

Internal Auditor Follow-Up Report Summary of Audit Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Audit Report/Subject	Management Comments	Auditor Status Up-Date	Report Issue Date	Corrective Actions			
				Total	Open	Closed	Action Deferred*
Space Coast Area Transit (SCAT)	November 2009	September 2009	05/15/2009	2	1	1	
Year End Close	April 2009	November 2009	09/24/2008	6	4	1	1
SHIP / HOME / HHR	November 2009	September 2009	03/10/2008	6	1	5	
Information Technology - Security and Operations **	April 2009	April 2009	03/10/2008	24	2	18	4
800 MHz	October 2009	October 2009	07/03/2007	8	3	4	1

NOTES:

Utility Services corrective action items were closed during this period.

* A column has been included to differentiate items that action has been deferred due to budget constraints.

** No follow required at this time. Due to confidentiality of information under F.S. 281.301, the format does not include specific observations or recommended action. For Information Technology we have summarized three audits reports into one line including: SAP Security review, Network security Threat and Vulnerability and Planning and Organization.

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: May 15, 2009

FUNCTION: SCAT

Risk	Issue 1	Management Comments as of November 2009	Auditor Comments as of September 2009	Status
High	<p>There are several areas of concern over the cash collection process as follows:</p> <p>a) Safe collection of cash from buses. b) Several employees have access to the safe. c) Safe and secure transportation of cash. f) Bus drivers could allow riders to get on the bus without paying a fare.</p>	<p>a) 1. Space Coast Area Transit is continuing its program to bring electronic fare boxes on line. Space Coast Area Transit is in the process to install the farebox probe infrastructure to the fuel lines.</p> <p>2. The installation of temporary vaults at the fuel islands at both terminals.</p> <p>3. The construction of permanent farebox and fare collection rooms at both terminals</p> <p>b) Security cameras were installed in the farebox and fare collection rooms at both Terminals. c) The farebox and fare collection rooms at both the North and South Terminals will include room for a safe and counting of the fares. f) 1. Space Coast Area Transit will perform audits on individual fareboxes to insure that the proper amount of fares are being collected. 2. Space Coast Area Transit will be issuing an RFP for cameras on the buses.</p>	<p>a) will review after ECD b) will review after ECD c) will review after ECD f) will review after ECD items d & e are closed</p>	Open
Auditor Recommendation		ECD:	Testing Date:	
	<p>We recommend management:</p> <p>a) purchase and install additional electronic fare boxes so all the buses are upgraded. The County should also consider constructing a building or taking other security measures for safer deposits. b) a video camera be installed to record the front of the safe to ensure that two people are present when it is opened. c) the count should be performed in the same building as the safe is located. f) install cameras on the buses to deter drivers from allowing riders on the bus without paying a fare. Also perform surprise counts to ensure that the number of passengers on the bus agrees to the number of fares counted by the fare box and the number tracked by the driver.</p>	<p>a) 1. Probe installation July 2010 North Terminal July 2011 South Terminal 2. Farebox and fare collections room December 2010 North Terminal July 2011 South Terminal b) December 2010 North Terminal July 2011 South Terminal c) December 2010 North Terminal July 2011 South Terminal d) July 2009 e) September 2009 f) July 2011</p>	<p>February 2010</p>	

Open/Closed

- = On schedule to complete ECDs
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Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: September 24, 2008

FUNCTION: Year End Close

Risk	Issue 1	Management Comments as of April 2009	Auditor Comments as of November 2009	Status
Moderate	<p><i>Timing of Year End Close and Reporting:</i> We noted the County's Comprehensive Annual Financial Report (CAFR) has been dated late March for the last five years. We compared the audit report dates for Brevard County to those of 6 peer counties and noted Brevard consistently (85% of instances) completes their financials later than the benchmark counties. This is not the same date as when presented to the Board of Commissioners, which could vary significantly for each respective county.</p>	<p>The FY2008 audit report was issued by the County's external auditor on March 11, 2009, as planned, and presented to the Commission on April 14, 2009. However, the FY2008 audit process was somewhat delayed due to the selection process for the external auditor was not completed until after year-end, on November 17, 2008.</p> <p>Management continues to look for opportunities to accelerate and improve the close process; however, given the current level of staff and increasing budgetary constraints, County Finance will continue to strive for CAFR completion by the GFOA's March 31 deadline. Interim financial reporting, as addressed in Issue #2 and the Financial and Operational Reporting audit, should allow the Commission to review unaudited data more timely.</p>	<p>While the year end close process provides for independently audited financial statements and indicators, as well as some required control and compliance reporting, we believe the primary issue relates to the Commission receiving timely financial data, as well as department and County management being able to review, analyze and adjust operations on a timely basis to meet budgetary guidelines and still serve the community as expected. We will address the issues outlined in the Financial and Operational Reporting audit separately during a future follow up period.</p> <p>An update on the Financial and Operational Reporting report will be presented to the Audit Committee during the March 2010 meeting.</p> <p>The testing date has been extended to March 2010 due to the external audit in progress at County Finance, and close and reporting is not yet complete for FY2009.</p>	Open
	<p>Auditor Recommendation</p> <p>We recommend cut off procedures be implemented and monitored for all data that is needed to complete close, including Charter Offices and component units. County Finance should implement gradual enforcement of a pre-set cutoff timeline.</p> <p>To reduce the risk of a material misstatement that could occur as a result of enforcing the timeline, the recommendations shown in the rest of this report should be implemented.</p>	<p>ECD:</p> <p>O: November, 2009 R: March, 2010</p>	<p>Testing Date:</p> <p>April, 2010</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: September 24, 2008

FUNCTION: Year End Close - continued

Risk	Issue 2	Management Comments as of September 2008	Auditor Comments as of November 2009	Status
High	<p><i>Interim Close, Analysis and Reconciliation:</i> Although Fund Accountants and other Finance personnel perform accounting and review procedures throughout the year, there is no formal "soft close" process at the end of each accounting period, which should include formal (documented) analysis of key accounts, subsidiary reconciliations and review of key financial indicators. Although we understand the nature of specific accounts does not make it practical to reconcile more frequently than on an annual basis, we noted most account reconciliations performed by Finance are not documented on a standard periodic basis.</p>	<p>County Finance staff performs monthly account reconciliations as necessary. These reconciliations are not all formally reviewed and supervisor sign-off is not always documented.</p> <p>We will develop documentation procedures for the reconciliations currently performed for month end and for the first, second and third quarters. This documentation will include the key reconciliations, timeframes for completion, resolution of reconciling items and review as well as documentation of supervisor sign-off.</p>	<p>Per discussion with management, the General Accounting Procedures Manual is in the process of being created/updated. We noted various procedures have been documented, including how to perform specific transactions in the financial system. However, the reconciliation and close processes have not yet been documented.</p> <p>The estimated completion date for the rest of the manual, including major reconciliations and controls documentation, has been extended.</p>	Open
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend that a formal close process be developed to include preparation and review of key account reconciliations on a standard periodic basis, preferably monthly but at a minimum quarterly. Procedures around the interim "soft close", year end close and account reconciliation should be outlined, defined and incorporated into a comprehensive procedures manual, in conjunction with the recommendation at Issue #5.</p> <p>Additionally a financial close checklist should be implemented to outline and assign the tasks that will occur at closing. The close checklist should identify the frequency of the tasks assigned, so as to include specific tasks that only occur at year-end.</p>	<p>O: January, 2009 R: September, 2009 R: September, 2010</p>	<p>November, 2010</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: September 24, 2008

FUNCTION: Year End Close - continued

Risk	Issue 4	Management Comments as of September 2008	Auditor Comments as of November 2009	Status
Moderate	<p><i>Financial Reporting and Disclosure Committee:</i> The County does not have a financial reporting and disclosure committee or other similar function for independently analyzing transactions, significant events and reviewing prepared disclosures; as well as monitoring events that may require disclosure in the County's financial reports.</p>	<p>Whenever publicly traded bonds are issued, the County has a function for reviewing significant events to comply with continuing disclosure requirements of the Securities and Exchange Commission Rule 15C2-12. These potential disclosures are coordinated between the County Attorney, County Management and Finance along with the contracted disclosure council attorneys.</p> <p>In addition to the legally required information addressed above, County Finance monitors transactions, significant events and any other financial issues that may call for disclosure. If the Board and County Manager wish to establish and coordinate a committee beyond the administrative support currently used, a representative of County Finance would participate.</p>	<p>This will be tested and updated during the follow up of the Financial and Operational Reporting audit. We will be meeting with the new County Manager to discuss the issues reported, recommended actions and management's planned action at that time. If necessary, we will update the planned corrective actions to be assigned to the new County Manager.</p> <p>Once new corrective and estimated completion dates have been established, we will perform follow up accordingly.</p> <p>An updated Financial and Operational Reporting summary will be presented to the Audit Committee during the March 2010 meeting, if necessary.</p>	Action Deferred
	Auditor Recommendation	ECD:	Testing Date:	
	<p>We recommend the appointment of a Financial Reporting and Disclosure Committee to review financial reports, disclosures and analysis prepared by County Finance and/or other agencies for reasonableness. A charter should be adopted to establish the scope and detail within which the committee will operate, including the composition of the committee, the requirements for collecting and evaluating information that may need to be disclosed, and how communication will occur. We recommend the Committee meet at least quarterly.</p> <p>In order to facilitate communication between departments and County management, we recommend the Financial Reporting and Disclosure Committee be comprised of a cross-functional team so as to include people with knowledge of industry and specific agency events as well as financial reporting requirements.</p>	O: TBD	Action deferred.	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: September 24, 2008

FUNCTION: Year End Close - continued

Risk	Issue 5	Management Comments as of September 2008	Auditor Comments as of November 2009	Status
Moderate	<p><i>Documented Procedures:</i> County Finance does not have a documented Accounting Policies and Procedures manual. We did note, however, that a general process is followed and some of the staff maintains their own written desk procedures.</p>	<p>Numerous individual procedures exist for such areas as journal entries, running reports for financial statements, preparation of financial statement spreadsheets. County Finance staff will compile these individual procedures as well as other identified procedures into a formal manual. Completion of this project will need to be deferred however until after the FY 2008 financial statements are prepared, due to staffing constraints.</p>	<p>Per discussion with management, the General Accounting Procedures Manual is in the process of being created/updated. We noted various procedures have been documented, including how to perform specific transactions in the financial system. However, the processes shown in the manual's table of contents have not all been documented, including significant reconciliations and controls.</p> <p>The estimated completion date for the rest of the manual, including major reconciliations and controls documentation, has been extended.</p>	Open
	<p>Auditor Recommendation</p> <p>We recommend County Finance create a formal Accounting Policies and Procedures Manual documenting the comprehensive procedures in place over financial processing and close. This will help to ensure proper accountability and communication of controls over the financial close process. In addition, County Finance should establish a process for its supervisory personnel to periodically review the manual to ensure that the procedures properly reflect changes in authoritative guidance and regulations.</p> <p>The procedures manual should be made available to, at a minimum, all Finance personnel. This can be done via the internet or shared network directories. A training session introducing the Comprehensive Procedures manual should be provided to all Finance staff along with discussion of all issues noted within this report. Refresher training should be held as significant updates to the procedures or accounting authoritative guidance are made.</p>	<p>ECD:</p> <p>O: June, 2009 R: September, 2009 R: September, 2010</p>	<p>Testing Date:</p> <p>November, 2010</p>	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: September 24, 2008

FUNCTION: Year End Close - continued

Risk	Issue 6	Management Comments as of September 2008	Auditor Comments as of November 2009	Status
Low	<p><i>Chart of Accounts Maintenance:</i> Although we noted that access to request, approve, create and delete accounts in the general ledger is limited, there is not a formal process to request and approve such requests.</p>	<p>Access to create or change general ledger master data is restricted to the Accounting Supervisor and Assistant Finance Director. By default, either one of these individuals must approve any master data changes since they are the only ones who have access through SAP to enter new accounts or make changes.</p> <p>We will develop a written procedure including approval procedures for email requests.</p> <p>Unused and obsolete accounts are reviewed periodically and inactivated (blocked for future posting) as needed.</p>	<p>Per discussion with management, the General Accounting Procedures Manual is in the process of being created/updated. We noted various procedures have been documented, including how to perform specific transactions in the financial system. However, the Chart of Accounts Maintenance process has not yet been documented.</p> <p>The estimated completion date for the rest of the manual, including major reconciliations and controls documentation, has been extended.</p>	Open
Auditor Recommendation		ECD:	Testing Date:	
<p>A policy for additions and changes to the chart of accounts should be outlined, defined and incorporated into the comprehensive procedures manual, in conjunction with the recommendation at Issue #5.</p> <p>The policy should include a formal documentation and approval process, including approval procedures for email requests. This will ensure that changes to the chart of accounts are monitored and that any significant changes made are independently reviewed and approved as evidenced by sign-off.</p> <p>In addition, we recommend that the policy incorporate procedures to inactivate unused accounts after a specified period, such as two (2) consecutive years.</p>		<p>O: November, 2008 R: September, 2009 R: September, 2010</p>	<p>November, 2010</p>	

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Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: March 10, 2008

FUNCTION: SHIP, HOME and HHR

Risk	Issue 1	Management Comments as of November 2009	Auditor Comments as of September 2009	Status
Moderate	SHIP tracking is a program developed by the State for use by SHIP grantees. SHIP tracking is client based and SAP is invoice based. Prior to the audit, Housing & Human Services (HHS) personnel had identified a discrepancy between SAP expenditures and SHIP tracking expenditures of approximately \$650K. Management was in the process of investigating and correcting the discrepancy.	Staff has developed a process that assigns internal order numbers to clients, allowing all related expenditures to be tracked. This process makes it easier to reconcile SAP and SHIP Tracking. In order to consistently and accurately reconcile the two systems on a monthly basis, a dedicated financial person is needed. Grant funds have been identified to fund this position and satisfy this need. A shift of resources will allow us to reconcile SAP to SHIP tracking for the past fiscal year, as well as to start performing current monthly reconciliations starting December 2009.	During our review, it was noted that the discrepancy had been resolved, however, the monthly reconciliations were not yet being performed. HHS management has identified the most efficient method for performing reconciliations. This item will be reviewed again during the next follow up.	Open
	Auditor Recommendation	ECD:	Testing Date:	
	We recommend management: a) continue to investigate the reconciliation issue ensuring it is timely resolved. b) perform monthly reconciliations of the SHIP tracking and SAP balances.	O: March 2008 R: June 2009 R: December 2009	April 2010	

Open/Closed

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Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: July 3, 2007

FUNCTION: 800 MHz

Risk	Issue 1	Management Comments as of October 2009	Auditor Comments as of October 2009	Status
High	The County maintains several lease agreements in which the County leases space at its radio tower sites to vendors for an annual fee. We noted management does not have a system in place to track and monitor the tower lease agreements.	<p>Tower lease agreements are being monitored and are being renewed as the lease reaches its lease period. No lease is behind in funding and all payments are up to date.</p> <p>Revenue from tower leases are budgeted in the 09/10 budget. Leases with Verizon and Sprint/Nextel have been provided with contract change information requesting that all payments and correspondence be sent to the Office of Emergency Management.</p>	<p>Payments on contracts that are with the Sheriff's office are still being submitted to the Sheriff. Per discussion with management, OEM is currently working with the Companies and the attorney to reassign the agreements. This item should be reviewed again in February 2010.</p> <p>Items a, b and d were closed.</p>	Open
	Auditor Recommendation	ECD:	Testing Date:	
	c) Management should perform a detailed analysis of activity over the recent past to determine whether the County (or Brevard County Sheriff's Office) has received all payments in accordance with its tower lease agreements. In addition, all lease agreements should be assigned directly to the County so that payments come directly to the Office of Emergency Management.	O: November, 2009 R: March, 2010	August 2010	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: July 3, 2007

FUNCTION: 800 MHz - continued

Risk	Issue 2	Management Comments as of October 2009	Auditor Comments as of October 2009	Status
High	The current agreements with the user agencies have not yet been assigned from the Brevard County Sheriff's Office (BCSO) to the Board of County Commissioners (BOCC).	Management is in process of finalizing collection of all signatures for the user agreements. All major users have provided signed user agreements. All users have paid through current billing.	Management is still in the process of collecting all the appropriate signatures for the user agreements. Notices were sent to users with 2009 billings. This will be reviewed again during the next follow up. Items a and b were closed.	Open
	Auditor Recommendation	ECD:	Testing Date:	
	(c) We recommend management coordinate with the user agencies to assign the agreements from the Brevard County Sheriff's Office to the Board of County Commissioners and update the agreements, as necessary.	O: October 2007 R: December 2008 R: June 2009 R: April 2010	June 2010	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: July 3, 2007

FUNCTION: 800 MHz - continued

Risk	Issue 5	Management Comments as of October 2009	Auditor Comments as of October 2009	Status
Moderate	The Program is responsible and therefore the County, for providing signal coverage to mobile and hand-held radio units operated by various emergency response units and other agencies throughout Brevard County. Per discussions with management, representatives of agencies utilizing the system frequently report failures in signal coverage. We note there is a significant potential liability to the County given the critical nature of work performed by the agency members. The reported signal failure, including resolution and follow-up with the reporting agency member, if any, is not well documented by management.	Tower maintenance contract is in place and is being modified to include reporting by CII to Emergency Management Communications. Modification and acceptance should be in place by April 2010. Other procedures for reporting signal problems and outages are in place and working.	Revised procedures to report and track signal coverage failures have been put into place. Radio users can report failures to either the Communications International Inc. (CII) radio shop or complete an online form that is sent directly to OEM for review and submission to CII. The online reporting is not consistently used by the radio users and the CII radio shop does not communicate all issues they receive to OEM. Management is working on modifying the current agreement with CII to include online reporting procedures. Items a - c have been closed.	Open
	Auditor Recommendation	ECD:	Testing Date:	
	d) Reference to the revised procedures should be included in all subsequent contracts or contract renewals with Communications Inc. and each agency.	O: December 2007 R: December 2008 R: June 2009 R: April 2010	June 2010	

Internal Auditor Follow-Up Report of Corrective Actions

BREVARD COUNTY INTERNAL AUDIT

Report Issue Date: July 3, 2007

FUNCTION: 800 MHz - continued

Risk	Issue 8	Management Comments as of October 2009	Auditor Comments as of October 2009	Status
Low	<p>We noted the following issues that need to be addressed in a formalized policies and procedures manual:</p> <p>a) No employee is trained as a back up for another employee. There is no procedure for cross-training of employees on the 800 Megahertz Program.</p> <p>c) The majority of the Program's employees are expected to retire within 5 to 10 years and to date there have been no replacements named or cross-trained.</p>	<p>Management does not have the proper number of employees within communications to cross train employees to handle/manage/ or be technically competent in all job related services. There are only two employees and there is no pool of communications personnel to draw from within Brevard county government.</p>	<p>Additional time for management to implement its plan is considered necessary.</p> <p>Item b has been closed.</p>	Action Deferred
Auditor Recommendation		ECD:	Testing Date:	
<p>a) Management should implement and document a cross-training plan to train at least one other person on a job so there is full coverage on every duty. Written policies and procedures will help with this.</p> <p>c) Management should develop a backup plan for those employees that are planning to retire so that those individuals will have ample time to train their replacements.</p>		<p>O: December 2007 R: December 2008 R: June 2009 R: Action Deferred</p>	<p>Action Deferred</p>	

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