



Annual Audit Plan  
Board of County Commissioners  
Fiscal Year 2020

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

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

January 8, 2020



**Division of Inspector General**

**Office of Gary J. Cooney**

*Clerk of the Circuit Court and Comptroller*  
550 West Main Street, Post Office Box 7800  
Tavares, Florida 32778-7800  
Phone: (352) 253-4930 Fax: (352) 742-4534

---

Jan. 8, 2020

Board of County Commissioners  
Lake County, Florida

The enclosed Audit Plan for Fiscal Year 2020 was prepared based on input from the County Manager and his 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 fiscal year. However, if prolonged investigations of fraud, waste, or abuse arise or special requests are made by management, some of the engagements in the plan may not be initiated during this fiscal 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: The Honorable Gary Cooney, Clerk of the Circuit Court & Comptroller  
Jeff Cole, County Manager

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

# TABLE OF CONTENTS

INTRODUCTION..... 1

    Sources of Areas Selected For Audit ..... 1

    Risk Assessment Methodology ..... 2

FISCAL YEAR AUDIT PLAN..... 3

# 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 his 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 suspected instances of fraud, waste, or abuse. Allegations of fraud, waste, or abuse generally come from our fraud, waste, and abuse hotline that provides a means for employees or citizens to report possible issues.

# 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) Reputation Risk - a measure of exposure to loss or embarrassment caused by the level of visibility and/or public interest
- 2) 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
- 3) Safety Risk - potential for injury or death due to unqualified staff, inadequate staff or resources, or breakdowns of processes or systems
- 4) 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
- 5) Compliance Risk - a measure of exposure or loss or regulatory sanction due to complexity and/or volume of regulations and/or penalties for noncompliance
- 6) Information Security Risk - exposure or loss due to the insufficient protection of the confidentiality or integrity of personal and organizational data
- 7) Infrastructure Risk - exposure to losses due to failures of basic services, organizational structures or facilities
- 8) 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
- 9) 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 , randomware attack, natural disaster)
- 10) 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
- 11) 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, 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. We then held meetings with various County management to gain a better understanding of the high and medium/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.

# FISCAL YEAR AUDIT PLAN

This audit plan is subject to change throughout the year as the need arises. Therefore, some engagements identified below may not be conducted this year and others may be conducted that are not included in this document. This plan does not include engagements planned for areas in the Office of the Clerk of Circuit Court and Comptroller.

## **Audits in Process**

Emergency Operations Center  
Solid Waste – Landfill Operations  
Office of Human Resources and Risk Management –  
Self-Insured Health Plan, Property & Liability Programs, Worker’s Compensation

## **Audits Planned To Be Initiated During Year**

Housing & Human Services – SHIP, Section 8  
Transit Services – Fixed Route, Transportation for the Disadvantaged  
Office of Human Resources and Risk Management – Benefits Program  
Distributed Denial-of-Service (DDOS)/Vulnerability/Pen Test  
Payment Card Industry (PCI) Compliance – credit card handling and processing  
Health Insurance Portability and Accountability Act of 1996 (HIPAA) Risk Assessment  
Fleet Management – Procurement Card & Inventory  
Library Services - Voter Registration Process  
Emergency Medical Services  
Safety Program  
Infrastructure – Facilities, 911 Services, Radios  
Public Works – Mosquito & Aquatic Plant, Stormwater, Lab  
Parks & Trails

## **Continuous Audits and Other Projects**

Investigations relating to Fraud, Waste, and Abuse  
External Audit Assistance – Grants and Year End Inventory Observations  
Unannounced Cash, Controlled Substances, and Supplies Inventory Counts  
Fixed Asset Observations  
Continuous Audit Projects  
Consulting Services  
Auditee Education & Training  
Follow-up on the remediation of prior year’s audit observations