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Internal Audit Division
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TO: Board of County Commissioners

FROM: Edward Halsey, Internal Audit Director

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

DATE: November 25, 2020

SUBJECT: Internal Audit Division of the Clerk's Office

BACKGROUND

Attached to this memorandum is the fiscal year 2020 annual report recapping the highlights of the Clerk's Internal Audit Division.

RECOMMENDATION

Staff recommends that the Board of County Commissioners accept the attached fiscal year 2020 annual report of the Internal Audit Division.

JEFFREY R. SMITH, CPA, CGFO, CGMA

Clerk of Circuit Court & Comptroller
Internal Audit Division
2000 16th Avenue
Vero Beach, FL 32960
Telephone: (772) 226-3280



DATE: November 25, 2020

**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 Annual Report

I respectfully present the fiscal year 2020 annual report of the Internal Audit Division which was created in the Clerk of the Circuit Court and Comptroller's (Clerk) office to carry out internal audit activities for the Clerk and the Board of County Commissioners (Board). The following are highlights of internal audit work completed through September 30, 2020:

- 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 56 owners registering to pay the tax.
- Tourist tax audits of three hotels resulted in \$32,928 in tourist tax collections. Five tourist tax audits of short term residential/condo rentals resulted in \$7,413 in tourist tax collections. Desk audits of 36 residential/condo rental entities yielded \$90,694 in tourist tax 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.
- Reviewed the invoices for payments to the county funded non-profits.
- Reviewed the quarterly investment reports prepared by the Finance Director.
- Conducted a review of FPL's franchise fee.
- Testified at Brian Burkeen's sentencing hearing.
- Monitored the Senior Resource Association's Meals on Wheels billings and supporting documentation.
- 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 and Title IVD reports.
- Served as point person between Clerk and Cherry Bekaert consultant for the Clerk's cybersecurity assessment.
- Reviewed the Clerk travel vouchers and spot checked the Board travel vouchers.
- Spot checked the Emergency Services Fleet inventory.
- Reviewed the Board's payroll changes for completeness on a random basis.
- Updated receipting procedures of the Board's departments.
- Reviewed the Clerk's payroll changes for completeness.
- Reviewed renewal of County's contract with the Humane Society.
- Did a review of Kimley Horn contracts.
- Ongoing monitoring of contractor contingency (force accounts) of contracts and change orders.
- Completed audit of Code Enforcement's Short-Term Rental Licenses.
- Reviewed annual reports and quality assurance reports of Career Source.

- Reviewed Utility Department's write-off of accounts receivables pursuant to their amnesty program.
- Did ongoing inventory of evidence items in the Clerk vaults.
- Reviewed an Airbnb amendment which was not executed.
- Reviewed the VRBO/Homeaway agreement which was executed.
- Monitored indigent burial costs and made recommendation about vetting future costs.
- Scanned the Board's general ledger accounts across all funds to detect irregularities. None found.
- Reviewed the Board's purchasing card transactions.
- Reviewed Finance Department's internal control processes of the Board.
- Reviewed Clerk's internal control processes.
- Reviewed third party vendors of Board and Clerk for going concern and performance.
- Sent letters to department heads and constitutional officers as part of the Annual Audit Plan development process.
- Did audit of Property Appraiser's payroll and human resource functions.

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; Property Appraiser; Tax Collector; Supervisor of Elections; SRA; and Health Department capital assets.

Training/Certification:

- Served as the District 5 Director of the Florida Tourist Development Tax Association. Provided training on tourist tax auditing and collection to St. Lucie County Tax Collector staff.
- Spoke to Florida Institute of Technology students on careers in internal audit as part of an event sponsored by the Florida Space Coast Chapter of the Institute of Internal Auditors.
- Received training on internal audit provided by the Florida Court Clerks and Comptrollers.