Agenda Report

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Consent

F.8. 12/6/2022

Subject:
Acceptance and Approval of Internal Audit Reports and the FY 2022/2023 Internal Audit Plan.

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

Dept/Office:
County Manager

Requested Action:
It is requested that the Board of County Commissioners acknowledge and approve the Internal Auditors' Reports and the Proposed Internal Audit Plan for FY 2022/2023.

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

- Follow-up Testing
  - Educational Facilities Impact Fees
- The American Rescue Plan Act (ARPA) Grant
- Half-Cent Sales Surtax - Save Our Indian River Lagoon FY 2022

These reports were reviewed by the Internal Audit Committee on November 14, 2022.

In addition, it is the requested that the Board acknowledge and approve the Proposed Internal Audit Plan for Fiscal Year 2022/2023.

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

BREVARD County
BOARD OF COUNTY COMMISSIONERS
FLORIDA'S SPACE COAST

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

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December 7, 2022

MEMORANDUM

TO: Frank Abbate, County Manager

RE: Item F.8., Acceptance and Approval of Internal Audit Reports and the FY 2022/2023 Internal Audit Plan

The Board of County Commissioners, in regular session on December 6, 2022, acknowledged receipt and approved the Internal Auditors' Reports and the Proposed Internal Audit Plan for FY 2022/2023.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

Kimberly Powell

Kimberly Powell, Clerk to the Board

/sm

Internal Auditor Follow-Up Report
Summary of Audit Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Audit Report/Subject	Management Comments	Auditor Status Up-Date	Report Issue Date	Corrective Actions			
				Total	Open	Closed	Action Deferred*
Educational Facilities Impact Fees: County Responsibility	July 2022	July 2022	12/02/2013	8	0	8	
Educational Facilities Impact Fees: School Board Responsibility	May 2020	May 2020	12/02/2013	5	0	5	
Educational Facilities Impact Fees: Joint Responsibility	May 2020	May 2020	12/02/2013	1	0	1	

NOTES:

* A column has been included to differentiate items that action has been deferred due to budgetary constraints or other organizational constraints

Internal Auditor Follow-Up Report
of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT **Report Issue Date: December 2, 2013**

FUNCTION: Educational Facilities Impact Fees

Risk	Issue C2	Management Comments as of July 2022	Auditor Comments as of July 2022	Status
High	(a) The County provided copies of interlocal agreements entered into with four (4) local municipalities. From the agreements provided, we noted that Section 4.2.3 of the agreements was not updated to reflect the change in the administrative fee collected from no more than 2.5% to 8.0%. REVISED: Subsequent to the issuance of the original internal audit report, a change to Florida Statutes limits administrative charges for the collection of impact fees to actual costs. References to administrative fees in the interlocal agreements is superceded by the revised legislation. (b) Section 3.5 of the four (4) interlocal agreements required the municipality to remit monthly or annual reports to the County identifying the "address and date of all residential building permits, mobile or manufactured home setup permits, residential certificates of occupancy and certificates of completion for mobile or manufactured home setups for the preceding" reporting period. To date, none of the local municipalities have remitted any reports to the County in compliance with their interlocal agreements or in compliance with Section 62-926(e) of Ordinance 04-34, as amended, in the absence of an interlocal agreement.	(a) Florida Statute 163.31801(4)(c) limits administrative charges for the collection of impacts fee to actual cost. The Planning & Development Department has updated policies and procedures to utilize actual cost in establishing charges for the Educational Impact Fee administration. (b) As of February 2022, all of the 15 municipalities are providing monthly reports and reports are being agreed to payment of applicable Educational Facilities Impact Fees by County personnel.	(a) Closed May 2020. (b) The County is tracking receipt of the monthly reports from all 15 participating municipalities. Procedures are in place for County personnel to review the reports received from the municipalities and agree payment of the applicable Educational Impact Fees to cash receipt records. We selected a sample of reports from January 2022 through June 2022, noting documentation of review and agreement to cash receipt records, as applicable, by County personnel. This audit item is considered closed.	Closed
	Auditor Recommendation	**ECD:**	**Testing Date:**	
	(a) We recommend the County execute updated interlocal agreements with all local municipalities that reflect all changes to date of the original ordinance. REVISED: We recommend the County implement policies and procedures to identify the actual costs of administration of impact fees to determine the amount to be assessed as administrative charges to the participating municipalities. (b) We further recommend the County develop and implement policies and procedures to collect required reports from the local municipalities in order for the County to ensure fees are being appropriately collected. Through discussions with County personnel, we noted the County's Solid Waste department is already receiving reports from five (5) municipalities listing certificates of occupancy issued during the reporting period. The Planning & Development Department may wish to coordinate such required reporting with reports already remitted by local jurisdictions to the County's Solid Waste department to minimize duplication; however, if the Planning & Development Department wishes to utilize these existing reports, a modification to the language in Section 3.5 of the interlocal agreements would be necessary.	(a) Closed (b) Closed	(a) Closed (b) Closed	

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

Internal Audit Committee of
Brevard County, Florida

Internal Audit of
The American Rescue Plan Act Grant

Prepared By:
Internal Auditors
October 12, 2022

CPAs and Advisors

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CARR RIGGS & INGRAM
CPAs and Advisors

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Melbourne, FL 32940

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CRIcpa.com

Transmittal Letter

October 12, 2022

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

Pursuant to the approved 2021/2022 internal audit plan, we hereby submit our internal audit of the American Rescue Plan Act ("ARPA") Grant. We will be presenting this report to the Audit Committee at the next scheduled meeting on October 26, 2022.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations and testing results related to our internal audit of the ARPA grant.
Background	This provides a general overview of the ARPA grant.
Objectives Approach and Results	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach and the results of our audit procedures.

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

Respectfully Submitted,

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

Internal Auditors

Executive Summary

Overview

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

These funds may be used for four categories:

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

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

Objective, Approach and Results

The primary purpose of the internal audit of the ARPA grant function was to test the accuracy and compliance of the recovery plan and the quarterly project and expenditure report due July 31, 2022.

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

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

Summary of Results (See within for expanded results)		
Internal Audit Period June 1, 2022- July 31, 2022		
Recovery Plan 2022 (Updated annually) Submitted July 27, 2022	Quarterly Project and Expenditure Report (April 1, 2022- June 30, 2022) Submitted: July 22, 2022	Project Allocations
The recovery plan was reviewed and submitted on time. The recovery plan is available on the County's website.	The report was reviewed and submitted on time.	All of the proposed projects approved through June 30, 2022 were allowable projects based upon the category assignment.

Background

Overview:

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

Allowable Activities and Unallowable Activities:

Allowable activities fall under one of four categories:

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

Unallowable activities include:

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

Lost Revenues

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

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

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

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

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

Background – continued

Schedule of Funding and Period of Performance:

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

Procurement:

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

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

Reporting:

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

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

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

Subrecipient Monitoring:

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

Staffing

Key personnel involved the ARPA grant include:

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

Objectives and Approach

Objectives

The objectives of this internal audit included the following:

- Test the accuracy and compliance of the Recovery Plan Report for 2022.
- Test the accuracy and compliance of the quarterly project and expenditure report, due July 31, 2022.
- Determine if approved projects are allowable.

Approach

Our internal audit approach consisted of three phases:

Planning

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

Testing

Our procedures included reviewing a draft of the project and expenditure report and the recovery plan due on July 31, 2022 prior to submission for completeness of the required information as defined by the US Department of Treasury. We agreed the expenditure and obligation amounts to underlying general ledger detail. We reviewed the new project for the Emergency Operations Center ("EOC") building met the criteria for the public health category.

Reporting

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

Results

Procedures and Results	Resolution
1. Recovery Plan	
Initially, the County under the use of funds section did not include how the EOC building was responding to the COVID-19 pandemic. It mentioned several other disasters, but the description needed to be enhanced to discuss how the EOC was utilized and why the building upgrades are necessary to respond to the COVID-19 pandemic. All other aspects of the report appeared accurate and in compliance with the reporting guidance.	Management agreed with updating the description to include how the EOC is utilized in responding to the COVID-19 pandemic. The recovery plan was updated prior to submission.
2. Quarterly Reporting and Expenditures	
Management prepared the third project and expenditure report that was due July 31, 2022 prior to the due date. The County has expended funds under one project during the quarter, and we agreed the expenditure amount for the quarter ended June 30, 2022 in the report to the general ledger detail without exception, and recalculated the cumulative expenditure amounts reported for each project. All projects listed in the report were in the proper category based upon their descriptions. We agreed the obligated amounts to what was budgeted in SAP. Further, the 2021 lost revenues that had previously been reviewed was entered into the report. For the actual 2021 revenues, the based year revenue had been entered in error. The report was prepared by the Grant Manager and then reviewed and submitted by the Budget Director, ensuring proper internal controls over the compliance for reporting.	Management updated the amount for the actual lost revenues for 2021 prior to submission.

<table>
<tr><th>Procedures and Results</th><th>Resolution</th></tr>
<tr><td colspan="2">3. Project Allocations</td></tr>
<tr><td>We reviewed all of the projects that were approved by the Commission at various meetings through June 30, 2022. All of the proposed projects were allowable projects based upon the category assignment. There was one new project listed for the EOC building in the project expenditure report submitted on July 22, 2022.

See the table below for approved projects as of June 30, 2022. Funds can be obligated through December 31, 2024.
<table>
<tr><th>Category</th><th>Budgeted Project Totals</th></tr>
<tr><td>1. Public Health and Negative Economic Impacts caused by the Public Health Emergency</td><td>$2 million for vaccine incentive and $12.2 million for the EOC building</td></tr>
<tr><td>2. Premium Pay for Essential Workers</td><td>$0 No projects have been approved for this category.</td></tr>
<tr><td>3. Water and Sewer and Broadband Infrastructure Improvements</td><td>$44 million for various water sewer infrastructure projects</td></tr>
<tr><td>4. Replace lost public sector revenues</td><td>$8.5 million for Fire Rescue operations and equipment</td></tr>
</table>
</td><td>None needed.</td></tr>
</table>

Brevard County, Florida

Half-Cent Sales Surtax – Save Our Indian River Lagoon (“SOIRL”) FY 2022 Internal Audit Report

September 23, 2022

RSM

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TRANSMITTAL LETTER

September 23, 2022

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

Pursuant to the approved Brevard County ("County") Fiscal Year ("FY") 2021/2022 internal audit plan, we hereby present our internal audit report of the Half-Cent Sales Surtax – Save Our Indian River Lagoon Project ("SOIRL") for FY 2022. Below is an overview of the SOIRL timeline.

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

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

Respectfully Submitted,

RSM US LLP

EXECUTIVE SUMMARY

Background

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

The original Project Plan ("Plan") was developed in partnership with scientists, economists, environmentalists and multiple government agencies. The first annual Plan update was recommended by the COC and approved by the Board of County Commissioners ("BOCC") in March 2017. Local stakeholders submit projects annually to the County for inclusion in the Plan which are reviewed by the COC and approved for Plan inclusion by the BOCC. The most recent plan update was approved by the BOCC in February 2022.

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

Number of Observations by Risk Rating

FY 22 SOIRL	High	Moderate	Low
Expenditures Testing	-	-	1

Objectives and Approach

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

Understanding and Documentation of the Process

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

Testing and Reporting

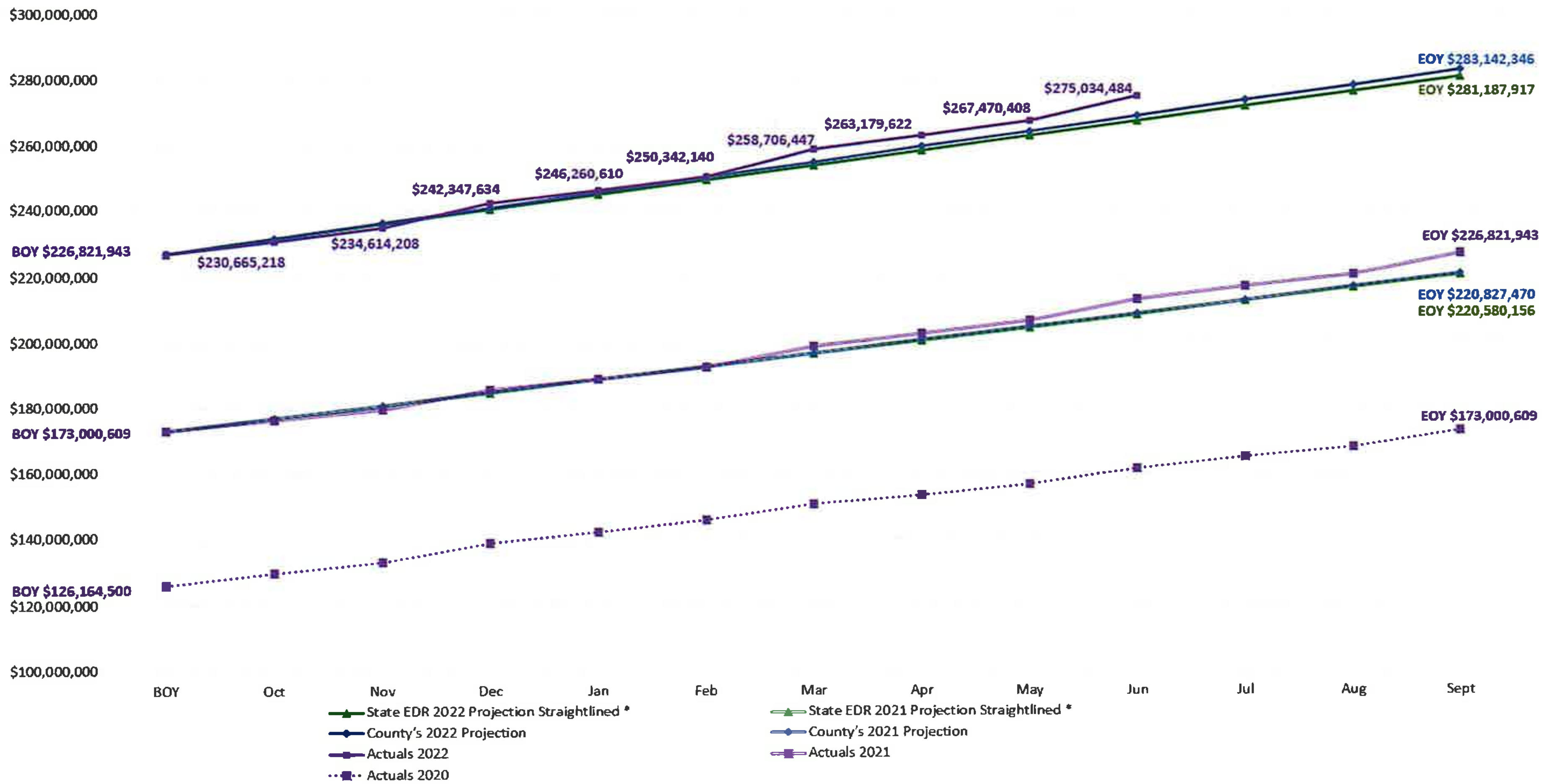
For the scope period October 1, 2021 through June 30, 2022, RSM performed select audit procedures including confirmation of reported surtax collections, validation of a sample of expenditure supporting documentation, and review of procurement documentation for compliance with applicable Florida Statutes and BOCC policies and procedures. We judgmentally sampled non-project procurements as well as approved projects for testing, considering amount spent during the scope period, prior audit testing, and complexity of the contract as follows:

- Confirmed 100% of collections independently through the Department of Revenue.
- 14 out of 64 active projects selected for expenditure testing, representing $5,680,395 of $11,519,066 (49%) total expenditures during the scope period. There were a total of 52 invoices tested, with one exception noted.
- Reviewed evidence of proper procurement compliance for all of the vendors sampled in the expenditure testing. While the vendors selected for expenditure testing did have updated Task Orders executed, there were no Invitation to Bid (ITB), Request for Qualifications (RFQ), or Request for Proposals (RFP) to test for procurement testing. As such, three vendors were selected to represent the procurement processes of ITB, RFQ, and RFP during FY2022.

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

OVERVIEW

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

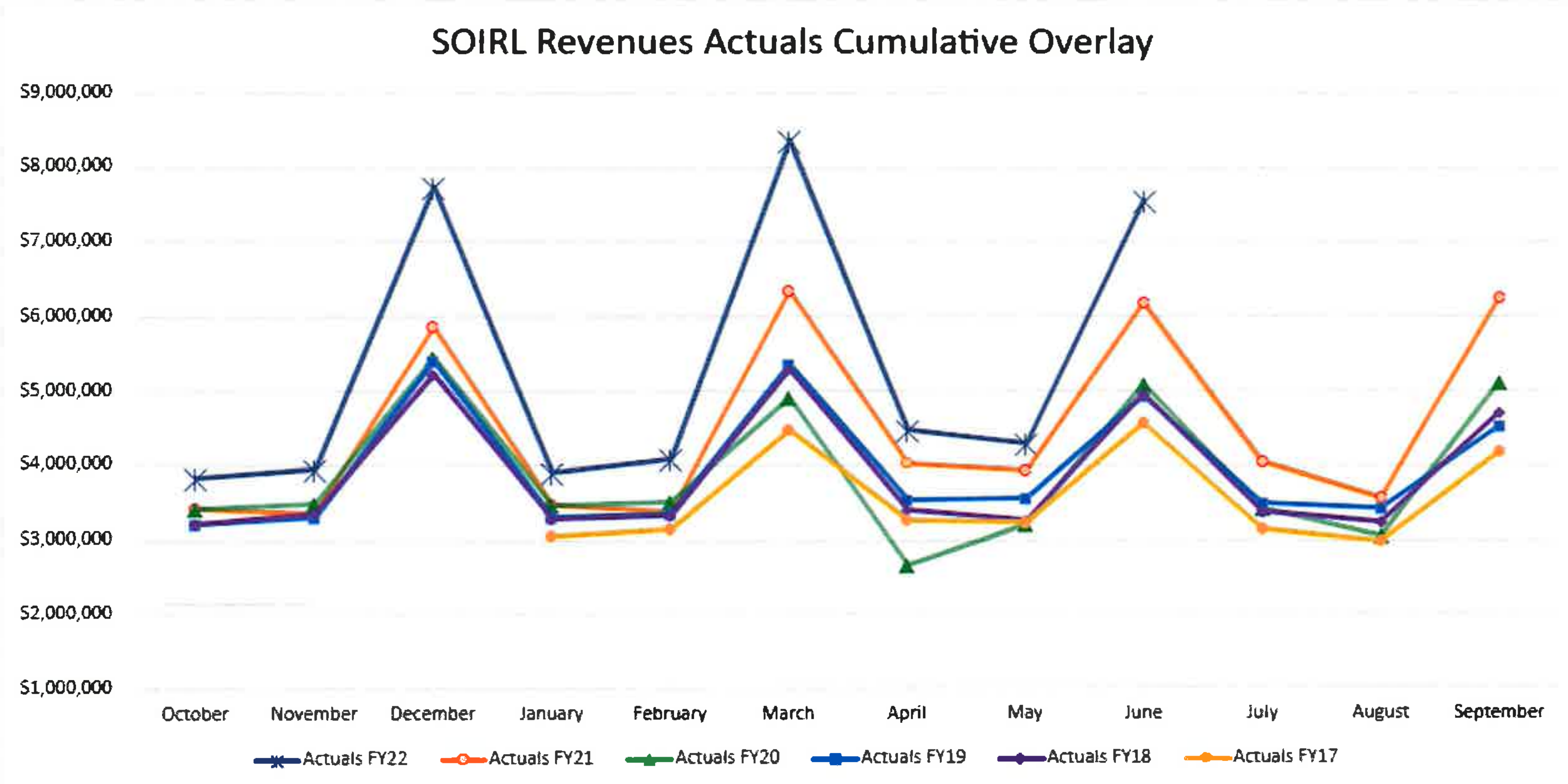


RESULTS

Collections Testing

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

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



RESULTS – CONTINUED

Expenditures

The County reported a total of $11,519,066 in SOIRL expenditures from the SOIRL trust fund for the period of October 1, 2021, through June 30, 2022. Those expenditures funded 64 active projects during the scope period. Of the active projects, we obtained support from County Finance and the publicly available online payment database for a sample of 14 projects, with 52 invoices totaling $5,680,395 (49%) of the total SOIRL expenditures during the in-scope period. The projects sampled were judgmentally selected. The table shown below is the compiled results of the testing procedures and a description of testing attributes that were completed for the current round of testing. One exception was noted during testing.

	Septic Removal by Sewer Connect	Septic Removal by Sewer Extension				Septic System Upgrades	Monitoring & Respond
Detailed Procedures	North IRL Septic System 463 Quick Connections	Sykes Creek - Zone M	Merritt Island - Zone G	South Central - Zone C	South Central - Zone F / Pineapple Avenue	Banana River Lagoon 100 Septic System Upgrades	INRB Monitoring
Prime Contractor(s) / Municipality	Individual homeowners	The Title Station Inc., Terracon Consultants Inc.	Wade Trim Inc.	CK Contractors & Development LLC, Infrastructure Solution Svcs LLC, Florida Power & Light Company	City of Melbourne	Individual Homeowners	Environmental Consulting & Technology Inc.
Subcontractor(s)					Young's Communication, Reiss Engineering CHA Consulting Lawrence James Martin Conlin		
Approved Prime Contract	✓	✓	✓	✓	✓	✓	✓
Set Contracted Values	✓	✓	✓	✓	✓	✓	✓
Assigned Task Order	3	✓	✓	✓	1	3	✓
Invoice Supported and Reviewed	✓	✓	✓	✓	✓	✓	✓
Prime Contractor Proof of Payment Reviewed*	✓	✓	✓	✓	✓	✓	✓
Reimbursement Package Reviewed	✓	2	2	2	✓	✓	2
Municipality Proof of Payment Reviewed	3	2	2	2	✓	3	2
Homeowner Proof of Payment Reviewed	✓	2	2	2	1	✓	2
Expense Allowable per Program	✓	✓	✓	✓	✓	✓	✓

RESULTS – CONTINUED

	Stormwater Projects			Muck Removal & Interstitial			Contingency
Detailed Procedures	Denitrification Retrofit of Johns Road Pond	Titusville High School Baffle Box	Basin 26 Sunset Road Serenity Park Woodchip Bioreactor	Cocoa Beach Muck Dredging Phase II-B	Cocoa Beach Golf Muck & Interstitial Treatment	Grand Canal Muck & Interestial Treatment	Draa Field Vegetation Harvesting
Prime Contractor(s) / Municipality	Gregori Construction Inc.	City of Titusville	Gregori Construction Inc.	City of Cocoa Beach	City of Cocoa Beach	Gator Dredging Waterfront Property Services LLC, Atkins North America Inc., Geosyntec Consultants Inc.	City of Titusville
Subcontractor(s)		Gregori Construction Inc.		Mead & Hunt Central Sand	Geosyntec		Environmental Consulting & Technology
Approved Prime Contract	✓	✓	✓	✓	✓	✓	✓
Set Contracted Values	✓	✓	✓	✓	✓	✓	✓
Assigned Task Order	4	1	4	1	1	✓	1
Invoice Supported and Reviewed	✓	✓	✓	✓	✓	E1	✓
Prime Contractor Proof of Payment Reviewed*	✓	✓	✓	✓	✓	✓	✓
Reimbursement Package Reviewed	4	✓	4	✓	✓	2	✓
Municipality Proof of Payment Reviewed	4	✓	4	✓	✓	2	✓
Homeowner Proof of Payment Reviewed	4	1	4	1	1	2	1
Expense Allowable per Program	✓	✓	✓	✓	✓	✓	✓

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

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

E1 Exception noted, see Expenditure Observation on next page.

RESULTS – CONTINUED

Expenditure Observation

Observation	1. Invoice Approval
Low	Administrative Order (AO) 33 requires the authorized Natural Resources personnel to approve expenditures of their agency's fund(s) to sign invoices to indicate their approval prior to submission to the Finance Department for payment. Within AO 33, AO 39 is also mentioned stating that any submitted invoices that do not contain the signature of an authorized individual will be returned to the appropriate department for signature prior to payment. During detailed testing, we noted one (1) invoice out of fifty-two (52) invoices tested lacking the Natural Resources Director's approval. The invoice was reviewed by both the Project Manager and the Support Services Manager. The invoice totaled $18,537.50 and accounts for 0.3% of sampled expenditures for this scope period. No funds were misappropriated or erroneously expended.

Recommendation

We recommend following AO-33 without exception along with a training opportunity for personnel. Management to follow up with County Finance.

Management's Response

Response: The Department's Finance Manager looked up the approved/open Purchase Order and coded the invoice accordingly. The Project Manager reviewed that the work being invoiced had been completed to the County's satisfaction and contract terms. The Support Services Manager reviewed that the budget was available to pay the invoice from the appropriate account. The Director returned the invoice to the Department Finance Manager with a question about whether a portion of the invoice was eligible to be charged to a grant. The Department's Finance Manager took the invoice returned from the Director and forwarded it to the Finance Department for payment without realizing that it was not signed by the Director. The invoice was paid by the Finance Department and billed to the correct account.

Corrective action was taken as follows: The AO-33 procedure was reviewed with Department staff who process invoices and the clerk's Finance Department was also notified.

Responsible Party: Department's Finance Manager

ECD: Completed immediately.

See Appendix A for risk rating definitions.

RESULTS – CONTINUED

Procurement

All vendors tested through the expenditure testing were also tested for proper procurement processes. While these vendors had new task orders and subsequent purchase orders for expenditures, all of which were tested, there were no new competitive solicitations (Invitation to Bid (ITB), Request for Qualifications (RFQ), or Request for Proposals (RFP)) for the vendors in our expenditure sample. As such, three vendors were judgmentally selected for detailed testing of the competitive solicitation process during FY2022. ***No exceptions were noted in our testing.***

	Sampled Vendors						
Detailed Procedures*	Terracon Consultants Inc.	Gregori Construction Inc.	Atkins North America	GeoSyntec Consultants Inc.	The Title Station	Waterfront Property Services	Environmental Consulting & Technology
Purchase Order Approved by Purchasing	✓	✓	✓	✓	Land	✓	✓
Purchase Thresholds and Related Required Admin Approvals Reviewed	✓	✓	✓	✓	✓	✓	✓
Purchase Served Public Purpose and Related to SOIRL Project	✓	✓	✓	✓	✓	✓	✓
No Bid Splitting to Avoid Competitive Solicitation Reviewed	✓	✓	✓	✓	✓	✓	✓
Procurement Method	RFQ/CCNA	ITB	RFQ/CCNA	RFQ/CCNA	Land	ITB	RFP

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

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

Procurement Notes:

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

APPENDIX A: OBSERVATION RISK RATING DEFINITIONS

Definitions of the rating scale are included below.

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

APPENDIX B: ORDINANCE 2016-15

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

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

APPENDIX C: SOIRL COMMITTEE

The Oversight Committee

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

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

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

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

SOIRL COC Role

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

Meetings

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

2022 Citizen Oversight Committee

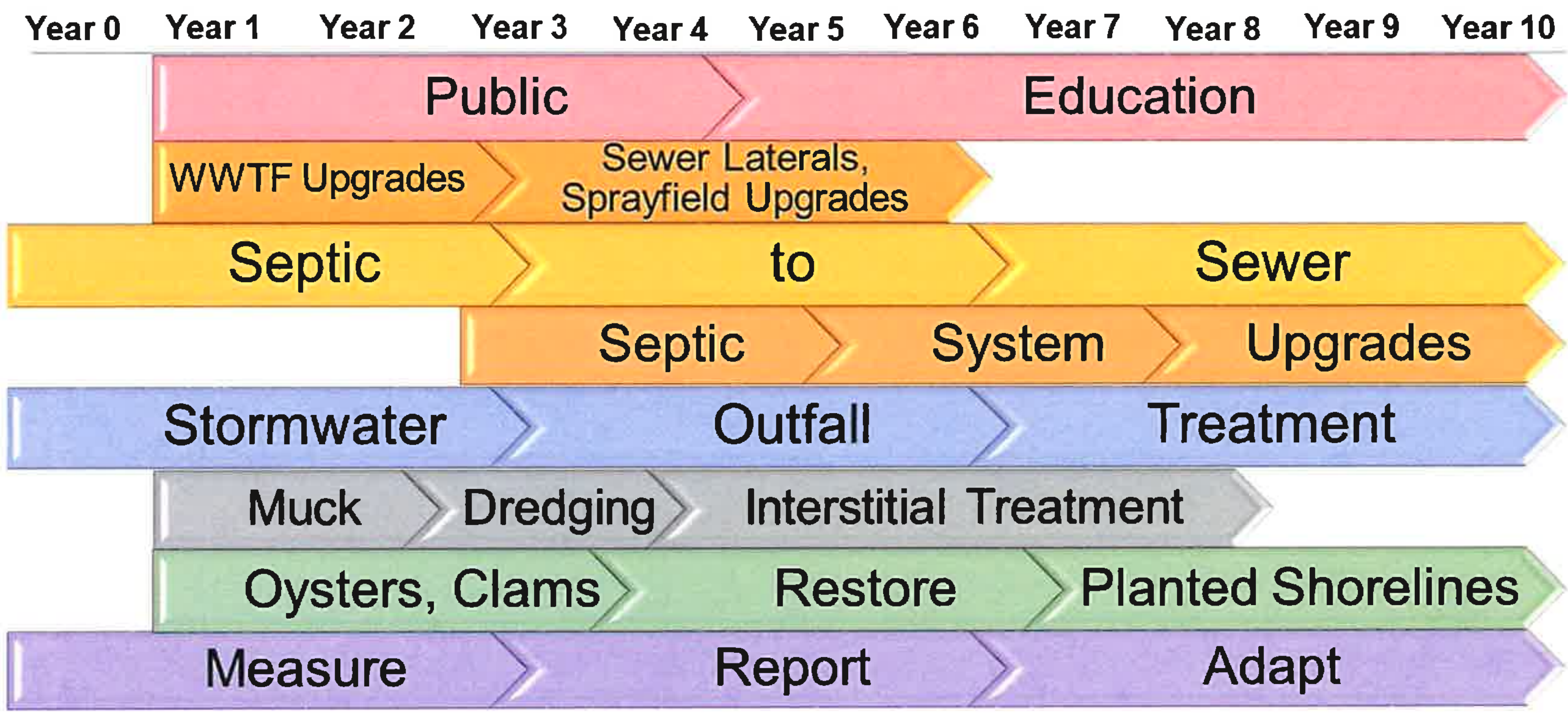
- Vinnie Taranto (2021 Chair), Technology Member
- Stephany Eley (2021 Vice Chair, 2018 Chair), Education/Outreach Member
- John Windsor (2019 Vice Chair, 2020 Chair), Lagoon Advocacy Member
- Courtney Barker (2020 Vice Chair), Finance Member
- David Lane (2019 Chair, 2018 Vice Chair), Tourism Member
- Lorraine Koss (2017 Chair), Science Member
- Susan Hodgers, Real Estate Member
- Charles Venuto, Science Alternate
- Terry Casto, Lagoon Advocacy Alternate
- David Sherrer, Technology Alternate
- Eric Mannes, Real Estate Alternate
- Kimberly Newton, Education Alternate
- Todd Swingle, Finance Alternate
- Laurilee Thompson, Tourism Alternate

APPENDIX D: PROJECT PLAN

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

The SOIRL tax was approved for ten (10) years. The plan projects have been prioritized and ordered to deliver improvements to the lagoon in the most beneficial spatial and temporal sequence with the ultimate goal of a healthy IRL system. If a future project is ready to move forward earlier than scheduled in the plan, if such advancement is consistent with temporal sequencing goals in the plan and is recommended by the COC, and if there are sufficient SOIRL trust fund dollars available, the County Manager (for budget changes less than $100,000) or BOCC have the authority to adjust the project schedule at any time to ensure that approved projects funded in the plan move forward as soon as feasible. The timing of the projects is shown in the figure below.

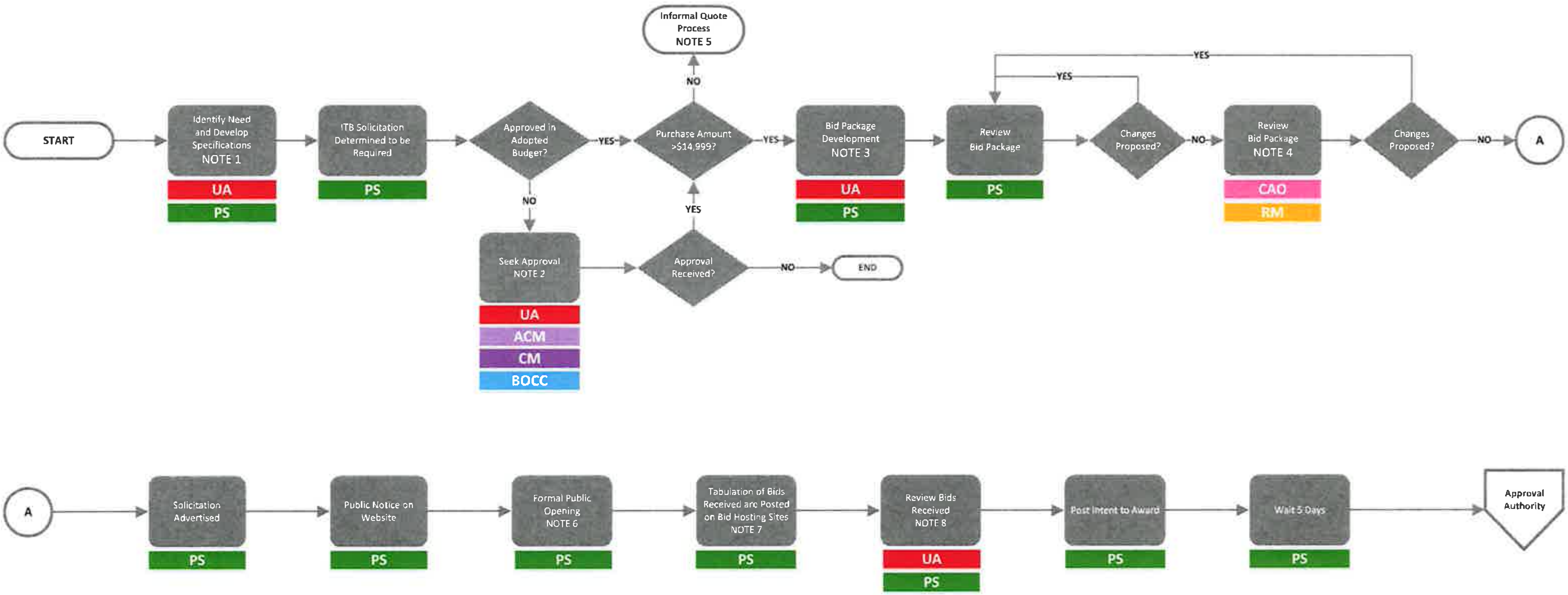
Flow Path to Success



APPENDIX E: PROCUREMENT PROCESS MAP

Continued on next page.

Appendix E - Brevard County Invitation to Bid ("ITB") Solicitation and Evaluation Process

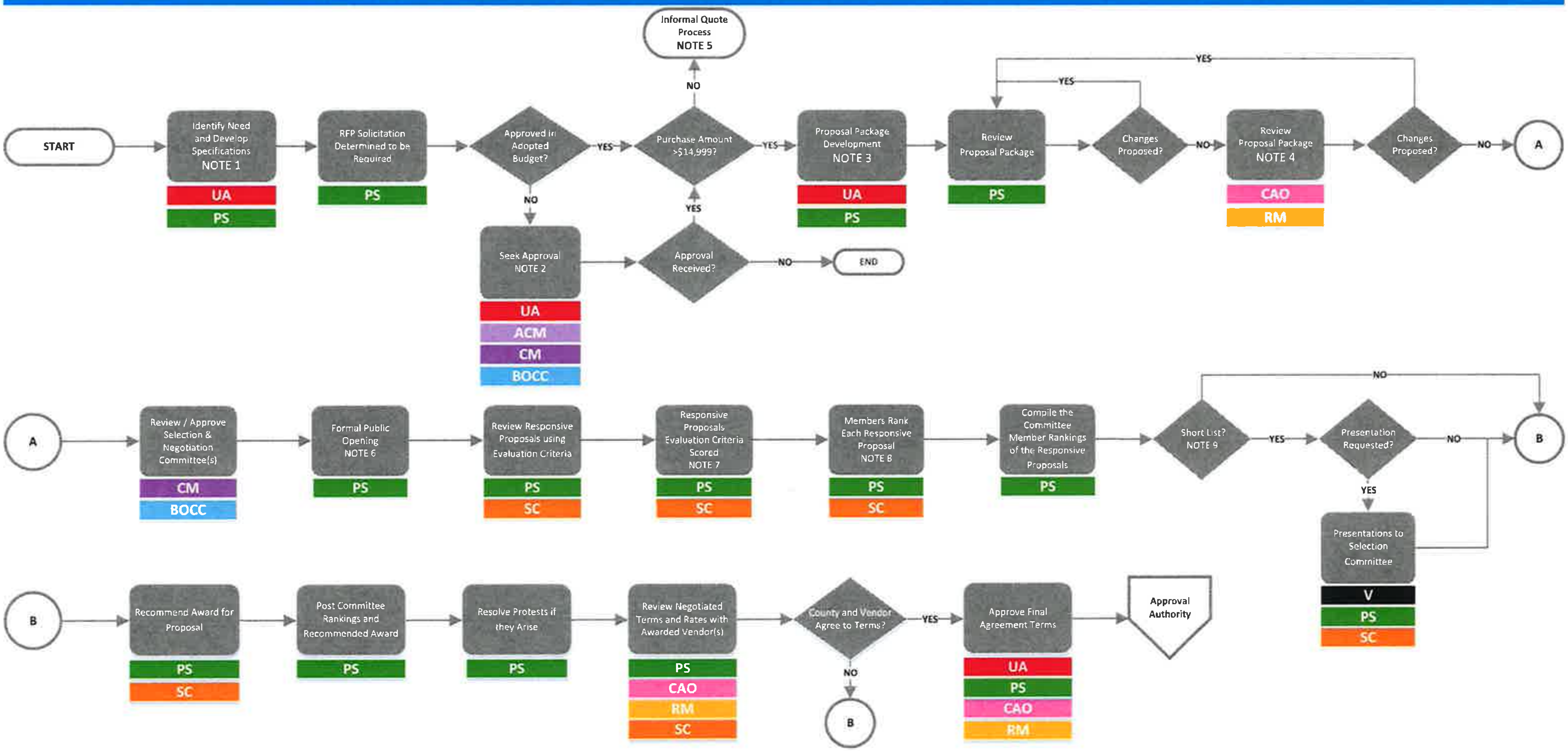


NOTES:

NOTE 1: The County's Purchasing Manual provides specifications that define the level of performance required rather than specific brand name. The User Agency is expected to show the estimated cost for the purchase, recommended sources, and an adequate scope of work. However, requisitions must not give specifications favoring one supplier to the exclusion of all others. Additionally, the scope of work is reviewed by Purchasing Services to verify accuracy and competitive requirements.
NOTE 2: Formal bid thresholds: \$15,000-\$24,999 requires Director approval; \$25,000-\$49,999 requires Assistant County Manager approval; \$50,000-\$99,999 requires County Manager approval; <\$99,999 requires BOCC approval.
NOTE 3: The User Agency prepares and submits scope specifications for any formal sealed bid package to Purchasing Services.
NOTE 4: Solicitations that incorporate templates approved by CAO and RM will not require further review. However, any exceptions to the approved templates will require approval by CAO and RM.
NOTE 5: The County makes every effort to solicit at least three (3) responsive and qualified sources for quotes.
NOTE 6: Bids shall be opened in public at the date, time, and place stated in the public notices.
NOTE 7: Tabulations are posted on bid hosting sites, which are Demand Star and Vendor Link, no later than three (3) business days after a public opening. The County's purchasing website has links to these bid hosting sites.
NOTE 8: Purchasing Services verifies that the lowest responsive bidder is qualified. Purchasing Services may use experts to assist in this determination.

County Manager ("CM")	Purchasing Services ("PS")	County Attorney Office ("CAO")	User Agency ("UA")	Budget Office ("BO")
Assistant County Manager ("ACM")	Risk Management ("RM")	Selection Committee ("SC")	Vendor ("V")	Board of County Commissioners ("BOCC")

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



NOTES:

NOTE 1: The County's Purchasing Manual provides specifications that define the level of performance required rather than specific brand name. The User Agency is expected to show the estimated cost for the purchase and an adequate scope of work. However, requisitions must not give specifications favoring one supplier to the exclusion of all others. Additionally, the scope of work is reviewed by Purchasing Services to verify accuracy and competitive requirements.

NOTE 2: Formal proposal thresholds: $15,000-$24,999 requires Director approval; $25,000-$49,999 requires Assistant County Manager approval; $50,000-$99,999 requires County Manager approval; <$99,999 requires BOCC approval.

NOTE 3: The User Agency prepares and submits scope specifications and evaluation criteria to be used for any formal sealed proposal package to Purchasing Services.

NOTE 4: Solicitations that incorporate templates approved by CAO and RM will not require further review. However, any exceptions to the approved templates will require approval by CAO and RM.

NOTE 5: The County makes every effort to solicit at least three (3) responsive and qualified sources for quotes.

NOTE 6: Proposals shall be opened in public at the date, time, and place stated in the public notices.

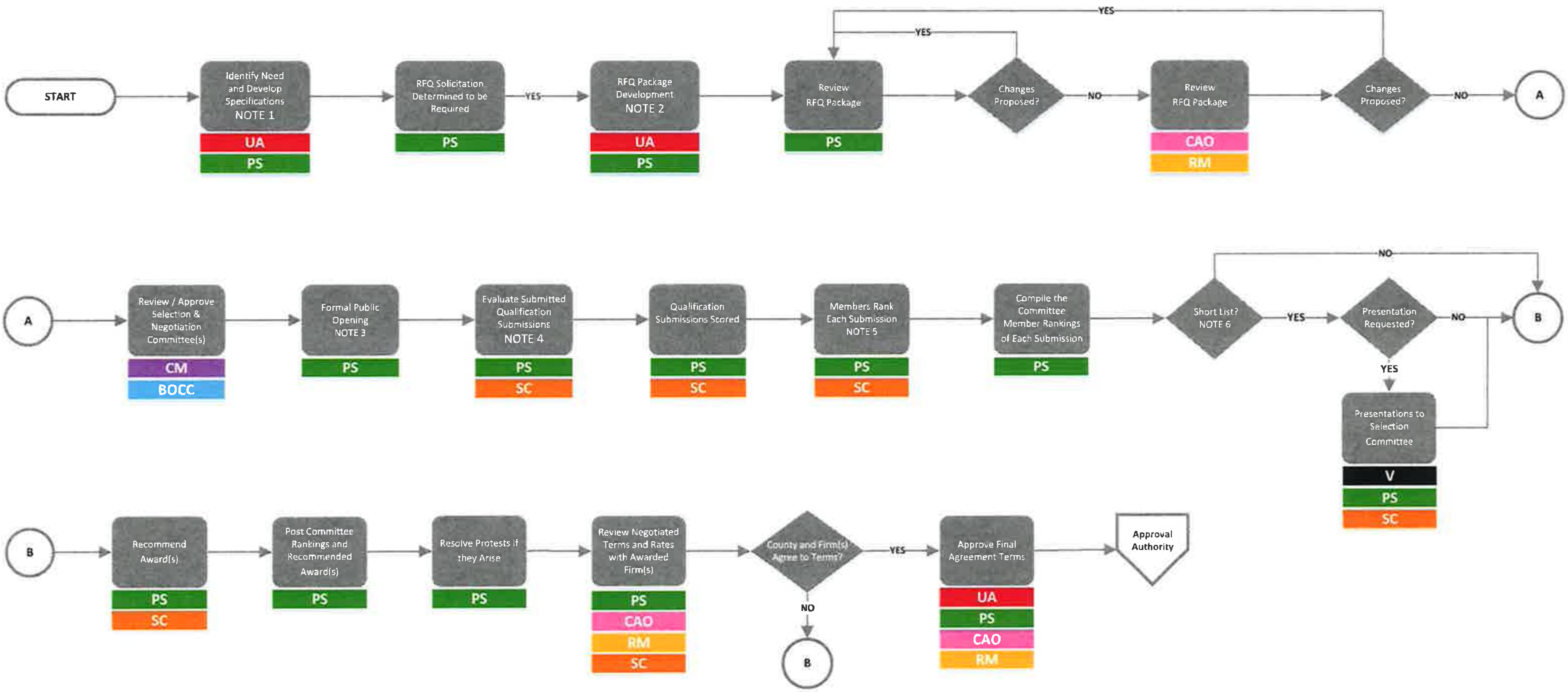
NOTE 7: For RFPs, price will be objectively scored, as shown, when applicable and where able to do so. Experience, capacity for additional work and references are some of the additional criteria evaluated when scoring proposals.

NOTE 8: Each committee member shall then rank each proposal's score, with the highest score given a number one (1) and so on, until all vendors have a ranked score. A scoring sheet shall be completed by each voting committee member. The rankings are then added for each vendor and the vendor(s) with the lowest sum of collective rankings is recommended for award.

NOTE 9: The short list includes the highest ranked proposal(s) that have met all solicitation requirements and are in final consideration for award.

County Manager ("CM")	Purchasing Services ("PS")	County Attorney Office ("CAO")	User Agency ("UA")	Budget Office ("BO")
Assistant County Manager ("ACM")	Risk Management ("RM")	Selection Committee ("SC")	Vendor ("V")	Board of County Commissioners ("BOCC")

Appendix E - Brevard County Request for Qualifications ("RFQ") Solicitation and Evaluation Process

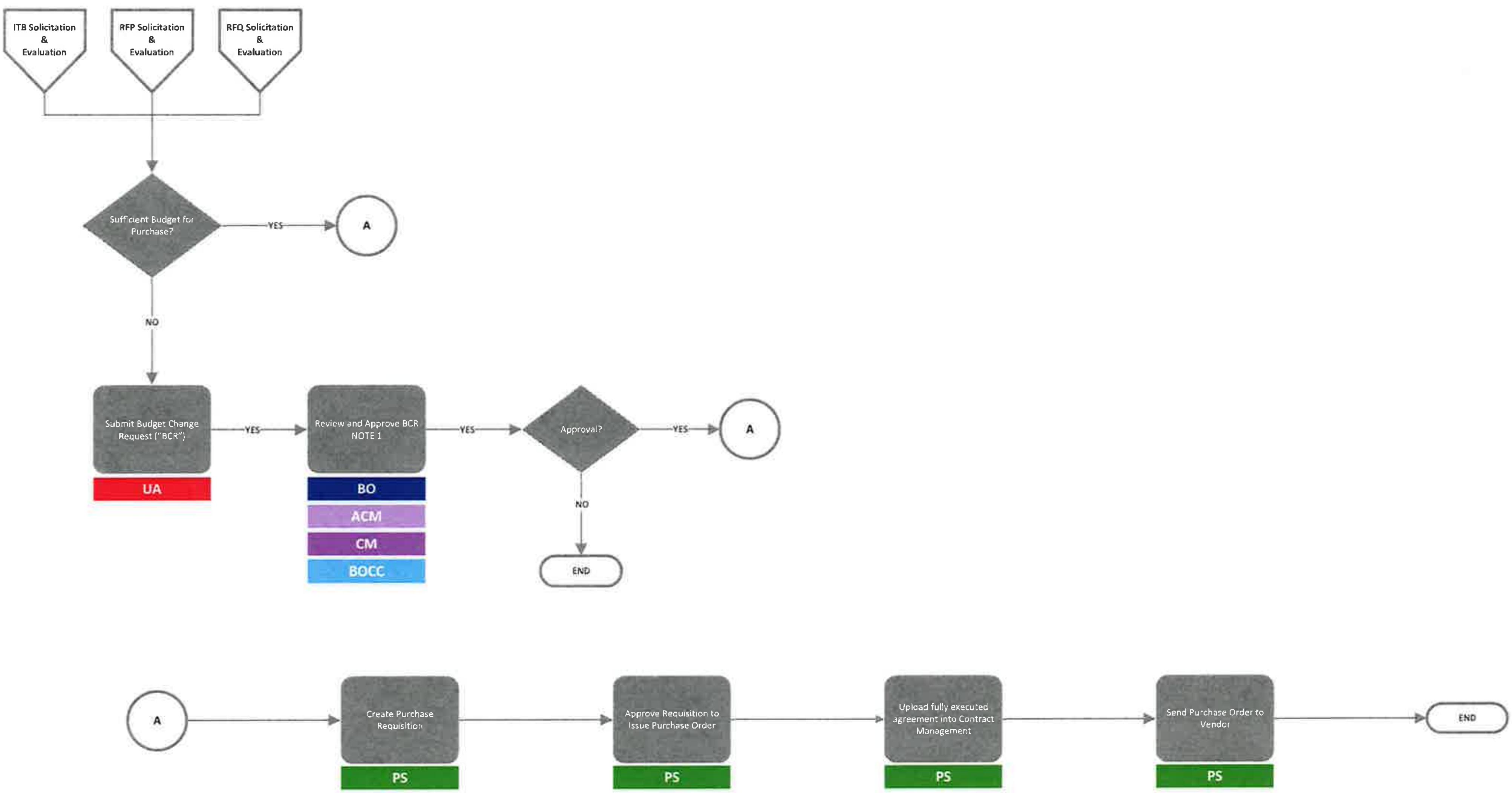


NOTES:

NOTE 1: BCC-26 requires the details of recommended projects shall be submitted to the Board for consideration. If approved, the Board minutes shall reflect approval of the project, method of financing, and appointment of a selection committee.
NOTE 2: The User Agency prepares and submits scope of services for any RFQ package to Purchasing Services.
NOTE 3: Submissions shall be opened in public at the date, time, and place stated in the public notices.
NOTE 4: Submissions are evaluated by the best qualifications and capability to perform. See BCC-25 and BCC-26 for further qualifications and requirements.
NOTE 5: Based on criteria in BCC-25 and BCC-26, each committee member shall then rank each submission's score, with the highest score given a number one (1) and so on, until all submissions have a ranked score. A scoring sheet shall be completed by each voting committee member. The rankings are then added for each vendor and the vendor(s) with the lowest sum of collective rankings is recommended for award.
NOTE 6: The short list includes the highest ranked submission(s) that have met all solicitation requirements and are in final consideration for award.

County Manager ("CM")	Purchasing Services ("PS")	County Attorney Office ("CAO")	User Agency ("UA")	Budget Office ("BO")
Assistant County Manager ("ACM")	Risk Management ("RM")	Selection Committee ("SC")	Vendor ("V")	Board of County Commissioners ("BOCC")

Appendix E - Brevard County Approval Authority for Purchase Orders and Task Orders



NOTE:

NOTE 1: Per BCC-21, the BCR approval thresholds are: $0-$25,000 requires Budget Office Director approval; $25,001-$50,000 requires Assistant County Manager approval; $50,001-$100,000 requires County Manager approval; <$100,000 requires BOCC approval.

County Manager ("CM")
Assistant County Manager ("ACM")
Purchasing Services ("PS")
Risk Management ("RM")
County Attorney Office ("CAO")
Selection Committee ("SC")
User Agency ("UA")
Vendor ("V")
Budget Office ("BO")
Board of County Commissioners ("BOCC")

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Brevard County

Brevard County, Florida

Proposed Internal Audit Plan
Fiscal Year 2022/2023

October 19, 2022

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TRANSMITTAL LETTER

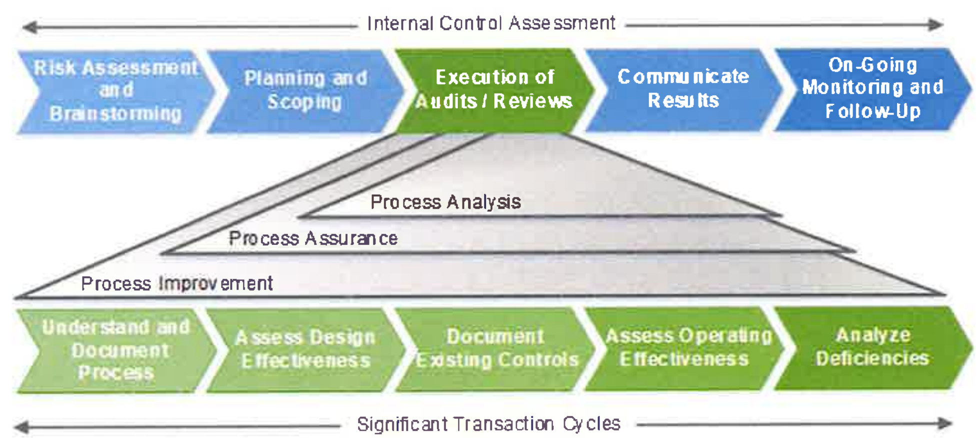
October 19, 2022

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

We hereby submit the proposed internal audit plan for the Brevard County, Florida ("County") for fiscal year ("FY") 2022/2023. We applied a broad-based, comprehensive view of risk, linked to the annual budget and operations, and reviewed Board documents and conducted interviews with County Commissioners, as well as the County Manager and other stakeholders to gain a high-level understanding of their pressure points and concerns and narrow in on the relevant objectives and identified inherent risks. We also conducted interviews with members of the Management team to identify opportunities and vulnerabilities; as well as reviewed board meeting minutes, financial reports, budget documents, and various media sources to understand the County's current risk appetite and overall environment. Our 'risk' focus is centered on Financial, Operational, and Compliance risk, as well as the general effect of Public Perception with regard to County-wide activities and initiatives. We have presented a two-year plan, which is *continuously evolving* and is presented in *draft* form because it is a *living document*. As factors change and situations arise, this plan can and will change. Our internal audit approach and methodology are outlined below:

Internal Audit Approach and Methodology

We have included the potential significant risks and internal audit strategy for each of the functions in the proposed FY 2022/2023 internal audit plan in this report. The preliminary FY 2023/2024 plan is presented in our audit universe for informational purposes but may change and will be revisited prior to the end of the current year. We would like to thank the County Commissioners, County Manager, Management, various departments and staff involved in assisting with the risk assessment process.



Respectfully submitted,

RSM US LLP

RSM US LLP

OVERVIEW

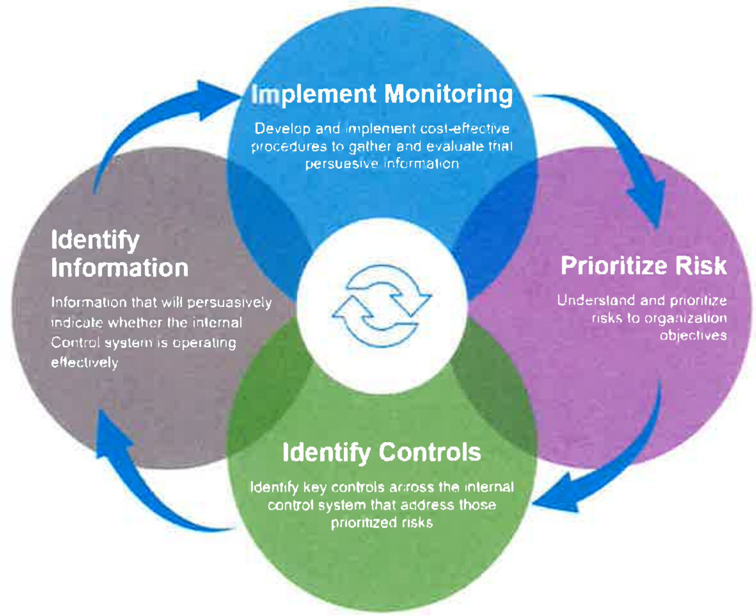
A strong, high-functioning internal audit process has a balance of all types of internal audits and reviews. These should include systematic audits selected through the risk assessment process and ad hoc audits as new facts emerge, or by request from the Board, County Management, or key stakeholders.

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

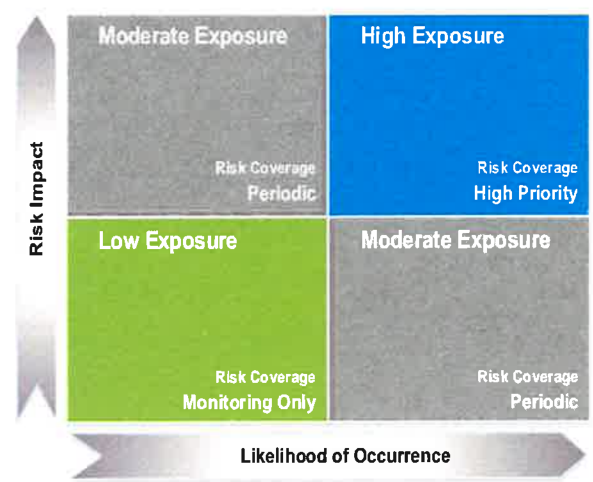
We leverage proven processes and advanced technology to help mitigate risk, monitor compliance and add value to the County. Our methodology is grounded in understanding the overall needs and working with the County to develop a responsive approach to meet and exceed those expectations. In addition, we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

RISK ASSESSMENT

This risk assessment process was intended to assist the County in analyzing risk impacts to its current operating environment, including their inherent and residual impacts and likelihood, and develop the proposed internal audit plan. While the current risk assessment was completed as of October 2022, it is intended to be a "living" document, which can and should be modified for changes in the County's operating environment and planned strategic initiatives. We have also presented a preliminary plan for two fiscal years, in order to acknowledge a broad-based risk approach and areas that exhibit high- to moderate-risk markers that are being continuously monitored but are not yet in an auditable state due to various factors. Our approach is based on the widely accepted Committee of Sponsoring Organizations ("COSO") guidance on monitoring Internal Control Systems as shown to the right:



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



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

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

RISK ASSESSMENT (CONTINUED)

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

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

As shown on the following pages, a strong, high-functioning internal audit process has a balance of all types of internal audits and reviews. As such, the proposed internal audit plan includes: Overall Audit Functions, Cycle Audits, Entity-Wide Audits, Individual Function Audits and Special Requests. The proposed plan may also include performance and / or consultative-type projects that assist management with strategy, ongoing initiatives and planning. We have presented a snapshot of the proposed internal audit plan working draft, as well as a summary of the planned audit strategy for each audit, subject to modification during the initial planning stages of each audit and subsequent discussions with management.

PROPOSED INTERNAL AUDIT PLAN – WORKING DRAFT

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

Overall Audit Functions

Risk Assessment and Audit Plan Development

The internal auditor uses risk assessment techniques in developing the internal audit activity's plan and in determining priorities for allocating internal audit resources. The Risk Assessment is used to examine auditable functions and select areas for review to include in the internal audit activity's plan that have the greatest risk exposure.

Update Risk Assessment and Audit Plan Development

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

Ongoing Remediation and Follow-up Procedures

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

Quality Control and Audit Committee Preparation

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

PROPOSED INTERNAL AUDIT PLAN (CONTINUED)

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

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

We have performed ongoing network scanning and deeper targeted penetration testing regularly since 2017. Network security is constantly evolving as threat actors continue to change their attack approaches. Best practice is to perform ongoing network scanning and targeted penetration testing on a regular basis to monitor the County's defense against attacks.

Internal Audit Strategy

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

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

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

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

Lack of compliance with PCI standards increases the risk of data breaches, fines, card replacement costs, costly forensic audits and investigations, damage to public perception and more if a breach occurs.

Internal Audit Strategy

We performed consultative procedures to assist the County with their PCI readiness in FY22 and will continue to do so in FY23.

PROPOSED INTERNAL AUDIT PLAN (CONTINUED)

3. Cybersecurity & Privacy – Incident Response

Government entities' information technology and data are under constant threat from external attackers. As threats and cyber-attacks on data and systems have evolved, so too have the requirements for safeguarding user, employee, and County information. The processes and people that support the security of technology in the County are the key components in protecting these valuable business assets. Likewise, it is important to measure the security of technology assets to understand the ability to defend against threats.

To keep up with a myriad of cybersecurity threats, organizations need to have a formal plan to respond to a cyber-incident. Regardless of the level of planning and preparation, no organization is completely safe against cyberattacks. Hence, organizations need an incident response plan ("IRP") that identifies possible cyberattacks and the County's step-by-step response. Performance of tabletop exercises during this process will enable the County to verify their IRP is well rounded. Given the increasing complexity and number of cybersecurity incidents occurring within government organizations across the country, the risks of harm to the County's reputation and finances are increasing.

Internal Audit Strategy

This exercise would include a review of the County's current IRP and evaluate the effectiveness and maturity of their Incident Response ("IR") program. This includes reviewing documents referenced in the IRP surrounding notification and escalation procedure, impact and prioritization methods, disaster recovery and business continuity plan documentation, backup restoration procedures, detection and response mechanisms, and tactical incident handling instructions.

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

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

Internal Audit Strategy

An audit of the half-cent sales tax program would include detailed testing of financial reporting provided to the Save Our Indian River Lagoon (SORIL) Committee, in order to validate the accuracy and completeness of information presented. Audit procedures would include detailed testing of related procurements, compliance with municipal cost-share agreements and revenue and expenditure reporting.

PROPOSED INTERNAL AUDIT PLAN (CONTINUED)

5. American Rescue Plan Act (ARPA) Stimulus Funding

The County is responsible for maintaining an efficient and effective system for monitoring stimulus funding received and expended. General guidance is provided by the Department of Treasury outlining the permitted uses of stimulus funds, as well as documentation requirements in place for substantiating the expenditures approved using stimulus funding. The administration of a stimulus spending program needs policies and active controls to ensure the County is clear about what kind of spending is permissible and what is not. Stimulus funding has very specific requirements for how dollars can be used and building policies and active internal controls around these requirements is critical. Brevard County received the initial tranche of ARPA funding in the amount of $58,460,088 from United States Department of the Treasury on May 19, 2021. The remainder of the funding was received on June 9, 2022, for a total of $116,920,117.

Internal Audit Strategy

The primary scope and objective of this review would be to evaluate the system in place for managing stimulus funding including key internal controls such as review/approval procedures, documentation requirements, accounting procedures, and other relevant procedures in place for maintaining compliance with regulatory guidelines.

RSM performed detailed testing of stimulus funds in FY22, the primary scope and objective of this review would be to evaluate the system in place for managing stimulus funding including key internal controls such as review/approval procedures, documentation requirements, accounting procedures, and other relevant procedures in place for maintaining compliance with regulatory guidelines. During FY22, we reviewed the quarterly and annual required reports, the lost revenues calculations, including the overall purpose of the projects budgeted for spending, prior to management's submission of the respective reports to provide real-time review and feedback. For FY23, we will continue to review the quarterly and annual required reports along with the lost revenues calculations as well as perform detail testing as to the allowability of expenses.

6. Accounts Payable

The County's Accounts Payable team is responsible for accurately tracking what is owed to suppliers, ensuring payments are properly approved and processing payments. The Accounts Payable team manages the receipt, review, and approval of payments to the County's vendors by processing vendor invoices and ultimately remitting payment upon receipt of appropriate approval per County policies and procedures.

Internal Audit Strategy

The primary scope and objective of this review would be to evaluate the controls over disbursements made by Accounts Payable, including the review, documentation, and approval of payments made to vendors as well the separation of duties in place. We will examine a variety of transactions, performing recalculations to determine the accuracy of the original transaction and verify the completeness of the transaction.

PROPOSED INTERNAL AUDIT PLAN (CONTINUED)

7. Pre-Trial Release & Community Supervision Services

The County currently manages Pretrial Release and Pretrial Community Supervision programs under the Department of Community Corrections. Defendants released into these programs are monitored by their Community Corrections officer while awaiting the disposition of their criminal case. The selected vendor to manage these services, Professional Probation Services ("PPS"), has recently completed the second year of its agreement with the County. PPS is responsible for interviewing defendants to determine whether they are recommended to take part in the pre-trial release program.

Internal Audit Strategy

The primary scope and objective of this review would be to assess whether the system of internal controls over contract administration is adequate and appropriate for promoting and encouraging the achievement of Professional Probation Services. The scope of our work will include the following: contract execution; contract administration process analysis; vendor monitoring procedures; analysis of high-risk areas for existing contract; and testing of compliance and internal controls.

8. Utilities Division – Funding Increase

The County operates six wastewater treatment plants and three drinking water plants providing drinking water, reclaimed irrigation water, and wastewater services throughout Brevard County. These systems operate 24 hours a day, 7 days a week and are required to meet State and Federal regulations. The Utility Services Department is funded entirely from customer user fees and does not receive any tax dollars.

On February 8, 2022, a new rate increase was approved by the Board of County Commissioners to provide funding to comply with state statute FS 403.064 (Reuse of Reclaimed Water), to update existing facilities, to contribute funding for future septic-to-sewer projects and increase operations and maintenance efforts to continue reliability throughout the Countywide utility system.

Internal Audit Strategy

The objective of this review would be to assess whether the system of internal controls over managing the new source of funding is adequate and appropriate for promoting and encouraging the achievement of managements objectives. This approach may include integration of data analytics designed to evaluate budgeting, spending, and monitoring activities.

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