

Office of the
Internal Auditor

Engagement Report

May 2026

Premium Invoicing, Refunds
& Suspense Account



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Executive Summary

Background

Citizens' premium invoicing, refunding, and suspense monitoring processes are managed by the Accounting Operations Department (AO) within Financial Services and support the billing, collection, application, reconciliation, and disbursement of policyholder premium funds.

Premium invoicing involves generating and issuing bills to policyholders or mortgage companies for policy transactions, such as new business, renewals, and endorsements. The invoicing process is largely automated, with policy and billing data transmitted from core systems to a third-party vendor that prints and mails invoices. AO administers payment plans and billing adjustments but does not modify core policy information, making billing accuracy and completeness dependent on system calculations, data integrity, and properly configured billing logic.

Premium refunding and suspense monitoring encompass premium balances that cannot be retained or immediately applied. Refunds result from premium adjustments due to policy changes, cancellations, or changes to installment plans. Suspense accounts temporarily hold premium receipts that cannot be matched to a specific policy or invoice until they can be researched and applied to a policy balance or refunded. AO monitors these activities daily and processes related disbursements in accordance with established timing standards and applicable Florida statutes.

Collectively, these processes support accurate billing, proper application of cash receipts and refunding of premium funds, and the complete and accurate recording of premium receivable activity in Citizens' financial records.

Objectives and Scope

The objective of this audit is to evaluate Citizens' premium invoicing, refunding, and suspense processes to support accurate billing, proper handling of policyholder funds, and reliable financial reporting of receivable balances. Key focus areas include:

- **Automated Premium Invoicing** – Evaluate automated invoice generation and system configuration to support accurate and complete billing.
- **Invoice Adjustments and Access Controls** – Review access controls and authorization over billing changes, including payment plan changes, invoice modifications, and payee updates.
- **Premium Refund Processing** – Assess controls over premium refund disbursements, including approval, timeliness, payee validation, and processing accuracy.
- **Suspense Resolution and Monitoring** – Evaluate processes for identifying, resolving, and monitoring suspense balances, including timely application or refund of funds.

Results

Overall, the Citizens' Accounting Operations Department (AO) has effective processes and controls in place for premium invoicing, refund processing, and suspense monitoring. In addition, system configurations, processing controls, and monitoring activities are designed and operating effectively to support accurate billing and proper handling of policyholder funds. The following positive practices were observed:

- Automated invoicing processes are configured appropriately, and invoice generation is accurate and complete based on system data and billing logic.



Executive Summary

- Access controls and authorization over billing adjustments, including payment plan changes and invoice modifications, are appropriate and function effectively.
- Premium refund processing activities, including approvals, validation, and disbursements, are performed accurately, securely, and in a timely manner.
- Suspense monitoring and resolution processes are operating effectively, with balances reviewed and resolved in accordance with established procedures.

While AO has well-established and effective processes in place, Internal Audit identified one medium-risk issue regarding the verification of premium refund disbursements in accordance with Florida Statutes. This matter has been discussed with Management, and additional details are provided in the Issue section below.

Conclusion

The engagement demonstrates effective premium invoicing, refunding, and suspense monitoring processes, supported by appropriate system configurations, timely processing, and effective management oversight.

Internal Audit identified one medium-risk observation that presents an opportunity to enhance auditability and strengthen alignment with Florida Statutes. Overall, the control environment in this area is considered effective.

We would like to thank management and staff for their cooperation and professional courtesy throughout this audit.



Detailed Finding

1. Opportunity to Enhance Tracking of Disbursement Mailing Dates for Compliance Evidence

Classification	Medium	Control Evaluation	Control is not appropriately designed
Observation	<p>During the engagement, Internal Audit observed that current processes appear to align with internal procedures governing the release of premium refund disbursements. Payments under \$1000 are automatically released for print and mail after 10 days, while payments exceeding that threshold may be released sooner upon approval but are otherwise held for no more than 10 days. Oversight mechanisms, including daily monitoring by the Assistant Director of Accounting Operations, are in place to help ensure approvals are obtained within the required timeframe.</p> <p>However, the system currently records the outgoing payment date based on when a check is printed rather than when it is mailed. While this does not indicate a failure to follow established procedures, it does create a limitation in demonstrating compliance with Florida Statute, specifically, the timely delivery of funds to the recipient. Since the mailing/postmark date more accurately reflects when the disbursement is sent to the recipient, enhancing the process to capture or utilize the actual mail or postmark date (or implementing a reliable method to track it) would strengthen auditability and provide clearer evidence of compliance.</p>		
Cause	<p>The system is configured to use the check print date as the outgoing payment date, and there is no functionality or process to capture or track the actual mailing date of the disbursement. As a result, reporting relies on a proxy date that does not fully align with the date funds are sent to the recipient.</p>		
Consequence	<p>Reliance on the check print date rather than the actual mailing/postmark date may limit the ability to demonstrate timely disbursement of funds. This could increase the risk of delayed refunds going undetected, potentially resulting in customer dissatisfaction, complaints, or, in certain cases, financial impacts such as interest owed on delayed return premiums or perceived non-fulfillment of contractual obligations.</p>		
Recommendation	<p>Management should enhance the current disbursement process to capture and maintain the actual mailing/postmark date of checks, either through system functionality or a documented manual control. This may include modifying the system to record the mailing/postmark date or implementing a reliable tracking mechanism (e.g., integration with mailroom processes or logging procedures). Additionally, management should update relevant procedures and monitoring controls to incorporate the mailing/postmark date to better demonstrate compliance with timeliness requirements for premium refund disbursement.</p>		



Detailed Finding

<p>Agreed Management Response</p>	<p>Finance: Management has agreed to enhance procedures in coordination with facilities/mail room personnel. Once checks are delivered to the mail room and postmarked, a returned premium check disbursement log will be returned to the AO team for review.</p> <p>Facilities: Management has agreed to implement the above process with the AO team and will continue to evaluate any enhancement opportunities regarding their internal process.</p>		
<p>Responsible Individual(s)</p>	<p>Mike Sills, Senior Director - Accounting & Budget Cheri Linn, Director - Facilities Management and Real Estate</p>	<p>Completion Date</p>	<p>6/30/2026</p>



Distribution

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The Honorable Ron DeSantis, Governor
The Honorable Blaise Ingoglia, Chief Financial Officer
The Honorable James Uthmeier, Attorney General
The Honorable Wilton Simpson, Commissioner of Agriculture
The Honorable Ben Albritton, President of the Senate
The Honorable Daniel Perez, Speaker of the House of Representatives

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Completed by Mark Giardino, Internal Audit Manager and Kyle Sullivan, Director-Internal Audit. Under the Direction of Joe Martins, Chief of Internal Audit.