

## Internal Auditor Follow-Up Report Summary of Audit Corrective Actions

**BREVARD COUNTY INTERNAL AUDIT**

**April 2019**

Audit Report/Subject	Management Comments	Auditor Status Up-Date	Report Issue Date	Corrective Actions			
				Total	Open	Closed	Action Deferred*
<b>Individual Functions</b>							
Parks and Recreation - Referendum 2000	September 2012	September 2012	October 16, 2006	6	0	5	1
Central Fleet Services	October 2013	October 2013	January 4, 2013	5	0	4	1
Education Impact Fees: County Responsibility	April 2016	April 2016	December 4, 2013	8	5	3	
Education Impact Fees: School Board Responsibility	April 2016	April 2016	December 4, 2013	5	2	3	
Education Impact Fees: Joint Responsibility	April 2016	April 2016	December 4, 2013	1	1	0	
Public Works - Road and Bridge - iWorQ	October 2017	October 2017	December 1, 2014	8	1	7	
Cycle Audit of Accounts Payable / Purchasing	November 2018	November 2018	May 13, 2016	5	0	5	
Public Works - Road and Bridge Fleet Services - iMaint	October 2017	October 2017	June 22, 2016	4	2	2	
Parks and Recreation - Facilities Usage and Contracting - Phase I	April 2018	April 2018	November 30, 2016	19	2	17	
UF/IFAS Extension Services	March 2018	April 2018	November 30, 2016	5	1	4	
Community Development Block Grant	January 2019	January 2019	October 25, 2017	6	0	6	
<b>Total</b>				<b>72</b>	<b>14</b>	<b>56</b>	<b>2</b>

NOTES:

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

The observations noted in this report were included for follow up in the Phase II report presented at the May 16, 2018, Audit Committee meeting. The remaining two items will be included with follow up of that report in Summer 2019.  
 Follow-up Not Required as no ECD's or testing was applicable this reporting cycle.  
 Remaining items are Action Deferred. These will be addressed in FY19 for possible update/closure.

## Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 13, 2016

FUNCTION: Cycle Audit of Accounts Payable / Purchasing

Risk	Observation 2 - Invoice Processing - Three-Way-Match	Management Comments as of November 2018	Auditor Comments as of November 2018	Status
Moderate	<p>We selected a sample of 50 vendor invoices from the period March 1, 2015 through February 29, 2016 - ten each from the five selected Departments (Fire Rescue, Library Services, Natural Resources Solid Waste Management and Utility Services). In terms of County Finance's and Departments' review and approval of vendor invoices tested per the applicable Administrative Order requirements (e.g. AO-33 Payment of Invoice – see Objectives and Approach section for detail of requirements), our understanding is that the three-way match control is to be performed at the Departmental level. As such, the applicable Department signatures indicated Departmental review and approval for all vendor invoices tested. <b>However, in reviewing the three-way match support (purchase order, receiver and invoice) obtained from the Departments, we noted that for 5 [Fire Rescue – 4; Natural Resources – 1] out of the 50 invoices tested, the invoiced amount was incorrect.</b> Based on discussions with Departmental management for the five Departments tested, the three-way match is not performed at the Department level. The respective Departments rely on their respective cost centers/field offices/branches to perform this matching function in approving the vendor invoice for payment. The risks associated with this include: Goods purchased / services rendered not properly ordered, paying for goods not received, paying incorrect price/rate for goods received/services rendered.</p>	<p>1) Purchasing conducted Basic Public Purchasing classes, where we reviewed and discussed various processes, including the 3-way match.</p> <p>2) We began our review of department's compliance with the three way match requirement in April 2018. I assigned one of our senior staff accountants to the project and he worked on it for several months. Attached is his spreadsheet. Our review identified several issues that we addressed in a meeting with Purchasing staff in September. Probably the most significant issue related to cooperative (piggy-back) contracts. The County has used several cooperative (piggy-back) contracts from other various entities. As a part of these agreements the vendors were to provide catalog prices during the bid process. In most cases, there was no way to verify the discount a vendor was to give the County because it was based upon either Manufacturer's list price, trade price, or some other catalog price, because the catalog list prices were not provided with the backup documentation</p>	<p>1) Three-way match training - CRI notes that purchasing provided training for the departments based on our review of email correspondence. This item is considered closed.</p> <p>2) CRI obtained spreadsheet from County Finance noting that County staff implemented the spot audits in April 2018. This matter is considered closed for purposes of our follow-up actions since the recommended action was implemented by County Management. However, we will address the pricing matter raised by County Finance related to support for vendor price discounts that are based on the catalog list prices in the next Cycle Audit of Accounts Payable.</p>	Closed
	<p><b>Auditor Recommendation</b></p> <p>We recommend the following:</p> <p>1) County Management should require the Departments to perform the three-way-match and retain the documentation. If high volume and lack of resources do not allow the Department to perform the three-way match for all invoices processed for payment, the Department should perform "spot" audits on a quarterly basis to verify that the three-way-match is being performed by the respective cost center / branch location. In all cases, the cost center / branch location should be required to provide the three-way match documentation to the Department for the Department's retention and spot audits. The three way match involves comparing the vendor name including invoice pricing and quantity ordered to the purchase order (unless open PO), and matching the vendor invoice quantity to the receiving document (may be the vendor invoice if used as the receiving document or relates to services); if the purchase order does not specify pricing or product or service specifications, the Department may use the price/rate list to verify price/rate or contract to verify approved price/rate and/or product or service specifications, as applicable.</p> <p>2) County Finance should perform sample, surprise audits of the Departments to verify that the Departments are performing the three-way-match (or spot audits) and retaining the documentation.</p>	<p><b>ECD:</b></p> <p>1) Closed 2) Closed</p>	<p><b>Testing Date:</b></p> <p>1) Closed 2) Closed</p>	

**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 Auditor Follow-Up Report of Corrective Actions

**BREVARD COUNTY INTERNAL AUDIT**

**Report Issue Date: October 25, 2017**

**FUNCTION: Community Development Block Grant**

Risk	1 Suspension/Debarment	Management Comments as of November 2018	Auditor Comments as of November 2018	Status
<b>High</b>	<p>We noted for 1 out of 5 active construction projects, HHS staff was unable to locate written evidence that HHS staff verified that the contractor was not on the suspended / debarred list or provide written certification from the contractor that its organization and its principals were not suspended or debarred as required by the Uniform Guidance and pursuant to Department policies and procedures (HHS-011).</p> <p>During the time of our testing, we were able to verify that the contractor identified as the exception above is not currently listed on the suspended / debarred list.</p> <p>This lack of compliance with the Uniform Guidance as required by HUD could lead to payments being made to suspended or debarred contractors and the loss or reduction of HUD funding.</p>	<p>The Department has been making sure that the suspension / debarment verification is performed and that our project files are complete and include these required documents.</p>	<p>CRI selected the one active project and verified that the Department had included evidence in the file that the contractor was not on the suspension / debarment list. This item is considered closed.</p>	Closed
	<p><b>Auditor Recommendation</b></p> <p>We recommend that HHS obtain written certifications from contractors and verify that the contractor is not on the suspended / debarred list and include written confirmation in the project file. This will help ensure compliance with HUD and Uniform Guidance requirements and help prevent the County from utilizing suspended or debarred contractors and possible loss or reduction of HUD funds for violation of these federal compliance requirements.</p> <p><i>Management Response:</i>  <i>The Department has verified that the 1 contractor in question is currently not on the suspension / debarment list.</i></p> <p><i>The Department has been using the Purchasing Department for bidding CDBG projects since 2014. They are responsible for ensuring that all required documentation (including suspension / debarment verification) is included as part of the bidding process. The Department will ensure that the suspension / debarment verification is performed and that our project files are complete and include these required documents.</i></p>	<p><b>ECD:</b> Closed.</p>	<p><b>Testing Date:</b> Closed.</p>	

## Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 25, 2017

**FUNCTION: Community Development Block Grant**

Risk	2 Environment Reviews	Management Comments as of November 2018	Auditor Comments as of November 2018	Status
High	<p>For 2 out of 5 projects tested, the request for release of funds and the environmental certifications were completed for the projects as part of the five year tiered plan (2010-2015); however, the construction supervisor was not able to locate the environmental review statutory checklist required to be completed and maintained in the file.</p> <p>This lack of compliance with the Compliance Supplement as required by HUD could lead to the loss or reduction of HUD funding.</p>	The Department has implemented a process to have the CDBG Supervisor or designee review the checklist to ensure it is included in the project file.	CRI obtained a list of new projects commencing after October 2017, and selected one and verified that the project checklist included evidence of the supervisor or designee's review and that the environmental review was properly completed. This item is considered closed.	Closed
	<p><b>Auditor Recommendation</b></p> <p>We recommend that the Department put in place a process for someone other than the one who is responsible to obtain the environmental review to verify that the project checklist required by and detailed in department policy HHS-011 and related supporting documentation has been performed and maintained in the project file.</p> <p>This will help facilitate that the environmental review is performed and maintained for each project, as applicable, in compliance with HUD and the Uniform Guidance, and help prevent possible loss or reduction of HUD funds for violation of these federal compliance requirements.</p> <p><i>Management Response: For new CDBG projects / activities, the Department has implemented a process to have the CDBG Supervisor or designee review the checklist to ensure it is included in the project file.</i></p>	<p><b>ECD:</b></p> <p>Closed.</p>	<p><b>Testing Date:</b></p> <p>Closed.</p>	

## Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 25, 2017

**FUNCTION: Community Development Block Grant**

Risk	3 Subrecipient Monitoring	Management Comments as of November 2018	Auditor Comments as of November 2018	Status
High	<p>We noted that for two out of the four subrecipients there was a significant delay by the Department between when the subrecipient monitoring was performed and when the monitoring report was provided to the subrecipient. In both cases the subrecipient monitoring was performed in May 2016 and the reports were not issued to the subrecipients until September and October 2016 respectively. September represents the end of the subrecipients contract year. In the case of one subrecipient, there were compliance concerns noted requiring a response.</p> <p>This lack of timeliness in the issuance of the monitoring reports could result in the Department continuing to provide funds to subrecipients and / or the Department renewing contracts with subrecipients that are out of compliance with their contract terms and conditions.</p> <p>This lack of compliance with the Uniform Guidance as required by HUD could lead to the loss or reduction of HUD funding.</p>	<p>We were able to adhere to the recommended action to issue the monitoring report no later than a month after the subrecipient monitoring is complete.</p>	<p>CRI obtained a list of the most recipient reports issued, and selected 3 of the Department's subrecipients. We verified that the subrecipients respect reports were issued no later than one month after the subrecipients monitoring was completed. This item is considered closed.</p>	Closed
	<p><b>Auditor Recommendation</b></p> <p>We recommend that the Department put a process in place to ensure that the subrecipient monitoring reports are issued to the respective subrecipient in a timelier manner such as within a month after the subrecipient monitoring is completed.</p> <p>This will help ensure compliance with HUD and the Uniform Guidance, and help prevent possible loss or reduction of HUD funds for violation of these federal compliance requirements.</p> <p>For new CDBG projects / activities, the Department has implemented a process to have the CDBG Supervisor or designee review the checklist to ensure it is included in the project file.</p> <p><i>Management Response:</i> The Department already has a Monitoring and Technical Assistance process in place which includes a timeline for issuing the respective subrecipient monitoring report. However, the Department agrees timeliness is an issue and will adhere to issuing the monitoring report no later than a month after the subrecipient monitoring is complete.</p>	<p><b>ECD:</b> Closed.</p>	<p><b>Testing Date:</b> Closed.</p>	

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**Report Issue Date: October 25, 2017**

**FUNCTION: Community Development Block Grant**

Risk	4 HUD Timeliness Standard	Management Comments as of November 2018	Auditor Comments as of November 2018	Status
<b>Moderate</b>	<p>The County was out of compliance with the timeliness requirement for program spending for 2014/2015 and as noted again below for 2015/2016:</p> <p>Timely expenditures of CDBG funds are a major concern of the Department. Under the provisions of 24 CFR §570.902 of the CDBG regulations, a grantee is considered to meet timeliness criteria, if 60 days prior to the end of the grantee's program year, the balance in its line-of-credit does not exceed 1.5 times its most recent grant award. To ensure compliance with the timeliness requirements throughout the CDBG program year, we utilize a straight-line projection of this formula for each month. A formal measure of the County's CDBG program's timeliness was conducted. Using this straight line, the County's, as of June 30, 2016, timeliness ratio is 1.90 times its annual grant. Accordingly, the County was found to be in non-compliance with the timeliness standard. The County must expend \$486,158 by August 2, 2016 to meet this requirement. The County is presently on a timeliness plan. If the County fails the timeliness requirement for two consecutive years, the violation will result in a grant reduction (HUD's June 20-22, 2016 Monitoring Report).</p> <p>Based on discussions with the HHS Director, a process was put in place to monitor the status of the timeliness requirement, but evidence was not retained. The Department Director indicated that the County was in compliance with the timeliness requirement by August 2, 2016, which we verified via inspection of an email confirmation from HUD.</p>	<p>a. The HUD IDIS system allows for the running of reports (specifically PR 56 –CDBG Timeliness Report) daily if desired. The Department adopted a monthly review process during the period of the timeliness plan, and has re-evaluated since regaining compliance and is currently utilizing a quarterly review. The Department has continued to utilize the process that is in place to oversee timeliness. The Departmental begin printing the IDIS screen of the PR 56 in October of 2017 as needed.</p> <p>b. The Department has considered this recommended action [from HUD]. Due to the limited funding available for CDBG infrastructure activities (approximately \$600,000 per year) it is not anticipated that project scopes will allow for phased funding at this time. The Department will continue to monitor this item to determine the appropriateness of implementing phased funding. Additionally, the Department has already implemented the recommendation regarding not entering items into IDIS prior to initial expenditures.</p>	<p>a. CRI verified that the HHS Director was checking compliance with the HUD timeliness standard on at least a quarterly basis. This item is considered closed.</p> <p>b. Based on discussions with the Department Director, CRI noted that Department management chose to implement the second part of HUD's recommendation: "Projects/activities should not be entered into IDIS until they are ready to expend funds." This item is considered closed.</p>	Closed

## Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 25, 2017

**FUNCTION: Community Development Block Grant**

Risk	4 HUD Timeliness Standard - continued	Management Comments as of November 2018	Auditor Comments as of November 2018	Status
	<p><b>Auditor Recommendation</b></p> <p>We recommend that HHS management perform the following:</p> <p>a. Establish a formal, documented process to monitor progress toward meeting the timeliness requirement on a monthly basis by retaining the appropriate documentation generated from HUD's Integrated Disbursement and Information System ("IDIS").</p> <p>b. Consider implementing the recommended action in the June 2016 HUD Monitoring Report as follows: "The County should consider funding projects in phases to ensure expenditures for the reporting period. Projects/activities should not be entered into IDIS until they are ready to expend funds."</p> <p>This will to help ensure the program is on task to expend the required ratio and help prevent the Department from potentially receiving a grant reduction for failure to meet the HUD's timeliness standard.</p> <p>Management Response:</p> <p>The Housing and Human Services Department fell out of compliance due to construction issues beyond the control of the Department (bidding delays, contractor delays, etc.). The process that was developed and has been implemented is functioning to meet the needs of the Department in addressing this issue with HUD. The HUD IDIS system allows for the running of reports (specifically PR 56 –CDBG Timeliness Report) daily if desired. The Department adopted a monthly review process during the period of the timeliness plan, and has re-evaluated since regaining compliance and is currently utilizing a quarterly review. The Department will continue to utilize the process that is in place to oversee timeliness, but will begin printing the IDIS screen of the PR 56.</p> <p>The Department has considered this recommended action. Due to the limited funding available for CDBG infrastructure activities (approximately \$600,000 per year) it is not anticipated that project scopes will allow for phased funding at this time. The Department will continue to monitor this item to determine the appropriateness of implementing phased funding. Additionally, the Department has already implemented the recommendation regarding not entering items into IDIS prior to initial expenditures.</p>	<p>ECD:</p> <p>Closed.</p>	<p>Testing Date:</p> <p>Closed.</p>	

## Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 25, 2017

**FUNCTION: Community Development Block Grant**

Risk	5 CAPER Reporting	Management Comments as of January 2019	Auditor Comments as of January 2019	Status
<b>Moderate</b>	<p>We noted that the CDBG expenditures were not properly reported in the narrative section of the CAPER and there was no documented support of the expenditures reported in the CAPER compared to the accounting records as of the date the CAPER was submitted to HUD. The amount reported in the beginning narrative section of the 2016 CAPER was the total amount of two programs: HOME and CDBG funds expended during the 2015/2016 program year of \$2,016,473. Actual CDBG expenditures as recorded in the accounting records in SAP were \$2,021,508. Upon discussion with CDBG staff and review of supporting documentation, this variance was due to the following: 1) timing differences of when the disbursements report was run from SAP (approximately \$5,000) and reported in the CAPER to HUD, and 2) staff not including the HOME expenditures (\$500,414). HHS staff communicated this reporting error to their HUD representative who advised HHS staff there was no need to issue and re-advertise a corrected 2015/2016 CAPER Report since the error related to the narrative section of the CAPER and the program expenditures as reported in the rest of the CAPER were correct.</p>	<p>The Department is working on providing the back-up documentation that reconciles the expenditures recorded in SAP to those reported in the most recent CAPER (2017-2018) that was recently submitted to HUD.</p>	<p>CRI obtained and reviewed the reconciliation for the expenditures recorded in SAP to those reported in the most recent CAPER (2017-2018) that was recently submitted to HUD. The reconciliation prepared by the Department appeared properly supported and accurately recorded. This item is considered closed.</p>	Closed
	<p><b>Auditor Recommendation</b></p> <p>We recommend that the Department put the following process in place to address the timing difference and reporting error:</p> <ul style="list-style-type: none"> <li>• The accountant should perform and retain print-outs from SAP of the expenditures for both the CDBG and the HOME programs for each respective program year that supports the amounts reported in the CAPER.</li> <li>• Then, the accountant should provide these print-outs to the CAPER preparer to help ensure that the consolidated amount of expenditures is properly reported in the CAPER.</li> </ul> <p>This will ensure accuracy and completeness of the CAPER as reported to HUD in IDIS demonstrating that the underlying accounting system (SAP) supports the amounts as reported to HUD in the CAPER for each program year.</p> <p><i>Management Response:</i> The Department will have Accountant II print out the SAP screens and provide them to the CAPER preparer as back-up documentation.</p>	<p><b>ECD:</b> Closed.</p>	<p><b>Testing Date:</b> Closed.</p>	

## Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 25, 2017

**FUNCTION: Community Development Block Grant**

Risk	6 Uniform Guidance Language	Management Comments as of November 2018	Auditor Comments as of November 2018	Status
Low	We noted that the Department's policies and procedures have not been updated and still make reference to the OMB circulars A-87 and A-122 throughout these documents rather than to the Uniform Guidance; such as, CFR 200, Subpart E – Cost Principles, Subpart F – Audit Requirements (e.g. HHS-011 and HHS-19 department policies and procedures).	The Department updated its policies and procedures to replace the OMB circular references with the Uniform Guidance references.	CRI obtained the Department's policies and procedures and verified that the Department updated its policies and procedures to replace reference to the OMB circulars (A-87 Cost Principles for Local Governments, A-122 Cost Principles for Non-Profits) with the Uniform Guidance references 2 CFR 200, Subpart E – Cost Principles, Subpart F – Audit Requirements, respectively. This item is considered closed.	Closed
	<p><b>Auditor Recommendation</b></p> <p>We recommend that the Department update its policies and procedures to replace reference to the OMB circulars (A-87 Cost Principles for Local Governments, A-122 Cost Principles for Non-Profits) with the Uniform Guidance references 2 CFR 200, Subpart E – Cost Principles, Subpart F – Audit Requirements, respectively.</p> <p>This will facilitate compliance with the Uniform Guidance required by the CDBG grants from HUD.</p> <p><i>Management Response:</i> The Department agrees that a review / update of its policies and procedures associated with OMB Circulars is due and will be conducting this process during the current Fiscal Year.</p>	<p><b>ECD:</b></p> <p>Closed.</p>	<p><b>Testing Date:</b></p> <p>Closed.</p>	

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)