

Internal Audit Committee Meeting Minutes

The Internal Audit Committee met on Wednesday, February 5, 2025, at 1 p.m. at the Brevard County Government Center, 2725 Judge Fran Jamieson Way, Viera, Florida, Building C, Florida Room, 3rd Floor.

Committee Members Present: Sam Lenck, Mary Young, Nancy Tomassone, Steve Simmons.

Internal Auditors Present: Laura Manlove, Jennifer Murtha, Rob Broline, Michelle Coppola, Ryan Moore.

County Staff Members Present: Frank Abbate, County Manager; Jim Liesenfelt, Assistant County Manager; Tad Calkins, Interim Assistant County Manager; Morris Richardson, County Attorney; Jill Hayes, Budget Director; Kathy Wall, Central Services Director; Jeff McKnight, Information Technology Director; Joy Roth, Administrative Assistant to County Manager.

Mr. Lenck called the meeting to order at approximately 1 p.m.

- I. **Approval of Meeting Minutes:** The minutes from November 6, 2024, meeting were presented for approval. There were no corrections or changes. Mr. Simmons motioned to approve the minutes, seconded by Ms. Young. Motion carried unanimously.
- II. **Proposed Internal Audit Plan for FY 2024-25.** Ms. Manlove explained they completed the Risk Assessment process and further explained they met with each Commissioners and County Management for their input and reviewed current trends and markets for Florida counties to compile the proposed plan for FY 2025 and the preliminary plan for FY 2026.

Mr. Moore presented the first proposed audit, Payment Card Industry (PCI) compliance and explained they have been working with the I.T. Department for several years to ensure all policies are up to date, all proper internal controls in place and they are in compliance with industry standards.

Mr. Lenck questioned if you are auditing or consulting? Mr. Moore stated it's a little of both and explained they go in and assess what's there and what needs to be done, we are not signing off, so we don't have to necessarily be independent of any remediation efforts that are needed.

Ms. Tomassone asked if this audit will be ongoing? Mr. Moore stated yes and explained how it's an area of significant risk for the county, they ensure the county is in compliance and will provide any assistance for improvements and remediation efforts as needed.

Ms. Young talked about how Mr. Moore's team is a constant part of the auditing function and resources dedicated to both his team and other areas. She questioned if an issue is found by Mr. Moore's team would that impact or limit the other audited areas? Ms. Manlove explained they allocate a certain amount of time and resources to this specific audit area and if we discover anything of concern that required more time, we will have a discussion with the County Manager on how to proceed. There were no further questions.

Ms. Coppola presented the second proposed audit, Save Our Indian River Lagoon Half-Cent Sales Tax and also noted this is another ongoing review that is performed every year. There were no questions.

Mr. Moore reviewed the third proposed audit, Network Scans and Penetration Security Testing and also explained this is another audit that is done annually.

Mr. Simmons questioned if employees are tested on email phishing attempts? Mr. McKnight explained we have a vendor in place and this is part of our training program for employees and noted significant improvements have been made in this area due to multifactor authentication now in place. He also explained how network scans and penetration testing are required for PCI every year. There were no further questions.

Mr. Moore presented the fourth proposed audit, Library Firewall Consultation. He explained the purpose of a firewall and the objective of this audit.

Ms. Tomassone asked for clarification between the network audit and the firewall audit. Mr. Moore explained this is to examine the firewall's rule set and security measures which prevents any unauthorized access to the network. They will also do a comparison with other leading organizations from a security perspective.

Ms. Young stated if the firewall and network system prevented a penetration, you're now coming back and looking at whether or not it would be a good idea because we are not leading edge in certain areas. Mr. Moore explained in the penetration test, there can be multiple ways to gain access, so it's not necessarily through the firewall, this is a slightly different consultative type of project.

Ms. Young asked if this varies from year to year, you repeat the generalization of the process on an annual basis, but when hacking is targeted or more narrowly focused on, do you then change that focus from year to year to make sure you get a broad spectrum? Mr. Moore stated yes, he explained the network scans are complimentary to that and a lot of times the penetration and vulnerability scans are done in tandem so this is a wider net to see what needs to be patched, updates needed and address any vulnerabilities.

Mr. McKnight added a new state of the art firewalls were set up at the new Emergency Operations Center last year, which are identical to these firewalls, and explained they did not have the expertise on board, they brought in RSM's network team to assist and since these are the same firewalls we need that same expertise. There were no further questions.

Mr. Moore presented the fifth proposed audit, I.T. Governance and Controls Assessment, and noted this is a review of all I.T. related risks that the department is facing today. There were no questions.

Ms. Coppola presented the sixth proposed audit, Facilities Maintenance. She also explained how Facilities provides all preventative maintenance and repairs for all county owned buildings and grounds and the importance of the work orders process and maintaining proper controls.

Ms. Young said this is initiating through the facilities work order process and we're looking at facilities maintenance, there is no other office or location that handles or touches a building. Ms. Coppola stated yes, all are routed through Facilities.

Ms. Young stated it's going to be very comprehensive, beyond just resource allocations, and inventory, will you be looking at their budget or just actuals? Ms. Manlove explained the scope can be refined during the kickoff discussion with the department and if there are elements that we identify as a risk, we can add that into the plan, however, at the risk assessment level, where we identified this area as a risk is our tentative scope plan. There were no further questions.

Ms. Coppola presented the last proposed audit, Solid Waste Management Disposal Revenue Bonds. She also explained the bonds provide financing for acquisition, construction and equipment related to Solid Waste disposal facilities and the risks relating to controls and oversight regarding bond resolutions.

Ms. Young said this does not touch recycling, strictly waste, hazardous waste, construction waste and how it's processed, but you are primarily looking at our vendors, people that we hire through the bond process to perform the service. Ms. Coppola said yes and we are making sure those bonds are meeting the requirements of the resolution and covenants related to it and is it meeting expectations.

Ms. Young said anyone in the county can utilize our landfills, can bring waste directly to them. Mr. Abbate explained only county residents can bring residential waste to the landfills and he added this focus is primarily related to the bonds and the construction of the Melbourne landfill and Titusville transfer station. He explained due to the significant amount of funding needed for these projects; the auditors were asked to provide oversight. Ms. Young agreed that solid waste is important and needs to be dealt with appropriately.

Ms. Young reviewed the proposed audits and asked if the I.T. audit areas do not utilize all the resources would we pull in one audit from 2026 into the 2025 plan? Mr. Abbate explained not likely due to other plans; we are currently working with the Clerk of Courts who is increasing her staff which will include auditing. He provided a brief history of how the Clerk fully audited the County 30 years ago and moved away from it to where we are now, he also explained the current Clerk has added an Inspector General's Office and is building up internal resources and that we are helping by allowing her to provide some auditing services, in his view, experimental.

Mr. Abbate further explained there is a potential that some resources that are currently dedicated, the Board may want to split or change that sometime in the future. He also noted we have our internal auditors onboard now (through the RFP process), however, how much we're willing to expand and do additional type of auditing from a second source is something we'll leave to the Board and we'll see how that grows. He stated we are trying to do what we can to work collegially in a way to better both organizations.

Ms. Young said that would take some coordination with this effort. Mr. Abbate explained this plan is a full plate for the year, we believe all resources will be used and as the Clerk moves forward, it will take some time in the beginning for her office to pick areas to audit, conduct the audit, review the audit prior to submitting any reports since this will be their opportunity to show what they can do.

Ms. Young stated she finds it interesting how that's going to coordinate, so that's not necessarily something you see this Committee functioning with, that will depend on the Clerk, yes? Mr. Abbate stated the first step will be what will they decide to audit and we have not had that discussion at this time.

Mr. Lenck stated it's getting more like consulting and less auditing which was my concern several years ago. Ms. Manlove explained these all have an element of auditing; we cannot come in and assist the County in remediating some of these I.T. projects without first coming in and auditing to find out what's wrong. The County is not telling us go find a solution for our problem, they are saying we do not know what the problems are so we do have an audit element to these projects plans first before we provide the expertise to help them remediate.

Ms. Tomassone said there is a trend towards more advisory versus traditional audit work, however, it should not be at the expense of something that's high risk that's part of the audit universe which should be audited and is not. Do you have any instances of that in any areas you are concerned with that we are not getting to? Ms. Manlove explained the Commissioners thoughts are on succession planning and the future of this organization over the next couple of years. She also explained that I.T. is a major part of how this organization runs, therefore, they are focused on this area. In addition, Facilities, where transition has occurred, is also key on how the county functions and believes this plan is hitting on the areas where the Commission is most concerned about and noted they will continue to monitor this succession plan, assist with transition and react to any areas that may need internal audit attention.

Ms. Young discussed the audit schedule format and noted the first column lists the previous audited year, pre-dating the first color coded year on the schedule. She asked if there is any other data within the schedule (hidden column) that they could provide that would add greater depth and be visually better. She also pointed out that Purchasing will be going on eight years since the last audit and she did not remember if there were any issues; also suggested a mini audit or a walk through on areas that had significant issues in prior audits and have not been looked at in years (gaps); and discussed the possibility looking ahead and having more discussion on the 2026 plan.

Mr. Lenck added, in the past there were audits with significant issues and those issues were corrected, however, where do we stand now in those areas? Ms. Young said only because it's been such a significant amount of time in between audits.

Ms. Manlove explained in the risk assessment process, they meet with County leaders to understand what areas might have some issues and also noted it's the priorities of the Commissioners and then we craft a plan that addresses their priorities. She discussed possibly having a separate workshop to go through in detail of what's happening in other audited areas, what's on their watch list and a behind the scenes look of the risk assessment as they have provided for with audit committees.

Ms. Tomassone asked if each one of these audit areas have a risk grading that goes along with it? Ms. Manlove explained high, moderate, and low, is how we plot them. Ms. Tomassone asked if they would be able to go back and tell us what these have been rated in prior years. Ms. Manlove stated yes and explained we have done workshops with other committees where we walk through the risk ratings, why, and what were the drivers. Ms. Tomassone asked is that inherent or residual? Ms. Manlove stated it's considered both.

Ms. Young said I consider part of the function of the committee is that we see things differently and a little bit more detailed than some of the members of the Board or even those in charge of departments and so it's beneficial for us to lend that information into the mix which is the reason you go over the plan with us. Right now, I'm feeling I'm having to rely a little bit on my memory as opposed to the paper to understand or to look at this and remember some areas that had issues and not necessarily understanding why they have not been added to 2026. We're good with 2025, however, moving into 2026, which should be a more typical year as far as internal audit, we're not seeing enough information in some of those other areas that we would concern ourselves and just wanting to get some comfort, I don't know if it needs to be a separate workshop.

Mr. Lenck stated we could make it part of the quarterly meeting, just extend the meeting a little bit. Ms. Manlove added they could have one-on-one meetings to address any

concerns they may have. Mr. Lenck stated he did not have any specific concerns about these specific activities, and explained internal controls change all the time in an organization and unless you are monitoring those changes and controls you don't know how it's actually operating currently.

Ms. Manlove expressed the importance of risk assessment interviews with County leaders and she suggested they could incorporate the Committee into those interviews.

Ms. Young suggested starting with the next meeting in May and allocating some meeting time to these areas to unearth the areas that had significant issues in the past and to further discuss why they are not a priority for 2026. Ms. Manlove clarified they are not the highest priority for the Commissioners at this time.

Ms. Young asked if you advise the Commissioners on the prior areas that were high risk and do they pick from those areas? Ms. Manlove explained they do advise the Commissioners and they do pick from those areas as well as present their own ideas that may not be on the list and we talk through the risks and what internal audit could or cannot do to support it. Ms. Young discussed that it's important to the Committee to evaluate those areas and to lend the Committee's opinion on an area that needs to be reviewed and she reiterated needing more information shared with the Commissioners and more details on areas with prior issues.

Ms. Tomassone added that she would like to see the risk ratings, that's independently determined through your risk assessment model which would prompt some questions.

Ms. Young reiterated having another color coding to identify those prior audits as previously discussed and believes they should only focus on the areas considered a risk level and have discussions regarding the reasons they are not being focused and provide any opinions they may have. Mr. Lenck and Ms. Manlove both agreed. There were no further questions.

Other Business: Mr. Lenck asked how do we get another Committee member? Mr. Abbate explained they are going through the appointment process now and stated they have a lot of appointments to fill. No further business.

III. Public Comments: No public comments.

Meeting adjourned for the public at approximately 1:54 p.m.