



Lee County Board of County Commissioners 2018 Annual Audit Plan

Inspector General Department



LeeClerk.ORG
LINDA DOGGETT : CLERK OF COURT

Tim Parks, Chief Internal Audit Officer/Inspector General



Date: June 11, 2018,
To: Linda Doggett, Lee County Clerk of Circuit Court & Comptroller
From: Tim Parks, Chief Internal Audit Officer/Inspector General
Subject: 2018 Annual Audit Plan for Lee County Board of County Commissioners

Attached is the Inspector General (IG) Department's list of proposed 2018 audit projects for the Lee County Board of County Commissioners (BOCC) for your review and approval. The proposed audit engagements include eleven operational 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.

The Plan was discussed with the County Manager's executive staff for their consideration on June 11, 2018.

Should you have any questions, please feel free to contact me.

Sincerely,

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

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

TJP/gk



Lee County BOCC 2018 Annual Audit Plan



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Introduction

The Inspector General (IG) Department is a chartered, independent, objective, and comprehensive auditing program, established within the Lee County Clerk of the Circuit Court & Comptroller (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. The Chief Internal Audit Officer/Inspector General (CIAO/IG) is responsible for developing a risk-based plan. To develop the risk-based plan, the CIAO/IG consults with senior management and the Clerk of Circuit Court & Comptroller to obtain an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The CIAO/IG must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.

Accordingly, the Audit Services Unit has developed the 2018 Annual Audit Plan to provide audit coverage aligned with Lee County's strategic objectives and specific management requests for audits. The Annual Audit Plan is based on the calendar year and the Final Plan is published on www.leeclerk.org.



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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 CIAO/IG with the concurrence of the Clerk and senior management of Lee County. 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.

BOCC 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 taken in creating the BOCC risk assessment were as follows:

1. Define the Audit Universe

The Audit Universe is a listing of all of the BOCC’s significant Departments, Divisions, and Business Units. The following process was used to develop the Audit Universe.

- a) Created a list of the BOCC’s Departments and their primary Programs/Processes, using the fiscal year 2018 approved budget and information presented by Departments on the County’s internet site, www.leegov.com
- b) Map the major processes/operations within the organization.
- c) Eliminated programs/processes that are not auditable or that do not present significant threats.

2. Apply Risk Scoring Methodology

- a) Each Department was assessed and rated on a scale of 1 to 5 for each of six risk factors using the following criteria:

Prior Report Timing – an objective measure based upon the period of time elapsed since the prior internal audit.

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).



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Dollar Revenue - an objective measure of the potential impact of risk due to loss. For revenue sources, 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.

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 BOCC as an organization. This factor also considers the impact of the failure of the process or program on business continuity.

Employee Factor – an objective measure of the likelihood of risk occurring due to the number of employees involved in a department/division.

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

Ratings for the subjective measures are based on the professional judgment of audit staff.

Risk Factor	Rating	Range
Prior Report Timing	1	< 1 Year
	2	1– 2 Years
	3	2– 3 Years
	4	3 – 4 Years
	5	>4 Years
Expense Dollars	1	< \$2,500,000
	2	\$2,500,000 - \$5,000,000
	3	\$5,000,000 - \$7,500,000
	4	\$7,500,000 - \$10,000,000
	5	> \$10,000,000
Revenue Dollars	1	< \$2,500,000
	2	\$2,500,000 - \$5,000,000
	3	\$5,000,000 - \$7,500,000
	4	\$7,500,000 - \$10,000,000
	5	> \$10,000,000
Employee Factor	1	< 13
	2	13 – 24
	3	25- 36
	4	37 – 48
	5	>48



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Public Concern	1	Not interested
	2	Slightly interested
	3	Moderately interested
	4	Very interested
	5	Extremely interested
Operational Impact	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 was to calculate the total risk score for each Auditable Entity by adding the weighted scores for all of the risk factors and dividing by the six factors.

3. *Stratify the Results*

The risk assessment resulted in the identification of 91 Auditable Entities with Total Risk Scores ranging from 5.650 to 1.550. The results were stratified into three tiers; high, medium, and low-risk as shown in Attachment 1.

BOCC 2018 Annual Audit Plan

In preparing the BOCC 2018 Annual Audit Plan, we considered the 20 departments/divisions with the highest total risk scores in the risk assessment (Attachment 2).

A high risk score merely indicates that those departments and divisions 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 concern, or a potentially significant impact on the operation of the BOCC should a risk event occur. High risk areas may indicate opportunities to address activities that are mission critical, provide substantial support for the BOCC, 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. Business units that have been audited in the past three years were not selected.



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2018 Proposed Audits

As a result of this process, the proposed audits for 2018 are as follows. The order of listing is not necessarily the order in which the projects will be started or completed. Final project reports are published as of the date that responses are received by the audit clients and the final report is signed by the CIAO/IG. Publication of the final reports is documented on www.leeclerk.org, and the publication date may fall outside of the Annual Audit Plan calendar year.

Operational Audits

1. *Fleet Management (In Progress)*

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

2. *Public Safety - Emergency Dispatch*

Evaluate risk exposures relating to the organization's governance, operations, and information systems, and determine the adequacy of the internal control structure.

3. *Transportation – Roadway Maintenance*

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

4. *Contract Management*

Ensure that vendors comply with key contract deliverables, and that management controls over the contracts are adequate.

5. *Community Development – Code Enforcement Division*

Ensure that the oversight of community development functions is performed in compliance with applicable policies, standards, laws, and regulations.

6. *Public Utilities (In Progress)*

Ensure that quality product and services are provided to Public Utilities' customers with revenue collections that are sufficient for operations.



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7. Lee County Transit (LeeTran) 2018 Attestation

Provide Independent Auditor Statement (IAS) attesting that Lee County Transit's data conforms to the 2017 National Transit Database (NTD) Manual Requirements.

Information Technology Audit

8. Technology Services – Access Management

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

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 BOCC'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 BOCC staff.

Special Audits

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

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, one auditor serves as the Department's Accreditation Manager, and the other four split their



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activities between audits of the LCCC and the BOCC.

IIA Standard 1230 – Continuing Professional Development: Internal Auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

The LCCC employs certified audit and investigation professionals. These individuals have exceptional backgrounds and experience (Attachment 3); 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 CIG, CIA, CGAP, CRMA, CISA, CFE, CPA, CRISC, CIGA, CIGI, and others (Attachments 4 and 5). With LCCC support, each professional is responsible for attaining the necessary continuing professional education (CPE) credits to maintain and enhance their certifications.

The IG Department is accredited by the Commission for Florida Law Enforcement Accreditation, Inc. (February 2016) and peer reviewed by the Association of Inspectors General (December 2016).



Lee County BOCC 2018 Annual Audit Plan Risk Assessment Calculations



Attachment 1

#	Department	Division	Prior Report Timing (a)	Dollar Expense Impact (b)	Dollar Revenue Impact (c)	Public Concern (d)	Operational Impact (e)	Employee Factor (f)	Calculation
1	Public Utilities	Utilities	4.00	5	5	5.00	5.00	5	5.650
2	Transportation	Facilities (Toll Facilities)	1.00	4	5	5.00	5.00	5	5.633
3	Visitor and Convention Bureau	***All Business Units***	5.00	5	5	5.00	3.00	3	5.283
4	Public Safety	***All Business Units***	1.00	5	5	5.00	5.00	5	5.100
5	Public Safety	Emergency Medical Services	1.00	5	5	5.00	5.00	5	5.100
6	Public Utilities	***All Business Units***	1.00	5	5	5.00	5.00	5	5.100
7	Public Utilities	Solid Waste	1.00	5	5	5.00	5.00	5	5.100
8	Public Transportation (LeeTran)	***All Business Units***	1.00	5	5	5.00	5.00	5	5.100
9	Transportation	***All Business Units***	1.00	5	5	5.00	5.00	5	5.100
10	Transportation	Toll Facilities	1.00	5	5	5.00	5.00	5	5.100
11	Community Development	***All Business Units***	5.00	5	5	3.00	3.00	5	5.033
12	Transportation	TR Roadway Maintenance	5.00	5	1	5.00	5.00	5	4.833
13	Facilities Construction & Management	***All Business Units***	5.00	5	2	3.00	5.00	5	4.800
14	Parks and Recreation	***All Business Units***	4.00	5	2	4.00	4.00	5	4.650
15	Parks and Recreation	Operations	4.00	4	5	3.00	3.00	5	4.650
16	Transportation	TR Operations	5.00	1	4	5.00	5.00	5	4.633
17	Fleet Management	***All Business Units***	4.00	5	4	3.00	4.00	3	4.467
18	Technology Services	***All Business Units***	3.00	5	5	3.00	5.00	1	4.300
19	Human Services	***All Business Units***	5.00	5	1	3.00	3.00	5	4.233
20	Fleet Management	Vehicle Maintenance	4.00	4	3	3.00	4.00	2	4.067
21	Public Safety	Emergency Dispatch	5.00	2	1	5.00	5.00	4	4.050



Lee County BOCC 2018 Annual Audit Plan Risk Assessment Calculations



22	Public Safety	E-911	5.00	2	2	5.00	5.00	1	3.900
23	Technology Services	ITG	3.00	4	4	3.00	5.00	1	3.900
24	Parks and Recreation	Operations - MSTU	3.00	5	1	3.00	3.00	5	3.867
25	Public Safety	Emergency Operations Center	5.00	1	1	5.00	5.00	2	3.867
26	County Manager	***All Business Units***	5.00	2	1	5.00	5.00	2	3.683
27	Animal Services	***All Business Units***	3.00	3	1	3.00	4.00	5	3.650
28	Library	***All Business Units***	4.00	5	1	2.00	2.00	5	3.650
29	Public Safety	Logistics	5.00	2	1	5.00	5.00	1	3.500
30	Parks and Recreation	Capital Improvement	4.00	2	1	3.00	3.00	4	3.450
31	Natural Resources	***All Business Units***	1.00	3	1	3.00	4.00	4	3.283
32	Transportation	TR Landscape	5.00	2	1	3.00	2.00	3	3.267
33	Public Safety	Gov't Communication Network	1.00	2	2	5.00	5.00	1	3.167
34	Technology Services	ITG Telecom	3.00	2	2	3.00	5.00	1	3.100
35	Medical Examiner	***All Business Units***	4.00	2	1	3.00	4.00	1	3.083
36	Community Development	Code Enforcement	5.00	1	1	3.00	3.00	3	3.067
37	Community Development	Inspections	5.00	2	1	3.00	3.00	3	3.067
38	Natural Resources	Water Resource Management	5.00	1	1	5.00	2.00	1	2.950
39	Transportation	TR Bridges	5.00	1	1	5.00	2.00	1	2.933
40	Community Development	Community Development Fees	5.00	1	4	3.00	3.00	1	2.917
41	County Attorney	***All Business Units***	4.00	2	1	3.00	3.00	2	2.900
42	Natural Resources	Surface Water Maint (Canals)	5.00	1	1	4.00	3.00	2	2.900
43	Office of Management and Budget	Budget	5.00	1	1	3.00	5.00	1	2.867
44	County Commissioners	***All Business Units***	2.00	1	1	5.00	5.00	1	2.750
45	Vehicle Replacement	Vehicle Replacement	3.00	2	1	3.00	4.00	1	2.717
46	Human Resources	***All Business Units***	1.00	2	1	3.00	4.00	3	2.717



Lee County BOCC 2018 Annual Audit Plan Risk Assessment Calculations



47	Sports Development	***All Business Units***	5.00	4	1	2.00	1.00	1	2.717
48	Community Development	Admin and Support	5.00	1	1	3.00	2.00	1	2.700
49	Community Development	Development Review	5.00	1	1	3.00	2.00	2	2.700
50	County Lands	***All Business Units***	4.00	1	1	3.00	4.00	1	2.700
51	Human Services	Contract Management	5.00	2	1	3.00	3.00	1	2.700
52	Natural Resources	Surface Water Management	5.00	1	1	3.00	3.00	1	2.700
53	Transportation	TR Signals	1.00	2	1	5.00	3.00	1	2.600
54	Transportation	TR Signs	1.00	2	1	5.00	2.00	2	2.600
55	Conservation 20-20	***All Business Units***	0.00	2	1	4.00	4.00	2	2.567
56	Community Development	Planning	5.00	1	1	3.00	2.00	1	2.517
57	Community Development	Zoning	5.00	1	1	3.00	2.00	1	2.517
58	Human Services	Housing Services	5.00	1	1	3.00	2.00	1	2.517
59	Natural Resources	Pollutant Storage Tank Program	5.00	1	1	3.00	2.00	1	2.517
60	Office of Management and Budget	***All Business Units***	3.00	1	1	3.00	5.00	1	2.500
61	Community Development	Permitting	5.00	1	1	3.00	2.00	2	2.500
62	Community Development	Plan Review	5.00	1	1	3.00	2.00	2	2.500
63	Human Services	Admin	5.00	1	1	3.00	3.00	1	2.500
64	Human Services	Family Self Suffice	5.00	1	1	3.00	2.00	2	2.500
65	Transportation	TR Design	5.00	1	1	3.00	2.00	2	2.500
66	Office of Management and Budget	Risk Management	3.00	1	1	4.00	3.00	1	2.350
67	Human Services	State Mandate	3.00	3	1	3.00	2.00	1	2.350
68	Human Services	Family Services	5.00	1	1	3.00	1.00	1	2.333
69	Community Development	Infrastructure Planning	5.00	1	1	3.00	2.00	1	2.317



Lee County BOCC 2018 Annual Audit Plan Risk Assessment Calculations



70	Community Development	Zoning Review	5.00	1	1	3.00	2.00	1	2.317
71	Transportation	TR Admin	5.00	1	1	3.00	2.00	1	2.317
72	Transportation	TR Planning	5.00	1	1	3.00	2.00	1	2.317
73	Transportation	TR Construction	5.00	1	1	3.00	2.00	1	2.317
74	Human Services	Non-Grant Donations	5.00	1	1	2.00	2.00	1	2.300
75	Procurement Management	***All Business Units***	3.00	1	1	2.00	4.00	2	2.283
76	Natural Resources	Environmental Lab	2.00	1	1	3.00	2.00	2	2.150
77	Economic Development	***All Business Units***	3.00	1	1	3.00	3.00	1	2.133
78	Veterans Services	***All Business Units***	5.00	1	1	3.00	1.00	1	2.133
79	Human Services	Fiscal	5.00	1	1	2.00	2.00	1	2.100
80	Natural Resources	Marine Services	5.00	1	1	2.00	2.00	1	2.100
81	Hearing Examiner	***All Business Units***	4.00	1	1	3.00	1.00	1	1.950
82	Transportation	LeeWay	1.00	2	1	2.00	2.00	2	1.950
83	Technology Services	GIS	3.00	1	1	2.00	2.00	1	1.933
84	Human Services	Neighborhood Building	5.00	1	1	2.00	1.00	1	1.917
85	Human Relations	HR Administration	1.00	1	1	3.00	3.00	1	1.767
86	Human Relations	HR Group Med	1.00	1	1	3.00	3.00	1	1.767
87	Human Relations	HR Dental	1.00	1	1	3.00	3.00	1	1.767
88	Human Relations	Gen Liab Self Ins	1.00	1	1	2.00	3.00	1	1.750
89	Technology Services	Tech Services	3.00	1	1	2.00	2.00	1	1.733
90	Natural Resources	Pollution Prevention	1.00	1	1	2.00	2.00	1	1.567
91	Human Relations	HR Training	1.00	1	1	2.00	3.00	1	1.550



Lee County BOCC 2018 Annual Audit Plan



Attachment 2

Risk Rating	Department	Division/Business Unit	Total Risk Score	Audit in Last 3 years?	Proposed 2018
1	Public Utilities	Utilities	5.650	No	P
2	Transportation	Facilities (Toll Facilities)	5.633	Yes	@
3	Visitor & Convention Bureau	***All Business Units***	5.283	Yes	*
4	Public Safety	***All Business Units***	5.100	No	P
5	Public Safety	Emergency Medical Services	5.100	Yes	@
6	Public Utilities	***All Business Units***	5.100	Yes	@
7	Public Utilities	Solid Waste	5.100	Yes	#
8	Public Transportation (LeeTran)	***All Business Units***	5.100	Yes	P
9	Transportation	***All Business Units***	5.100	Yes	@
10	Transportation	Toll Facilities	5.100	Yes	@
11	Community Development	***All Business Units***	5.033	No	P
12	Transportation	Roadway Maintenance	4.833	No	P
13	Facilities Construction & Mgmt.	***All Business Units***	4.800	Yes	@
14	Parks and Recreation	***All Business Units***	4.650	Yes	*
15	Parks and Recreation	Operations	4.650	No	*
16	Transportation	Operations	4.650	No	@
17	Fleet Management	***All Business Units***	4.467	No	@
18	Technology Services	***All Business Units***	4.300	No	P
19	Human Services	***All Business Units***	4.233	Yes	*
20	Fleet Management	Vehicle Maintenance	4.067	No	P

@ - At least one unit within the Department is selected for audit.

P - Selected for audit in 2018

- Not selected because another audit within the department/business unit was selected.

* - Audited within the past 3 years



Lee County BOCC 2018 Annual Audit Plan



Attachment 3

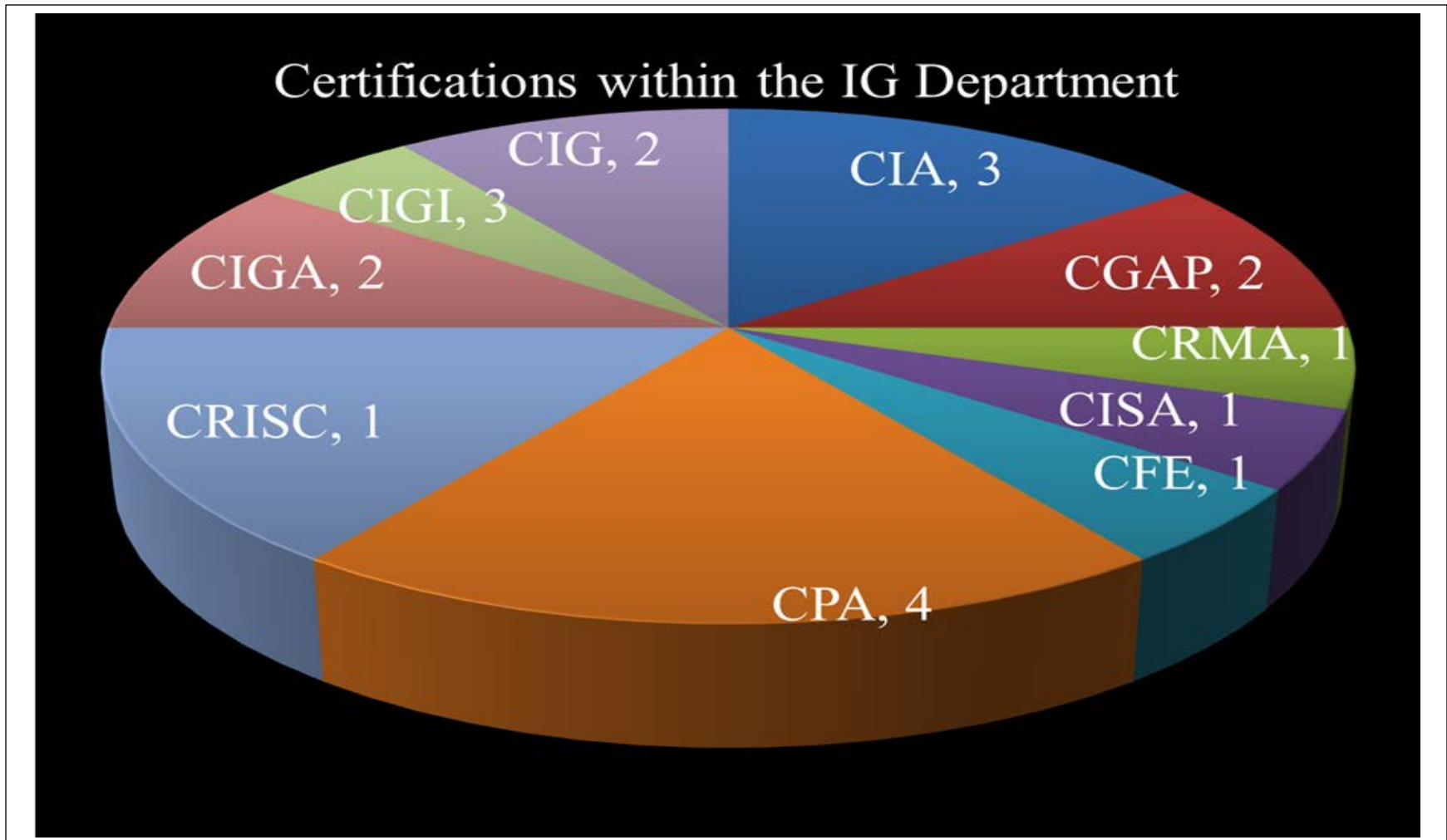




Lee County BOCC 2018 Annual Audit Plan



Attachment 4





Lee County BOCC 2018 Annual Audit Plan



Attachment 5

Organiz ation	Formal Name	Certific ation	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