



THE HONORABLE
GWEN MARSHALL

CLERK OF THE CIRCUIT COURT AND COMPTROLLER

CLERK OF COURTS • COUNTY COMPTROLLER • AUDITOR • TREASURER • RECORDER

DIVISION OF INTERNAL AUDITING

LEON COUNTY AUDIT ADVISORY COMMITTEE MEETING
July 10, 2025
2:00 P.M.

MINUTES

Committee Members Present: Nancy Shepherd, CPA, CIA, CRMA, Chair
Jeffrey Caines, CIA, CFE, CGAP
Cynthia Hefren, CIA, CISA, CIG, CIGI
Valerie Peacock, CFE, CIA, CIG, CIGA, CISA

Clerk Staff Present: Gwen Marshall Knight, Clerk of Court
Ken Kent, Deputy Clerk of Court
Kimberly Ferree, Internal Audit Manager
Robert Meadows, Internal Auditor
Kimberly Wilder, Finance Director
Travis Stephens, Assistant Finance Director
Nathan Lankford, General Accounting Manager

THF Staff Present: Taylor Harmon, Director Assurance Services

Opening:

Item 1: Meeting Called to Order and Approval of January 9, 2025, and April 3, 2025, Meeting Minutes Nancy Shepherd, CPA, CIA, CRMA, Chair

Nancy Shepherd, CPA, CIP, CRMA, Chair was absent when the meeting was called to order by Kimberly Ferree, Internal Audit Manager, at 2:04 p.m. Ms. Ferree recognized a quorum as present with 3 of the 5 members in attendance. While waiting on Nancy Shepherd to arrive, Kim Ferree turned the meeting over to the Clerk for her comments noted as Item 2 on the agenda.

After Nancy Shepherd arrived, creating a new quorum with 4 of the 5 members as being present with the absence of the Vice Chair, Ted Sauerbeck, absence due to illness.

Nancy called for a motion to approve the January 9, 2025, and April 3, 2025, Meeting Minutes as presented. The motion was made by Valerie Peacock and seconded by Cynthia Hefren. The Motion was approved unanimously.

Item 2: Clerk's Comments Gwen Marshall Knight, Clerk of the Circuit Court and Comptroller

Clerk's Comments discussed the following:

- The 2023-2024 Annual Financial Report was presented to the BoCC on July 8, 2025. The audit report was accepted by the BoCC. Some of the BoCC had questions regarding the audit report and concerns with the number of findings in the report. The BoCC has requested a follow-up corrective action plan on the audit findings for the BoCC, and the Clerk's office will be providing them with proposed corrective plans. Ken Kent addressed some of the BoCC's concerns during the meeting. The Clerk stated that Taylor Harmon was here today and would be going over the audit and the audit findings with the committee members this afternoon.
- Progress has been made with staffing key positions in the finance office, which will also help address some of the audit findings. They have hired a Treasury Manager, a Treasury Analyst, and Kim Wilder has been hired as the new Finance Director. Ms. Wilder has significant experience working in Leon, Manatee, and Charlotte Clerks' finance offices. Travis Stephens was recognized for his leadership during the transition. Nathan Landford, General Accounting Manager, continues to oversee preparation of financial statements and coordinates with the auditors.
- The Internal Auditor position has been filled by Robert Meadows, who is attending his first Committee meeting today.
- Other members of the finance team are also in attendance (Travis Stephens, Nathan Lankford). The Clerk requested the Finance Team and Robert Meadows take a few minutes to introduce themselves to the Committee.
- Positive feedback has been received from county partners regarding the leadership and performance of the finance and audit teams. The Clerk expressed appreciation for the professionalism and commitment of staff during the audit process.
- Then the Clerk turned the meeting over to Nancy Shepherd who arrived during the Clerk's Comments.

Item 3: Presentation – Annual Financial Report (AFR) & Single Audit Package:

Item 3: FY 2023-24 Financial Statement Audit Report.....Taylor Harmon, Director Assurance Services, THF

Nancy Shepherd turned the presentation of the AFR over to Taylor Harmon. Mr. Harmon discussed the difference between the ACFR and the AFR and stated he would be going over the FY 2023-2024 AFR and the findings listed in the management letters.

Mr. Harmon discussed the following:

- The opinion stated the County was given an unmodified (clean) opinion which is the highest level of assurance available. He stated it is the best opinion that you can possibly get.
- Management's responsibility and the auditor's responsibility regarding the financial statements.
- Each constitutional officer is audited at the fund level first. Then these are transitioned to the government wide account level. The governmental wide statements have the long-term accruals. The differences between the fund level and the governmental wide are listed on the reconciliations that show the accruals and adjustments between these two types of statements.
- The report findings. Committee members and the IAM asked clarifying questions during this discussion. Nancy Shepherd asks Mr. Harmon to comment on which findings were the results of changing condition or if they were items not caught or commented on in prior years as he is going over the findings. Mr. Harmon stated that the management letters are required by the Rules of the Auditor General as well as GASB. They follow the layout listed in the Rules of the Auditor General, which requires reporting on whether the item is a finding in the prior year. Mr. Harmon stated this should answer Nancy's request as he is discussing each of the findings. Mr. Harmon discussed each finding.
- He stated these findings are based on professional judgement in consideration of how the finding amount may raise to the level of a finding. They follow certain rules regarding dollar threshold per fund, etc., to make their determinations. Different funds have different materiality threshold depending on the size of the fund so what may be immaterial in a larger fund and would not rise to the level of a finding may be considered material for smaller funds with a lower materiality threshold. He stated the control deficiencies are required to be provided in writing by the Rules of the Auditor General even though those may arise to only verbal comments, etc.
- There were no issues with compliance. The audit was required to fill out the financial condition assessment in the report as well. The county is not deteriorating at a rate that would require disclose of a financial condition in the report.
- Regarding the discussion on Fixed Assets - he noted this was a prior year finding. He indicated there was a number of issues which included disposals in the prior year that were not recorded correctly; could not be found; or marked as disposed of but were not disposed of.
- Fixed Assets are under the BoCC Purchasing Division. They have had staffing turnover and some of the fixes were not finished in time for the audit. However, they have a new person in this position who is doing a good job in these areas and is implementing controls to fix these items. The CAP lists proper training, a property custodian, and better communication between property custodian and finance so finance can report that correctly in their system.
- There are numerous systems and records over property that can cause issues if they are not all appropriately updated for the changes made in the property records. The property

custodian log and the fixed assets schedule software and the general ledger should be periodically reconciled to ensure information is accurate and up to date for the finance office. Kim Ferree asks if there is an active reconciliation process that is implemented and whether they take an annual inventory and update the records from the inventory appropriately. Mr. Harmon stated they performed an inventory count at year end, and they did reconcile the inventory, but the results of that reconciliation process did not make it all the way up to finance.

The Finance Department provided a description of the different systems involved at the purchasing office and finance departments.

- Fixed asset module (SAGE)
- Depreciation schedules are maintained and calculated in the SAGE
- BoCC purchasing uses a PROTEG software for equipment tracking.

Mr. Harmon stated that one change that will make a difference in the next financial statement audit for fixed assets is the process that requires the property disposals to be approved by the BoCC prior to removal. Nathan Lankford stated that getting the approval by the Board at the end of the year to approve that listing will assist with identifying what needs to be disposed of on the property records.

It was noted that purchasing is now fully staffed, which should help as well.

Nancy thanked Mr. Harmon for his presentation on behalf of the Committee. Then she turned the meeting over to Kim Ferree to go over the Internal Audit items 4 and 5.

Business & General Discussion:

Item 4: Q3-2025 Budget to Actual Variance Report Kimberly Ferree, Internal Audit Manager

Item 5: Discussion of the Status of IA Work Projects...Kimberly Ferree, Internal Audit Manager

Kim Ferree indicated that most of the time had been taken up by the AFR discussion so she would go quickly to allow time for the Action Items for the Committee to review and approve the AAC Charter and Bylaws. She referred to the committee's attachments in the materials and went over the Summary of Internal Audit Activities quickly.

She indicated the preliminary cash audit reviewed controls over cash collections, change funds, custody transfers, and deposit processes and set up a three-year audit rotation for each of the collection sites. The workpapers were being reviewed and the draft preliminary and tentative findings were being written up, and the draft report format was being developed.

The key findings noted included: missing or nonexistent documentation of cashiering change funds counts, weak safe combination change policy at the Clerk of Court and no policy for the BoCC cash collections sites, lack of transfer of custody of cash documents during weekend transfers to the OIDA office at the beginning of the business week, outdated cash control narratives, and no log for safe access, broader safety concerns at the library. She stated that the DIA team kept the department managers informed as the process was occurring and will be setting up the exit conferences to go over the preliminary and tentative findings and explain their 30 day response period, etc.

Although time was running short, Kim Ferree stated that Ted Sauerbeck has called her and wanted to make sure that the members had received his email sent to them earlier in the day. Committee members acknowledged receipt. She asked if they wanted the items read or if they want to provide input or discussion, no one had any questions or wanted to provide discussion.

Action Items:

Item 6: Internal Audit CharterNancy Shepherd, CPA, CIA, CRMA, Chair

Item 7: Audit Advisory Committee BylawsNancy Shepherd, CPA, CIA, CRMA, Chair

Nancy Shepherd began the discussion regarding the Internal Audit Charter and the Audit Advisory Committee Bylaws. The Charter referred to IIA guidance, which acknowledges that certain conflicts are unavoidable in the public sector but should be transparently disclosed. Kim Ferree mentioned the included versions added to the Charter the Clerk’s role as CAE is mandated by the Florida Constitution. Nancy Shepherd indicated the Charter just needed a little more information that she was going to provide an additional statement for but was unable to provide it at the meeting.

Some members wanted to wait to approve the Charter after Nancy’s additional statement was added. While others did not think any other language was needed since the Constitutional disclosure was already added to the IIA template Charter.

Following the discussion, Nancy Shepherd offered that a motion be made to schedule a special meeting for further review of the Charter and Bylaws after her revisions were drafted. A motion was made by Cynthia Hefern and seconded by Jeffrey Caines for a future meeting. The motion carried 3 to 1 with one member voting in opposition stating their commitment to this Committee was to 4 quarterly meetings a year.

Kim Ferree also informed the AAC that that due to the limited human resources, the current workload, and the upcoming travel commitments of the IA staff, the discussion may need to be tabled until another regular meeting.

Reports:

None

Other Business:

None

Adjournment:Nancy Shepherd, CPA, CIA, CRMA, Chair

There being no further business, the meeting was adjourned at 4:05 p.m.