



# FY 2020 INTERNAL AUDIT PLAN

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## Introduction

The internal auditor started with the County in December 2019 and immediately started meeting with the County Manager, department and division heads, County Councilmembers, and the County's external auditor to gain an understanding of the operations of the County. Professional standards, County Ordinance, and the Internal Auditor's Guidelines requires the preparation and presentation of an audit plan to Council.

During this risk assessment process, Council directed the Internal Auditor to immediately audit two programs which were time sensitive. Those two audits are currently underway.

Enclosed is the Fiscal Year 2020 Audit Plan for the Internal Auditor.

## Audit Prioritization and Selection

A risk assessment was performed to identify and prioritize potential audit areas posing the greatest possibility for risk and liability to the County. This process provides a tool to assign priority for the purpose of reducing the risk and liability exposure through observations, testing, analysis, and recommendations. In developing the risk assessment model and audit plan, risk is defined as the potential for loss to a division due to error, fraud, inefficiency, failure to comply with statutory requirements or actions which may have a negative impact on the County.

A systematic risk assessment approach was performed. The internal auditor sorted risks into 11 risk categories, which also correlate to the County's Dynamic Master Plan Bedrocks. These Bedrocks, risk categories, and their definitions are located on page 4.

These risk categories were assigned weights based on the Internal Auditor's professional experience in the public sector. Potential audit areas were identified from the Internal Auditor's knowledge and experience; during one-on-one discussions with Councilmembers, the County Manager and Deputy County Manager, department heads and division heads; and from reviewing the County's audited financial reports.

A score was assigned to each audit area within the 11 risk categories from 1-5 with 5 being the highest risk to the County. A score of 0 meant the audit area was not applicable to the category. These potential audit areas were assessed individually, then combined into an overall score reflecting the risk potential.

This is the first evaluation of the County's audit risk and will be continuously updated and modified as time goes on. In future risk analysis, a risk category will be added to evaluate when the area was last audited by the Internal Auditor.

*Failure of good audit risk management may lead to liabilities, fines, sanctions, or exposures. Ongoing reviews and risk assessments help the county avoid loss of assets, grant opportunities, citizen trust, transparency, disruption of customer service; due to the occurrence of risk events that could have been prevented, avoided, or mitigated.*

## Fiscal Year 2020 Audit Plan

The recommended audit plan for Fiscal Year 2020 considers remaining available audit hours and the scores of the top-ranked risk areas:

- Votran
- Cybersecurity\*
- All advertising Boards

\*Due to the nature and uniqueness of cybersecurity, this audit will need to be out-sourced through a formal request for proposal. The Internal Auditor will oversee this audit and work with the selected auditors.

In addition, at any time the Internal Auditor may elect to perform random, unannounced, and surprise audits of cash collections throughout County departments.

*May 1, 2020 thru September 30, 2020*

<u>Available Audit Hours</u>	872
<u>Less: Non-Audit Hours</u>	
Holidays	(24)
Personal Days	0
Professional Development	0
Administration Hours (Council/ Dept. Head Meetings, etc.)	(130)
Total Indirect Audit Hours	(154)
<b>Total Direct Audit Hours Available</b>	<b>718</b>

	Estimated Hours To Complete	
ECHO	10	10
Volusia Forever	85	85
VOTRAN	320	320
Cybersecurity	25	25
Advertising Boards	480	278
<b>Total Budgeted Direct Audit Hours</b>	<b>920</b>	<b>718</b>

## Audit Risk Categories

Master Plan Bedrocks		
<b>Thriving Communities</b> , Objective 1.4 - Provide safe and security community through prevention, readiness, and professional response	Public exposure	Risk that public will be directly harmed, loss of County reputation, loss of transparency, loss to the business community, confidential data is lost
<b>Excellence in Government</b> , Objective 3.2 - Provide high level of customer service	Service disruption exposure	Risk that service levels to citizens and business community is directly impacted
<b>Economic &amp; Financial Vitality</b> , Objective 2.4 - Ensure services and decisions are financially sustainable	Financial exposure	Risk that expenditures and liabilities will be increased, loss of revenues, impact to County's credit rating, inability to continue future services
<b>Thriving Communities</b> , Objective 1.1 - Engage in infrastructure and regulatory actions that protect and enhance the experience of residents and visitors	Compliance - laws/regulations	Risk of noncompliance with laws/ regulations/ MOUs, loss of future grant funding, future lawsuits, loss of MOUs in the future
<b>Excellence in Government</b> , Objective 3.3 - Demonstrate leadership in decisions and actions	Complexity of operations	Risk that all, or most, County departments will be impacted in some manner or that individual segment of department operations is complex
<b>Economic &amp; Financial Vitality</b> , Objective 2.4 - Ensure services and decisions are financially sustainable	Extent of pass-through monies	Risk that money owed to or from pass-through partners will be impacted
<b>Economic &amp; Financial Vitality</b> , Objective 2.2 - Develop and retain an educated, ready workforce matched to varying job opportunities	Management experience	Risk of new management over area and needing time to become proficient in new position, loss of institutional knowledge
<b>Excellence in Government</b> , Objective 3.1 - Maintain and foster productive relationships with public and private partners	Third-party exposure	Risk that contractors, vendors, suppliers will be impacted and/or will impact County operations
<b>Economic &amp; Financial Vitality</b> , Objective 2.4 - Ensure services and decisions are financially sustainable	Sustainability of program	Risk to the long-term operations of the service program and the cost recovery, i.e., program is 100% cost recovered, or 100% taxpayer funded
<b>Excellence in Government</b> , Objective 3.3 - Demonstrate leadership in decisions and actions	County Council-enacted initiative	Risk that Council-enacted initiatives are not being carried-out, or have the effect, as intended
<b>Excellence in Government</b> , Objective 3.3 - Demonstrate leadership in decisions and actions	Years since last audit *	Risk that operational changes have occurred since activity last audited, significant audit findings contained in last audit

## Audit Risk Matrix

Potential Audit Areas	Risk Categories										Total Score	
	Public exposure	Service disruption exposure	Financial exposure	Compliance - laws/ regulations	Complexity of operations	Extent of pass-through monies	Management experience	Third-party exposure	Sustainability of program	County Council-enacted initiative		Years since last audit *
Weights	15%	15%	15%	15%	10%	10%	5%	5%	5%	5%	0%	
VOTRAN	4	5	5	4	3	5	5	5	4	4	0	4.40
Cybersecurity	5	5	5	4	5	2	4	4	3	0	0	4.10
Advertising Authorities	5	4	3	4	3	5	4	4	3	3	0	3.90
Vendor Management & Purchasing Procedures	5	3	4	4	4	3	3	4	0	0	0	3.45
Economic Development Incentives Programs	4	4	2	4	3	3	4	3	3	3	0	3.35
Contracted / Outsourced Service Providers	4	5	3	3	3	2	4	5	3	0	0	3.35
Construction (CIP) Audits	4	4	3	4	3	3	3	4	3	0	0	3.35
Procurement Cards / Travel Cards / Fuel Cards	5	3	4	4	4	3	3	0	0	0	0	3.25
Revenue Collections/ Treasury and Controls	4	4	4	3	4	3	3	3	0	0	0	3.25
Capturing and Utilizing Useful Data	3	3	3	3	3	2	3	3	3	3	0	2.90
Corrections Facility Operations, receipting of money/inmates, kitchen, concessionaire, inmate ordering/accounts	4	4	2	4	3	0	3	3	3	0	0	2.85
FOIA / Open Records Management	5	3	2	5	4	0	3	0	0	0	0	2.80
Cash Handling / Receipting / Beach Access Stands	5	4	2	1	3	3	3	4	0	0	0	2.75
Travel and Training Expenditures	5	3	2	3	4	2	3	0	0	0	0	2.70
Parking Garage	4	3	2	2	2	0	3	4	4	3	0	2.55
Marine Science Center	3	3	2	3	2	0	3	3	4	3	0	2.50
Wilbur by the Sea Boathouse	4	3	2	3	1	0	3	3	3	3	0	2.50
Master Trails Fund	3	2	2	2	2	3	3	2	3	4	0	2.45
Health Insurance and Workers Compensation Claims Management	4	2	2	3	4	1	3	3	0	0	0	2.45
Records and Destruction Management	3	3	1	5	4	1	3	0	0	0	0	2.45
Overtime / Compensation	5	1	2	3	4	2	3	0	0	0	0	2.40
Fleet and Fuel Efficiencies, GPS tracking, Safe Driving Initiative, Needs Assessment/Review, Parts Inventory Management	3	3	1	2	4	1	3	0	3	4	0	2.35
Indirect Cost Allocations	2	2	3	2	4	3	3	0	0	0	0	2.20
Ocean Center Box Office Cash/Settlements/Receivables	3	3	3	2	2	0	2	0	4	0	0	2.15
Small Tools / Purchasing Thresholds	3	3	1	2	3	1	3	3	0	0	0	2.05
Phone Audit / Cell Phone Usage/ Need	4	1	1	2	3	1	1	0	0	0	0	1.65
Financial Close and Reporting	2	1	1	2	3	3	2	0	0	0	0	1.60
Surplus Property	2	1	1	1	3	0	3	0	1	1	0	1.30

### Specific Councilmember Items:

EMS Division Operations and Billings	3	4	3	3	2	1	3	2	4	3	0	2.85
Organizational Culture	3	4	2	2	4	1	3	1	0	5	0	2.60
Legal Department Operations	3	3	2	4	3	1	3	2	0	3	0	2.60

\* to be added in future years' risk analysis

### Scoring:

5	High
4	Medium-high
3	Medium
2	Medium-low
1	Low
0	N/A