

Linda Doggett, Lee County Clerk of Circuit Court & Comptroller



2018 Annual Audit Plan



Inspector General Department

LeeClerk.ORG
LINDA DOGGETT : CLERK OF COURT

Tim Parks, Chief Internal Audit Officer/Inspector General



Lee County Clerk of Circuit Court & Comptroller 2018 Annual Audit Plan



To: The Honorable Linda Doggett, Lee County Clerk of the Circuit Court & Comptroller
From: Tim Parks, Chief Internal Audit Officer/Inspector General
Date: December 20, 2017
Subject: LCCC 2018 Annual Audit Plan

Dear Ms. Doggett,

Attached is the Inspector General (IG) Department's list of proposed 2018 audit projects for the Lee County Clerk of Circuit Court (LCCC) for your review and approval. The five proposed audit engagements for 2018 include three operational audits, two Information security audits, and other audit activities.

The Audit Plan was developed using a risk-based methodology. We designed the audit plan to address what we considered to be risk areas, while limiting the scope of work to what we can realistically accomplish with the staff resources available. The risk assessment methodology is summarized in the attached document.

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

Sincerely,

A handwritten signature in blue ink that reads "Tim Parks".

Tim Parks, CIG, CIA
Chief Internal Audit Officer/Inspector General
Inspector General Department

TJP/GK



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Introduction

The Inspector General (IG) Department is an independent, objective, and comprehensive auditing program, established within the Lee County Clerk of the Circuit Court (LCCC) by authority of the constitution of the State of Florida. The Audit Services Unit provides assurance and consulting services for Lee County government operations.

The purpose of the Audit Services Unit is to advance accountability and to proactively work with the organization in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, and effective delivery of services; to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

Definition of Internal Auditing - The Definition of Internal Auditing states the fundamental purpose, nature, and scope of internal auditing:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The IG Department performs its audit activity in conformance to the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Red Book)* and the Association of Inspectors General (AIG) *Principles and Standards for Offices of Inspector General*.

Annual Plan Development

IIA Standard 2010 – Planning requires that the internal audit activity establish a risk-based plan, at least annually, to determine the priorities of the internal audit activity, consistent with the organization's goals. Accordingly, the Audit Services Unit has developed the 2018 Annual Audit Plan to provide audit coverage aligned with the LCCC's strategic objectives and specific management requests for audits. The Plan is published on a calendar year basis.

The goal of an annual audit plan is to prioritize and allocate limited resources efficiently to those areas considered to present the greatest risk, where the work of internal audit can provide the greatest amount of value.

The audit plan is flexible and may be amended during the year as determined by the Chief Internal Audit Officer/Inspector General with the concurrence of the Clerk and senior management of the LCCC. Completion of the audit plan may be affected by additional and/or critical audits requested by senior management, special projects, and unforeseen circumstances in a scheduled audit.



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LCCC Risk Assessment – 2018

Risk assessment is a process of systematically scoring (or rating) the relative impact of a variety of “risk factors.” A risk factor is an observable or measurable indicator of conditions or events that can impact an organization’s ability to achieve its objectives.

The steps followed in creating the LCCC risk assessment were as follows:

1. Define the Audit Universe

The Audit Universe is a listing of all of the LCCC’s significant Auditable Entities. The following process was used to develop the Audit Universe.

- a) Created a list of the LCCC’s business units and their primary programs/processes by using management’s responses to a Risk Assessment Questionnaire from 2016¹, the FY 2018 approved budget document, and information presented by Departments on the LCCC intranet.
- b) Eliminated programs/processes that are not auditable or that do not present significant threats.
- c) Reduced the number of Auditable Entities by consolidating some activities within Departments and across Departments to target more areas of risk and to best utilize our existing resources.

2. Apply Risk Scoring Methodology

- a) Each Auditable Entity was assessed and rated on a scale of 1 (low) to 5 (high) for each of five risk factors using the following criteria:

Dollar Expense – an objective measure of the potential impact of risk due to loss. The rating is based on the total operating expenses projected in the original fiscal year 2018 budget for a business unit, or a particular function of a business unit (if identifiable).

Dollar Revenue - an objective measure of the potential impact of risk due to loss. For revenue sources, original fiscal year 2018 budgeted revenues are used.

Public Concern - a subjective measure of the likelihood of a loss of public confidence caused by the level of visibility and/or public interest. The nature of the operations, physical environment and security of the facilities, data, and records are considered.

¹ A best practice for risk assessment questionnaires is to use them every three years or as appropriate.



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Operational Impact - a subjective measure of the impact of risk due to the “mission critical” nature of the activity, to the department and to other departments, and to the LCCC as an organization. This factor also considers the impact of the failure of the process or program on business continuity.

Full-Time Employees (FTEs) – an objective measure of the likelihood of risk occurring due to the number of employees involved in the program/process. The rating is based on the number of full-time employees in a business unit, or a particular function of a business unit (if identifiable).

b) Scores were derived as indicated in the table below.

Ratings for the subjective measures are based on discussions with management and the professional judgment of audit staff.

Risk Factor	Rating	Range
Expense Dollars	1	< \$320,000
	2	\$320,000 - \$620,000
	3	\$620,000 - \$1,000,000
	4	\$1,000,000 - \$3,000,000
	5	> \$3,000,000
Revenue Dollars	1	< \$320,000
	2	\$320,000 - \$620,000
	3	\$620,000 - \$1,000,000
	4	\$1,000,000 - \$3,000,000
	5	> \$3,000,000
FTE's	1	< 6
	2	6 - 13
	3	13 - 30
	4	30 - 40
	5	> 40
Public Concern	1	Not interested
	2	Slightly interested
	3	Moderately interested
	4	Very interested
	5	Extremely interested



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Operational	1	Insignificant
	2	Minor
	3	Moderate
	4	Major
	5	Incapacitating

- c) Weights were assigned to each factor based on relative importance as determined by input from audit staff and the Clerk.
- d) The final step is to calculate the total risk score for each Auditable Entity by adding the scores for all of the risk factors.

3. *Stratify the Results*

The risk assessment resulted in the identification of 23 Auditable Entities with Total Risk Scores ranging from 425 to 132. The results were stratified to approximately equal thirds, into high, medium, and low-risk as shown in Attachment 1.

LCCC 2018 Annual Audit Plan

In preparing the LCCC 2018 Annual Audit Plan, we considered all of the Auditable Entities.

A high risk score merely indicates that those business units and/or programs/processes are by nature a high risk activity because of such factors as having a large amount of expenditures or revenues, a high degree of public interest, or a potentially significant impact on the operation of the LCCC should a risk event occur. A high risk score does not mean that a function is being managed ineffectively or that it is not operating properly. High risk areas may indicate opportunities to address activities that are mission critical, provide substantial support for the LCCC, reflect high public need, or consume significant financial resources. These activities may warrant and benefit most from additional management action or audit services.

In selecting audits to include on the current year’s plan, we also considered the time since the activity was last audited.

2018 Proposed Audits

As a result of this process, the proposed audits for 2018 are as follows (See Attachment 1):

Operational Audits

1. *Criminal Court Evidence Inventory Audit*

Provide reasonable assurance that management has designed and implemented an



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adequate internal control environment surrounding the inventory process. Ensure existence of and adherence to policies and procedures, and the effectiveness of those controls. The procedures must include adequate security and the necessary chain of custody of the evidence.

2. *Human Resources Department*

Assess the LCCC's Human Resources Department's ability to measure and monitor its internal objectives and its contribution to the overall mission of the LCCC, and determine that controls are in place to ensure compliance with applicable policies, standards, laws, and regulations.

3. *Court Intake Processing*

Assess the Court Department's ability to measure and monitor its statewide performance measures. Review its contribution to the overall mission of the Department, and determine that controls are in place to ensure compliance with applicable policies, standards, laws, and regulations.

Information Technology Audits

4. *Odyssey Case Manager Application*

Assess the controls around the Odyssey application system to ensure the data is protected from unauthorized access, distribution, use, modification, or disclosure.

5. *Comprehensive Case Information System (CCIS)*

Access the internal controls in place to ensure the data maintained in CCIS is protected from unauthorized access, distribution, use, modification, or disclosure. Ensure that there are adequate processes for the verification and accuracy of data.

Follow-up on Previously Issued Audit Reports

The IG Department tracks and follows-up on audit recommendations to determine if they have been implemented as agreed by LCCC's management. Follow-up Reports are published as of the last day of each quarter through the Calendar Year.

Annual Cash Counts

The IG Department performs annual surprise cash counts on all petty cash and change funds maintained by LCCC staff.

Special Audits

Additional audits may be added during the year, i.e. forensic investigations, financial condition reviews, whistle-blower investigations, board requests.



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The Audit Plan is subject to change as management priorities change and new risks are identified. Special requests may be added to the Audit Plan.

Audit Resources

IIA Standard 1210 – Proficiency: Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

The IG Department has seven internal auditors to conduct audits on a full-time basis and perform other departmental activities. One auditor is assigned full-time to the Lee County Port Authority, one auditor is assigned full-time to the LCCC Guardianship Audit Function, and the other five split their activities between audits of the LCCC and the Lee County Board of County Commissioners.

The LCCC employs certified audit and investigation professionals. These individuals have exceptional backgrounds and experience (Attachment 2); similar to skill sets employed by other nationally and internationally accredited Internal Audit and Inspector General Offices. Their knowledge is validated by various credentials including CIA, CFE, CISA, CPA, CRISC, CGAP, CIG, CIGA, CIGI, CRMA, and others (Attachments 3 and 4). With LCCC support, each professional is responsible for attaining the necessary continuing professional education (CPE) credits to maintain and enhance their certifications.



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Attachment 1

Ranking	Department Name	DOLLAR EXPENSE		DOLLAR REVENUE		PUBLIC CONCERN		OPERATIONAL IMPACT		FTE's		SCORE	Proposed
		Rating	Wt Score	Rating	Wt Score	Rating	Wt Score	Rating	Wt Score	Rating	Wt Score	Total Score	2018
1	Court Customer Service	5	48	5	48	5	125	4	176	4	48	425	N
2	Accounts Payable	4	38	3	29	5	125	5	220	2	24	420	N
3	Court Operations	3	29	1	10	5	125	5	220	3	36	417	P
4	DoIT Application Solutions	4	38	1	10	5	125	5	220	2	24	417	P
5	Payroll	5	48	5	48	2	50	3	132	5	60	398	N
6	Court Intake	2	19	1	10	5	125	5	220	2	24	393	P
7	Court Services	5	48	5	48	2	50	4	176	5	60	382	#
8	DoIt - Infrastructure & Op Services	4	38	1	10	3	75	5	220	1	12	367	#
9	United Family	4	38	4	38	3	75	5	220	2	24	319	#
10	Recording	4	38	5	48	3	75	3	132	2	24	317	#
11	Investments	2	19	1	10	2	50	5	220	1	12	311	#
12	Administration	4	38	1	10	3	75	3	132	2	24	279	P
13	General Accounting	3	29	1	10	1	25	4	176	2	24	264	#
14	DoIT - Administration	1	10	1	10	2	50	4	176	1	12	258	#
15	Finance Operations	2	19	1	10	1	25	4	176	2	24	254	#
16	DoIt - Customer Interface Services	4	38	1	10	2	50	3	132	2	24	254	#
17	Court Records	4	38	3	29	1	25	2	88	2	24	204	#
18	Human Resources	2	19	2	19	1	25	3	132	1	12	207	P
19	Finance Business Analysts	2	19	1	10	1	25	3	132	1	12	198	#
20	DoIT Project Management Office	4	38	1	10	1	25	2	88	2	24	185	#
21	Micrographics/Mail Room	1	10	1	10	1	25	2	88	1	12	145	#
22	Minutes	1	10	1	10	1	25	2	88	1	12	145	#
23	Delinquent Tax	3	29	1	10	1	25	1	44	2	24	132	#

P - Selected for audit
 N - Completed in prior year
 # - Not selected



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Attachment 2

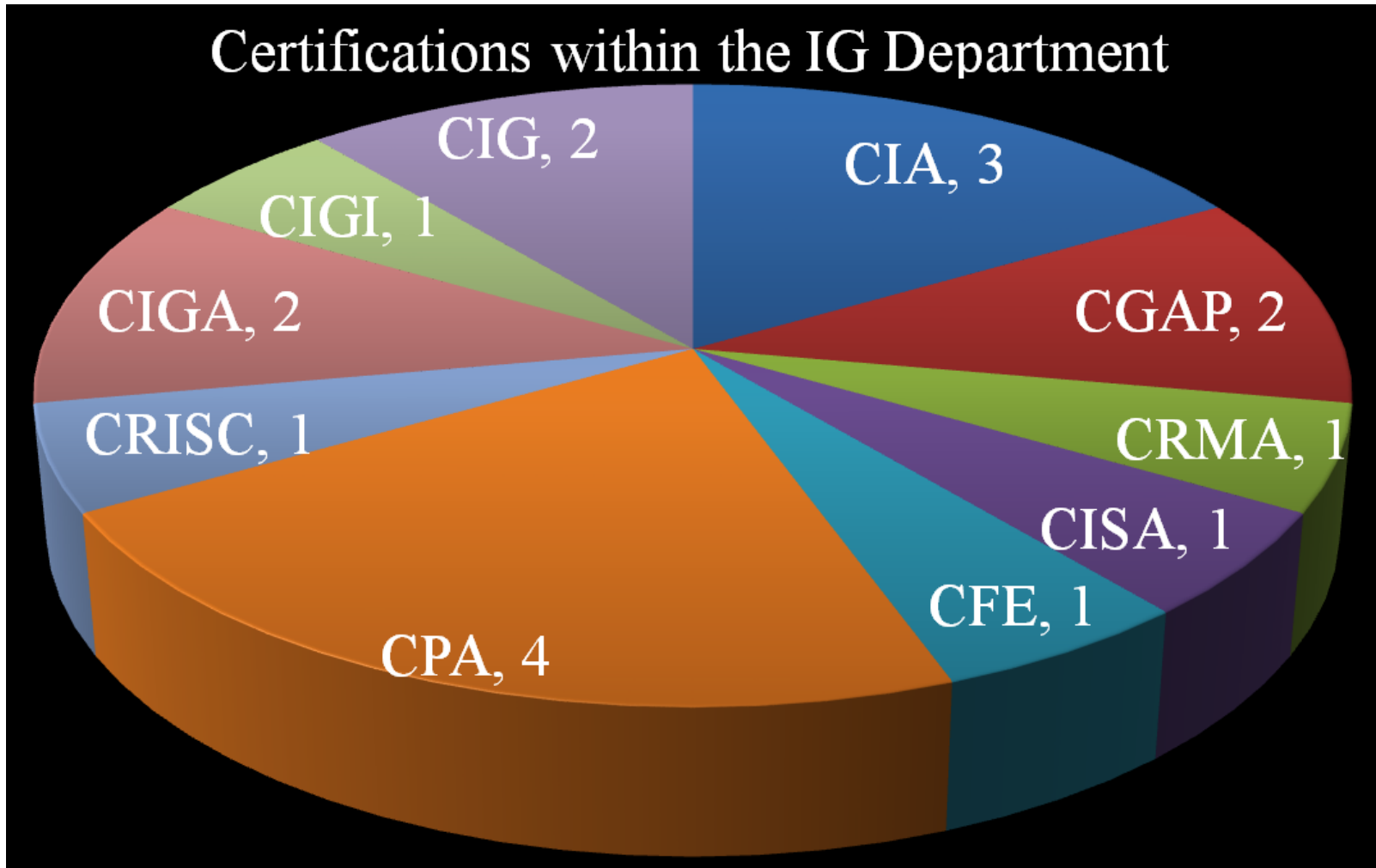




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Attachment 3





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Attachment 4

Organization	Formal Name	Certification	Formal Name	Type
AIG	Association of Inspectors General	CIG	Certified Inspector General	Ethics, Laws, and Standards - Fraud, Waste, and Abuse
AIG	Association of Inspectors General	CIGA	Certified Inspector General Auditor	Audit: Ethics, Laws, and Standards - Fraud, Waste, and Abuse
AIG	Association of Inspectors General	CIGI	Certified Inspector General Investigator	Investigation: Ethics, Laws, and Standards - Fraud, Waste, and Abuse
IIA	The Institute of Internal Auditors	CIA	Certified Internal Auditor	Internal Audit Global Recognition
IIA	The Institute of Internal Auditors	CGAP	Certified Government Auditing Professional	Public Sector all levels: federal/national, state/provincial, local, quasi-governmental, or crown authority
IIA	The Institute of Internal Auditors	CRMA	Certification in Risk Management Assurance	Risk Management & Governance
ISACA	Information Systems Audit and Control Association	CISA	Certified Information System Auditor	Information Systems
ISACA	Information Systems Audit and Control Association	CRISC	Certified in Risk and Information Systems Control	IT Risk
ACFE	Association of Certified Fraud Examiners	CFE	Certified Fraud Examiner	Fraud
AICPA	American Institute of CPAs	CPA	Certified Public Accountant	Financial