

JEFFREY R. SMITH, CPA, CGFO, CGMA

Clerk of Circuit Court & Comptroller
Internal Audit Division
2000 16th Avenue
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Telephone: (772) 226-3280



TO: Board of County Commissioners

FROM: Edward Halsey, Internal Audit Director

THRU: Jeffrey R. Smith, Clerk of the Circuit Court and Comptroller

DATE: November 26, 2019

SUBJECT: Internal Audit Division of the Clerk's Office

BACKGROUND

Attached to this memorandum is the fiscal year 2019 annual report recapping the highlights of the Clerk's Internal Audit Division.

RECOMMENDATION

Staff recommends that the Board of County Commissioners accept the fiscal year 2019 annual report of the Internal Audit Division.

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DATE: October 30, 2019

**TO: Jeffrey R. Smith, CPA, CGFO, CGMA
Clerk of the Circuit Court and Comptroller**

**FROM: Edward Halsey, CPA, CGFO, CIA
Internal Audit Director**

SUBJECT: Internal Audit Division of the Clerk's Office

I respectfully present the fiscal year 2019 annual report of the Internal Audit Division which was created in the Clerk's Office to carry out internal audit activities for the Clerk's Office and the Board of County Commissioners. The following are highlights of internal audit work completed through September 30, 2019:

- Audits of guardianship files at the Courthouse done on a continuous on-going basis.
- Sent tourist development tax letters of inquiry to owners resulting in 113 owners registering to pay the tax.
- Reviewed the Risk Management Division's Certificates of Insurance.
- Investigated and considered lobbyist registration and reporting.
- Set up the Indian River County Fraud, Waste and Abuse Hotline. The phone number is posted in the Internal Audit Division's page on the Clerk's website.
- Reviewed the leases of the Treasure Coast Homeless Services Council associated with the HUD Continuum of Care grants.
- Did a review of Section 8 rental assistance files and focused on the VASH program.
- Tourist tax audits of two hotels resulted in collections of \$95,433 in tourist tax. Three tourist tax audits of short term or residential/condo rentals resulted in collections of \$17,473 in tourist tax, penalties and interest. Desk audits of 87 residential/condo rentals yielded \$75,279 in collections.
- Conducted audits of the health insurance fund claims (including RX benefits) to ensure that the payments were on behalf of eligible participants.
- Conducted surprise change fund and petty cash counts at all Board and Clerk locations.
- Audited a county funded charity.
- Reviewed the invoices for payments to the county funded charities.
- Reviewed the investment reports prepared by the Finance Director.
- Conducted a review of FPL's franchise fee.
- Monitored the Senior Resource Association's meals on wheels billings and supporting documentation.
- Investigated and monitored the FPL franchise fees paid to County since the sale of the City of Vero Beach Utility to FPL.
- Conducted risk assessments of grant subrecipients.
- Conducted a search for fictitious vendors by matching vendor and employee addresses of both the Board and Clerk. None found.
- Sent letters of inquiry to local banks to determine if any unauthorized accounts were established in the name of the Clerk or the Board. None found.
- Reviewed the Clerk of Court CCOC and Title IVD reports.
- Gathered quotes from organizations to do a cybersecurity assessment for the Clerk.
- Reviewed all the Clerk travel vouchers and spot checked the Board travel vouchers.
- Spot checked the Emergency Services Fleet inventory.

- Did follow up work related to an audit completed last year of the Emergency Services Department.
- Reviewed Board's payroll changes for completeness on a random basis.
- Took an inventory of evidence items in the safe.
- Scanned the Board's general ledger accounts across all funds to detect irregularities. None found.
- Reviewed Finance Department's internal control processes of the Board.
- Visited with departments heads at the Board to identify risk areas in an effort to develop Annual Audit Plan.
- Drafted letters to department heads and constitutional officers as part of the Annual Audit Plan development process.

As part of the routine Comptroller responsibilities, the internal audit activities performed include:

- Monitored leases for compliance and to make sure payments are made (lessee) and payments are received (lessor).
- Monitored grants for compliance and to make sure reimbursements are received.
- Reviewed invoices to make sure discounts are taken.

In addition, the Clerk annual audits include:

- Each Board department; Clerk's Office; Property Appraiser; Tax Collector; Supervisor of Elections; SRA; and Health Department capital assets.

Training/Certification:

- Internal Audit Director attended tourist development tax audit training offered by the Florida Tourist Development Tax Association (FTDTA).
- Made a presentation called "Advocating for FTDTA- What's Not to Love?!" The presentation was about the best practices in the collection, enforcement and auditing of our County's tourist development tax.
- Became the District 5 Director of the FTDTA – the state's only organization devoted to tourist development tax.
- Attended seminars of the Space Coast Chapter of the Institute of Internal Auditors. Conducted the annual audit of the Chapter's financial statements for the second time.