



AUDIT OVERSIGHT COMMITTEE MEETING AGENDA

September 24, 2024 at 3:00 PM

Council Chambers – 340 Ocean Drive and YouTube

NOTICE: *Persons with disabilities requiring accommodations in order to participate in the meeting should contact Caitlin E. Copeland-Rodriguez, Town Clerk, at least 48 hours in advance to request such accommodations.*

CALL TO ORDER

PLEDGE ALLEGIANCE TO THE FLAG

ADDITIONS, DELETIONS, SUBSTITUTIONS TO THE AGENDA

PRESENTATIONS

1. New Finance/HR Director

CONSENT AGENDA

2. Audit Oversight Committee Meeting Minutes - June 25, 2024

DISCUSSION ITEMS

3. Update on Kagan Park FRDAP Grant
4. Review of Staff Report Response to the Auditor's Discussion & Analysis Report Recommendations

ADJOURNMENT



Meeting Name: Audit Oversight Committee
Meeting Date: September 24, 2024
Prepared By: C. Copeland-Rodriguez, MMC, Town Clerk
Item Title: New Finance/HR Director

BACKGROUND:

The Town of Juno Beach would like to welcome Emily Alves, CPA, CGFO as the Town's new Finance/HR Director. She is an accounting professional with over 18 years of experience. She graduated with her master's degree in accounting from Florida State University in 2005 and became a Certified Public Accountant in 2006.

DISCUSSION:

Finance/HR Director Alves is here to introduce herself to the Audit Oversight Committee and answer any questions that they may have. She will be presiding as the liaison for the Committee.



AUDIT OVERSIGHT COMMITTEE MINUTES

June 25, 2024 at 3:00 PM

Council Chambers – 340 Ocean Drive and YouTube

PRESENT: NANCY WOLF, CHAIRPERSON
 WILLIAM VIGGIANO, VICE CHAIR
 ANTHONY PACE, COMMITTEE MEMBER
 ANDREW SPILOS, COMMITTEE MEMBER
 ANITA BLOOM, COMMITTEE MEMBER

ALSO PRESENT: MICHAEL VENTURA, FINANCE DIRECTOR
 CAITLIN E. COPELAND-RODRIGUEZ, TOWN CLERK
 DANIEL ANDERSON, TOWN AUDITOR (MAULDIN & JENKINS)

AUDIENCE: 6

CALL TO ORDER – 3:00PM

PRESENTATION & DISCUSSION ITEM

1. Overview of Town Auditor Services & Report - Mauldin & Jenkins, LLC and Item #3 - Discussion on Auditor's Discussion and Analysis Report Recommendations

***MOTION:** Spilos/Bloom made a motion to recommend that the Town Council direct staff to prepare an interim report addressing all the recommendations from the Auditor's Discussion and Analysis Report.*

***ACTION:** The motion passed unanimously.*

The Committee gave unanimous consensus to have the Auditor provide a list of educational opportunities for the Committee; recommend that the Town Council approve the highlighted language on page 11 of the Auditor's Discussion and Analysis report as the duties for the Audit Oversight Committee; and to have a member of the committee present a quarterly housekeeping update to the Town Council.

CONSENT AGENDA

2. Audit Oversight Committee Meeting Minutes for April 23, 2024

***MOTION:** Pace/Spilos made a motion to approve the consent agenda.*

***ACTION:** The motion passed unanimously.*

ADJOURNMENT

Chairperson Wolf adjourned the meeting at 4:15pm.

Nancy Wolf, Chairperson

Caitlin E. Copeland-Rodriguez, Town Clerk



Photo Courtesy of Gail V. Haines



**Mauldin & Jenkins
Audit Committee
Presentation**

**Presented by:
Daniel Anderson**



Agenda

- Information about Mauldin & Jenkins
- Annual Audit Timeline
- Overview of 2023 Audit Results
- Overview of Annual Comprehensive Financial Report
- Recommendations from 2023 Audit
- Questions and Comments



Mauldin & Jenkins, LLC



CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.

100+ year
HISTORY
OF QUALITY SERVICE

Serve 700+
GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS **16**



140+ TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY



5 STATES | **13** OFFICES



225+ SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$4 BILLION OF FEDERAL GRANTS



135,000+ HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

150+ CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE



NATIONALLY RECOGNIZED



Annual Audit Timeline

Key Dates for Annual Audit

- August/September – Preliminary Procedures
 - Updated Internal Control Understandings
 - Discuss Significant events/transactions from the year
 - Discuss implementation of new standards
- September 30 – Town Fiscal Year-end
- December 1 through ~January 25 – Audit Fieldwork
 - Obtain Final Trial Balances and Supporting Schedules
 - Perform Testing of Major Transaction Cycles and Significant Balances
 - Begin Quality Control Review Process
 - Mid-January – FRS Information is released
- Late January/Early February – Review, Completion, & Delivery
 - Complete Quality Control Review Process
 - Provide Draft Financial Statements to Town for Review
 - Finalize Audit & Present to Council



*Presentation of
Audit Results
June 25, 2024*



General Information About the Annual Comprehensive Financial Report

Audit Opinion

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS)

- We considered the internal control structure for the purpose of expressing our opinion on the Town’s basic financial statements and not for the purpose of providing an opinion on the effectiveness of internal controls.
- Our audit was performed in accordance with GAAS and *Government Auditing Standards*.
- Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free of material misstatement.
- The basic financial statements are the responsibility of the Town’s management.

Report on Basic Financial Statements

- Unmodified (“clean”) opinion on basic financial statements.
- Presented fairly in accordance with accounting principles generally accepted in the United States of America.
- Our responsibility does not extend beyond financial information contained in our report.

General Information About the Annual Comprehensive Financial Report

Compliance Report

- The financial report package contains a report on our tests of the Town’s internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion on internal controls and compliance with applicable rules and regulations.
- This report and the procedures performed are required by *Government Auditing Standards*.
- No findings were reported in the current year.

Single Audit

- The Town did not expend greater than \$750,000 in Federal or State Funds, thus a Single Audit was not performed.

Independent Auditor’s Management Letter

- Report on our tests of the Town’s Compliance with respect to the Rules of the Auditor General
- There were no findings reported in the current year.

Independent Accountant’s Report

- Report on our tests of the Town’s Compliance with respect to the Investment of Public Funds
- There were no findings reported in the current year.



General Information About the Annual Comprehensive Financial Report

Introductory Section

- Letter of Transmittal; Organizational Chart; Directory of Officials; Certificate of Achievement for Excellence in Financial Reporting

Financial Section

- Independent Auditor's Report; Management Discussion & Analysis (MD&A); Financial Statements and Footnotes

Statistical Section

- Financial Trends Information; Revenue Capacity Information; Debt Capacity Information; Operating Information

Recommendations from 2023 Audit

The following recommendations were issued to management and governance as part of the 2023 audit:

- Cybersecurity
- Disaster Preparedness
 - Including Finance Department as Part of DP
- Operational Strategy
 - Budgeting Process
 - Grants Management
 - Operational and Performance Assessment
 - Others

Questions & Comments

Thank you for your time!

Contact Information

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Daniel Anderson

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TOWN OF JUNO BEACH, FLORIDA
Auditor's Discussion and Analysis (AD&A)
September 30, 2023

We were also made aware that the Town Council has created an audit oversight committee to work closely with management to evaluate the current operations and assist management with resources needed to implement suggestions for improvement. We recommend the Town utilize the audit oversight committee to assist in this process. Specific areas for evaluation could be, but are not limited to, the following:

- a) Budgeting Process;
- b) Grants Management;
- c) Operational and Performance Assessment;
- d) Others as deemed appropriate by the Town.

Ultimately, governance is responsible for establishing the areas that are of utmost concern for the Town, and directing management to employ a strategy to ensure that the Town is in the best position to mitigate any potential risks that may be a threat to the Town.

New Governmental Accounting Standards Board (GASB) Standards



As has been the case for the past ten years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) **Statement No. 100, *Accounting Changes and Error Corrections*** was issued in June 2022 and is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for: (1) certain changes in accounting principles, and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements.



Meeting Name: Audit Oversight Committee
Meeting Date: September 24, 2024
Prepared By: C. Copeland-Rodriguez, MMC, Town Clerk
Item Title: Update on Kagan Park FRDAP Grant

BACKGROUND:

On September 16, the Florida Recreation Development Assistance Program (FRDAP) Grant for Kagan Park was read at the Planning & Zoning Board Meeting. The purpose of presenting the overview of the grant application during a Public Hearing is required throughout the application process.

The Audit Oversight Committee was scheduled to hear the grant at their August meeting but due to the meeting being canceled/postponed, the item was moved to be heard at the Planning & Zoning Board meeting due to time constraints.

Although the grant applications are due by September 30, 2024, the preparation time that RMPK needs to complete the application packet is approximately two weeks.

DISCUSSION:

This FRDAP grant is to assist in renovating the children's playground equipment at Kagan Park. It will require a local match of 25% (\$37,500) with the state providing 75% (\$112,000) for a total amount of \$150,000. The Town has been a recipient of multiple FRDAP grants in the past and has utilized the grant dollars to renovate most if not all the equipment and amenities in Kagan Park.

Kagan Park offers the residents of Juno Beach many recreational amenities such as a basketball court, exercise equipment, bocce ball court, etc. Recently, parts of the playground equipment had been replaced due to deterioration. The playground is inspected monthly to ensure the safety of the equipment.

In conclusion, the application and approval process take approximately about a year to complete. The Governor then signs the state budget in July which determines which grants are funded. If the Town receives approval of the grant, the process to renovate the park would have a proposed start date in Fall of 2025 and must be completed within a three-year timeframe per the award.

RECOMMENDATION:

Staff recommends that the Committee review the memorandum and ask staff if they have any additional questions.



Meeting Name: Audit Oversight Committee Meeting
Meeting Date: September 24, 2024
Prepared By: C. Copeland-Rodriguez, MMC, Town Clerk
Item Title: Review of Staff Report Response to the Auditor's Discussion & Analysis Report Recommendations

DISCUSSION:

Per the recommendation of the Audit Oversight Committee on June 25, the Town Council gave consensus at its July meeting to have staff prepare a response to the Auditor's Discussion & Analysis Report Recommendations.

RECOMMENDATION:

Review and recommend approval of the report to the Town Council.



REPORT ADDRESSING **AUDITOR'S 2023 SUGGESTED RECOMMENDATIONS**

07/30/2024

CYBERSECURITY

Recent headlines have seen no shortages of cyber-attacks across the governmental landscape, including many here in Florida. These attacks have varied from using ransomware to take control of a government's enterprise resource planning (ERP) system, targeted attempts through email to change vendor information, and attacks on water supply systems whereby an attacker gained access to the water control system and altered chemical additives to the purification process.

While all attacks are difficult to eliminate, we want to recommend the Town continue to develop and maintain a functioning Cybersecurity Risk Management Program to assist with comprehensively identifying cybersecurity weaknesses, potential threats and risks, and controls used to safeguard information and systems. We also recommend that you continue to investigate, develop and consider implementation of a Cybersecurity Risk Management Program covering Cybersecurity risk assessment, identification of sensitive data, use of strong passwords, software updates/patching cadence, audit security measures, and monitoring and testing of controls in place. A complete Cybersecurity Risk Management Program also encompasses incident response, disaster recovery, and business continuity policies and procedures, as well as regular testing of the organization's back-ups. Our Firm has experts in place to help you with these efforts. Please feel free to reach out to us if we may ever be of service to you in these areas.

STAFF RESPONSE:

Town Manager Dyess has an IT background with experience in dealing with a ransomware attack and understands the concerns over proper IT solutions and procedures (the city did not have to pay the ransom). In the IT industry it is no longer a discussion of "IF" an attack occurs, but rather "WHEN". In the past it was all about blocking intrusions/firewalls/virus software, which are still important, but the internal human element is now more important than ever. A staff member clicking on what looks like a legitimate link in an email can lead to a big vulnerability that is harder to prevent than other forms of intrusion. This is why backup and recovery have become the most focused on system component in the organization's IT infrastructure.

A few years back state law changed making information about governments IT systems exempt from public record so that it was not readily available as to what types of systems and software are being used in hopes to cloud the knowledge from lawbreakers. The state then created a law to prevent any government from paying ransomware extortion in hopes to further prevent lawbreakers from attacking governments. This year's law change had to do with liability and if your organization adopted certain guidelines and reporting steps you would be exempt from liability.

In April, Town Manager Dyess adjusted the Town's technology policy to adhere to the latest law changes regarding guidelines and reporting procedures. He also removed any detail about specifics to the Town's software and systems brands. The Town does have a very good backup and recovery system and uses a 3-2-1 methodology (3 Copies of Data – Maintain three copies of data. 2 Different Media – Use two different media types for storage. 1 Copy Offsite – Keep

one copy offsite to prevent the possibility of data loss due to a site-specific failure.). The Town, also, utilizes a staff training service that keeps staff updated and trained on potential attacks. This service also conducts random testing to see if anyone is falling victim to scams and then schedules them for additional training. The Town has all the standard prevention as well such as firewalls, virus protection, anomaly detection, etc. Most importantly, after evaluating our operations, Town Manager Dyess noticed that there is very little internal exposure. The Town's on-premises systems are minimal, and he would be happy to explain that to each individual Council member.

DISASTER PREPAREDNESS

Disaster preparedness has become an increasingly important issue for local jurisdictions. Entrusted with mitigating the effects of disasters, local jurisdictions regard a quick response and effective recovery a paramount goal of disaster planning. For local jurisdictions, the concept of resiliency should be an integral part of disaster preparedness. Resiliency emphasizes the capacity of infrastructure, operations, and even social systems to respond to and recover from extreme events. Resilient systems reduce the probabilities of failure, the consequences of failure (such as deaths and injuries, physical damage, and negative economic and social effects), and the time for recovery. A resiliency-based approach is not reactionary to the effects of a disaster but establishes parameters to contain the effects and because of this, a jurisdiction can measure its resiliency by how quickly it can rebound.

Traditional disaster preparedness emphasizes reacting to a disaster to effectively minimize losses rather than establishing a capital program to invest in assets that can better withstand and recover from extreme events. A growing sentiment within local jurisdictions recognizes that reactive policies may not be enough. Instituting a resiliency-based approach to capital planning can help sustain local services and assure that local jurisdictions remain functional or recover more rapidly following a disaster.

Building resiliency into the capital planning process includes setting appropriate parameters for new construction and the continued maintenance of key assets and infrastructure in order to strengthen a community's ability to withstand and respond to a disaster. Establishing a resilient capital program can aid the Town by identifying costs associated with building, rebuilding or retrofitting infrastructure prior to disasters, and emphasizes the constant need for continued maintenance and improvement. A resiliency-based capital program can help the Town identify critical assets, prioritize infrastructure risk, build in the appropriate and necessary costs, and establish a system that reduces the impact of disasters and the time required for a community to recover and get critical services back up and running.

We recommend the Town incorporate resiliency into the capital planning process to produce a sustainable community and mitigate the effects of disasters. Ways of incorporating resiliency in the capital planning process include:

a) Raising the visibility of resiliency by including in capital plans. Resiliency-based capital planning recognizes the likelihood of disasters and operates proactively to reduce effects on the community. In planning for new capital projects, resiliency should be among the factors considered in prioritizing the construction, maintenance, or replacement of infrastructure and assets.

b) Establishing roles and engaging the general public. It is essential for the Town to promote financial literacy to its citizens and its governing board so they understand the trade-offs associated with resiliency investments. For that reason, a program seeking to build a resilient community must include at a minimum the following participants: finance officers, Town manager, public safety officers, emergency management and business continuity officers, engineers and construction project managers, public works officials, building regulations staff and planning and risk management staff as well as the public.

c) Developing a resiliency plan. Identifying the types of extreme events likely to befall upon the Town and the type of infrastructure most likely to be affected provides the basis for resiliency investment and initiates the process for establishing measures of success.

d) Planning begins by identifying resiliency needs. To properly establish a resiliency-based approach to capital projects, the Town should prepare a comprehensive inventory of its physical assets, create a system to determine critical assets and respective resiliency, and establish a scoring system that evaluates levels of resiliency. By doing so, the Town can assess the ability of **infrastructure** and operational systems to withstand disasters.

e) Funding decisions should be pursued after resiliency plans and project prioritization have been finalized. Funding and building resiliency into infrastructure assets and operational systems can proceed in two basic ways. First, the Town can use the rating system and prioritization to determine if resilient practices can be funded by capital budgets. This step should consider both resilient projects and non-resilient projects, and base funding decisions on the critical nature and need of the project. Second, if resiliency funding falls outside the scope of the capital budget, the Town can pursue alternative funding mechanisms such as federal or state grants.

STAFF RESPONSE:

The town has applied for and received a \$225,000 grant to complete a resiliency study. Once the study is complete, we will start focusing on the outcomes of the study to address areas of critical need first.

INCLUDING THE FINANCE DEPARTMENT AS PART OF DISASTER PREPAREDNESS

Planning for a disaster is no easy task. Calamity, man-made or natural, may strike at any time, threatening public safety or property, and recovery can be difficult and costly. The challenges the Town could face could be even greater if the Town's emergency operations plan does not specify the roles and responsibilities the Finance Department should play an emergency. Upon determining the potential financial impact of a disaster, the Town should consider incorporating the Finance Department into its emergency operations plan and spell out four (4) phases of its emergency management process: mitigation, preparedness, response, and recovery:

a) Mitigation. The finance team actively participates in the disaster mitigation process by allocating financial resources such as hazard mitigation grants to reduce the risk of identified hazards.

b) Preparedness. The team conducts annual disaster workshops for all city departments to review the Town's policies and guidelines.

c) Response. Preparing Town staff and the community at large before an emergency takes place makes it easier for the Town to coordinate response when a disaster occurs.

d) Recovery. Because recovery can be a lengthy and costly process, the city manages its resources efficiently and tracks costs for reimbursement that will help return it to pre-disaster conditions.

Through clearly defined and designated roles, the Town's Finance Department can play a key part in ensuring that the Town mitigates its risks, is prepared, can effectively respond and quickly recover when disaster strikes.

STAFF RESPONSE:

The Town of Juno Beach does have an Emergency Management Hurricane Plan that is updated annually, and each department is involved with preparations. In the NIMS incident command structure Finance is in charge of the logistics section, which is responsible for resources and needed services to support achievement of the incident objectives. NIMS is the National Incident Management System that is utilized by FEMA. We have recently begun the process of becoming F-ROC certified by the state. This is a system that the finance director has been working on that standardizes the FEMA process and if you are an F-ROC organization and meet the qualifications the state will give you more immediate reimbursement percentages instead of waiting years on FEMA.

OPERATIONAL STRATEGY

During our discussions with management and governance, we noted that the Town has had turnover at key management positions, including the Town manager and Finance Director, within the last 12 months. Anytime there is a change in key personnel, it provides an opportunity to evaluate the operations of the Town and determine if any best practices can be implemented to enhance operating efficiencies and effectiveness. Potential areas for enhancement relate to policies, procedures, internal controls business processes, organization and general operations.

STAFF RESPONSE:

The Town of Juno Beach has recently updated and/or created policies such as personnel manual, purchasing policy, etc. to enhance operating efficiencies and effectiveness. Staff has proposed in the 2024/2025 budget a new finance software package which will create opportunity to rewrite or revise operating procedures. This creates the mechanisms to incorporate best practices. These new control mechanisms could be evaluated by an outside audit firm. Again, with two new members of leadership coming into an organization that has done it a certain way for many years could benefit from having these control mechanisms evaluated and help ensure that best practices are being applied.