Agenda Report

2725 Judge Fran Jamieson Way
Viera, FL 32940

Consent

F.24. 7/11/2023

Subject:
Acceptance and Approval of Internal Audit Reports

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.

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

- Follow-up Reports:
  - 800 MHz Towers
  - Contract Compliance - Golf Operations
- Audit Reports:
  - Accounts Payable
  - American Rescue Plan Act (ARPA)
    - 4th Quarter, FY 2022
    - 1st Quarter, FY 2023

These reports were reviewed by the Internal Audit Committee on May 24, 2023.

Clerk to the Board Instructions:
Maintain necessary documents for records retention.

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

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SEAL OF BREVARD COUNTY FLORIDA

July 12, 2023

MEMORANDUM

TO: Frank Abbate, County Manager

RE: Item F.24., Acceptance and Approval of Internal Audit Reports

The Board of County Commissioners, in regular session on July 11, 2023, acknowledged and approved the Internal Auditors' Reports.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

Kimberly Powell

Kimberly Powell, Clerk to the Board

/sm

BREVARD COUNTY, FLORIDA
Internal Auditor Follow-Up Report

Summary of Audit Corrective Actions				
Internal Audit Report	Report Issue Date	Corrective Actions		
		Total Items	Total Closed	Total Open
800 MHz Towers	February 3, 2021	1	1	0
Contract Compliance - Golf Operations	January 10, 2022	2	2	0
Public Records Request *	March 25, 2022	5	0	5
Payroll *	June 29, 2022	4	0	4

Audit report closed during current follow-up testing cycle

Audit report not due for follow-up testing during this testing cycle

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT
FUNCTION: 800 MHz Towers

Report Issue Date: February 3, 2021

Risk	Observation #1: Governance and Update to the Strategic Plan for the Cell Tower Management Process	Management Comments as of February 2023	Auditor Comments as of February 2023	Status
Moderate	Although Administrative Order - 60 has been implemented to provide guidance over cell tower management, there is opportunity to strengthen the related governance structures in support of an optimized and consistently enforced process. Specifically, Internal Audit noted the following items: - Although Emergency Management does have strategic plans to proactively increase available 800MHz capacity and to advertise these opportunities through County-driven solicitation of bids, it has been seven (7) years since an in-depth analysis and formally documented strategic plan has been completed (i.e. a "Master Plan.") Without regular Master Plan review under counsel of expert resources having current knowledge of telecommunications industry trends and technical specifications, the County may face inefficient expenditure of resources (personnel time, funds) or may miss opportunities to maximize revenue from towers. - Policies do not explicitly state that all tower guardianship or intent to construct a new tower, or add antenna or other cellular equipment to an existing tower be reported to Asset Management. An incomplete or inaccurate asset inventory may hinder the County's ability to fully capitalize on existing assets. Further, the absence of this requirement makes it more difficult to enforce policy requirements and ensure that Emergency Management is appropriately engaged in all tower management functions - other County agencies seeking to employ this revenue stream may circumvent the intended processes outlined per AO-60.	(a) On an annual basis, Planning & Development will assess the need to update the Brevard County Wireless Telecommunications Master Plan; based on the wireless industry trends, marketplace, and the number of land acquisitions by the County. Emergency Management will update the AO-60 to include Asset Management's role regarding new towers and wireless collocations. (b) The Wireless Telecommunications Master Plan is held and maintained by Planning and Zoning, with 800 MHz providing input when updates are needed. 800MHz did not recommend any changes to the plan for last year and will not be recommending any changes for 2023. Management worked with Asset Management and Planning and Development on the adjusted language of AO-60, as it impacts their departments, to ensure everyone is comfortable with the final product.	We obtained the Brevard County Telecommunications Master Plan, and while no cell tower strategic management updates were incorporated, we performed inquiry with management and verified a process is currently in place to review the plan with Planning and Zoning and obtain input as required. Additionally, we obtained the updated AO-60 language and verified that the document was enhanced to define the role of Asset Management and the related reporting requirement for all agencies. This observation will be closed.	Closed
	Auditor Recommendation	**ECD:**	**Testing Date:**	
	In support of a strategic approach to maximize revenue streams through focused solicitation of bids for new tower builds or colocations in prime locations, the County may consider the creation of an up-to-date, forward looking Telecommunications Master Plan. The Master Plan, as owned by Planning and Development (i.e. Zoning), shall consider inputs from internal County experts such as Emergency Management and/or contracted industry resources. We recommend coordination with Planning and Development. The wide-scale approval of a holistic strategic plan could expedite the competitive speed to market during the Board of County Commissioners approval process. In consideration of succession planning needs, the County should continue to invest in training the Radio Frequency Engineer on the procedural tasks currently owned by the 800MHz Manager. Appointment of a full-time, dedicated resource may become more necessary as the number of active license agreements continues to rise, however this expense is likely to be offset with the increased revenue generation over time. Finally, AO – 60 should be enhanced to include a description of the role of Asset Management and the related reporting requirement for all agencies with intent to construct a new tower or add an antenna or other cellular equipment to an existing tower.	Closed	Closed	

Open/Closed
= On schedule to complete ECDs
= Missed ECD (1st time), planned to complete in next 3 month review
= Missed ECD (2nd time or over 3 months for revised ECD)

BREVARD COUNTY INTERNAL AUDIT
FUNCTION: Contract Compliance - Golf Operations

Internal Auditor Follow-Up Report of Corrective Actions

Report Issue Date: January 10, 2022

Risk	Observation #1: Reporting Package Documentation	Management Comments as of February 2023	Auditor Comments as of February 2023	Status
Moderate	Exhibit D of the contract agreement between the County and Golf Brevard, Inc. outlines the required monthly and annual reporting due to the County from Golf Brevard, Inc. A total of nine (9) reports are expected to be provided by Golf Brevard, Inc. monthly and for the Agreement Year to date. The detailed reporting and frequency requirements per the contract are outlined in the table below. Through detail testing, we noted that not all reporting was provided by Golf Brevard, Inc. to the County, as required by the contract. In addition to monthly reporting, audited financial reports are to be provided to the County at Golf Brevard, Inc.'s fiscal year end. We selected one (1) annual reporting period, FY2020, to verify compliance with the contract. An annual report summarizing high-level overview of the operational performance, course conditions, and goals was provided to County staff on December 3, 2021, but did not include audited financial statements. Audited annual financial reports are required by the agreement to be submitted to the County, and the financial reporting required by Exhibit D were either unaudited, incomplete and/or missing, and therefore not in compliance with the terms of the contract. We noted that Golf Brevard, Inc. is undergoing a change in accounting process, transitioning from an in-house bookkeeper to an outsourced accounting firm. Historical reconciliation is being performed by the newly contracted accounting firm. We have communicated with the new accounting firm who has confirmed that they are working with Golf Brevard, Inc. management to catch up with reporting requirements, however at the time of this report, this process is still ongoing. At the time of this report, an annual audited financial reporting package for FY2021 has not yet been provided to the County. These reports are intended to provide the County with a comprehensive financial perspective and summarized operational performance of Golf Brevard, Inc.'s management and business at the County's Golf Properties. Without timely reporting, the County may not be able to evaluate the financial stability of golf operations and make strategic decisions timely.	a. County staff attend monthly Golf Brevard, Inc. meetings and hold quarterly joint meetings with Golf Brevard, Inc. Additionally, staff and an independent golf consultant inspect the two golf courses four times per year. County staff receive monthly maintenance reports and maintenance is discussed in advance with County staff. In April 2021 Golf Brevard, Inc. began working with the professional accounting firm CRI to evaluate our organization's accounting procedures and internal controls. As a consequence, new and improved procedures have been adopted. CRI also is assisting Golf Brevard, Inc. b. Golf Brevard has currently engaged CRI to perform its accounting function, which has resulted in improvements in its financial reporting. The County is regularly receiving monthly reporting packages on time and has not identified any concerns regarding the accuracy of the data provided. Golf Brevard provided annual financial statements on time. The intent of the 2022 Agreement was not to have Golf Brevard, Inc. provide audited annual financial statements. Language in the previous Agreement was purposefully removed from the 2022 Agreement but Exhibit "D" was not correctly updated. Currently, Parks and Recreation Finance team members review each monthly financial report submitted by Golf Brevard, and to date have not identified any concern regarding the data provided. Therefore, County staff is satisfied to accept the annual financial statements as submitted.	We performed detailed testing of two (2) monthly reporting package and verified all required reports and contractually required reporting fields were provided completely and timely. We noted that management elected to remove the requirement of annual audited financial statements from the new 2022 Agreement with Golf Brevard. Per discussion with management, this decsion was made after considering the mitigating controls which include consistent coordination between the County staff and Golf Brevard, the monthly reporting packages provided, and the addition of professional accounting services obtained by Golf Brevard. We verified that nonaudited annual financial statements were provided by Golf Brevard timely. Due to management's acceptance of this risk, this observation will be closed.	Closed
	Auditor Recommendation	**ECD:**	**Testing Date:**	
	We recommend that Golf Brevard, Inc. continue to evaluate their accounting processes to ensure that all required reporting can be completed and timely communicated to the County in compliance with the requirements of the contract. We acknowledge that the County is in the process of evaluating changes to the contractually required reporting documents. Based on the monitoring performed by the County Parks and Recreation team and the repayment of the County's loan, we would support a reduction in the reporting required of Golf Brevard..	Closed	Closed	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT
FUNCTION: Contract Compliance - Golf Operations

Report Issue Date: January 10, 2022

Risk	Observation #2: Maintenance Policies and Procedures	Management Comments as of February 2023	Auditor Comments as of February 2023	Status
Low	Per Section 8.2 Obligations of GOLF BREVARD, INC. and COUNTY for Repairs, Replacements, and Maintenance, Golf Brevard, Inc. is required to keep the Golf Course Properties, including all fairways, greens, tees and tee boxes, bunkers, water hazards, and practice ranges in good condition and repair. Exhibit B of the contract agreement requires that Golf Brevard, Inc. develop formal programs and procedures to document and plan for the maintenance of all properties. Through testing, we noted that no formal process or procedural documentation was provided for the following maintenance programs, as required by the agreement. Although the County has not identified persistent or emergent maintenance concerns at either golf facility, documentation does not exist to describe the policies and procedures, frequency, or maintenance expectations of the golf properties. Currently, Golf Brevard, Inc. relies on institutional expertise of management to identify regular maintenance needs, plan for scheduled and unscheduled maintenance operations, and determine whether maintenance is being performed in the manner specified by the agreement. Without formal policies or procedures to guide maintenance activities or a process to track all maintenance performed, the County must rely on their own inspection to independently verify that preventative and standard maintenance practices, including top-dressing and overseeding, bunker maintenance, mowing, and other critical maintenance procedures are being performed in line with the expectations of the County, and is unable to identify maintenance procedures that should be performed by Golf Brevard at any given point in time. Additionally, without sufficient policies and procedures in place, Golf Brevard, Inc. may not be able to provide for effective succession planning. Without sufficient succession planning, the County may not be able to efficiently and effectively continue operations in the instance that changes that may occur with key Golf Brevard, Inc. personnel.	a. County staff attend monthly Golf Brevard, Inc. meetings and hold quarterly joint meetings with Golf Brevard, Inc. Additionally, staff and an independent golf consultant inspect the two golf courses four times per year. County staff receive monthly maintenance reports and maintenance is discussed in advance with County staff. An Annual Preventative Maintenance Program will be submitted at the beginning of each fiscal year. An Annual Tree Plan will be submitted at the beginning of each fiscal year. A summary of the Annual Preventative Maintenance Program and the Annual Tree Plan for the previous year will be included in the year-end report. Golf Brevard, Inc. performs customer service satisfaction surveys annually through the Rosen School of Hospitality Management. b. We have continued to attend monthly Golf Brevard meetings and perform bi-annual inspection of the properties. All maintenance reporting requirements as specified by the updated agreement are currently being fulfilled.	We obtained the FY2022 Annual Preventative Maintenance Program and Tree Plan reports from Brevard County Parks and Recreation. We verified both reports were provided to County management by Golf Brevard completely and timely, with no exception. This observation will be closed.	Closed
	Auditor Recommendation	**ECD:**	**Testing Date:**	
	We recommend Golf Brevard, Inc., in collaboration with the County, formally document all maintenance procedures performed to golf course properties. This documentation should be designed to promote consistent and defined expectations in the performance of course maintenance. Further, we recommend that Golf Brevard, Inc. formally identify and track all upcoming planned and unplanned maintenance to achieve the maintenance standards identified in the contract.	Closed	Closed	

Open/Closed
= On schedule to complete ECDs
= Missed ECD (1st time), planned to complete in next 3 month review
= Missed ECD (2nd time or over 3 months for revised ECD)

Internal Audit Committee of Brevard County, Florida

Internal Audit of Accounts Payable

Prepared By:
Internal Auditors

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May 10, 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 accounts payable. We will be presenting this report to the Audit Committee at the next scheduled meeting on May 24, 2023.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations related to our internal audit of accounts payable.
Background	This provides an overview of the accounts payable process.
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 accounts payable.

Respectfully Submitted,

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

Internal Auditors

Executive Summary

Overview

Accounts Payable operations can be effectively segregated into the following four components:

- Setting up new vendors and managing existing vendors.
- Receiving vendor invoices and recording the related liability in SAP.
- Paying vendor invoices and reducing the related liability in SAP.
- Reconciling vendor statements to amounts recorded in SAP.

Objective

The primary objective was to assess whether the system of internal controls over the accounts payable function is adequate and appropriate for promoting and encouraging consistent application of management's objectives for compliance with 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.

We selected a random sample of 50 invoices from the period of January 1, 2022 through December 31, 2022. All 50 invoices selected included approvals for payment from the respective County agencies (County departments /offices) without exception. We did have the following observations below related to compliance with Administrative Orders 33 and 39:

Observation	Risk Rating
1. ***Invoice Processing - Date of Delivery/Service -*** For 7 of 50 invoices, the delivery date or date of service, as applicable, was not indicated on the invoice.	**Moderate**
2. ***Invoice Submission – Timeliness -*** 7 of 50 invoices were not submitted to County Finance within ten days. 1 of 50 invoices were not paid within the 45 day requirement.	**Moderate**
3. ***Authorized Signatures – Verification*** – For 1 of 50 invoices, the signature on the invoice did not match the signature per the authorized signature form.	Low

Background

Overview

Accounts Payable operations can be effectively segregated into the following four components:

- Setting up new vendors and managing existing vendors.
- Receiving vendor invoices and recording the related liability in SAP.
- Paying vendor invoices and reducing the related liability in SAP.
- Reconciling the vendor statements to amounts recorded in SAP.

The Accounts Payable processing and payment function is the responsibility of County Finance. The function is made up of individuals who are responsible for processing invoices (after being reviewed for accuracy and in accordance with County procedures), running reports, matching invoices with checks, sending the checks to the vendors and scanning the original documents received by the Departments into the DMS system for record retention. Accounts Payable is also responsible for reconciling vendor statements with the subsidiary ledgers. The following expenses are keyed into SAP directly by County Finance: travel advances, overnight travel reimbursement, refunds and FPL summary and club bills. Portions of the Accounts Payable function are decentralized and are the responsibility of each Department. The Departments are linked to SAP via the County intranet and are responsible for inputting vendor invoices into SAP. Each Department has a dedicated person who is responsible for making sure that purchase orders are established before items can be purchased and invoices are processed. Each Department is also responsible for approving the invoices prior to submission to County Finance – the Accounts Payable Department. As part of this invoice approval process, each Department is responsible to perform the three-way-match (purchase order, receipt, and invoice) as applicable to verify: Goods purchased / services rendered were properly authorized, paying only for goods received / services rendered, paying correct price/rate. Copies of the invoices are maintained in the Departments. Originals are forwarded to Accounts Payable.

These requirements related to the accounts payable function are primarily specified in the following Administrative Orders:

- Administrative Order 33 – Prompt Payment of Invoices (AO-33)
- Administrative Order 39 – Signature Authorized Forms (AO-39)
- Administrative Order 74 – Electronic Signature (AO-74)

The County is required to maintain copies of invoices and any other supporting documentation necessary to support the disbursement of funds. To help alleviate the need for storage space to maintain such documents, County Finance has been imaging records since 1989. The County uses an imaging software database which allows them to scan documents and store them in a database for record retention. This imaging system allows the County to discard hard copies of invoices upon successfully scanning the documentation into the system.

Staffing

Key personnel from County Finance that were involved in our engagement included:

Title
Finance Director
Accounts Payable Supervisor

Objectives and Approach

Objectives

The primary objective was to assess whether the system of internal controls over the accounts payable is adequate and appropriate for promoting and encouraging consistent application of management's objectives for compliance with policies and procedures including compliance with AO-33, AO-39 and AO-74. The testing period covered the twelve months January 1, 2022 through December 31, 2022, and included the following:

- Determined the adequacy of the Brevard County policies and if invoices were processed and paid in accordance with the policies.
- Determined if invoices processed were for authorized expenditures.
- Determined if records and documentation for Accounts Payable were sufficient to establish an audit trail for all transactions involving disbursements.
- Reviewed controls over Accounts Payable including procedures and documents that assure the data used to generate disbursements were adequate.

Approach

Our approach consisted of three phases:

Understanding and Documentation of the Process

During the first phase, we held an entrance conference with the Assistant Finance Director to discuss the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We reviewed Florida Statutes, administrative orders, County policies and other resources related to Accounts Payable. We conducted interviews with responsible personnel from the selected Departments related to Accounts Payable and documented their respective roles in the processes. We updated our understanding of the Accounts Payable process and relevant controls.

Detailed Testing

The purpose of this phase was performance of testing procedures based on our understanding of the accounts payable function, applicable County ordinances, and State Statutes. Our procedures included interviewing relevant personnel and testing individual transactions. We met with responsible personnel from County Finance related to Accounts Payable and documented their role in the process. The testing period covered the twelve months January 1, 2022 through December 31, 2022 to address the objectives noted above:

- Test of invoice approval process, including AO-33, AO-39 and AO-74:
    - The invoice is marked with the date received (no pencil).
    - Invoice was submitted to County Finance within ten (10) days after receipt.
    - An authorized complete signature or digital signature is on the invoice.
    - The authorized signature was verified by County Finance via checkmark.
    - Contained the vendor name and address.

- Contained the Purchase order/contract number (if applicable).
- The invoice was itemized and included number of items, type of items, unit price, extended price, division of parts and labor charges, if applicable, and total price.
- Contained the delivery date or date of service.
- Sales tax was not paid.
- Invoice (except for the purchase of construction services) was paid within 45 days as required by the Florida Prompt Payment Act (218.70 – 218.80, Florida Statues).

- Test Three-Way-Match (purchase order, receiver, and invoice) at the Department level.

At the County-wide level, perform the following:

- Verify that active vendors have a W-9 on file when required.
- Test for duplicate payment of invoices.
- Test for address matches between vendors and employees addresses to identify possible fictitious vendors.

Reporting

At the conclusion of our procedures, we documented our understanding of accounts payable and summarized our findings related to this process. 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
Moderate	***1. Invoice Processing – Date of Delivery/Service***		
	We selected a random sample of 50 invoices from the period of January 1, 2022 through December 31, 2022. All 50 invoices selected included approvals from the respective agencies (County departments /offices) without exception. However, we noted the following with respect to compliance with AO-33 (relevant section indicated below) as it relates to certain items to be indicated on the invoice: a. For 7 of 50 invoices, the delivery date or date of service, as applicable, was not indicated on the invoice (V.A.7.).	We recommend that County Finance request that County management circulate a memorandum reminding the County agencies of the following pursuant to AO-33: a. Invoices are to indicate the date of service or date of delivery as applicable. This will facilitate proper compliance with this AO-33 requirement and provide clarity as to what period the service date or delivery date pertains to for recording in the proper accounting period.	**Response:** County Finance will work with County Management on a communication to remind County agencies of the date of delivery/date of service requirements of AO-33 as recommended. **Responsible party:** Kathleen Prothman, County Finance Director **Estimated completion date:** July 31, 2023

Observations Matrix

Rating	Observations	Recommendation	Management Response
Moderate	***2. Invoice Submission - Timeliness***		
	We selected a random sample of 50 invoices from the period of January 1, 2022 through December 31, 2022. All 50 invoices selected included approvals from the respective agencies (County departments /offices) without exception. We noted the following with respect to compliance with AO-33 (relevant sections indicated below): a. 7 of 50 invoices were not submitted to County Finance within ten days (IV. B).* b. 1 of 50 the invoices were not paid within the 45 day requirement (IX.A).** *Pursuant to AO-33, IV., B.: "All Board agencies are required to submit undisputed invoices for payment to County Finance within ten (10) days after receipt of invoice." Based on review of the explanations provided by the respective county agencies for the processing delay, none were noted as disputed invoices. **The invoice that was not paid by County Finance within the 45 day requirement was due to fact that County Finance did not receive the invoice from the County agency until after 45 days.	We recommend that County Finance request that County management circulate a memorandum reminding the County agencies of the following pursuant to AO-33: a. Invoices are required to be submitted to County Finance with 10 days of receiving a proper invoice. This will facilitate proper compliance with the requirement to pay proper invoices within 45 days (non-construction; 30 days for construction related invoices).	**Response:** County Finance will work with County Management on a communication to remind County agencies of the invoice submission requirement of AO-33 as recommended. **Responsible party:** Kathleen Prothman, County Finance Director **Estimated completion date:** July 31, 2023

Observations Matrix

Rating	Observations	Recommendation	Management Response
Low	***3. Authorized Signatures - Verification***		
	We selected a random sample of 50 invoices from the period of January 1, 2022 through December 31, 2022. All 50 invoices selected included signature approvals from the respective agencies (County departments /offices) without exception. However, we noted that for 1 of 50 invoices, the signature on the invoice did not match the signature per the authorized signature form. "County Finance is responsible for verifying that the signature on the invoices is of a designated authorized individual. Invoices not containing the signature of an authorized individual will be returned to the appropriate department for signature prior to payment" (AO-39, III.C.) County Finance stated that prior to payment, they contacted the department and verified that the signature on the invoice was an authorized signer; however, County Finance was not able to provide written evidence of this verification. As a follow-up, we contacted the department director and verified that the signature on this invoice was an authorized signer. Additionally, "County Finance is required to provide a listing of individuals authorized to approve expenditures to the County Manager, Assistant County Managers and Department /Office Directors on a quarterly basis" (AO-39, III.E.). County Finance indicated that they have not been doing this on quarterly basis.	We recommend the following: a. County Finance should remind their staff that manual signatures for invoice approval must match the authorized signature form.* b. County Finance should circulate a memorandum to the County Manager, Assistant County Managers and Department/Office Directors to remind them that manual signatures for approving invoices must match the signatures on the authorized signature forms.* c. County Finance should circulate a listing of individuals authorized to approve expenditures to the County Manager, Assistant County Managers and Department/Office Directors on a quarterly basis. *We noted during our testing that some departments/offices in lieu of manual signatures approved invoices via a digital signature in proper compliance with AO-74. This will ensure clarity in the matching of an authorized signature to the authorized signature form for manual signatures.	**Response:** a. County Finance will remind staff that manual signatures for invoice approval must match the authorized signature form. b. County Finance will circulate a memo to County management to remind them of the need for signatures on invoices to match the one on the authorized signature form. **c.** County Finance will provide the listing of individuals authorized to approve expenditures to County management as required by AO-39. **Responsible party:** Kathleen Prothman, County Finance Director **Estimated completion date:** July 31, 2023

Brevard COUNTY

Internal Audit Committee of
Brevard County, Florida

Internal Audit of
The American Rescue Plan Act Grant

Prepared By:
Internal Auditors

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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Transmittal Letter

May 10, 2023

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

Pursuant to the approved 2021/2022 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 May 24, 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.

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 October 31, 2022.

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.

We selected a sample of expenditures for fiscal year 2022 and tested for compliance. See results noted below.

Additionally, we noted that the County has expended funds during this quarter under one clean water project, and we agreed the expenditure amount in the report to the general ledger detail without exception for the programs totaling $327,423.

Summary of Results (See within for expanded results)		
Expenditure Testing (October 1, 2021- September 30, 2022)	Quarterly Project and Expenditure Report (July 1, 2022- September 30, 2022) Submitted: October 27, 2022	Project Allocations
A sample of expenditures incurred during fiscal year 2022 were tested. All expenditures tested were allowable costs under the grant, and vendors for these expenditures were chosen in compliance with the County's procurement policy.	The report was reviewed and submitted on time.	All of the proposed projects approved through September 30, 2022 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 compliance of a sample of the ARPA expenditures for October 1, 2022- September 30, 2022 for the allowability of costs, and procurement of those vendors.
- Test the accuracy and compliance of the quarterly project and expenditure report, due October 31, 2022.
- 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, 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 October 31, 2022 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. CRI selected one expenditure per vendor from each ARPA project (total population was 30 expenditures and CRI selected 17). CRI agreed the amounts to the invoices, contracts, or other support and reviewed proper approval of the expenditure. For each vendor selected, CRI reviewed the vendor selection for compliance with the County's procurement policy.

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. Expenditure Testing	
CRI selected one expenditure per vendor from each ARPA project (total population was 30 expenditures, and CRI selected 17 expenditures). CRI agreed the amounts to the invoices, contracts, or other supporting documentation and noted that the expenditures were approved. For the same sample selection above, CRI noted that all contracts requiring a competitive procurement process were done in accordance with the County's procurement policy.	None needed.
2. Quarterly Reporting and Expenditures	
Management prepared the fourth project and expenditure report that was due October 31, 2022 prior to the due date. The County has expended funds under six projects during the quarter, and we agreed the expenditure amount for the quarter ended September 30, 2022 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 the initial review of the project expenditure report, three projects did not have obligation amounts that agreed to SAP, and two projects under the revenue replacement category were missing expenditures. The two projects under the revenue replacement category are being managed by departments other than the Budget department. 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 obligations, and for the actual expenditures for the two projects under the revenue replacement category prior to submission.

Procedures and Results	Resolution
3. Project Allocations	
We reviewed all of the projects that were approved by the Commission at various meetings through September 30, 2022. All of the proposed projects were allowable projects based upon the category assignment. There was five new projects listed in the project expenditure report submitted on October 27, 2022. See the table below for approved projects as of September 30, 2022. Funds can be obligated through December 31, 2024.	None needed.

Category	Budgeted Project Totals
1. Public Health and Negative Economic Impacts caused by the Public Health Emergency	$2 million for vaccine incentive, $3.6 million for COVID-19 related medical claims, and $1.2 million for 800Mhz public safety radios.
2. Premium Pay for Essential Workers	$0 No projects have been approved for this category.
3. Water and Sewer and Broadband Infrastructure Improvements	$45.6 million for various water sewer infrastructure projects
4. Replace lost public sector revenues	$8.5 million for Fire Rescue operations and equipment, $12.2 million for the EOC building, $.7 million for Parrish Park Trailhead, $1.7 million for Community Agencies Aid, and $1.9M for Property Appraiser's GIS software.

Internal Audit Committee of
Brevard County, Florida

Internal Audit of
The American Rescue Plan Act Grant

Prepared By:
Internal Auditors

Table of Contents

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CPAs and Advisors

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Transmittal Letter

May 10, 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 May 24, 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 December 21, 2022.

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 January 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.

Additionally, we noted that the County has expended funds during this quarter (October 1, 2022- December 31, 2022) under nine projects, and we agreed the expenditure amount in the report to the general ledger detail without exception for the programs totaling $2,895,290.

Summary of Results (See within for expanded results)	
Quarterly Project and Expenditure Report (October 1, 2022- December 31, 2022) Submitted: January 30, 2023	Project Allocations
The report was reviewed and submitted on time.	All of the proposed projects approved through December 31, 2022 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.

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

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:

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Objectives

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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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Procedures and Results	Resolution
3. Project Allocations	
We reviewed all of the projects that were approved by the Commission at various meetings through December 31, 2022. All of the proposed projects were allowable projects based upon the category assignment. There were seven new projects listed in the project expenditure report submitted on January 30, 2023. See the table below for approved projects as of December 30, 2022. Funds can be obligated through December 31, 2024.	Two projects, which had no expenditures, needed additional support or justification to ensure they were allowable under the public health category. Management elected to move these projects to the lost revenues category.

Category	Budgeted Project Totals
1. Public Health and Negative Economic Impacts caused by the Public Health Emergency	$8.8M approved. See Table I.
2. Premium Pay for Essential Workers	$0 No projects have been approved for this category.
3. Water and Sewer and Broadband Infrastructure Improvements	$66.4 million for 75 water sewer infrastructure projects
4. Replace lost public sector revenues 2020 lost revenue - $21,735,842 2021 lost revenue - $26,760,639	$33.6M approved. See Table I.

Table I – CUMULATIVE APPROVED PROJECT TOTALS

Total amounts by category allocation from the quarterly report through December 31, 2022

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**	**$22,983,684**	**$4,698,146**
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	0	0
Fleet Maintenance Facility Modifications	2,847,000	0	0
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	54,218	54,218
New EOC building	12,200,000	12,200,000	286,353
Fire Rescue Revenue Replacement	8,479,003	460,643	0
Devonshire Stormwater	422,788	352,323	10,170
Subtotal - Replace lost public sector revenues	**$33,557,331**	**$14,772,724**	**$1,996,121**
Total	$108,728,006	$43,349,792	$12,287,651