

Clerk of the Circuit Court and Comptroller  
Regular Public Meeting  
February 10, 2015

8. Report received for filing:

Division of Inspector General, Clerk of the Circuit Court and Comptroller, 2015 Annual Audit Plan.



## **DIVISION OF INSPECTOR GENERAL**

**KEN BURKE, CPA**

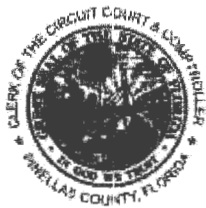
**CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
PINELLAS COUNTY, FLORIDA**

# **2015 ANNUAL AUDIT PLAN**



**Hector Collazo, Jr.**  
**Inspector General/Chief Audit Executive**

**JANUARY 15, 2015**



## **Ken Burke, CPA**

CLERK OF THE CIRCUIT COURT AND COMPTROLLER  
PINELLAS COUNTY, FLORIDA

Clerk of the County Court  
Recorder of Deeds  
Clerk and Accountant of the Board of County Commissioners  
Custodian of County Funds  
County Auditor

### **Division of Inspector General**

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January 15, 2015

The Honorable Chairman and Members  
of the Board of County Commissioners

The Honorable Ken Burke, CPA  
Clerk of the Circuit Court and Comptroller

This 2015 Annual Audit Plan has been prepared to identify planned audits during calendar year 2015 and the basis for their selection. This audit plan is the result of the development of a risk model to assess risks of various county operations for the purpose of indicating the need for audit. We also solicited input from the Board of County Commissioners, County Administrator, County Management, County Attorney, Pinellas County Constitutional Officers, the Management of the Clerk's Office, and county employees.

It is important that the Division of Inspector General has a sound methodology for the selection of its audits to ensure maximum benefit to the citizens of Pinellas County. I believe the process we have established obtains that goal.

This plan is prepared to provide a core guide for audits to be initiated during the fiscal year. The plan also provides for management requests and investigations of fraud, waste and abuse. Depending on workload and other factors, some of these audits may not be initiated during the year, and other audits may be conducted that are not on this plan.

If you have any questions or would like to discuss any aspect of this proposed audit plan, please call me anytime.

Respectfully Submitted,

Hector Collazo Jr.  
Inspector General/Chief Audit Executive  
Division of Inspector General



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# INTRODUCTION

To ensure the most efficient and effective utilization of audit staff resources, it is essential that areas selected for audit be carefully considered. Since the audit function, like other governmental functions, should provide the maximum possible benefit to Pinellas County citizens, audits should be conducted which will ultimately result in the most benefit. Because of the large number of possible areas to audit throughout the county and limited staff resources to audit them, a careful audit selection process should be in place. Such a strategic planning process has been conducted in determining this audit plan. The methodology of selecting audits and those areas selected for audit in 2015 are presented below.

## ***SOURCES OF AREAS SELECTED FOR AUDIT***

Areas selected for audit can come from a variety of sources. These include risk, management and employee requests, unannounced audits, and anonymous allegations of fraud, waste and abuse.

Risk must be one of the primary factors in selecting areas for audit. Risk for some aspects of county operations is higher than others for many reasons, including the type of activities, financial and operational impact to the county if something were to go wrong, strength and attitude of management, and the length of time since the areas have been audited. Those areas of the county which are high risk should receive more audit attention than those of lower risk. It should be noted, however, that areas of lower risk should not be ignored; rather, they should be done with less frequency than the higher risk areas.

As a part of the audit selection process, we also solicited input from the Board of County Commissioners, County Administrator, County Management, County Attorney, Pinellas County Constitutional Officers, the Management of the Clerk's Office, and county employees.

In addition to risk, management sometimes has concerns about some areas or for some other reason believes an audit is desirable. Because one of the goals of the audit function is to be of assistance to management, these management requests are seriously considered in the selection of audits to be performed.

In addition, there is a need to conduct some audits on an unannounced basis whenever prior knowledge could compromise the integrity of the audit. These types of audits include cash counts, payroll distributions, and some suspected instances of fraud, waste or abuse.

Our establishment of a fraud, waste and abuse hotline has also generated areas that have resulted in audits and investigations. The hotline tips have resulted in various investigative audits and guardianship audits.

## **RISK ASSESSMENT METHODOLOGY**

The first step in determining a risk assessment methodology is to prepare a list of auditable entities. These are possible entities that could be audited in the county, if we chose to do so. In arriving at this comprehensive list, we used the county's budget. By making sure all operations involving county funding were in some fashion included on the list of auditable entities, we have reasonable assurance that all significant county operations are included in our audit universe. Through this process, we identified over 300 auditable entities.

Once the auditable entities were identified, we determined how to assess the risk associated with each entity. We established six risk factors to be assessed for each entity:

1. Operational Impact
2. Complexity of Operations
3. Dollar Impact
4. Degree of Autonomy
5. Number of Years Since the Last Audit
6. Public Perception

Each of the risk factors were weighted with Dollar Impact, Operational Impact, and Number of Years since the Last Audit together comprising 65% of the weight. Numerical risk scores were assigned for each risk factor for each auditable entity. Total risk scores were then calculated. Auditable entities were grouped into high, medium, and low risk categories based on total risk score. The audit plan includes primarily management requests and entities from the high-risk area, but also includes some entities with lower identified risk. The risk assessment methodology is in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Standards for Offices of Inspector General*.

## **2015 ANNUAL AUDIT PLAN**

Using the risk model, audit resource allocation, and management requests for audits, we developed the 2015 Annual Audit Plan. The Annual Audit Plan is a planning tool for the use of audit resources. As such, it is subject to change throughout the year as the need arises. Audit reports will be issued during the year for the audits shown as in-progress as well as those audits planned.

# 2015 ANNUAL AUDIT PLAN

## **Audits Planned**

Alcohol Beverage License Revenue  
Audits of Selected Construction Contracts  
Audits of Selected County Service & Maintenance Contracts  
Business Technology Services Server Security  
Code Enforcement Operations & Internal Controls  
Community Development Selected Program  
Court Appearance Bonds Operations & Internal Controls, Bond Application  
Court Evidence Custody, Criminal & Civil Operations & Internal Controls  
Finance Division Accounts Payable Operations & Internal Controls  
Internal Controls Over Selected County Applications' Interfaces  
Parks and Conservation Resources Concession Agreements  
Pinellas County Health Program  
Pinellas Public Library Cooperative Operations & Internal Controls  
Solid Waste Contract for Waste to Energy Plant  
STAR Center Operations & Internal Controls  
St. Pete-Clearwater Airport Lease & Concession Agreement

## **Continuous Audits**

Existing Bank Accounts for BCC and CCC  
Fixed Asset Physical Inventories  
Property Appraiser Employees' Use of DAVID Personal Data  
Purchase Card Usage  
Sixth Judicial Circuit Court's Guardianship Audits  
Unannounced Imprest Funds Audits  
Unannounced Notary Audits

## **Audits in Progress December 31, 2014**

Agreements with Parks and Conservation Resources Non-Profit Organizations  
Animal Services Operations & Internal Controls  
Business Technology Services HP Contract  
Child Support Operations & Internal Controls and FACC Interface  
Clerk Collection Service Agreements (Linebarger Goggan Blair & Sampson, LLP  
and Penn Credit Corporation)  
Clerk's Internal Controls Over DAVID Information  
County Purchasing Card Usage for Contract Payments  
Public Works and Utilities Infrastructure Long Term Plans/Projects  
Follow-Up Audits & Investigations  
GIS Pinellas County Infrastructure Construction Water & Sewer Information  
High Volume Usage of County Purchase Cards  
Housing Finance Authority Long Term Obligations  
Human Resources Short and Long Term Disability Contracts  
Public Integrity Guardianship Audits  
Public Integrity Investigations  
Real Estate Management Inventory Control  
Tax Increment Financing Districts Municipal Payments to County  
Unannounced Limited Audit of the Existing Bank Accounts for the BCC & CCC

## ***COOPERATIVE PARTNERSHIPS IN SUPPORT OF COUNTY OPERATIONS***

In addition to the Annual Audit Plan, the Inspector General's annual work plan includes the following cooperative partnerships in support of county operations as an independent, objective resource for the County. Examples of our 2014 support include:

### **Management Requests**

Pinellas County Housing Authority Section 8 Review  
Property Appraiser Homestead Exemption Review

### **Ongoing Projects**

Auditee Education/Assistance  
Consulting Services  
Guardianship Study  
Special Management Requests

### **Operational Hotlines**

Inspector General's County-Wide Fraud, Waste and Abuse Hotline  
Pinellas County Sheriff's PREA Hotline  
Sixth Judicial Circuit Court's Guardianship Fraud and Waste Hotline

### **Participation On Various Boards And Teams**

Budget Financial Management Services Delivery Team  
CJIS User Policy Board  
Contract Management Services Delivery Team  
Utilities Process Review Team  
Establishment of a Donation Capability for Utility Customers  
Security Panel  
Technology Steering Committee

Note: This Annual Audit Plan represents a flexible planning document. As such, some audits identified herein may not be conducted this year. Also, audits may be conducted which are not included in this document.