

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 10/16/18

[X] Consent [] Regular
[] Public Hearing

Department:

Submitted By: County Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file:

- A. Audit report reviewed by the Audit Committee at its September 12, 2018 meeting as follows:
1. 18-06 Youth Services Department - Internal Controls Review
B. Audit Risk Assessment and Work Plan for FY 2019.

Summary: County Code Section 2-260.16 requires the Internal Audit Committee to review audit reports prior to issuance. County Code Section 2-463 requires the County Internal Auditor to send those reports to the Board of County Commissioners. At its September 12, 2018 meeting, the Committee reviewed and authorized distribution of the attached audit report, as well as the Audit Risk Assessment and Work Plan for FY 2019. We are submitting these reports to the Board of County Commissioners as required by the County Code. Countywide (DB)

Background and Justification: At its September 12, 2018 meeting, the Internal Audit Committee reviewed and authorized distribution of audit report 18-06, and the Audit Risk Assessment and Work Plan for FY 2019. The annual audit risk assessment and audit plan are developed with input from county commissioners, county administration and departmental management. The risk assessment is based on operational, financial, and audit factors. Operational factors include changes in key management personnel, complexity of operations, and dependence on information technology for basic department operations. Financial factors include size of operating and capital budgets, departmental revenues, and grants made or received. Audit factors include length of time since the last audit of a unit and our overall assessment of the quality of departmental or unit internal controls. The actual projects selected for the FY 2019 audit plan are primarily drawn from the organizational units with the highest risk scores with additional projects included based on management requests.

Attachments:

- 1. 18-06 Youth Services Department - Internal Controls Review
2. Audit Risk Assessment and Work Plan for FY 2019.

Recommended by:

Joseph F. Bergeron
County Internal Auditor

9.26.18
Date

Recommended by:

W. Baker
County Administrator

10/9/18
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2019	2020	2021	2022	2023
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	None				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes _____ No _____
 Does this item include the use of federal funds? Yes _____ No _____
 Budget Account No.: Fund ____ Agency ____ Org. _____ Object ____
 Program Number _____ Revenue Source _____

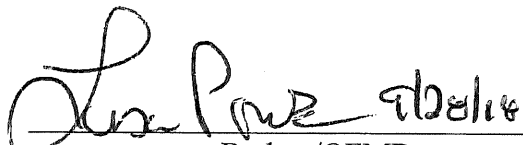
B. Recommended Sources of Funds/Summary of Fiscal Impact:

No fiscal impact

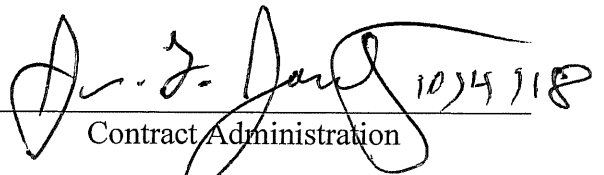
A. Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:


 Budget/OFMB

SD 9/27
 Jan 7/28


 Contract Administration

B. Legal Sufficiency:


 Assistant County Attorney

C. Other Department Review:

 Department Director



Office of the County Internal Auditor
Audit Report #2018-06

Youth Services Department

Internal Controls Review



*Reviewed by Audit Committee
September 12, 2018*

DATED JULY 2, 2018

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the Youth Services Department Director establish effective internal controls over the Residential Treatment and Family Counseling Division and the Outreach and

Community Programming Division, to ensure compliance with regulatory requirements, and County and departmental policies and procedures?

WHAT WE FOUND

We found that the Youth Services Department Director generally implemented effective management controls over the information technology function.

The report includes four findings. The findings address:

- Design and operation of monitoring controls over summer camp and

Youth Empowerment Center providers;

- Supervisory approval and review notes in the Residential Treatment and Family Counseling case management system; and
- Verification of residency for participants in the Highridge Family Center.

WHAT WE RECOMMEND

The audit report makes six recommendations for improvement in the areas listed above. These include: establishing standards and expectations for monitoring reviews; documenting those standards in policies and

procedures; ensuring that supervisory reviews are conducted and documented as required; and that determinations of residency are carried out and documented appropriately.

DETAILED FINDING AND RECOMMENDATIONS

Finding 1: Design and operation of monitoring controls over operating Summer Camp Providers needs improvement- Summer Camp Program

Department PPM YSD-OCP-001 entitled "*Summer Camp Scholarship Program*" establishes the guidelines and requirements for monitoring summer camp providers. These requirements include a site inspection prior to approval and random site inspections for approved summer camp providers. The PPM also includes a checklist to be used for these monitoring visits.

We reviewed the documentation related to site-monitoring visits of five approved Summer Camp Providers conducted by the Division. For 2017, there were 97 approved operating providers. The Division conducted monitoring visits for five of these

providers. All five visits were for newly approved providers. Two of these monitoring visits were conducted during the spring. According to management, Summer Camps do not operate in the spring. Camp staff to camper ratio, daily sign in and out attendance and observation of activities among other things had check marks on the monitoring form as in compliance for the monitoring visit during March. There were no monitoring visits conducted for returning providers.

Considering the program requirements, the total number of approved providers, and the number of monitoring visits conducted, we considered the design and operation of the monitoring controls not adequate to provide reasonable assurance that program providers are meeting program requirements.

Recommendations:

- 1. The YSD Director should establish standards for monitoring Summer Camp Providers addressing both returning providers and new providers, as well as the number and frequency of monitoring visits of both types of providers to ensure compliance with program requirements.**
- 2. The YSD Director should revise the current Sumer Camp Program PPM to include the standards included in recommendation #1.**

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director agreed with the finding and recommendations. The Department Director stated that revisions to the referenced PPM were being made. The Director also stated that a revised monitoring tool had already been created and that use of the revised monitoring tool would be included in the revised PPM.

We believe the actions proposed by the Director adequately address the finding and the recommendations.

Finding 2: Design and operation of site monitoring controls need to be improved- Youth Empowerment Centers.

The Department conducts Youth Empowerment Programs by contracting with community organizations. All the

contracts with the Youth Empowerment Center providers have a monitoring clause providing the County the right to monitor the program requirements. The Department PPM YSD-OCP-004 entitled "*Youth Empowerment Center Policy and Procedure*" reiterates this requirement. However, it does not establish any guidelines for conducting these monitoring activities.

The Senior Program Specialist (SPS) responsible for the Youth Empowerment Centers provided us documentation of site visits. The documentation consisted of meeting agendas and notes on discussions with site operators. The SPS did mention that he had visited several sites to verify site staff was present to open the facility at the scheduled time. The documentation does not appear to be part of a standardized monitoring program to ensure program requirements are being met. Additionally, we believe that confirming site staff was present to open the facility does not constitute a site monitoring visit.

Recommendation:

- 3. The YSD Director should revise the current Youth Empowerment Center PPM to include guidelines and directions to ensure that Youth Empowerment Center are being monitored as per contract/agreements.**

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director agreed with the finding and recommendations. The Department Director stated that the PPM mentioned in the finding is being revised with an expected completion date of September 30, 2018. A monitoring tool developed for the Community Based Agencies (CBA) will be used by OCP. Additionally, the Director stated that OCP is working with ISS to develop a monitoring database for FY 2019.

We believe the actions proposed by the Director adequately address the finding and the recommendation. We also believe that use of the CBA monitoring tool is appropriate since we had no issues in that regard.

Finding 3: Supervisory approval and review notes in case management system needs improvement- Residential Treatment and Family Counseling.

Departmental PPM YSD-RTFC-R-003 entitled "Required Case Documentation" requires that "all services provided to RTFC clientele will be documented in the computer database and reviewed by an RTFC supervisor and retained in case files." The PPM also requires that "cases remaining open more than 90 days from the initial family therapy session be approved by the Youth Services Coordinator, Chiefs of Clinical Services, the Division Director or their designee." The PPM requires cases with time gaps exceeding fourteen calendar days between dates of service provided or action taken or between last service

action date and report submittal date be discussed with the supervisor and explained/justified in the case note.

We reviewed case files from the Residential Treatment Center for five cases remaining open more than 90 days from the initial family therapy session. None of the case files included the approvals required by the PPM. Three of the case files included gaps in service exceeding 14 days. None of these three case files had the supervisory approvals required by the PPM.

We reviewed case files from the Family Counseling section for five cases remaining open more than 90 days from the initial family therapy session. Two of those cases did not have the required supervisory approval.

Not having this information documented in the Case Management system can make quality control for management more difficult. Not having up to date information in the system can also affect the intake process for clients waiting for admission to the program.

Recommendations:

- 4. The YSD Director should ensure that all client services are reviewed by supervisors and documented in the case management system in a timely manner.**
- 5. The YSD Director should ensure that all client services that are extended are reviewed and approved by supervisors and timely documented in the case**

management system.

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director agreed with the finding and recommendations. The Department Director stated that the RTFC Division is working with ISS to develop a reporting tool to alert supervisors of the need for certain reviews. The Department Director also stated that the PPM referenced is being rescinded because it duplicates another PPM that covers the required procedures on documentation.

We believe the actions proposed by the Director adequately address the finding and the recommendations.

Finding 4: Documentary verification for residency requirements needs improvement- Education & Training

Departmental PPM YSD-RTFC-HRFC-O-002 entitled "*Admission Guidelines*" requires that clients are residents of Palm Beach County. However, the PPM does not define the documentation required to verify residency.

Our review of file documents found that file documents included referrals from agencies that have addresses listed,

however, the Division does not request, nor require, any back up documentation to confirm residency. Clients are referred by the school district, other county and child services agencies, as well as other sections of the department. The PPM does not establish any guidelines or requirements relating to backup documentation for residency. Staff informed us that they do not require any backup documentation; they accept the client's word confirming that they are Palm Beach County residents.

Recommendation:

6. The YSD Director should revise PPM YSD-RTFC-HRFC-O-002 to include documentary requirements to establish residency.

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director agreed with the finding and recommendation. The Department Director stated that the PPM is being revised

We believe the actions proposed by the Director adequately address the finding and the recommendation.

BACKGROUND

The mission of the Youth Services Department is to administer programs and initiatives of the Board of County Commissioners to ensure the healthy growth, development, education and transition of children and youth to young adulthood and the workforce. The Youth Services department is made-up of three divisions: Outreach and Community Programming (OCP) Division; the Residential Treatment and Family Counseling (RTFC) Division; and the Finance, Contracting and Administrative Services (FCA) Division. The Board of County Commissioners established the Department in FY 2015 by combining units from other departments that focused on youth into a new department completely focused on providing services to youth. The Department started operating January 5, 2015. The Department accomplishes its mission with 84 staff members and it had a budget of \$12,924,837 in FY 2017.

The OCP Division coordinates internal and external youth programs and initiatives throughout Palm Beach County (PBC) through agreements with government and community based agencies. OCP focuses on youth and allocates resources to support evidence-based initiatives that promote healthy children, safe schools, reduction of youth violence and educational success. These include summer food programs,

summer camp scholarship programs, Youth Empowerment Program and youth services programs through Community Based Agencies (CBA's).

The Residential Treatment and Family Counseling (RTFC) Division includes the Highridge Family Center, the Youth and Family Counseling program, and the Education and Training program.

Highridge Family Center is a free, residential treatment program for Palm Beach County youth. The Highridge Family Center provides services to families with youth ages 11 through 16 years, who are experiencing problems at home, school, with friends, and in the community.

The Youth and Family Counseling program offers a community-based program providing therapeutic services for families with children and youth up to the age of 22 years old. The services provided are family therapy, group therapy, individual therapy (18-22 years old), on-site school based services, and parent education skills. Services are provided at the central offices as well as various locations such as Belle Glade, Delray Beach, and PBC schools. The Family Violence Intervention Program (FVIP) is also included in the Youth and Family Counseling Program.

The Education and Training Center is a community resource for primary prevention through education, training, and professional development. It provides free services to parents, children, families, school personnel, and mental health professionals in PBC. They are responsible for developing and implementing training, workshops, and community outreach activities. Additionally, they serve as a student/trainee placement site for doctoral interns, postdoctoral residents, and doctoral/master's level practicum students.

The Finance, Contracting and Administrative Services Division (FCAS) manages the contractual and financial needs of the various divisions and programs of the Department and coordinates those with other governmental and non-profit organizations. They also handle budget, procurement, payroll, human resources, payables, agenda items, records management, contract management, grant administration, communications and fixed assets for the Youth Services Department.

AUDIT SCOPE AND METHODOLOGY

This audit was part of the 2017 annual audit plan as approved by the Audit Committee. The scope of the audit covered the Residential Treatment and Family Counseling (RTFC) Division, and the Outreach and Community Programming (OCP) Division. Our review of the RTFC Division included the Highridge Family Center, the Youth and Family Counseling Section, and the Education and Training Section. In addition, the review of the OCP included the Summer Camp Scholarship Program, Youth Empowerment Program, and Community Based Agencies programs. Our audit scope, as determined by our risk assessment, was limited to core operational processes of the Department and therefore it did not include a review of the FCAS Division.

Our review included meeting with Department and Division management and staff, as well as reviewing sample transactions to assess the design and confirm the existence of internal controls. Because the Department was established in FY 2015, we focused our review on an assessment of the design of the Departmental system of internal controls in its customer service operations, and a limited confirmation of the functionality of those internal controls rather than an in depth testing of the functionality of the internal control. To become familiar with the various functions performed at Youth Services Department we obtained and reviewed Departmental and Countywide policies and procedures (PPMs) applicable to Department operations. In addition, we interviewed

management and staff. To meet our audit objective, our review and testing included observation, examination of existing system and file documents as well as analytical procedures applied to transactions for the OCP and RFTC Divisions. The Florida Department of Agriculture and Consumer Services recently audited the Summer Food Program of the OCP Division and issued a clean report. Accordingly, we excluded that program from our review. We conducted audit fieldwork at the Department from November 2017 through March 2018.

SAMPLING PLAN

Since our audit objective related to the confirmation of the existence of the controls in place, no detail testing was conducted. Our Audit Program consisted of a review of the various processes and the identification of related needed controls. We selected judgmental samples of between two to five transactions for each identified control to assess the design and confirm its existence.

MANAGEMENT AND AUDIT RESPONSIBILITIES



Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
July 2, 2019
W/P # 2017-08

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained.

Internal Audit is responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to perform, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE RESPONSE



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 West Palm Beach, FL 33415
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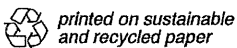
**Palm Beach County
 Board of County
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- Mack Bernard, Vice Mayor
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DATE: August 20, 2018
TO: Joe Bergeron, Palm Beach County Internal Auditor
FROM: Tammy K. Fields, YSD Director *TJF*
RE: Response to Audit Report

Below you will find the Youth Services Department's (YSD) response for the internal audit conducted by Gio Mejia and Alex Ferns and presented by Joseph F. Bergeron on August 8, 2018. As a new department, YSD welcomed the internal audit review as a step to enhance our internal controls for the Residential Treatment and Family Counseling Division (RTFC) and Outreach and Community Programming (OCP). The audit report acknowledge that YSD had established effective controls to ensure compliance with regulatory requirements, and County and department policies and procedures except for four findings - two in each division.

Finding 1: Design and operation of monitoring controls over operating Summer Camp Providers needs improvement- Summer Camp Program

Finding 1; Recommendation 1. The YSD Director should establish standards for monitoring Summer Camp Providers addressing both returning providers and new providers, as well as the number and frequency of monitoring visits of both types of providers to ensure compliance with program requirements.

Response to Finding 1; Recommendation 1: YSD agrees with this recommendation, and has already begun to implement. A site inspection/monitoring review form was developed (see attached Exhibit "A") and utilized during summer 2018. All new sites and a random selection of approximately 50% of existing sites were monitored throughout the summer.

Finding 1; Recommendation 2. The YSD Director should revise the current Summer Camp Program PPM to include the standards included in recommendation #1.

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August 20, 2018

Joe Bergeron, Palm Beach County Internal Auditor

Response to Finding 1; Recommendation 2: YSD agrees with this recommendation. The Summer Camp Scholarship Program (SCSP) PPM is being revised with a draft version to be submitted to YSD Director by September 30th, 2018. The revised PPM will address monitoring procedures.

A new SCSP Database was developed and implemented in Summer 2018. The database allows for electronic application from summer camp providers and parents; and for fiscal reconciliation and data reporting (see attached manuals Exhibits "B - F").

Finding 2: Design and operation of site monitoring controls need to be improved- Youth Empowerment Centers.

Finding 2; Recommendation 3. The YSD Director should revise the current Youth Empowerment Center PPM to include guidelines and directions to ensure that Youth Empowerment Centers are being monitored as per contract/agreements.

Response to Finding 2; Recommendation 3: YSD agrees with this recommendation. The Youth Empowerment Center (YEC) PPM is being revised to align with the Community Based Agencies (CBA) PPM with a draft version to be submitted to YSD Director by September 30th, 2018. The revised PPM will address monitoring procedure.

All YECs were monitored in FY2018, (see attached monitoring tool - Exhibit "G" and sample monitoring report - Exhibit "H").

OCP is working with ISS to develop a programmatic monitoring database for FY2019.

Finding 3: Recommendation 4: The YSD Director should ensure that all client services are reviewed by supervisors and documented in the case management system in a timely manner.

Response to Finding 3: Recommendation 4: YSD agrees with this recommendation. The RTFC Division is currently working with ISS to develop a report, which will alert supervisors to those clients' services in need of review. This will occur on a monthly basis.

In addition, the PPM noted in the audit report (PPM YSD-RTFC-R-003) on case documentation is being rescinded, as it is a duplication of YSD-RTFC-R-002 Case Manager Pro (CMP). This PPM refers the reader to the Documentation Manual for procedures on required documentation in CMP.

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Joe Bergeron, Palm Beach County Internal Auditor

This manual will be revised to clearly define start/stop time of service and supervision review, and is to be submitted to the Department Director by September 30, 2018.

Finding 3: Recommendation 5: The YSD Director should ensure that all client services that are extended are reviewed and approved by supervisors and timely documented in the case management system.

Response to Finding 3: Recommendation 5: YSD agrees with this recommendation. The aforementioned process, report, and PPM/Documentation Manual revision will address this recommendation, and will be submitted to the Department Director by September 30, 2018.

Finding 4: Documentary verification for residency requirements needs improvement- Education & Training

Finding 4: Recommendation 6: The YSD Director should revise PPM YSD-RTFC-HRFC-O-002 to include documentary requirements to establish residency.

Response to Finding 4: Recommendation 6: YSD agrees with this recommendation. The RTFC Division understands the importance of verification of residency in Palm Beach County. We are currently writing a PPM that clearly defines the documentation necessary to verify residency, including reliance on School District enrollment.

This PPM will be written and submitted to the Department Director by September 30, 2018.

Timeline: All required revisions to PPMs and documentation manuals will be completed and signed by the Department Director by November 1, 2018.

Thank you for the opportunity to provide a response to this audit report.

TKF:cmb

Enclosures

c: Todd J. Bonlarron,, Assistant County Administrator, Admin.
Tony Spaniol, Director RTFC, Highridge, YSD
Geeta Loach-Jacobson, Director OCP, YSD
Michelle Liska, Director FCA, YSD

Risk Assessment for FY 2019 Proposed Audit Work Program

The annual enterprise-wide risk assessment is the basis for the annual audit work program. A basic element of the risk assessment is defining and identifying auditable units. After developing a list of auditable units (also known as an audit universe) we:

- Gather information using surveys, interviews and reports;
- Populate our risk assessment worksheet based on the results of our information gathering.
- Then rank order the auditable units based on their individual risk scores.

Defining and Identifying Auditable Units

The organizational structure for the BCC includes 30 departments and offices under the County Administrator, the County Attorney's Office, and the County Internal Auditor's Office. (See organization chart following this narrative.) Most County departments include subordinate units called Divisions. Some County departments have sections rather than divisions. For example, the Engineering & Public Works Department consists of six divisions. The Human Resources Department has six sections and no divisions. The variety of departmental organization structures adds complexity to development of the audit universe.

In addition to the organizational structure complexity, Departments also have complexity and variety in their budget and accounting structures. For example, the Human Resources Department with its six sections uses a single accounting structure (called a unit in the accounting system) for its activities. The Risk Management Department, another department with no divisions, has seven sections using 23 accounting units. Furthermore, some departments use accounting units for revenue recognition that are not linked to an operational organizational unit. This also adds complexity to development of the audit universe.

Departments, divisions, and sections also operate programs. These programs may exist in multiple organizational units. An individual organizational unit may operate multiple programs. The programs may not have separate budget or accounting tracking. Departments, divisions, and sections also conduct a variety of business functions such as procurement, contract management, collections, payroll, work order systems, grants management, and so on.

Given all the complexity described above, we define an auditable unit as an organizational unit for which we can gather management, accounting and audit information at a meaningful level. Essentially, this means that we consider departments with no divisions a single auditable unit; departments with divisions have one auditable unit per division. We excluded operational programs and business functions from the audit universe because they have no singular accounting unit or organizational structure. We do consider those elements when doing the engagement level risk assessment.

Information gathering:

- We conduct a survey of each department and division to gather input from management concerning their perceived risks in various operational areas.
- We interview members of the Board of County Commissioners and of County Management for their input on specific areas of concern they may have regarding programs and operations.
- We gather financial information at the department and division levels on the size of the unit's operating budget, the amount of own department revenues generated, and the amount of own department grants managed.
- We determine the date of the last audit for each auditable unit.
- We evaluate the overall effective of the control environment for each department based on results of our prior audits of those departments and their subordinate units.

Populating the risk assessment worksheet:

We enter the information gathered in the steps above (except for the interview input) into a spreadsheet. The information consists of 10 separate factors. Each factor is separately weighted. The spreadsheet calculates a total risk score based on the weight given the different factors and the actual ranking of the factors.

Each of the 10 factors receives an individual risk score ranging from 1 to 5 with the highest risk being a 5.

- Unit management assigns scores to each of the five factors from the management surveys. Internal audit reviews management's scoring for reasonableness.
- The three financial factors are assigned risk scores based each factor's relative rank within the entire listing of similar units. For example, the operating budget information is sorted in descending order and split into five approximately equally sized groups. The groups are then assigned risk scores accordingly.

- Internal audit assigns risk scores for the time since last audit based on lower scores for more recent audits and higher scores for older audits.
- Internal audit assigns risk scores for the control environment based on our internal assessments of the departmental and divisional unit prior audit results.

Rank ordering auditable units:

We sort the total risk scores with the spreadsheet and assign risk rankings (high, moderate, low) based on a 30% - 40% - 30% distribution. This rates the top 30% of the risk scores as High risk, the middle 40% of the scores as Moderate risk, and the bottom 30% as Low risk auditable units.

The financial/budget factors were derived from the County's accounting system and sorted to support the organizational focus of the auditable units. The data elements representing total operating budget, total "own department" revenue budgets, and total departmental grant revenue budgets were individually sorted from highest to lowest and assigned risk scores of one to five based on the relative sizes of the individual budgets. Those units without either own department or grant revenues were assigned scores of zero.

Auditor judgment risk scores were based on a review of all audit reports issued by this office from FY 2011 to FY 2016. We reviewed the objectives of each audit, the number and severity of findings from each audit, the number and nature of the audit findings, and management responses to the audit findings and recommendations. The audited departments were assigned risk scores of one to five based on our overall assessment of the control environment of each department as derived from our prior audits. This factor was not updated for FY 2019 due to the limited number of audits completed in the last two years.

Time since last audit assigns scores from one to five based simply on how long it has been since we audited a particular unit. The risk scores assumed that a lower risk associated with audits that are more recent. We assigned scores of 1 to audits completed in the current or prior year, 2 to audits completed two or three years ago, and so on with a five being assigned to an audit completed longer than seven years ago.

All the individual scores were loaded into a spreadsheet. The weighting factors for each risk element are applied to the risk score and summed across all risk scores for each auditable unit. The final risk scores were sorted from highest to lowest to produce the final entity-wide risk assessment.

The risk assessment worksheet represents a very good beginning point to the process. Additional work will be required going forward to identify and analyze organizational components below the division level. Essentially every division conducts multiple programs or activities that may be subject to audit. These programs and activities generally do not have separate budget or accounting information which renders them unusable in the risk assessment methodology we have adopted. We will identify and evaluate these programs and activities going forward as either an aspect of our engagement level risk assessment or as a standalone project.

There is one significant consideration that affects the annual risk assessment and that is the potential for changes in risk scores from year-to-year. We believe that the nature of departmental operations from year-to-year will be consistent. That suggests that significant change in any one of the five factors used in the management input section is unlikely. We believe that management changes will occur in every organization over time but that those changes will not be frequent in any one organization. We believe that an organization may move to a higher level of information technology dependence over time but that will be a one-time impact rather than a constant condition.

We also believe that the financial factors relating to an organization will be consistent over time. Substantial new programs or organizational units are unlikely. Grant revenues may fluctuate over time but for the most part our grant revenue sources are stable.

The most likely change in an organization's risk rankings are the time since last audit and the audit judgment score. An organization that hasn't been audited in a long time would have a risk score of 30 for that factor. If that organization gets audited this year, its risk score next year would drop to a 6. A reduction of 24 points. That change would most likely not be enough to drop the organization from high risk to medium risk. Similarly, a one-point change in the audit judgment score would produce a 25-point change in the risk score. By itself, this change may not be enough to move an organization into a lower risk category.

Accordingly, we believe it is unlikely to see much change in the rankings of risk for any one organization over time. For example, Water Utilities is being audited currently. Water Utilities has a "time since last audit" score now of 30 which is the maximum for that factor. After the audit, their score will be 6, a 24 point reduction. That reduction will move them from first place to third place on the risk assessment list.

FY 2019 Audit Risk Assessment

Departments	Divisions	Management Input Result	Financial Result	Audit Result	Result	Risk Rank on Result	Risk Category
Water Utilities	Administration	210	80	155	445	1	High
Palm Tran	Operations	160	120	155	435	2	High
PZB	Building	220	80	130	430	3	High
Community Services	Community Action Program	205	64	130	399	4	High
Palm Tran	Capital Expansion	160	80	155	395	5	High
Airports	Department	175	104	106	385	6	High
PZB	Zoning	205	40	130	375	7	High
Community Services	Senior Services	205	80	87	372	8	High
Fire Rescue	Operations	170	72	130	372	9	High
Public Safety	911 Tech Services	185	56	130	371	10	High
Parks & Rec	Aquatics	220	56	93	369	11	High
Community Services	Ryan White Program	165	72	130	367	12	High
Public Safety	Justice Services	185	56	124	365	13	High
Public Safety	Emergency Management	200	40	124	364	14	High
Library	Department	180	72	106	358	15	High
Parks & Rec	Recreation Services	220	32	105	357	16	High
Youth Services	Administration	175	48	131	354	17	High
PZB	Nuisance Abatement	205	16	130	351	18	High
Public Safety	Victim Services	170	56	124	350	19	High
Parks & Rec	Special Facilities	185	72	87	344	20	High
ISS	Computing platforms	220	24	99	343	21	High
Public Safety	Animal Care & Control	180	56	106	342	22	High
ISS	Network services	210	24	105	339	23	High
Palm Tran	Support Services	160	24	155	339	24	High
H&ES	Countywide/Department	145	56	137	338	25	High
Public Safety	Consumer Affairs	180	24	130	334	26	High
ISS	ISS Admin	190	56	87	333	27	Medium
Fire Rescue	Bureau of Safety Services	145	56	130	331	28	Medium
Palm Tran	Executive	160	16	155	331	29	Medium
FDO	Fleet Management	145	80	105	330	30	Medium
PZB	Administration	170	24	130	324	31	Medium
FDO	Facilities Management	165	64	93	322	32	Medium
Public Affairs	Channel 20	165	24	130	319	33	Medium
Purchasing	Purchasing	205	24	87	316	34	Medium
PZB	Contractor Certification	175	16	124	315	35	Medium
Parks & Rec	P&R Admin	195	32	87	314	36	Medium
ISS	IT Operations	185	24	105	314	37	Medium
PZB	Code Enforcement	180	24	106	310	38	Medium
Fire Rescue	Administrative Services	105	88	112	305	39	Medium
OEO	Department	135	32	137	304	40	Medium
Engineering & PW	Traffic	180	48	74	302	41	Medium
Community Services	FAAs	140	32	130	302	42	Medium
Public Affairs	Digital Marketing & Comms	155	16	130	301	43	Medium
Public Affairs	Administration	155	16	130	301	44	Medium
FDO	ESS	150	56	93	299	45	Medium
PZB	Planning	135	32	130	297	46	Medium
Community Services	Human & Veteran Services	145	48	99	292	47	Medium
Parks & Rec	Parks Maintenance	150	48	93	291	48	Medium
ERM	Environmental Enhancement	145	80	62	287	49	Medium
Fire Rescue	Support Services	115	48	124	287	50	Medium
CA	County Attorney	155	48	80	283	51	Medium
HR	Department	185	16	81	282	52	Medium
Public Affairs	Graphics	140	24	118	282	53	Medium
Cooperative Ext	Department	145	24	112	281	54	Medium
ISS	Application Services	160	32	87	279	55	Medium
OFMB	Financial Management	165	16	93	274	56	Medium
ERM	Natural Areas Stewardship	135	64	74	273	57	Medium
ADM	County Administration	125	24	124	273	58	Medium
Community Services	CS Admin	145	16	112	273	59	Medium

FY 2019 Audit Risk Assessment

Departments	Divisions	Management Input Result	Financial Result	Audit Result	Result	Risk Rank on Result	Risk Category
Risk Mgmt	Group Insurance	140	80	49	269	60	Medium
Public Safety	Administration	140	16	112	268	61	Medium
FDO	FDO Admin	155	24	87	266	62	Low
ERM	Resources Protection	150	40	74	264	63	Low
Medical Examiner	Medical Examiner	145	32	87	264	64	Low
FDO	Capital Improvements	140	40	81	261	65	Low
Legislative Affairs	Legislative Delegation	145	8	105	258	66	Low
OSBA	OSBA	170	16	62	248	67	Low
Purchasing	Warehouse	125	16	105	246	68	Low
ERM	Mosquito Control	150	24	68	242	69	Low
CJC	Criminal Justice Commission	105	48	87	240	70	Low
MPO	MPO Planning	155	40	37	232	71	Low
OFMB	OFMB Administration	125	8	99	232	72	Low
Engineering & PW	Land Development	135	16	80	231	73	Low
Resilience	Department	115	8	105	228	74	Low
Risk Mgmt	Workers Compensation	110	72	43	225	75	Low
Risk Mgmt	Property & Casualty Insurance	115	72	37	224	76	Low
OFMB	Budget	100	16	105	221	77	Low
Engineering & PW	Administration & IT	130	24	62	216	78	Low
Risk Mgmt	Administration	170	8	37	215	79	Low
OFMB	Contract Development and Control	100	8	105	213	80	Low
FDO	Property and Real Estate	90	16	105	211	81	Low
Engineering & PW	Construction Coordination	120	8	80	208	82	Low
OCR	Department	65	16	105	186	83	Low
Tourist Development	TDC Admin	75	8	93	176	84	Low
Engineering & PW	Road & Bridge	65	40	68	173	85	Low
Engineering & PW	Roadway Production	100	16	56	172	86	Low
Engineering & PW	Streetscape Section	75	16	80	171	87	Low
87		87	87	87	87	87	

Averages	155	40	103	297
Standard Deviation				62
Weight for Category	45	24	31	100
Maximum Potential Score	225	120	155	500

FY 2019 Proposed Audit Work Program

Availability of Resources

The first step in the proposed audit work program is determining the availability of audit resources. This process is more complicated this year due to our existing audit staff structure and anticipate changes. We currently have three senior auditors, one Auditor 2, and two Auditor 1 positions filled. We also are recruiting to fill a vacant Staff Auditor position. One of our senior auditors will be retiring in May 2019. The three junior auditor positions (Auditor 1s and Staff Auditor) will be in a training mode during much of 2019. Accordingly, we estimate our production capabilities for 2019 as follow:

- Three audits each from two Senior Auditor and the Auditor 2.
- Two audits from the Senior Auditor retiring.
- Two audits from each of the three junior audit positions.
- The total is 17 audits for the year.

The production capability covers both ongoing audits carried over into the subsequent year and new audits to be started in 2019. We are carrying over five audits from FY 2018 into FY 2019. This will allow us to begin up to 12 new audits in FY 2019.

Availability of Resources

Total annual hours per person	2,080
Holidays (12 per year)	100
Vacation (20 days per year)	160
Sick time	100
Training	50
Administrative	200
Available hours per auditor (rounded)	1,470
Number of filled auditor positions (FTEs)	5.75
Number of vacant auditor positions in recruitment (FTEs)	0.75
Total available auditor hours	9,555
Hours assigned to report and project support	500
Follow-up work	500
Hours to complete 2018 program	2,000
Hours available for 2019 program	6,555
Average hours per audit	550
Potential new audit projects for 2019	12

Carry over projects from 2018 program	Estimated Hours to Complete
Water Utilities - Customer Service Operations	400
Planning, Zoning and Building - Building Permitting Process	400
Housing and Economic Sustainability - Contract Management	400
Community Services - Human Services Division	400
Public Safety - Victim Services Division	400
Total estimated hours to complete	2,000

Selection of New Projects

After we determined our resources available for FY 2019, we can begin to select new projects for the year. Based on the availability of resources, we are planning on 12 projects with six audits from the High Risk group, four audits from the Medium Risk group and two audits from the Low Risk Group.

We use several considerations when selecting projects. First, we believe that projects from each risk group should be selected to ensure that every auditable unit has a potential for selection. We also consider the number of audits for any one department. We try to limit audits for a single department to no more than two or three in any one year. Within any risk group, we consider recent audit activity and its impact on units in that grouping. For example, of the 26 units listed in the High Risk category, nine either had been audited in the past year or were currently being audited.

Proposed FY 2019 Project List

Projects Carried Over from FY 2018		
	Water Utilities - Customer Service Operations	High
	Planning, Zoning and Building - Building Permitting Process	High
	Housing and Economic Sustainability - Contract Management	High
	Community Services - Human Services Division	High
	Public Safety - Victim Services Division	High
New Projects for FY 2019		
	Planning, Zoning and Building - Zoning Division	SR - High
	Palm Tran - Operations	High
	Community Services - Community Action Program	High
	Public Safety - 911 Technical Services	High
	Parks & Recreation - Aquatics	High
	Public Safety - Emergency Management	High
	Fire Rescue - Bureau of Safety Services	Medium
	Facilities Development & Operations - Fleet Management	Medium
	Engineering & Public Works - Traffic Division	Medium
	Facilities Development & Operations - Electronic Services and Security	Medium
	Engineering & Public Works - Land Development	Low
	Office of Community Revitalization - Department	Low

Details of the risk assessment scores for the 12 selected audit units follow on the next pages.

Additionally, the OFMB Financial Management Division Director requested we include in each of our audits (to the extent possible) a review of compliance with newly issued Countywide PPMs on Petty Cash and Change Funds. We expect this request to result in minimal added time for each audit.

**FY 2019 AUDIT RISK ASSESSMENT
RATINGS FOR PROJECTS SELECTED**

	High					
	Palm Tran	CSD	PZB	Public Safety	Parks & Rec	Public Safety
	Operations	Community Action Program	Zoning	E911 Tech	Aquatics	Emergency Management
Combined Rankings						
Management Input Result	160	205	205	185	220	200
Financial Result	120	64	40	56	56	40
Audit Result	155	130	130	130	93	124
Result	435	399	375	371	369	364
Risk Rank on Result	2	4	7	10	11	14
Management Input						
Public Interaction	4	5	5	4	5	5
Information Technology	4	5	5	5	5	5
Operational Complexity	3	5	5	5	5	3
Compliance Requirements	3	5	5	3	5	5
Management Changes	4	1	1	2	4	4
Result	160	205	205	185	220	220
Financial Factors						
Operating Budget \$	82,843,164	8,343,729	4,356,029	11,411,540	12,286,734	3,603,337
Operating Budget Score	5	3	2	4	4	2
Revenue Budget \$	12,772,766	0	2,079,850	0	3,025,209	0
Revenue Budget Score	5	0	3	0	3	0
Grants \$	9,788,155	7,950,234	0	4,000,000	0	1,019,634
Grants Score	5	5	0	3	0	3
Result	120	64	40	56	56	40
Audit Factors						
Date of Last Audit	Before FY 09	Before FY 09	Dec-09	Before FY 09	Jun-14	Sep-12
Time Since Last Audit Score	5	5	5	5	3	4
Audit Judgment Score	5	4	4	4	3	4
Result	155	130	130	130	93	124

**FY 2019 AUDIT RISK ASSESSMENT
RATINGS FOR PROJECTS SELECTED**

	Medium				Low	
	Fire Rescue	FDO	EPW	FDO	EPW	OCR
	Bureau of Safety Services	Fleet Management	Traffic	Electronic Services & Security	Land Development	Department
Combined Rankings						
Management Input Result	145	145	180	150	135	65
Financial Result	56	80	48	56	16	16
Audit Result	130	105	74	93	80	105
Result	331	330	302	299	231	186
Risk Rank on Result	28	30	41	45	73	83
Management Input						
Public Interaction	3	2	4	3	5	5
Information Technology	3	4	4	3	5	1
Operational Complexity	3	3	4	4	2	1
Compliance Requirements	4	3	4	4	1	1
Management Changes	3	3	4	2	1	1
Result	145	145	180	150	135	65
Financial Factors						
Operating Budget \$	7,161,423	55,710,155	23,715,137	12,645,661	1,936,828	2,748,739
Operating Budget Score	3	5	5	4	2	2
Revenue Budget \$	2,227,500	37,516,332	997,000	1,697,381	0	0
Revenue Budget Score	3	5	1	3	0	0
Grants \$	6,480	0	0	0	0	0
Grants Score	1	0	0	0	0	0
Result	56	80	48	56	16	16
Audit Factors						
Date of Last Audit	Sep-10	Before FY 09	Jul-12	Sep-13	Jun-10	Before FY 09
Time Since Last Audit Score	5	5	4	3	5	5
Audit Judgment Score	4	3	2	3	2	3
Result	130	105	74	93	80	105