

Internal Auditor Follow-Up Report Summary of Audit Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

October 2019

Audit Report/Subject	Management Comments	Auditor Status Up-Date	Report Issue Date	Corrective Actions			
				Total	Open	Closed	Action Deferred*
Individual Functions							
Parks and Recreation - Referendum 2000	September 2012	September 2012	October 16, 2006	6	0	6	
Central Fleet Services	August 2019	August 2019	January 4, 2013	5	0	5	
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 2019	October 2019	December 1, 2014	8	1	7	
Public Works - Road and Bridge Fleet Services - iMaint	August 2019	August 2019	June 22, 2016	4	0	4	
UF/IFAS Extension Services	March 2018	April 2018	November 30, 2016	5	1	4	
Parks and Recreation - Facilities Usage and Contracting - Phase II	October 2019	October 2019	May 1, 2018	7	5	2	
Valkaria Airport - Specific Review	October 2019	October 2019	August 15, 2018	7	0	7	
Procurement Initiation & Contract Review	October 2019	October 2019	November 7, 2018	5	5	0	
Total				61	20	41	

NOTES:

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

Follow-up Not Required as no ECD's or testing was applicable this reporting cycle.

The remaining items were closed in August 2019 with the presentation of the updated Central Fleet Services internal audit report. Follow up on that report will occur in FY20.

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 16, 2006

FUNCTION: Parks and Recreation Referendum 2000

Risk	Original Issue	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	<p>Formalized Long-Term Planning: As the County does not have a formal long-term strategic plan for parks and recreation within Brevard County, the tasks of pulling together the "wish list", creating solid budgets and realistic timelines and identifying the land for the referendum could not be adequately completed within the approximate eight month time period.</p>	<p>The department agrees that a formalized long-term plan is desired. A long-term strategic plan would need to be County-wide, upon which the Parks and Recreation plan would build in order to ensure concurrency.</p>	<p>As a result of this item remaining in Action Deferred status since 2012, the County has accepted the risk of not having a long-range plan specifically related to the Parks and Recreation Department. The annual budgeting process, as well as the Capital Improvement Plan, serve as the County's overall planning tool, and any long-range plan would need to be county wide. We request approval from the Audit Committee to close this issue, specifically related to Parks, and will revisit an overall county plan during a future entity-wide assessment.</p>	Closed
<p>Auditor Recommendation</p> <p>Ideally, the County should formalize their planning process related to the long-term plans for parks and recreation within Brevard County to include:</p> <ul style="list-style-type: none"> • Goals and Objectives – these are statements of what is to be accomplished during the period to achieve various aspects of the basic purpose. • Long-term Plan – in its broadest sense, a long-term plan is a statement of goals or objectives and the course of action it intends to follow to accomplish them. A long-term plan is often called a "strategic plan". We recommend that the Parks and Recreation Department develop a long-term plan, "strategic plan", which would answer the following questions: where are we now, where do we want to go, how do we get there, how much will it cost, how will we fund it and are we making progress. <p>This planning process will assist the County in determining what parks and recreation related projects they want to pursue in order to stay focused and reach their ultimate goals.</p>		<p>ECD:</p> <p>Closed.</p>	<p>Testing Date:</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)

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: December 1, 2014

FUNCTION: Public Works - Road and Bridge - iWorQ

Risk	Observation #5	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
Moderate	<p>Through our discussion, walkthroughs and observations at each Area office, we noted that equipment hourly rates within iWorQ can be changed by personnel entering the data.</p> <p>Equipment rates are automatically applied in iWorQ based on the equipment's asset number. Each piece of equipment is assigned a specific, Board approved, rate for tracking the hourly cost of using the equipment. These hourly rates are also used for interdepartmental and external billing calculations.</p> <p>Although no exceptions between approved rates and rates charged were noted during our testing, allowing users the ability to edit equipment costs can lead to improper, inaccurate, or unapproved costs applied to Work Orders. This may affect calculations used in billings, as well as calculations used to determine the operating costs of the Program.</p> <p>We further noted through discussion with Program personnel that current equipment rates were last approved approximately 10 years ago. As such, these rates may not accurately capture the current costs of using and maintaining equipment, which in turn, may lead to insufficient recovery of costs for interdepartmental and external billings.</p>	<p>We previously reported that an update to equipment rates required Board approval; however, upon further clarification with the County Attorney's office, it was determined that Board approval is not required. Previous efforts to update equipment rates in iWorq utilizing Equipment Watch proved cost prohibitive, as the need for specialized rates required additional licensing. As such, we elected to move forward utilizing the equipment rates defined by FEMA in 2019. Utilizing the FEMA equipment rates will also allow for easier tracking of equipment costs in accordance with FEMA requirements, for costs submitted for reimbursements related to future storm events. We expect to complete the full update of equipment rates by Q1 FY2019-20.</p>	<p>This will be tested in Q1 2020 when all equipment rates have been updated in iWorQ to the 2019 FEMA equipment rate schedule.</p>	Open
	<p>Auditor Recommendation</p> <p>We recommend the equipment rates field be locked during the data entry process to prevent inadvertent changes or manipulation to the rates. Only authorized personnel should have access to edit costs within iWorQ.</p> <p>We further recommend the Program re-evaluate the current equipment costs for reasonableness, and assess if the rates accurately capture the costs of usage and maintenance. The Program may consider using rates listed in the AED Green Book as a baseline standard for the evaluation. The AED Green Book is an annual publication of nationally averaged equipment rental rates (by manufacturer / model) and is widely considered as the industry standard for equipment rates.</p> <p>The Program may also consider implementing a policy to evaluate costs on a recurring (e.g., biannual) basis.</p>	<p>ECD:</p> <p>O: Q1 2016 R: Q1 2017 R: Q3 2017 R: Q1 2018 R: Q1 2020</p>	<p>Testing Date:</p> <p>Q1 2020</p>	

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Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: June 10, 2016

FUNCTION: Public Works - Road and Bridge Fleet Services - iMaint

Risk	Observation #2	Management Comments as of August 2019	Auditor Comments as of August 2019	Status
Moderate	<p>Through our discussions, walkthroughs, and observations with Fleet Services personnel, we noted there is currently not a timely, consistent, and documented process for the recurring monitoring of key performance indicators (KPI's) by Division Management.</p> <p>Although we noted that certain information is reported on an ad-hoc basis, standard KPIs for recurring review have not been developed / approved.</p> <p>Consistent, documented, and timely review of KPI's is essential to give management the ability to identify trends, assess performance and progress against goals, and identify areas requiring a more in depth review.</p>	<p>We have implemented the following ongoing KPI reporting:</p> <ul style="list-style-type: none"> - CM-1864 Weekly Work Order Labor Summary Report (showing work orders by employee, status, hours, and labor cost) - CM-2007M Monthly Work Order Summary – By Type % (showing breakdown of type by corrective, preventive, etc.) - CM-2005M Monthly Top Ten Maintenance Cost (by asset) - CM-1862M Monthly Top Ten Maintenance Cost (by problem type) - CM-1862M Annual Top Ten Maintenance Cost (by problem type) 	<p>RSM obtained the KPI reports for a sample of historical weeks/months, noting the reports were generated and available for Management's review. As such we recommend follow up for this observation be closed.</p>	Closed
	<p>Auditor Recommendation</p> <p>We recommend the Division develop a formal, recurring process for management level review of Key Performance Indicators. These KPI's should be selected with the objectives of monitoring trends, assessing performance, and identifying areas of concern, etc. The selected metrics and evidence of management's review should be documented in a recurring (ex. monthly, quarterly) report for ease of review.</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: June 10, 2016

FUNCTION: Public Works - Road and Bridge Fleet Services - iMaint

Risk	Observation #3	Management Comments as of August 2019	Auditor Comments as of August 2019	Status
Moderate	<p>Through discussions and observations with Fleet Services personnel, we noted there are not documented policies and procedures in place regarding the following processes:</p> <ol style="list-style-type: none"> 1. Work Order - Invoice Review – In accordance with Observation #1, there currently does not exist a formally documented process to ensure Equipment Supervisor review of all invoices processed by the Operation Support Specialist. This includes invoices applied directly to work orders, or invoices entered into inventory for consumption. 2. Work Order – Timely Initiation & Closeout - During our procedures, we noted that RBM does not have a formally documented policy in place requiring initiation or closure of a work request within a specified time period. By not providing guidance to process owners regarding timely initiation and closure, RBM increases the risk of delayed or incomplete work requests, or work orders that remain open after work has been completed. 	<ol style="list-style-type: none"> 1) We have updated the inventory process to include review of all invoices by the Supervisor/Lead Mechanic, as well as two daily reports that capture inventory added from stock, and inventory ordered for work orders. 2) In conjunction with the KPI reports developed related to Observation #2 above, we have created WO Initiation and Closeout reports. These monthly reports provide a snapshot of work orders opened during the prior month by type, showing date scheduled, current status, and date closed if applicable. 	<ol style="list-style-type: none"> 1) This item was tested and closed in October 2017. 2) RSM obtained the KPI reports for a sample of historical months, noting the reports were generated and available for Management's review. As such we recommend follow up for this observation be closed. 	Closed
	<p>Auditor Recommendation</p> <p>We recommend Management consider developing policies and procedures which include:</p> <ol style="list-style-type: none"> 1. A monthly reconciliation between invoices paid and parts added to work orders + inventory additions. As all invoices paid during the month should either be applied to specific work orders, or to the stocked inventory, a reconciliation will identify discrepancies between payments and applications. Further, this will help ensure that the Equipment Supervisor reviews all invoices processed by the Operation Support Specialist (either through review of periodic inventory count adjustments or review of attachments to each work order). 2. A formalized process for initiating and closing a work order within a specified time period (also refer to Observation #2). This will help to ensure that all work orders are created, reviewed, and closed within an acceptable time frame, and will also provide comparable data for Management's consideration in ongoing monitoring of KPIs. 	<p>ECD:</p> <p>Closed.</p>	<p>Testing Date:</p> <p>Closed.</p>	

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Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

Risk	1. Rental Receipts (Permit Applications) (Recurring)	Management Comments as of November 2019	Auditor Comments as of November 2019	Status
High	<p>During our inspection of the 50 facility rental receipts (permit applications) selected for testing, we noted the following exceptions broken down by the respective North, Central and South Areas:</p> <p>North Area (15 samples)</p> <ul style="list-style-type: none"> • 2 of 3 with the special conditions "Commercial and Open to the Public" did not have the required permits • 2 of 3 with the special conditions "Commercial and Open to the Public" did not include the required security plan • 2 of 3 with the special conditions "Commercial and Open to the Public" did not have the required certificates of insurance • 3 of 15 did not have documentation to support the fee charged per the fee schedule • 7 of 15 were not signed by the applicant • 6 of 15 were not signed by Department staff <p>Central Area (10 samples)</p> <ul style="list-style-type: none"> • 4 of 10 were not signed by the applicant • 4 of 10 were not signed by Department staff <p>South Area (25 samples)</p> <ul style="list-style-type: none"> • 4 of 7 with the special conditions "Commercial and Open to Public" did not include the required security plan • 3 of 7 with the special conditions "Commercial and Open to the Public did not have evidence of approval by the recreation coordinator or above • 1 of 25 - 50% of the fee was not collected within the required time (48 hours) • 10 of 25 were not signed by the applicant • 8 of 25 were not signed by Department staff <p>These types of exceptions can lead to the following: misappropriation of assets and / or failure to capture and collect the appropriate revenue due to the County for facility rentals and usage; risk of liability, claims and damages against the County including rental receipts (permit applications) not signed by the customer whereby the applicant acknowledges and agrees to the following:</p> <p>"I am 18 years of age (21 years of age if alcohol will be present) or over and understand as a representative of said event/organization, that I take full responsibility for each and every participant of said function. I have read and agree to follow the rental rules I have been given for my activity. I hereby waive any and all claims against the Board of County Commissioners and its employees and agents arising out of any personal injury or property damage that is incurred during said function. I have also read the information on the reverse side of this permit and agree to the terms and conditions hereof."</p>	<p>a. The Department developed a Facilities Rental Training Checklist and Operation Guide in March 2018 and trained current staff and will train all future staff as part of the hiring process.</p> <p>b. Once the deposit and final payment is received, a signature page is printed at the completion of the rental process and scanned electronically into RecTrac. This was completed January, 2019.</p> <p>c. Random audits, beginning June 2018, have been completed quarterly by the Parks Support Services Manager or designee.</p> <p>d. Approval authority matrix was developed June, 2019. Area Managers have been using the matrix beginning in June 2019, however the documentation of the approvals when required by the authority matrix was either granted orally or if via email, not retained. Controls will be put in place to ensure the approvals are documented within RecTrac. See additional comments at observation 3.</p>	<p>a. We obtained a list of employees and selected a sample of five new hires since the Facilities Rental Training Checklist and Operation Guide was put in place. We obtained and reviewed Facilities Rental Training Checklist noting each employee had completed the training as evidenced by the respective employee signature and date. Additionally, we noted the checklist was properly approved by the supervisor as evidenced by the supervisor's signature and date.</p> <p>We selected a sample of 15 reservations allocated among the North, Central and South Area operations noting that 7 out of 15 were not signed by the applicant - these all related to phoned-in reservations. (This matter is separately addressed in observation 2).</p> <p>b. In conjunction with the sample rental testing above, we noted that the signature page and relevant supporting documentation was scanned electronically into RecTrac.</p> <p>c. We obtained the August 2019 calendar that listed the scheduled spot audits. We obtained and reviewed the Financial Audit Checklist noting that the audit checklist was signed by the auditor and facility staff - the auditor and facility staff were not the same.</p> <p>d. We obtained a copy of the Approval Authority Matrix developed by management dated June 2019. However, based on discussions with management, although the Area Managers stated that they started utilizing the matrix beginning in June 2019, documentation of the approvals when required by the authority matrix was either granted orally or if via email, not retained. We noted during our rental sample testing above that for the 2 out of 15 samples that were considered high risk, there was no documented evidence of approvals. We will test the new controls once put in place.</p>	Open

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Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

	Auditor Recommendation		Testing Date:
	<p>We recommend that the County consider the following:</p> <ul style="list-style-type: none"> a. Provide training to staff regarding the proper steps to complete the rental (permit application) process including all required approvals and supporting documentation. b. Scan the final signed rental receipts (permit applications) and any relevant supporting documentation electronically into RecTrac. c. Carry out periodic spot audits of rental receipts (permit applications) and relevant supporting documentation.* d. Develop a formal, documented approval authority matrix for supervisor and above to review rentals of a certain category that presents more risk of loss of revenue (sponsored / cosponsored vs. commercial etc. category) or safety or reputational risk due to significance and nature of the activity, public vs. private activity, alcohol / no alcohol, attendance, etc.* <p>Note: These were both carryover recommended actions from the previous internal audit that management informed us was still open prior to the commencement of our procedures.</p>	<ul style="list-style-type: none"> a. Closed b. Closed c. Closed d. O: October 1, 2018; R: December 2019 	<ul style="list-style-type: none"> a. Closed b. Closed c. Closed d. March 2020

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

Risk	2. Phoned-in Reservation / Application Process	Management Comments as of November 2019	Auditor Comments as of November 2019	Status
High	<p>Based on discussions with Area Managers and staff in the field as well as senior management, during our period of testing many of the reservations, if not the majority are completed via phone. When the Department staff took the reservation over the phone and completed the various steps outlined above in the Background section to complete the application process, we noted that this then requires the Department staff to take additional steps and the respective applicant additional steps to sign the application and thereby agree to the waiver and terms and conditions noted in observation 1 above. The normal process is for the Department staff to email the completed application directly from RecTrac to the applicant. The applicant is requested to return the signed application in person or electronically (via scan and email or fax). Upon inquiry of various department staff during our six site visits noted in the procedures above, we noted that there is no standardized or consistent follow-up process in place to obtain the signed applications from the applicants. Further, the applicant was not required to return or provide a signed copy of the application to attend the scheduled event. Additionally, the County Ordinance that governs this process (Section 78-82) also stipulates that the applicant must present current photo identification. The receiving and approving of applications for rentals via phone exacerbates the risk of the potential liabilities noted at Observation 1 since with this process it is even more difficult to ensure the applicant signs the application with its waiver and other terms and conditions.</p>	<p>a. The Facilities Rental and Training Checklist and Operation Guide addresses staff attempting to have the rental permit signed by the applicant prior to approval and issuance of a permit. This was completed March, 2018.</p> <p>b. The Department continues to encourage online reservations. The electronic check box was added. No credit card information is stored in RecTrac. Completed October, 2018.</p> <p>c. To accommodate our customers, the Department will recommend to the Board an amendment to Chapter 78, Parks and Recreation, Code of Ordinances of Brevard County, Florida to delete "the applicant has to provide current photo identification."</p>	<p>a. We obtained and reviewed the Facilities Rental and Training Checklist and Operation Guide noting that it directs the staff to attempt to have the rental permit signed by the applicant prior to approval and issuance of a permit. Additionally, we noted in conjunction with our sample rental testing in observation 1 (Auditor Comments) that for the phoned-in reservations, attempts made by staff to contact the applicant to sign the application via fax or in person was documented. The staff indicated that they were unable to obtain the applicant's signature - the application includes the waiver and terms and conditions noted in observation 1 above.</p> <p>b. We noted via the Parks and Recreation homepage links and use of social media the Department continues to encourage online reservations. We attempted to reserve a facility online and was not able to process the reservation unless we checked the electronic box agreeing to the terms and conditions noted above in Observation 1.</p> <p>c. We will obtain and review Chapter 78, Code of Ordinances, as amended, to verify the removal of the requirement for photo identification.</p>	Open

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend that management consider the following:</p> <ul style="list-style-type: none"> a. Put a process in place to help ensure that rental permits are signed by the applicant and returned to staff prior to approval and issuance. b. Encourage applicants to utilize the RecTrac online reservation portal to complete the reservation in lieu of phoned-in reservations (where practical)* c. Take steps to consistently enforce the County Ordinance requirement for the applicant to provide photo identification to acquire a permit or take the proper steps to remove or revise this requirement from the ordinance. <p>*As management notes in their response (b.), the online household / reservation process includes a copy of the permit's "Other Information and Conditions for Issuance of Use Permit" that requires the applicant to check a box acknowledging agreement before the permit application can be issued. We tested this control by attempting to make a rental reservation noting that the portal required us to check the box noted. Further, management indicated that no credit card information is retained in the RecTrac system.</p> <p>However, to help ensure that the other personal data that is stored on the RecTrac Vendor's server has the proper IT security controls in place, management should seek to obtain a SOC report on an annual basis from the Vendor.</p>	<ul style="list-style-type: none"> a. Closed. b. Closed c. O: October 1, 2018; R: March 2020 	<ul style="list-style-type: none"> a. Open b. Closed c. March 2020 	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

Risk	3. RecTrac – Automated Controls	Management Comments as of November 2019	Auditor Comments as of November 2019	Status
High	<p>We noted through our walkthroughs and discussions of the RecTrac software with the Area super users, managers and superintendents and various observations of employees processing reservations in the field, that the current configuration of RecTrac allows the employee to override the fee schedule built into the RecTrac pull down menus and lacks key preventative controls. In addition, the capability of the updated version of RecTrac may not be fully utilized with respect to potential automation features, such as:</p> <ul style="list-style-type: none"> • Override: For example, depending upon which facility rental selected, the RecTrac menu will default to the fee assigned to the rental per the fee agreement. However, the employee can manually override the default fee in RecTrac • Preventative controls – no automated control to prevent a front desk employee from processing a high risk rental without obtaining supervisor approval (program coordinator or above) 	<p>a. Automated controls were implemented so that the default fees cannot be overridden by anyone other than the system administration. Completed by October 1, 2018</p> <p>b. Other software compatible automated controls, including discount fee rules, employee fees, key deposits, etc. were implemented in the Parks and Recreation software system during the internal auditor follow-up period (October 2019).</p> <p>c. Various automated controls for high risk rentals will be completed by November, 2019.</p> <p>d. Due to software limitations various other automated controls that were suggested to explore cannot be configured in RecTrac.</p>	<p>a. b. We performed a walkthrough to test the automated controls that were implemented including automated controls related to default fees and discounts noting that the front desk user group does not have the ability to override the default fees or change the discount rules. Additionally, we tested the various other automated controls / features implemented by management noting that such controls / features operated effectively as designed.</p> <p>c. Various automated controls related to high risk rental were not completed and therefore will be tested when they are put in place.</p> <p>d. Due to the software limitation, management indicated that some of the other suggested automated controls cannot be implemented. We noted that there are compensating manual controls in place related to these processes and therefore consider this matter closed.</p>	Open
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend that management explore the full capability of RecTrac to configure automated controls in order to address the following areas, including but not limited to:</p> <ul style="list-style-type: none"> • No default fee override without Area Manager or above approval • Commercial activities open to the public with 50 or more attendees requires coordinator or above approval • Questions / responses that constitute "High Risk Conditions" requires proper insurance • Open to the public and a commercial activity requires a security plan • Discounts rules • Refund rules • Employee fees requirements • Employees utilization rules • Key deposit requirements • Fifty percent (50%) of the total rental cost down payment requirements • Reservation cancellation fees • Fee payment requirements - paid in full 72 hours prior to facility rentals. • Proof of sales tax exemption if sales tax not charged • Parking plan for special events open to the public 	<p>a. Closed b. Closed c. O: October 1, 2018; R: November 2019 d. Closed</p>	<p>a. Closed b. Closed c. March 2020 d. Closed</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

Risk	4. Facility Keys Inventory (recurring)	Management Comments as of November 2019	Auditor Comments as of November 2019	Status
Moderate	<p>Management provided a consolidated listing of the key's assigned (checked out) for each Area, but was not able to provide an up-to-date master inventory for each Area to account for the completeness of the population such as Keys:</p> <ul style="list-style-type: none"> • Not checked-out • Unaccounted for (Missing / Lost) • "Overdue" <p>The Central Area provided a Master Key Inventory Registry but the report had not been updated for over a year (last updated 1/17/2017) and there were a number of keys unaccounted for. Further, the disposition column of the report did not indicate the action taken to resolve these matters.</p> <p>The South Area provided two separate reports: an unsigned key list; and an assigned key list that included: name of key holder, date issued, location of key, title of employee, key #, and date issued; but the column for date due was blank, and for department and there was no column for management/staff approval/authorization of the key assignment.</p> <p>The North Area did not provide key list reports beyond the consolidated listing of keys checked out noted above.</p> <p>The lack of proper maintenance of the facility keys can lead to the unauthorized or misuse of assets.</p>	<p>South Area has implemented the Best lock system. Central Area purchased Best lock system in FY19 and will be installing it in FY 20. North Area purchased half of the necessary hardware in FY 19 and will purchase the remaining components in FY 20.</p>	<p>This recommendation is being implemented in phases for each Parks and Recreation Area. We will test the implementation as a whole after it is completed.</p>	Open
	<p>Auditor Recommendation</p> <p>We recommend that management develop a complete, standardized Key Registry inventory (keys checked-out and checked-in) consistent by Area that includes, but is not limited to the following data:</p> <ul style="list-style-type: none"> • Key Number • "Assigned To" – this section of the Key Registry should contain: the full name of the assignee along with a title / description of who they are / represent. • Key Location – facility number, name, room number, etc. • Date issued / checked out • Date Due – recreation instructors, recreation partners, other rental users as applicable; upon completion of the contractual usage period, the key(s) could be checked in to the respective Areas • Department management approval – column for tracking proper approval of the key assignments / check out • Disposition – this column could indicate any keys not accounted for and the disposition / resolution thereof <p>Based on our discussions with management, we understand that management is in the process of updating the key inventory system to address these matters.</p>	<p>ECD:</p> <p>O: October 1, 2018 R: September 30, 2020</p>	<p>Testing Date:</p> <p>October 2020</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

Risk	5. Background Level 1 Checks	Management Comments as of November 2019	Auditor Comments as of November 2019	Status
Moderate	<p>We performed follow-up testing related to background checks for recreation instructors and recreation partner agreements that were based on the new standard agreement that implemented our prior recommended actions as noted in the Previous Internal Audit Report. The recommended action resulted in management increasing the background check from a level 3 to a level 1 which included fingerprinting and rescreening every five years.</p> <p>Recreation Instructors During our testing of 5 new agreements, we noted that in accordance with the Department's approval process, the background checks for 2 of 5 background checks were not completed prior to the execution of the agreement by the Department as follows:</p> <ul style="list-style-type: none"> • Agreement executed on 1/24/2018; background check completed on 3/30/2018 • Agreement executed on 1/26/2018; background check completed on 3/14/2018 <p>Recreation Partners During our testing of five agreements, we noted that for 1 of 5 recreation partners, two of the agents of the program did not have their background checks performed as of the time of testing (4/19/2018); the program / event is a year-round event.</p> <p>The lack of proper or timely background checks could lead to allowing individuals with a criminal record (and thereby posing a danger) to become a coach, manager, assistant, instructor, volunteer, etc. in the respective youth sports / program.</p>	<p>a. Level 1 Background screening has been conducted and contracts signed by the Assistant Director since August, 2018.</p> <p>b. The organization president and area managers are jointly responsible for attempting to ensure the contents of the Rec Partner Agreements are adhered to.</p>	<p>a. Based on our review of a sample of recreation instructors' rentals, we noted that the background checks were completed prior to the execution of the agreements by the Assistant Director.</p> <p>b. Based on our review a sample of recreation partner rentals, we noted that background screening was performed for the respective coach, manager, assistant, instructor, volunteer, etc.; and appeared to be performed in a timely manner.</p>	Closed
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend the following:</p> <p>a. Recreation Instructors – pursuant to the Departments process to approve and execute recreation instructor agreements, the background checks should be completed prior to the execution of the agreement by the Department with the respective recreation instructors.</p> <p>b. Recreation Partners - pursuant to the stipulations of the agreement and AO-26, III. H. related to the background checks requirement cited in the recreation partner agreement, management should require the background checks to be completed before the coach, manager, assistant, instructor, volunteer, etc. be permitted to participate in the respective sports / programs.</p>	<p>a. Closed</p> <p>b. Closed</p>	<p>a. Closed</p> <p>b. Closed</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

Risk	6. Unpaid Fees / Processing Errors	Management Comments as of November 2019	Auditor Comments as of November 2019	Status
Low	<p>We obtained and sorted RecTrac data to identify amounts that RecTrac showed as "unpaid" for events that had already occurred prior to January 26, 2018 that were still owed as of January 26, 2018. 50% of the rental fee is due within two days of making the reservation to secure the reservation and the full amount, plus the deposit, is due 3 days prior to the rental date. The following represents fees owed as of 1/26/18:</p> <p>Total Fees Paid / Fees Still Owed = \$9,900 - this represents 1.24% of total rental revenue. Fees paid = \$2,937 – represent fees that were collected subsequent to the rental date as of the date of testing. Fees Still Owed = \$6,693 – represents fees owed as of the date of testing.</p> <p>We also noted amounts classified as unpaid fees that were really processing errors totaling - \$5,990.</p> <p>This total amount included Fees Cancelled* of \$5,180 – this represents fees showing as unpaid that should have been automatically credited/removed by RecTrac due to the lack of 50% payment of fee within 48 hours of the reservation – management corrected these errors as of the date of testing.</p> <p>This amount also included fees Misapplied of \$810 – this represent credit card payments that were coded to deposits and should have been applied to the customer's balance – management corrected these errors as of the date of testing.</p> <p>*Management identified these matters prior to our procedures and has been seeking to work with the Vendor to correct these RecTrac processing glitches.</p>	<p>a. Facility rental payment reminder e-mails have been set to be sent out 14 days and 4 days prior to facility rental. This was completed August, 2018.</p> <p>b.c. Efforts are continually being made to collect unpaid fees and identify and resolve any processing errors. For departmental consistency, it has been decided that the unpaid balance reports will be run in the administrative offices monthly and the area managers will be provided the reports for follow up. Completed October 2019.</p>	<p>a. We reviewed examples of reminder e-mails that were sent noting reminder e-mails were sent out 14 days and 4 days prior to the facility rental date.</p> <p>b.c. Since management just put a procedure in place to run reports on a monthly basis to identify any significant unpaid fees and processing errors, implementation of this process will be tested at a later date.</p>	Open
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend that management perform the following:</p> <p>a. Put a control in place to identify and collect fees 3 days prior to the rental date (management could address this matter in concert with observation 3 related to the RecTrac – Automated Controls as a preventative control. Additionally, as a detective control, in concert with the recommended spot audits in observation 1, management could identify and address any unpaid fees in a timelier manner – see c. below).</p> <p>b. Continue to seek to collect the unpaid fees identified by Area Management ("Fees Still Owed").</p> <p>c. Run reports from RecTrac by Area on a monthly basis to identify and resolve any processing errors or collectability issues on a timely basis.</p> <p>This will help facilitate the prevention of uncollected fees as well as the timely identification and resolution of any processing errors and collectability issues related to unpaid fees due to the County.</p>	<p>a. Closed b.c. Completed</p>	<p>a. Closed b.c. March 2020</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 16, 2018

FUNCTION: Parks and Recreation - Facilities Usage and Contracting

Risk	7. Revenue Reconciliation	Management Comments as of November 2019	Auditor Comments as of November 2019	Status
Low	<p>On a weekly basis, each of the respective collection centers are required to submit their "Revenue Reports" [End of Day daily deposits/cash receipts reconciliation for the week] to their respective Area Finance Manager. The "Revenue Report" package submitted each week is to include:</p> <ul style="list-style-type: none"> • Cash Journal - all pages • Copies of all checks • Credit card receipts – signed and phoned in receipts • Second copy of bank deposit slip and white bank deposit receipt from the bank • Adding machine tape reconciling cash and check transactions <p>During our onsite visits of the main area offices (2 per Area) to review samples of the Area Manager's weekly "Revenue Reports", we noted the following exceptions:</p> <p>North Area</p> <ul style="list-style-type: none"> • 4 of 4 had no adding machine tape <p>Central Area</p> <ul style="list-style-type: none"> • 3 of 3 had no adding machine tape • 1 of 3 did not have copies of checks <p>South Area</p> <ul style="list-style-type: none"> • 5 of 5 had no adding machine tape • 5 of 5 did not have copies of checks <p>This increases the risk of inaccuracies in the deposit/reconciliation process.</p>	<p>PRD-8 F.3.f was updated May, 2019. Staff were provided additional training because of this updated procedure and were required to sign an MOU stating they had received this training. All future staff will be trained as part of the hiring process.</p>	<p>We reviewed a training agenda and e-mail correspondence that was sent to the Area Finance Managers and front desk staff that instructed them to include all the required documentation in the "Revenue Report" submitted to the Area Finance Managers each week. We also reviewed PRD-8.F.3.f noting it was updated to remove the adding machine tape requirement.</p>	Closed
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend that management provide additional training and/or communicate with the Area Finance Managers and front desk staff to include all the required documentation in the "Revenue Report" submitted to the Area Finance Managers each week.</p>	Closed.	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 Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: August 15, 2018

FUNCTION: Specific Review of Valkaria Airport

Risk	1. Leases and subleases	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	<p>The Valkaria Airport leases hangars to airport users for storage and maintenance of aircraft. The airport uses a template lease agreement that was approved by the County Attorney's office and the Board. The current version of the template has been in use since July 2016. In general, the hangar leases are signed for an initial period of 6-12 months, and then renewed on a month-to-month basis thereafter, with continuing terms and conditions. During our discussions with management, tenant interviews, and review of documentation provided (including emails, handwritten notes and lease agreements), we understand that tenants are subleasing or cost-sharing their leased hangars to others who are not named on the leases and in at least one case running a business without County permission. It has been acknowledged by the Airport Manager that sublease arrangements have been known but not formally approved. We also reviewed written documentation that suggests the tenants knew that they were not to sublease and that they had taken steps to circumvent.</p>	<p>The Valkaria Airport Management has updated their policies to include 2 inspections each year. One inspection is a visual inspection of the entire t-hanger and the second is to inspect the fire extinguisher. Another check is through the airplane insurance renewal, whereby the airplane is matched to the insurance renewal. The Airport team also visually monitors the Airport on a daily basis.</p>	<p>At the December 4, 2018 BOCC meeting updates to the Valkaria Airport Commercial Lease Agreement and Non-commercial Lease Agreement were approved. The County has new agreements with all tenants.</p>	Closed
	<p>Auditor Recommendation</p> <p>The County Attorney's office should be involved at all levels prior to any changes in related contractual arrangements, ordinance or resolutions, policy or procedures. We recommend the County consider amending the leases, with legal and debt-related requirements to be recommended by the County Attorney or Bond Counsel, and with respect to FAA rules and approved by the BOCC; then all provisions consistently enforced by the management of the County and Airport, as applicable. Based upon further legal advice, options may include the following:</p> <ul style="list-style-type: none"> • keep the lease provision as-is, thereby not allowing subleases which would include current tenant defined cost-sharing arrangements or similar activities; • allow subleasing by first utilizing the existing waiting list to identify sublease participants; • allow subleasing by the tenants with exception approval of the tenants by the BOCC if not on the waiting list, with justification. 	<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: August 15, 2018

FUNCTION: Specific Review of Valkaria Airport

Risk	2. Proper use of and access to Airport Operational Area	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	The Valkaria Aviation Association ("VAA"), a tenant of the Airport, has been hosting a monthly pancake breakfast on airport property for more than 20 years. The breakfasts were originally held at the picnic and pavilion area outside of the airport operational area ("AOA"), but was subsequently moved into a large hangar upon its completion in 2014, and which is currently leased by VAA. This change was verbally approved by the Airport Manager. The event does not appear to have been approved by the FAA at any time. In February 2018, the FAA notified the Airport Manager of a complaint related to the potentially unsafe use of the AOA during the pancake breakfast. In the letter, the FAA notes that the complainant stated that a portion of the event takes place on an active taxiway, includes a large number of people, and may not be properly managed.	The Valkaria Airport Management updated the County's Policy (BCC-79) on December 4, 2018, Airport Controlling Documents along with Rates and Fees. Then February 12, 2019, the BOCC approved minor revisions to County Policy BCC-79. BCC-79 specially requires FAA approval for non-aeronautical event on the AOA.	During our site visit on August 26, 2019 we reviewed the County's Policy updated (BCC-79) approved on December 4, 2018 and February 12, 2019 all FAA .	Closed
	Auditor Recommendation	ECD:	Testing Date:	
	We recommend the County continue to seek guidance from the FAA on whether to proceed with approval of this event, and address the specific AOA safety and grant assurances concerns noted in the letters from the FAA, as well as any other prevailing regulations and requirements.	Closed	Closed	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: August 15, 2018

FUNCTION: Specific Review of Valkaria Airport

Risk	3. Hangar Rental Waiting List	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	<p>The Airport maintains a sizeable waitlist dating back to 2014 for those with a desire to lease space. The list currently has more than 250 contacts for rental space. In addition to #1 above regarding subleases, there have been complaints that the wait list information is not accurate and upon availability of a hangar, calls are not made in attempt to reach the next person on the list. There is also a perception that the list is not maintained properly and that space is arbitrarily granted as desired by the Airport Manager. Due to high demand, it can take 3-4 years for a hangar to become available, and thus, the contact information in many cases is outdated. We noted that the waitlist form was updated in 2017 to include an email, and clearly states that the requestor is responsible for keeping phone numbers / contact information updated as needed. The previous form stated this as well. The form states there will be 3 attempts to make contact with the potential lessee, with messages left (if possible) over two days. This two-day turnaround is geared towards keeping the timing of rental payments consistent. When attempts are unsuccessful, the Airport will move to the next person; if they decline then they are removed from the list.</p>	<p>The Airport Management has the updated hanger rental wait list on the County's website. Due to the constraints of the software, the update is a manual process. It is the goal of the Airport Management</p>	<p>We noted the hangar wait lists for the various types of facilities are included on the Airport's website.</p>	Closed
	<p>Auditor Recommendation</p> <p>There are numerous opportunities to improve the transparency and accountability of the wait list. The County may also consider automating the wait list application via the County's website, similar to other local airports such as Merritt Island Airport (which is part of the Titusville-Cocoa Airport Authority) and Sebastian Municipal. There will be an associated cost and a cost-benefit analysis should be considered.</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: August 15, 2018

FUNCTION: Specific Review of Valkaria Airport

Risk	4. Wait List Conflict of Interest / Ethics Complaint	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	An accusation was made that the Airport Manager asked for donated flight tickets for the Boy Scouts of America from a pilot on the wait list and thus bumped the pilot up on the waitlist in return. The Airport Manager's son was in the receiving Boy Scout troop at the time. Per the complaint received by the County Manager's office, the tickets were offered to the Boy Scouts from Elite Airways, and then the pilot was offered a hangar. The discrepancies lie in the timeline and who, if anyone, was benefitting from the exchange, regardless of whether the tickets were used. A conflict of interest is defined as "a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity." The Airport Manager's son was in the troop, and had the tickets been used there would have been a direct benefit to the Airport Manager. Even if the tickets had been offered to the troop by the tenant without prompting from the Airport Manager, there could have been the perception of a conflict of interest.	This observation was completed when the Review was Issued.	Closed upon issuance.	Closed
	Auditor Recommendation	ECD:	Testing Date:	
	Results – Due to the lack of documentation to support the timeline and events in question, we cannot conclude on the complaint in terms of timing of the lease vs. the ticket offering. However, per the County's Conflict of Interest Policy BCC-003, the actions of the Airport Manager, based on his recollection, are inconsistent with the policy. It is our interpretation that this is a perceived conflict of interest even though the tickets were not used and will not be used. During our initial conversations with the Assistant County Manager, he was aware of the matter and had verbally addressed with the Airport Manager. Upon release of this report the matter will be further documented by the Assistant County Manager.	Closed.	Closed.	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: August 15, 2018

FUNCTION: Specific Review of Valkaria Airport

Risk	5. Charges for Services – Hangar Rental Fees	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	<p>FAA Grant Assurance 24 “Fee and Rental Structure” requires an airport sponsor (the County) to maintain a self-sustaining fee and rental structure whenever possible, considering local circumstances. As such, we conducted a review of the hangar rental fees against other airports for comparison. A standard T-hangar is generally sized to hold an aircraft with up to a 42-foot wingspan. While not all airport hangars are the same size, and the square footage was not readily available in all instances, we were able to derive a “Standard T-Hangar” list of assumptions for the group below, with their associated rental fees. The results above show that Valkaria currently charges the least of this group. The average monthly fee is \$286, with the median at \$280. Valkaria’s current monthly rate for a standard T-hangar is \$246. It should be noted that, while Sebastian Municipal is the highest, their rentals are fully administered by a contracted tenant and there may be a markup on the rentals. If so, they are an outlier and without them, the average is \$280, with the median at \$275.</p>	<p>The BOCC updated Valkaria Airport rates and fees on December 4, 2018.</p>	<p>During our site visit on August 26, 2019 we reviewed the County’s Policy (BCC-79) approved on December 4, 2018 noting approval of updated rates and charges as recommended.</p>	Closed
	<p>Auditor Recommendation</p> <p>Recommendation - The County may wish to consider revising its rental fees. The fees were last approved by the Board of County Commissioners in May 2009 when the Valkaria Airport Rate and Charges Adjustment Plan was presented and approved. A one-time adjustment of \$11/month occurred in 2012, and thereafter, the hangar lease allows for an annual Consumer Price Index adjustment, which occurs in October of each year. A rental adjustment would provide for additional property maintenance as new facilities and improvements are brought online.</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: August 15, 2018

FUNCTION: Specific Review of Valkaria Airport

Risk	6. Airport Maintenance, Access and Safety Measures	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	There have been complaints against the Airport with respect to a lack of general maintenance and access to airport property. The maintenance complaints include unmowed grounds, restrooms out of order, unchanged light bulbs, and broken security cameras. Interviews with multiple tenants and the Airport Manager noted that the public-use restrooms have been repaired. We noted during site visits that some areas appeared to be in general disorder, though the site has been under development for the new terminal and additional hangar construction.	Valkaria Airport was found in compliance with FDOT site inspection in the fall of 2018 as well as in 2019. It was also noted during our follow-up that on August 3, 2019, Valkaria Airport received the Florida Department of Transportation a certificate honoring the Airport as General Aviation Airport of the Year for 2019.	During our site visit we reviewed the FDOT inspection and toured the property noting the new terminal open and the additional hangar construction is primarily complete.	Closed
	Auditor Recommendation	ECD:	Testing Date:	
	The Airport should update its maintenance and safety plan to include a mowing schedule, as well as addressing any light fixtures that enhance the security of the airport and visibility of the AOA, and repair the security cameras. Per the hangar lease, we noted that hangar inspections are conducted annually by the Airport. The County may wish to consider performing airside AOA and landside formal inspections on a more routine (e.g., quarterly) basis to ensure that any maintenance concerns are addressed in a timely manner. The County may also wish to consider automating maintenance work orders to be submitted online.	Closed.	Closed.	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: August 15, 2018

FUNCTION: Specific Review of Valkaria Airport

Risk	7. Staffing / Succession Planning	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
High	<p>The FAA has staffing regulation and requirements for airports that have tower control as well as passenger flights that include luggage checking, etc. Per discussion with the FAA, there are currently no mandatory requirements for staffing small (basic) general aviation airports such as Valkaria Airport. As such, staffing at the Airport is managed by the airport sponsor (County) and has been fairly consistent, with two full-time positions, occasionally supplemented by an intern. There was a vacant part-time position at one time, which was removed when the Specialist position was upgraded to an Assistant Airport Manager position.</p> <p>The airport operates 7 days a week, with instructional flight school and other activities occurring on the weekends, when there is no airport staff required to be onsite. Additionally, with the added facilities and expansion at the airport, there is no groundskeeper or facilities manager. The updated Airport Master Plan (2015) does not appear to contemplate the additional staff needed to manage, maintain and operate the facility over the course of the 20-year plan.</p>	<p>Valkaria Airport has begun succession planning with Mr. Zachary Voorhees is being trained to be the Airport Manager. The Airport also hired Ms. Liesl King as a full-time position in May 2019. During the Review Ms. King was an intern with the Airport. The Airport has also hired a part-time Grounds Manager. This position works 2 day a week and conducts the mowing at the Airport.</p>		Closed
	<p>Auditor Recommendation</p> <p>The County should consider, at a minimum, specifically defining the roles and responsibilities of the Airport Manager and Assistant Airport Manager in order to identify workload and potential gaps. As the expansion plan is realized, the County should continue to evaluate the need for a revised staffing structure and a formal schedule to include weekend rotation. The addition of a terminal and increased number of hangars/tenants will impact the workload and administrative responsibilities. Weekend and flexible shifts should also be considered to allow for management during periods of frequent tenant and other user activity.</p>	<p>ECD: Closed.</p>	<p>Testing Date: 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 24, 2018

FUNCTION: Procurement Initiation and Contract Review

Risk	1. Formal Contract Review and Approval	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
Moderate	<p>For two of the 20 RFP/RFQ's selected for testing, we noted that the User Agency did not obtain the County Attorney's review and approval of the vendor contract prior to contract execution.</p> <p>The relevant section in AO-29 that addresses the contract review and approval requirement by Risk Management and the County Attorney is Step 3 in Section III. A, B and C:</p> <p>"The User Agency shall determine the appropriate contract type and content (see Attachment A) using a "Form" or "Standard" contract whenever possible. The contract document will be forwarded to Risk Management and the County Attorney for review under cover of an Initial Contract Form."</p> <p>This step also applies to contracts proposed by vendors as implied by the phrase, whenever possible. However, this requirement that vendor proposed contracts are also to be reviewed by Risk Management and the County Attorney could be made more explicit.</p>	<p>a. b. A new Initial Contract Form adding a second review session (Authority to Advertise and Authority to Execute) was implemented in May 2018. Since that time, all county provided contracts are now reviewed prior to the solicitation package being released for bidding and then a subsequent review is completed with the selected contractor and all the terms and conditions input into the actual contract for County Attorney and Risk Management review prior to execution. Implementing this new Initial Contract Form has improved the contract review process in that anyone with authority to execute a contract is now looking for a completely signed Initial Contract Form prior to executing a contract. The formal language relative to this revised Initial Contract Form will be included in the revised AO-29.</p>	<p>a. b. When AO-29 has been revised to reflect the new Initial Contract Form and related process, the application of this revised Initial Contract Form process will be tested - see observation 5 - AO-29 Updates / Revisions.</p>	Open
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend the following:</p> <p>a. Purchasing should advise/remind the applicable departments that all vendor contracts must be submitted to Risk Management and the County Attorney for review and approval prior to contract execution. Additionally, Purchasing should return any vendor contracts to the User Agency that lack an Initial Contract Review and Approval Form signed by Risk Management and the County Attorney to obtain these required approvals prior to contract execution.</p> <p>b. The County should revise AO-29 to make it clear that if the vendor's contract is used by the User Agency, the User Agency is required to submit the vendor contract to Risk Management and the County Attorney prior to execution by the appropriate parties via the revised "Initial Contract Review and Approval Form" Section III.</p> <p>This will help mitigate the risk of unfavorable and/or ambiguous contract terms and conditions being included that could lead to negative, financial consequences.</p>	<p>O: November, 2018; R: January 2020</p>	<p>May 2020</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 24, 2018

FUNCTION: Procurement Initiation and Contract Review

Risk	2. Contract Standardization	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
Moderate	<p>Based on discussions with the Central Services Interim Director and a Deputy County Attorney of the CAO, we noted the following:</p> <ul style="list-style-type: none"> • There were inconsistencies among attorneys in the contract review feedback that were provided to the respective User Agency. • Many departments have developed their own contract templates for similar types of services/product procurements that vary significantly in terms of form, structure and content (Utilities, Facilities, Parks and Recreation, Solid Waste Management, etc.). <p>Based on follow-up discussions with the LSS Contract Review Team Lead, the LSS team's final presentation will include the recommendation to establish a new LSS project to develop standardized contract templates for Department and Countywide use.</p>	<p>a.1. It was determined that a contract template did not need to go through a LSS team and that staff involved in creating and approving documents would be involved in creating the new contract template. Staff are from Purchasing, County Attorney, Risk and Public Works department. The CAO is still in the process of drafting templates. The CAO is working on the professional services contract template - trying to combine the different ones used by multiple departments.</p> <p>a.2. Relative to having no policy dictating if / when to use a formal contract, this will also be addressed in the revised AO-29. The language being added will be that any solicitation / procurement that exceeds \$50K in value will require a formal written contract in conjunction with the purchase order.</p> <p>b. In lieu of a separate process or policy, the signed initial contract review and approval form would be the evidence that the CAO has signed off on the contract terms and conditions which would include ensuring they were up-to-date with local ordinances, Federal and Florida Statutes, as applicable.</p>	<p>a.1. This item is in process and will be tested when the contact templates have been completed.</p> <p>a.2. During the follow-up process for contract standardization, management decided to establish a threshold such that any solicitation / procurement that exceeds \$50K will require a formal written contract along with the purchase order. This item is in process and the application of this new requirement will be tested after AO-29 has been revised - see observation 5 - AO-29 Updates / Revisions.</p> <p>b. We concur that a separate process or policy is not needed; the CAO's sign-off on the initial contract review and approval form would be the evidence that the CAO has signed off on the contract terms and conditions which would include ensuring the terms and conditions were up-to-date with local ordinances, Federal and Florida Statutes as applicable.</p>	Open
	Auditor Recommendation	ECD:	Testing Date:	
	<p>a. We recommend that the County develop standard contract templates for the most common projects, services, etc. The development and final approval of standard contract templates should include Risk Management and CAO participation.</p> <p>b. We recommend that a process or policy be put in place for the County Attorney to review the established contract templates annually to help ensure the terms and conditions are up-to-date with local ordinances, Federal and Florida Statutes as applicable.</p> <p>This will help facilitate consistency, efficiency and contract compliance in the contract development, review and approval process for each Department and Countywide.</p>	<p>a.1. O: May 31, 2019; R: March 2020</p> <p>a.2. January 2020</p> <p>b. Closed.</p>	<p>a.1. May 2020</p> <p>a.2. May 2020</p> <p>b. Closed.</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 24, 2018

FUNCTION: Procurement Initiation and Contract Review

Risk	3. Bid Initiation to Execution	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
Moderate	<p>During our testing of the formal solicitation/contract development, review and approval process, we noted the required documentation is submitted back and forth via email from the respective User Agency, Purchasing, Risk Management and the County Attorney.</p> <p>Since there are multiple User Agencies submitting formal bids for review and approval, this creates multiple email chains, which generates inefficiencies and increases the risk of errors in the process.</p> <p>We also noted that Purchasing used different forms/checklists in the processing of bid requests.</p> <p>We noted that to help mitigate the inefficiencies related to the review and approval process by Risk Management and the CAO, the LSS Contract Review Team as a "quick win" recommended that IT set-up a group email account for Risk Management and the CAO. This was done for Risk Management but not for the CAO. The CAO assigns attorneys to specific departments for the contract review and approval process.</p> <p>Based on follow-up discussions with management, a new LSS project team is to be established to determine whether the current Contract Management System could serve as the document management mechanism for CAO and RM review, as well as a contract-tracking tool.</p>	<p>There was a discussion between IT and Purchasing and the current contracts management database does not have the capability to create a workflow process. The process in place now is that Purchasing does not accept incomplete packages from departments. Purchasing will continue to look for efficiencies in how the work flow is conducted to get requirements from department through the solicitation process. All erroneous checklists have been removed and all procurement analysts currently utilize the same checklist.</p>	<p>We obtained the new process / checklist management put in place to simplify the process and to help eliminate the inefficiencies noted in the use of multiple checklists. Based on our sample testing of formal solicitations, we noted that the erroneous checklists have been removed thus reducing the risk of errors and inefficiencies in the process. Additionally, management determined that the existing Contract Management System does not have the capability to create a workflow process. Given the actions taken by management, this matter is considered closed. The Department's ongoing efforts to identify additional workflow efficiencies is considered best practice / process improvements not do not necessitate additional follow-up.</p>	Closed
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend that County Management identify the most cost effective workflow mechanism that addresses not only the contract review and approval process by Risk Management and the County Attorney but also the entire formal solicitation/contract development, submittal, review and approval process from solicitation initiation to execution.</p> <p>Potential workflow solutions that may be considered in the following order:</p> <ul style="list-style-type: none"> • Determine if the existing Contract Management System can provide an end-to-end workflow solution (as suggested by the LSS Contract Review Team). • Investigate procuring an automated workflow software that would suit the workflow process and is economically feasible. • Purchasing could work with IT to set-up a workflow system on the Y-drive. For example, the workflow could be set-up by solicitation number with folders for each workflow task for the respective owners/approvers of the task of the solicitation process from User Agency initiation to execution. Access to the review and approval task folders should be restricted to the task owners/approvers 	Closed.	Closed.	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 24, 2018

FUNCTION: Procurement Initiation and Contract Review

Risk	4. Insurance and Bond Requirements	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
Moderate	<p>Each of the current formal solicitation templates (RFP/RFQ, ITB, ITQ) include standard terms conditions related to insurance and bonding requirements.</p> <p>However, based on discussions with a Deputy Attorney of the CAO, since insurance and bonding requirements can vary for each project, service, etc. being solicited, these requirements need to be evaluated for each solicitation.</p> <p>In the case where a formal contract is used pursuant to AO-29, these insurance and bond requirements are subject to the review and approval process by Risk Management and the County Attorney.</p> <p>However, for formal solicitations that do not result in formal contracts, there is no requirement that the User Agency submit the insurance and bonding requirements to Risk Management and the County Attorney for review and approval.</p> <p>Additionally, for the solicitation templates noted above that include a section for bond data, the template has the default selection of "No" to "Vendor must provide." Since this is a template, this choice should not be preselected.</p>	<p>a.1. A matrix has been drafted as a starting point - We will consult with Purchasing and three, high-volume departments to solicit feedback on form design and content (Public Works, Parks & Recreation and Natural Resources). Purchasing will confirm and provide edits where necessary relative to the categories and types of solicitations; the user departments will also perform this role, and we will conference with them in order to refine the examples we use to illustrate and the vetting questions which serve as prompts for the insurance selection process. This information will be shared with the County Attorney's Office since the Bonding function is handled by the CAO.</p> <p>a.2. In addition to developing this matrix, as noted in the comment in observation 3, all procurements that exceed \$50K must be submitted to Risk Management for review and approval. This will also be addressed with the upcoming revisions to AO-29.</p> <p>b. Templates have been changed.</p>	<p>a.1. The risk matrix is not yet complete and therefore will be tested at a later date.</p> <p>a.2. This item is in process and the application of this new requirement will be tested after AO-29 has been revised - see observation 5 - AO-29 Updates / Revisions.</p> <p>b. We obtained and reviewed the formal solicitation templates noting that the Bond data section that says, "Vendor must provide" was revised so that it was not preselected as "No."</p>	Open
	Auditor Recommendation	ECD:	Testing Date:	
	<p>a. We recommend that Risk Management, with input from the County Attorney (as needed), develop a matrix to assist the User Agency and Purchasing to identify any bonding and/or specialty insurance requirements beyond the standard bonding and insurance terms and conditions included in the respective formal solicitation templates. Upon identification of such instances, the User Agency should submit the formal solicitation to Risk Management and the County Attorney for review and approval preferably prior to posting the solicitation.</p> <p>b. We recommend that the formal solicitation templates be revised so that the Bond data section that says, "Vendor must provide" not be preselected as "No."</p> <p>This will help ensure that proper insurance and bonding requirements are put in place for each respective project, service, etc.</p>	<p>a.1 O: March 2019; R: April 2020</p> <p>a.2. January 2020</p> <p>b. Closed.</p>	<p>a.1. August 2020</p> <p>a.2. June 2020</p> <p>b. Closed.</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: October 24, 2018

FUNCTION: Procurement Initiation and Contract Review

Risk	5. AO-29 Updates/Revisions	Management Comments as of October 2019	Auditor Comments as of October 2019	Status
Low	<p>The Initial Contract Form presently attached to AO-29 (Exhibit I) does not include a section for the requirement for Bid Packages with formal contracts to be reviewed by Risk Management and the County Attorney prior to advertising. The LSS Contract Review Team identified this discrepancy and made the following recommendations to Purchasing:</p> <ul style="list-style-type: none"> • Modify the Initial Contract Form (Exhibit I) accordingly to add a section for “Review and Approval Prior to Advertising.” • Instruct the User Agency to include the revised form in the Bid Package and with the contract to be executed. • Use this revised form in place of the County Manager Contract Review Form (Exhibit V) <p>These recommendations were implemented by Purchasing.</p> <p>Given change in the name, structure and content of the Initial Contract Form, there are various inconsistencies between AO-29 and this revised form including sections within AO-29 and Exhibits I and V.</p> <p>Additionally, Section III. C is missing step 4.</p>	<p>The recommended changes related to recommendations a-d are to be included in the revised AO-29, including those recommended in observation 1 / recommendation 1. b.</p> <p>AO-29 is scheduled for a full review/revisions by July 2020 and will be completed during that time with input from all using departments (CAO, RM and Purchasing).</p>	<p>This item is in process and will be tested when completed.</p>	Open
	<p>Auditor Recommendation</p> <p>We recommend that management revise AO-29 as follows:</p> <ul style="list-style-type: none"> a. Revise Section II. P. Implementation Forms to reflect the modifications to the Initial Contract Form (Exhibit I) and the removal of the County Manager Contract Form (Exhibit V) accordingly. b. Add step 4 from Section III. B to Section III. C. c. Replace the Initial Contract Form in Exhibit I with the revised Initial Contract Form (Initial Contract Review and Approval Form). d. Remove the County Manager Contract Review Form (Exhibit V) and replace all references to this document throughout AO-29 with the Initial Contract Review and Approval Form noted in c. above. 	<p>ECD:</p> <p>O: November, 2018; R: January 2020</p>	<p>Testing Date:</p> <p>May 2020</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)