2015 Annual Audit Plan

Hector Collazo, Jr.
Inspector General/Chief Audit Executive

JANUARY 15, 2015
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
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td><strong>Annual Audit Plan</strong></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. 2015 Annual Audit Plan</td>
<td>6</td>
</tr>
<tr>
<td>4. Cooperative Partnerships In Support of County Operations</td>
<td>7</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 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.
DIVISION OF INSPECTOR GENERAL
KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT
& COMPTROLLER
PINELLAS COUNTY, FLORIDA

SERVICES PROVIDED
AUDIT SERVICES
INVESTIGATIONS
GUARDIANSHIP SERVICES
CONSULTING
TRAINING
GUARDIANSHIP FRAUD HOTLINE
COUNTY FRAUD HOTLINE

Call: (727) 45FRAUD (727) 453-7283
Fax: (727) 464-8386
Internet: www.mypinellascourt.org www.twitter.com/pfellasig
www.facebook.com/igpinellas

Write:
Fraud Hotline
Public Integrity Unit
Division of Inspector General
510 Bay Avenue
Clearwater, FL 33756

An Accredited Office of Inspectors General