Annual Audit Plan
Board of County Commissioners
Fiscal Year 2021

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

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Inspector General

January 4, 2021

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Board of County Commissioners
Lake County, Florida

The enclosed Audit Plan for Fiscal Year 2021 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 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: Gary Cooney, Clerk of the Circuit Court & Comptroller
Jo Anne Drury, Interim County Manager

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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 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) 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
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 , randomware 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, 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 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.

Due to COVID-19, several audits planned for last year were not completed so they will be included in this plan.

Audits in Process

Office of Human Resources and Risk Management – Benefits Program
Emergency Medical Services
Parks & Trails

Audits Carried Over from Last Year's Plan That Were Delayed Due to COVID-19

Infrastructure – Facilities, 911 Services, Radios
Transit Services – Fixed Route, Transportation for the Disadvantaged
Payment Card Industry (PCI) Compliance – credit card handling and processing
Emergency Operations Center
Public Works – Mosquito & Aquatic Plant, Stormwater, Lab
Housing & Human Services – SHIP, Section 8
Safety Program – Multiple departments

Audits Planned To Be Initiated During Year

Internal Vulnerability Assessment
Distributed Denial of Service (DDOS) Risk Assessment
Social Media Risk Assessment
Submittable Complementary User Entity Controls – CARES Act funds application processing
CARES Act - Small Business Assistance Grant Program Audit
CARES Act – Residential Assistance Audit

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 Audits
Continuous Audit Projects
(e.g. Guardianships, DAVID Usage, procurement and timekeeping fraud monitoring)
Consulting Services
Education & Training (e.g. Professional Guardians, Cashiers Identification & Reporting of Illegal Notes)
Follow-up on the remediation of prior year's audit observations