

**OKALOOSA COUNTY BOARD OF COUNTY
COMMISSIONERS' OVERSIGHT OF THE
TOURIST DEVELOPMENT COUNCIL AND
USE OF TOURIST DEVELOPMENT TAXES AND
FUNDS RECEIVED FROM BRITISH
PETROLEUM**

Operational Audit



BOARD OF COUNTY COMMISSIONERS, CLERK OF THE CIRCUIT COURT, AND TOURIST DEVELOPMENT DIRECTOR

The Okaloosa County Board of County Commissioners, Clerk of the Circuit Court, and Tourist Development Director who served during the period February 2013 through July 2014 are listed below:

<u>Board of County Commissioners</u>	<u>District No.</u>
Wayne Harris	1
Dave Parisot, Vice-Chair to 12-31-13	2
Bill Roberts to 11-19-12	3
Nathan Boyles from 11-20-12, Vice Chair from 1-1-14	3
Don Amunds, Chair to 12-31-13	4
James Campbell to 9-17-12 (1)	5
Kelly Windes from 11-6-12, Chair from 1-1-14	5

Clerk of the Circuit Court

Don W. Howard

Tourist Development Director (2)

Greg Donovan, Interim to 8-26-12

Daniel O'Byrne from 8-27-12 to 11-1-13 (1)

Ed Schroeder from 12-10-13

(1) Position remained vacant until filled.

(2) This position's title changed from Tourist Development Council Executive Director, as referred to in report No. 2013-085, to Tourist Development Director.

The project team leader was Kenneth C. Danley, CPA, and the project was supervised by James W. Kiedinger, Jr., CPA. Please address inquiries regarding this report to Marilyn D. Rosetti, CPA, Audit Manager, by e-mail at marilynrosetti@aud.state.fl.us or by telephone at (850) 412-2902.

This report and other reports prepared by the Auditor General can be obtained on our Web site (www.myflorida.com/audgen); by telephone (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

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EXECUTIVE SUMMARY

This report provides the results of our audit to determine the extent to which the Okaloosa County Board of County Commissioners (BCC), Clerk of the Circuit Court (CCC), and Tourist Development Council (TDC) had taken, or were in the process of taking, corrective actions to address the findings included in our report No. 2013-085. There was no occasion to correct 1 finding. Our follow-up procedures to determine the BCC's and CCC's progress in addressing the remaining 24 findings and recommendations contained in our report No. 2013-085 disclosed that, as of the completion of our follow-up procedures in December 2014, the BCC's, CCC's, and TDC's actions corrected 13 findings, partially corrected 10 findings, and the BCC took no corrective action on 1 finding.

BACKGROUND

The Auditor General is authorized by State law to perform audits of governmental entities in Florida. We conducted an operational audit of the Okaloosa County Board of County Commissioners' Oversight of the Tourist Development Council and Use of Tourist Development Taxes and Funds Received from British Petroleum for the period May 1, 2010, through May 31, 2012, and selected actions taken prior and subsequent thereto. Pursuant to Section 11.45(2)(j), Florida Statutes, the Auditor General, no later than 18 months after the release of our report No. 2013-085, must perform appropriate follow-up procedures as deemed necessary to determine the BCC's, TDC's, and CCC's progress in addressing the findings and recommendations contained within that report.

STATUS OF REPORT NO. 2013-085 FINDINGS

Organizational Oversight

Finding No. 1: Budget Preparation and Monitoring

Previously Reported

The BCC did not establish annual budgets for expenditures from restricted resources at the level the resources were restricted, or project budgets for each advertising project and marketing campaign, to ensure that available resources were not overspent.

We recommended that the BCC adopt budgets to control expenditures from restricted resources at the level of their restriction and by each specific project funded by these restricted resources; corresponding budgets be incorporated into the accounting records to provide for the effective control of expenditures; the BCC and TDC perform periodic budget-to-actual comparisons; and the CCC reject invoices presented for payment when sufficient authorized funds are not available.

Results of Follow-Up Procedures

The BCC's and CCC's actions corrected this finding. Our review of adopted budgets and accounting records disclosed that budgets for restricted resources were established that correspond to the level of their restriction and to projects funded by BP moneys and tourist development taxes, and that monitoring controls, including budget to actual comparisons, were established to provide for the effective control of expenditures of BP moneys and tourist development taxes.

Finding No. 2: TDC Duties and Responsibilities**Previously Reported**

The TDC and TDC subcommittees performed certain duties that were not of an advisory nature, contrary to law.

We recommended that the BCC implement policies and procedures to ensure that the TDC performs only those duties authorized by Section 125.0104(4)(e), Florida Statutes, and County ordinances.

Results of Follow-Up Procedures

The BCC's actions corrected this finding. The BCC approved several changes to the Tourist Development Department's¹ (TDD's) Operations and Procedures Manual designed to ensure that the TDC performed duties only of an advisory nature. Our review of TDC actions taken at TDC meetings, and subsequent actions taken by the BCC, disclosed that the TDC performed only those duties authorized by Section 125.0104(4)(e), Florida Statutes, and County ordinances.

Finding No. 3: TDC Monitoring of Expenditures**Previously Reported**

The TDC did not continuously review all expenditures of tourist development taxes, contrary to law.

We recommended that the TDC continue to strengthen its monitoring controls by ensuring that it timely receives and reviews detailed reports of expenditures of tourist development taxes as required by Section 125.0104(4)(e), Florida Statutes.

Results of Follow-Up Procedures

The CCC's and TDC's actions corrected this finding. Beginning in March 2014, the TDC began reviewing CCC-provided monthly reports of expenditures of tourist development taxes.

Finding No. 4: Conflicts of Interest**Previously Reported**

The BCC purchased goods and services from companies or organizations that were affiliated with members of the BCC, TDC, or a TDC subcommittee, contrary to law.

We recommended that the BCC implement policies and procedures to ensure that future purchases of goods and services are not made from vendors in which a potential conflict of interest exists or that waivers of the requirements

¹ The TDC's primary purpose is to advise and make recommendations to the BCC in matters relating to tourism, sales, marketing, and advertising and to review expenditures of tourist development taxes to ensure that they are made for authorized purposes. The TDD is a County department that carries out the mission of the TDC and oversees the operations of the Emerald Coast Convention and Visitors Bureau, Emerald Coast Convention Center, and Emerald Coast Film Commission Center.

of Sections 112.313(3) and 112.313(7), Florida Statutes, as they relate to TDC and TDC subcommittee members, are granted and documented in accordance with Section 112.313(12), Florida Statutes.

Results of Follow-Up Procedures

The BCC's actions corrected this finding. TDC Bylaws now require TDC members to abstain from voting, and submit a voting conflict form, when potential conflicts of interest exist. The BCC's Human Resource Policy Manual now requires BCC employees to disclose, at least annually, potential conflicts of interest. In addition, the BCC's Purchasing Manual now requires all bidders or proposers to disclose potential conflicts of interest to the BCC. We noted no conflicts of interest during our review of transactions for the period January 2014 through July 2014.

Fraud Controls and Control Risk Assessments

Finding No. 5: Fraud Controls

Previously Reported

The BCC had not adopted a fraud response plan, and the BCC did not perform periodic fraud risk assessments or establish action plans to implement and monitor fraud controls.

We recommended that the BCC strengthen its anti-fraud program by adopting a fraud response plan, requiring periodic fraud risk assessments, and developing action plans to implement and monitor fraud controls.

Results of Follow-Up Procedures

The BCC's actions partially corrected this finding. The BCC adopted a fraud response plan in April 2014. The BCC also contracted with a certified public accounting (CPA) firm to perform an overall risk assessment, and the CPA firm released its report on risk assessment in August 2013. In its report, the CPA firm made several recommendations to the BCC regarding developing and implementing an ongoing risk assessment process. As of November 2014, the BCC was in the process of developing this ongoing risk assessment process.

Recommendation: The BCC should take the steps necessary to complete the development and implementation of the recommended ongoing risk assessment process, including developing action plans to implement and monitor fraud controls.

Finding No. 6: Control Risk Assessments

Previously Reported

The BCC did not perform and document periodic control risk assessments over the activities of collecting, accounting for, and disbursing restricted resources to identify and respond to identified control risks.

We recommended that the BCC perform and document periodic control risk assessments over the activities of collecting, accounting for, and disbursing restricted resources, including tourist development taxes and funds received from British Petroleum (BP).

Results of Follow-Up Procedures

The BCC's actions partially corrected this finding. As noted in finding No. 5, the BCC contracted with a CPA firm to perform an overall risk assessment, and the CPA firm released its report on risk assessment in August 2013. In its report, the CPA firm made several recommendations to the BCC regarding developing and implementing an

ongoing risk assessment process. As of November 2014, the BCC was in the process of developing this ongoing risk assessment process.

Recommendation: The BCC should take the necessary steps to develop and implement the recommended ongoing risk assessment process to ensure that adequate internal controls are in place to minimize identified risks.

Procurement of Goods and Services
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Finding No. 7: Competitive Procurement by the BCC

Previously Reported

The BCC did not consistently follow prescribed policies and procedures relating to the competitive procurement of goods and services, including the selection of two advertising and marketing firms.

We recommended that the BCC ensure that purchases are procured in accordance with BCC policies and procedures, and strengthen its procurement procedures to ensure that the selection process for the acquisition of professional services is documented and services are acquired pursuant to BCC purchasing policies and procedures. We also recommended that these procedures require maintenance of documentation evidencing the basis for decisions made by selection committees and the signing of ranking sheets by each selection committee member.

Results of Follow-Up Procedures

The BCC's actions partially corrected this finding. The BCC approved changes to the TDD's Operations and Procedures Manual that require all purchases to conform to established BCC purchasing policies and procedures, which require at least three written quotes for purchases exceeding \$2,500 but less than \$50,000. We reviewed contracts and purchases issued during the period January 2014 through July 2014. Our review of two contracts, one for food and beverage services and one for roofing services, disclosed that the contracts were competitively procured and documentation of the selection process was maintained. However, our review of two other purchases requiring competitive procurement disclosed that, contrary to BCC Purchasing Manual requirements, no written quotes were obtained for the purchase of holiday lighting for \$3,640 and only two written quotes were obtained for the purchase of repairs to a cooling tower for \$28,910. In these instances, BCC records did not evidence why three written quotes were not obtained.

Recommendation: The BCC should continue its efforts to comply with its Purchasing Manual requirements to ensure that goods and services are acquired pursuant to BCC purchasing policies and procedures.

Finding No. 8: Contract Design

Previously Reported

The BCC negotiated and entered into contracts that did not contain adequate provisions to effectively protect the BCC's interests.

We recommended that the BCC strengthen its procurement procedures to ensure that all contracts include provisions that specify the types and amounts of contractor expenses for which the contractor is to be reimbursed and require the contractor to submit sufficiently detailed invoices to allow for an effective preaudit. We also recommended that

the contracts for advertising and marketing firms include provisions to competitively procure goods and services in accordance with BCC purchasing policies and procedures, and require the firms to submit cost estimates, obtain BCC approval prior to starting work on an advertising project or marketing campaign, and state the advertising project or marketing campaign with which invoices are associated.

Results of Follow-Up Procedures

The BCC's actions corrected this finding. Our review of two contracts relating to the TDD issued during the period January 2014 through July 2014 disclosed that the contracts contained adequate provisions to protect the BCC's interests. In addition, our review of the contract with the TDD's advertising and marketing firm disclosed that the contract included provisions to competitively procure goods and services in accordance with BCC purchasing policies and procedures, require the firm to submit cost estimates, obtain BCC approval prior to starting work on an advertising project or marketing campaign, and require that invoices indicate the advertising project or marketing campaign with which the invoices are associated.

Finding No. 9: Contract Monitoring and Contract Payments

Previously Reported

The BCC did not perform an adequate review or preaudit of invoices submitted by two advertising and marketing firms, including a comparison of payment requests to the provisions of the contracts. As a result, the BCC paid two advertising and marketing firms \$12.1 million without obtaining adequate documentation supporting the goods or services received, including payments of several invoices that incorrectly or inadequately described the actual goods or services purchased.

We recommended that the BCC continue to strengthen its monitoring and preaudit procedures to ensure that contract provisions are properly monitored and payments are supported by adequate documentation to allow for an effective preaudit. We also recommended that the BCC continue its efforts to obtain supporting documentation for payments made to the two advertising and marketing firms. In addition, we recommended that the BCC, in consultation with its legal counsel, determine whether the BCC is entitled to recover any questioned billings, and take appropriate action to recover such billings. Finally, we recommended that the BCC adopt written policies and procedures that provide guidance on the reasonableness and necessity of TDC expenditures.

Results of Follow-Up Procedures

The BCC's actions partially corrected this finding. While the BCC did not adopt policies or procedures that provide guidance on the reasonableness and necessity of tourist development related expenditures, the BCC adopted policies and procedures designed to strengthen controls over contractual payments. These policies and procedures include the adoption of a strategic marketing plan for TDD expenditures and the implementation of a task order system over contractual expenditures.

A total of \$2,561,315 was paid to the TDD's advertising and marketing firm during the period January 2014 through July 2014. Our review of eight payments totaling \$253,184 disclosed that the payments were properly supported by adequate documentation to allow for an effective preaudit.

In August 2014, the BCC, pursuant to court-ordered mediation, negotiated a settlement with one of the advertising and marketing firms referred to in our report No. 2013-085. However, negotiations with the other advertising and marketing firm are still ongoing.

Recommendation: The BCC should continue its efforts to negotiate a settlement with the remaining advertising and marketing firm.

Finding No. 10: Competitive Procurement by Contractors

Previously Reported

The BCC did not ensure that goods or services acquired through two advertising and marketing firms were competitively procured.

We recommended that the BCC ensure that goods and services purchased through contractors are competitively procured in accordance with BCC purchasing policies and procedures.

Results of Follow-Up Procedures

The BCC's actions corrected this finding. The contract with the TDD's advertising and marketing firm, dated December 4, 2012, requires that all purchases made by the firm on behalf of the BCC be made in accordance with the BCC's Purchasing Manual. Our review of eight payments totaling \$253,184 to the TDD's advertising and marketing firm during the period January 2014 through July 2014 disclosed that applicable goods and services purchased through contractors were competitively procured.

Finding No. 11: Advance Payments

Previously Reported

The BCC paid for certain goods and services in advance of their receipt, including certain goods and services acquired through two advertising and marketing firms, contrary to law and the State Constitution. Some services for which the BCC paid in advance were not subsequently provided, resulting in overpayments of \$50,760.

We recommended that the BCC continue to strengthen its purchasing procedures to ensure that advance payments are approved and paid only if the payments result in a savings that is equal to or greater than the amount that would be earned by investing the funds and paying later, or if the payments are essential to the BCC's operations and the goods or services being paid for are available only if advance payment is made. We also recommended that the BCC establish procedures to ensure that goods or services paid for in advance are either subsequently received by the BCC or a refund of the overpayment is pursued. In addition, we recommended that the BCC continue its efforts to recover the overpayments noted above.

Results of Follow-Up Procedures

The BCC's actions corrected this finding. The BCC approved changes to the TDD's Operations and Procedures Manual that requires the BCC to preapprove all advancement of funds under advertising and promotions contracts. Our test of expenditures included one expenditure representing an advance payment. Our review disclosed that the BCC preapproved the advance payment and that the advance payment was allowed by the State Chief Financial Officer's *Reference Guide for State Expenditures*.

The BCC also recovered, restored, or received alternative services for the overpayments noted above. For \$14,960 of alternative services received, the County's documentation of the alternative services provided lacked certain relevant information (e.g., time records, specific dates of services, methods of valuating services provided) necessary to demonstrate that the value of the services provided totaled at least \$14,960. In response to our inquiry as to the valuation of the services provided, the County's attorney indicated that based on discussion with numerous County

staff as to the work performed and the extent of services provided, it was felt that there was a sufficient showing, confirmed by staff, that the amount of work performed was reasonably related to the \$14,960 amount of the overpayments.

Finding No. 12: Approval of Purchases

Previously Reported

The BCC did not consistently follow prescribed policies and procedures relating to the approval of purchases, including purchases made through two advertising and marketing firms.

We recommended that the BCC ensure that required approvals are obtained for all purchases in accordance with BCC purchasing policies and procedures.

Results of Follow-Up Procedures

The BCC's actions corrected this finding. Our review of 15 purchases totaling \$372,692 made during the period January 2014 through July 2014, including 8 purchases made through the TDD's advertising and marketing firm, disclosed that required approvals were obtained for all purchases in accordance with BCC purchasing policies and procedures.

Finding No. 13: Purchasing Card Controls

Previously Reported

The BCC did not consistently follow prescribed policies and procedures relating to the use of purchasing cards (p-cards), including certifications from the p-card holder accepting the terms and conditions for the use of the p-card, supervisory approval of purchases, and certifications from the p-card user and reviewer that the purchases were for official County business and in accordance with applicable rules and directives. In addition, BCC employees did not document the receipt of goods and services purchased with p-cards that were not immediately provided to the purchaser or document the public purpose served by the p-card expenditures.

We recommended that the BCC strengthen its p-card policies and procedures to ensure that an independent review and approval is documented for all purchases; employees and reviewers certify they reviewed the applicable p-card expenditure report, that it correctly reflects the supporting receipts, and that all purchases made were for official business and in accordance with applicable rules and directives; p-card certification and receipt forms are timely signed by employees; employees acknowledge the receipt of goods and services; and BCC records evidence the authorized public purpose served by the expenditures.

Results of Follow-Up Procedures

The BCC's actions partially corrected this finding. Our review of 19 p-card transactions totaling \$13,914 made during the period January 2014 through July 2014 disclosed that an independent review and approval was documented for all purchases; employees and reviewers certified they reviewed the applicable p-card expenditure report, that it correctly reflects the supporting receipts, and that all purchases made were for official business and in accordance with applicable rules and directives; p-card certification and receipt forms were timely signed by employees; and employees acknowledged the receipt of goods and services. However, our review disclosed that BCC records did not adequately evidence the authorized public purpose served for 5 of the 19 transactions totaling \$4,735 at the time the purchases were submitted for payment. The purchases were for storage units, meals for visiting groups, a sponsorship of a local

chamber of commerce meeting, and Mardi Gras parade supplies. BCC staff subsequently provided us with explanations of the public purpose served by these expenditures.

Recommendation: The BCC should take steps necessary to ensure that documentation is maintained that adequately evidences the authorized public purpose served for all p-card purchases.

Travel

Finding No. 14: Travel Expenditures

Previously Reported

The BCC needed to enhance its policies and procedures to ensure that travel expenditures were preapproved, adequately documented, and supported by completed and signed travel vouchers.

We recommended that the BCC strengthen its procedures to ensure the preapproval of travel expenditures for all authorized persons and the use of properly completed and signed travel vouchers to support all travel expenditures and entertainment-related expenditures pursuant to law.

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. Section 112.061, Florida Statutes, generally provides travel requirements for public officers, employees, and other authorized persons. Further, pursuant to Section 125.0104(9), Florida Statutes, the TDC is authorized and empowered to make expenditures for transportation, lodging, meals, and other reasonable and necessary items and services for such persons, as determined by the head of the TDC, in connection with the performance of promotional and other TDC duties.

Vouchers for payment of public funds should contain sufficient information for the paying agency, its preauditors, officials, and the postauditor to determine whether the requested payment is authorized by law. Additionally, Section 125.0104(9), Florida Statutes, states “Complete and detailed justification for all travel and entertainment-related expenditures made pursuant to this subsection shall be shown on the travel expense voucher or attached thereto.”

Our review of \$11,195 in travel expenditures during the period January 2014 through July 2014 relating to three trips for three BCC employees and four trips for three nonemployees disclosed that travel vouchers were completed for the BCC employees. However, our review disclosed that travel vouchers were not completed for \$8,782 in travel expenditures for the three nonemployees. Sufficient information was provided by the travelers to determine compliance with Sections 112.061 and 125.0104, Florida Statutes, for three of the trips performed by nonemployees. However, there was insufficient information for one trip for \$3,159 in which a contracted film liaison was reimbursed for travel on several days she was scheduled to attend a conference and participate in industry appointments for the Emerald Coast Film Commission. In this case, the BCC’s records supporting the disbursement did not evidence documentation supporting the industry appointments she attended. Subsequent to our request, we were provided with a list of the industry appointments.

Recommendation: The BCC should take steps necessary to ensure that travel expenditures for nonemployees are properly documented in accordance with Sections 112.061 and 125.0104, Florida Statutes.

Special Events Grants and Sponsorships

Finding No. 15: Special Events Grants**Previously Reported**

The BCC had not initially developed written policies and procedures relating to special events grants, and the BCC did not document that the special events grants were used for allowable purposes or were effective in increasing tourism and the use of lodging facilities. Subsequently, in September 2012, the BCC adopted written special events grants policies and procedures.

We recommended that the BCC strengthen its subsequently adopted special events grants policies and procedures by addressing the methodology for calculating the amounts of the grants and requiring grant recipients to sign written agreements acknowledging the terms and conditions of the grants.

Results of Follow-Up Procedures

During the period covered in our initial audit, the BCC characterized certain payments as special events and other payments as sponsorships. Since that time, the BCC adopted combined special event and sponsorship funding policies and procedures. *See the results of our combined follow-up procedures in finding No. 16.*

Finding No. 16: Sponsorships**Previously Reported**

The BCC had not initially developed written policies and procedures relating to sponsorships of organizations or events. In addition, the BCC did not consistently document the purpose for which the sponsorships were provided, that the sponsorships were used for allowable purposes, or that the sponsorships were effective in achieving the purposes for which they were provided. Subsequently, in September 2012, the BCC adopted written sponsorship policies and procedures.

We recommended that the BCC strengthen its subsequently adopted sponsorship policies and procedures by addressing the methodology for calculating the amount of sponsorships, requiring sponsorship recipients to sign a written agreement acknowledging the terms and conditions of the sponsorships, and requiring sponsorship recipients to provide documentation evidencing how the sponsorship moneys were used and that the sponsorships were effective in achieving their intended purpose.

Results of Follow-Up Procedures

The BCC's actions partially corrected this finding. The BCC adopted special event and sponsorship funding policies and procedures that include the authorized use of special event and sponsorship funds and the methodology for calculating the maximum funding that can be provided. In addition, these policies and procedures require that recipients sign a written agreement acknowledging the terms and conditions of the funding, submit invoices for reimbursement of expenses incurred, and submit a post-event report that provides visitor and attendee, lodging, and media/marketing information. However, our review of BCC disbursements during the period January 2014 through July 2014, totaling \$35,975, for the sponsorship of two special events, disclosed that the BCC did not obtain adequate supporting documentation for \$17,377 in sponsorship disbursements as follows:

- The BCC paid \$11,877 (reduced from \$12,250 to meet funding cap restrictions) to a sponsorship recipient for sales calls to promote the recipient's event at a rate of \$3.50 per estimated out-of-town visitor. In a

memorandum to the BCC finance department, the Tourist Development Director stated that there is a definite marketing value in the telephone sales calls. However, the BCC did not obtain support from the recipient to document that costs were incurred by the recipient in making the sales calls or to support the rate of reimbursement used.

- The BCC paid \$3,560 (reduced from \$3,600 to meet funding cap restrictions) to a sponsorship recipient as compensation for the recipient’s events appearing on the first page of a Google search. A rate of \$150 per month per event was used to pay the recipient. In a memorandum to the BCC finance department, the Tourist Development Director stated that there is a definite marketing value in appearing on the first page of results of a Google search. However, the BCC did not obtain support from the recipient to document that costs were incurred by the recipient in accomplishing the Google search results, to document the number of months that the Google search results were achieved, or to support the reasonableness of the rate of reimbursement used.
- The BCC paid \$1,940 to a sponsorship recipient for Web site promotion of the recipient’s event. A rate of \$0.20 per visit to the Web site was used to pay the recipient. In a memorandum to the BCC finance department, the Tourist Development Director stated that there is a definite marketing value in Web site exposure, and the TDD pays third-party vendors based on a per-visit basis as part of the strategic marketing plan. He further indicated that a rate of \$0.20 per visit had been used in other special event funding applications. However, the BCC did not obtain support from the recipient to document that costs were incurred by the recipient in generating these impressions, to document the number of visits that were made to the Web site, or to support the reasonableness of the rate of reimbursement used.

Recommendation: The BCC should ensure that adequate supporting documentation for sponsorship disbursements is obtained to evidence how the sponsorship moneys are used.

Allowable Uses of Restricted Resources

Finding No. 17: Tourist Development Taxes – Statutory Compliance

Previously Reported

The BCC paid \$2,476,096 from tourist development taxes for lifeguarding, beach patrol, and beach shuttle services that were not expressly authorized by law.

We recommended that the BCC seek an opinion from the Attorney General as to the allowability of the \$2,476,096 of questioned expenditures and, if appropriate based on the Attorney General’s opinion, restore this amount to the tourist development taxes accounts.

Results of Follow-Up Procedures

The BCC took no corrective actions on this finding. The BCC did not seek an opinion from the Attorney General, and the BCC continued to fund lifeguarding and beach safety services from tourist development taxes. During the period February 2013 through July 2014, the BCC disbursed or transferred to the General Fund an additional \$1,213,702 in tourist development taxes to be used for lifeguarding and beach safety services.

Recommendation: The BCC should seek an opinion from the Attorney General as to the allowability of the questioned expenditures and, if appropriate based on the Attorney General’s opinion, restore \$3,689,798 to the tourist development taxes accounts.

Finding No. 18: BP Grant Funds – Grant Compliance

Previously Reported

The BCC paid \$117,994 for various goods and services from BP grant funds that, in the past, were paid from tourist development taxes, contrary to grant provisions.

We recommended that the BCC consult with the grantor, Florida’s Coastal Northwest Communications Council, Inc. (FCNCC), as to the allowability of the \$117,994 in questioned costs.

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. In November 2013, the BCC’s legal counsel submitted a letter to the FCNCC proposing a transfer of \$117,994 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant. Having received no response, in September 2014, the BCC’s legal counsel submitted a letter to BP Gulf Coast Restoration Organization informing BP that no response was received from the FCNCC and requesting that BP respond to the matter. On October 1, 2014, the Senior Counsel for BP responded that BP could not provide direction to the BCC at this time and recommended that the BCC contact the FCNCC to “close the loop on this matter” as this was where the BCC had initiated its inquiry. On December 11, 2014, the Chairman of the FCNCC responded to the County indicating that since BP did not object to the County’s proposal, FCNCC deemed the proposal approved. However, as of December 18, 2014, the County had not transferred the funds.

Recommendation: **The BCC should transfer the \$117,994 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant.**

Finding No. 19: BP Grant Funds – Grant Compliance and Controls over Debit Card Program

Previously Reported

As part of the Emerald Coast Money Debit Card Program, the BCC used \$207,730 of BP grant funds for purposes that BCC records did not evidence were allowed by grant provisions.

We recommended that the BCC consult with the FCNCC as to the allowability of the \$207,730 in questioned costs.

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. In November 2013, the BCC’s legal counsel submitted a letter to the FCNCC that proposed a transfer of \$7,730 of tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant. In the letter to the FCNCC, the BCC’s legal counsel stated that, although Vision Airlines had not provided the BCC with an accounting of \$200,000 in debit cards provided to Vision Airlines as part of the Emerald Coast Money Debit Card Program, Vision Airlines verbally confirmed that the debit cards were properly used. The BCC’s legal counsel requested direction from the FCNCC as to whether additional documentation would be required. Having received no response, in September 2014, the BCC’s legal counsel submitted a letter to BP Gulf Coast Restoration Organization informing BP that no response was received from the FCNCC and requesting that BP respond to the matter. On October 1, 2014, the Senior Counsel for BP responded that BP could not provide direction to the BCC regarding the \$207,730 in questioned costs at this time and recommended that the BCC contact the FCNCC to “close the loop on this matter” as this was where the BCC had initiated its inquiry. On December 11, 2014, the Chairman of the FCNCC responded to the County indicating that

since BP did not object to the County’s proposal, FCNCC deemed the proposal approved. However, as of December 18, 2014, the County had not transferred the funds.

Recommendation: The BCC should transfer the \$7,730 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant.

Finding No. 20: BP Claims and Reimbursements

Previously Reported

The BCC overcharged BP \$27,063 in connection with medical support services provided, and BCC records did not adequately support the allowability of \$385,185 in reimbursements received from BP.

We recommended that, for future reimbursement agreements, the BCC ensure that reimbursement requests are made pursuant to terms of the agreements, including submission of required supporting documentation.

Results of Follow-Up Procedures

No occasion to correct. Our review disclosed no similar reimbursement agreements during the period February 2013 through July 2014.

Motor Vehicles

Finding No. 21: Fuel Cards

Previously Reported

The BCC had not established adequate controls over the use of fuel cards.

We recommended that the BCC strengthen its vehicle usage procedures to include more reasonable fuel consumption parameters, the effective use of fuel card exception reports and user department reconciliations of fuel charges to gas receipts, and the retention of all gas receipts by user departments.

Results of Follow-Up Procedures

The BCC’s actions corrected this finding. Our review of July 2014 fuel card purchases by the TDD disclosed the BCC was using reasonable fuel consumption parameters, effectively using fuel card exception reports and user department reconciliations of fuel charges to gas receipts, and retaining all gas receipts.

Accounting Controls

Finding No. 22: Classification and Reporting of Expenditures

Previously Reported

The CCC incorrectly classified and recorded certain expenditures in the accounting records, contrary to guidance provided by the Florida Department of Financial Services in the *Uniform Accounting System Manual for Florida Counties (Manual)*.

We recommended that the CCC strengthen its procedures to ensure that expenditures are properly classified and recorded in accordance with the *Manual*.

Results of Follow-Up Procedures

The CCC's actions corrected this finding. Our review of 15 purchases totaling \$372,692 made during the period January 2014 through July 2014 disclosed that expenditures were properly classified and recorded in accordance with the *Manual*.

Electronic Funds Transfers

Finding No. 23: Controls over Electronic Funds Transfers

Previously Reported

The BCC had not adopted written policies and procedures, and the BCC had not established adequate controls over the authorization and processing of electronic funds transfers (EFTs).

We recommended that the BCC develop written policies and procedures addressing EFTs as required by Section 668.006, Florida Statutes, including providing for an adequate separation of duties over access to BCC assets and the related accounting records, and documenting independent approvals before the funds are transferred. We also recommended that the CCC revise its funds transfer agreement with the bank to address the deficiencies noted and timely update its funds transfer agreement with the bank when changes in authorized personnel occur.

Results of Follow-Up Procedures

The CCC's actions corrected this finding. The CCC, which makes EFTs on behalf of the BCC, adopted a policy that addresses the authorization and processing of EFTs as required by Section 668.006, Florida Statutes. This policy requires a dual control for EFT transactions whereby one employee initiates the EFT and a second employee must approve the EFT. Our review further disclosed that the CCC's funds transfer agreement with the bank was updated and included only authorized current CCC employees.

Information Technology Controls

Finding No. 24: Access Controls

Previously Reported

The BCC had not established adequate controls over employee access privileges to data and information technology (IT) resources.

We recommended that the BCC strengthen its procedures to include the periodic review of IT access privileges granted to employees and timely remove or modify unnecessary or incompatible access privileges detected.

Results of Follow-Up Procedures

The CCC's actions corrected this finding. The CCC, who maintains the accounting records for the BCC, adopted and implemented several policies requiring independent reviews of journal entry reports and changes made to the payroll system and master vendor file. In October 2013, the CCC also adopted a policy requiring the CCC's Financial Services Manager to review employee access to all financial software systems. In October 2014, the CCC's Financial Services Manager performed and documented such a review.

Public Records

Finding No. 25: TDC and TDC Subcommittee Meeting Minutes

Previously Reported

The BCC did not record minutes of a TDC and TDC subcommittee meeting, contrary to law. In addition, the minutes of the remaining meetings were not signed or otherwise designated to indicate the minutes were the official minutes approved by the TDC or TDC subcommittees.

We recommended that the BCC continue to strengthen its procedures for maintaining official minutes of the TDC and TDC subcommittees by recording minutes for all meetings and requiring that the final approved minutes made available for public inspection be signed by the TDC or TDC subcommittee chairman and the employee who recorded the minutes.

Results of Follow-Up Procedures

The BCC's actions corrected this finding. The last remaining TDC subcommittee was abolished in February 2013. Our review of the official minutes of the TDC meetings indicated that minutes were maintained for all TDC meetings and were signed by the TDC chairman and the Tourist Development Director.

OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to Section 11.45(2)(j), Florida Statutes, no later than 18 months after the release of a report on the audit of a local government, we must perform appropriate follow-up procedures as we deem necessary to determine the audited entity's progress in addressing the findings and recommendations contained within our previous report. Pursuant to Section 11.45(3)(a), Florida Statutes, we conducted an audit of the Okaloosa County Board of County Commissioners' Oversight of the Tourist Development Council and Use of Tourist Development Taxes and Funds Received from British Petroleum and issued report No. 2013-085. The objectives of this audit were to determine the extent to which the BCC, CCC, and TDC had taken, or were in the process of taking, corrective actions to address the findings included in our report No. 2013-085, and to evaluate the County's performance in administering laws, policies, and procedures governing the expenditure of funds related to the Deepwater Horizon oil spill in an efficient and effective manner pursuant to Section 288.8018(2), Florida Statutes. Our audit included transactions involving tourist development taxes and BP funds, as well as certain events and conditions, occurring during the period February 2013 through July 2014.

This follow-up audit was conducted in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform our follow-up procedures to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

For those activities and functions included within the scope of our follow-up audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the activities and functions included within the scope of our audit; exercising professional judgment in considering significance and risk in the design and execution of interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable

assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

The scope and methodology used to develop the findings in this report are described in Exhibit A. Our audit included the examination of pertinent BCC and CCC records and transactions, inquiry of BCC and CCC personnel, observation of procedures in practice, and additional procedures as appropriate. Unless otherwise indicated in this report, records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning the relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of the BCC and CCC management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

AUTHORITY

Pursuant to the provisions of Section 11.45(2)(j), Florida Statutes, I have directed that this report be prepared to present the results of our follow-up procedures regarding findings and recommendations included in report No. 2013-085, operational audit of the Okaloosa County Board of County Commissioners' Oversight of the Tourist Development Council and Use of Tourist Development Taxes and Funds Received from British Petroleum.

David W. Martin, CPA
Auditor General

MANAGEMENTS' RESPONSES

Managements' responses are included as Exhibits B and C.

EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Finding No. 1, Budget Preparation and Monitoring	Reviewed budgets and accounting records to determine whether the BCC adopted budgets to control expenditures of BP moneys and tourist development taxes at the level of their restriction and by each specific project funded by tourist development taxes, and whether effective budget monitoring procedures were in place to provide for the effective control of expenditures of BP moneys and tourist development taxes.
Finding No. 2, TDC Duties and Responsibilities	Reviewed the TDD's Operations and Procedures Manual and TDC actions to determine whether the TDC was performing only authorized duties.
Finding No. 3, TDC Monitoring of Expenditures	Reviewed TDC meeting minutes to ensure that monthly reports of expenditures were provided to the TDC to allow the TDC to continuously review all expenditures of tourist development taxes.
Finding No. 4, Conflicts of Interest	Inquired of BCC and CCC personnel and reviewed TDC bylaws and the BCC's Purchasing Manual to determine whether policies and procedures were adopted requiring the disclosure of potential conflicts of interest. Reviewed expenditures to determine whether payments were made to entities for which a potential conflict of interest may exist.
Finding No. 5, Fraud Controls	Reviewed BCC records to determine whether a fraud response plan had been adopted. Inquired of BCC and CCC personnel and reviewed BCC and CCC records to determine whether periodic fraud risk assessments were conducted.
Finding No. 6, Control Risk Assessments	Inquired of BCC and CCC personnel and reviewed BCC and CCC records to determine whether periodic control risk assessments were conducted for collecting, accounting for, and disbursing BP moneys and tourist development taxes.
Finding No. 7, Competitive Procurement by the BCC	Reviewed contracts and purchases to determine whether BCC competitive procurement policies and procedures were followed.
Finding No. 8, Contract Design	Reviewed contracts to determine whether the contracts contained adequate provisions to effectively protect the BCC's interests.
Finding No. 9, Contract Monitoring and Contract Payments	Reviewed documentation of BCC efforts to obtain supporting documentation for previous payments made to two advertising and marketing firms referred to in our report No. 2013-085. Reviewed BCC policies and procedures to determine whether controls over contractual payments had been strengthened. Reviewed payments made to the TDD's advertising and marketing firm to determine whether the payments were supported by adequate documentation. Reviewed the use of BP moneys recovered by the County that had been previously spent for unauthorized purposes to ensure that the recovered funds were expended for authorized purposes.

EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Finding No. 10, Competitive Procurement by Contractors	Reviewed current contract with, and payments made to, the TDD's advertising and marketing firm to determine whether applicable goods and services purchased through the firm were competitively procured as required by BCC policies and procedures.
Finding No. 11, Advance Payments	Reviewed BCC efforts to recover overpayments noted in our report No. 2013-085. Reviewed an advance payment to determine whether the advance payment was allowable and whether the BCC documented the services were subsequently provided.
Finding No. 12, Approval of Purchases	Reviewed BCC purchases, including purchases made through the TDD's advertising and marketing firm, to determine whether required approvals were obtained.
Finding No. 13, Purchasing Card Controls	Reviewed purchasing card transactions to determine whether the BCC followed prescribed BCC policies and procedures and whether the BCC adequately documented the authorized public purpose served by the expenditures.
Finding No. 14, Travel Expenditures	Reviewed travel expenditures to determine whether the BCC preapproved travel when required and whether the BCC required properly completed and signed travel vouchers to support the expenditures.
Finding No. 15, Special Events Grants	See finding No. 16 for the methodology for both special events and sponsorships.
Finding No. 16, Sponsorships	Reviewed BCC special event and sponsorship policies and procedures and BCC sponsorship payments for special events to determine whether the BCC adequately documented the methodology for calculating the amount of the sponsorship, required sponsorship recipients to sign a written agreement acknowledging the terms and conditions of the sponsorships, and required sponsorship recipients to provide documentation evidencing how the sponsorship moneys were used and that the sponsorships were effective in achieving their intended purpose.
Finding No 17, Tourist Development Taxes – Statutory Compliance	Reviewed BCC records to determine whether the BCC sought an opinion from the Attorney General as to the allowability of using tourist development taxes to pay for lifeguarding, beach patrol, and beach shuttle services.
Finding No. 18, BP Grant Funds – Grant Compliance	Reviewed BCC records to determine whether the BCC consulted with the grantor as to the allowability of questioned costs noted in our report No. 2013-085.
Finding No. 19, BP Grant Funds – Grant Compliance and Controls over Debit Card Program	Reviewed BCC records to determine whether the BCC consulted with the grantor as to the allowability of questioned costs noted in our report No. 2013-085.
Finding No. 20, BP Claims and Reimbursements	Determined whether the BCC participated in any reimbursement agreements and, if so, whether BCC reimbursement requests submitted were in accordance with the agreements.

EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Finding No. 21, Fuel Cards	Reviewed BCC records to determine whether gas receipts were retained by the TDD, and whether reasonable fuel consumption parameters, fuel card exception reports, and departmental reconciliations of fuel charges to gas receipts were used.
Finding No. 22, Classification and Reporting of Expenditures	Reviewed purchases to determine whether the CCC properly classified and recorded expenditures in accordance with the Florida Department of Financial Services <i>Uniform Accounting System Manual for Florida Counties</i> .
Finding No. 23, Controls Over Electronic Funds Transfers	Reviewed CCC records to determine whether the CCC had adopted an EFT policy as required by Section 668.006, Florida Statutes. Also reviewed the CCC's funds transfer agreement with the bank to determine whether the agreement was up-to-date and included certain key EFT controls.
Finding No. 24, Access Controls	Reviewed CCC policies and records to determine whether certain key information technology access controls had been implemented.
Finding No. 25, TDC and TDC Subcommittee Meeting Minutes	Reviewed TDC meeting minutes to determine whether the minutes were properly maintained and signed.

EXHIBIT B
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS



Board of County Commissioners

State of Florida

January 20, 2015

Mr. David W. Martin
Auditor General
Local Government Audits/Section 342
111 West Madison Street
Tallahassee, FL 32399-1450

Re: Okaloosa County’s Response to the Preliminary and Tentative Audit Findings and Recommendations on the Response to Auditor General’s Report No. 2013-085

Dear Mr. Martin:

In response to your office’s Preliminary and Tentative Audit Findings and Recommendations on the Response of the Board of County Commissioners, the Clerk of the Circuit Court and the Tourist Development Council to Auditor General’s Report No. 2013-085, please find the joint response of the Okaloosa County Board of County Commissioners and the Tourist Development Council. The Clerk of the Circuit Court has separately filed his response. The joint response of the Board and the Council contains their formal response and comments to each of follow up procedures of your office directed to the previous Findings that had been contained in Report No. 2013-085.

We appreciate the thoroughness demonstrated during the review process. If you require any further information, please do not hesitate to contact us through the County Administrator’s Office at 850-651-7515.

Sincerely,

Nathan D. Boyles
Chairman, Board of County Commissioners

Enclosures

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101 E. James Lee Blvd. • Crestview, FL 32536
(850) 689-5030 • Fax: 689-5059

1804 Lewis Turner Blvd., Suite 100
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**EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS**

OKALOOSA COUNTY’S RESPONSE TO THE PRELIMINARY AND TENTATIVE AUDIT FINDINGS AND RECOMMENDATIONS ON THE RESPONSE OF THE BOARD OF COUNTY COMMISSIONERS, THE CLERK OF THE CIRCUIT COURT AND THE TOURIST DEVELOPMENT COUNCIL TO AUDITOR GENERAL’S REPORT NO. 2013-085

The Board of County Commissioners is in receipt of the Preliminary and Tentative Audit Findings and Recommendations which may be included in the operational audit of the Auditor General on the extent to which the Okaloosa County Board of County Commissioners (BCC), Clerk of the Circuit Court (CCC) and Tourist Development Council (TDC) had taken, or were in the process of taking, corrective actions to address the findings included in the Auditor General’s report No. 2013-085. Please find the Response of the BCC, CCC and TDC to the Preliminary and Tentative Findings and Recommendations.

Organizational Oversight

Finding No. 1: Budget Preparation and Monitoring

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC and the CCC have fully and completely addressed and implemented the recommended corrective actions.

Finding No. 2: TDC Duties and Responsibilities

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC and the TDC have fully and completely addressed and implemented the recommended corrective actions.

Finding No. 3: TDC Monitoring of Expenditures

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC, the CCC and the TDC have fully and completely addressed and implemented the recommended corrective actions. Further, they have significantly strengthened their monitoring controls both in the receipt and review of detailed expenditure reports and in other areas.

Finding No. 4: Conflicts of Interest

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC and TDC have fully and completely addressed and implemented the recommended corrective actions.

Fraud Controls and Control Risk Assessments

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

Finding No. 5: Fraud Controls

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. The BCC adopted a fraud response plan in April 2014. The BCC also contracted with a certified public accounting (CPA) firm to perform an overall risk assessment, and the CPA firm released its report on risk assessment in August 2013. In its report, the CPA firm made several recommendations to the BCC regarding developing and implementing an ongoing risk assessment process. As of November 2014, the BCC was in the process of developing this ongoing risk assessment process.

Recommendation: The BCC should take the steps necessary to complete the development and implementation of the recommended ongoing risk assessment process, including developing action plans to implement and monitor fraud controls.

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has partially implemented the recommended corrective action. The BCC has adopted a fraud response plan and engaged an outside CPA firm to perform an overall risk assessment. The BCC is in the final process of completing that implementation. It is anticipated that these corrective actions will be fully implemented within the next few months.

Finding No. 6: Control Risk Assessments

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. As noted in finding No. 5, the BCC contracted with a CPA firm to perform an overall risk assessment, and the CPA firm released its report on risk assessment in August 2013. In its report, the CPA firm made several recommendations to the BCC regarding developing and implementing an ongoing risk assessment process. As of November 2014, the BCC was in the process of developing this ongoing risk assessment process.

Recommendation: The BCC should take the necessary steps to develop and implement the recommended ongoing risk assessment process to ensure that adequate internal controls are in place to minimize identified risks.

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has partially implemented the recommended corrective action. The BCC has engaged a CPA firm to perform an overall risk assessment and it is in the final process of completing that implementation of adequate internal controls to minimize identified risks. It is anticipated that these corrective actions will be fully implemented within the next few months.

Procurement of Goods and Services

Finding No. 7: Competitive Procurement by the BCC

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. The BCC approved changes to the TDD’s Operations and Procedures Manual that require all purchases to conform to established BCC purchasing policies and procedures, which require at least three written quotes for purchases exceeding \$2,500 but less than \$50,000. We reviewed contracts and purchases issued during the period January 2014 through July 2014. Our review of two contracts, one for food and beverage services and one for roofing services, disclosed that the contracts were competitively procured and documentation of the selection process was maintained. However, our review of two other purchases requiring competitive procurement disclosed that, contrary to BCC Purchasing Manual requirements, no written quotes were obtained for the purchase of holiday lighting for \$3,640 and only two written quotes were obtained for the purchase of repairs to a cooling tower for \$28,910. In these instances, BCC records did not evidence why three written quotes were not obtained.

Recommendation: The BCC should continue its efforts to comply with its Purchasing Manual requirements to ensure that goods and services are acquired pursuant to BCC purchasing policies and procedures.

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures that the BCC has approved changes to the TDD’s Operations and Procedures Manual that require all purchases to conform to established purchasing policies and procedures. The BCC will continue its efforts to require that all goods and services are acquired pursuant to BCC purchasing policies and procedures and that all such efforts are properly documented. However, the County would note that as to the cooling tower, the Purchasing Department file does demonstrate that the Telephone Quotation sheet reflects that three providers were contacted to obtain quotes but that only two of whom provided written proposals. It appears the third provider did not provide a response.

Finding No. 8: Contract Design

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has fully and completely addressed and implemented the recommended corrective actions.

Finding No. 9: Contract Monitoring and Contract Payments

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. While the BCC did not adopt policies or procedures that provide guidance on the reasonableness and necessity of tourist development related expenditures, the BCC adopted policies and procedures designed to strengthen controls over contractual payments. These policies and procedures include the adoption of a strategic marketing plan for TDD expenditures and the implementation of a task order system over contractual expenditures.

A total of \$2,561,315 was paid to the TDD’s advertising and marketing firm during the period January 2014 through July 2014. Our review of eight payments totaling \$253,184 disclosed that the payments were properly supported by adequate documentation to allow for an effective pre-audit.

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

In August 2014, the BCC, pursuant to court-ordered mediation, negotiated a settlement with one of the advertising and marketing firms referred to in our report No. 2013-085. However, negotiations with the other advertising and marketing firm are still ongoing.

Recommendation: The BCC should continue its efforts to negotiate a settlement with the remaining advertising and marketing firm.

COUNTY RESPONSE: The County agrees that it has adopted policies and procedures which have strengthened controls over contractual payments. Further, the County believes that the policies, ordinances and reviews, taken collectively, do provide clear guidance for determining the reasonableness and necessity of the tourist development related expenditures. The County has also aggressively sought reimbursement of any funds that were inappropriately expended and has been extremely successful in recovering these funds. The BCC will continue these efforts where appropriate.

Finding No. 10: Competitive Procurement by Contractors

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has fully and completely addressed and implemented the recommended corrective actions.

Finding No. 11: Advance Payments

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has fully and completely addressed and implemented the recommended corrective actions. Additionally, as to the overpayment noted in the review for which alternative services were received, the County adequately investigated and confirmed that the alternative services provided were reasonably related to the amount of the overpayment.

Finding No. 12: Approval of Purchases

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has fully and completely addressed and implemented the recommended corrective actions.

Finding No. 13: Purchasing Card Controls

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. Our review of 19 p-card transactions totaling \$13,914 made during the period January 2014 through July 2014 disclosed that an independent review and approval was documented for all purchases; employees and reviewers certified they reviewed the applicable p-card expenditure report, that it correctly reflects the supporting receipts, and that all purchases made were for official business and in accordance with applicable rules and directives; p-card certification and receipt forms were timely signed by employees; and employees acknowledged the receipt of goods and services. However, our review disclosed that BCC records did not adequately evidence the authorized public purpose served for 5 of the 19 transactions totaling \$4,735 at the time the purchases were submitted for payment. The purchases were for storage units, meals for visiting groups, a sponsorship of a local

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

chamber of commerce meeting, and Mardi Gras parade supplies. BCC staff subsequently provided us with explanations of the public purpose served by these expenditures.

Recommendation: The BCC should take steps necessary to ensure that documentation is maintained that adequately evidences the authorized public purpose served for all p-card purchases.

COUNTY RESPONSE: The County believes that the BCC has fully and completely addressed and implemented the recommended corrective actions. The various changes in policy have been implemented to address the prior identified deficiency. As to the 5 purchases noted in the Results of Follow-Up Procedures, each of the expenditures served a public purpose and was authorized. The comment is based upon the perceived insufficiency of the documentation accompanying the expenditure. The County will continue to improve its implementation of the policies to assure that the public purpose is adequately documented for each expenditure.

Travel

Finding No. 14: Travel Expenditures

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. Section 112.061, Florida Statutes, generally provides travel requirements for public officers, employees, and other authorized persons. Further, pursuant to Section 125.0104(9), Florida Statutes, the TDC is authorized and empowered to make expenditures for transportation, lodging, meals, and other reasonable and necessary items and services for such persons, as determined by the head of the TDC, in connection with the performance of promotional and other TDC duties.

Vouchers for payment of public funds should contain sufficient information for the paying agency, its pre-auditors, officials, and the post-auditor to determine whether the requested payment is authorized by law. Additionally, Section 125.0104(9), Florida Statutes, states “Complete and detailed justification for all travel and entertainment-related expenditures made pursuant to this subsection shall be shown on the travel expense voucher or attached thereto.”

Our review of \$11,195 in travel expenditures during the period January 2014 through July 2014 relating to three trips for three BCC employees and four trips for three nonemployees disclosed that travel vouchers were completed for the BCC employees. However, our review disclosed that travel vouchers were not completed for \$8,782 in travel expenditures for the three nonemployees. Sufficient information was provided by the travelers to determine compliance with Sections 112.061 and 125.0104, Florida Statutes, for three of the trips performed by nonemployees. However, there was insufficient information for one trip for \$3,159 in which a contracted film liaison was reimbursed travel on several days she was scheduled to attend a conference and participate in industry appointments for the Emerald Coast Film Commission. In this case, the BCC’s records supporting the disbursement did not evidence documentation supporting the industry appointments she attended. Subsequent to our request, we were provided with a list of the industry appointments.

Recommendation: The BCC should take steps necessary to ensure that travel expenditures for

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

nonemployees are properly documented in accordance with Sections 112.061 and 125.0104, Florida Statutes.

COUNTY RESPONSE: The County agrees that it has taken steps necessary to ensure that travel expenditures for both employees and non-employees are properly authorized and documented. The Results of the Follow Up Procedures notes that travel vouchers were not submitted by various non-employees who were under contract with the County. Though the County agrees with that statement, there is no requirement that they submit state-approved travel vouchers under the law and the County has not incorporated that requirement into its agreements. Therefore, the documentation which was submitted is consistent with what is required under the law and by the County. The County may consider the inclusion of that requirement in its future agreements. As to the travel related to the contracted film liaison, the County agrees that the documentation supporting the industry appointments should have been included and the County will continue to improve its implementation of the policies to assure that the expenditure is adequately demonstrated.

Special Events Grants and Sponsorships

Finding No. 15: Special Events Grants

Results of Follow-Up Procedures

During the period covered in our initial audit, the BCC characterized certain payments as special events and other payments as sponsorships. Since that time, the BCC adopted combined special event and sponsorship funding policies and procedures. See the results of our combined follow-up procedures in finding No. 16.

COUNTY RESPONSE: Please see the Response relating to Finding 16.

Finding No. 16: Sponsorships

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. The BCC adopted special event and sponsorship funding policies and procedures that include the authorized use of special event and sponsorship funds and the methodology for calculating the maximum funding that can be provided. In addition, these policies and procedures require that recipients sign a written agreement acknowledging the terms and conditions of the funding, submit invoices for reimbursement of expenses incurred, and submit a post-event report that provides visitor and attendee, lodging, and media/marketing information. However, our review of BCC disbursements during the period January 2014 through July 2014, totaling \$35,975, for the sponsorship of two special events, disclosed that the BCC did not obtain adequate supporting documentation for \$17,377 in sponsorship disbursements as follows:

- The BCC paid \$11,877 (reduced from \$12,250 to meet funding cap restrictions) to a sponsorship

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

recipient for sales calls to promote the recipient’s event at a rate of \$3.50 per estimated out-of-town visitor. In a memorandum to the BCC finance department, the Tourist Development Director stated that there is a definite marketing value in the telephone sales calls. However, the BCC did not obtain support from the recipient to document that costs were incurred by the recipient in making the sales calls or to support the rate of reimbursement used.

- The BCC paid \$3,560 (reduced from \$3,600 to meet funding cap restrictions) to a sponsorship recipient as compensation for the recipient’s events appearing on the first page of a Google search. A rate of \$150 per month per event was used to pay the recipient. In a memorandum to the BCC finance department, the Tourist Development Director stated that there is a definite marketing value in appearing on the first page of results of a Google search. However, the BCC did not obtain support from the recipient to document that costs were incurred by the recipient in accomplishing the Google search results, to document the number of months that the Google search results were achieved, or to support the reasonableness of the rate of reimbursement used.

- The BCC paid \$1,940 to a sponsorship recipient for Web site promotion of the recipient’s event. A rate of \$0.20 per visit to the Web site was used to pay the recipient. In a memorandum to the BCC finance department, the Tourist Development Director stated that there is a definite marketing value in Web site exposure, and the TDD pays third-party vendors based on a per-visit basis as part of the strategic marketing plan. He further indicated that a rate of \$0.20 per visit had been used in other special event funding applications. However, the BCC did not obtain support from the recipient to document that costs were incurred by the recipient in generating these impressions, to document the number of visits that were made to the Web site, or to support the reasonableness of the rate of reimbursement used.

Recommendation: The BCC should ensure that adequate supporting documentation for sponsorship disbursements is obtained to evidence how the sponsorship moneys are used.

COUNTY RESPONSE: The County agrees that the BCC’s action in adopting policies and procedures have partially corrected the Recommended Actions noted in previous Findings 15 and 16. The BCC has developed written policies and procedures relating to sponsorships and special event grant funding. However additional modifications to these policies are being prepared to reconcile a possible conflict between “value based” funding eligibility and “cost based” reimbursement provisions. To reconcile this conflict, those marketing activities undertaken by special event funding recipients which fell outside the written special events & sponsorships funding policies and procedures were presented to the TDC and BCC for approval prior to payment. The reconciliation of those provisions are anticipated in the next few months.

Allowable Uses of Restricted Resources

Finding No. 17: Tourist Development Taxes – Statutory Compliance

Results of Follow-Up Procedures

The BCC took no corrective actions on this finding. The BCC did not seek an opinion from the

EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE – BOARD OF COUNTY COMMISSIONERS

Attorney General, and the BCC continued to fund lifeguarding and beach safety services from tourist development taxes. During the period February 2013 through July 2014, the BCC disbursed or transferred to the General Fund an additional \$1,213,702 in tourist development taxes to be used for lifeguarding and beach safety services.

Recommendation: The BCC should seek an opinion from the Attorney General as to the allowability of the questioned expenditures and, if appropriate based on the Attorney General's opinion, restore \$3,689,798 to the tourist development taxes accounts.

COUNTY RESPONSE: The County acknowledges the finding and recommendation of the Auditor General as it relates to the funding of lifeguard services with Tourist Development Taxes.

The funding of lifeguard services through the use of Tourist Development Taxes was initially considered by the BCC in 2003, following numerous highly publicized drowning by visitors to the Gulf Coast area. The BCC became concerned for the safety of users of our beaches and also the impact on tourism as a result of the drownings. In the view of the BCC, the provision of a safe beach is an essential component of promoting the area as a family tourist destination. As a result, they began to explore the possibility of providing lifeguard services and identifying possible funding sources. At that time, the County sought legal opinions from two law firms, both of whom independently concluded that such use of tourist development tax revenues was permissible under Section 125.0104(5) (a) 2., Florida Statutes, provided the County make the necessary legislative finding that the primary purpose of providing lifeguard services is related to promoting tourism within the County.

In making its finding, the Auditor General relied solely on the Opinion of the Attorney General No. 90-55 which had opined that Tourist Development Taxes may not be used to fund lifeguard services as those services did not constitute "beach improvement, maintenance, renourishment, restoration, and erosion control" within the contemplation of Section 125.0104 (5) (a) 4, Florida Statutes. Both law firms that reviewed this matter were aware of this opinion and distinguished it in their respective opinions.

The primary basis for their conclusion that the Attorney General Opinion was not controlling was that Okaloosa County was not relying Section 125.0104(5) (a)4, Florida Statutes that was the basis of the Opinion, but rather the County was relying on Section 125.0104(5) (a)2. At the time 1990 Attorney General Opinion was issued, that provision authorized the expenditure of tourist development tax revenue "[T]o Promote and advertise tourism in the State of Florida and nationally and internationally." However, the Legislature, partly in recognition that the provision of services and activities may attract tourists and beneficially promote tourism to an area, amended this subsection in 1996 to add the following:

2. To Promote and advertise tourism in the State of Florida and nationally and internationally; however, if tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event shall have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.

Section 44 of Chapter 96-397, Laws of Florida.

The BCC believes that the provision of a safe environment for the attraction of visitors to the area is an essential component of the promotion of tourism to the area. Nor are lifeguard services in the nature of a general governmental function which is owed to the public at large. Therefore, though the County was aware of the Opinion of the Attorney General, it believes that the analysis must be made in the context of

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

the original question asked and the changes in the law that have occurred in the 24 years since the issuance of that opinion.

In response to the Report No. 2013-085, the County reviewed its prior legal analysis and concluded that the expenditure of Tourist Development Taxes for lifeguard services was authorized under the provisions of section 125.0104, Florida Statutes, as implemented by the County’s Tourist Development Plan.

Finding No. 18: BP Grant Funds – Grant Compliance

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. In November 2013, the BCC’s legal counsel submitted a letter to the FCNCC proposing a transfer of \$117,994 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant. Having received no response, in September 2014, the BCC’s legal counsel submitted a letter to BP Gulf Coast Restoration Organization informing BP that no response was received from the FCNCC and requesting that BP respond to the matter. On October 1, 2014, the Senior Counsel for BP responded that BP could not provide direction to the BCC at this time and recommended that the BCC contact the FCNCC to “close the loop on this matter” as this was where the BCC had initiated its inquiry. On December 11, 2014, the Chairman of the FCNCC responded to the County indicating that since BP did not object to the County’s proposal, FCNCC deemed the proposal approved. However, as of December 18, 2014, the County had not transferred the funds.

Recommendation: The BCC should transfer the \$117,994 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant.

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and suggests that the BCC has now fully and completely addressed and implemented the recommended corrective actions. The County has now received direction from the Chairman of the FCNCC as to the corrective action proposed by the County and the BCC, at its meeting on January 20, 2015, has approved the transfer of \$117,994 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant.

Finding No. 19: BP Grant Funds – Grant Compliance and Controls over Debit Card Program

Results of Follow-Up Procedures

The BCC’s actions partially corrected this finding. In November 2013, the BCC’s legal counsel submitted a letter to the FCNCC that proposed a transfer of \$7,730 of tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant. In the letter to the FCNCC, the BCC’s legal counsel stated that, although Vision Airlines had not provided the BCC with an accounting of \$200,000 in debit cards provided to Vision Airlines as part of the Emerald Coast Money Debit Card Program, Vision Airlines verbally confirmed that the debit cards were properly used. The BCC’s legal counsel requested direction from the FCNCC as to whether additional documentation would be required. Having received no response, in September 2014, the BCC’s legal counsel submitted a letter to BP Gulf Coast Restoration Organization informing BP that no response was received from the FCNCC and requesting that BP respond to the matter. On October 1, 2014, the Senior Counsel for BP responded

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

that BP could not provide direction to the BCC regarding the \$207,730 in questioned costs at this time and recommended that the BCC contact the FCNCC to “close the loop on this matter” as this was where the BCC had initiated its inquiry. On December 11, 2014, the Chairman of the FCNCC responded to the County indicating that since BP did not object to the County’s proposal, FCNCC deemed the proposal approved. However, as of December 18, 2014, the County had not transferred the funds.

Recommendation: The BCC should transfer the \$7,730 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant.

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and suggests that the BCC has now fully and completely addressed and implemented the recommended corrective actions. The County has now received direction from the Chairman of the FCNCC as to the corrective action proposed by the County and the BCC, at its meeting on January 20, 2015, has approved the transfer of \$7,730 in tourist development taxes to an account to be used for purposes allowable under the terms and conditions of the BP grant.

Finding No. 20: BP Claims and Reimbursements

Results of Follow-Up Procedures

No occasion to correct. Our review disclosed no similar reimbursement agreements during the period February 2013 through July 2014.

COUNTY RESPONSE: The County agrees that there have been no similar reimbursement agreements during the operative period. However, the County would additionally note that the issue related to reimbursement of overcharged medical support services provided by the County was addressed with BP and a full and complete resolution of that issue has been reached. The County has reimbursed those funds that both the County and BP have agreed were the amount overcharged.

Motor Vehicles

Finding No. 21: Fuel Cards

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has fully and completely addressed and implemented the recommended corrective actions.

Accounting Controls

Finding No. 22: Classification and Reporting of Expenditures

COUNTY RESPONSE: The County and the CCC concur with the Results of the Follow-Up Procedures directed to the previous Findings and agree that the CCC has fully and completely addressed and implemented the recommended corrective actions.

EXHIBIT B (CONTINUED)
MANAGEMENT’S RESPONSE – BOARD OF COUNTY COMMISSIONERS

Electronic Funds Transfers

Finding No. 23: Controls over Electronic Funds Transfers

COUNTY RESPONSE: The County and the CCC concur with the Results of the Follow-Up Procedures directed to the previous Findings and agree that the CCC has fully and completely addressed and implemented the recommended corrective actions.

Information Technology Controls

Finding No. 24: Access Controls

COUNTY RESPONSE: The County and the CCC concur with the Results of the Follow-Up Procedures directed to the previous Findings and agree that the CCC has fully and completely addressed and implemented the recommended corrective actions.

Public Records

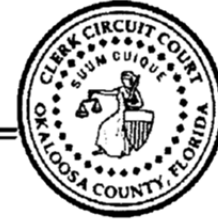
Finding No. 25: TDC and TDC Subcommittee Meeting Minutes

COUNTY RESPONSE: The County concurs with the Results of the Follow-Up Procedures directed to the previous Findings and agrees that the BCC has fully and completely addressed and implemented the recommended corrective actions.

EXHIBIT C
MANAGEMENT'S RESPONSE – CLERK OF THE CIRCUIT COURT

JD Peacock II

CLERK AD INTERIM, OKALOOSA COUNTY, FLORIDA



December 23, 2014

David W. Martin
Auditor General-State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Re: Preliminary and Tentative Findings to the Follow-up Report on Okaloosa County Board of County Commissioners' Oversight of the Tourist Development Council And Use of the Tourist Development Taxes and Funds Received From British Petroleum

Dear Mr. Martin:

In response to the preliminary and tentative audit findings and recommendations of the above referenced audit provided by your office on December 19, 2014 please find enclosed the response of the Clerk of the Circuit Court.

While the original report addressed areas of both the Board of County Commissioners and Clerk of Courts, many of the findings required joint cooperation of both entities. Enclosed are my responses to the related findings contained in the report.

If you require additional information I can be reached at 850-689-5000 Ext. 4301.

Respectfully,

Digitally signed by JD Peacock II
DN: cn=JD Peacock II, ou=Okaloosa County Clerk of the
Circuit Court & Comptroller, email=jdpeacock@okaloosacountyfl.us, c=US
Date: 2014.12.23 09:55:40 -0600

J D Peacock, II
Clerk of the Circuit Court and Comptroller

Encl

C: Board of County Commissioners
John Hofstad, County Administrator

Okaloosa Co. Courthouse • 101 E. JAMES LEE BLVD. • CRESTVIEW, FLORIDA 32536-1359 • (850) 689-5000
REPLY TO: BRACKIN BUILDING • 302 NORTH WILSON ST., SUITE 203 • CRESTVIEW, FLORIDA 32536 • (850) 689-5000
Okaloosa Co. Annex Ext • 1940 Lewis Turner Blvd • Ft. Walton Beach, FL 32547 • (850)651-7200

EXHIBIT C (CONTINUED)
MANAGEMENT'S RESPONSE – CLERK OF THE CIRCUIT COURT

OKALOOSA COUNTY CLERK OF CIRCUIT COURT
RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS TO
THE FOLLOW UP REPORT OF REPORT (No. 2013-085) ON

OKALOOSA COUNTY BOARD OF COUNTY COMMISSIONERS' OVERSIGHT OF THE TOURIST
DEVELOPMENT COUNCIL AND USE OF THE TOURIST DEVELOPMENT TAXES AND FUNDS
RECEIVED FROM BRITISH PETROLEUM Received December 19, 2014

The former Clerk of the Circuit Court and Comptroller acknowledged control weaknesses contained in the original report and has taken steps to correct the deficiencies noted.

Many of those deficiencies were the result of a lack of adequate monitoring activities by both the Board and Clerk. While monitoring is a management function, Clerk of Courts are known state-wide as the fiscal watchdog and serves as the first check on local spending¹. Because of this, the former Clerk strengthened the Internal Audit function through the hiring of a seasoned and certified internal auditor. A risk based approach is now used as the means of establishing an audit work plan and the Internal Audit Department operates under written policies approved by me. Further, the Board of County Commissioners has acknowledged the importance and support of the internal audit function of the Clerk through formal resolution.

To capitalize on the work of my predecessor, I am expanding the role of the internal auditor through establishing an Office of Inspector General. Staff of the Department will be appropriately credentialed and the Department will be accredited by the Commission for Florida Law Enforcement Accreditation. While most counties have established an internal audit department, to date there are only a handful of counties in Florida who have taken the additional step of establishing an Inspector General function. In addition, I have added an additional staff member to the department and have plans for an additional position during the next budget cycle. Elevating the importance placed on the internal auditing function includes added emphasis on investigations including responding to tips from the county-wide Fraud Waste and Abuse Hotline.

Below are my responses to the auditor's assessment of corrective actions taken.

Finding No. 1 Budget Preparation and Monitoring

Clerk Response: The Clerk concurs with the auditor's assessment of corrective actions.

¹ *A Study of Public Corruption in Florida and Recommended Solutions* by the Nineteenth Statewide Grand Jury issued December 17, 2010

EXHIBIT C (CONTINUED)
MANAGEMENT'S RESPONSE – CLERK OF THE CIRCUIT COURT

Okaloosa County Clerk of Court's Response
December 23, 2014

Finding No. 3 TDC Monitoring of Expenditures

Clerk Response: The Clerk concurs with the auditor's assessment of corrective actions.

Finding No. 5 & 6 Fraud Controls and Control Risk Assessment

Clerk Response: The Clerk concurs with the auditor's assessment of the Board's corrective actions. As mentioned previously while monitoring activities are management's responsibility, the Clerk's office will expand its role regarding ongoing reviews of the various activities of the Board and Clerk through the Office of Inspector General.

Finding No. 7 Competitive Procurement by the BCC

Clerk Response: The Clerk concurs with the auditor's assessment of the Board's corrective actions. The Clerk will expand its role regarding ongoing reviews of the various operational areas of the Board (and Clerk) including the Procurement process.

Finding No. 9 Contract Monitoring and Contract Payments

Clerk Response: The Clerk concurs with the auditor's assessment of the Board's corrective actions. As mentioned previously while monitoring activities are management's responsibility, the Clerk's Office will expand its role regarding ongoing reviews of the various activities of the Board and Clerk through the Office of Inspector General.

Finding No. 22 Classification and Reporting of Expenditures

Clerk Response: The Clerk concurs with the auditor's assessment of corrective actions.

Finding No. 23 Controls over Electronic Funds Transfers

Clerk Response: The Clerk concurs with the auditor's assessment of corrective actions.

Finding No. 24 Access Controls

Clerk Response: The Clerk concurs with the auditor's assessment of corrective actions.