



THE HONORABLE
GWEN MARSHALL
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CLERK OF COURTS • COUNTY COMPTROLLER • AUDITOR • TREASURER • RECORDER
DIVISION OF INTERNAL AUDITING

June 12, 2025

Andre Moore
Tax Deed Coordinator
VIA Email: armoore@leoncountyfl.gov

RE: Corrective Action Plan (CAP) for Audit No. 23A-01, Tax Deeds Process - Close Out Letter (COL)

Dear Mr. Andre Moore:

The Division of Internal Auditing (IA) conducted an audit engagement of the Tax Deeds Process covering the policies and procedures in place at the time of the review as well as examining Tax Deed sales auctions that occurred during the period October 1, 2019, through September 30, 2022, and issued Audit No. 23A-01, dated May 17, 2024 (Attached).

The audit report included four (4) observation areas with recommendations for effective oversight of the Tax Deeds Process by reviewing and updating procedures. The report also indicated: the need for reconciliation processes; additional separation of duties including defined roles and responsibilities for the Tax Deed functions; and the website should be brought up to date.

In the April 12, 2024, response to the audit report, management concurred with the findings and indicated that policies and procedures were being reviewed to determine appropriate updates for all 4 of the observation areas. Further, the response stated the following corrective actions had been taken:

- The Finance Division aided with a reconciliation of the Tax Deed department's subsidiary records hosted on the Real Tax Deed and Real TDM applications to the Banner system's general ledger accounts.
- An accounting specialist had been hired to provide for increased controls for the separation of duties over the subsidiary records to separate the data entry recording from the review and approval responsibility of the Tax Deed Coordinator.
- The website has been updated.

Audit Report 23A-01 mentioned the following policies as being outdated and listed their last revised date as noted below. The report also noted an Access database mentioned in the outdated policies as no longer in use. IA requested from the Tax Deeds department a copy of these policies which were provided to IA from the Tax Deeds Coordinator on December 17, 2024. As noted in the Audit Report 23A-01, the policies still contained the same last revision dates as noted in the report, indicating they had not been updated since the release of Audit Report No 23A-01.

- Tax Deed Operating Procedures (OP) – October 1, 2011
- Tax Deed Redemption – January 1, 2014
- Tax Deed Monthly Report Procedures – February 19, 2015

Since Audit Report No. 23A-01 referenced the outstanding policies and procedures as still pending review and updates for the 4 observations, the report was added to the 2023-2025 Biennial Audit Plan for the limited scope follow up to ascertain whether the policies and procedures had been reviewed and updated and the inclusion of the specified recommendations to the updated policies and procedures as part of the corrective action plan (CAP) process to close out the project.

On January 14, 2025, an engagement announcement was sent to initiate the CAP process. Subsequently, on January 21, 2025, the Division of Internal Auditing held a preliminary meeting with the department to discuss the CAP process and the CAP form. There was a general discussion regarding the recommendations of the audit report and what type of documentation should be provided as part of the CAP response. It was stated that the department follows the Florida Court Clerks & Comptrollers (FCCC) Best Practices for Tax Deeds Part I Sales and Part II Surplus. These best practices have standardized letters and forms for communication used in the Tax Deeds process. It was also noted that the review and updates to the Leon Clerk of the Circuit Court & Comptroller's policies and procedures were still ongoing and would be provided to the Division of Internal Auditing when finalized for review.

The parties met again on March 13, 2025, to discuss the midpoint status of the CAP efforts. The department was to provide their CAP response with all supporting documentation for the CAP to IA on or before June 12, 2025.

The Tax Deeds department concluded their review and updates to policies and procedures were submitted to IA on March 21, 2024, for review. The CAP form was never completed and signed. Therefore, IA accepts the email transmittal and attached policy documents as the department's CAP acknowledgement.



THE HONORABLE
GWEN MARSHALL
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CLERK OF COURTS • COUNTY COMPTROLLER • AUDITOR • TREASURER • RECORDER
DIVISION OF INTERNAL AUDITING

The March 21, 2025, updated policies and procedures provided the following nine (9) documents to IA:

- 1) Auction Process
- 2) Tax Deed Journal Entry
- 3) Redemption Process
- 4) Refund in Real Action
- 5) Surplus Disbursement
- 6) New File Instruction
- 7) List of Lands Policy
- 8) Banned Bidder List
- 9) List of Lands Notification

Our review of these policy and procedure documents indicates: the information provided is generally considered good reference material and provides transitional knowledge but functions more like desktop procedures listing the steps needed to complete a process. For example (not all inclusive), some of the desktop procedures describe the below listed processes.

- Record data in the application software (subsidiary record) used by the Tax Deed department.
- Prepare journal entries to submit to the Finance Division for recording into the general ledger to recognize the Clerk's fee earned.
- Steps to initiate the refund process and submittal documentation required to be attached at the remittal point to the Finance Division to process the check request.
- How to enter a new customer file in the software application.

Some of the desktop procedures incorporated parts of the recommendations, such as: listing the statutory compliance thresholds in the List of Lands policy; providing an example form for enhanced communication with the BoCC regarding the List of Lands notification; incorporation of elements on a Banned Bidder list; comparisons of the Tax Deeds application balance checks to the general ledger balances for specific transactions when processing at the transactional level.

When combined with the corpus of the FCCC'S Best Practices policies, the Tax Deeds personnel have routine guidance for the completion of the Tax Deeds transactions to ensure ongoing operational function. However, the combination of these desktop procedures and the FCCC Best

Practices do not address all the concerns noted in Audit Report No. 23A-01. Additionally, the reconciliation corrective action appeared to be a one-time reconciliation, and the procedures provided do not establish or develop for an ongoing routine reconciliation processes needed to ensure accounts are in balance and properly recorded and reconciled to assist with the identification and corrections of data entry mistakes, duplicate records, etc.

The desktop procedures generally do not establish the incorporation of the following recommendations, including but not limited to:

- An overall framework policy for the Tax Deeds comprehensive process including: the current applications used; description of the separation of duties (for the various steps in the process when transactions are flowing through the process with the Tax Collector, the Finance Division's Accounts Receivable and Disbursement department, within the Tax Deeds department, and the BoCC's Real Estate department.)
- Define the individual roles and responsibilities of the Tax Deed staff and the proper segregation of those duties in their operations to record, review, and approve transactional data processes in the Tax Deeds applications.
- Frequency of occurrence, review, and approval processes to establish the how, by whom, reconciliations are being performed in the process to ensure proper recording and reporting and documentation of reconciliation opportunities (Tax Deed applications to the general ledger, non-payment and payments received outside the 30 day period, \$15 gap search posting and search for miscoding or posting to wrong accounts; duplicate or multiple bidder accounts, etc.) which needs to be performed on a routine basis.
- Frequency of occurrence, review, and approval for management's active monitoring of how and by whom lists and reports are monitored and how often the monitoring is reviewed and approved and the documentation of the review to ensure accurate up to date records for items such as the Banned Bidder list, the List of Land Available for Sale, etc., which needs to be performed on a routine basis, etc.
- Controls over the unsold property process to ensure that records are accurate, complete, up to date, properly recorded, reviewed and approved and properties are placed into action in a timely manner, etc.

As for Audit Report No. 23A-01 pending items that required review and updates to the Tax Deed policies and procedures, this CAP is considered closed as it relates to the report. As stated, the Tax Deeds department has completed a review of the policies and procedures and partially implemented some of the recommendations as noted earlier in this close out letter. Since a comprehensive policy update will require more review than would be included in this limited



THE HONORABLE
GWEN MARSHALL

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CLERK OF COURTS • COUNTY COMPTROLLER • AUDITOR • TREASURER • RECORDER
DIVISION OF INTERNAL AUDITING

follow up CAP engagement, the IA will carry forward this project to the 2025-2026 audit plan as a consultation service.

The Tax Deeds department will need to continue reviewing and updating their policies and procedures for the development of a comprehensive framework policy for the Tax Deed processes performed by the Leon County Clerk of the Circuit Court & Comptroller. IA will assist the Tax Deed department by consulting on the policy being developed, and review its comprehension of processes, systems listed, roles and responsibilities, separation of duties in the process flow, reconciliation processes, and documentation to support the managerial monitoring of reports and lists, etc.

This close out letter will be available on the IA webpage and is considered a public document.

IA thanks you and your staff for the work on this project and providing a review of Tax Deeds policies and processes to date. If you have any additional questions, please give me a call at (850) 606-4019.

Kimberly S. Ferree

/s/

Kimberly S. Ferree, CPA, FCCM
Internal Audit Manager

xc: The Honorable Gwen Knight, Leon County Clerk of Circuit Court & Comptroller
Kenneth Kent, Chief Deputy Clerk and Chief Operating Officer (COO)
Patsy Stovall, Accounting Specialist III
Kimberly Wilder, Finance Director
Travis Stevens, Assistant Finance Director
Robert Meadows, Internal Auditor, Division of Internal Auditing