



PAT FRANK
Clerk of the Circuit Court
13th Judicial Circuit

COUNTY AUDIT

HILLSBOROUGH COUNTY, FLORIDA

**BRANDON COMMUNITY ADVANTAGE CENTER
COMMUNITY INVESTMENT TAX AGREEMENT
FOLLOW-UP**

REPORT # 245

JANUARY 31, 2013

January 31, 2013

The Honorable Ken Hagan, Chairman
The Honorable Kevin Beckner
The Honorable Victor Crist
The Honorable Al Higginbotham
The Honorable Lesley "Les" Miller, Jr.
The Honorable Sandra Murman
The Honorable Mark Sharpe

Dear Chairman Hagan and Commissioners:

We have performed a follow-up audit of the Brandon Community Advantage Center Community Investment Tax Agreement, Audit Report #221, dated September 13, 2011. Eight original audit concerns were contained in this report (seven Findings and one Observation).

Based on our follow-up audit work and discussions with Business and Support Services, we are closing all of the original audit concerns. Our follow-up audit indicated that these original concerns have been addressed and corrective changes have been implemented. During the course of this review, we did note two new audit concerns which are included in the enclosed follow-up audit report.

We appreciate the cooperation and professional courtesies extended to our auditors by the Director and personnel of the Business and Support Services Department during this audit.

Sincerely,

Peggy Caskey, CIA, CISA, CFE
Director, County Audit

cc: Mike Merrill, County Administrator
Bonnie Wise, Chief Financial Administrator
Lucia Garsys, Deputy County Administrator
Sharon Subadan, Deputy County Administrator
Tom Fesler, Director, Business and Support Services
Mark Thornton, Director, Parks, Recreation and Conservation
Bruce Dangremond, Manager, Performance Management, Business and Support Services
Pat Frank, Clerk of the Circuit Court
Dan Klein, Chief Deputy, C/BOCC
R. Marshall Rainey, Counsel for the Brandon Community Advantage Center

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NEW AUDIT COMMENT & OBSERVATION

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION:

On June 2, 2011, the Hillsborough County Board of County Commissioners (BOCC) requested that the Clerk of the Circuit Court (Clerk) perform an audit of the July 15, 2009, Community Investment Tax (CIT) funding agreement with the Brandon Community Advantage Center (BCAC). The scope of work for the original audit was defined between the BOCC and the Clerk.

OBJECTIVE:

The objective of the follow-up audit was to review and evaluate the conditions reported in County Audit Report #221, dated September 13, 2011, to determine if: corrective actions have occurred and are effective; corrective actions appear to be continuous; corrections will be monitored to ensure the control weakness will not be repeated.

SCOPE:

The follow-up audit was conducted based on the *International Standards for the Professional Practice of Internal Auditing* issued by The Institute of Internal Auditors. The follow-up audit procedures were applied to the records, documents, and controls that were in effect during the period of November 1, 2011, to August 31, 2012.

OVERALL EVALUATION:

We found that the Business and Support Services Department has fully implemented corrective action on the eight original audit concerns. As a result, we have closed all of the original audit findings.

We did note one new audit comment relative to the monitoring controls for future Capital Funding agreements and one observation concerning the review and approval of Capital Funding Request Information forms submitted by outside agencies.

AUDIT BY:

Mark R. Kolman, CPA, CIA, CFE, CISA, Audit Manager
Heidi Pinner, CIA, CFE, CRMA, Senior Auditor

SUMMARY OF AUDIT CONCERNS

This chart summarizes the original audit concerns at the completion of the follow-up audit and new concerns noted during the follow-up. The original audit report #221 (issued Fiscal Year 2011, September 13, 2011) can be viewed on the Clerk’s web site: <http://www.hillsclerk.com> under Clerk Services, County Audit – Recent Reports.

AUDIT COMMENT	DESCRIPTION	STATUS	COMMENTS
Original Finding 1	The BCAC allocated expenditures to the \$2.5 million in CIT funds that they incurred prior to the County signing the July 15, 2009, Agreement and/or that do not meet the definition of “infrastructure” costs.	Closed	The BCAC has signed a promissory note with agreed upon terms for full repayment of the identified expenditures.
Original Finding 2	The County did not provide for proper control or monitoring of the CIT funds provided to the BCAC.	Closed	Board Policy 04.05.00.00; Capital Funding for Outside Agencies was revised to require additional controls and monitoring of CIT funds.
Original Finding 3	The County did not require that the BCAC provide more detailed documentation on why \$2.5 million in funding was needed or how the funding would be spent.	Closed	Board Policy 04.05.00.00 revisions require additional documentation prior to the award of CIT funds.
Original Finding 4	The County’s July 15, 2009, Agreement with the BCAC does not adequately define or limit the use of the County’s CIT funds.	Closed	Board Policy 04.05.00.00 revisions require language in all funding agreements which limit the use of CIT funds.
Original Finding 5	The County did not take steps to ensure that the County’s CIT funds were properly segregated from other funding sources.	Closed	Board Policy 04.05.00.00 revisions require reimbursement based agreements and the segregation of funding sources. All agreements since the revision have been reimbursement based.
Original Finding 6	The County did not monitor the entire BCAC project for all funding sources.	Closed	Language was added to Board Policy 04.05.00.00 and each subsequent agreement to allow the County to monitor all funding sources.

AUDIT COMMENT	DESCRIPTION	STATUS	COMMENTS
Original Finding 7	The County does not have adequate policies and procedures in place to safeguard CIT or other capital funding provided to private, not-for-profit agencies or other outside agencies.	Closed	Organizational changes and policy revisions ensure that expenditures are only approved by financially trained staff and that funding agreements are placed on the regular Board agenda for approval.
Original Observation 1	We noted two issues with the County's agreements with the BCAC and Hillsborough Community College that pose potential risks to the County's interests.	Closed	The County Attorney's Office has reviewed the agreements, evaluated the County's risk exposure, and will assist staff in monitoring the disposition of the facility. The County Attorney has drafted and communicated to staff a memorandum detailing all Board policies which require specific contract language to ensure requirements are included in future agreements.
NEW Audit Comment 1	Specifically designating County staff to monitor individual Capital Funding Agreements will help to provide assurance that recipients are in compliance with the terms of the agreements.	New	PLEASE READ PAGE 4
NEW Observation 1	Ensuring that all appropriate signatures are obtained for the Capital Funding Request Information forms prior to Board consideration will improve compliance with Board Policy 04.05.00.00.	New	PLEASE READ PAGE 6

NEW AUDIT COMMENT & OBSERVATION

This section details the **new** concerns noted during the course of the follow-up audit.
Note: Client Responses and Corrective Action Plans are included verbatim and in *italics*.

AUDIT COMMENT 1

Specifically designating County staff to monitor individual Capital Funding Agreements will help to provide assurance that recipients are in compliance with the terms of the agreements.

The revised Capital Funding Policy for Outside Agencies and all of the agreements reviewed as part of this follow-up include requirements for greater scrutiny and control over the award and disbursement of capital funds. An opportunity exists to strengthen these controls by ensuring that specific responsibility is assigned for each funding agreement.

Controls are deemed effective when they are adequately designed, communicated clearly, and sufficiently monitored. The additional controls incorporated in the revised Capital Funding Policy for Outside Agencies can be effective as long as sufficient monitoring activities are in place to ensure that the conditions of each agreement are met prior to the disbursement of funds.

RECOMMENDATION:

To adequately control and monitor the use of capital funds provided to outside agencies and to ensure compliance with the revised requirements of the Capital Funding Policy, responsible managers should consider the following:

1. Identify the departments and staff who have the necessary training and experience to perform project monitoring activities in relation to capital funding agreements to outside agencies.
2. Formally assign specific responsibility for project monitoring to the appropriate department and staff upon award, or as part of, each new funding agreement.
3. Have the responsible parties submit a monitoring plan specific to the funded agreement to Business and Support Services or County Administration for review and approval to ensure that monitoring controls are sufficient given the nature of the agreement.
4. Ensure that the process used to review and approve expenditure reimbursements or disbursements relative to these agreements, incorporates the approval of the individual responsible for project monitoring.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

County Administration will consider this audit comment's recommendations and implement a more specific structure to monitor agreements and expenditure disbursements to agencies that receive funding.

TARGET COMPLETION DATE:

June 30, 2013

OBSERVATION 1

Ensuring that all appropriate signatures are obtained for Capital Funding Request Information forms prior to Board consideration will improve compliance with Board Policy 04.05.00.00.

Board Policy 04.05.00.00 Section 4.2.1(1) requires, prior to Board consideration, a completed Capital Funding Request Information Form which includes the signature of the agency head or chief financial officer attesting to the accuracy of the information. The form itself also requires the signatures of the County Project Manager, Program Director, and Business and Support Services approver.

Four Capital Funding Agreements have been presented to the Board since November 2011. The Capital Funding Request Information forms accompanying these agreements were missing signatures when submitted for Board consideration.

- Three of the forms were not signed by the requesting agency when submitted.
- One form had County staff signing for the requesting agency and for the County.
- All of the forms were missing the approval signature of Business and Support Services.
- New versions of these forms were substituted at some point prior to the recording of the final resolution and contain the appropriate agency signatures but do not include the review signatures of Business and Support Services.

Per Business and Support Services, they did review the forms as well as the other supporting documentation but provided their approval on the agenda item instead of the Capital Funding Request Information form.

Per the Project Manager, the Capital Funding Request Information forms were completed by County staff based on information provided in a certified grant application, then forwarded to the Agencies for signature. These signatures are not always received prior to the agenda deadline.

Ensuring that all appropriate signatures are obtained for the Capital Funding Request Information form prior to Board consideration will increase assurances that the content of the form is accurate and appropriately submitted, compiled, reviewed, and approved by the agency and County staff.

RECOMMENDATION:

County staff should ensure that the Capital Funding Information Request forms are completed fully and certified by the requesting agency when submitted to the Board for consideration as required by Board Policy 04.05.00.00.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

The Capital Funding Request Information forms are now modified to assure full completion and certification prior to Board consideration.

TARGET COMPLETION DATE:

December 12, 2012