

Meeting Date
4/11/2017



AGENDA	
Section	CONSENT
Item No.	IID4

AGENDA REPORT
 BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	Acceptance and Approval, Re: Parks and Recreation Facility Usage Audit Report; Public Works-Road Construction Monitoring Assistance Audit Report; Utilities Services Construction Monitoring Assistance Audit Report and the UF/Extension Services Audit Report.
DEPT/OFFICE:	County Manager's Office

Requested Action:
 It is requested that the Board of County Commissioners accept the Audit Committee's Parks and Recreation Facility Usage Audit Report; the Public Works-Road Construction Monitoring Assistance Audit Report; the Utilities Services Construction Monitoring Assistance Audit Report and the UF/Extension Services Audit Report.

Summary Explanation & Background:
 The Internal Auditors completed the Parks and Recreation Facility Usage Audit Report; Public Works-Road Construction Monitoring Assistance Audit Report; Utilities Services Construction Monitoring Assistance Audit Report and the UF/Extension Services Audit Report at their meeting on November 30, 2016. All of the audit reports were unanimously accepted and recommended to the Board of County Commissioners by the Audit Committee.

The Parks and Recreation Facility Usage Audit Report is organized as follows:

- A. Executive Summary
- B. Background
- C. Objectives and Approach
- D. Observations Matrix

The Public Works-Road Construction AND Utilities Services Construction Monitoring Assistance Audit Reports are organized as follows:

- A. Objective and Approach
- B. Project Snapshot
- C. Process Maps

The UF/Extension Services Audit Report is organized as follows:

- E. Executive Summary
- F. Background
- G. Objectives and Approach
- H. Observations Matrix
- I. Appendices A-D

Clerk to the Board instruction:

Exhibits Attached: 1) Parks and Recreation Facility Usage Audit Report; 2) Public Works-Road Construction Monitoring Assistance Audit Report; 3) Utilities Services Construction Monitoring Assistance Audit Report and the 4) UF/Extension Services Audit Report.

Contract /Agreement (If attached):		Reviewed by County Attorney	Yes <input type="checkbox"/>	No <input type="checkbox"/>	PR <input type="checkbox"/>
County Manager	Assistant County Manager	Department Director / Extension			
Stockton Whitten	Venetta Valdengo				
	Assistant County Manager				
	Frank Abbate				



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April 12, 2017

M E M O R A N D U M

TO: Stockton Whitten, County Manager

RE: Item II.D.4., Acceptance and Approval for Parks and Recreation Facility Usage Audit Report; Public Works Road Construction Monitoring Assistance Audit Report; Utility Services Construction Monitoring Assistance Audit Report; and UF Extension Services Audit Report

The Board of County Commissioners, in regular session on April 11, 2017, accepted and approved the Parks and Recreation Facility Usage Audit Report, the Public Works Road Construction Monitoring Assistance Audit Report, the Utility Services Construction Monitoring Assistance Audit Report, and the UF Extension Services Audit Report.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe, Deputy Clerk

/ds

cc: Finance
Budget



**Internal Audit Committee of
Brevard County, Florida**

**Internal Audit of
Facilities Usage and Contracting**

**Prepared By:
Internal Auditors
November 17, 2016**



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November 17, 2016

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2015/2016 internal audit plan, we hereby submit our internal audit of Facility Usage and Contracting. We will be presenting this report to the Audit Committee at the next scheduled meeting on November 30, 2016.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations related to our internal audit of the Facilities Usage and Contracting functions.
Background	This provides an overview of the Facilities Usage and Contracting functions.
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 Facilities Usage and Contracting functions.

Respectfully Submitted,

Carr Riggs & Ingram, LLC

INTERNAL AUDITORS

Executive Summary

Executive Summary

Overview

The Parks and Recreation Department is geographically organized into four areas /offices:

- North Area Operations
- Central Area Operations
- South Area Operations
- EEL Program Operations

Objective

The primary objective was to assess whether the system of internal controls over facility usage is adequate and appropriate for promoting and encouraging consistent application of management's objectives for compliance with policies and procedures, as applicable. For purposes of assessing the internal control structure related to facility usage, we selected the North, Central and South Area Operations due to their significance and volume of facility usage. We note that the facility usage related to the EEL Program Operations is minimal. The period of our internal audit of the facility usage / rental process included twelve months: June 1, 2015 to May 31, 2016.

In terms of Facility usage offered by the County through the Parks and Recreation Department, there are three primary categories of agreements:

- Recreation Instructors
- Recreation Partners
- Rentals

Each agreement is entered into with the Department utilizing a standard agreement previously approved by the County Attorney. The purpose of each agreement is to govern the terms and conditions in the use of County Parks and Recreational facilities by the public for both private and public use. Each agreement has specific criteria to administrate the particular purpose of usage. The facilities utilized include various types from renting one room to renting buildings, gyms, fields and pavilions. See background section for more details and selective statistics related to rental usage.

Observations

Below is a summary of the observations we noted during our internal audit. Each observation is assigned a relative risk factor. Relative risk is an evaluation of the severity of the concern and the potential impact on operations. Items rated as "High" risk are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner. Items rated as "Moderate" risk may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible. Items rated as "Low" risk could escalate into operational issues, but can be addressed through the normal course of conducting business. What follows is a high level summary of the major observations identified during our audit. The details of these observations are included with the *Observations Matrix* section of this report.

With respect to the observations below related to the Rentals category for facility usage and contracting, Department Management is scheduled to initiate a Lean Six Sigma project in January 2017.

Executive Summary - continued

Recreation Instructors

Observations	Risk Rating
1. Segregation of Duties	
<p>Based on discussions with management, we noted that there is a lack of segregation of duties as it relates to the collection, recording and depositing of the 25% revenue share collected from the Instructor(s) at the area or facility location. The same Department staff person who collects the monies from the Instructor also records the amount to Rec Trac and makes the deposit. This lack of segregation of duties could lead to the misappropriation of assets.</p>	High
2. Background Investigation Check	
<p>The Recreation Instructor Agreement (section 10) requires a Level 1 Background Investigation Check to be performed for each instructor applicant. For 1 out of 5 recreation agreements tested (effective 7/9/15), a Level 1 Background Investigation Check was not completed. Instead, a Level III (highest level = Level 1) was completed on 5/23/2008. Management stated that only a Level III was performed because a Level I was done by another organization on 02/18/2008. However, management was not able to provide any documented evidence that the results were viewed and approved. Further, the background investigation checklist states that a Level 1 Background Investigation Check should be recertified every 5 years. The lack of a proper Level 1 Background Investigation Check is out of compliance with AO-26 and can lead to the approval of an instructor who may have a criminal background.</p>	High
3. 25% Revenue Share	
<p>We noted the following related to the 25% Revenue Share of the participant fees collected that is paid to the Department by the Instructor: 1) The Instructor is not required to produce an attendance log signed by the attendees to provide third-party verification of the 25%; 2) For 2 out of 5 agreements tested - the documentation provided by the Instructor was not adequate to show that the 25% revenue share remitted was correct. This lack of third-party verification or inspection of proper supporting documentation relative to the accuracy and completeness of the 25% revenue share could lead to the misappropriation of funds.</p>	High
4. Signed Registration Activity Cards	
<p>The Agreement requires the Instructor to obtain signed activity registration cards from each participant or parent/guardian, for full waiver and release holding the County harmless from any and all liabilities resulting from or in connection with any activity relating to said program. For 2 out of the 5 Recreation Instructor Agreements tested, the registration activity cards were not signed by the participants. This can lead to the risk of lawsuits against the County for any liabilities resulting from or in connection with any activity related to the said program.</p>	High
5. Breach / Termination of Contract	
<p>During our review of the terms and conditions of the Recreation Instructors Agreement, we noted that the Agreement is silent regarding breach of contract, non-performance etc as to what happens (remedies or penalties) if the Agreement is terminated. Not addressing these matters in the Agreement, can lead to ambiguity as to what amounts should be refunded to registrants and how much should be remitted to the County pursuant to the 25% revenue share outlined in the Agreement as well as remedies for other breaches or causes for termination of the Agreement.</p>	Moderate

Executive Summary - continued

Recreation Instructors – continued

6. Right to Audit	
Based on discussions with the Department Management, the right to audit clause has not been exercised in over two years for any of the Recreation Instructor Agreements. This lack of performing audits could lead to misappropriation of assets not being detected.	Moderate
7. Revenue Share Remittance	
The Recreation Instructor Agreement stipulates that the revenue share is to be remitted to the Department within ten days of the close of registration or five days if the participant registered after the program commenced. We noted that for 3 out of the 5 items tested, the revenue share was not remitted to the Department pursuant to the terms of the agreement noted above. In these cases, the revenue share was remitted once a month for 2 of these cases and after a couple months for the other case. Per discussion with Department management, it is generally the customary practice to collect the revenue share on a monthly basis. Management indicated that participants may enroll at different points throughout the program which makes requiring weekly remittance cumbersome.	Low

Recreation Partners

8. Segregation of Duties	
Based on discussions with management, we noted that there is a lack of segregation of duties as it relates to the collection, recording and depositing of the cash receipts related to recreation light charges collected at various areas or facility locations. The same Department staff person who collects the monies often also records the amount to Rec Trac and makes the deposit. This lack of segregation of duties could lead to the misappropriation of assets.	High
9. Improvements to Facility	
Based on our review of section 13 of the Recreation Partner Agreement, we noted that this section provides for the Organization to request improvement or repairs that are mutually agreed upon by the County and the Organization, if the Department Director or designee grants permission prior to any actual work. However, the Agreement does not specify who is responsible to pay for the improvement or repairs if the Organization performs them. This can lead to ambiguity as to who is responsible to pay for any improvements to the facility approved by the County.	Moderate
10. Background Investigation Check	
Based on our review of the Recreation Partner Agreement (Section 9), we noted that the Agreement requires a minimum of a Level III Background check plus it specifies additional checks beyond the Level III requirements. However, given that the coaches, managers, assistants, instructors, volunteers, etc. may have direct interaction with youth, this would mean that the minimum requirement would be Level II. Further, given that such individuals could have occasion to have unsupervised contact with youth, the criteria of AO-26 would seem to require a Level I background check.	Moderate

Executive Summary - continued

Recreation Partners – continued

11. Contract Renewal	
For 1 out of 5 Recreation Partner Agreements tested, we noted that there was no evidence that the agreement was renewed 30 days prior to the date of termination as required by the agreement. As such, the effective date was on 5/4/16, but the approval date was on 5/26/16. This resulted in a lapse in the agreement being in effect for about 22 days. This can lead to the risk of lawsuit, non-performance, potential lawsuits, etc. otherwise provided under or protected by having an executed agreement in place.	Moderate
12. Contract Submission to School Board	
For 2 out of 5 Recreation Partner Agreements tested, we noted that there was no evidence that that a copy of the agreement was submitted to the Risk Management Department of the School Board. The agreement requires this submission to take place no later than 10 days after the agreement is signed when the facility used by the Organization is being made available by the School Board. This lack of compliance can lead to the School Board denying future use of its facilities to Organizations via the County.	Moderate
13. Contract Expiration - Documentation	
For 1 out of 5 Recreation Partner Agreements tested, we noted that one of the agreements expired on 6/18/2016, however, the Department did not retain relevant supporting documentation, including: fees, schedule, officer list, annual financial statement or background certification form. The Agreement was not renewed.	Low

Rentals

14. Segregation of Duties	
Based on discussions with management, we noted that there is a lack of segregation of duties as it relates to the collection, recording and depositing of the rental revenue collected at various areas or facility locations. The same Department staff person who collects the monies often also records the amount to Rec Trac and makes the deposit. This lack of segregation of duties could lead to the misappropriation of assets.	High
15. Rental Category Types and Approvals	
Based on our testing of the Recreation Rentals, we noted that the coordinators were able to enter rental categories as sponsored/cosponsored without approval from a supervisor or higher. Sponsored / cosponsored events are not charged for rental of the facility. Lack of supervisory review and approval could result in the inappropriate classification of the rental category and the failure to collect revenues duly owed to the County.	High
16. Maintenance of Facility Keys	
Based on our inquires of management and our review of the most recent key registry (Last Update, dated 6/22/16), the key log indicates numerous keys for various facilities, such as: "Locate", "Lost", "Missing", "Need Checkout Sheet", "Overdue" The lack of proper maintenance of the facility keys can lead to the misappropriation and/or misuse of assets.	High

Executive Summary - continued

Rentals - continued

<p>17. Security Deposits</p> <p>Based on discussions with management and review of the 40 rentals selected for testing we noted that security deposits for the rentals are not being properly or consistently accounted for and tracked among the North, Central and South Areas of Operation. In terms of collection of the security deposit, if the security deposit is in the form of check or cash, they hold on to the cash or check as security until the event is completed. Central Area does not accept credit cards for the deposit payment. The North and the South Areas (with the exception of Viera regional Park) do not process the payment, but hold the credit card information until the rental event is completed. As to the disposition of the security deposit, the Areas deduct any applicable damages and if held by a credit card, charge accordingly. If security payment was by cash or check, the North and Central Areas document on the receipt if cash was returned or if a check whether the check was shredded or returned. The South does not document what the disposition of the deposit was – whether cash or check. Lack of proper tracking and accounting for the collection and disposition of the security deposit can result in the misappropriation of assets. Further, the retaining of credit card information as security for the rental facility is in violation of Florida Statute and County policies and procedures.</p>	<p>High</p>
<p>18. Rental Receipts / Permit Applications</p> <p>During our review of the 40 rental receipts / permit applications selected for testing, in addition to Observation 17 related to security deposits, we noted the following exceptions:</p> <ul style="list-style-type: none"> • 21 of 40 – no signatures by patron and / or Department staff and supervisor as applicable • 1 of 40 – the diagnostic questions to determine type of rental and rental charge were not included • 1 of 40 – purpose indicated basketball event, but athletics was not marked on the checklist; athletics requires some degree of insurance • 2 of 40 – no security deposit was collected • 1 of 40 – no rental receipt or related support provided (Net fees - \$10,635.90) • 10 of 40 – did not agree to fee schedule or lack of documentation to support fee selected (e.g. cosponsored, not-for-profit, commercial etc.) <p>These types of exceptions can lead to the misappropriation of assets and / or failure to capture and collect the appropriate revenue due to the County for facility rentals and usage.</p>	<p>High</p>
<p>19. Deposits / Security</p> <p>During our inquiry of management regarding the reconciling, collecting, depositing and physical security of cash receipts at the various facility locations, we noted the following (in addition to the lack of segregation of duties noted in a previous observation):</p> <ul style="list-style-type: none"> • Cash Receipts Reconciliation – performed inconsistently – daily, weekly or even every 2 weeks. The only present requirement is that it needs to be reconciled and entered into SAP by the 10th of the subsequent month • Deposit frequency - Deposits are not made daily – often deposits may be held for up to a week • Cash Receipts Security – at various locations, not securely stored overnight. For example, we were informed that a theft took place in June of 2016. The cash and checks were kept in a locked metal box in a wooden box under a desk <p>This can lead to the misappropriation of assets and / or failure to capture and collect the appropriate revenue due to the County for facility rentals and usage.</p>	<p>High</p>

Background

Background

Overview

The mission of the Brevard County Parks and Recreation Department is to enhance the quality of life by providing many types and levels of service that reflect the interest and values of citizens and visitors. Of the many parks and facilities available throughout the county, those that the Department manages include 108 parks, 3 campgrounds, 3 golf courses, 6 nature centers, 42 beach access sites, 13 school athletic sites, and more than 17,000 acres of Environmentally Endangered Lands sanctuaries and conservation areas.

Brevard County Parks and Recreation serves the nearly 550,000 residents of Brevard County including the following municipalities and communities: Aurlantia, Barefoot Bay, Canaveral Groves, Cape Canaveral, Cocoa, Cocoa Beach, Eau Gallie, Floridana Beach, Georgianna, Grant-Valkaria, Indialantic, Indian Harbour Beach, June Park, Malabar, Melbourne, Melbourne Beach, Melbourne Shores, Melbourne Village, Merritt Island, Micco, Mims, Patrick Air Force Base, Palm Bay, Palm Shores, Pineda, Port St. John, Rockledge, Satellite Beach, Scottsmoor, Sharpes, South Patrick, Suntree, Titusville, Viera, as well as local visitors from Orlando, Daytona, Vero Beach and tourists from outside the state.

Facilities for active sports include softball, tennis, volleyball, horseshoes, shuffleboard, and there are many soccer and Little League ballfields. Picnic pavilions and playgrounds are available at various parks.

Facility Usage / Rental Options

There are three primary categories of facility usage / rental agreements available to the public:

- Recreation Instructors
- Recreation Partners
- Rentals

Each agreement is entered into with the Department utilizing a standard agreement previously approved by the County Attorney. The purpose of each agreement is to govern the terms and conditions in the use of County Parks and Recreational facilities by the public for both private and public use. Each agreement has specific criteria to administrate the particular purpose of usage. The facilities utilized include various types from renting one room to renting community centers, gyms, fields and pavilions.

Recreation Instructors

The Recreation Instructor agreement process is typically initiated by an individual desiring to perform a specific service – teach a program etc. Park management will verify the identification of the individual and assess if the service is something the Department approves of based on criteria such as availability and appropriateness. If the department approves the program, pricing for the program / service is negotiated with the approved instructor. The final agreement is then signed, contingent on the following: the Instructor passing a Level 1 background check, submitting a program proposal, and providing proof of insurance (if applicable). After the agreement is signed and the Instructor begins the program, the Instructor is required to submit 25% of the revenue along with a list of attendees to either the facilities staff or the main office.

Recreation Partners

Recreation Partner agreements are typically entered into with youth athletic programs for the use of fields and gymnasiums for a variety of sports, including:

- Baseball / Softball
- Basketball
- Football / Cheerleading
- Lacrosse

Background - continued

Recreation Partner agreements are considered governmental services and usage of the facilities noted above are offered free of charge except for partial reimbursement of field lighting as applicable. The Recreation Partner must meet certain criteria to qualify as a governmental service including:

- The Recreation Partner must play a significant role in providing recreation services to the community
- The Recreation Partner must be a financially self-supporting, non-profit organization which provides approved recreation program(s)
- The County must desire to partner with the organization to provide a public recreation program(s)
- The approved public recreation program(s) provided by the Recreation Partner are of a nature that could be provided by a local, state, or other governmental entity
- The approved public recreation program(s) provided by the Recreation Partner are in the best interest of the public's health, safety, and/ or welfare

Area Management is responsible for reviewing the application completed by the Recreation Partner for completeness and any errors. Area Management then compares the items and times requested to the Area's availability. Area Management will then send the reviewed application to the Department Director along with either a verbal or written evaluation of the application. The Department Director may delegate the responsibility for the review and approval of the application to the Assistant Department Director.

All applications are sent to the Advisory Board for review. The Advisory Board will either deny or approve the application based on the Department's recommendation. Once approved, the Board will notify the Department Director or Assistant Department Director who will sign and execute the agreement with the Recreation Partner(s).

Rentals

Rentals encompasses the public or private use of the numerous Department's facilities throughout the County – such as pavilions, community centers, individual rooms, fields, parks etc. The rental agreement (or Facility Reservation / Facility Rental Sales Receipt) is entered into on an event by event basis. The process is initiated by the customer who requests a particular facility to rent for a particular day and time. The Department staff checks the availability of the customer's requested facility and if it is not available, the Department will select an alternative. Upon selection of the facility, the Department will ask the customer various questions to determine customer eligibility.

If the customer request is approved by the Department, the Department obtains customer personal identification data such as name, address, phone number, email etc. and enters the information as part of the reservation that is created in Rec Trac. The Rental "Application for Use Permit" ("Facility Sales Receipt" if reservation is completed electronically by Department Staff in Rec Trac) is then completed.

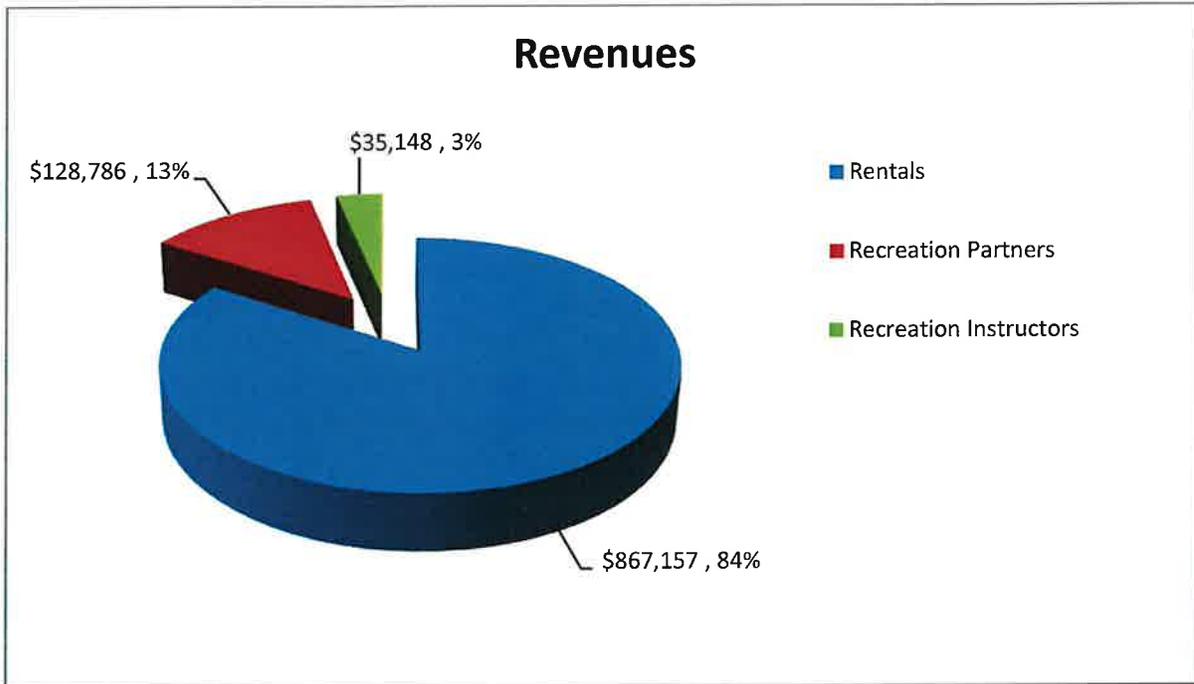
Actual questions / criteria covered include, but are not limited to:

- Purpose
- For a non-profit group
- Anticipated Count
- Permit Category - Private activity or open to the public
- Sale of beverages open to the public
- Sale of food items open to the public
- Amplified music with over 200 people expected
- Commercial activity open to the public
- Inflatable games

Depending upon the answers to the various questions / criteria covered, permits may be required for alcohol, food and beverage, etc. Based on the risk associated with the event, the customer may be required to obtain and provide proof of general liability insurance. Fifty percent of the payment is due within two days of making the reservation. The full amount, plus the deposit, is due three days before the date of the rental. Certificates of insurance (if required) are also due three days before the date of the rental.

Background - continued

Selective Statistics – Facility Usage and Contracting (Unaudited: 6/1/15 – 5/31/16)



Rentals

Rentals refer to short term, event by event, agreements for the use of facilities for private, public, and commercial use. As noted above, the revenue generated primarily relates to these short term rentals.

Recreation Partners

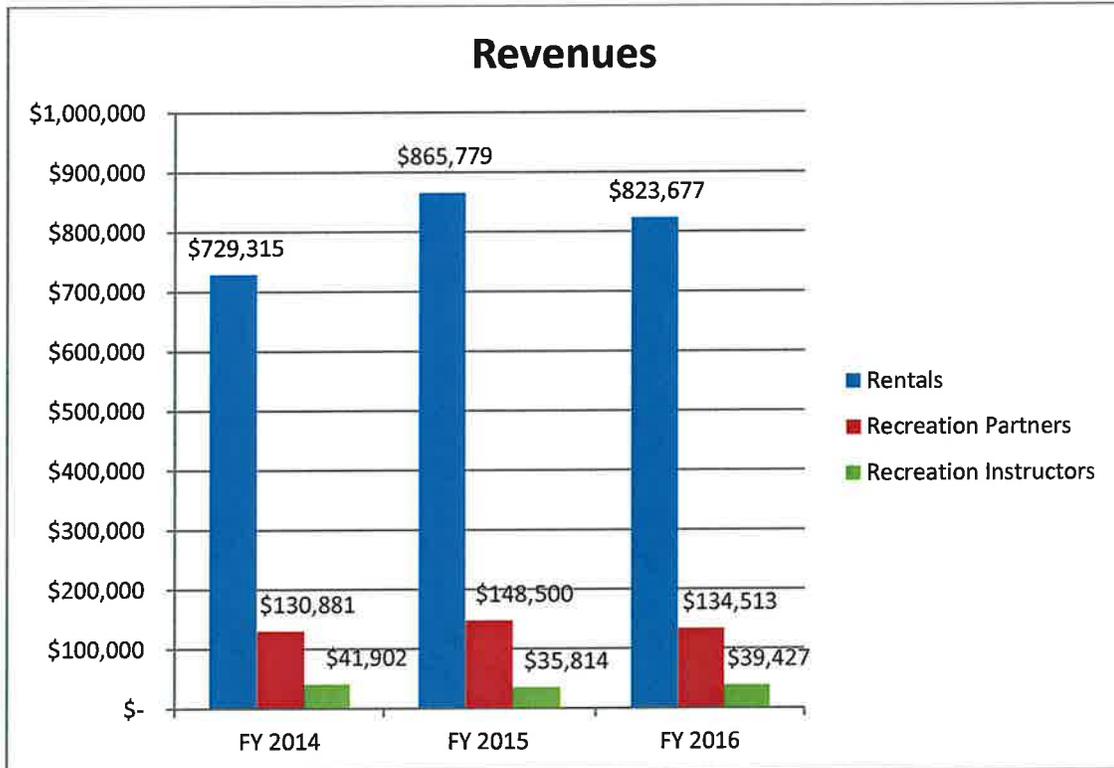
The Recreation Partners are charged approximately 50% of the actual lighting costs incurred by the County to provide lighting at the respective facilities used by the Recreation Partners.

Recreation Instructors

The Recreation Instructors' revenue depicted above represents the County's 25% revenue share charged to the respective instructors for allowing them to conduct approved courses in County facilities. The total revenue associated with the period noted above that would have been paid by attendees to the Recreation Instructors can be calculated by dividing the 25% revenue share by the revenue the County collected from the Recreation Instructor ($\$35,148 / 25\% = \$140,592$).

Background - continued

Selective Statistics – Facility Usage and Contracting (Unaudited: FY 2014 – FY 2016)



See page above for description of facility usage and contracting types.

Objectives and Approach

Objectives and Approach

Objectives

The primary objective was to assess whether the system of internal controls over facility usage is adequate and appropriate for promoting and encouraging consistent application of management's objectives for compliance with policies and procedures, as applicable. For purposes of assessing the internal control structure related to facility usage, we selected the North, Central and South Area Operations due to their significance and volume of facility usage. We noted that the facility usage related the EEL Program Operations was minimal. The period of our internal audit of the facility usage / rental process included twelve months: June 1, 2015 to May 31, 2016.

In terms of Facility usage offered by the County through the Parks and Recreation Department, there are three primary categories of agreements:

- Recreation Instructors
- Recreation Partners
- Rentals

Each agreement is entered into with the Department utilizing a standard agreement previously approved by the County Attorney. The purpose of each agreement is to govern the terms and conditions in the use of County Parks and Recreational facilities by the public for both private and public use. Each agreement has specific criteria to administrate the particular purpose of usage. The facilities utilized include various types from renting one room to renting buildings, gyms, fields and pavilions. See background section for more details and selective statistics related to rental usage.

We selected 50 items for the testing period disaggregated among three types of facility usage / rental agreements noted above from throughout the period of testing, based on risk and volume for each category (Recreation Instructors – 5; Recreation Partners – 5; Rentals – 40). The testing periods covered the twelve months June 1, 2015 through May 31, 2016, and included the following objectives:

- Determine that effective policies and procedures are in place to ensure compliance with County Ordinances and Florida Statutes.
- Assess compliance with internal policies and procedures.
- Review the adequacy and effectiveness of controls over facility usage /contract monitoring and compliance with the terms of the contract, including the usage fee / revenue structure.
- Evaluate access controls and segregation of duties within the facility usage and contracting functions.
- Evaluate if there are adequate controls related to revenue accuracy and completeness.

Approach

Our cycle audit approach consisted of three phases:

Understanding and Documentation of the Process

During the first phase, we held an entrance conference with key personnel of the Department of Parks and Recreation: Department Director, Assistant Department Director and the Parks Support Services Manager 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 relevant resources. We conducted a facilitated session with the same management personnel to gain an understanding and to document the facility usage and contracting processes and related controls. Additionally, we conducted individual interviews with other responsible personnel from North, Central and South Operation Areas as needed and documented their respective roles in the processes. We updated our understanding of the processes and relevant controls.

Objectives and Approach - continued

Approach - continued

Detailed Testing

The purpose of this phase was performance of testing procedures based on our understanding the facilities usage and contracting processes, the standard rental agreements, applicable County ordinances, and State Statutes. Our detailed procedures included interviewing and testing individual transactions. We interviewed responsible personnel from Parks and Recreation to discuss their respective, individual roles within the processes. The testing period covered the twelve months June 1, 2015 through May 31, 2016. We conducted the following procedures to meet our audit objectives outlined above:

- **Recreation Instructors, we selected 5 agreements and performed the following:**
 - Through inquiry or observation, we assessed compliance with the following provisions included in the agreement for the agreements selected, or in general:
 - How management verified that minimum number of registrants was reached before the program commenced.
 - When management last exercised their right to audit (if at all).
 - How management ensured that proper licenses were obtained by the instructors.
 - How management ensured no unauthorized persons conducted the sessions.
 - How management ensured the instructors did not use any copyrighted music.
 - What happens with funds collected by the instructors from registrants if the contract with the instructor is terminated before the session is completed.
 - Through review of the 5 selected Recreation Instructor Agreements (disaggregated among the North, Central and South Area Operations), and related supporting documentation, we verified the following:
 - Program proposal / application package includes the program purpose, instructor experience, qualifications etc.
 - Evidence of proper review and approval by Director / Assistant Director such as signature / initials & date.
 - Agreement party named in the preamble as the Instructor is the same party that executed (signed) it.
 - Program authorized in the Agreement includes the commencement and termination dates.
 - Agreement includes completed Exhibits A and B that specify certain restrictions, including the location and days of sessions, minimum and maximum number of registrants, etc.
 - Instructor paid 25% of gross registration fees to the County and included proper supporting documentation.
 - Final financial report for the program was submitted within 5 working days of program completion.
 - Instructor obtained signed activity registration cards from each participant or parent/guardian, for full waiver and release holding the County harmless from any and all liabilities resulting from or in connection with any activity relating to said program.
 - Instructor has comprehensive general liability insurance of no less than \$1,000,000 and the County is named as an additional insured.
 - Instructor signed the Section 8. Indemnification and Insurance section.
 - Level 1 Background check as described in AO-26 attached at Exhibit "C" was performed on the Instructor.
 - Background check was completed before commencement of the program.
 - Instructor was not on the convicted vendor list.
 - If the agreement was terminated, the Instructor was notified by the Department Director or his designee in writing.
 - Instructor requested the renewal at least thirty (30) days before the date of termination and that the approval of the requested renewal was at the discretion of the Parks and Recreation Director or his designee for an additional one (1) year term as evidenced by written notice to the Instructor by the Director or his designee.

Objectives and Approach - continued

Approach - continued

Detailed Testing - continued

- **Recreation Partners, we selected 5 agreements and performed the following:**
 - Through inquiry or observation, we assessed compliance with the following provisions included in the agreement for the agreements selected, or in general:
 - How management verifies that the Organization is not utilizing the facility for unlawful, immoral, improper, or offensive use.
 - How management provides repairs and maintenance of the Complex.
 - How management monitors potential damages by the Organization to the Facility.
 - How management monitors the issuance and usage of keys by the Organization.
 - How management ensures no persons or affiliates on the convicted vendor lists are employed under the contract.
 - How management ensures the Organization does not use copyrighted music without the appropriate licensing.
 - When management last exercised their right to audit (if at all).
 - Through review of the 5 selected Recreation Partner Agreements (disaggregated among the North, Central and South Area Operations), and related supporting documentation, we verified the following:
 - Evidence of proper review and approval by Director / Assistant Director such as signature / initials & date, and the appropriate advisory board.
 - Verify the effective date of the Agreement is from the date of the last signature for a period of one (1) year.
 - Organization submitted a renewal application (if renewed) at least thirty (30) days prior to the date of termination and that it was then renewed by the Parks and Recreations Director, or designee.
 - Preamble, Section 2, and Attachment "A" refer to the same Complex.
 - Purpose agrees to the program proposal/application.
 - If the Organization desires to use another facility not listed in the attachment, prior approval was obtained from area management and that fees were charged in accordance with the Fee Schedule.
 - Organization is running a minimum of Level III background screening at no cost to the County, which includes the following:
 - Brevard County Clerk E-Facts- www.brevardclerk.us.
 - National Sex Offender Public Website- www.n-sopw.gov.
 - Florida Department of Corrections- www.dc.state.fl.us.
 - Out-of-Area criminal checks based on past two (2) years of address history (on-line checks may be done, if available).
 - Organization submitted a complete calendar of events or schedule depicting planned activities including but not limited to league games, league tournaments and practice schedules to the Area Manager.
 - Management evaluates the reasonableness of fees and dues charged by the Organization
 - Organization submits an annual financial statement.
 - Organization provides and maintains policies of comprehensive general liability insurance in the amount of not less than one million dollars (\$1,000,000) per occurrence and that the County is named as additional insured.
 - Proof of insurance was provided to the Department within ten (10) days of the execution of the agreement.
 - If the one of the facilities used by the Organization is made available by the School Board then a copy of the contract is to be provided to the Risk Management Department for the School Board no later than 10 days after the contract is signed.
 - If the agreement was terminated, thirty (30) days' notice was given.
 - Organization paid for direct costs arising from the use of the Complex in accordance with Exhibit A.
 - Organization provided a list of officers and liaisons to Area Manager or designee.
 - Organization submitted monthly reports of attendance and volunteer hours to the Area Management or designee.

Objectives and Approach - continued

Approach - continued

Detailed Testing - continued

- **Rentals, we selected 40 agreements and performed the following:**
 - Through inquiry or observation, we assessed compliance with the following provisions included in the agreement for the agreements selected, or in general:
 - Proper use of alcohol - acknowledged on the Use Permit (Rental Agreement).
 - Proper use of vehicles near the pavilion.
 - Proper use of amplified music.
 - Monitoring the presence of pets.
 - How Management ensures the Applicant cleans up the Facility by the end of the rental time. Includes disposing of trash and returning tables to their original locations.
 - How Management ensures the Applicant does not use staples, nails or tacks on tables, stage areas, pavilions, walls, or floors.
 - How Management ensures the Applicant provides an additional dumpster for every 500 people expected at the event.
 - Proper use of fires and ensures grills are charcoal only.
 - Ensuring no smoking in indoor facilities.
 - Reservations cannot be deleted or cancelled by person entering the reservation or if so, that an audit trail is generated that marks cancelled/deleted reservations.
 - Through review of the 40 selected rental agreements (disaggregated among the North, Central and South Area Operations), and related supporting documentation, we verified the following:
 - Rental application is completely filled out; if any of the Special Questions apply, ensure that the County required the proper licensing and permits.
 - If a High Risk Condition is checked on the Permit Application, then General Comprehensive Liability Insurance in an amount up to \$1,000,000.00 and not less than \$500,000 per occurrence to cover any and all claims and costs arising in connection with any accident or occurrence related to such activities must be provided. Also, Fire Liability Insurance not less than \$50,000 per occurrence must be provided. Also, Brevard County must be named as additional insured on the Certificate of Insurance. A copy of the insurance policy binder must be provided to Area Parks Operations Office.
 - Security Plan required if event has commercial activity open to the public, and 50 or more persons expected to attend event.
 - Evidence of proper review and approval by coordinator or higher such as signature / initials & date.
 - Fee charged matches fee schedule.
 - Returned security deposit / deducted all applicable fees from the deposit based on the Fee schedule, etc.
 - If utilities were used, the appropriate fee was charged.
 - Assessed a twenty dollar (\$20) processing fee for any cancelled reservations.

Reporting

At the conclusion of our audit, we documented our understanding of the facilities usage and contracting functions 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 related findings and provided copies to appropriate County personnel.

Observations Matrix

Observations Matrix

Internal Audit Report

Recreation Instructors

Rating	Observation	Recommended Action	Management Response
High	<p>1. Segregation of Duties</p> <p>Based on discussions with management, we noted that there is a lack of segregation of duties as it relates to the collection, recording and depositing of the 25% revenue share collected from the Instructor(s) at the area or facility location. The same Department staff person who collects the monies from the Instructor also records the amount to Rec Trac and makes the deposit.</p> <p>This lack of segregation of duties could lead to the misappropriation of assets.</p>	<p>We recommend that the duties of collecting, recording and depositing the revenue share be divided up among at least two staff. Further, the Department staff person who collects the revenue share from the Instructor should obtain a receipt signed by the Instructor.</p> <p>This receipt would be presented with the monies collected to be recorded and deposited. The instructor receipts should be retained and be reviewed as part of the regular cash receipts and reconciliation process by someone other than the one who collects, records and deposits the receipts.</p>	<p>Response: The Department agrees with the observation and to ensure the proper segregation of duties, the Department will implement the following procedures: The Recreation Instructor will be required to complete a Facility Use Agreement for his / her program and will submit payment, upfront, for use of this space per a revised Fee Schedule --i.e., he / she will rent the space. Upon implementation of this procedural change, previous requirements will not be contractually required, i.e., revenue share, class maximums / minimums, payment received from the registered patrons, attendance logs signed by the registered patrons, right to audit and payment by the Instructor within specific timeline of collection. (Also, see management response below for Rentals – Segregation of Duties).</p> <p>Responsible party: Larry Wojciechowski and Hector Lopez</p> <p>Estimated completion date: March 31, 2017</p>

Observations Matrix- continued

Internal Audit Report

Recreation Instructors - continued

High	<p>2. Background Investigation Check</p> <p>The Recreation Instructor Agreement (section 10) requires a Level 1 Background Investigation Check to be performed for each instructor applicant. For 1 out of 5 recreation agreements tested (effective 7/9/15), a Level 1 Background Investigation Check was not completed. Instead, a Level III (highest level = Level 1) was completed on 5/23/2008. Management stated that only a Level III was performed because a Level I was done by another organization on 02/18/2008. However, management was not able to provide any documented evidence that the results were viewed and approved. Further, the background investigation checklist states that a Level 1 Background Investigation Check should be recertified every 5 years.</p> <p>The lack of a proper Level 1 Background Investigation Check is out of compliance with AO-26 and can lead to the approval of an instructor who may have a criminal background.</p>	<p>We recommend that as part of the Recreation Instructor Agreement approval process that the Assistant Director or Director (designated approvers) be required to verify and separately document that a Level 1 Background Investigation Check for each applicant was properly performed in compliance with section 10 of the contract and the County requirements of AO-26.</p>	<p>Response: Background screenings for potential recreation instructors are conducted by the Brevard County Office of Human Resources – other outside agency screenings are not accepted. In this specific case, a staff member accepted a verbal statement that the candidate completed a Level I with an outside agency. Safeguards to prevent this error will be included in our procedure.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: December 31, 2016</p>
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Observations Matrix- continued

Internal Audit Report

Recreation Instructors - continued

Rating	Observation	Recommended Action	Management Response
High	<p>3. 25% Revenue Share</p> <p>We noted the following related to the 25% Revenue Share of the participant fees collected that is paid to the Department by the Instructor:</p> <ul style="list-style-type: none"> The Instructor is not required to produce an attendance log signed by the attendees to provide third-party verification of the 25%. For 2 out of 5 agreements tested - the documentation provided by the Instructor was not adequate to show that the 25% revenue share remitted was correct. <p>This lack of third-party verification or inspection of proper supporting documentation relative to the accuracy and completeness of the 25% revenue share could lead to the misappropriation of funds.</p>	<p>We recommend that a provision and an Exhibit be added to the Agreement to require the following:</p> <ol style="list-style-type: none"> Instructor to produce an attendance log signed by the attendees to provide third-party verification of the 25% revenue share that is remitted based on the number of registered attendees. Designated Department staff to: <ul style="list-style-type: none"> Verify attendance periodically for the duration of the program Review price actually charged and collected by the Instructor. Confirm minimum registration was met in accordance with the Agreement before the program commenced. Obtain attendance log signed by the registered participants. 	<p>Response: The new procedure detailed in the management response to observation 1 above will not require a revenue share.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: March 31, 2017</p>
High	<p>4. Signed Registration Activity Cards</p> <p>The Agreement requires the Instructor to obtain signed activity registration cards from each participant or parent/guardian, for full waiver and release holding the County harmless from any and all liabilities resulting from or in connection with any activity relating to said program. For 2 out of the 5 Recreation Instructor Agreements tested, the registration activity cards were not signed by the participants.</p> <p>This can lead to the risk of lawsuits against the County for any liabilities resulting from or in connection with any activity related to the said program.</p>	<p>We recommend that as part of Recommendation 3 above, verification of signed registration activity registration cards be included in the checklist and random inspections.</p> <p>Further, we recommend that the County add a provision to the Agreement that requires the Instructor to forward the signed registration activity cards to the Department Director or designee (as stipulated in the Agreement) for verification and that evidence of the verification is documented.</p>	<p>Response: The Department agrees with the recommendations of this audit exception.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: December 31, 2016</p>

Observations Matrix- continued

Internal Audit Report

Recreation Instructors - continued

Rating	Observation	Recommended Action	Management Response
Moderate	<p>5. Breach / Termination of Contract</p> <p>During our review of the terms and conditions of the Recreation Instructors Agreement, we noted that the Agreement is silent regarding breach of contract, non-performance etc. as to what happens (remedies or penalties) if the Agreement is terminated. For example, what happens to registrant collected funds and the County's 25% revenue share if Agreement is breached or terminated (instructor fails background check, instructor cancels classes, fails to pay revenue share etc.)</p> <p>Not addressing these matters in the Agreement, can lead to ambiguity as to what amounts should be refunded to registrants and how much should be remitted to the County pursuant to the 25% revenue share outlined in the Agreement as well as remedies for other breaches or causes for termination of the Agreement.</p>	<p>We recommend that the County add provisions to the Agreement to provide for appropriate remedies for any breaches or Agreement termination including remedy / disposition of any funds collected by the Recreation Instructor in the event the Agreement is terminated before the program is completed.</p>	<p>Response: The new procedure detailed in the management response to observation 1 above will require the Instructor to pay the rental fee before the course commences through the Facility Use Permit.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: March 31, 2017</p>
Moderate	<p>6. Right to Audit</p> <p>Based on discussions with the Department Assistant Director, the right to audit clause has not been exercised in over two years for any of the Recreation Instructor Agreements.</p> <p>This can lead to the risk of Instructor's who remit less than the 25% revenue share to the County going undetected.</p>	<p>We recommend that the Department consider randomly exercising the right to audit annually for 3 to 5 recreation contracts. This audit can be conducted internally by Department Management or externally by a third party.</p> <p>This will help identify any situations where the Instructor has not remitted the proper 25% revenue share due to the County. Further, by randomly exercising the right to audit clause on a more regular and frequent basis, this will help deter other Instructors from not properly remitting the 25% revenue share due to the County.</p>	<p>Response: The new procedure detailed in the management response to observation 1 above will not require a revenue share.</p> <p>Responsible party: Larry Wojciechowski</p> <p>Estimated completion date: March 31, 2017</p>

Observations Matrix- continued

Internal Audit Report

Recreation Instructors - continued

Rating Low	Observation 7. Revenue Share Remittance	Recommended Action	Management Response
	<p>The Recreation Instructor Agreement stipulates that the revenue share is to be remitted to the Department within ten days of the close of registration or five days if the participant registered after the program commenced.</p> <p>We noted that for 3 out of the 5 items tested, the revenue share was not remitted to the Department pursuant to the terms of the agreement noted above. In these cases, the revenue share was remitted once a month for 2 of these cases and after a couple months for the other case. Per discussion with Department management, it is generally the customary practice to collect the revenue share on a monthly basis. Management indicated that participants may enroll at different points throughout the program which makes requiring weekly remittance cumbersome.</p>	<p>We recommend that Department management comply with the revenue share remittance requirements of the Agreement or modify the agreement to permit the flexibility to require the remittance of the revenue share to include monthly payments.</p>	<p>Response: The new procedure detailed in the management response to observation 1 above will require the Instructor to pay the rental fee before the course commences through the Facility Use Agreement.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: March 31, 2017</p>



Observations Matrix- continued

Internal Audit Report

Recreation Partners

Rating	Observation	Recommended Action	Management Response
High	<p>8. Segregation of Duties</p> <p>Based on discussions with management, we noted that there is a lack of segregation of duties as it relates to the collection, recording and depositing of the cash receipts related to recreation light charges collected at various areas or facility locations. The same Department staff person who collects the monies often also records the amount to Rec Trac and makes the deposit.</p> <p>This lack of segregation of duties could lead to the misappropriation of assets.</p>	<p>We recommend that the duties of collecting, recording and depositing the cash receipts be divided up among at least two staff wherever possible.</p>	<p>Response: The Department agrees with the observation and to ensure the proper segregation of duties, the Department will implement the following procedure: Recreation Partners will submit payment by check or credit card with approved Recreation Partner name on check / credit card at designated Community Centers and/or Area Offices that have adequate staffing for compliance.</p> <p>Responsible party: Larry Wojciechowski and Hector Lopez</p> <p>Estimated completion date: February 28, 2017</p>
Moderate	<p>9. Improvements to Facility</p> <p>Based on our review of section 13 of the Recreation Partner Agreement, we noted that this section provides for the Organization to request improvement or repairs that are mutually agreed upon by the County and the Organization, if the Department Director or designee grants permission prior to any actual work.</p> <p>However, the Agreement does not specify who is responsible to pay for the improvement or repairs if the Organization performs them.</p> <p>This can lead to ambiguity as to who is responsible to pay for any improvements to the facility approved by the County.</p>	<p>We recommend that the County add a provision to section 13 of the Recreation Partner Agreement to clarify who is responsible to pay for any County approved improvements to the facility.</p>	<p>Response: The Department has met with the Office of the County Attorney to develop language that will be included in our Recreation Partner Agreements to address this recommendation.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: December 31, 2016</p>

Observations Matrix- continued

Internal Audit Report

Recreation Partners - continued

Rating	Observation	Recommended Action	Management Response
Moderate	<p>10. Background Investigation Check</p> <p>Based on our review of the Recreation Partner Agreement (Section 9), we noted that the Agreement requires a minimum of a Level III Background check plus it specifies additional checks beyond the Level III requirements. However, given that the coaches, managers, assistants, instructors, volunteers, etc. may have direct interaction with youth, this would mean that the minimum requirement would be Level II. Further, given that such individuals could have occasion to have unsupervised contact with youth, the criteria of AO-26 would seem to require a Level I background check.</p>	<p>We recommend that the County consider revising the standard Recreation Partner Agreement to change the Background Investigation Check from a minimum of Level III to requiring a Level I background check for all coaches, managers, assistants, instructors, volunteers, etc., that have direct interaction with youth in the respective youth sports / program. The additional criteria that Section 9 includes effectively raise the Level to a Level II check. The key difference in the Level I check is the requirement to be fingerprinted.</p>	<p>Response: The Department agrees with the recommendations of this audit exception and will revise the current Recreation Partner Agreement to comply with this finding.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: February 28, 2017</p>
Moderate	<p>11. Contract Renewal</p> <p>For 1 out of 5 Recreation Partner Agreements tested, we noted that there was no evidence that the agreement was renewed 30 days prior to the date of termination as required by the agreement. As such, the effective date was on 5/4/16, but the approval date was on 5/26/16. This resulted in a lapse in the agreement being in effect for about 22 days.</p> <p>This can lead to the risk of lawsuit, non-performance, potential lawsuits, etc. otherwise provided under or protected by having an executed agreement in place.</p>	<p>We recommend that management adhere to the alert process in contract management to ensure compliance with the requirement to renew agreements 30 days prior to the termination date.</p>	<p>Response: The Department agrees with the recommendation of the audit exception.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: December 31, 2016</p>

Observations Matrix- continued

Internal Audit Report

Recreation Partners - continued

Rating	Observation	Recommended Action	Management Response
Moderate	<p>12. Contract Submission to School Board</p> <p>For 2 out of 5 Recreation Partner Agreements tested, we noted that there was no evidence that a copy of the agreement was submitted to the Risk Management Department of the School Board. The agreement requires this submission to take place no later than 10 days after the agreement is signed when the facility used by the Organization is being made available by the School Board.</p> <p>This lack of compliance can lead to the School Board denying future use of its facilities to Organizations via the County.</p>	<p>We recommend that Department management put a process in place to facilitate compliance with this provision of the agreement that requires Department management to submit the agreement to the Risk Management Department of the School Board no later than 10 days after the agreement is signed.</p>	<p>Response: The Department agrees with the recommendation of this audit exception.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: January 31, 2017</p>
Low	<p>13. Contract Expiration - Documentation</p> <p>For 1 out of 5 Recreation Partner Agreements tested, we noted that one of the agreements expired on 6/18/2016, however, the Department did not retain relevant supporting documentation, including: fees, schedule, officer list, annual financial statement or background certification form. The Agreement was not renewed.</p>	<p>We recommend that Department management retain the Agreement and relevant supporting documentation electronically or hard copy as part of its files in keeping with public document retention policies and audit trail requirements.</p>	<p>Response: The Department agrees with the recommendations of this audit exception.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: January 31, 2017</p>

Observations Matrix- continued

Internal Audit Report

Rentals

Rating	Observation	Recommended Action	Management Response
High	<p>14. Segregation of Duties</p> <p>Based on discussions with management, we noted that there is a lack of segregation of duties as it relates to the collection, recording and depositing of the rental revenue collected at various areas or facility locations. The same Department staff person who collects the monies often also records the amount to Rec Trac and makes the deposit.</p> <p>This lack of segregation of duties could lead to the misappropriation of assets.</p>	<p>We recommend that the duties of collecting, recording and depositing the cash receipts be divided up among at least two staff wherever possible.</p>	<p>Response: The Department agrees with the observation and will implement the following procedure: Department will accept checks or credit cards at Community Centers adequately staffed to meet the proper segregation of duties. Cash payments can be submitted at the Area office.</p> <p>Responsible party: Larry Wojciechowski and Hector Lopez</p> <p>Estimated completion date: February 28, 2017</p>
High	<p>15. Rental Category Types and Approvals</p> <p>Based on our testing of the Recreation Rentals, we noted that the coordinators were able to enter rental categories as sponsored/cosponsored without approval from a supervisor or higher.</p> <p>Sponsored / cosponsored events are not charged for rental of the facility. Lack of supervisory review and approval could result in the inappropriate classification of the rental category and the failure to collect revenues duly owed to the County.</p>	<p>We recommend that the County revise the approval process for rentals to require sponsored/cosponsored events or special events over a certain threshold to be approved by a supervisor or above.</p>	<p>Response: The Department agrees with the recommendations of this audit exception.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: December 31, 2016</p>

Observations Matrix- continued

Internal Audit Report

Rentals - continued

Rating	Observation	Recommended Action	Management Response
High	<p>16. Maintenance of Facility Keys</p> <p>Based on our inquires of management and our review of the most recent key registry (Last Update, dated 6/22/16), the key log indicates numerous keys for various facilities, such as:</p> <ul style="list-style-type: none"> • "Locate" • "Lost" • "Missing" • "Need Checkout Sheet" • "Overdue" <p>The lack of proper maintenance of the facility keys can lead to the misappropriation and/or misuse of assets.</p>	<p>We recommend that the County review, revise and update the "Key Registry – Assignment" to ensure that all keys are properly accounted for and identified for all of the relevant County facilities. Further, for any keys that cannot be properly identified, the locks for the affected facilities should be changed and new keys issued accordingly.</p> <p>Further, we recommend that management consider revising the Key Registry as follows:</p> <ul style="list-style-type: none"> • The "Assigned To" section of the Key Registry should contain: the full name of the assignee along with a title / description of who they are / represent. • Add a column for Department management / staff approval of the key assignments. • Perform inventory every six months or at least annually to verify accuracy and completeness of the key registry. 	<p>Response: The Department agrees with the recommendations of this audit exception. A new, uniform log sheet is being developed to ensure proper accountability for key check-out.</p> <p>Responsible party: Hector Lopez</p> <p>Estimated completion date: February 28, 2017</p>

Observations Matrix- continued

Internal Audit Report

Rentals - continued

Rating	Observation	Recommended Action	Management Response
<p>High</p>	<p>17. Security Deposits</p> <p>Based on discussions with management and review of the 40 rentals selected for testing, we noted that security deposits for the rentals are not being properly or consistently accounted for and tracked among the North, Central and South Areas of Operation. In terms of collection of the security deposit, if the security deposit is in the form of check or cash, they hold on to the cash or check as security until the event is completed. Central Area does not accept credit cards for the deposit payment. The North and the South Areas (with the exception of Viera regional Park) do not process the payment, but hold the credit card information until the rental event is completed.</p> <p>As to the disposition of the security deposit, the Areas deduct any applicable damages and if held by a credit card, charge accordingly. If security payment was by cash or check, the North and Central Areas document on the receipt if cash was returned or if a check whether the check was shredded or returned. The South does not document what the disposition of the deposit was – whether cash or check.</p> <p>Lack of proper tracking and accounting for the collection and disposition of the security deposit can result in the misappropriation of assets. Further, the retaining of credit card information as security for the rental facility is in violation of Florida Statute and County policies and procedures.</p>	<p>We recommend that the County implement appropriate internal controls and documentation for the consistent and proper tracking of security deposits for facility usage for both the collection and disposition of the security deposit. Further, that credit card information should not be held or stored but should be charged, recorded and then destroyed – e.g. PCI compliant.</p>	<p>Response: The Department agrees with the recommendations of this audit exception. The new RecTrac system utilized by the Department has the capability to input, store and track deposit information. A procedure has been written and distributed to staff for immediate implementation.</p> <p>Responsible party: Larry Wojciechowski</p> <p>Estimated completion date: December 31, 2016 (Finalized)</p>

Observations Matrix- continued

Internal Audit Report

Rentals - continued

Rating	Observation	Recommended Action	Management Response
High	<p>18. Rental Receipts / Permit Applications</p> <p>During our review of the 40 rental receipts / permit applications selected for testing, in addition to Observation 17 related to security deposits, we noted the following exceptions:</p> <ul style="list-style-type: none"> • 21 of 40 – no signatures by patron and / or Department staff and supervisor as applicable • 1 of 40 – the diagnostic questions to determine type of rental and rental charge were not included. • 1 of 40 – purpose indicated basketball event, but athletics was not marked on the checklist; athletics requires some degree of insurance. • 2 of 40 – no security deposit was collected. • 1 of 40 – no rental receipt or related support provided (Net fees - \$10,635.90). • 10 of 40 – did not agree to fee schedule or lack of documentation to support fee selected (e.g. cosponsored, not-for-profit, commercial etc.). <p>These types of exceptions can lead to the misappropriation of assets and / or failure to capture and collect the appropriate revenue due to the County for facility rentals and usage.</p>	<p>We recommend that the County perform the following:</p> <ol style="list-style-type: none"> Provide training to staff regarding the rental / proper steps to complete the rental / permit application process including all required approvals and supporting documentation. The signed rental receipts / permit applications, including relevant supporting documentation be retained electronically. Periodic spot audits of rental receipts / permit applications and relevant supporting documentation be performed on a weekly basis. The current upgrades to Rec Trac be reviewed for potential ways to reduce the risk of these type of exceptions occurring. Develop a formal, documented approval authority matrix for supervisor and above to review rentals of a certain category that presents more risk of loss of revenue (sponsored / cosponsored vs. commercial etc. category) or safety or reputational risk due to significance and nature of activity, public vs. private activity, alcohol / no alcohol, attendance, etc. 	<p>Response: The Department agrees with the recommendations of these audit exceptions and will implement them accordingly.</p> <p>Responsible party: Larry Wojciechowski and Hector Lopez</p> <p>Estimated completion date: January 31, 2017</p>

Observations Matrix- continued

Internal Audit Report

Rentals - continued

Rating	Observation	Recommended Action	Management Response
High	<p>19. Deposits / Security</p> <p>During our inquiry of management regarding the reconciling, collecting, depositing and physical security of cash receipts at the various facility locations, we noted the following (in addition to the lack of segregation of duties noted in a previous observation):</p> <ul style="list-style-type: none"> • Cash Receipts Reconciliation – performed inconsistently – daily, weekly or even every 2 weeks. The only present requirement is that it needs to be reconciled and entered into SAP by the 10th of the subsequent month. • Deposit frequency - Deposits are not made daily – often deposits may be held for up to a week. • Cash Receipts Security – at various locations, not securely stored overnight. For example, we were informed that a theft took place in June of 2016. The cash and checks were kept in a locked metal box in a wooden box under a desk. <p>This can lead to the misappropriation of assets and / or failure to capture and collect the appropriate revenue due to the County for facility rentals and usage.</p>	<p>We recommend that the County perform the following:</p> <ol style="list-style-type: none"> Cash receipts and deposits should be properly reconciled and approved daily and recorded to SAP. Deposits should be made daily as appropriate. Cash receipts (cash, checks) should be securely stored in a locked, immovable safe overnight. <p>Management indicated that there are a total of 21 cash receipt collection centers throughout the County for the Parks and Recreation Department facility rentals and usage. All locations should perform the recommendations proposed above to reduce the risk of the misappropriation of assets.</p>	<p>Response: The Department agrees with the recommendations of this audit exception. Further, for recommendation 19 c., the Department requires the authorization of a Supervisor for cash receipts to be securely stored overnight in the safe.</p> <p>Responsible party: Larry Wojciechowski and Hector Lopez</p> <p>Estimated completion date: December 31, 2016</p>

General Management Response: With respect to the observations above related to the Rentals category for facility usage and contracting, Department Management is scheduled to initiate a Lean Six Sigma project in January 2017.

**Brevard County – Public Works
Road Construction - Monitoring Assistance
November 30, 2016**



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Transmittal Letter

November 30, 2016

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2016/2017 internal audit plan, we hereby submit the following report related to our monitoring assistance of the Barnes Boulevard Widening and St. Johns Heritage Parkway Southern Segment construction projects. Our report is organized in the following sections:

Objectives and Approach	The objectives of our procedures and our approach to the execution of those procedures are expanded upon in this section.
Project Snapshot	This section provides an overview of the current status of each project subjected to our procedures.
Process Maps	This section provides a visual depiction of the workflow of all key processes included within our scope.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with this review.
Respectfully Submitted,

RSM US LLP

INTERNAL AUDITORS



Objectives and Approach

Objectives

The objectives of this engagement for the Barnes Boulevard Widening and St. Johns Heritage Parkway Southern Segment are as follows:

- To assist the County in their construction contract monitoring efforts, leveraging RSM's experience with comparable agreements / projects.
- To develop recommendations for improvement to key construction management processes and controls; facilitated through recurring involvement in the referenced projects throughout their respective contract terms.
- To provide quarterly status reports to the Audit Committee regarding the progress of each project and any recommended improvements identified.

Approach

Our approach consisted of the three phases described below:

Obtaining an Understanding

In order to establish a foundational understanding of each project and to better assist the County, RSM met with the key members of management and construction process owners that are directly involved with the two referenced projects. Major work steps as a part of this phase were as follows:

- Kickoff meeting / facilitated session with management
- Key process owner interviews
- Construction contract review
- Construction contract risk / compliance matrix development
- Policies and Procedures documentation review
- Identification of KPIs and relevant project metrics for reporting

Objectives and Approach - continued

Approach - continued

Recurring Monitoring Assistance

For each quarterly period, RSM will continue to perform select inquiry, review and testing procedures as they relate to the following key construction management processes:

- Pay application approval
- Pay application contractual compliance / support
- Pay application mathematical accuracy / roll forward
- Pay application timeliness of payment in accordance with Florida Prompt Pay Act
- Pay application adherence to best practice and industry standards
- Change order approval
- Change order contractual compliance
- Change order mathematical accuracy
- Change order incorporation into monthly pay applications
- Change order adherence to best practices and industry standards
- Weekly and monthly contractor reporting
- Quarterly jobsite inspection
- KPI / metric monitoring / evaluation

Reporting

We will continue to provide Public Works management and the Audit Committee with a project status report at the end of each quarter (or other acceptable time period).

Barnes Project Snapshot - Summary

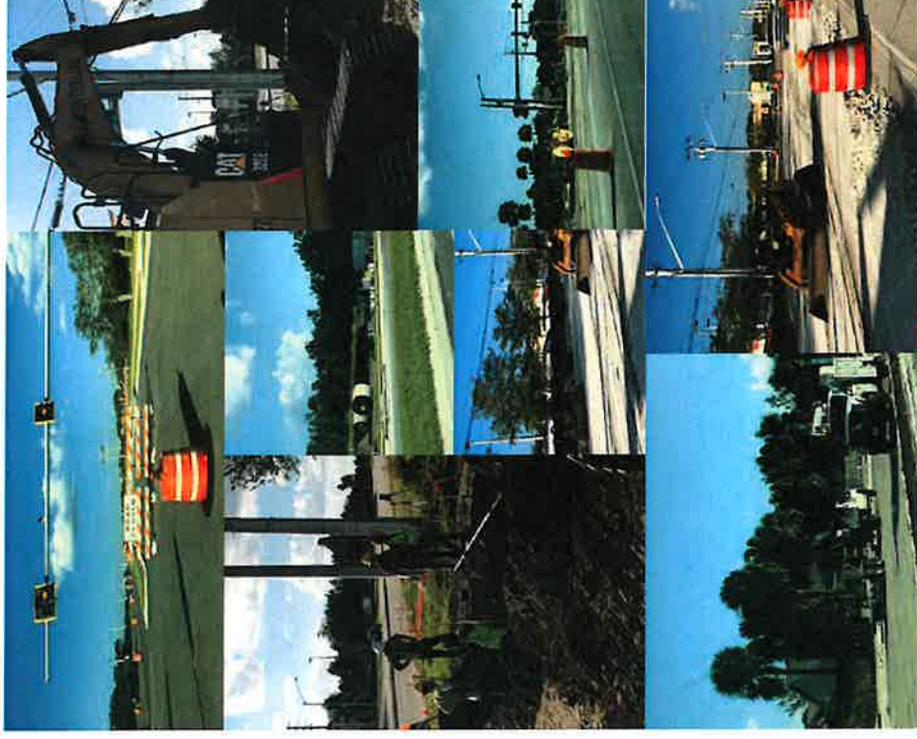
Barnes Boulevard Widening (as of 08/31/16)

RSM conducted site inspections of the Barnes Boulevard Widening project on 8/23/16 and 11/1/16. Through information obtained during each inspection and review of pay applications and change orders processed to date, we noted the project schedule has been extended an additional 12 days since our last report, resulting in a total project extension to date of 66 days. The current period extension of 9 days was approved via Change Orders #16, #18, #19 and #20.

Our site visits included inquiry with the County inspector and project management, who noted the general contractor's team is fully engaged and providing sufficient monitoring of subcontractors. Our visual inspection of the project site revealed progress in regards to the widening roadway, as well as the addition of sidewalks east of Murrell. Work has started around the Barnes / Murrell intersection, and according to the County inspector, is progressing on schedule with potential future cost reductions related to modification of planned paving techniques.

The potential claim/change order noted in our previous reports related to utility pole relocation delays was submitted by the contractor in February 2016 for \$338,600. This claim is currently pending review by the County's Public Works Department.

Note 1: Pictures taken during our site visit on 11/1/16.



Barnes Project Snapshot – Metrics (as of 08/31/16)



0.47%
Change Order Rate
(Note 1)

Quick Stats	
Largest Project Costs:	
63x98 Reinforced Concrete Pipe	\$ 1,723,584
Mobilization	\$ 1,068,000
Excess Excavated Material, Contractor Haul	\$ 1,016,840
Clearing and Grubbing	\$ 921,270
Regular Excavation	\$ 839,089

23

Pay Applications Processed

21

Change Orders Approved

CO #1	\$13,369
CO #2	\$8,819
CO #3	\$3,818
CO #4	\$2,274
CO #5	\$22,852
CO #6	\$9,298
CO #7	\$21,153
CO #8	\$66,832
CO #9	(\$67,617)
CO #10	\$9,600
CO #11	\$898
CO #12	\$7,769
CO #13	(\$51,276)
CO #14	\$4,340
CO #15	\$5,376
CO #16	\$4,488
CO #17	(\$16,075)
CO #18	\$14,492
CO #19	\$6,692
CO #20	\$4,433
CO #21	\$4,245
Total	\$75,780

Note 1: RSM's experience with comparable construction yields a typical change order rate of 5-10%.



Barnes Project Snapshot – Pay Applications

Test Criteria	Proper Approvals	Mathematical Accuracy	Documentation Support	Consistent Schedule of Values	Timeliness of Payment
Pay Application #17 \$903,582 February 2016	✓	✓	✓	✓	✓
Pay Application #18 \$833,589 March 2016	✓	✓	✓	✓	✓
Pay Application #19 \$793,205 April 2016	✓	✓	✓	✓	✓
Pay Application #20 \$623,585 May 2016	✓	✓	✓	✓	✓
Pay Application #21 \$407,718 June 2016	✓	✓	✓	✓	✓
Pay Application #22 \$197,611 July 2016	✓	✓	✓	✓	✓
Pay Application #23 \$244,255 August 2016	✓	✓	✓	✓	✓

Barnes Project Snapshot – Change Orders

Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #11	✓	✓	✓	✓	✓
\$898					
0 days					
To widen the sidewalk from 6' wide to 8' wide along the turn lane on the right roadway between Sta. 66+66.23 and approx. Sta. 70+70.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #12	✓	✓	✓	✓	✓
\$7,769					
0 days					
To remove a section of 6' wide sidewalk and replace it with sidewalk 8' wide along the south side of Barnes Boulevard between Admiralty Boulevard and the westernmost Publix driveway.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #13	✓	✓	✓	✓	✓
(\$51,276)					
0 days					
Cross Bridge Church requested eliminating the gravity wall located between St. 65.50 & 70.51 which was proposed to extend across most of the Church frontage on Barnes Boulevard. To accomplish this, the Church is providing an additional 10 ft. wide easement so there will be sufficient room to accommodate the required 4:1 back slope from the edge of the sidewalk.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #14	✓	✓	✓	✓	✓
\$4,340					
0 days					
The addition of two 10" gate valves at the 10' water main for the City of Cocoa.					

Note: Detailed cost breakdown: Defined as that which contains at a minimum; (1) Labor rate(s) * estimated hours, (2) Estimated equipment cost(s) * hours / days, (3) Estimated material(s) cost * quantity.



Barnes Project Snapshot – Change Orders (continued)

Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #15 \$5,376 0 days	✓	✓	✓	✓	✓
West ends interconnect changes. This new conduit is necessary to provide continuity within the fiber-optic network as the existing conduit shown on the record drawings was no longer able to be located in the field.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #16 \$4,488 3 days	✓	✓	✓	✓	✓
Additional labor and equipment's costs associated with constructing permanent masonry to securely plug the 60" storm pipe in Drainage Structure BS1.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #17 (\$16,075) 0 days	✓	✓	✓	✓	✓
Eliminate the valley gutters at certain locations on the project in order to provide smoother driveway transitions along with the benefit of cost savings to the County.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #18 \$14,492 4 days	✓	✓	✓	✓	✓
Reimbursement for extra work performed to install 60 LF of 10" DIP FM instead of 60 LF cost, with all the additional work required to resolve the construction conflicts related to furnishing and installing the new force main, due to unforeseeable conditions.					

Note: Detailed cost breakdown: Defined as that which contains at a minimum; (1) Labor rate(s) * estimated hours, (2) Estimated equipment cost(s) * hours / days, (3) Estimated material(s) cost * quantity.

Barnes Project Snapshot – Change Orders (continued)

Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #19	✓	✓	✓	✓	✓
\$6,692					
2 days					
Reimbursement which involves the 12" watermain located at the NE corner of the Barnes/Murrell intersection. This watermain is in partial conflict with the proposed drainage pipe. The drainage pipe installation will leave a 12" valve exposed and unrestrained.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #20	✓	✓	✓	✓	✓
\$4,433					
3 days					
Additional labor and equipment cost to resolve a construction conflict at station 81+61 RT.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #21	✓	✓	✓	✓	✓
\$4,245					
\$0.00					
Reimbursement for extra work performed involving emergency force main repair for the City of Rockledge as water started coming through the center of the roadway and running across the west bound lane.					

Note: Detailed cost breakdown: Defined as that which contains at a minimum; (1) Labor rate(s) * estimated hours, (2) Estimated equipment cost(s) * hours / days, (3) Estimated material(s) cost * quantity.

St. Johns Project Snapshot - Summary

St. Johns Heritage Parkway (as of 09/30/16)

Through RSM's site inspections of the St. Johns Heritage Parkway project conducted on 08/23/16 and 11/1/16, and review of change orders and pay applications processed during this interim period, we noted the project is estimated as 70 days ahead of schedule. This is 21 calendar days less than the previous month due to a lack of progress on finishing the paving, guardrail, and starting friction course throughout due to the drainage pipe repairs that the Contractor is waiting to resolve before resuming.

Through discussion with the County Inspector, we noted that piping was installed that did not meet the specifications required in the contract documents, and as a result, the pipes installed must be repaired. We also noted the County will likely not incur additional costs related to this issue, as inspection of delivered materials is the responsibility of the contractor. As of our testing date, the Contractor is pending a decision from the County regarding the repair procedure before the Contractor proceeds with the repairs. These repairs may impact the schedule moving forward.

During our site inspection we observed significant progress with the construction of the roadway and bridge since our previous report on 4/11/16 and the County inspector and project management team indicated they were pleased with the work, professionalism and performance of the contractor thus far.



Note 1: Pictures taken during our recent site visit on 11/1/16.

St. Johns Project Snapshot – Metrics (as of 09/30/16)

19

Pay Applications Processed

Spend vs Schedule Analytic



\$12,406,440
26 months

Quick Stats

Largest Project Costs:

Embankment	\$ 2,197,820
Optional Base, Base Group 09	\$ 981,970
Mobilization	\$ 764,397
Asphalt Concrete Friction Course	\$ 756,097
Regular Excavation	\$ 655,709

9

Change Orders Approved

1.07%

Change Order Rate

CO #1	\$7,826
CO #2	\$8,046
CO #3 (Note 3)	\$0
CO #4	\$26,038
CO #5	\$62,300
CO #6	\$1,155
CO #7	\$6,372
CO #8	\$22,808
CO #9	(\$17,046)
Total	\$117,499

Note 1: RSM's experience with comparable construction yields a typical change order rate of 5-10%.

Note 2: The schedule was reduced by 170 days per the most recently provided critical path that hasn't been reflected on the pay app yet.

Note 3: This was not a cost increase but rather a 1 day delay for Tropical Storm/Hurricane Erika.



St. Johns Project Snapshot – Pay Applications

Test Criteria	Proper Approvals	Mathematical Accuracy	Documentation Support	Consistent Schedule of Values	Timeliness of Payment
Pay Application #12 \$468,925 February 2016	✓	✓	✓	✓	✓
Pay Application #13 \$966,861 March 2016	✓	✓	✓	✓	✓
Pay Application #14 \$716,776 April 2016	✓	✓	✓	✓	✓
Pay Application #15 \$168,721 May 2016	✓	✓	✓	✓	✓
Pay Application #16 \$266,274 June 2016	✓	✓	✓	✓	✓
Pay Application #17 \$573,557 July 2016	✓	✓	✓	✓	✓
Pay Application #18 \$274,797 August 2016	✓	✓	✓	✓	✓
Pay Application #19 \$27,917 September 2016	✓	✓	✓	✓	✓

St. Johns Project Snapshot – Change Orders

Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #4	✓	✓	✓	✓	✓
\$26,038					
0 days					
There was no pay item for concrete barrier wall, yet it is called for on the plans. A revised cost proposal was presented utilizing a lower unit price, and the County approved the revised cost.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #5	✓	✓	✓	✓	✓
\$62,300					
0 days					
Needed to include the drainage changes associated with Drawing Revision #2. The change order costs include two additional large end walls, land clearing, sodding, and ditch work along US 192.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #6	✓	✓	✓	✓	✓
\$1,155					
0 days					
The fence design for the property adjacent to station 1008+00 to 1017+00 is not compatible for agricultural use. The Engineer of Record has reconfigured the fence to have 45 degree angles to make it more compatible.					

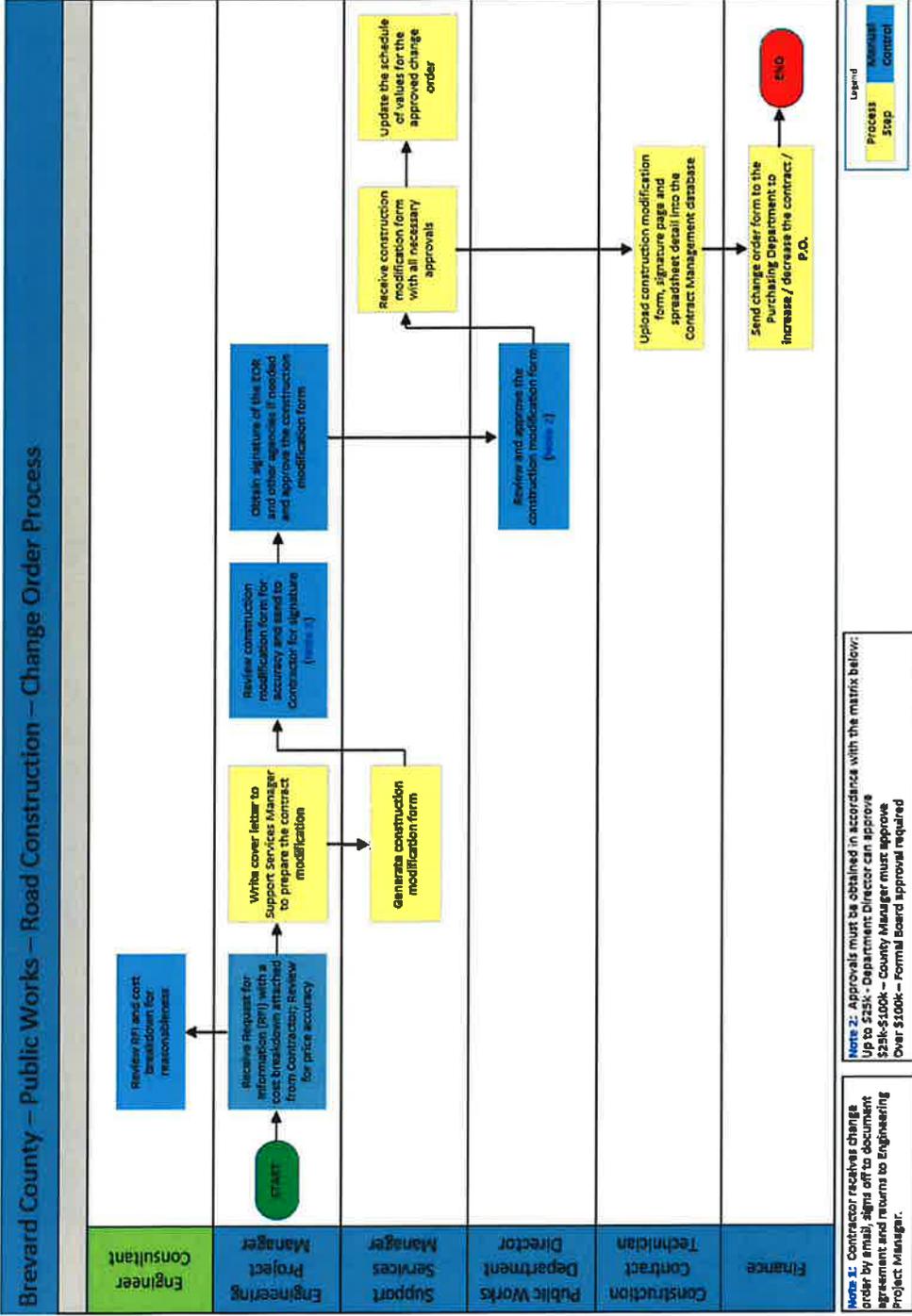
Note: Detailed cost breakdown: Defined as that which contains at a minimum; (1) Labor rate(s) * estimated hours, (2) Estimated equipment cost(s) * hours / days, (3) Estimated material(s) cost * quantity.

St. Johns Project Snapshot – Change Orders

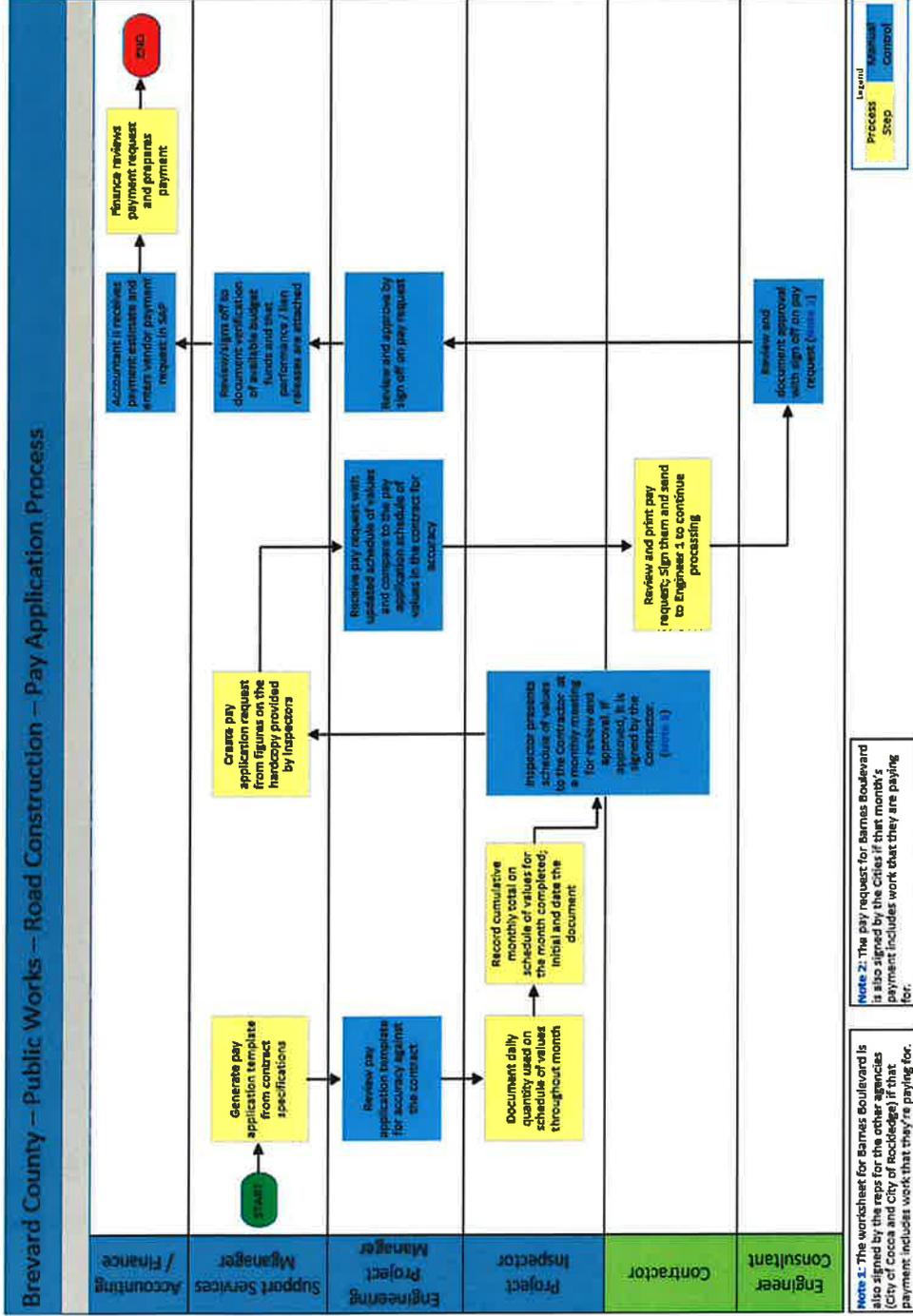
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #7	✓	✓	✓	✓	✓
\$6,372					
0 days					
A silt fence was installed per plan quantity. A significant portion of the silt fence was shown on the plans to be located outside of the right of way fence. Shortly after installation, the portion of the silt fence located outside the right of way fence was damaged by an adjacent agricultural use, due to no fault of the contractor. The silt fence was relocated inside of the right of way fence to prevent future damage.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #8	✓	✓	✓	✓	✓
\$22,808					
0 days					
Unsuitable material at +/- Sta. 1110+42 and Sta. 1110+50 in the pipe runs and the location of S-4019. The county requested the contractor to remove only the area necessary to install the structure and pipe per plan and also requested a cost proposal.					
Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #9	✓	✓	✓	✓	✓
(\$17,046)					
0 days					
Leware Construction Company offered a \$4,860.00 credit to eliminate the Class 5 coating from the bridge. RCI offered a \$12,186.20 credit for elimination of the Class 5 coating from the MSE walls.					

Note: Detailed cost breakdown: Defined as that which contains at a minimum; (1) Labor rate(s) * estimated hours, (2) Estimated equipment cost(s) * hours / days, (3) Estimated material(s) cost * quantity.

Process Maps



Process Maps - continued



Brevard County – Utility Services Department

South Central Regional Wastewater Treatment Facility Expansion

November 30, 2016



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Transmittal Letter

November 30, 2016

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2016/2017 internal audit plan, we hereby submit the following report related to our monitoring assistance of the South Central Regional Wastewater Treatment Facility Expansion construction project. Our report is organized in the following sections:

Background	This provides an overview of the funding, key contacts, and timeline of the project up to date.
Objectives and Approach	The objectives of our procedures and our approach to the execution of those procedures are expanded upon in this section.
Project Snapshot	This section provides an overview of the current status of the project subjected to our procedures.
Process Maps	This section provides a visual depiction of the workflow of all key processes included within our scope.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with this review.

Respectfully Submitted,

RSM US LLP

INTERNAL AUDITORS



Background

The Board of County Commissioners approved a construction budget of \$38,074,000 for the South Central Regional Wastewater Treatment Facility Expansion & Improvements project. This project is funded via the State Revolving Fund (SRF) which includes specific requirements for the submission of various reports and summary documentation with each monthly pay application. The SRF is administered by the State of Florida for the purpose of providing low-interest loans for investments in water and sanitation infrastructure.

Key Vendors:

- Contractor – Adams Robinson Enterprises, Inc.
- Engineer Consultant – Quentin L. Hampton Associates, Inc. (QLH)

• Key Dates:

Design Engineer

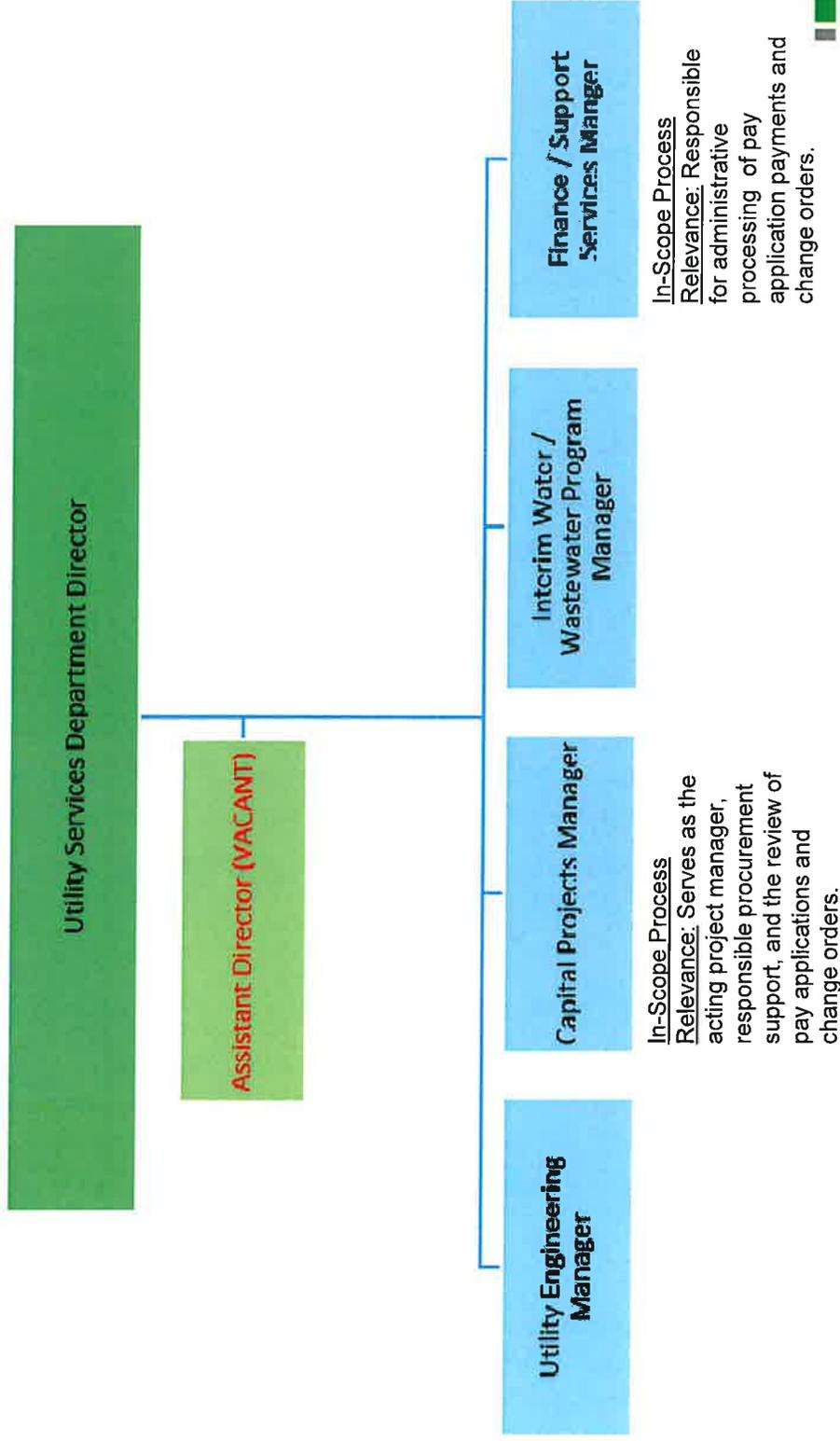
- RFQ Submission Date – April 10, 2014
- Short List Meeting – May 5, 2014
- Contract Execution Date – October 3, 2014

Contractor

- Pre-Bid Date – April 7, 2016
- Bid date – May 11, 2016
- Contract Execution Date – May 27, 2016
- Preconstruction Meeting – August 17, 2016
- Notice to Proceed (NTP) – August 22, 2016
- Contract Duration – 730 calendar days from NTP for substantial completion and 760 calendar days from NTP for final completion

Background - continued

Organizational Chart of Management Team



Objectives and Approach

Objectives

For the construction project listed below, the objectives of our internal audit were as follows:

South Central Regional Wastewater Treatment Facility Expansion

- To assist the County in their construction contract monitoring efforts by leveraging RSM's experience with comparable agreements / projects
- To develop recommendations for improvement to key construction management processes and controls; facilitated through recurring involvement in the referenced project throughout the respective contract term
- To provide bi-annual status reports to Management and the Audit Committee regarding the progress of the project and any recommended improvements identified.

Approach

Our approach to the engagement was as follows:

Obtaining an Understanding and Risk Assessment

To establish a foundational understanding of the project and to better assist the County, RSM met with the key members of management and construction process owners directly involved with the project. Major work steps as a part of this phase were as follows:

- Kickoff meeting / facilitated session with management
- Key process owner interviews
- Construction contract review
- Process mapping / key control identification
- Construction contract risk / compliance matrix development
- Policies and Procedures documentation review
- Identification of KPIs and relevant project metrics for reporting

Objectives and Approach - continued

Approach - continued

Recurring Monitoring Assistance

Monthly, RSM performed select inquiry, review, and testing procedures as they related to the following key construction management processes:

- Procurement adherence to FL statutes and County Policies and Procedures
- Pay application approval
- Pay application contractual compliance / support
- Pay application mathematical accuracy / roll forward
- Pay application Florida Prompt Payment Act compliance
- Pay application adherence to best practice and industry standards
- Change order approval
- Change order contractual compliance
- Change order mathematical accuracy
- Change order incorporation into monthly pay applications
- Change order adherence to best practices and industry standards
- Weekly and monthly contractor reporting
- Quarterly jobsite inspection
- KPI / metric monitoring / evaluation

Reporting

This report is intended to introduce management and the audit committee to the scope of our procedures, and going forward will be presented, as appropriate, to summarize the results of our procedures throughout the life of the project.

South Central Regional Wastewater Treatment Facility Expansion Snapshot - Summary

South Central Regional Wastewater Treatment Facility Expansion

Through inquiry with project management, inspection of the South Central Regional Wastewater Treatment Facility Expansion jobsite (10/31/16), and review of pay applications (9/30/16), we noted no additional cost or time has been added to the project via change order.

Our site visit included inquiry with the Capital Projects Manager, who noted the general contractor's team is fully engaged and that to date, no unforeseen circumstances / issues have surfaced related to their work. However, we were notified that a contractor working on site under a separate contract is in the process of completing work on the septage facility, which was originally scheduled for completion in August 2016. As a result, the general contractor on the South Central Regional Wastewater Treatment Facility Expansion project has been unable to begin certain phases of the work within the timeline as initially planned. It is likely that the septage facility delays will result in a change order for additional cost / time from the general contractor on the Wastewater Expansion project.

As of the date of our inspection, the jobsite appeared active, well organized, physically secure, and safe.



Note 1: Pictures taken during our site visit on 10/31/16.

South Central Regional Wastewater Treatment Facility Expansion Snapshot – Metrics (as of 09/30/16)

1

Pay Applications Processed

Spend vs Schedule Analytic	
\$1,354,870	
1 month	

\$38,074,000
2.5 Months

Quick Stats	
Largest Project Costs:	
Mobilization	\$ 450,000
Insurance	\$ 379,000
Bonds	\$ 379,000
Bond Premium	\$ 46,600
Electrical Mobilization	\$ 35,100

0

Change Orders Approved

0.00%

Change Order Rate
(Note 1)

Note 1: RSM's experience with comparable construction yields a typical change order rate of 5-10%.



South Central Regional Wastewater Treatment Facility Expansion Snapshot – Procurement

Test Criteria	Vendors	
	Design Engineer	Contractor
Bid / R-I-Q published per FL Statute	✓	✓
Verify all approvals required were obtained	✓	✓
Review and verify lowest compliant bid selected	N/A (Note 1)	✓
Review and verify accuracy of scoring criteria for RFQ	✓	N/A
Verify short list of vendors occurred per FL Statute	✓	N/A
Verify executed contracts are maintained on file	✓	✓
Confirm executed contracts Agree to Bid / Proposal	✓	✓

Note 1: N/A since the Design Engineer was procured through an RFQ. Per F.S. 287.055 the vendor selection is based on the scoring of qualifications and not on lowest compliant bid.

South Central Regional Wastewater Treatment Facility Expansion Snapshot – Pay Applications

Test Criteria	Pay Application #1 \$1,287,127
Mathematical Accuracy	✓
Proper Approvals	✓
Documentation Support	✓
Consistent Schedule of Values	✓
Timeliness of Payment	✓
Support Provided to SRF	✓ Note 1

Note 1: As of the date of our testing, the SRF package had not been submitted to DEP for approval. Our testing included inspection of the relevant components slated for delivery to SRF. We will confirm the package was received and accepted by DEP as apart of our procedures during the next test period.



South Central Regional Wastewater Treatment Facility Expansion Snapshot – Change Orders

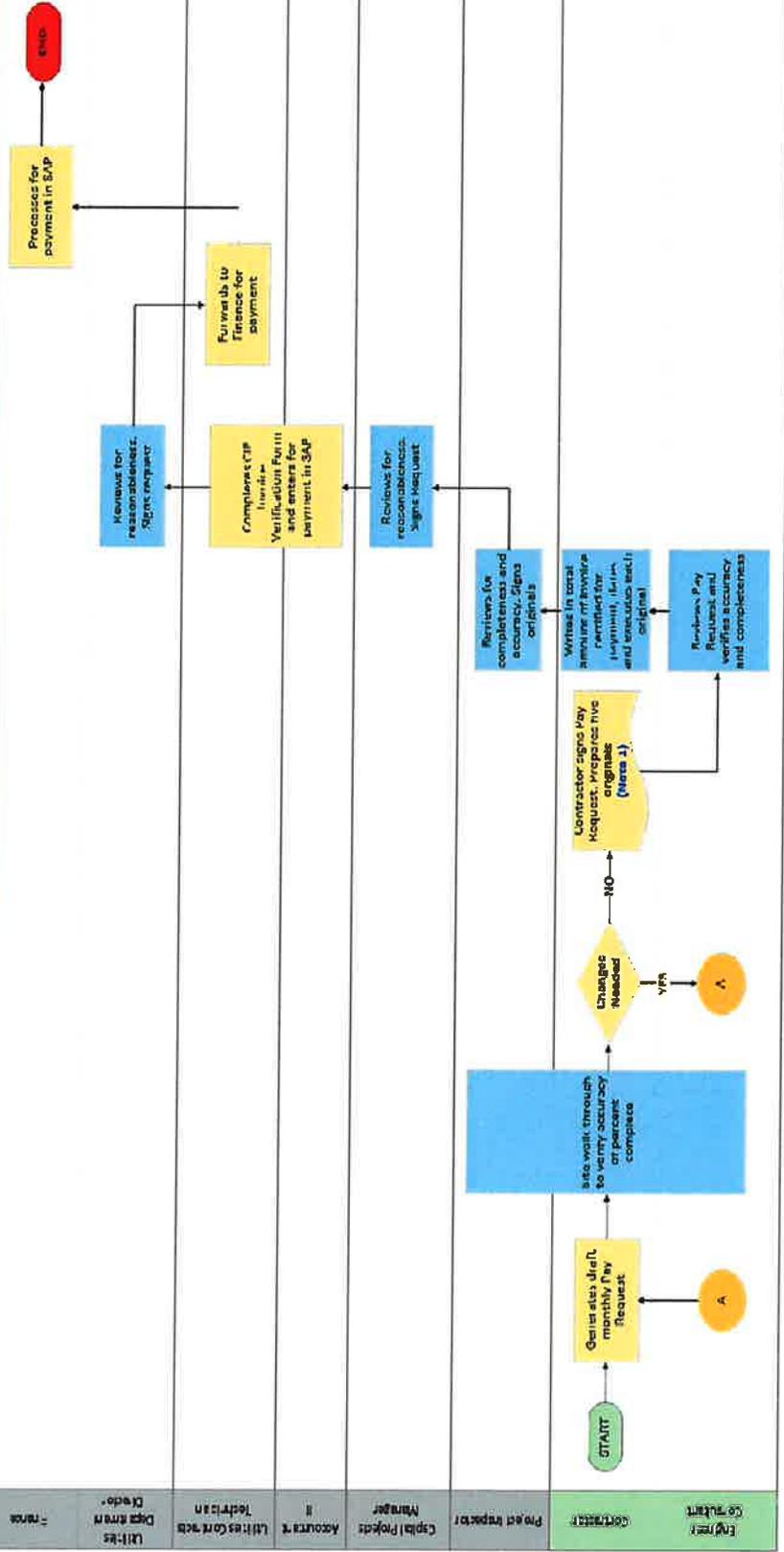
Test Criteria	Change Order #1
Contractor Entitlement	N/A
Mathematical Accuracy	N/A
Contractual Compliance	N/A
Detailed Cost Breakdown	N/A
Proper Approvals	N/A

Note 1: No change orders have been executed as of our testing date



Process Maps

Pay Application Process Brevard County – Utilities Services Department



Note 1: Copies Distributed as follows
 1. Three Copies to Owner
 2. One copy to Engineer
 3. One copy to Contractor

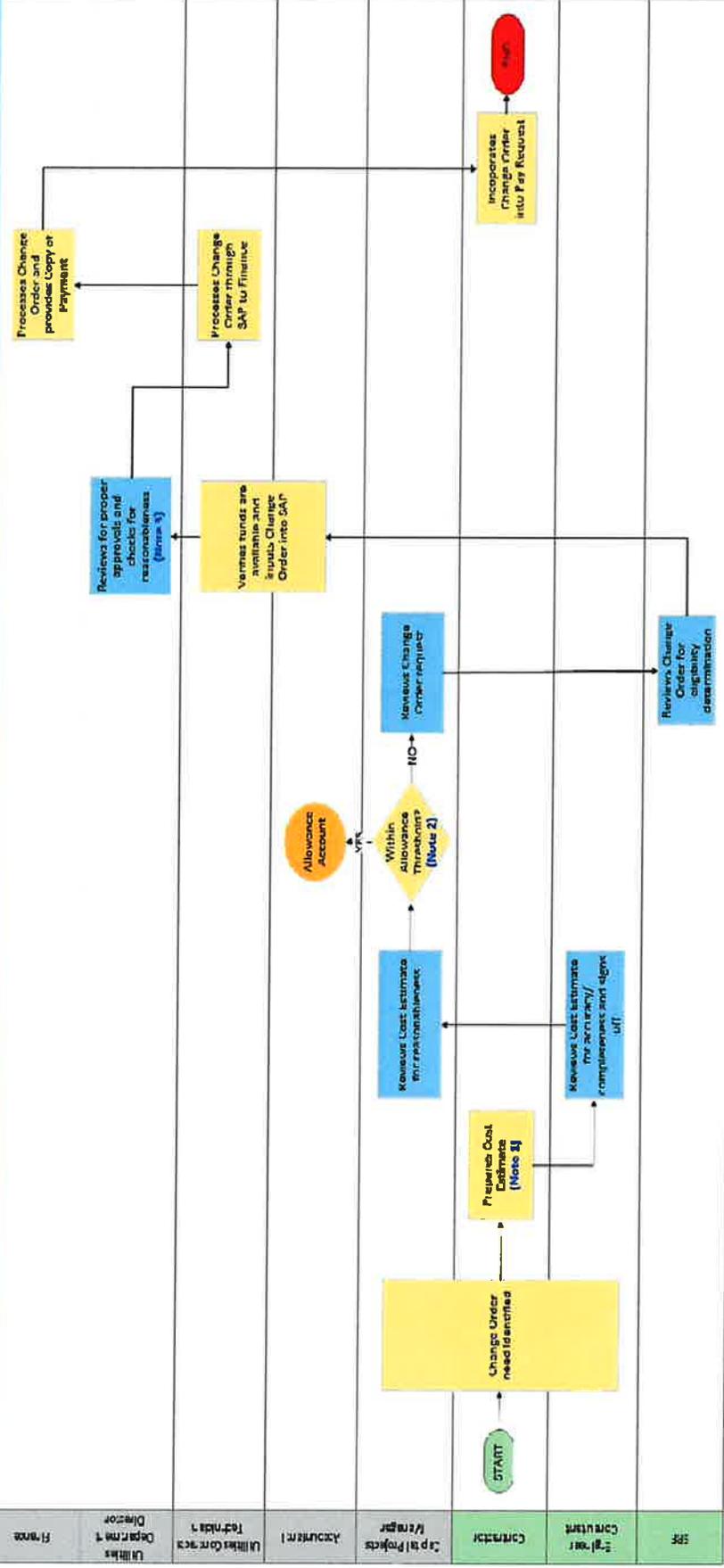
Swim lane Legend
 3rd Party Personnel County Personnel

Legend
 Process Step Manual Control



Process Maps - continued

Change Order Review Brevard County – Utilities Services Department



Swim Lane Legend
 Utilities Services Department
 Finance
 Contract
 Capital Projects

Note 1: Supply a multi-line of labor & materials description by supplier

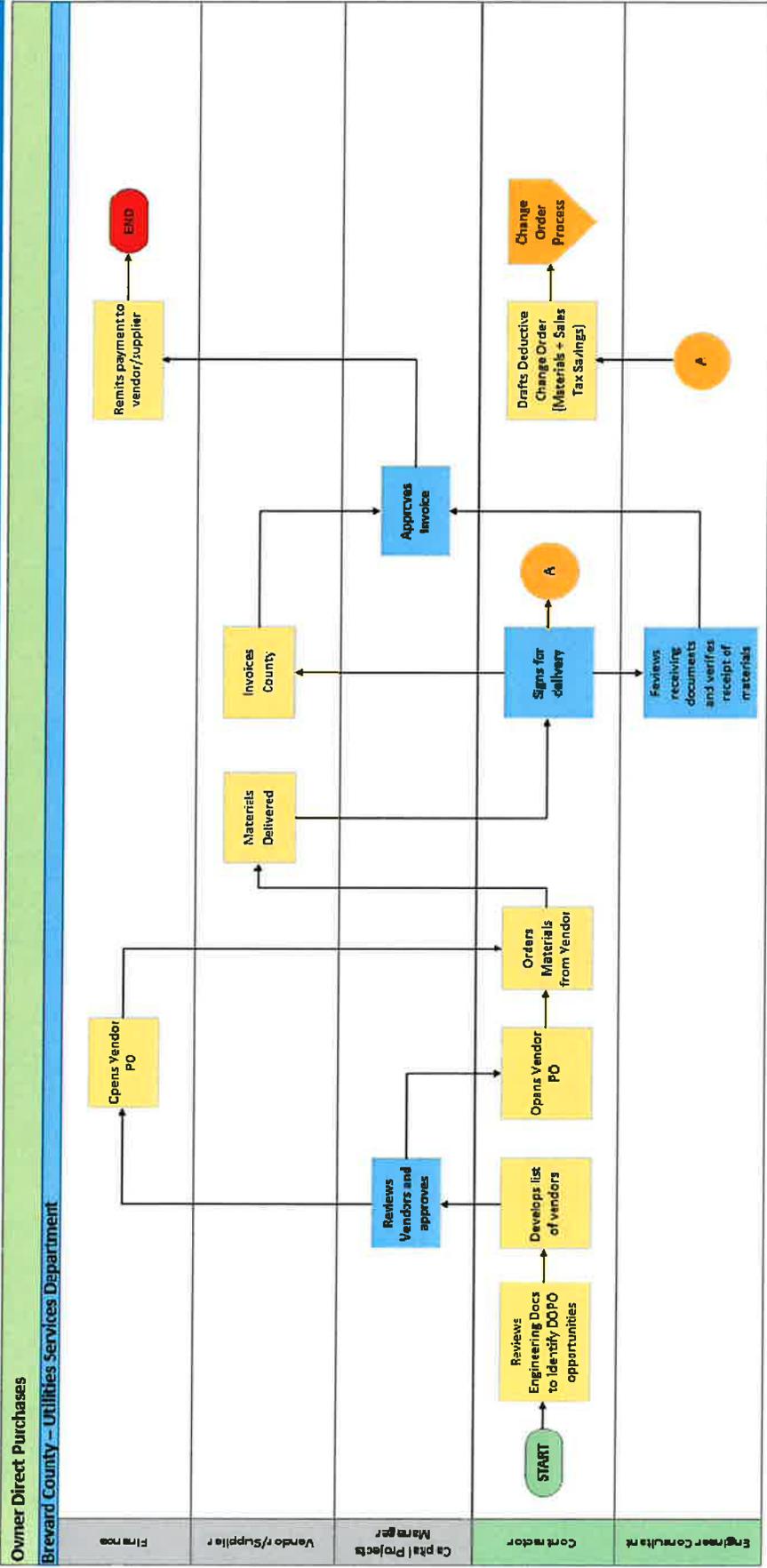
Note 2: Allowance account establishes a line item on the budget. It is used to track the proper budget. Typically no more than one allowance account is used for a single year of work. Support required with pay request.

Note 3: The Board of County Commissioners shall review all the change order requests in a public hearing. The Department Director and County Manager shall review the change order requests.

Legend
 Process > 3 step
 Manual Control

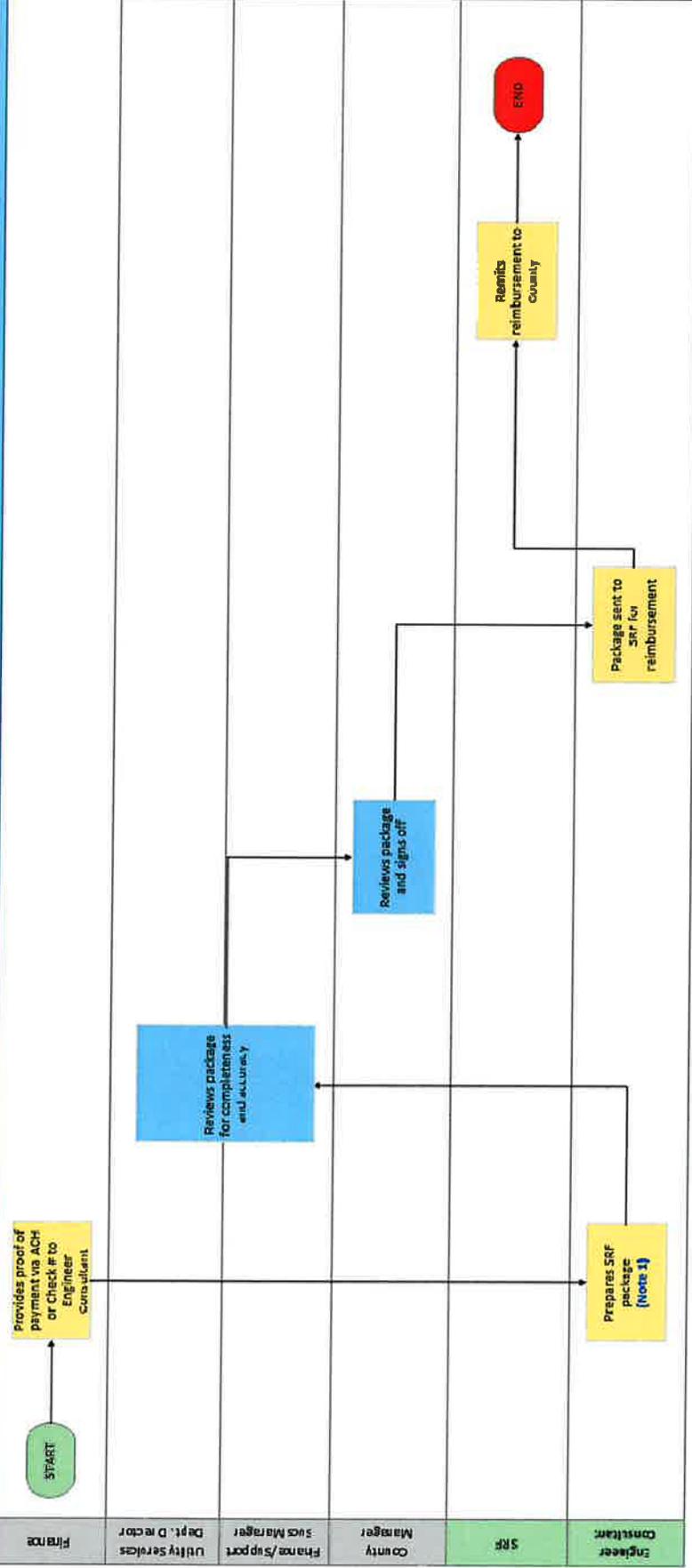


Process Maps - continued



Process Maps - continued

State Revolving Fund Management Process Brevard County – Utilities Services Department



Swim Lane Legend

- County Personnel
- Party Personnel

Note 1: SRF Package includes the following:
 1. Fully Executed Original Pay Request
 2. Proof of payment via ACH or Check #
 3. Pro of that check or electronic payment has been deposited

Legend

- Process Step
- Manual Control





**Internal Audit Committee of
Brevard County, Florida**

UF/IFAS Extension Expenditures



Prepared By:
Internal Auditors
September 16, 2016

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September 2016

The Audit Committee of
Brevard County, Florida
Viera, Florida 32940-6699

Pursuant to a special request from the County Managers' office, in response to specific allegations regarding the lack of expenditure controls at the UF/IFAS Extension Office, we hereby submit the following internal audit report related to the UF/IFAS Extension office, with respect to expenditure controls and governance. After presenting this report to the UF/IFAS Extension Services Advisory Board on October 11, 2016, we will issue this report during the next scheduled audit committee meeting on November 30, 2016. Our report is organized into the following sections:

Executive Summary	This provides a summary of the observations and opportunities related to our internal audit of the UF/IFAS Extension Expenditures.
Background	This provides an overview of the UF/IFAS Extension program and process and organizational structure..
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section, as well as a review of the various phases of our approach.
Observations Matrix	This section gives a description of the process and control observations noted during our work and recommended actions as well as management's response, responsible party, and estimated completion date.
Appendices A-D	This section provides examples and additional information regarding the UF/IFAS Extension program and recommended actions contained herein, as well as certain definitions.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with this internal audit.

Respectfully Submitted,

RSM US LLP

INTERNAL AUDITORS

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

Cooperative Extension Service began in May of 1914. The purpose of Extension Service was to provide specific scientific knowledge through public education programs. In 1964, the Institute of Food and Agricultural Sciences was created by combining UF's College of Agricultural, School of Forestry, Florida Agricultural Experiment Station, and the Cooperative Extension Service into one unit.

Brevard County has established a partnership with the University of Florida's (UF) Institute of Food and Agricultural Sciences (UF/IFAS) Extension and the United States Department of Agriculture (USDA). This partnership develops programs in the areas of agriculture, human and natural resources, and life sciences. The goal is to equip people, businesses and communities with knowledge and information to enrich the quality of human life. Each entity within this partnership plays a specific role in providing support.

UF/IFAS Extension supports the Brevard County partnership by funding a percentage of faculty salaries, consisting of the County Extension Director (CED), 7 extension agents, and 5 program assistants. Brevard County also plays a vital role in the success of the Extension Services partnership. For the 2015-2016 fiscal year, the County adopted a \$921,734 budget for Extension Service. The USDA provides support for Food and Nutrition programs offered by the agency.

In March 2016, the County Manager's office received a call regarding specific allegations due to a lack of structure and controls over expenditures at UF/IFAS Extension, and requested a limited-scope internal audit over the process and controls over expenditures, to include Extension programs, as well as related, but separate 501(c)(3) organizations for the Brevard County Fair and the 4-H Foundation. In May 2016, the Fair Board Chairman requested additional testing over the Fair, approved by the County Manager. This report presents the results of our internal audit in response to these special requests.

Objective and Scope

Our procedures were performed in accordance with the internal audit scope and approach set forth in our audit notification meeting, dated 03/9/2016, and were limited to those procedures described therein. Our scope included the following:

- Interview involved parties and various stakeholders regarding the policies and procedures in place for authorizing, executing, recording and reporting program expenditures.
- Survey advisory committee and board members regarding their role and responsibilities and satisfaction with their knowledge of these activities.
- Perform detailed tests of controls on a sample of expenditures between September 2015 and February 2016, with regard to authorization, recording, reconciling and reporting duties.
- Perform detailed tests of controls on Brevard County Fair expenditures from January 2015 – February 2016.

Fieldwork was performed between March and May 2016.

Overall Rating *(See Appendix for definitions)*

	Number of Observations by Risk Rating		
	High	Moderate	Low
UF/IFAS Extension – Expenditures	3	2	0

We would like to thank all UF/IFAS and Brevard County team members who assisted us throughout this internal audit.

EXECUTIVE SUMMARY - CONTINUED

Observations Summary

Following is a summary of the observations noted for Extension Services, as well as opportunities for improvement identified for the two separate 501(c)(3) entities.

UF/IFAS Extension Observations	Rating
<p>1. UF/IFAS Extension Policies and Procedures. During our review and testing of the “policies and Procedures for Handling Funds in County Extension Program,” required by UF/IFAS Extension for all offices, we noted multiple procedures are not being consistently followed by the Extension office.</p>	High
<p>2. Segregation of Duties. During our testing of expenditures, we noted segregation of duties conflicts within the fiscal management process, including the same person being able to initiate, record and reconcile transactions. Bookkeepers and extension agents perform the majority of these financial processes within their designated program areas. This includes bank reconciliations for six bank accounts, which are prepared but not independently reviewed and approved, and evidenced with reviewer sign off.</p>	High
<p>3. 4-H Foundation Board Composition. During our review of the separation of duties and roles and responsibilities for the various entities involved in providing extension services to the community, we noted a conflict of interest between a voting member of the 4-H Foundation Board and the fiscal management of the program investments.</p>	High
<p>4. Purchase and Invoice Approvals. We noted exceptions to the check requisition and invoice approvals procedures in 7 of 60 transactions tested.</p>	Moderate
<p>5. Documented Agreement Between Parties. Florida Statute 1004.37 governs the county extension programs and outlines the cooperation between UF and the counties. However, there is currently no specific agreement between UF and Brevard County that addresses the specific programs and services offered within the County, as well as the relationships to other entities, such as the 4-H Foundation and the Brevard County Fair.</p>	Moderate

Separate 501(c)(3) Entity Opportunities for Improvement
<p>6. Safeguarding of Checks and Bookkeeping for Related Entities. We noted the blank check stock for the Brevard County 4-H Foundation and the Brevard County Fair are maintained by Extension, in order for checks to be written for services and a general bookkeeping to be performed by the Extension office. This is done as a favor to those Boards, since they do not have staff for those entities. These checks are signed by respective Board members only; however, we noted that in both cases, a number of blank checks had been pre-signed for convenience. In addition, neither of these entities receive periodic financial reports of activities.</p>
<p>7. Brevard County Fair Transactions. Due to changes in the structure and administration of the Brevard County Fair, we were asked to perform specific testing around the Fair transactions, even though they are a separate entity from the Extension office. In addition to the two previously identified issues for related entities above, we noted that the Fair bookkeeping was discontinued by the Extension office in May 2015, but checks continued to be written through January 2016. Our testing of transaction support contained no exceptions, but it does not appear that any bookkeeping was performed for the entity as of May 2015. In early 2016, an outside CPA was provided with the checkbooks in order to prepare tax returns.</p>

BACKGROUND

BACKGROUND

Overview

Brevard County has established a partnership with the University of Florida's (UF) Institute of Food and Agricultural Sciences (UF/IFAS) Extension and the United States Department of Agriculture (USDA). This partnership develops programs in the areas of agriculture, human and natural resources, and life sciences. The goal is to equip people, businesses and communities with knowledge and information to enrich the quality of human life. Each entity within this partnership plays a specific role in providing support.

UF/IFAS Extension – IFAS (Institute of Food and Agricultural Sciences)

Cooperative Extension Service began in May of 1914. The purpose of Extension Service was to provide specific scientific knowledge through public education programs. In 1964, the Institute of Food and Agricultural Sciences was created by combining UF's College of Agricultural, School of Forestry, Florida Agricultural Experiment Station, and the Cooperative Extension Service into one unit.

UF/IFAS Extension supports the Brevard County partnership by funding a percentage of faculty salaries, consisting of the County Extension Director (CED), 7 extension agents, and 5 program assistants. The specific percentages are illustrated on the next page. Research from the UF/IFAS Extension helps create solutions to agricultural problems within the community and various commercial organizations. This continued research also assists agents in providing educational programs to the residents of Brevard County.

Brevard County

Brevard County plays a vital role in the success of the Extension Services partnership. For the 2015-2016 fiscal year, the County adopted a \$921,734 budget for Extension Service. Compensation and benefits consume 81% of the expenditures within this budget, which includes varying personnel as outlined on the next page. Operating expenses account for 18% of the budget with the remaining 1% assigned for Capital Outlay. Operating expenses primarily include office supplies and facility expenses such as utilities and facility lease expense.

USDA

The USDA provides support for Food and Nutrition programs offered by the agency. Grants from the USDA allow for continued research in the field of agricultural sciences. These topics cover plant health and production and products; animal health and production and animal products; food safety, nutrition, and health; bioenergy, natural resources, and environment; agriculture systems and technology; and agriculture economics and rural communities. The results of this research feed the efforts in the development of community outreach and education programs.

In addition to these agencies, there are two separate 501(c)(3) organizations that play an integral role in the delivery of extension service offerings. They are the 4-H Foundation and the Brevard County Fair. The 4-H program offerings are specifically administered by the County Extension office per their National guidelines. The Fair is still a legally-active organization, but has not been an active event in the County since 2014.

BACKGROUND - CONTINUED

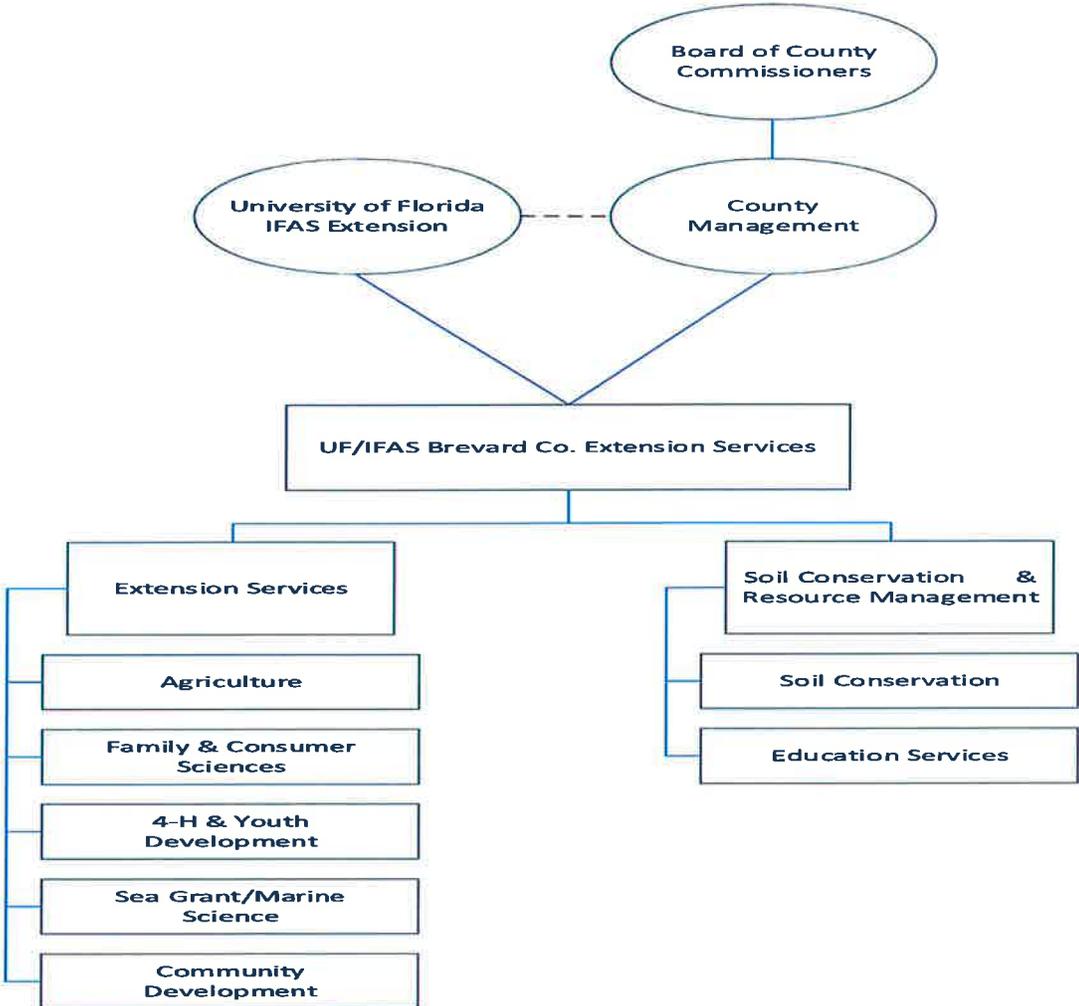
Source: UF/IFAS Extension Staff

UF / IFAS Extension Brevard County Position Funding		
Position	County Funded %	UF / IFAS Funded %
Extension Director	40	60
4-H Youth Development	40	60
4-H Youth Development	88	12
Family & Consumer Sciences	40	60
Family & Consumer Sciences	40	60
Urban Horticulture	40	60
Commercial Horticulture	60	40
Agriculture	100	
Community Development	100	
Sea Grant	75	25
Family & Nutrition Program Assts.		100
Staff	100	

The chart above illustrates the allocation and distribution of personnel costs funded by the County and UF. These are agreed upon each year during the County's annual budgeting process.

BACKGROUND - CONTINUED

The following is a high level organizational chart for the Brevard County UF/IFAS Extension Office.



BACKGROUND - CONTINUED

The chart below depicts certain performance measures for each of the program areas within UF/IFAS Extension. These programs are defined in more detail in the Appendix.

PROGRAM	OBJECTIVE	MEASURE	ACTUAL	ESTIMATED	PROJECTED
			FY 2013-2014	FY 2014-2015	FY 2015-2016
Family & Consumer Sciences	Safeguard Life, Safety and Property; Maintaining Existing Levels of Service	Participants	46,360	50,000	50,000
Sea Grant / Marine Science	Provide cultural and recreational services as well as protect and conserve natural resources	Participants	1,656	1,800	1,800
Commercial Horticulture	Promote Economic development	Participants	927	1,200	1,200
Urban Horticulture	Provide cultural and recreational services, Protect and conserve natural resources	Participants	9,111	10,000	10,000
4-H & Youth Development	Safeguard Life, Safety and Property; Maintaining Existing Levels of Service	Participants	4,869	5,000	5,000
Agriculture & Mosquito Control Education	Safeguard Life, Safety and Property; Maintaining Existing Levels of Service	Participants	3,534	3,800	3,800
Community Development	Promote Economic development	Participants	23,444	25,000	25,000
Pesticide Applicator Education	Safeguard Life, Safety and Property; Maintaining Existing Levels of Service	Participants	567	750	900
Volunteers	Assist the program agents	Hours	11,923	12,000	12,000

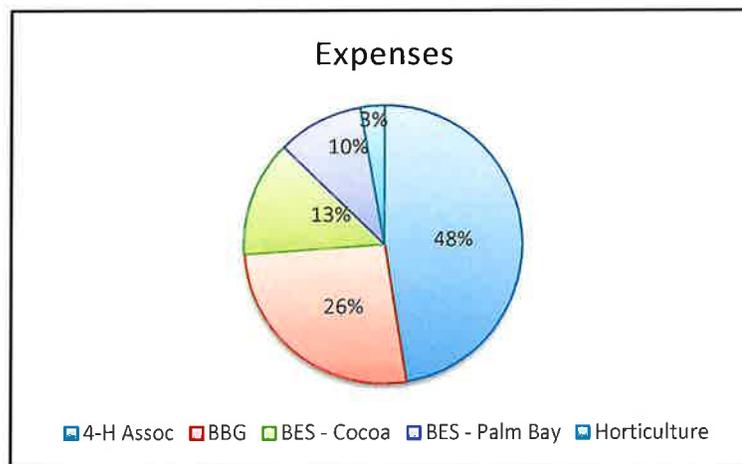
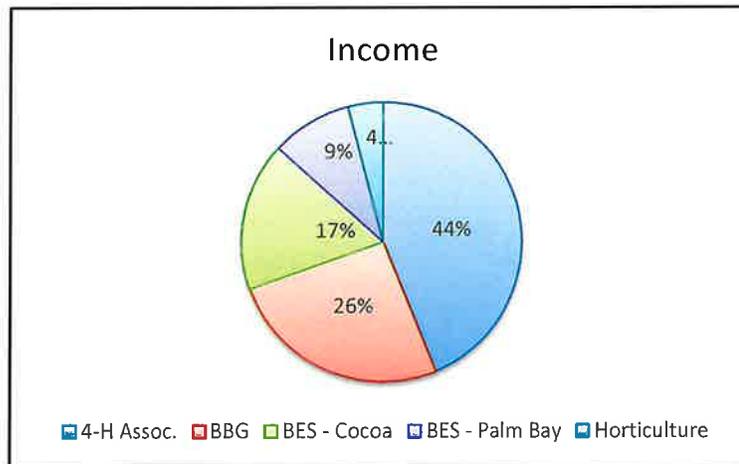
Source: UF/IFAS Website, Adopted Budget FY16

BACKGROUND - CONTINUED

Program - revenues and expenses 6-months ended 2/29/2016

PROGRAM	Income	Expenses	Net
4-H Association	\$25,522	(\$28,278)	(\$2,756)
Brevard Botanical Garden	\$14,907	(\$15,740)	(\$833)
Brevard Extension Service – Cocoa Farmer's Market	\$10,014	(\$8,006)	\$2,008
Brevard Extension Service – Palm Bay Farmer's Market	\$5,351	(\$5877)	(\$526)
Horticulture	\$2,350	(\$1,665)	\$685

Source: UF/IFAS Extension Staff



OBJECTIVES AND APPROACH

OBJECTIVES AND APPROACH

Objective

The purpose of our internal audit was to obtain an understanding of the control environment related to UF/IFAS Extension program expenditures in order to evaluate the design adequacy of controls and perform detailed testing on a sample of program expenditures in an effort to determine the operating effectiveness of those controls.

Approach

Our approach included the following procedures:

- Interview County management, UF/IFAS District Director, and Extension personnel as needed regarding the policies and procedures in place for authorizing, executing, recording and reporting program expenditures.
- Survey Board and Committee members regarding their role and responsibilities and satisfaction with their knowledge of these activities.
- Select a representative sample of the Extension Services expenditures and perform detailed tests of controls, including the following bank accounts:

Bank Accounts	
Account	Program
Wells Fargo	Brevard County 4-H Association
Community Bank of the South	Brevard Botanical Garden
Bank of America – Cocoa	Brevard Extension Service
Bank of America – Palm Bay	Brevard Extension Service
Wells Fargo	Horticulture Fund

This testing included obtaining purchase support and approval, as well as reviewing bank reconciliations, the use of software and reporting to the various stakeholders. In addition to the above bank accounts and program areas, we also reviewed the expenditures issued out of the 4-H Foundation (1 account) and Brevard County Fair (2 accounts) checking accounts. Although the Foundation and the Fair are separate entities from Extension, each with their own governing Board, Extension Services has been issuing checks (not with signature authority) and performing bookkeeping services for the Foundation and the Fair at the request of the respective Boards for many years. Our testing did not include transactions within investment accounts held with Raymond James, as those accounts are controlled by the Fair and Foundation boards, and Extension does not have access to those funds, with limited visibility into the transactions. Our testing period was from September 2015 to February 2016, with the exception of the fair expenditures, which was from January 2015 – February 2016.

Results

Our findings, recommendations and opportunities for improvement were developed based on tests and analyses completed, which were discussed with management as issues arose and have been communicated in a formal exit conference at the end of our fieldwork with the County Extension Director, Assistant County Manager over Extension and the County Manager. We have compiled a report summarizing the observations and recommendations, and management has provided responses to each item, regarding the nature and timing of the remediation effort. The responses have been incorporated into this report, which will be presented to the Internal Audit Committee during a regularly scheduled meeting.

DETAILED OBSERVATIONS MATRIX

7

DETAILED OBSERVATIONS MATRIX

Brevard County UF/IFAS Extension Internal Audit			
1.	UF/IFAS Extension Policies and Procedures	Recommendation	Management's Action Plan
High	<p>During our review and testing of the "Policies and Procedures for Handling Funds in County Extension Programs", required by UF/IFAS Extension, we noted multiple procedures are not being followed by the Extension office:</p> <ul style="list-style-type: none"> The office has advisory committees for each program area. There are also two separate entities with Boards, that have bank account authorized signers (4-H Foundation, Brevard County Fair). Brevard's UF/IFAS Extension has historically decided that the advisory groups don't have fiscal responsibility, sign checks or authorize specific expenses, but do plan programmatic concerns with intent. Although the 4-H Foundation and Fair are separate entities outside of UF/IFAS Extension, we noted the Extension office performs certain administrative duties, such as check writing and bookkeeping. These relationships are not fully documented and understood across all parties. Further, any financial data and reporting presented to the advisory committees or separate boards on a periodic basis was not documented / retained to facilitate "financial management" and promote transparency regardless of fiscal responsibility. 	<p>We recommend that the Extension office review the policies and procedures with their UF/IFAS District representative to ensure a proper level of understanding on what is required, and then take steps to ensure compliance. This could be outlined in the MOU described in observation #6.</p> <p>As transactions are transitioned to using UF 182, Extension should consider an alternative check signing authority for emergency / backup situations.</p> <p>See observation #2 for additional recommendations related to these procedures and segregation of duties, as well as #3 related to specific requirements related to 4-H programs.</p>	<p>Response: <u>Short-term</u></p> <ul style="list-style-type: none"> UF/IFAS personnel are traveling to Brevard on October 6 & 7 to assist with transitioning funds to UF/IFAS Fund 182 account. The need for an emergency/backup checking account will depend on the processes determined by UF/IFAS personnel for the Fund 182 account. If they recommend we maintain a local account for emergency/backups, Extension will identify two signing authorities for transactions over \$500 (see #2). County staff have been directed to never sign checks. However, until the transition to Fund 182, we have no alternative methods to reimburse farmers market vendors for EBT transactions. Check signing will cease immediately upon the transition to Fund 182. Also, the county employee will have to sign the check to transfer the funds to Fund 182.

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit		
1.	UF/IFAS Extension Policies and Procedures - continued	Recommendation
High	<p>Observation Rating</p> <ul style="list-style-type: none"> Checks must not be signed by any Extension employee (whether University or county government), regardless of funding source. A county employee, who serves in an administrative role, has signature authority on two of the 6 bank accounts. These do not include the UF 182 and UF SHARE accounts which are in the process of being setup. As the Extension office converts activity to the UF 182 accounts, instance of these will likely be reduced. Checks over \$500 must be signed by two unrelated people. This policy has not been implemented. During our testing of 44 check disbursements, 11 were greater than \$500. As the Extension office converts activity to the UF 182 accounts, instance of these will likely be reduced. 	<p>Management's Action Plan</p> <p>Response: Short-term - continued</p> <ul style="list-style-type: none"> The Brevard County Fair is no longer managed by UF/IFAS Extension; therefore, Extension no longer has any fiscal responsibilities associated with the Fair. <p>Responsible Parties: Linda Seals, Lisa Wishe, Diana Doughty</p> <p>Target Date: November 30, 2016</p> <p>Long-term</p> <ol style="list-style-type: none"> Director has requested assistance from UF/IFAS Administration and personnel to address challenges within the 4-H Foundation including but not limited to administrative duties, bookkeeping, national and state policies and procedures for 4-H affiliated organizations, and the Foundation mission. Note the following UF/IFAS 4-H policies*: <ul style="list-style-type: none"> All funds raised, earned, or otherwise obtained, using the 4-H name and emblem, are property of the University of Florida/IFAS Extension 4-H Youth Development Program.

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit		
1.	<u>UF/IFAS Extension Policies and Procedures - continued</u>	<u>Recommendation</u>
High	Observation Rating	<u>Management's Action Plan</u>
		<p>Response: <u>Long-term - continued</u></p> <ul style="list-style-type: none"> Any 4-H organization, at any level within the state, is accountable to the University of Florida and USDA, and is obligated to follow all policies, procedures and regulations established by the University of Florida/IFAS Extension 4-H Youth Development Program. <p>*4-H Policies & Best Management Practices: http://florida4h.org/policies. Accessed 9/15/2016.</p> <p>Responsible Parties: Linda Seals, Andrea Lazzari</p> <p>Target Date: July 1, 2017</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit			
2.	Segregation of Duties	Recommendation	Management's Action Plan
High	<p>Observation Rating</p> <p>During our testing of expenditures, we noted segregation of duties conflicts within fiscal management process, including the same person being able to initiate, record and reconcile transactions. Bookkeepers and agents perform the majority of these financial processes within their respective program areas. In addition, as previously noted in Observation #1, one of the bookkeepers/administrators is also a signer on the two program accounts that she manages. Further, we noted bank reconciliations are prepared monthly by the program bookkeepers, but are not being independently reviewed or approved, and evidenced with preparer and reviewer sign offs. There is also an inconsistency among bookkeepers on how bank reconciliations are prepared. Examples include sample selections that are missing reconciliation summaries, uncleared check details, or information that supports outstanding items have been communicated to management. Further, as previously noted, regular financial reporting to advisory board or committees is not occurring (although they do not have fiscal responsibility).</p> <p>To reduce the segregation of duties risk, the CED approves transactions at the initiation and payment phase. However, because overall fiscal monitoring by a governing body is not occurring by program or cumulatively for the Extension Service as a whole, there is additional risk of error or loss due to lack of monitoring.</p>	<p>Due to the small staff at the Extension office, we recognize that not all duties can be fully separated. Additional controls should be implemented to reduce the risk of loss. Examples include the following:</p> <ol style="list-style-type: none"> 1. Employees should not be signers on any bank accounts. This is in accordance with the "Policies and Procedures for Handling Funds in County Extension Programs". See observation #1 for more information. 2. Extension Services should consider periodic (minimum of quarterly) financial reporting to a governing body and the CED to show all activities, budget results and other fiscal monitoring measures. This could be done by program area, and then cumulatively for the Extension Service as a whole, combining all groups. A single combined QuickBooks file could easily facilitate this reporting. 3. Dual signatures are required, by policy, for checks over \$500. Extension services could consider lowering this amount in order to ensure that all transactions have at least two sets of eyes from outside parties (advisory group members / signatories). 4. Extension should develop a consistent process for completing bank reconciliations communicate it to the bookkeepers and make sure there is a review process that includes sign off. 	<p>Response:</p> <ol style="list-style-type: none"> 1. County staff have been directed to never sign checks. However, the farmers market transactions continue to be a challenge, so until the transition to Fund 182, we have no alternative methods to reimburse farmers market vendors for EBT transactions. Check signing will cease immediately upon the transition to Fund 182. Also, the county employee will have to sign the check to transfer the funds to Fund 182. 2. Monies from local accounts are in the process of being moved to the UF 182 account. A QuickBooks file will be maintained in the office to record transactions, which will then be compared with UF Finance (governing body) on a monthly basis. After reconciliation, a report will be provided to the director for signature. <p>A quarterly report will be distributed to the 4-H Foundation for review. A copy of that report will be attached to the meeting minutes and will be kept on file for future reference.</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit			
2.	<u>Segregation of Duties - continued</u>	<u>Recommendation</u>	<u>Management's Action Plan</u>
High	Observation Rating		<p>Response - continued:</p> <p>3. The need for an emergency/backup checking account will depend on the processes determined by UF/IFAS personnel for the Fund 182 account. If they recommend we maintain a local account for emergency/backups, Extension will identify two signing authorities for transactions over \$500 (see #2); one signatory for transactions under \$500.</p> <p>4. Staff have been instructed to collaborate on processes for bank reconciliation. Staff training is being conducted by Lisa Wishe. The review process reported in bullet 2 will be used to ensure consistency.</p> <p>Responsible Parties: Linda Seals, Lisa Wishe, Diana Doughty, Sandy Molina, Andrea Lazzari, Mel Morgan-Stowell</p> <p>Target Date: November 30, 2016</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit			
3.	4-H Foundation Board Composition	Recommendation	Management's Action Plan
High	<p>Observation Rating</p> <p>National 4-H policies as well as the UF/IFAS policies and procedures have specific guidelines related to 4-H programs. There is also a Memorandum of Agreement (MOA), executed in 2011, between the County Extension Service and the 4-H Youth Foundation which documents roles and responsibilities. In accordance with these policies, the County Extension office has delegated certain duties to the local 4-H Foundation board, but must maintain administrative oversight for the funds.</p> <p>During our review of the separation of duties and roles and responsibilities for the various entities involved in providing extension services to the community, we noted a conflict of interest between a voting member of the 4-H Foundation Board and the fiscal management of the program's investment funds.</p> <p>We obtained a copy of the Foundation Board's meeting minutes from July 7, 2011, noting that the Board approved the continued use of the investment advisory services of Raymond James, noting the Board member is also the investment manager on the account with Raymond James. The minutes also reference creating an Investment Policy Statement (IPS) that has not been located, as well as notes that the Board member in question is also a non-voting member of the Finance Committee.</p> <p>While it is not uncommon for investment management services to be provided by entities where board members are employed, it appears that this may not be allowable under 4-H National, UF and County policies.</p>	<p>Recommendation</p> <p>We recommend that the validity of the relationship between the Raymond James Foundation management services, the 4-H Extension Board member, and the County Extension programs be examined in accordance with the policies and procedures.</p> <p>We further recommend the CED, in conjunction with UF, review National, State and local policies and procedures related to the 4-H programs and evaluate whether the MOA needs to be updated to incorporate a comprehensive approach to fiscal responsibility and administrative oversight.</p>	<p>Response:</p> <p>The Foundation has expressed reluctance to comply with National, State, and local 4-H policies and procedures and is considering re-organizing to remove the 4-H name. The director will work with UF/IFAS administration to assist with the transition in the event the Foundation follows through with this option.</p> <p>The Foundation does not believe there is a conflict of interest with the investment management services company and the 4-H Foundation Board member who is employed by that company. The director will work with UF/IFAS administration to interpret National and State policy on this subject.</p> <p>If the Foundation opts to retain the 4-H name, the director will work with UF/IFAS administration to strengthen the Foundation/County Extension relationship.</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit			
3.	<u>4-H Foundation Board Composition - continued</u>	<u>Recommendation</u>	<u>Management's Action Plan</u>
High	Observation Rating		<p>Response - continued: An MOU between the 4-H Foundation and Extension was developed in 2011 and effective on 11/1/2011. The director will review the MOU with the Foundation to ensure compliance. The director will also work with UF/IFAS personnel to provide guidance for enhancing the Foundation. See #1.</p> <p>Responsible Parties: Linda Seals, Andrea Lazzari</p> <p>Target Date: March 31, 2017</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit

	<u>Purchase and Invoice Approvals</u>	<u>Recommendation</u>	<u>Management's Action Plan</u>
<p>4.</p> <p>Moderate</p>	<p>Observation Rating</p> <p>In the absence of documented procedures for the purchase and approval of program goods and services that are secured outside of the County Finance process, the Extension office's informal process for expenditures is to have a check requisition approved by the CED, and then the checks written and signed as authorized by the bank signatories.</p> <p>We tested a sample of 60 expenditures from the various program accounts, noting the following exceptions:</p> <ul style="list-style-type: none"> • 3 of 60 items did not have a check requisition attached. • 4 of 60 items did not have CED approval of the check requisition. 	<p>The UF/IFAS Extension Service should develop a procedure for the pre-approval, purchase and payment of programmatic goods and services, and then adhere to its compliance. This would include obtaining pre-approval for purchases, or purchases in accordance with a pre-determined budget, as well as approval for the payment of such items.</p> <p>See also other observations related to check signing, segregation of duties and periodic financial reporting.</p>	<p>Response: Purchasing policies and procedures were developed and implemented on August 1. A revision to those policies and procedures was made on 9/15/16 and will be implemented on October 3.</p> <p>They are as follows:</p> <p>Purchases Under \$100</p> <ul style="list-style-type: none"> • A purchase under \$100 does not require director approval and can be made using your county P-card or petty cash. • Before purchasing items, make sure the items are not already in stock. • All purchases MUST be exempt from sales tax. Make sure you have a tax exempt form with you unless you are shopping at a store that has the office on record as tax exempt. In all cases, it is best to have the form with you just in case. • All purchases REQUIRE a receipt! Receipts MUST be submitted to Lisa or your secretary within three (3) days of the purchase. • All receipts must be signed by the purchaser.

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit			
4.	<u>Purchase and Invoice Approvals - continued</u>	<u>Recommendation</u>	<u>Management's Action Plan</u>
Moderate	Observation Rating		<p>Response - continued: Purchases Over \$100</p> <ul style="list-style-type: none"> • All purchases over \$100 require director approval. • Approval is obtained by completing a requisition form and attaching all back-up documentation (i.e., quotes, website print-out, proofs). If back-up documentation cannot be secured, a written memo attached to the requisition is required. The director must sign the requisition prior to purchase. • Before purchasing items, make sure the items are not already in stock. • All purchases MUST be exempt from sales tax. Make sure you have a tax exempt form with you unless you are shopping at a store that has the office on record as tax exempt. In all cases, it is best to have the form with you just in case. • All purchases REQUIRE a receipt! Receipts MUST be submitted to Lisa or your secretary within three (3) days of the purchase. • All receipts must be signed by the purchaser. <p>Responsible Parties: Linda Seals, Lisa Wishe, Diana Doughty</p> <p>Target Date: October 3, 2016</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit

5.	<u>Documented Agreement Between Parties</u>	<u>Recommendation</u>	<u>Management's Action Plan</u>
Moderate	<p>Observation Rating</p> <p>Florida Statute 1004.37 governs the county extension programs and outlines the cooperation between counties and the University of Florida (UF). However, there is currently no specific formalized agreement between the County and UF that outlines the roles and responsibilities of each agency with regard to the specific Extension Services offered within Brevard County, such as the County Fair, the 4-H Association, 4-H Foundation, Farmer's Market and other initiatives. Not all of these programs are the responsibility of the Extension office, but the programs are inter-related, and clarity on the distinctions should be documented.</p> <p>There are also multiple advisory committees and separate 501(c)(3) boards, and those roles and responsibilities should also be addressed - Memoranda of Agreement (MOA) should be established between those groups and the County Extension Service, specifically to "ensure adherence to the agreed-upon system of fiscal management for Extension program funds". The agreement should outline roles and responsibilities and oversight and monitoring processes.</p>	<p>We recommend the County and UF develop a Memorandum of Understanding that outlines the roles and responsibilities of each party, and any programmatic advisory bodies as applicable. An example have been included in the Appendix.</p> <p>This MOU should complement the requirements of F.S. 1004.37 as well as the UF/IFAS "Policy for Handling Funds in County Extension Programs."</p> <p>Specifically with regard to MOA between the Extension office and separate outside organizations, the roles and responsibilities for the authorization, recording, reconciling and reporting activities for those program revenues and expenditures must be clearly defined in order to maintain proper segregation of duties as well as a strong monitoring and oversight control structure for the funds.</p> <p>See also other observations for related agencies and periodic programmatic financial reporting.</p>	<p>Response:</p> <ul style="list-style-type: none"> An MOU between the 4-H Foundation and Extension was developed in 2011 and effective on 11/1/2011. The director will review the MOU with the Foundation to ensure compliance. The director will also work with UF/IFAS personnel to provide guidance for enhancing the Foundation. See #1. <p>Responsible Parties: Linda Seals, Andrea Lazzari</p> <p>Target Date: July 1, 2017</p> <ul style="list-style-type: none"> Bylaws are nonexistent for Extension's program advisory committees and the Overall Advisory Committee. The director will work with faculty and advisory members to develop and implement bylaws for program advisory groups and the Overall Advisory Committee. <p>Responsible Party: Linda Seals</p> <p>Target Date: December 31, 2017</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Brevard County UF/IFAS Extension Internal Audit		
5.	<u>Documented Agreement Between Parties - continued</u>	<u>Recommendation</u>
Moderate	Observation Rating	
		<p>Response - continued:</p> <ul style="list-style-type: none"> The director will collaborate with UF/IFAS and County administration to develop an MOU between the two organizations. <p>Responsible Party: Linda Seals</p> <p>Target Date: December 31, 2017</p> <ul style="list-style-type: none"> When the Brevard County Fair is revived, an MOU between Extension and the Fair Board will be developed and implemented that will detail Extension's role and responsibilities to the Fair. <p>Responsible Party: Linda Seals</p> <p>Target Date: December 31, 2017 or prior to the next Brevard County Fair</p>

DETAILED OBSERVATIONS MATRIX - CONTINUED

Separate 501(c)(3) Process Improvement Opportunities

Safeguarding of Checks and Bookkeeping for Related Entities

During the course of our work, it was noted that the blank check stock for the Brevard County Fair and the 4-H Foundation were maintained by Extension even though they are separate organizations with unique advisory boards. This was done because Extension agents for those programs were also performing bookkeeping for those programs, and those agents are not authorized signers on those accounts. However, we noted that there were pre-signed blank checks within the checkbooks, where the signers would sign a number of blank checks for convenience.

We further noted, as previously discussed, that periodic reports of financial information (transactions completed, cash flows, etc.) are not being routinely presented to the separate boards; when details are provided, the support is not maintained.

Combined, these control deficiencies could lead to the misstatement of financial information or the misappropriation of assets.

Recommendation

In order to properly safeguard assets, blank checks should never be pre-signed. Board members who are authorized signers on an account should be notified when checks are ready for signature, or pre-determined dates for check signing should be established, such as bi-weekly. Arrangement can be made with most vendors to allow for this segregation and oversight to occur.

Further, program revenues and expenses should be routinely monitored against expectations by management, as well as advisory boards and committees.



DETAILED OBSERVATIONS MATRIX - CONTINUED

Separate 501(c)(3) Process Improvement Opportunities - continued

Brevard County UF/IFAS Extension Internal Audit

Brevard County Fair Transactions

During the course of our work, we were asked to specifically perform testing on the Brevard County Fair transactions, due in part to changes in the administration of Fair expenditures, the structure of the Fair in general, and the recordkeeping processes.

In addition to the MOA and blank check concerns previously noted, we noted that bookkeeping for the Fair was discontinued by the Extension office as of May 2015, but checks continued to be written through January 2016. We were provided with the checkbooks, copies of the bank statements and prepared bank reconciliations by the Fair Board Chairman, but it is unclear who was preparing those; likely it was the outside CPA for the purposes of the tax return preparation.

As such, we reviewed the expenditures made out of the two Fair checking accounts for reasonableness and adequate support, noting no exceptions. Each transaction contained support, as well as a check requisition signed off on by the CED. We were not provided with the Fair's investment account support, so those transactions were not reviewed separately, except for the transfer of funds between the Fair and the 4-H Foundation as specifically requested. The Fair was discontinued in 2014, but continues to pay expenditures related to poultry auctions and prizes, payroll reimbursements to Brevard County on a quarterly basis, as well as other operating expenses to hold the poultry auctions at another locale and administrative items such as payment to the CPA for tax services.

Recommendation

As previously noted, an MOA between the Fair and Extension needs to be created to define the roles and responsibilities of each agency. Checks should not be pre-signed and regular, periodic financial reporting should occur.

Since the Fair paid for a portion of the Extension agent's salary at the time of our testing, the MOA should document the job description for that person, including any duties the job entails, such as recordkeeping, if those tasks will continue.

DETAILED OBSERVATIONS MATRIX - CONTINUED

Rating Definitions

Observation Risk Rating Definitions	
Rating	Definition
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, business operations or public reception) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals. Action should be taken within 12 months (if related to external financial reporting, must mitigate financial risk within two months unless otherwise agreed upon).
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, business operations or public perception) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be taken within nine months (if related to external financial reporting, must mitigate financial risk within two months).
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, business operations, or public perception) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately, but in no case should implementation exceed six months (if related to external financial reporting, must mitigate financial risk within two months).

APPENDIX

APPENDIX A – STATE STATUTE 1004.37

Select Year:

The 2011 Florida Statutes

Title XXVIII
K-20 EDUCATION CODE

Chapter 1004
PUBLIC POSTSECONDARY EDUCATION

[View Entire Chapter](#)

1004.37 County or area extension programs; cooperation between counties and University of Florida and Florida Agricultural and Mechanical University. –

(1) The Florida Cooperative extension service is administered through the University of Florida and is supported programmatically by the University of Florida and Florida Agricultural and Mechanical University in collaboration with individual county governments. County or area extension programs will be developed, based on local situations, needs, and problems, supported by scientific and technical information developed by the University of Florida, Florida Agricultural and Mechanical University, the United States Department of Agriculture, and other sources of research information. This information will be made available through the local program, with the aid of research scientists and extension specialists of the University of Florida Institute of Food and Agricultural Sciences and Florida Agricultural and Mechanical University.

(2) In each county or other geographic subdivision the board of county commissioners or other legally constituted governing body will annually determine the extent of its financial participation in cooperative extension work. The extent of such financial participation by the counties will influence the number of county extension agents and clerical staff employed and the scope of the local extension program.

(3) Boards of county commissioners or other legally constituted governing bodies will approve or disapprove of persons recommended for extension positions in the county. If the governing body of the county notifies the extension service by resolution that it wants a list of three qualified candidates, then the extension service shall, for each position, make its recommendation by submitting a list of not fewer than three qualified persons, or all qualified persons if three or fewer. From this list, the board of county commissioners, or other legally constituted governing body, shall make its selection. If none of the persons recommended are approved, the extension service shall continue to submit lists of not fewer than three additional qualified persons until one person is selected. If the governing body of the county does not forward such a resolution to the extension service, the extension service shall recommend one qualified candidate to the governing body. If a person recommended is not approved, the extension service shall recommend another qualified candidate and shall repeat this procedure as necessary until one person is selected. Extension agents so appointed will be staff members of the University of Florida or Florida Agricultural and Mechanical University, depending on the source of funds. It is the responsibility of the cooperative extension service to determine qualifications for positions.

(4) Although county extension agents are jointly employed by the state universities and federal and county governments for the purposes of administration of the cooperative extension service, the personnel policies and procedures of the University of Florida or Florida Agricultural and Mechanical University, depending on appointment, will apply except in those instances when federal legislation or the basic memorandum of understanding is applicable.

(5) The University of Florida will provide county extension personnel in the county with supervision and resources for planning and programming and is responsible for the programming process. The Florida Cooperative extension service will make available needed program materials to the extension agents through the subject matter specialists or through other resource persons available from within the university. It will be responsible for maintaining a high level of technical competence in the county extension staff through a continuous program of inservice training.

(6) The county extension director will report periodically to the board of county commissioners or other legally constituted governing body on programs underway and results in the county. Each board of county commissioners or other legally constituted governing body will develop a plan which will enable it to be kept informed on the progress and results of the local extension program so that its own knowledge of program needs and problems may become a part of the educational work carried on by the agents. Such plan shall provide for a means of communicating the board's satisfaction with the extension program to the county extension director and the cooperative extension service.

History. --s. 182, ch. 2007-387.

APPENDIX B – UFIFAS EXTENSION POLICY

Policies and Procedures for Handling Funds in County Extension Programs

1. Background and Purpose

The purpose of this web page is to establish the policies and procedures that all County Extension Offices should follow when handling money (checks, cash, credit, or other financial instruments) associated with Extension programs, sales, or any services provided under the auspices of the University of Florida Cooperative Extension Service.

2. Authority, Accountability & Types of Funding Sources

- a. **Oversight and Accountability** - In each county, the County Extension Director (CED), on behalf of the University of Florida Cooperative Extension Service, is accountable for the administrative oversight of all funds associated with the county Extension program. In turn, the county Extension agent is responsible for monitoring the day-to-day generation, collection, and expenditure of funds associated with his or her local program (4-H, Agriculture, Horticulture, etc.), and for ensuring that appropriate program-specific fiscal procedures are followed to manage these items. All funds associated with the county Extension program shall be subject to this policy.
- b. **Delegation of Financial Authority** – In each county, the CED should delegate the financial management duties associated with local banking accounts to the appropriate advisory body or authorized tax-exempt organization (e.g. Extension Advisory Committee, County 4-H Association, or county 4-H foundation), under the direction of the appropriate county agent for the purposes of ensuring the public of transparency and sound fiscal management.
- c. **Common Types of Funding in Extension Programming** - The following sources of revenue and their associated expenditures are examples of common types of projects that fall under the purview of the CED:
 - i. **General Examples of Funding Sources**
 1. Fees for educational programs (supplies, refreshments, etc.).
 2. Sale of publications or newsletter subscriptions.
 3. Fees collected at shows, expos, fairs, events, and activities.
 4. Donations or gifts to an Extension program.
 5. Proceeds of fundraising events conducted by Master Gardeners or other volunteer groups.
 6. Awards and recognitions.
 7. Proceeds from fundraising events conducted in the name of Florida Cooperative Extension.
 - ii. **4-H-Specific Examples of Funding Sources** (*For tax-exempt purposes, these funds must be held in an approved county 4-H program account, such as an Association or foundation account.)
 1. *4-H club funds.
 2. *4-H dues.
 3. *Donations and gifts to the county 4-H program.
 4. *Proceeds of fundraising events conducted in the name of 4-H.
 5. *Funds of 4-H affiliate groups.
 6. Fees for educational programs (supplies, refreshments, etc.).
 7. Newsletter subscriptions.
 8. Fees collected at shows, expos, fairs, events, and activities.
 9. Sale of 4-H publications.
 10. Awards and recognition.

3. Procedures

All counties across Florida will follow a standard policy for financial management of Extension funds that has been approved by Extension administration. This policy will give county agents authority to manage their funds and will provide for demonstrable accountability and transparency in fundraising and fiscal management.

- a. **Establishing Supervision and Control of Groups Managing Extension Funds** – All advisory groups managing Extension funds shall operate according to provisions established in a Memorandum of Agreement (MOA) between the group and the County Extension Service. Such a MOA must be established in order to ensure adherence to the agreed-upon system of fiscal management for Extension program funds. For guidance in drafting an MOA (also commonly referred to as a memorandum of understanding), visit EDIS (<http://edis.ifas.ufl.edu/4h259>).
- b. **Special Instructions for Supervision and Control of 4-H Groups** - In the case of 4-H programming, a MOA must also stipulate the terms in which the group is authorized to use the 4-H name and emblem as well as to ensure sound fiscal management of 4-H funds. It is strongly recommended that one of the MOAs contained in the “Florida 4-H Implementation Guide to Maintain Tax Exempt Status in Your County Program” (<http://florida4h.org/staff/taxexempt>) be used in establishing an MOA with a group managing program funds.
- c. **Maintenance of Different Types of Funding** – In general, Extension program-related funds should be held in an account managed by an Extension advisory body, or by the county 4-H Association (or Foundation, where authorized). In circumstances where local situations complicate the management of funds, a distinction can be made between county Extension program funds and funds generated by Extension faculty. Examples of county Extension program funds include, but are not limited to: proceeds of fundraisers conducted by Master Gardeners, workshop registration fees, donations to the Extension program, 4-H club funds and dues, donations and gifts to the county 4-H program, proceeds of fundraising efforts conducted by 4-H, and the funds of affiliate 4-H groups. These funds should be kept in an Extension program account. In the case of 4-H funds, these types of funds must be kept in a county 4-H Association or 4-H foundation account.

Examples of funds generated by Extension faculty as a result of their programmatic efforts include, but are not limited to, fees for materials, sale of publications, grant funding, newsletter subscriptions and other event-related fees. These funds may be held in other accounts, as deemed appropriate by the CED.

- d. **Obtaining Banking Services**
 - i. For all Extension programs, associated banking accounts must be established using an Employer Identification Number (EIN) created for that purpose. Unless otherwise specified, all Extension program accounts are also required to include in the name “Extension Program Account.” *Any bank account operating under an individual’s social security number must be brought into compliance with the aforementioned requirement immediately.*
 - ii. Each county Extension program may have one or more banking accounts as deemed necessary by the CED and the Extension agents involved. The Extension agent, CED, and possibly an applicable advisory committee should work together to select an appropriate bank. Use the least number of different banks possible to simplify accounting.

e. **Special Instructions for 4-H Program Accounts**

- i. For 4-H accounts, all bank accounts must be established using the Employer Identification Number (EIN) assigned to the local County 4-H Association. Changes, additions, or closures of these accounts must be reported via the year-end report submitted annually to the State 4-H Headquarters. *All 4-H accounts not using an EIN listed under the University of Florida group exemption (GEN) must also be immediately brought into compliance.*
- ii. *County 4-H Foundations:* In certain circumstances, bank accounts may be established by affiliated not-for-profit incorporations, such as county 4-H foundations that have previously attained 501(c)3 tax exempt status. In these cases, a memorandum of agreement (MOA) must be signed by representatives of the County Extension Service and the tax-exempt organization authorizing use of the 4-H name and emblem and outlining the fiscal procedures required. Affiliated tax exempt organizations are required to maintain fiscal records in much the same way as County 4-H Associations.
- iii. *No New 501(C)(3) Groups Permitted to Use 4-H Name and Emblem:* The University of Florida and the subordinate county 4-H Associations will be the primary means by which Florida 4-H maintains federal income tax exemption. This statewide system will be maintained in perpetuity by the State 4-H Office and County Extension offices, and its benefits will be available to all county 4-H programs. Consequently, no new county-level 4-H groups will be authorized to use the 4-H name and emblem in pursuit of its own 501(c)3 tax exempt status. Only in extraordinary circumstances with permission in advance from the Dean of Extension and Associate Dean for 4-H Youth Development will additional tax exempt groups be permitted to organize and/or operate using the 4-H name and emblem.
- iv. *4-H Club Threshold Amounts for Opening a Banking Account:* 4-H Clubs or other affiliate 4-H groups that intend to have an annual budget of \$100 or less need not establish an account with the local 4-H Association (or Foundation if acting as fiscal agent), but must maintain its treasury in accordance with the same 4-H policies and procedures for handling club funds, including submitting for audit annually.

- f. **General Policy for Financial Reviews** – The annual financial review is essential to ensuring sound fiscal management is being practiced by the groups that manage Extension’s funds. It is the Extension professional’s obligation to our donors and other stakeholders to ensure that these groups are managing Extension’s funds properly, and to demonstrate oversight of these accounts.

Who Prepares the Financial Reports for Groups?

The appropriate officers or committee chairs of each group managing an Extension program account should prepare their respective accounts for review and gather any requested reports and supporting documentation. The completed reports should be submitted to the appropriate county Extension agent and oversight committee.

Who Reviews the Program Accounts?

The county Extension agent and an appointed review or oversight committee will be primarily responsible for conducting reviews. The CED should check the agent and committee’s findings annually or from time to time, as deemed necessary by the CED.

Conducting Financial Reviews

The financial records for an Extension program's accounts shall be reviewed annually at a time corresponding with the end of the account's fiscal year by a review committee or other review authority selected by the appropriate Extension agent, such as the County Auditor or a local CPA, and approved by the CED.

Fiscal Year

The fiscal year for most Extension program accounts shall be from January 1 through December 31.

Reporting Your Review Findings

Each CED will be responsible for submitting a year-end report for each Extension account within 30 days of the end of its fiscal year. Such reports should be submitted by the CED, and then submitted to the District Extension Director for filing.

Maintaining Financial Records

County Extension Offices should hold their review records on file for seven (7) years for all accounts reviewed, including your county's audit or financial review form and copies of supporting documents, such as bank statements, ledgers, receipts, checks, etc., for all accounts held by the Extension program in your county.

Audits vs Financial Reviews August 2014

A **financial review** of each county Extension office bank accounts should be conducted annually. These are different and much less costly than an official "audit".

An **audit** provides the highest level of assurance on an organization's financial statements and banking procedures. An audit provides assurance that an organization's financial statements are free of material misstatement and are fairly presented based upon the application of generally accepted accounting/banking principles.

An audit includes:

- confirmation with outside parties
- testing selected transactions by examining supporting documents
- completing physical inspections and observations
- considering and evaluating the internal control system of the organization

A **financial review** provides limited assurance on an organization's financial statements. During a review, inquiries and analytical procedures present a reasonable basis for expressing limited assurance that no material modifications to the financial statements are necessary; they are in conformity with generally accepted accounting/banking principles. This "does it make sense?" analysis is useful when the organization needs some assurance about their financial statements, but not the higher level of assurance provided by an audit.

The County Extension Director is responsible for the **financial reviews**, which are conducted annually by persons within the organization, e.g., master gardeners, but not those responsible for the financial activities, e.g., treasurer. This review group examines bank statements to assure that they have been reconciled and that appropriate accounting practices, e.g., QuickBooks are up-to-date and accurate. The review group should submit a short report explaining what they did and their findings. All financial review reports should be kept in the financial files in the Extension office.

- g. **Special Directions for Reviewing 4-H Accounts:** Because of Florida 4-H's unique tax exemption structure and additional IRS reporting requirements, some elements of Extension's annual financial review will differ from most other program accounts. Such differences are listed below.

Fiscal Year

The fiscal year for all County 4-H Association accounts shall be from September 1 through August 31. 4-H foundations are encouraged to follow the same fiscal year, but may vary provided all financial reporting is completed within the same time frame (e.g., year-end reports and IRS Form 990 filed within 60 days).

Financial Review of 4-H Accounts

Agents and oversight committees conducting financial reviews of groups holding 4-H accounts should follow the guidelines set forth in the EDIS publication "Procedures for Handling 4-H Accounts: Audits (4-H 5.4)."

Reporting Review Findings for County 4-H Association and Foundation Accounts

The appropriate officers or committee chairs of each 4-H group should prepare their respective accounts for review and gather any requested reports and supporting documentation. These reports should be submitted to the 4-H Agent and oversight committee for financial review; findings should be reviewed and approved by the CED, and then returned to the 4-H Agent for filing.

The county 4-H agent will be responsible for submitting to the State 4-H Headquarters the appropriate report(s) for each County 4-H Association or foundation within 60 days of the end of its fiscal year (Oct. 31), or at an earlier date established by the 4-H Agent and CED. These reports can be found online at <http://florida4H.org/staff/taxexempt>.

IRS Form 990 Series Tax Return

Each county 4-H Association and/or foundation should complete the appropriate IRS 990 series tax return within 60 days of the end of its fiscal year. CEDs and county 4-H agents may set a date earlier than this deadline. Proof of filing a 990 form is included in the annual year-end reports submitted to the State 4-H Headquarters. For more information about IRS 990 Series tax returns, please see the chapter on that topic contained in the "Florida 4-H Implementation Guide to Maintain Tax Exempt Status in Your County Program" (<http://florida4H.org/staff/taxexempt>).

Maintaining Records

As mentioned above in "General Practices," County Extension Offices should retain their review records for seven (7) years for all accounts reviewed. These records include your county's audit or financial review form and copies of supporting documents, such as bank statements, ledgers, receipts, checks, etc., for all accounts held by the 4-H Association or Foundation in your county.

- h. **Additional Procedures for 4-H Accounts to Maintain Group Exemption Inclusion:** Maintaining inclusion in the University of Florida's group ruling (GEN) is not automatic. Some annual maintenance is required to keep your tax exemption. Each county association (and/or foundation if acting as fiscal agent) must file a year-end report within 60 days of the end of its fiscal year that includes the following:
- i. **Year-End Report Form** – Includes updated address, current EIN, primary contact, copy of any changes to the association's bylaws, and an updated list of association members.
 - ii. **Account Reports** – The CED and/or the 4-H Agent should include on the Account Report(s) a statement including the following: An audit or financial review has been conducted for all 4-H accounts, any problems encountered, and steps taken to remedy any accounting problems.
- i. **Receipt of Funds** - Income receipts are required. Pre-numbered receipts including date, customer name, reason for receipt, amount received, type of transaction (cash, check, or credit card), name of the receiving party, signature of the person receiving the funds, and name of sub-account to which it is to be credited are required for every transaction. These components are found in most common receipt books available at an office supply store. Where feasible, a separation of duties should be maintained with regard to deposits and check-writing.
- i. **Cash Handling and Deposit Procedures**
 1. Collections on hand should not exceed \$500. Deposits should be made within one business day when collections exceed this amount. Should collections include, credit card or debit/ATM card transactions, a deposit should be made on the next business day.
 2. All other collections shall be deposited no less frequently than weekly.
 3. The only exception to these policies is that all collections are to be deposited at the fiscal-year end regardless of amount.
 - ii. Receipt books shall be retained as permanent records.
- j. **Disbursement of Funds** - All disbursements should be fully documented to provide a clear audit trail. Original invoices, receipts, and sales slips shall be part of the documentation to make expenditures from the account. The documentation will be kept on file for review until all final reports have been submitted at the end of the fiscal year.
- i. Only authorized members of advisory committees, County 4-H Associations or foundations may be signatories on Extension accounts.
 - ii. Checks must not be signed by any Extension employee (whether University or county government), regardless of funding source.
 - iii. Checks greater than \$500 must be signed by two people. No two signatories on an account should be related.
 - iv. Checks must be numbered and all voided checks must be kept.
 - v. The CED is responsible for monitoring signature authority on all local county Extension accounts.
- k. **Software** – QuickBooks, Quicken or similar software shall be used to maintain all local accounts.
- l. **Exceptions for County Governments Holding Extension Funds** - Certain local county governments have fiscal policies for handling funds and are willing to process all local Extension funds through county accounts. To the extent that the University agrees to abide by all such fiscal policy guidelines and requirements of the county government in a particular district, said policies shall replace the foregoing policy. This option must be approved by the University administration on a case-by-case basis.

Frequently Asked Questions

Q1: How many accounts may a county have?

A1: A county program may have multiple bank accounts. The opening of additional accounts should be approved by the CED in consultation with the county agent.

Q2: How many 4-H accounts may a county have under my County Association?

A2: A county 4-H program may have multiple bank accounts, provided all are managed by the County 4-H Association, opened under its EIN, and approved by the CED in consultation with the 4-H Agent

Q3: Who will monitor the account?

A3: The county agent and an appointed oversight committee will be primary; the CED should review accounts at the end of the fiscal year or from time to time as necessary.

Q4: What about groups that counties help but are not officially Extension Accounts?

A4: No county faculty or staff person should be associated with outside accounts.

Q5: Can a County 4-H Association hold outside or other Extension program funds?

A5: No. The tax exempt status of your county 4-H Associations, is determined based on the mission and purpose statements in that organization's founding documents. Holding the funds of other groups that may have a different mission and purpose jeopardizes the tax exempt status of your Association.

Q6: Can a County Extension Program Account hold outside funds?

A6: No.

Q7: Can I choose the bank where I will open an account?

A7: Yes. To simplify accounting, use the fewest number of banks possible. Local situations where a bank has been supportive of the program should be taken into consideration. The county agent and the applicable advisory committee working together shall select an acceptable bank.

Q8: Who prepares the financial report at the end of the fiscal year?

A8: The appropriate officers of each advisory committee should prepare their respective accounts for financial review and submit any accompanying reports. Reports should be submitted to the appropriate county agent, reviewed and approved by the CED, and then submitted to the DED for filing.

Q9: Who prepares the 4-H Association or Foundation's financial reports at the end of the fiscal year?

A9: The appropriate members of the County 4-H Association or foundation should prepare their respective accounts for review and submit the accompanying year-end report. Reports should be submitted to the 4-H Agent, reviewed and approved by the CED, and then returned to the 4-H Agent for filing. The 4-H Agent must provide a copy of the year-end report(s) and proof of audit to State 4-H Headquarters by October 31.

Q10: How will following a standard system for handling Extension funds help the county office?

A10: All counties across Florida will follow the same financial management policy for Extension funds that has been approved by Extension administration. It will give county agents greater authority in managing their funds and will provide for greater accountability and transparency in fundraising and fiscal management.

Q11: Will state rules regarding travel and reimbursement apply to these accounts?

A11: Yes. State guidelines and policies applicable to travel and reimbursement will apply.

Q12: Can travel expenses be paid from these accounts?

A12: Yes. When processing travel reimbursement requests from faculty and staff, as well as volunteers, advisory groups should strive to follow established university and IRS guidelines and policies for travel reimbursement. Exceptions to these policies and guidelines can be made at the discretion of the CED.

APPENDIX C – EXAMPLE MOU

MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT entered into on January 1, 2015 between Martin County, a political subdivision of the State of Florida, hereinafter referred to as "COUNTY," and the University of Florida Board of Trustees, hereinafter referred to as "UNIVERSITY" establishes the respective responsibilities of the UNIVERSITY and the COUNTY in providing Cooperative Extension services.

RECITALS

WHEREAS, under the laws of the State of Florida and the Smith-Lever Act of May 8, 1914 (7 U.S.C. 341, et seq.), the UNIVERSITY is charged with the dissemination of information on agriculture, family life, horticulture, natural resources, Sea Grant, and youth development through its Cooperative Extension Service to the public in the State of Florida; and

WHEREAS, this function is performed through the Extension Service–United States Department of Agriculture and State staff of Extension Specialists and resident Extension workers in the State; and

WHEREAS, the UNIVERSITY is responsible for planning and implementing educational programs for growers, families, homeowners, and young people within the COUNTY (hereinafter referred to as "Extension Programs"); and

WHEREAS, pursuant to Section 1004.37, Florida Statutes, the UNIVERSITY is responsible for providing local Extension Faculty [including the County Extension Director (CED) and Extension Agents] to support the Extension Programs; and

WHEREAS, said programs will be developed in the COUNTY by Extension Faculty who work directly with local advisory committees and Extension personnel to implement the UNIVERSITY'S programs within the COUNTY; and

WHEREAS, Extension Faculty will use appropriate Extension personnel and educational methods including the program development process, area subject matter information and other materials or methods as deemed necessary by Extension Faculty in various program areas to conduct the Extension Programs.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein, the parties hereto agree as follows:

1. PURPOSE

The Florida Cooperative Extension Service (FCES) was established as an integral part of the Institute of Food and Agricultural Sciences (IFAS), University of Florida, for the public purpose of "extending" research-based educational information from the UNIVERSITY to the people of the State of Florida on subjects relating to agriculture, aquaculture, family and consumer sciences, 4-H youth development, environmental horticulture, natural resources, Sea Grant, community development, energy conservation, and other programs deemed necessary. The FCES makes the findings of research in these areas available to the people of Florida

through the UNIVERSITY, IFAS, Extension Service, in partnership with the Florida Counties Boards of County Commissioners.

To assure that educational programs meet the needs of local clientele, and comply with Title XLVIII, Chapter 1004, Section 1004.37 of the Florida Statutes, it is essential that the UNIVERSITY and the COUNTY identify respective responsibilities. Accordingly, the purpose of this AGREEMENT is to specify the terms under which the UNIVERSITY will provide academic personnel, educational, technical and research information to the COUNTY.

2. GOALS AND OBJECTIVES

The UNIVERSITY and the COUNTY hereby acknowledge the following goals and objectives:

- a. Conduct needs assessments to determine which Extension Programs are of greatest priority.
- b. Implement a public education plan to target specific groups such as agricultural and horticultural producers, homeowners, residents, businesses, youth, commercial industry associations, and community groups that can benefit the most from Extension Programs.
- c. Distribute and use educational materials that emphasize important Extension Program concepts to the community.
- d. Evaluate progress toward achieving Extension Program objectives.
- e. Develop and implement a marketing effort designed to enhance visibility of Extension Program activities and accomplishments.

3. TERMINATION OF POSITION AND SERVICES

This AGREEMENT may be terminated upon either the COUNTY or the UNIVERSITY providing at least one (1) year advance written notice to the other party of such notice of termination. Consistent with other provisions of this AGREEMENT, the UNIVERSITY shall be compensated for any services and/or expenses that are both authorized under this AGREEMENT and that are performed and/or accrue up to the termination of this AGREEMENT.

4. RESPONSIBILITIES

- a. Responsibilities of UNIVERSITY.
 - i. With respect to Extension Faculty (see Exhibit A),
 1. The UNIVERSITY shall:
 - a) Consider Extension Faculty to be employees of the UNIVERSITY who provide certain services to the COUNTY according to this AGREEMENT and Section 1004.37, Florida Statutes.

- b) Pay the salary and fringe benefits of Extension Faculty with a combination of state funds and funds received from the COUNTY as specified in Exhibit A.
 - c) Establish minimum employment requirements and qualifications for Extension Faculty.
 - d) Recruit, interview and screen candidates for employment as Extension Faculty.
 - e) Recommend to the COUNTY qualified applicants for appointment to vacant or new Extension Faculty positions in accordance with the provisions of Section 1004.37, Florida Statutes.
 - f) Establish the total amount of the starting base salaries of Extension Faculty.
2. The UNIVERSITY will determine the total dollar amount of any cost-of-living, merit, bonuses, and rank promotion salary increases for each Extension Faculty and submit the COUNTY's portion of this figure to the COUNTY annually as set forth in section 5.b.
- ii. With respect to management and administration, the UNIVERSITY shall:
- 1. Through the CED in consultation with the District Extension Director (DED), prepare and submit an annual budget request to the Board of County Commissioners for the COUNTY's share of funds for salaries and fringe benefits (see section 5.b.).
 - 2. Provide in-service training for Extension Faculty and contribute funds for official travel to such trainings and other Extension out-of-county program development meetings.
 - 3. Provide a staff of state Extension Specialists to train Extension Faculty in current subject matter areas and technology, and to assist Extension Faculty in the conduct of educational programs in these areas.
 - 4. Provide Extension Faculty with official Extension stationery, envelopes, educational materials, including access to the IFAS computer network and software, and postage to the extent the Extension budget will allow.
 - 5. Develop and administer a personnel management plan for Extension Faculty that will provide for an annual review of each Extension Faculty's performance. The CED's performance will be evaluated by the DED in compliance with UNIVERSITY personnel policies and procedures following the DED's receipt of input and feedback about CED's performance from COUNTY Administrator or designee.
 - 6. Develop and maintain a "grass-roots" County Advisory Committee system to ensure that Extension Programs are based on the needs and priorities of the people in the county.

7. Apply the policies and procedures of the UNIVERSITY in managing Extension Faculty.
- b. Responsibilities of COUNTY.
- i. With respect to Extension Faculty, the COUNTY shall:
 1. Defer to the UNIVERSITY's hiring practices and review upon request to UNIVERSITY's recommended applicants prior to hiring. (See Section 1004.37, Florida Statutes for details.)
 2. Defer to the UNIVERSITY's employment practices for all Extension Faculty.
 3. Pay to the UNIVERSITY the COUNTY's proportionate share of the salaries and fringe benefits of the Extension Faculty as specifically set forth in Exhibit A.
 4. Retain funds for operating expenses, equipment, maintenance of facilities and vehicles, and other program support for county Extension work in the COUNTY Extension budget.
 5. Allow the CED, on behalf of the COUNTY, to manage Extension Office support staff members according to COUNTY policies and procedures.
 - ii. With respect to management and administration, the COUNTY shall:
 1. Review and consider the annual Extension unit budget requests from UNIVERSITY and take action thereon as the COUNTY deems appropriate.
 2. Provide office space, support services, equipment, supplies, utilities (including telephone and internet connections), demonstration materials, and funding and/or vehicles for official county travel (both in-county and out-of-county), and other operational needs for the Extension Office as the COUNTY may deem appropriate and in accordance with COUNTY policy.
 3. Permit the use of the COUNTY's parks facilities free of charge for Extension Programs. The request for COUNTY park facilities must be made in advance and must not conflict with COUNTY programs or limit the ability for revenue generation by requesting dates during peak seasons. Request for revenue generating facilities such as Sailfish Splash Waterpark, the Mansion at Tuckahoe or similar sites may not be considered and will be at the sole discretion of the Parks and Recreation Director.
 4. Allow Extension Faculty to operate county vehicles which shall follow COUNTY policies and procedures
 5. Provide support staff for the Extension Office.
- c. General Provisions.
- i. Management and Administration.

1. Extension Faculty shall follow COUNTY policies relative to office hours and holidays.
2. Extension Faculty appointments will be made cooperatively in accordance with Section 1004.37, Florida Statutes.
3. The CED is responsible for operating the Extension Office in Martin County under the joint direction of the UNIVERSITY's Dean for Extension or designee and the COUNTY Administrator or designee.
4. Extension Faculty are professional employees exempt from the provisions of the Fair Labor Standards Act in accordance with UNIVERSITY policies.
5. Extension Faculty will participate in UNIVERSITY insurance policies including life, health, accident and other policies. The COUNTY will pay its proportion of fringe benefits as set forth in Exhibit A.
6. UNIVERSITY and COUNTY will cooperate in coordinating and complying with state and federal Affirmative Action, Equal Employment Opportunity and Americans with Disabilities Act requirements to allow participation in all Extension Programs. Paying the cost of required Extension Program modifications for compliance is a mutual responsibility of the UNIVERSITY and the COUNTY. When the need arises, both parties agree to provide partial support as budgets allow.

5. FUNDING AND PAYMENTS

- a. The COUNTY agrees to pay the UNIVERSITY sums indicated in Exhibit A towards salary and fringe benefit expenses for county Extension Faculty. This total sum represents the COUNTY's share of funding the Extension Faculty's salary and fringe benefits.
- b. Salary and fringe benefit outlined in Exhibit A will be modified and submitted to the COUNTY annually by the UNIVERSITY. Exhibit A is an estimate of projected salary expenses for the year and shall not require a separate written addendum to this AGREEMENT in order to implement annual changes in salaries and related fringe benefits. Actual expenses may vary during the year due to vacancies, midyear promotions, new hires or unexpected increases in fringe benefit costs. Salary dollar figures in Exhibit A will be submitted annually to the COUNTY for review and approval by the following time table:
 - Proposed annual budget by April 15th. UNIVERSITY will include proposed figures for the COUNTY to begin its budget process.
 - Annual budget request by June 15th. UNIVERSITY will make necessary adjustments to Exhibit A figures as needed and then will submit a final budget request to COUNTY for approval.
- c. The COUNTY will not be responsible for paying the indicated percentage for the portion of time a position is vacant.

- d. Quarterly payments shall be cost reimbursable and based on actual payroll expenses incurred during the quarter. Expected COUNTY payment due dates will be not later than 45 days after the receipt of UNIVERSITY invoices. UNIVERSITY invoices will be issued in accordance to the "Budget Payment Schedule" in Exhibit A.
- e. Quarterly invoices submitted by the UNIVERSITY to the COUNTY should be sent directly to the following address on record at the UNIVERSITY. The address as of the date of this AGREEMENT is:
 - Martin County Board of County Commissioners
 - Parks and Recreation, 1st floor
 - 2401 SE Monterey Rd
 - Stuart, FL 34996
- f. The policies established by the UNIVERSITY in administering travel and leave, including annual, sick, military leave, and regarding payment of unused annual and sick leave upon separation, shall apply to all Extension Faculty.
- g. The COUNTY may elect to pay an annual salary supplement to Extension Faculty. The COUNTY shall fund 100% of the salary supplement, including salaries, fringe benefits, and worker's compensation, and will pay this sum to the UNIVERSITY during the COUNTY's quarterly payment as indicated in Exhibit A. Any salary supplement will be included in the annual County Budget Report that is sent to the UNIVERSITY each year. Upon receipt, if needed, the UNIVERSITY will update the salary projections in updated Exhibit A and adjust the quarterly billings to accommodate the salary supplement.

6. AGREEMENT TERM – RENEWAL – AMENDMENT

- a. Term – The term of this AGREEMENT shall begin January 1, 2015 and shall continue through and until September 30, 2019.
- b. Renewal – Either the COUNTY or the UNIVERSITY may request in writing a renewal of this AGREEMENT 90 days before the term expires. If the renewal request is acceptable to the other party, then such party shall approve the renewal request, in writing. This AGREEMENT may be renewed for up to an additional five (5) year term.
- c. Amendment – Both the COUNTY and UNIVERSITY acknowledge that this AGREEMENT constitutes the complete agreement and understanding of the parties. Further, both the COUNTY and the UNIVERSITY acknowledge that any change, amendment, modification, revision, extension or renewal of this AGREEMENT (other than termination, as noted elsewhere in this AGREEMENT) shall be in writing, and shall be executed by duly authorized representatives of both the COUNTY and the UNIVERSITY.

7. MAINTENANCE OF RECORDS

UNIVERSITY shall maintain all books, records and documents directly pertinent to performance under this AGREEMENT in accordance with generally accepted accounting principles consistently applied. Each party to this AGREEMENT or their authorized representatives shall have reasonable and timely access to such records of each other party to this AGREEMENT for public records purposes during the term of this AGREEMENT and for five (5) years following the termination of this AGREEMENT. The COUNTY and its authorized agents shall have the right to audit, inspect, and copy all such records and documentation as often as the COUNTY deems necessary during the period of this AGREEMENT and during the period of five (5) years thereafter; providing, however, such activity shall be conducted only during normal business hours. The COUNTY during the period of time expressed by the preceding sentence shall also have the right to obtain a copy of and otherwise inspect any audit made at the direction of the UNIVERSITY as concerns the aforesaid records and documentation. If an independent auditor retained by the COUNTY determines that monies paid to the UNIVERSITY pursuant to this AGREEMENT were spent for purposes not authorized by this AGREEMENT, the UNIVERSITY shall repay the monies together with interest calculated pursuant to Sec. 55.03, Florida Statutes, running from the date the monies were paid to the UNIVERSITY.

8. LIABILITY

- a. The UNIVERSITY assumes any and all risks of personal injury and property damage attributable to the negligent acts or omissions of the UNIVERSITY and the officers, employees, servants, and agents thereof while acting in the scope of their employment by UNIVERSITY. UNIVERSITY warrants and represents that it is self-funded for liability insurance, both public and property, with such protection being applicable to the UNIVERSITY's officers, employees, servants and agents while acting within the scope of their employment by the UNIVERSITY. UNIVERSITY and COUNTY further agree that nothing contained herein shall be construed or interpreted as (1) denying to either party any remedy or defense available to such party under the laws of the State of Florida; (2) the consent of the UNIVERSITY, the State of Florida, the COUNTY, or their agents and agencies to be sued; or (3) a waiver of the sovereign immunity of the UNIVERSITY, the State of Florida, the COUNTY, and their agents and agencies beyond the waiver provided in Section 768.28, Florida Statutes.
- b. The COUNTY assumes any and all risks of personal injury and property damage attributable to the negligent acts or omissions of the COUNTY and the officers, employees, servants, and agents thereof while acting in the scope of their employment by COUNTY.
- c. This provision relating to liability, is separate and apart from, and is in no way limited by, any insurance provided by parties hereto pursuant to this AGREEMENT or otherwise.

The UNIVERSITY and COUNTY agree that nothing contained herein shall be construed or interpreted as (1) denying to either party any remedy or defense available to such party under the laws of the State of Florida; (2) the consent of either party hereto to be sued; or (3) a waiver of sovereign immunity beyond the waiver provided in section 768.28, Florida Statutes.

9. CONTRACTUAL REQUIREMENTS

- a. **Governing Law and Venue.** This AGREEMENT shall be construed according to the laws of the State of Florida. Venue for any administrative and/or legal action arising under this AGREEMENT shall be in Martin County, Florida.
- b. **Binding Effect.** The terms, covenants, conditions and provisions of this AGREEMENT shall bind and inure to the benefit of the COUNTY and UNIVERSITY and their respective legal representatives, successors, and assigns.
- c. **Nondiscrimination.** The COUNTY and UNIVERSITY agree that there will be no discrimination against any person, and it is expressly understood that upon a determination by a court of competent jurisdiction that discrimination has occurred, this AGREEMENT automatically terminates without any further action on the part of any party, effective the date of the court order. The COUNTY and UNIVERSITY agree to comply with all Federal and Florida statutes, and all local ordinances, as applicable, relating to nondiscrimination.
- d. **Covenant of No Interest.** The COUNTY and UNIVERSITY covenant that neither presently has any interest, and shall not acquire any interest, which would conflict in any manner or degree with its performance under this AGREEMENT, and that only interest of each is to perform and receive benefits as recited in this AGREEMENT.
- e. **Code of Ethics.** The COUNTY agrees that officers and employees of the COUNTY recognize and will be required to comply with the standards of conduct for public officers and employees as delineated in Section 112.313, Florida Statutes, regarding, but not limited to, solicitation or acceptance of gifts; doing business with one's agency; unauthorized compensation; misuse of public position, conflicting employment or contractual relationship; and disclosure or use of certain information.
- f. **No Solicitation/Payment.** The COUNTY and UNIVERSITY warrant that, in respect to itself, it has neither employed no retained any company or person, other than a bona fide employee working solely for it, to solicit or secure this AGREEMENT and that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for it, any fee, commission, percentage, gift or other consideration contingent upon or resulting from the award or making of this AGREEMENT. For the breach or violation of the provision, the UNIVERSITY agrees that the COUNTY shall have the right to terminate this AGREEMENT without liability and at its discretion, to offset from monies owed, or otherwise recover, the full amount of such fee, commission, percentage, gift, or consideration.
- g. **Public Access.** The COUNTY and UNIVERSITY shall allow and permit reasonable access to, and inspection of, all documents, papers, letters or other materials in its possession or under its control subject to the provisions of Chapter 119, Florida Statutes, and made or received by the COUNTY and UNIVERSITY in conjunction with

this AGREEMENT; and the COUNTY shall have the right to unilaterally cancel this AGREEMENT upon violation of this provision by UNIVERSITY.

- h. **Non-Waiver of Immunity.** Notwithstanding the provisions of Sec. 768.28, Florida Statutes, the participation of the COUNTY and UNIVERSITY in this AGREEMENT and the acquisition of any commercial liability insurance coverage, self-insurance coverage or local government liability insurance pool coverage shall not be deemed a waiver of immunity to the extent of liability coverage, nor shall any contract entered into by the COUNTY be required to contain any provision for waiver.
- i. **Privileges and Immunities.** All of the privileges and immunities for liability, exemptions from laws, ordinances, and rules and pensions and relief, disability, workers' compensation and other benefits which apply to the activity of officers, agents, or employees of any public agents or employees of the COUNTY, when performing their respective functions under this AGREEMENT within the territorial limits of the COUNTY shall apply to the same degree and extent to the performance of such functions and duties of such officers, agents, volunteers, or employees outside the territorial limits of the COUNTY.
- j. **Legal Obligations and Responsibilities: Non-Delegation of Constitutional or Statutory Duties.** This AGREEMENT is not intended to, nor shall it be construed as, relieving any participating entity from any obligation or responsibility imposed upon the entity by law except to the extent of actual and timely performance thereof by any participating entity, in which case the performance may be offered in satisfaction of the obligation or responsibility. Further, this AGREEMENT is not intended to, nor shall it be construed as, authorizing the delegation of the constitutional or statutory duties of the COUNTY, except to the extent permitted by the Florida constitution, state statute and case law.
- k. **Non-Reliance by Non-Parties.** No person or entity shall be entitled to rely upon the terms, or any of them, of this AGREEMENT to enforce or attempt to enforce any third-party claim or entitlement to or benefit of any service or program contemplated hereunder, and the COUNTY and UNIVERSITY agree that neither the COUNTY nor the UNIVERSITY or any agent, officer or employee of either shall have the authority to inform, counsel, or otherwise indicate that any particular individual or group of individuals, entity or entities, have entitlements or benefits under this AGREEMENT separate and apart, inferior to or superior to the community in general or for the purposes contemplated in this AGREEMENT.
- l. **No Personal Liability.** No covenant or agreement contained herein shall be deemed to be a covenant or agreement of any member, officer, agent or employee of the COUNTY in his or her individual capacity, and no member, officer, agent or employee of the COUNTY shall be liable personally on this AGREEMENT or be subject to any personal liability or accountability by reason of the execution of this AGREEMENT.
- m. **The UNIVERSITY is self-insured for worker's compensation, general liability and automobile liability through the State of Florida's Risk Management Trust Fund.** Throughout the term of this AGREEMENT, the UNIVERSITY will carry insurance that meets the requirements of Florida law applicable to state entities. As of the date of

this AGREEMENT, such insurance covers UNIVERSITY employees and volunteers, as defined in Section 110.502, Florida Statutes.

- n. Execution in Counterparts. This AGREEMENT may be executed in any number of counterparts, each of which shall be regarded as an original, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this AGREEMENT by signing any such counterpart.
- o. Section Headings. Section headings have been inserted in this AGREEMENT as a matter of convenience of reference only, and it is agreed that such section heading are not a part of this AGREEMENT and will not be used in the interpretation of any provision of this AGREEMENT.
- p. Laws. The COUNTY and UNIVERSITY agree to abide by applicable federal, state, and local laws and regulations in its performance under this AGREEMENT.

10. NOTICES

Any notice, request, demand, consent approval or other communication required or permitted by this AGREEMENT shall be given or made in writing and shall be served (as elected by the party giving such notice) by one of the following methods: (1) hand delivery to the other party; (2) delivery by commercial overnight courier service; or (3) mailed by registered or certified mail (postage prepaid), return receipt requested. For the purposes of notice the addresses are:

To County:

Martin County BOCC
Attn: Parks and Recreation
2401 SE Monterey Rd
Stuart, FL 34996

To University:

UNIVERSITY OF FLORIDA
Division of Sponsored Research
219 Grinter Hall, PO Box 115500
Gainesville, FL 32611-5500

and copies to:

Martin County BOCC
Attn: County Attorney
2401 SE Monterey Rd
Stuart, FL 34996

UNIVERSITY OF FLORIDA
IFAS County Operations
1062 McCarty Hall D
PO Box 110220
Gainesville, FL 32611-0220

This AGREEMENT shall be effective on January 1, 2015.

APPROVED BY

FOR COUNTY:

BY: Its Board of County Commissioners

Ed Fielding, Chairman

Date _____

ATTEST:

**Carolyn Timmann, Clerk of the Circuit Court
and Comptroller**

Date

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Michael D. Durham, County Attorney

Date

FOR THE UNIVERSITY OF FLORIDA:

Division of Sponsored Research

Date

APPENDIX D – EXTENSION PROGRAM OFFERINGS

Agriculture, Mosquito Control, and Commercial Horticulture

This area of Extension Service is to protect natural resources by creating programs that improve fertility, irrigation, and pesticide. By offering continuing education credits, best practice certifications, exams, and licensing, the productivity and profitability of horticulture businesses is improved. To create a broader impact on agricultural entrepreneurs, Extension Service partnered with Brevard Workforce to provide agribusiness training. This focused professionals on turf management. The impact of the program resulted into over 1,545,000 gallons in an 8 month period. Specific events and activities that were provided are:

- Pesticide licensing and certification
- Golf course superintendent seminars
- Green Industries Best Practices certification
- Agriculture pasture management
- Horse management
- Beef cattle management
- Poultry management

Lawn and Gardening

Lawn and garden programs are derived from Florida Friendly Landscaping principles. These philosophies help protect, enhance, and conserve Brevard County's natural resources. Close to 11,000 Brevard County citizens had the opportunity to learn about landscaping principles. The educational classes cover all aspects of landscaping from the simplicity of watering your lawn to more complex tasks such as how to collect a proper soil sample.

The Brevard Botanical Garden is anticipated to open in the upcoming 2016 fiscal year. This will allow members of Brevard County to visit a location to where they can be instructed in garden design and further landscaping principles.

Listed are some of the specific offerings:

- My Brevard Yard
- Master Gardener clinics
- Fertilizer Ordinances

Families and Consumers

Family and Consumer Sciences have two main initiatives. The first is to offer educational programs that help families and individuals with achieving economic and social success while building a healthy life. USDA grant – funded Food and Nutrition Program informs senior citizens and youth about accomplishing healthy living through food and exercise. The second initiative is to advance the rural and urban communities by educating on sound financial principles. Some of the specific classes offered are:

- Healthy Be Fit
- Child Passenger Safety
- Supplementing Income Through Selling on E-bay
- Food Safety Education for cottage food industries, food handlers, and agricultural producers

4-H & Youth Development

The focus of 4-H is to create responsible citizens that have a positive impact within the workforce. Youth are taught life skills through various clubs, after school programs, and educational activities. During the 2014 fiscal year, over 7,154 Brevard County youth participated in a 4-H sponsored event. Due to the demand and number of activities, local volunteers assist the 4-H in achieving their initiative. The following list provides a few of the specific 4-H offerings:

- Sailing Club
- Marine Biology Club
- Robotics
- Dog Club
- Tropicana Public Speaking Competition
- County Council
- 4-H Youth Camp

Marine Science / Sea Grant

Through education, policies, fisheries, and workshops, the Marine Science program protects Brevard County's water and natural resources. In the most recent fiscal year, more than 2,530 participants were involved in Marine Science events. In addition to members of the community, multiple business owners, and work-for-hire fishing sectors learned specific skills through the following programs:

- Seafood classes
- Ecotourism Seminars
- Oyster Gardening
- Fisheries Education
- Boating and Waterways Conference

Community Development and Public Policy

Community Development strengthens the urban and rural communities by helping agricultural and horticultural enterprises become more sustainable, profitable, and competitive. Entrepreneurial workshops support agricultural producers by educating them on growing and retaining their business. Extension Service specialists offer consultations to food hubs, community gardens, and local food systems.

The Brevard County Farmer's market plays a key role in Community Development. This offers an outlet for residents and businesses to purchase fresh products from local providers. Some of the other programs include:

- Citizens Academy
- Sustainable Floridians
- Cottage Food Law workshops
- Learn 2 Earn

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