



# 2021 INTERNAL AUDIT PLAN

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## Introduction

Per Ordinance 2-113(j), the Internal Auditor will submit to Council an annual internal audit plan for approval. The plan is developed based on prioritization using a risk-based methodology after soliciting input of Council, County Manager, and senior management.

## Audit Prioritization and Selection

To identify and prioritize potential audit areas posing the greatest possibility for risk and liability to the County a risk assessment was performed. 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, or 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 second 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 scored 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.*

-Institute of Internal Auditors

## 2021 Audit Plan

The recommended audit plan for 2021 considers available audit hours, as detailed below and the scores of the top-ranked risk areas. These top ranked areas include:

- Purchasing, P-cards (purchasing cards), and Vendor Management
- Economic Development Incentives Program
- Construction (CIP) Projects
- Airport Construction Grants
- Corrections Facility Operations

Audits currently in progress, which were approved in the prior plan, include Cybersecurity and VOTRAN. Cybersecurity was outsourced to a third-party due to the nature and uniqueness of cybersecurity. Both audits will be completed early in 2021.

Included in the audit plan is an annual audit of the ballot initiatives for the ECHO (Environmental, Cultural, Historical and Outdoor) and Volusia Forever programs. Both of these programs were renewed in the election of 2020, which included a requirement of an annual audit of both these programs.

In addition, at any time the Internal Auditor may elect to perform random, unannounced, and surprise audits of cash collections throughout County. Furthermore, if there are any significant changes to the County's risk, operations, programs, systems, or controls; the auditor will inform the County Council for potential adjustment to this plan. Such an adjustment to the plan will be upon a unanimous vote by Council.

January 1, 2021 thru December 31, 2021		
<b>Available Audit Hours</b>		2,080
<b>Less: Non-Audit Hours:</b>		
Holidays		(72)
Personal Days		(80)
Professional Development		(40)
Administration Hours (Council/Dept. Head Meetings, etc.)		(336)
<b>Total Non-Audit Hours</b>		<b>(528)</b>
<b>Total Direct Audit Hours:</b>		<b>1,552</b>
<b>Audit Areas:</b>	Estimated Hours to Complete Audit	
Cybersecurity	0	0
VOTRAN	129	129
ECHO / Volusia Forever Programs	194	194
Purchasing, P-Cards, and Vendor Management	258	258
Economic Development Incentives Program	258	258
Construction (CIP) Projects	387	387
Airport Construction Grants	258	258
Corrections Facility Operations	258	68
<b>Total Budgeted Direct Audit Hours</b>	<b>1,742</b>	<b>1,552</b>

Risk Categories													
	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 *	Total Score	
Potential Audit Areas	Weights	15%	15%	15%	10%	10%	5%	5%	5%	5%	0%		
Purchasing, P-cards, and Vendor Management	5	3	4	5	4	5	3	5	0	3	0	4.00	
Economic Development Incentives Programs	5	4	4	4	3	3	3	3	3	4	0	3.80	
Construction (CIP) Projects	4	4	4	4	3	5	3	5	3	0	0	3.75	
Airport Construction Grants	4	4	4	4	3	5	3	5	3	0	0	3.75	
Corrections Facility Operations	4	4	3	4	3	0	3	3	3	0	0	3.00	
Cash Handling / Receiving / Beach Access Stands	5	4	3	2	3	2	3	4	1	0	0	3.00	
Community Assistance	3	3	3	4	3	3	3	2	3	0	0	2.95	
Contracted / Outsourced Service Providers	3	3	3	3	3	2	4	5	3	0	0	2.90	
FOIA / Open Records Management	4	3	3	5	4	0	3	0	0	0	0	2.80	
Master Trails Fund	3	3	2	3	2	3	3	2	3	4	0	2.75	
Organizational Culture	3	4	3	2	3	1	3	1	0	5	0	2.65	
Water Resources and Utilities	4	3	2	3	4	0	3	3	3	0	0	2.65	
Records and Destruction Management	3	4	1	5	4	1	3	0	0	0	0	2.60	
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	
Capturing and Utilizing Useful Data	3	3	2	2	2	2	2	3	3	3	0	2.45	
Wilbur by the Sea Boathouse	3	3	2	3	2	0	3	3	3	3	0	2.45	
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	
Health Insurance and Workers Compensation													
Claims Management	3	2	2	3	3	1	3	3	0	0	0	2.20	
Compensation, Overtime, and Benefits	3	1	2	4	3	2	3	0	1	0	0	2.20	
Ocean Center Box Office													
Cash/Settlements/Receivables	3	3	3	2	2	0	3	0	4	0	0	2.20	
Leasing of County Offices	3	3	1	1	3	2	3	2	3	0	0	2.10	
Indirect Cost Allocations	2	2	3	2	4	3	1	0	0	0	0	2.10	
Travel and Training Expenditures	3	2	2	2	2	1	3	0	0	0	0	1.80	
Small Tools / Purchasing Thresholds	2	3	1	2	2	1	1	2	0	0	0	1.65	
Surplus Property	2	1	1	2	3	0	1	0	1	1	0	1.35	
Phone Audit / Cell Phone Usage/ Need	2	1	1	1	3	1	1	0	0	0	0	1.20	

\* to be added in future years' risk analysis

Scoring:

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

## Audit Risk Categories

Master Plan Bedrocks	Risk Categories	Definitions / Impacts to the County
<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 impact, 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