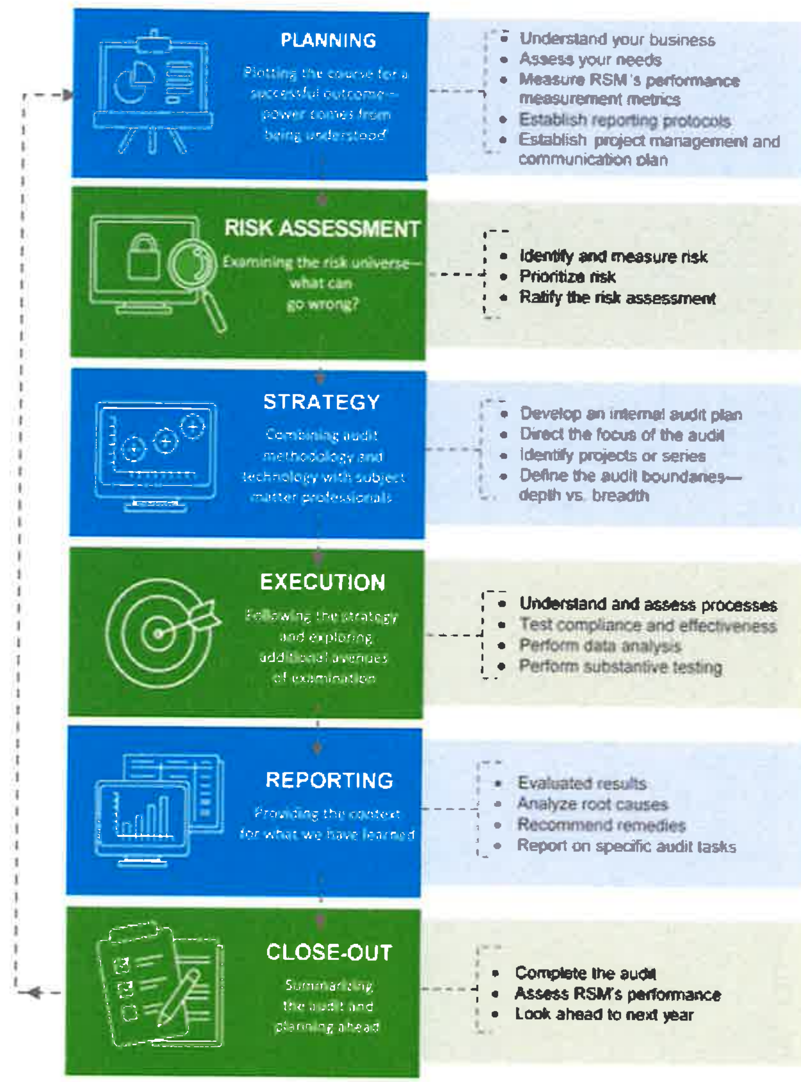


OVERVIEW

A strong, high-functioning internal audit process has a balance of all types of internal audits and reviews. These should include systematic audits selected through the risk assessment process and ad hoc audits as new facts emerge or by request from the Board of County Commissioners, County Management, or key stakeholders.

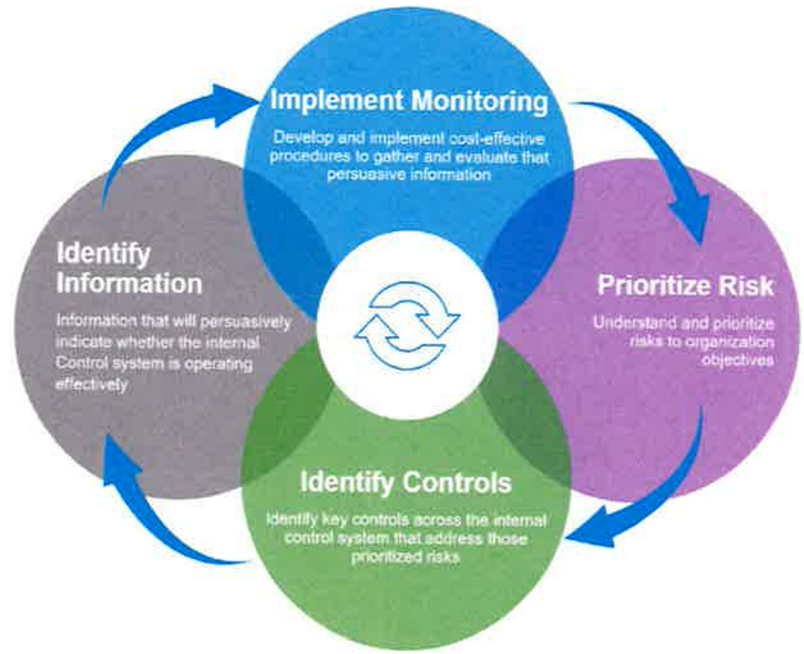
RSM has a comprehensive internal audit methodology with a holistic approach to assessing the County's most critical risks. There is no one-size-fits-all internal audit project; therefore, we have a flexible methodology that helps internal audit evolve from a necessary process to assume a more strategic role within the County. A high-level overview is included in the matrix below.

We leverage proven processes and advanced technology to help mitigate risk, monitor compliance, and add value to the County. Our methodology is grounded in understanding the overall needs and working with the County to develop a responsive approach to meet and exceed those expectations. In addition, we integrate quality assurance and project management resources to increase visibility into internal audit projects, providing real-time results and insight into progress.

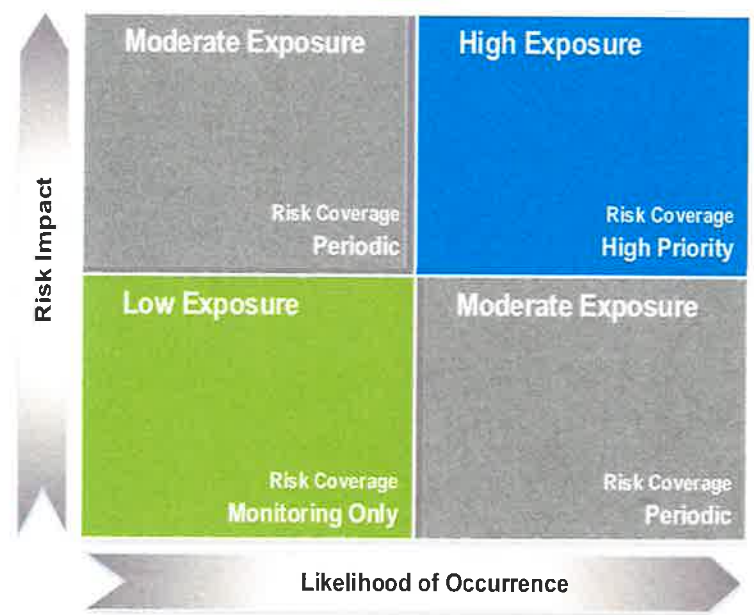


Risk Assessment

This risk assessment process was intended to assist the County in analyzing risk impacts to its current operating environment, including their inherent and residual impacts and likelihood, and develop the proposed internal audit plan. While the current risk assessment was completed as of September 2023, it is intended to be a "living" document, which can and should be modified for changes in the County's operating environment and planned strategic initiatives. We have also presented a preliminary plan for two fiscal years to acknowledge a broad-based risk approach and areas that exhibit high- to moderate-risk markers that are being continuously monitored but are not yet in an auditable state due to various factors. Our approach is based on the widely accepted Committee of Sponsoring Organizations ("COSO") guidance on monitoring Internal Control Systems as shown to the right:



Preparing the proposed internal audit plan from the risk assessment will facilitate focusing resources on areas of most immediate concern to the County. Our risk assessment considers 'inherent risk,' which is the risk of a function in an environment void of controls. Therefore, functions with inherently high risk may be included in the audit plan, although their inclusion does not mean 'issues' or concerns currently exist, but rather that the high-risk nature of the function is such that a higher potential exists for issues to develop. As factors change, situations arise, and as the County continues to support and promote the internal audit function, this proposed plan can and will change. The chart to the right illustrates the exposure environment for positioning the County's risks and evaluating the desired response based on the likelihood of occurrence and priority of risk concerns. The proposed internal audit plan generally focuses on areas or functions that are high exposure and high priority (the upper right quadrant). We also consider other areas not included in this quadrant to insert a level of unpredictability into the internal audit plan and risk assessment process to facilitate county-wide awareness that all business units, functions, and processes may be subject to an internal audit at any time.



Inherent Risk

- Risk of an occurrence before the effect of any existing controls.
- If you were building this process, what would you be concerned about?
- What can we not prevent?

Residual Risk

- Risk remaining after the application of controls.
- Potentially reduced impact or likelihood.

RISK ASSESSMENT (CONTINUED)

The risk assessment process drives the planned scope of the internal audit function and forms the basis of the proposed internal audit plan. Our approach primarily defines 'Risk' in a government entity as financial and compliance-related risk, as well as public perception impacts. Strategic, performance, and operational risks are also considered. We evaluate the level of risk present in each area/function across a standard spectrum of industry-accepted risk categories as follows:

Control Environment	• Demonstrates commitment to integrity and ethical values • Exercises oversight responsibilities • Establishes structure, authority and responsibility • Demonstrates commitment to competence • Enforces accountability
Risk Assessment	• Specifies suitable objectives • Identifies and analyzes risk • Assesses fraud risk • Identifies and analyzes significant change
Control Activities	• Selects and develops control activities • Selects and develops general controls over technology • Deploys through policies and procedures
Information & Communication	• Uses relevant information • Communicates internally • Communicates externally
Monitoring	• Conducts ongoing and/or separate evaluations • Evaluates and communicates deficiencies

As shown on the following pages, a strong, high-functioning internal audit process has a balance of all types of internal audits and reviews. As such, the proposed internal audit plan includes overall audit functions, cycle audits, entity-wide audits, individual function audits, and special requests. The proposed plan may also include performance and/or consultative-type projects that assist Management with strategy, ongoing initiatives, and planning. We have presented a snapshot of the proposed internal audit plan working draft and a summary of the planned audit strategy for each audit, subject to modification during the initial planning stages of each audit and subsequent discussions with Management.

Proposed Internal Audit Plan – Working Draft

The County's internal auditors have developed an internal audit methodology aligned with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and AICPA consulting standards. These include systematic audits selected through the risk assessment, ad hoc audits as new facts emerge, or requests by the Board of County Commissioners, Internal Audit Committee, or County Manager.

Overall Audit Functions

Risk Assessment and Audit Plan Development

The internal auditor uses risk assessment techniques to develop the internal audit activity's plan and determine priorities for allocating internal audit resources. The Risk Assessment examines auditable functions and selects areas for review to include in the internal audit activity's plan with the greatest risk exposure.

Update Risk Assessment and Audit Plan Development

Risk is not stagnant. It is constantly evolving. As factors change and situations arise, this plan can and will change. As required by the RSM Internal Audit Methodology, the risk assessment and proposed audit plan are required to be updated annually.

Ongoing Remediation and Follow-up Procedures

As required by the RSM Internal Audit Methodology, internal auditors should establish a follow-up process to ensure that management actions have been effectively implemented or that senior Management has accepted the risk of not taking action. Included within each report provided, for each audit completed, a Management Response section will be added for Management to respond and include an action plan for remediation (if needed) and a targeted completion date. Follow-up procedures will be performed after the completion date noted by Management. Follow-up typically occurs after ample time has passed with the new control/procedure in place (generally six months) to verify and report the implementation status of the recommendations and Management's action concerning the previously reported observations. Annually, we perform procedures for those issues where the target dates have been reached to verify and report the implementation status of recommendations to the previously reported items. Follow-up reports will be presented to the Audit Committee at least semi-annually.

Quality Control and Audit Committee Preparation

The RSM Internal Audit Methodology requires the internal auditors to maintain a quality assurance and improvement program that covers all aspects of the internal audit activity, including appropriate supervision, periodic internal assessments, and ongoing quality assurance monitoring. RSM's Quality Control processes specific to public sector clients include, when applicable, concurring partner review (independent of the engagement) and, when necessary, consultation with the County's Attorney(s) prior to reports being issued into the public record.

PROPOSED INTERNAL AUDIT PLAN – WORKING DRAFT (CONTINUED)

The objective of this assessment is to provide the County with sufficient and continuous internal audit coverage of areas judged as having a relatively high-risk profile or that otherwise require internal audit attention for various reasons. Through the risk assessment, we have identified and propose the following functions be reviewed for the upcoming year:

1. Information Technology - Ongoing Network Scanning / Penetration and Security Testing

We have regularly performed network scanning and deeper targeted penetration testing since 2017. Network security constantly evolves as threat actors change their attack approaches. The best practice is to perform ongoing network scanning and targeted penetration testing on a regular basis to monitor the County's defense against attacks. We understand that the County's Information Technology department has refocused and reprioritized many efforts in order to shift towards a remote working environment capability for employees since the COVID-19 pandemic.

As the County undergoes further transformation in Information Technology this coming year, we will continue to provide ongoing monitoring and penetration testing, follow up on our prior reports as needed, and provide our subject matter professionals to the County for consultation.

2. Information Technology - Payment Card Industry Data Security Standard (PCI DSS) Readiness Assessment

The Payment Card Industry Data Security Standard (PCI DSS) refers to payment security standards that ensure all sellers can safely and securely accept, store, process, and transmit cardholder data and credit card information during a credit card transaction. Any merchant with a merchant ID that accepts payment cards must follow these PCI compliance regulations to protect against data breaches. The requirements range from establishing data security policies to removing card data from the County's processing system and payment terminals.

Cardholder or payment data covers information such as the full primary account number, the cardholder's name, and the credit card service code and expiration date. Merchants are also responsible for protecting sensitive authentication data in the magnetic-stripe data.

Lack of compliance with PCI standards increases the risk of data breaches, fines, card replacement costs, costly forensic audits and investigations, damage to public perception, and more if a breach occurs. The purpose of this assessment will be to identify areas of non-compliance or vulnerability and make recommendations to cure any issues noted. We performed procedures to assist the County with its PCI readiness for one department in FY23 and will assess readiness in two departments in FY24.

3. New Data Center Risk Analysis

Brevard County is constructing a new upgraded data center to replace its existing one. This will be a large project for the County as it will involve both new hardware and software, new fiber connecting the data centers, migration of data from the old to the new data center, and connecting approximately thirty-five (35) County Departments.

In order to monitor and identify risk in an ongoing real-time manner, our subject matter professionals will provide timely feedback to the County IT team on project risks that arise.

Proposed Internal Audit Plan – Working Draft (continued)

4. Natural Resource Management - Save Our Indian River Lagoon ½ Sales Tax Referendum

The citizens of Brevard County voted on November 8, 2016, to approve a half-cent sales tax to be assessed and remitted to the County for use in clean-up efforts for the Indian River Lagoon. The tax is in effect for a period of 10 years and is independently overseen by the Save Our Indian River Lagoon (SORIL) Committee. The role of the Internal Auditors includes monitoring the activities of the SOIRL Committee as well as the reports presented to the Committee by the Department of Natural Resource Management. We have been performing ½ cent review since 2018.

Internal Audit procedures may include testing project budget setup and monitoring, procurement of contracted services, revenue and expenditure reporting, and compliance with municipal cost-share agreements. These reports are presented annually to the Audit Committee.

5. Environmentally Endangered Lands (EEL) Program – Financial and Operational Analysis

The Environmentally Endangered Lands (EEL) Program is dedicated to conservation through land acquisition and is managed by the County's Parks & Recreation Department. The EEL Program is funded through a referendum passed in 2004 to continue a previously passed ad valorem tax for an additional ten years and is set to expire in 2024, posing a challenge to the County's long-term plans to continue the mission. The EEL Program has helped preserve approximately 28,000 acres of land. Buying lands for conservation requires a pledge to long-term land management. Staffing needed to achieve the goals of the EEL Program requires professional staff trained in land management, public relations, and environmental education.

This program assessment will be designed to analyze current and projected funding, current staffing levels, and financial condition of the program.

6. Emergency Operations Center Construction Contract Review

In August of 2022, the Board of County Commissioners approved $35 million of funding for the construction of a new Emergency Operations Center (EOC). Through a partnership with the Brevard County Sheriff's Office, the EOC will include a consolidated dispatch center serving the entire County. This will replace outdated and inefficient facilities with modernized space to meet current and future dispatch mission requirements. The facility will be hardened to withstand Category 5 hurricane-strength winds and will contain the latest technology to enhance the capability to provide emergency preparation and response services to Brevard County citizens.

The Internal Audit procedures will be designed to assess whether the system of internal controls is adequate and appropriate for compliance with applicable laws, administrative rules, and other guidelines. It will focus on the control structure surrounding processing for procurement of contracted goods and services, project management activities, including invoice review, change order review, vendor performance monitoring, project closeout processes, project budget to actual, and timeliness of project completion.

PROPOSED INTERNAL AUDIT PLAN – WORKING DRAFT (CONTINUED)

7. Cash Management and Investments

As of September 30, 2022, the audited financial statements show that the County primary government has cash and cash equivalents of $871.8 million and component units of $21.1 million. The County defines cash and cash equivalents as the cash from funds pooled together for investment purposes. Additionally, the component units have $371,278 in non-pooled investments.

The Internal Audit procedures will include evaluating the efficiency and effectiveness of the policies and procedures related to the solicitation of financial institutions. It will also include investment policies, procedures, and internal controls, such as the segregation of duties and user access to minimize the risk of fraud, misappropriations, or noncompliance.

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