ANNUAL AUDIT PLAN
FISCAL YEAR 2009 - 2010

Audit Services
Division of Inspector General

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

Hector Collazo, Jr., CFE, CFS, CISA, CIG
Director, Audit Services
Inspector General – Chief Audit Executive
Division of Inspector General

October 1, 2009

*Regulated by the State of Florida
October 1, 2009

The Honorable Chairman and Members
of the Board of County Commissioners

The Honorable Ken Burke
Clerk of the Circuit Court

This Fiscal Year 2009-2010 Annual Audit Plan has been prepared to identify planned audits during Fiscal Year 2009-2010 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 and the Management of the Clerk’s Office.

It is important that the Division of Inspector General’s Audit Services 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 Audit Plan also provides for consulting services, 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 Audit 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., Director
Division of Inspector General/Audit Services
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td></td>
</tr>
<tr>
<td>Opportunities for Improvement</td>
<td></td>
</tr>
<tr>
<td>1. Sources of Areas Selected For Audit</td>
<td>4</td>
</tr>
<tr>
<td>2. Risk Assessment Methodology</td>
<td>5</td>
</tr>
<tr>
<td>3. Fiscal Year 2009-2010 Annual Audit Plan</td>
<td>6</td>
</tr>
</tbody>
</table>
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 Fiscal Year 2009-2010 are presented below.

SOURCES OF AREAS SELECTED FOR AUDIT

Areas selected for audit can come from a variety of sources. These include risk, management requests, surprise 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 solicited input from the Board of County Commissioners, County Administrator, County Management, Pinellas County Constitutional Officers and the Management of the Clerk’s Office.

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 considered seriously in the selection of audits to be performed.

In addition, there is a need to conduct some audits on a surprise 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 audit entities.

Once the audit 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. Financial Impact
4. Degree of Autonomy
5. Number of Years since the Last Audit
6. Public Perception

We also included External Auditor or Management Concern, and each of the risk factors was weighted, with Financial Impact and Operational Impact together comprising 50% of the weight. Numerical risk scores were assigned for each risk factor to each audit entity. Total risk scores were then calculated. Audit 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.

FISCAL YEAR 2009-2010 ANNUAL AUDIT PLAN

Using the risk model, audit source allocation, and management requests for audits, we developed the Fiscal Year 2009-2010 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.
FISCAL YEAR 2009-2010 ANNUAL AUDIT PLAN

Audits Planned

211 Service Contract
AMSCOT Traffic Ticket Payments
Continuity of Operations Plan (COOP)
Contract-Road Construction Project
Convention & Visitors Bureau
Court Evidence Custodian
Enterprise Data Security
EPI Center Interlocal Agreement
Fleet Allocations
Imprest Funds
Juvenile Welfare Board
Materials & Supplies Inventory Controls-Alternate Water
Materials & Supplies Inventory Controls-Public Works/Highway
Materials & Supplies Inventory Controls-Solid Waste
Materials & Supplies Inventory Controls-Water
Library Cooperative
Office of Human Rights
Oracle Financial Application Project
Penny for Pinellas
Real Estate Property Revenues
Records Retention-BCC Operations
Solid Waste Municipal Recycling Reimbursement Grants

Continuous Audits

Cash Bonds
Enterprise Data Security

Audits in Progress October 1, 2009

Belle Harbour/Southern Marina
Clerk’s Call Center
Community Development
Countywide Printing Services
Data Librarian Function
EMS Ambulance Revenue
BTS Internal Service Fund
Juvenile Welfare Board
Utilities Engineering Consultant Selection Process
Metropolitan Planning Organization
Probate Court Records
Sealed Court Files
Solid Waste Reserves
Utilities Billing –CIS
911 Phone System
Purchase Card Restrictions

**Ongoing Projects**

Follow-Up Reviews
Investigative Audits
Tangible Personal Property Inventories
Auditee Education/Assistance
ACL Continuous Audits
Unannounced Audits (e.g. cash and payroll)
Guardianship Audits
Management Consulting

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.