



THE HONORABLE
Gwen Knight
Clerk of the Circuit Court and Comptroller
Clerk of Courts * County Comptroller * Auditor * Treasurer * Recorder

DIVISION OF INTERNAL AUDITING

AUDIT ADVISORY COMMITTEE MEETING MINUTES

2:00 p.m. – 4:00 p.m., Thursday, July 23, 2026

Finance Conference Room – 315 Calhoun Street, 7th Floor

MEMBERS:

Valerie Peacock, Chair, CFE, CIA, CIG, CIGA, CISA
Cindy Welter, Vice Chair, CIG, FCCM
Jeffrey Caines, CIA, CFE, CGAP

Nancy Shepherd, CPA, CIA, CRM
Kelly Neel, CIA, CISA, CIGA

Opening:

Called to Order and Roll Call

Valerie Peacock, Chair

Valerie Peacock called the Audit Advisory Committee meeting to order at 1:56 p.m. and conducted roll call. She noted that Nancy Shepherd had an excused absence and that Clerk Knight was unable to attend due to another appointment. A quorum was present.

Approval of the April 23, 2026, Meeting Minutes

Valerie Peacock, Chair

Cindy Welter motioned, seconded by Jeffrey Caines, to approve the minutes for July 23, 2026.

The motion carried unanimously.

Clerk's Comments

Gwen Knight, Clerk of Court & Comptroller

Clerk Knight was not present, and the Committee moved to the annual financial statement audit presentation covering the Clerk, the Board of County Commissioners, and the County as a whole.

Non-Actionable (Discussion) Items:

Discussion/Input on Audit Documentation; ... Kim Ferree, Director Internal Audit

FYE 2025 Annual Finance Statement Audit.....Taylor Harmon, TFH

Kim Ferree, Director of Internal Audit, introduced Taylor Harmon of Thomas Howell Ferguson. She asked that they move up Item 6 to hear the presentation of the recently released annual financial statement audit.

Mr. Harmon explained that his presentation would address the Clerk's and Board's special-purpose financial statements, followed by the countywide report, which includes all five constitutional officers.

Clerk of Circuit Court and Comptroller's special-purpose financial statements: Mr. Harmon reported that the Clerk of Circuit Court and Comptroller's special-purpose financial statements for the fiscal year ended September 30, 2025, received an unmodified opinion, indicating that they were fairly presented in all material respects. Mr. Harmon stated that no significant deficiencies or material weaknesses were identified for the Clerk. He also reported no compliance issues in the statutory areas examined. Mr. Harmon explained that transfers between custodial funds resulted in duplicate reporting of certain activity. Management corrected the identified items. He emphasized that the matter was neither a significant deficiency nor a material weakness, but he was following the Rules of the Auditor General by disclosing them in the report. He also reported that the Clerk resolved both prior-year findings.

He outlined the auditor's responsibilities under generally accepted auditing standards and Government Auditing Standards, including maintaining independence, assessing risks of material misstatement, and considering internal controls to design audit procedures. He clarified that the audit did not express an opinion on the effectiveness of internal controls and that management is responsible for preparing the financial statements and maintaining those controls.

He invited questions before proceeding with the Board's financial statements.

Board of County Commissioners' financial statements: Mr. Harmon reported that the Board of County Commissioners' financial statements received an unmodified opinion. The audit identified three material weaknesses and two significant deficiencies in internal controls, which he would address during the review of findings. At the Committee's request, he explained the distinction between these classifications, noting that a material weakness indicates a reasonable possibility of a material misstatement, while a significant deficiency is less severe but warrants the attention of those charged with governance.

Mr. Harmon noted the implementation of GASB Statement No. 101 for compensated absences and stated that management recorded the proposed audit adjustments. He reported no disagreements with management or significant issues requiring discussion, although personnel turnover delayed the audit.

The Committee recognized Thomas and his team for completing the audit through staffing transitions. Mr. Harmon expressed confidence in ongoing coordination to improve timelines and deliverables when conducting future audits.

Countywide audit: Mr. Harmon reported an unmodified opinion and no material noncompliance. The federal major programs received an unmodified compliance opinion, with no material weaknesses or significant deficiencies in internal controls over compliance. For the state major programs, Mr. Harmon reported no material weaknesses and one new significant deficiency involving untimely grant reporting. He explained that the finding concerned controls to ensure reports were submitted timely, complete, and accurate.

He discussed the grant finding involving timely billing, quarterly reporting, and receivable collectability. Some revenue exceeded grant award limits, and several receivable balances remained unchanged from the prior year. He recommended stronger coordination between Finance and OMB to verify grant eligibility, matching costs, billing, and collection.

Mr. Harmon reported that several prior findings had been resolved, including the Board's manual journal entry process, construction in progress, reconciliations between constitutional officers, and timely preparation or review of monthly bank reconciliations.

Mr. Harmon reported that improvements reduced the asset disposal finding to a significant deficiency, while fixed asset balances, schedules, and the financial statement closing process remained concerns. Lease and subscription tracking improved, with accurate recorded amounts; however, staff turnover contributed to information gathering delays and additional journal entries.

Mr. Harmon explained that the single audit process includes reviewing newer grant programs to determine whether compliance controls are consistently applied. Kim Ferree questioned the use of “CFDA” rather than “Assistance Listing Numbers (ALN)” in the report. Mr. Harmon agreed to review the terminology change for use in future audit reports.

He highlighted challenges with the Sheriff’s capital assets reconciliation and its effect on the Countywide financial statements. The Committee discussed its limited authority over independently elected officers and each officer’s responsibility for corrective action. Mr. Harmon stated that each Constitutional officer is responsible for corrective action within that office and that the audit team works directly with those offices to address findings.

Input on Proposed Draft Findings

Kim Ferree, Director Internal Audit

Kim Ferree presented materials from the ongoing P-card audit, including an internal control narrative, COSO/Green Book risk documentation, process flowcharts, and two draft findings. Staff invited Committee feedback. She stated IA is continuing to finalize their analysis and the report drafting and will then conduct exit conferences and go over the preliminary and tentative findings once all of the results had been included in the draft report. The Committee members were complimentary of the work product and recognized the work involved to produce it.

Q3 – FYE 2026 Budget to Actual Variance Report

Kim Ferree, Internal Audit Manager

Kim Ferree provided a copy of the Budget to Actual Variance Report in the Committee materials and provided a summary briefing of where the audit staff were on the audit plan. She indicated that the P Card Program audit had taken longer than expected due to the number of results they had uncovered and would likely take the balance of the audit period so other projects will be reassessed for rolling over to the next annual audit plan. She was still working on Redbook implementation and had made good progress during the year but with all the starts and stops during the year, synergy on its completion slowed progress. The two areas that remained for finalization are the SOP and the IA QAM areas and other areas will need to be refreshed for the change in the seal and the Clerk’s preferred name change.

She indicated that she had also provided a second opinion review as to the applicability of GASB No. 91 for the Sales Tax Revenue Bonds, Series 2024 that the external auditor questioned why it was not booked/disclosed and their request for an additional explanation regarding its non-applicability. The conclusion of the review was provided to the CFO for each of the definition characteristics listed in GASB No. 91 and provided the reasons why none of required definitions applied. She also suggested that the conclusion be confirmed with GASB, which was done verbally by the CFO to ensure the accuracy of the interpretation.

GASB No. 91 requires that all the definition characteristics apply, or it is not considered a conduit debt obligation. During the review it was readily apparent from the bond covenant document that the bond was a parity bond issued by the Leon County – City of Tallahassee Blueprint Intergovernmental Agency, an interlocal agency. This alone would not meet one of the definitions - that in order for a debt obligation to be considered a conduit debt obligation it is not a parity bond of the issuer. GASB No. 91 explicitly states the Board’s position that if a debt obligation is a parity bond of the issuer, such a debt obligation should not be considered a conduit debt obligation but rather the issuer’s own debt obligation.

Kim Ferree discussed the number of Hotline complaints received in the 3rd quarter and the status of the new Fraud policy as still waiting on the input from the BoCC attorney section.

It was discussed that the RFP for the external audit contract will be expiring soon and work should begin on providing input for the next RFP. It was suggested that any financial contributions to elected officials be disclosed as part of the RFP required documents by any firms submitting responses or bids to ensure disclosure of a potential financial interest.

Adjournment

No other business was brought before the Committee. Chair Valerie Peacock called for a motion to adjourn at 3:30 p.m.

Cindy Welter moved to adjourn, and Kelly Neel seconded the motion.

The motion carried unanimously