



ANNUAL REPORT Fiscal Year 2018

Office of the County Auditor

Robert Melton, CPA, CIA, CFE, CIG
County Auditor



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TO THE BOARD OF COUNTY COMMISSIONERS

Honorable Mayor and Members of the Board of County Commissioners,

I am pleased to present our Annual Report for Fiscal Year 2018. After assuming the County Auditor position on June 12, 2017, I reviewed the operations of the County Auditor's Office and took many actions to transform and refocus the level of performance of the Office. Those actions have led to highly successful results. The Office achieved many overall enhancements to operations, including the implementation of professional audit standards, issuance of an Annual Audit Plan, and revamping and refocusing in several areas for improved efficiency and effectiveness.

"We issued 30 audit reports and 15 audit advisories, resulting in 249 recommendations, \$13.5 million in identified cost savings and additional revenues, \$6.6 million available for other uses, and \$983,000 in questioned costs."

We also provided value that is not reflected within the number of reports or cost savings. We continue to provide advisory and consultative services, including agenda review and contract negotiation support, and serve as a resource to County government.

It is an honor to serve as Broward County Auditor. We will continue to enhance our services and seek opportunities to serve the Board of County Commissioners and Broward County taxpayers. I hope you find this information helpful. If you have any questions or would like to discuss any aspect of this report, please contact me at (954) 357-7590.

Respectfully submitted,



Bob Melton
County Auditor
December 28, 2018

INTRODUCTION

The Office of the County Auditor (Office) conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

Authorities and Responsibilities

The County Charter (Broward County, Florida, Code of Ordinance, Part I, Charter, Article IV) established the Office of the County Auditor. The County Auditor shall serve for a period of five (5) years and is nominated by an independent board, subject to ratification by a majority of the Broward County Board of County Commissioners.

The Broward County Charter provides that the County Auditor shall follow government auditing standards and be responsible for the internal audit functions of the County. This shall include review of business practices, procedures, internal controls, and procurement practices which are used, employed, and promulgated by the County Commission. The County Auditor has the authority to conduct financial and compliance, economy and efficiency, and performance audits of County government and County officials with written reports submitted to both the County Commission and the County Administrator. All conclusions, issues, findings, and recommendations are advisory only. The County Auditor has free and unrestricted access to County government employees, officials, records, and reports; and, where appropriate, may require all branches, departments, and officials of County government to provide oral and written reports and to produce documents, files, and other records.

The County Auditor also supports the County Commission through review and analysis of Commission agenda items prior to Board meetings, attendance at Board meetings and workshops, and upon Commissioner Request, review of any matter related to County business.

County Auditor

Robert "Bob" Melton assumed the position of Broward County Auditor on June 12, 2017. His appointment was ratified unanimously by the Board of County Commissioners on May 9, 2017.

Prior to his appointment, Mr. Melton came from the Lake County Clerk of Courts where he served as Inspector General and was formerly Director of Internal Audit. He has more than 30 years of state and local government experience conducting audits. Mr. Melton has served on many boards, including Chair of the Florida Audit Forum, Treasurer of the Board of Governors of the Association of Local Government Auditors, and International Government Relations Committee of the Institute of Internal Auditors.



Mr. Melton's previous experience includes General/Chief Audit Executive at Pinellas County Clerk of Courts, City Auditor for the City of Dallas, Director of County Audit for Orange County, Florida, and Director of Audits for the State Auditor's Office in Jefferson City, Missouri.

Mr. Melton holds the following certifications:

- Certified Public Accountant
- Certified Internal Auditor
- Certified Fraud Examiner
- Certified Inspector General

He received a Bachelor of Science in Business Administration from Southeast Missouri State University and a Master of Public Administration from the University of Missouri.

Mission and Core Values

Our mission is to improve government and preserve the public trust by providing independent, comprehensive audits designed to add value and improve County operations and contracts. We strive to educate citizens and policymakers regarding the operation of their government.

Our staff is committed to;

- being objective and independent in all assigned tasks.
- acting in a professional and ethical manner always.
- doing consistently reliable, credible, and meaningful work.
- treating all stakeholders with respect, courtesy, and fairness.
- fostering a team spirit that encourages everyone's personal and professional growth.
- taking pride in our work and establishing effective working relationships with all stakeholders.
- striving for excellence in everything we do.

Professional Standards

The Office adheres to Generally Accepted Government Auditing Standards (GAGAS / Standards / Government Auditing Standards) established by the U.S. Government



Accountability Office in all applicable audits it performs. These standards are intended for audits of governmental organizations' programs, activities, and functions, as well as for government funds received by non-government organizations. The standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of audit reports. A premise of the standards is the concept of accountability. They state that officials and employees who manage government programs must render a full account of their activities to the public and that this concept is inherent in the governing process of this nation.

SERVICES

The Office serves as a resource to County Commissioners, Broward County's residents, County management, and other stakeholders through the performance of audits and advisory services.

Audits

The Office performs audits in accordance with government auditing standards. Audit engagements, as specified by the standards, include:

- Financial audits.
- Attestation-level examination, review, and agreed-upon procedures engagements and reviews of financial statements.
- Performance audits.



Most audits performed by the Office are performance audits. Performance audits provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability.

Performance audit objectives vary widely and include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses. Audit objectives may also pertain to the status or condition of a program. These overall objectives are not mutually exclusive. For example, a performance audit with an objective of determining or evaluating program effectiveness may also involve an additional objective of evaluating the program's internal controls.

Accordingly, audits often include multi-disciplinary approaches, expertise, and skillsets such as compliance, information technology, financial, construction, and performance outcome measurement.

Deliverables take the form of audit reports issued to management and the Board of County Commissioners. As further discussed in the Accomplishments Section, the Office issued 30 audit reports in fiscal year 2018.

Advisory

The Office performs advisory services to the Board of County Commissioners and/or County management. As stipulated in the County Charter:

- The County Auditor may provide a written report or opinion on any transaction or business practice relating to County government.
- The County Auditor shall be responsible for the performance of such other duties assigned by the County Commission.
- The County Auditor shall review any matter related to County business upon the request of a Commissioner.
- The County Auditor shall serve as a resource for County government.



Advisory Services include:

<p>Agenda Review and Commissioner's Requests</p>	<p>The Office reviews the Board's weekly meeting agenda for reasonableness and completeness of the information presented and evaluates the merits of the proposed transactions. County Auditor staff perform additional research as necessary and pose informal and formal questions to management. Issues may be identified that lead to the revision or removal of items for further review. Key items identified through agenda review are also considered in the annual risk assessment.</p>
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Vendor Evaluation and Negotiation Support	Vendor Evaluation and Negotiation Support assists committees and staff in the process of obtaining goods and services. Our participation is intended to oversee adherence with County procurement policies and procedures and assist staff in obtaining fair and reasonable agreements in the best interest of County residents. We often field questions from staff regarding contract terms, negotiation meeting preparation, and other business issues.
Consulting Services	Consulting services usually culminate from management requests and often include research, analysis, and other services agreed upon with management.
Administration of External Audits	The Office serves as the Contract Administrator for the external audit, where each fiscal year a contracted audit firm audits the County's financial statements.
Litigation Support	In response to specific requests from the County Attorney's Office, the Office provides litigation support, typically in the form of financial analysis.
Risk Assessment Activities	Annual risk assessments include soliciting input from the Board of County Commissioners and management in order to develop a risk-based approach in allocating staffing resources.

Deliverables for these activities are often informally provided, such as resolution of issues relative to agenda item inquiries or verbal communications provided during a contract negotiation. Deliverables may also take the form of audit advisory memoranda issued to the Board of County Commissioners and/or management. As further discussed in the Accomplishments Section, the Office issued 15 Audit Advisories in fiscal year 2018.

RESOURCES

The Office employs professional staff to accomplish its mission. The County Auditor, Bob Melton, has established and utilizes a senior management team to build and maintain a professional workforce and direct the activities of the Office. Mr. Melton and his team have implemented processes for the recruitment, hiring, continuous development, assignment, and evaluation of staff to ensure the workforce has the essential knowledge, skills, and abilities necessary to conduct the engagements. In accordance with government audit standards, elements such as integrity, objectivity, proficiency, due professional care, and professional judgement are paramount.

Management Team

Supporting the County Auditor is an experienced management team, with many years of experience in auditing.



Education:

Master of Business Administration,
Nova Southeastern University

Bachelor of Accounting, Florida
International University

Time with Broward County:

14 years

Professional Affiliations:

American Institute of Certified
Public Accountants
Florida Institute of Certified Public
Accountants
Florida Government Finance
Officers Association
Government Finance Officers
Association
Institute of Internal Auditors
Association of Local Government
Auditors

Certifications:

Certified Public Accountant

Ms. Ulett started with Broward County 14 years ago and currently serves as the Deputy County Auditor. She assists in overseeing all audit staff within the Office. She reviews audit reports and memoranda and works with County Administration to coordinate audit projects until final report presentation to the Board.

Prior to joining the County, Ms. Ulett had more than 10 years of auditing and management experience in public accounting. She worked with Ernst & Young, LLP for six years and served as a Senior Manager performing audits of public and private companies, federal and state grant programs, and local governments.

**Education:**

Master of Accounting, University of Notre Dame

Bachelor of Business Management,
University of Florida

Time with Broward County:

14 years

Professional Affiliations:

American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
Florida Government Finance Officers Association
Institute of Internal Auditors
Association of Local Government Auditors

Certifications:

Certified Public Accountant

**Education:**

Master of Accounting, Nova Southeastern University

Bachelor of Architecture, Tianjin Institute of Urban Construction

Time with Broward County:

11 years

Professional Affiliations:

American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
Institute of Internal Auditors
Association of Local Government Auditors

Certifications:

Certified Public Accountant

Mr. Shank is a dedicated public servant with expertise in auditing and local government operations. He successfully manages teams of audit professionals to efficiently produce meaningful, and cost-effective recommendations.

Mr. Shank performs agenda review, contract negotiation, litigation support, and other advisory services. He serves as Project Manager for the County's external audit contract and supervises many of the Office's administrative functions.

Mr. Shank has three years of audit experience with Ernst & Young, LLP, a large public accounting firm. Mr. Shank's experience also includes five years as a City Commissioner and one year as Mayor for the City of Oakland Park, Florida.

Ms. Jiang has over 10 years of professional experience in compliance, financial, and contract auditing.

Her experience includes successfully conducting and managing numerous complex audits. She also conducts agenda review, litigation support, and other advisory services for the Aviation Department, Port Everglades Department, and Greater Fort Lauderdale Convention & Visitors Bureau.

**Education:**

Master of Business Administration,
Bowling Green State University

Bachelor of Management
Information Systems, Florida
Memorial University

Time with Broward County:

3 years

Professional Affiliations:

Information Systems Audit and
Control Association
Institute of Internal Auditors
Association of Local Government
Auditors

Certifications:

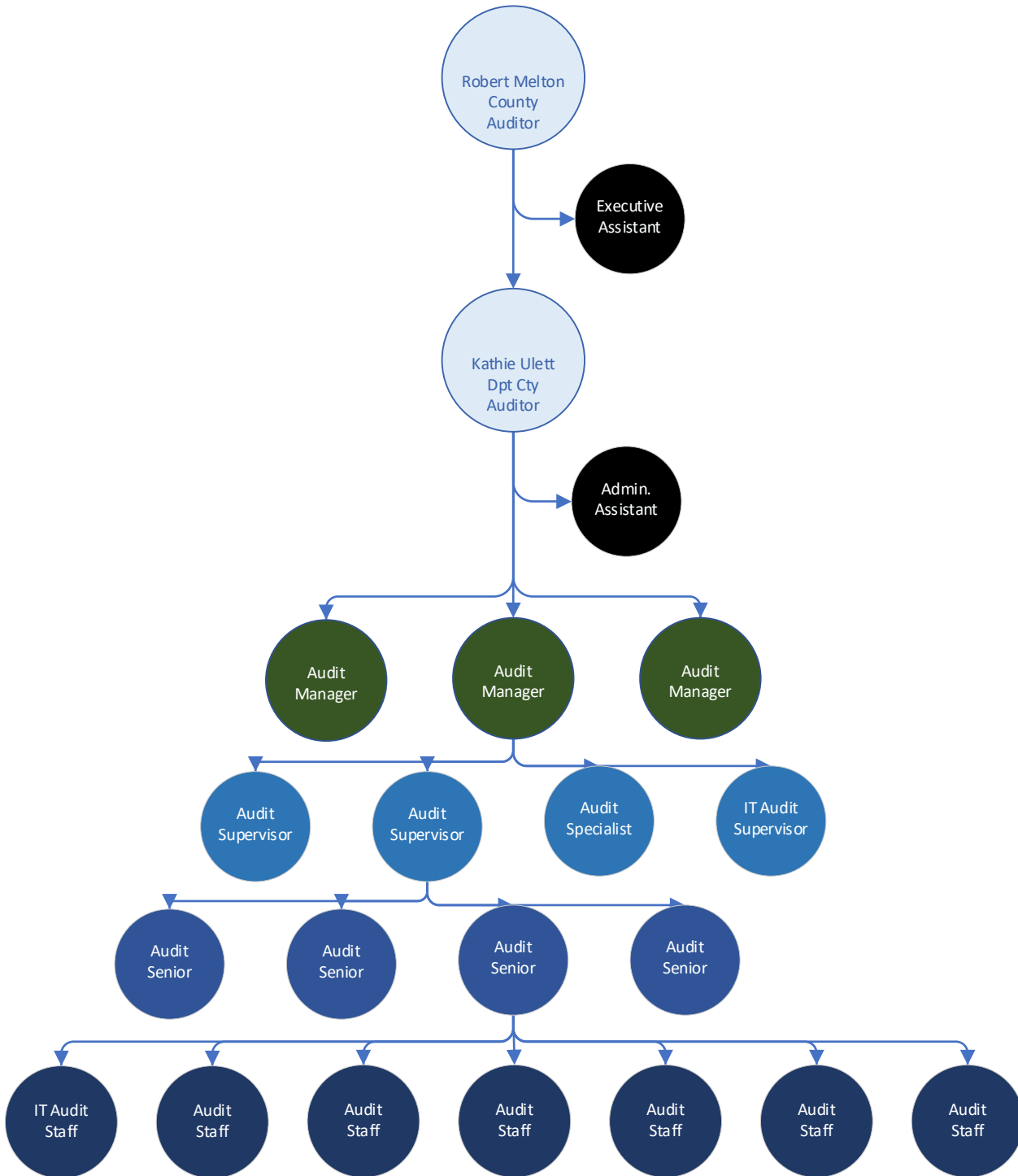
Certified Information Systems
Auditor

Mr. Boucaud manages professional auditors in the review and evaluation of activities and business processes for compliance with laws, rules, professional standards, and County policies and procedures. He is responsible for managing independent and objective appraisals of County activities to determine efficiency, effectiveness, and compliance with applicable laws, regulations, procedures, and good management practices.

Prior to joining the County, Mr. Boucaud had over 10 years of experience in Information Technology Auditing with a public accounting firm.

Organizational Chart

The Office consists of 23 professional positions, as shown in the organizational chart below.



Professional Development and Certifications

In accordance with government audit standards, the Office promotes and incorporates processes for the continuous development of the professional workforce. The Standards require that auditors collectively have the essential knowledge, skills, and abilities for each engagement. The Standards further require that auditors complete 80 hours of continuing professional education (CPE) in every 2-year period.



Training programs include in-house presentations, courses offered by the County or other local personnel, webinars, and seminars offered by educational institutions, professional organizations, etc. Our Office, as well as all applicable County employees, are eligible to receive 24 hours of CPE from our external audit firm. Topics range from internal audit practices and standards to more specific fields such as information technology and construction auditing. Training may also be specific to upcoming planned audits.



Emphasis is placed on staff obtaining and maintaining professional certifications. Staff members who do not hold professional certificates are encouraged to become certified. Those who are certified are encouraged to obtain additional certifications.

As shown below, staff members hold 24 professional certifications.

Professional Certifications	Quantity
Certified Public Accountant	9
Certified Internal Auditor	4
Certified Inspector General	1
Certified Fraud Examiner	2
Certified Information Systems Auditors	2
Certified Government Audit Professionals	2
Certified Government Finance Officer	1
Other	3
Total Professional Certifications	24

ACCOMPLISHMENTS

Enhancements to Operations

Under the leadership of the new County Auditor, Bob Melton, the Office achieved many overall enhancements in operations. These enhancements are outlined as follows:

Comprehensive Risk Assessment

- A comprehensive risk assessment helps to ensure the most effective use of audit resources. It identifies and assigns a risk level to each auditable entity, serving as a tool for allocating audit resources. We revamped the list of audit entities, made changes in the risk scoring methodology, and established optimal audit cycles of audit entities within Broward County.

Annual Audit Plan

- We issued an Annual Audit Plan to the Board of County Commissioners and County management for fiscal years 2018 and 2019. It includes a list of audits planned to be conducted during each fiscal year. We solicited input for audit selection from the Board and management while also concentrating on high risk audit areas based on the comprehensive risk assessment. Among other things, the audit plan provides assurance to agencies regarding objective selection of areas of review.

Follow-up Review

- We initiated follow-up reviews of the status of previous recommendations for reports containing significant recommendations, normally within six months to one year after issuance of the original report.

Workpaper & Internal Processes

- We revamped workpaper documentation and internal processes and procedures to comply with government auditing standards, to incorporate electronic workpaper efficiencies, and to improve the timeliness of reports.

Increased On-Site Presence

- We increased emphasis on performing audit fieldwork at the audit site which resulted in more effective and efficient audits.

Audit Report Improvements

- We revised audit reports to increase the ease of reading and understanding and now include management responses to our recommendations within the report.

Comprehensive Audits

- We significantly expanded the scope of audits. Most audits now include performance and compliance audit objectives, where applicable. We now emphasize identification of areas of potential additional revenue and cost-effectiveness of expenditures as detailed in this report. Our focus is now on improving government and helping to ensure wise use of taxpayer resources.

Training and Development

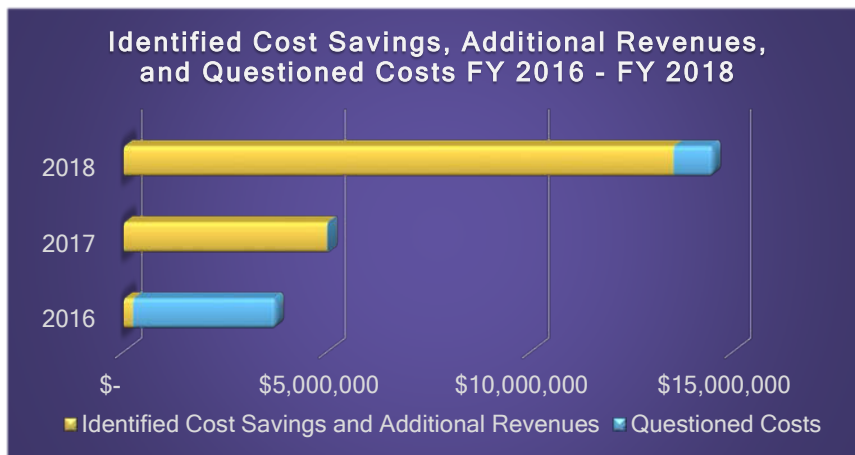
- We established training and professional development, including professional certification, as a high priority.

Most importantly, these changes have resulted in the Office now operating under Generally Accepted Governmental Auditing Standards (GAGAS). All audit reports initiated after October 1, 2017, were performed in accordance with these standards.

As a result of these changes, fiscal year 2018 was a high performance, highly successful year as evidenced in the number, quality, and results of deliverables outlined in the next section.

Deliverables and Cost Savings

In fiscal year 2018, the Office issued 30 audit reports and 15 audit advisories culminating in 249 recommendations, \$13.5 million in identified cost savings and additional revenues, \$983,000 in questioned costs, and \$6.6 million available for other uses.



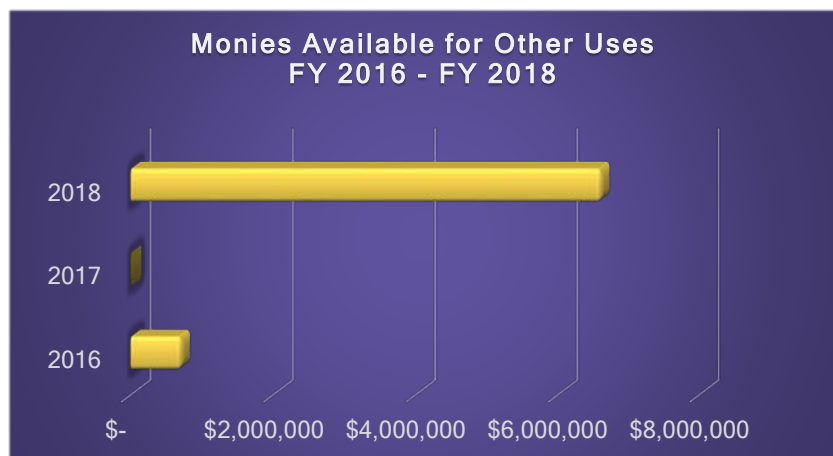
Identified Cost Savings

include dollars returned or potential future cost avoidance if the County Auditor's recommendations are implemented. **Additional Revenues** include the potential for recovery of uncollected or uncharged

revenues. **Questioned Costs** are costs or financial obligations incurred pursuant to an alleged violation of law, regulation, contract, grant, or policy and procedures; costs or financial obligations not supported by adequate documentation; and/or the expenditure of funds where the intended purpose is unnecessary or unreasonable.

Monies Available for Other Uses

includes identification of funds unnecessarily held or set aside for specified purposes.



Advisory Support Services

In accordance with the County Charter, the Office serves as a resource to County Government.

The Office performs various types of advisory support services that are not reflected within the number of reports or cost savings. The results of these services range from non-monetary audit findings and recommendations within audit reports to advice provided during consultative and other advisory engagements. Additional cost savings are often not quantified because the amounts are unknown or cannot be directly attributed to the services provided. For example, when providing selection and negotiation support services, the impact of our involvement often cannot be readily determined. A cost saving may be directly attributable to the County Auditor's Office or partially attributable based on the team environment in which the savings are achieved. In some cases, the County Auditor's Office staff's mere presence and oversight during a negotiation may contribute to improved results. The Office provided technical and other advisory support in numerous negotiations during fiscal year 2018. Examples of the projects in which we were involved are listed below:



Request for Qualifications A2114499R1	Information Technology Security and Compliance
Request for Proposal A2114901P1	Independent Quality Assurance and Quality Improvement Services
Negotiation Meeting	Delta Lease Addendum, Terminal 2 Modernization Project
Request for Proposal S2115731P1	Broward County's Medical Examiner's Office and BSO's Crime Lab Combined Facility
Negotiation Meeting	3 rd Amendment to Parking Management Agreement with SP Plus
Negotiation Meeting	First Amendment to SMG Agreement for Professional Management Services for the Broward Convention Center

Negotiation Meeting	Fourth Amendment to ERP Master Services Agreement with Sierra Cedar for Centralized Enterprise Resource Planning (ERP) Solution
Negotiation Meeting	First Amendment to HUB Parking Technology Software and Maintenance Agreement
Negotiation Meeting	Seventh Amendment to Agreement with Plante & Moran, PLLC for Third Party Assurance Provider and Procurement Assistance
Negotiation Meeting	Coastal Engineering Consultant Services for Segment III Shore Protection
Negotiation Meeting	Convention Center and Headquarter Hotel Project-Design Agreement
Negotiation Meeting	Everglades Holiday Park Concession Agreement Amendment
Negotiation Meeting	Motorola P25 Interoperable Radio Communications Systems Agreement
Negotiation Meeting	Construction Manager at Risk Turning Notch and Crane Rail

The unquantified value provided is inherent throughout issued audit reports and advisory memos as well as advisory services that do not culminate in an issued deliverable.

AUDIT REPORT SUMMARIES

The following summarizes each of the 30 Audit Reports issued in fiscal year 2018:



Report No. 18 1: Review of Port Everglades Department's Procurement Card Transactions

- We conducted a review of procurement card transactions for the Port Everglades Department. The review period was October 1, 2016 through December 31, 2016. We concluded that the Port properly used and accounted for procurement cards in accordance with the policies and procedures established for the County's procurement card program.



Report Nos. 18 2 through 18 8: Follow up Reviews of Hourly Billing Rates

- We conducted follow up reviews of the hourly billing rates for the Broward County Aviation Department's agreements with five consultants. Our original review identified areas of non compliance and overbilling. Based on our follow up reviews, we found all recommendations were implemented. BCAD recovered \$625,159 in overpayments.



Report No. 18 9 : Nova Southeastern University Joint Use Library Agreement: Review of Public Usage

- We conducted a review of public usage of the Alvin Sherman Library. We concluded that the process for collecting and reporting the measures of public usage for the audit period was generally appropriate. We also concluded that public usage for the Joint Use Library based on circulation was 70%.



Report No. 18 10: Review of Water and Wastewater Services Procurement Card Transactions

- We conducted a review of procurement card transactions for Water and Wastewater Services. We concluded that procurement cards have been used and accounted for properly in accordance with the policies and procedures established for the County's procurement card program



Report No. 18 11: Review of Aviation Real Property Leases at Fort Lauderdale Hollywood International Airport

- We conducted a review of Aviation real property leases at Fort Lauderdale Hollywood International Airport. We concluded that active lease agreements generally comply with Administrative Code requirements; however, we noted interest on late payments had not been assessed for the 16 month period of April 2016 through July 2017.



Report No. 18 12: Review of Broward County Aviation Department Purchasing Card Transactions

- We conducted a review of purchasing card transactions for the Broward County Aviation Department. We concluded that the P Card transactions reviewed at BCAD were generally processed and accounted for in accordance with the policies and procedures established for the County's P Card program.



Report No. 18 13: Review of Pharmacy Benefit Management Services Agreement performed by StoneBridge Business Partners

- We engaged the services of StoneBridge Business Associates to conduct an audit of the County's pharmacy benefit manager (Optum Rx). We concluded that Optum was adjudicating claims in accordance with the plan; however, it could not be determined if the County received all monies due. It was estimated that potential underpayments could be in excess of \$7 million, over the term of the agreement. The report also identified \$116,000 in amounts recoverable by the County.



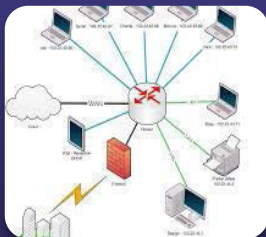
Report No. 18 14: Performance Review of Office of Medical Examiner and Trauma Services

- We conducted a review of The Office of Medical Examiner and Trauma Services. We concluded that the Office operates within established parameters and generally provides services in an efficient and effective manner when compared to established standards and peers. We commended OMETS for their pursuit of accreditation and certifications. We also concluded that revenue collection practices are not adequate.



Report No. 18 15 : Audit of Tax Deed Sales Section

- We conducted an audit of the Tax Deed Section of the Records, Taxes and Treasury Division. We concluded that a large number of tax deed sales transactions were grossly mishandled. The Tax Deed Section did not comply with laws, rules and regulations resulting in the payment of approximately \$2.4 million in potentially fraudulent tax deed claims.



Report No. 18 16: Assessment of Broward County's Administrative Network Security

- We engaged the services of a specialized auditor, Crowe Horwath LLP, to perform a network security assessment for Broward County . The report identified significant issues. Because of the sensitive nature of network security, this report is confidential information exempt from public disclosure pursuant to Section 119.0713(2), Florida Statutes. Accordingly, further details are not disclosed within this summary and this report is not available on our website.



Report No. 18 17: Special Review of Animal Care & Adoption Division Performance Records and Reporting

- At the request of management, we conducted a Special Review of the Animal Care and Adoption Division's Performance Records and Reporting. We concluded that reported animal dispositions were not consistently accurate; performance measure numbers were not accurate; and weaknesses in internal controls existed that may allow improprieties to occur.



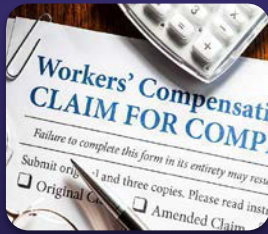
Report No. 18 18: Broward County Medical Claims Audit

- We engaged the services of J. Graham, Inc., to conduct an audit of the County's healthcare services administrator, Humana Health Plan Inc., for claims incurred. No systemic errors or high value individual claim errors were identified. The overall recovery rate was low, and the total of all recovery items was \$114,987. However, the auditor identified several plan design improvements and clarifications to assist the County in managing its plan and covered benefits in the future.



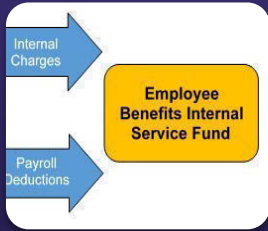
Report No. 18 19: Estimated Financial Impacts of Proposed Charter Amendments on the 2018 General Election Ballot

- As required by the Charter of Broward County (Article XI, Section 11.09), we prepared an estimated financial impact of the eleven (11) proposed Broward County Charter amendments set forth for voter consideration at the 2018 General Election.



Report No. 18 20: Audit of Risk Management Division Workers' Compensation Section

- We conducted an audit of the Workers' Compensation Section of Risk Management Division (RMD). We concluded that payments were appropriate and properly documented, with the exception of \$14,034 in questionable pharmacy charges for one claim. We concluded that payment and program administration activities were in accordance with appropriate laws.



Report No. 18 21: Review of Broward County Employee Benefits Internal Service Fund

- We conducted a review of the Broward County Employee Benefits Internal Service Fund and underlying functions performed by the Accounting Division and Office of Management and Budget. We concluded that the fund balance of \$22.6 million for the Broward County Employee Benefits Internal Service Fund as of September 30, 2017 was excessive by at least \$6.6 million.



Report No. 18 22: Audit of Topeekeegee Yugnee Park

- We conducted an audit of Topeekeegee Yugnee (TY) Park, one of 18 Regional Parks operated by the County's Parks and Recreation Division. Except as noted in the report, we concluded that controls and processes over cash receipts are adequate. Controls over TY Park's expenditures are adequate; however, operational practices require strengthening.



Report No. 18 23: Audit of Tax Deed Sales Information Technology

- We conducted an audit of the information technology used by the Tax Deed Section of Records, Taxes and Treasury Division. We concluded that information technology general controls are not adequate for the TaxSys and Deed Auction applications. We concluded that the applications adequately support the Tax Deed Sales business process. This information technology audit was conducted as a result of the Audit of the Tax Deed Section Report No. 18 15.



Report No. 18 24: Audit of Disaster Pay Payroll Procedures

- We conducted an audit of the County's disaster pay payroll procedures. We concluded that automated and manual payroll procedures related to emergency working conditions were not adequate to detect errors and ensure accurate payments in accordance with collective bargaining agreements and County policy, resulting in overpayments and underpayments to County employees. Additionally, we concluded that submissions of eligible labor expenses related to Hurricane Matthew to the Federal Emergency Management Agency for evaluation and reimbursement were not yet complete.



Report No. 18 25: Quiet Waters Park Renaissance Festival

- The Office of the County Auditor conducted an audit of the 2018 Renaissance Festival at Quiet Waters Park. We concluded that all fees and monies due were paid to the County. Except as noted in the report, we concluded that the vendor is operating the event in compliance with the terms of the Agreement.



Report No. 18 26: Audit of Records, Taxes, and Treasury Division's Tourist Development Tax Collection and Enforcement Section

- We conducted an audit of the Records, Taxes, and Treasury Division's Tourist Development Tax Collection and Enforcement Section. We concluded that collection processes are adequate, and monies are accounted for properly in accordance with the policies and procedures established for the Tourist Development Tax program. We concluded that enforcement is not adequate to ensure all taxes are collected. We concluded that the audit function is not adequate.



Report No. 18 27: Audit of Courthouse Security Costs

- We conducted our audit of Courthouse Security Costs. We concluded that the amounts paid by County are reflective of the actual cost incurred and paid by BSO for services related to Courthouse Security, with the exception of costs related to Court Liaison and Criminal Registration Services which do not directly support the security of these facilities, but appear to be more appropriately budgeted as a contract city and/or regional service expense. This report is confidential information exempt from public disclosure pursuant to Section 119.071(3)(a), Florida Statutes.



Report No. 18 27: Audit of Driver's License and Motor Vehicle Record Data Exchange Usage by the Risk Management Division

- At the request of management, we conducted an audit of the of the internal controls over Risk Management Division's access and usage of the Driver's License and Motor Vehicle Record Data Exchange provided by the Florida Department of Highway Safety and Motor Vehicles. We concluded that the use of DAVE complies with the terms of the Memorandum of Understanding with DHSMV, and internal controls are adequate to ensure compliance. Opportunities for Improvement were included within the report.



Report No. 18 28: Audit of Driver and Vehicle Information Database Usage by the Risk Management Division

- At the request of management, we conducted an audit of the internal controls over Risk Management Division's access and usage of the Driver and Vehicle Information Database system provided by the Florida Department of Highway Safety and Motor Vehicles. Except as noted in our report, we conclude that the use of DAVID complies with the terms of the Memorandum of Understanding with DHSMV and internal controls are adequate to ensure compliance.



Report No. 18 29: Audit of Contractor Licensing Enforcement, Building Code Services Division

- We conducted an audit of the Contractor Licensing Enforcement Section within the Building Code Services Division. We concluded that contractor licenses are issued, renewed, and enforced according to laws, policies, and best practices. We concluded that monies from license fees are generally accounted for and handled properly; however, citation fees and restitution payments are not. We concluded that information technology general controls are not adequate for POSSE.

AUDIT ADVISORY SUMMARIES

The following summarizes each of the 14 Audit Advisories issued in fiscal year 2018:



Advisory 101: Aviation Noise Mitigation Program Status Update (November 7, 2017)

- In response to a Commissioner request, we reviewed the Broward County Aviation Department's Noise Mitigation Program to provide a status update of work completed as of September 2017 for the Residential Sound Insulation, and Sales Assistance/Conveyance and Release Programs. We noticed improvements in contract administration and management oversight.



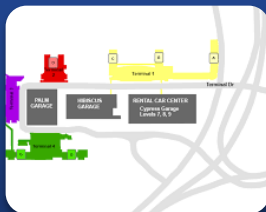
Advisory 102: Memorandum of Understanding with HomeAway.com Inc. regarding collection of Broward County Tourist Development Taxes (November 13, 2017)

- We issued Advisory #102 as additional material to the November 14, 2017, Agenda Item 24, for the prospective collection and remittance of tourist development taxes. Our Advisory noted that the Audit Rights provisions within the MOU will not clearly allow for adequate determination of whether all applicable taxes have been remitted.



Advisory 103: First Amendment to the Lease Agreement between Broward County and Port Everglades International Logistics Center, LLC (PE ILC) (January 19, 2018)

- At the request of the County Administrator, we reviewed the proposed First Amendment to the Lease Agreement between Broward County and Port Everglades International Logistics Center, LLC and identified potential risk and control issues with the proposed transaction that could negatively affect the County.



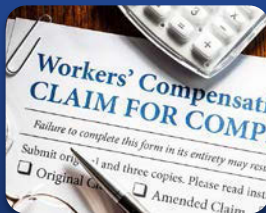
Advisory 104: SP Plus Corporation's Proposed Third Amendment to the Parking Management Agreement of Airport Public and Employee Parking Facilities at FLL Airport (January 30, 2018)

- We conducted a review of SP Plus Corporation's proposed Third Amendment to the Management Agreement of Airport Public and Employee Parking Facilities at FLL Airport. We had no objection to increasing the contract cap; however, we objected to reimbursing SP Plus \$400,000 for workers' compensation insurance.



Advisory 105: Fleet Services Request for Authorization to Access the National Joint Powers Alliance Contract (March 27, 2018)

- At management's request, we reviewed Fleet Service Division's request for authorization to access the National Joint Powers Alliance contract with an estimated annual usage of \$2 million. The purpose of our review was to identify risks with the proposed contractual mechanism that could negatively affect the County.



Advisory 106: Worker's Compensation Questions (May 1, 2018)

- In response to a Commissioner request, we issued Advisory #106 comparing the County and Broward Sheriff's Office workers compensation claims processing. The Advisory included comparisons of costs, staffing, and number of claims between the two entities.



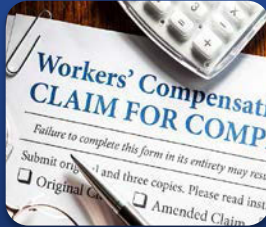
Advisory 107: Request for Proposals for Advertising Agency Services Contract (Solicitation No. GEN2116476P1) (May 1, 2018)

- We reviewed the Request for Proposals for Advertising Agency Services Contract. The purpose of our review was to identify and disclose potential concerns with the new RFP that could negatively affect the solicitation. Management responded by incorporating appropriate changes to the RFP.



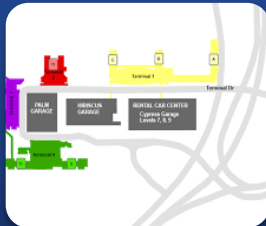
Advisory 108: Assessment of the Alleged Theft of Client Funds at Broward Addiction Recovery Center (BARC), Booher Building (June 12, 2018)

- At management's request, we performed an assessment of the alleged theft of client funds that was discovered between April 19, 2018 and April 27, 2018 at the BARC, Booher Building in Coral Springs.



Advisory 109: SP Plus Workers Comp (June 14, 2018)

- We reviewed SP Plus Corporation's request of additional workers' compensation insurance reimbursement due to curbside valet parking services at Fort Lauderdale Hollywood International Airport. The objectives of our review were to identify the County's obligation for workers' compensation payments and to evaluate the reasonableness of SP Plus' request. Our review concluded that \$219,380 was a reasonable amount for SP Plus' additional workers' compensation from August 2015 to April 2018.



Advisory 110: Draft Request for Proposals for Parking Management Services for the Fort Lauderdale Hollywood International Airport Parking and Employee Parking Facilities (RFP No. 2018 06 12 0 AV 04) (July 6, 2018)

- We reviewed the Draft Request for Proposals and draft agreement for Parking Management Services for the Fort Lauderdale Hollywood International Airport Public and Employee Parking Facilities. The purpose of our review was to identify and disclose potential concerns with the RFP and draft agreement that could negatively affect the solicitation or contract administration.



Advisory 111: Interim Recommendations for the Port Everglades Procurement Audit 080818 (August 8, 2018)

- We provided interim recommendations relative to an ongoing Port Everglades Procurement Audit. The recommendations were provided prior to completion of the audit based on the necessity for immediate implementation. A full report is anticipated in fiscal year 2019.



Advisory 112: Overtime Charges Included in Permitting Fees to Florida Renaissance Festival, Inc. (September 5, 2018)

- In response to a Commissioner request, we issued Advisory #112 which reported that the Building Code Services Division reviewed permitting fees charged to the Florida Renaissance Festival, Inc. for the 2010 through 2018 festivals held at Quiet Waters Park, identified incorrectly assessed overtime charges for the 2016, 2017, and 2018 festivals, and initiated requests for refunds.



Worldwide Entertainment &
Convention Venue Manager

Advisory 113: Amended and Restated Agreement Between Broward County and SMG for Professional Management Services for the Broward County Convention Center (September 20, 2018)

- At the request of County Administration, we provided suggestions for changes relating to controls, safeguards, and best practices to be included in the Amended and Restated Agreement Between Broward County (County) and SMG for Professional Management Services for the Broward County Convention Center.



Advisory 114: Office of the County Auditor Advisory No. 114 Fiscal Year 2019 Commissioner Compensation Effective October 1, 2018 (September 21, 2018)

- Each year, the Florida Legislature's Office of Economic and Demographic Research (EDR) publishes their calculation of the salaries of County constitutional officers. The annual salary for members of the Broward County Board of County Commissioners for the fiscal year ending September 30, 2019 is calculated at \$100,685. We reviewed the salary formula methodology and agree with the EDR's calculation.

AUDIT PLAN

To ensure the most efficient and effective use of audit staff resources, it is essential that areas selected for audit be carefully considered. Since the audit function, like other governmental functions, should provide the maximum benefit to Broward County citizens and taxpayers, audits should be conducted which will ultimately result in the most benefit. Because of the large number of possible areas to audit throughout the County and limited staff resources to audit them, a careful audit selection process should be in place. Such a strategic planning process has been conducted and used in determining the audit plan. The methodology of selecting audits and the areas selected for audit are presented below.

Sources of Areas Selected for Audit

Areas selected for audit can come from a variety of sources. These include risk assessment, management and employee requests, and surprise audits. Risk must be one of the primary factors in selecting areas for audit. Risk for some aspects of County operations is higher than others for many reasons. This includes the type of activities, financial and operational impact to the County if something were to go wrong, strength and attitude of management, and the length of time since the areas have been audited. Those areas of the County which are high risk should receive more audit attention than those of lower risk. It should be noted, however, that areas of lower risk should not be ignored; rather, they should be audited with less frequency than the higher risk areas.



As part of the audit selection process, we solicited input from the Board of County Commissioners and the County Administrator. Because one of the goals of the audit function is to be of assistance to management, management suggestions for audit are seriously considered in the selection of audits to be performed.

In addition, there is a need to conduct some audits on a surprise basis, whenever prior knowledge could compromise the integrity of the audit. These types of audits include cash counts, payroll verifications, and some suspected instances of fraud.

Risk Assessment Methodology

The first step in determining a risk assessment methodology is to determine the auditable entities.

An auditable entity may include programs, activities, functions, structures, and initiatives which collectively contribute to the effectiveness of the County's operations or the achievement of strategic objectives.

We identified auditable entities and established the risk factors to be assessed for each entity:

Each risk factor was weighted by relative importance. Each auditable entity was scored, and a total score obtained. The total scores were used to categorize the entities as high, moderate to high, low to moderate, and very low to low risk.

The audit plan is a planning tool for the use of audit resources. As such, it is subject to change throughout the year as the need arises. Therefore, some audits identified in the audit plan may not be conducted during the year. Also, audits may be conducted which are not included in the audit plan.

Risk Factors



Audits Planned to be Initiated During FY 2019



Continuous Audits and Other Projects



LOOKING FORWARD

The Office of the County Auditor will continue to conduct audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.



In addition to implementing the Fiscal Year 2019 Audit Plan, our Office will prioritize serving as a resource to the Board of County Commissioners, Broward County's residents, and County management. A key element within the County Charter is that "The County Auditor shall serve as a resource for County government" and a key component within our Office's mission is that "We strive to educate citizens and policymakers regarding the operation of their government." In fulfilling these elements, we will strive to provide value added advisory services and maintain open communication and outreach with all stakeholders. In that regard, we invite members of the public and County government to feel free to contact our Office with any questions or to discuss any aspect of this report.

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