



# Annual Audit Plan Board of County Commissioners Calendar Year 2023

## **Division of Inspector General**

**Gary J. Cooney, Clerk of the Circuit Court & Comptroller**

**Terri Freeman, CPA, CIA, CISA, CRMA  
Inspector General**

**January 27, 2023**



**Division of Inspector General**

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Jan. 27, 2023

Board of County Commissioners  
Lake County, Florida

The enclosed Audit Plan for calendar year 2023 was prepared based on input from the County Manager and County leadership team and was approved by Gary Cooney, Clerk of the Circuit Court and Comptroller.

The plan provides a guide for engagements to be initiated during the year. However, if prolonged investigations of possible fraud arise or requests for risk and control consulting are made by management, some of the engagements in the plan may not be initiated during the year and others may be conducted that are not in the plan.

If you have any questions or would like to discuss any aspect of the plan, please contact me at 352-253-4937.

Respectfully submitted,

Terri W. Freeman  
Inspector General

cc: Gary Cooney, Clerk of the Circuit Court & Comptroller  
Jennifer Barker, County Manager

**Know of Fraud, Waste, or Abuse?**  
Contact our hotline at (352) 742-4429 or  
email [fwa@lakecountyclerk.org](mailto:fwa@lakecountyclerk.org)

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# INTRODUCTION

To ensure efficient and effective use of resources, a systematic approach must be used to create an audit plan that will cover the most significant risks to the goals and objectives of the County's operations.

## Sources of Areas Selected For Audit

Areas selected for audit were identified using a variety of sources including contracts and agreements, laws and regulations, risk assessments, and discussions with management.

Risk must be the primary factor in selecting areas for audit. Risk for some aspects of County operations is higher than others for many reasons including the type of activities performed, financial and operational impact, legal and regulatory requirements, and the length of time since an area was last audited.

As part of the audit selection process, we solicited input from the County Manager and the leadership team. Because one of the goals of the audit function is to be of assistance to management, their suggestions are seriously considered in the selection of audits to be performed.

In addition, there is a need to conduct some engagements on a surprise basis whenever prior knowledge could compromise the integrity of an audit or investigation. These types of engagements include cash and inventory counts, asset observations, and possible instances of fraud. Allegations of fraud generally come from our fraud, waste, and abuse hotline that provides a means for employees or citizens to report possible issues involving staff.

# Risk Assessment Methodology

The first step in the audit planning process is to conduct a risk assessment. To assist in this process, management rated the level of risk for the factors below for each area they oversee.

- 1) Strategic Risk - Exposure due to alignment of department goals and objectives to the BCC's strategic goals.
- 2) Reputation Risk - A measure of exposure to loss or embarrassment caused by the level of visibility and/or public interest.
- 3) Operations Risk - A measure of complexity of operations that can lead to unexpected losses or failures due to staff turnover, unqualified staff, lack of adequate staff or resources, or breakdowns of processes or systems.
- 4) Safety Risk - Potential for injury or death due to unqualified staff, inadequate staff or resources, or breakdowns of processes or systems.
- 5) Financial Risk - The measure of exposure to financial loss or embarrassment due to the nature of transactions, inadequate accounting for and safekeeping of assets, dependence on grants, fed & state assistance, or other funding sources or departments.
- 6) Compliance Risk - A measure of exposure or loss or regulatory sanction due to complexity and/or volume of regulations and/or penalties for noncompliance.
- 7) Information Security Risk - Exposure or loss due to the insufficient protection of the confidentiality or integrity of personal and organizational data.
- 8) Infrastructure Risk - Exposure to losses due to failures of basic services, organizational structures or facilities.
- 9) Technology Risk - Exposure or loss due to insufficient technology or knowledge of how to effectively utilize it, change in technology or introduction of new technology. Exposure or loss due to the inability to identify or respond timely to technology disruption or to implement innovative technology. Technology disruption is defined here as being rapid and superior changes that disrupt your current business model or will make current technology obsolete in a short timeframe.
- 10) Cybersecurity/Service Disruption - A measure of exposure to loss or embarrassment caused by a data breach or prolonged service disruption (e.g., denial of service , ransomware attack, natural disaster)
- 11) Third Party Risk - Exposure that arises due to reliance on outside parties (e.g., vendors, municipalities, government agencies) to perform services or activities that impact a department
- 12) Fraud Risk - A measure of exposure due to asset misappropriation, inappropriate handling of cash or cash equivalents (e.g., credit cards, high value items that are not classified as assets such as small tools, auto parts, supplies, drugs, scrap that can be easily sold or misused), lack of segregation of duties, collusion, corruption, and financial misstatement.

We weighted each of the risk factors by relative importance in calculating the risk score and categorized each of the auditable entities as high, medium/high, medium, medium/low or low risk. When we begin an audit, we meet with County management to gain a better understanding of the specific high risks to their goal and objectives. This risk assessment methodology is in accordance with the International Standards for the Professional Practice of Internal Auditing.

# CALENDAR YEAR AUDIT PLAN

This audit plan is subject to change throughout the year due to changes in risks or engagements requested by the BCC, management, or the Clerk of the Circuit Court and Comptroller.

## **Audits in Process**

Animal Services Prescription Drug and Controlled Substances Management  
Infrastructure – Facilities Maintenance  
Transit Services – Fixed Route  
Transit Services – Transportation for the Disadvantaged  
Aquatic Plant Management  
Mosquito Management  
Safety Program – 3 of 26 departments

## **Audits Targeted for Initiation in Coming Years**

Safety Program – 6 of 23 departments  
Information Technology Penetration Test & Vulnerability Assessment of County IT  
Information Technology Penetration Test & Vulnerability Assessment of Public Safety and Support IT  
Emergency Operations Center  
Housing & Community Services – Section 8 (Rental Assistance)  
Housing & Community Services – SHIP (1<sup>st</sup> Time Home Owner)  
Procurement Card Monitoring Using Data Analytics

## **Ongoing and Recurring Engagements**

Risk and Control Consulting Services  
Investigations relating to possible fraud  
External Financial Audit Assistance – Grant Controls Assessments and Year End Inventory Observations  
Cash, Supplies, and Controlled Substances Inventory Counts  
Fixed Asset Observations  
Continuous Audit Projects - Guardianships, DAVID Usage, Pcard Usage  
Education & Training (e.g. Guardians, Cashiers Identification & Reporting of Illegal Notes, and IRS 1.60501 compliance requirements)  
Follow-up on the remediation of prior years' audit observations