# PALM BEACH COUNTY

## BOARD of COUNTY COMMISSIONERS

## AGENDA ITEM SUMMARY

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Meeting Date:  **11/16/2021**                     [ X ]  Consent    [    ]  Regular
                                                  [    ]  Public Hearing

Department:
  Submitted By:  _____County Internal Auditor's Office_____

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## I. EXECUTIVE BRIEF

**Motion and Title: Staff recommends motion to receive and file**:
  Audit Risk Assessment and Annual Work Plan for FY 2022.

**Summary:**   The County Code requires the Internal Audit Committee to review and approve the annual risk assessment and audit plan prepared by the County Internal Auditor. This was done at the September 29, 2021 Internal Audit Committee meeting. The County Code also requires the County Internal Auditor to submit the approved plan to the Board of County Commissioners. We are submitting the annual work plan to the Board of County Commissioners as required by the County Code.   Countywide (DB)

**Background and Justification:**   County Code Section 2-260.13(1) requires the Internal Audit Committee to review and approve the annual risk-based audit plan prepared by the County Internal Auditor. County Code Section 2-463(c) requires the County Internal Auditor to submit the plan to the Board of County Commissioners for informational purposes following Internal Audit Committee approval. The Internal Audit Committee approved the FY 2022 annual risk assessment and audit plan at its September 29, 2021 meeting.

**Attachments:**

  1.  FY 2022 Audit Risk Assessment and Annual Work Plan

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Recommended by:  _____          _12 October 2021_
                     County Internal Auditor                Date

Recommended by:  _____          _10/20/21_
                     County Administrator                   Date

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

| Fiscal Years | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| | | | | | |
| 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:


_Ralyn Raws_ 10/13/21                    _J. J. [signature]_ 10/19/21
_Javauous Jackson 10/12/21_
        Budget/OFMB QA 10-12-21              Contract Administration
                                                10/19-21 TW

B.      Legal Sufficiency:


_Anne Delfant_ 10-20-21  _Dave Behar_
        Assistant County Attorney for

C.      Other Department Review:



_____
        Department Director


**This summary is not to be used as a basis for payment.**

# FY 2022 Adopted Audit Work Program

## How we develop the proposed audit work program

We base our audit work program on three basic components. First, we identify potential auditable units. Then we conduct a risk assessment. Lastly, we project the availability of audit resources. With these three components in place, we can select projects for inclusion in the annual audit work program.

## Auditable Units

We define auditable units as either county departments or divisions of county departments. A further requirement in the definition of an auditable unit is that each unit must be able to provide the information needed to conduct the risk assessment. For example, some county departments account for all departmental business in a single accounting unit regardless of how many divisions the department may have. This situation makes assigning the financial factors used in the risk assessment to the division level impossible. Accordingly, there will only be one auditable unit for that department even if there are multiple divisions within the department.

Many departments and divisions carry on multiple programs that might be auditable at the program level. There is rarely accounting information at the program level for these activities thus rendering the program as unusable within the risk assessment model. A variation on the divisional program theme is the capital improvement program. Five county departments are charged with carrying-out the capital improvement program. Responsibility for managing capital improvements within the department can be spread across several divisions. Accordingly, capital improvements do not fit into the definition of auditable units or into the structure of the risk assessment easily.

## Risk Assessment

There are three elements to our annual risk assessment. The elements are management input, financial factors, and audit input. We survey department and division directors to get their assessment of their unit's risk in five areas. We draw information from the county's accounting system for operating expenses, operating revenues, and grants at the department and division levels. Internal Audit periodically evaluates department internal control processes and management capabilities as evidenced by results of our ongoing audit program. Internal Audit also classifies departments and divisions by the recency of audit reports on the individual units.

We enter the results of the surveys and data gathering into a spreadsheet and calculate numerical risk scores for each auditable unit. We then sort the spreadsheet and assign risk ranks to each auditable unit based on where each unit falls in the sorted listing.

## Availability of Resources

The first step in developing the proposed audit work program is determining the availability of audit resources. We currently have the following filled positions: three Senior Auditors, one Auditor 1, and two Staff Auditors. We are currently recruiting for one Staff Auditor. We are working as three teams of two auditors each with each team consisting of a senior auditor and a staff auditor (or auditor 1). We believe that each team can produce three audits per year in addition to other duties such as conducting follow-up work, training and development, research projects and other administrative type activities.

The table below shows the projects on our current project list including the fiscal year the project was scheduled, the original assessed risk for the project, and its status.

| FY | Project Title | Risk | Status |
|----|--------------|------|--------|
| 19 | Community Services - Community Action Program | High | Underway * |
| 21 | Community Services - Ryan White | High | Not Started |
| 21 | Fire Rescue - Operations | High | Underway |
| 21 | OEBO - Ordinance implementation | Medium | Underway |
| 21 | ISS – IT Governance | Medium | Underway |
| 21 | FDO – Electronic Services & Security | High | Underway |

The project listed as "Underway *" was started in the early days of the pandemic and put on hold due to demands on the agencies for pandemic support. We reached out to the department in August and extended the suspension until October. The four underway projects are currently in planning or fieldwork.

# Proposed FY 2022 Project List

| | | |
|---|---|---|
| | **Projects Carried Over from FY 2021** | |
| | | |
| | Community Services - Community Action Program | High |
| | | |
| | Community Services - Ryan White | High |
| | | |
| | Fire Rescue – Operations | High |
| | | |
| | OEBO - Ordinance implementation | Medium |
| | | |
| | ISS – IT Applications Development Governance | Medium |
| | | |
| | Facilities Development & Operations – Electronic Services and Security | High |
| | | |
| | | |
| | **New Projects for FY 2022** | |
| | | |
| | Public Safety – Consumer Affairs MOU | Request |
| | | |
| | IT Systems Access Controls | Request |
| | | |
| | ARPA Program Internal Controls Review | Request |
| | | |
| | Palm Tran Operations | High |
| | | |

There is no risk assessment score developed for the projects in the request category.

> The Public Safety – Consumer Affairs MOU audit is required by the Memorandum of Understanding authorizing the use of motor vehicle license data by the Department.

> The IT Systems Access Controls audit is derived from Audit Committee direction and results of several prior audits indicating issues with the subject area.

> The ARPA program internal controls review was suggested by several County Commissioners during our annual risk assessment interviews.

> The Palm Tran Operations audit is the highest risk auditable unit from the annual risk assessment not currently on an audit plan.

The risk assessment results are summarized on the following pages.

# Audit Risk Assessment for
## FY 2020 Combined Results

| Departments | Divisions | Management Input Result | Financial Result | Audit Result | Result | Risk Rank on Result | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Fire Rescue | Operations | 205 | 104 | 130 | 439 | 1 | H |
| CSD | Ryan White Program | 190 | 72 | 130 | 392 | 2 | H |
| Palm Tran | Operations | 155 | 80 | 155 | 390 | 3 | H |
| Fire Rescue | Community Risk Reduction | 200 | 56 | 130 | 386 | 4 | H |
| PZB | Building | 225 | 48 | 106 | 379 | 5 | H |
| PZB | Zoning | 225 | 48 | 106 | 379 | 6 | H |
| CSD | Senior and Veteran Services | 205 | 80 | 93 | 378 | 7 | H |
| Fire Rescue | Support Services | 215 | 32 | 130 | 377 | 8 | H |
| Public Safety | Animal Care & Control | 200 | 64 | 112 | 376 | 9 | H |
| DOA | Department | 142 | 120 | 112 | 374 | 10 | H |
| Public Safety | Victim Services | 185 | 56 | 130 | 371 | 11 | H |
| PZB | Code Enforcement | 215 | 32 | 118 | 365 | 12 | H |
| Fire Rescue | Administrative Services | 165 | 80 | 118 | 363 | 13 | H |
| FDO | ESS | 200 | 56 | 105 | 361 | 14 | H |
| P & R | Special Facilities | 180 | 72 | 99 | 351 | 15 | H |
| P & R | Parks Maintenance/Operations | 185 | 56 | 105 | 346 | 16 | H |
| Library | Department | 175 | 56 | 112 | 343 | 17 | H |
| P & R | Aquatics | 200 | 56 | 87 | 343 | 18 | H |
| P & R | Recreation Services | 190 | 48 | 105 | 343 | 19 | H |
| CSD | Human Services | 165 | 64 | 105 | 334 | 20 | H |
| H&ES | Countywide/Department | 145 | 48 | 137 | 330 | 21 | H |
| ISS | Network services | 200 | 24 | 105 | 329 | 22 | M |
| WUD | Finance & Administration | 110 | 80 | 137 | 327 | 23 | M |
| Public Affairs | Digital Marketing & Communications | 180 | 16 | 130 | 326 | 24 | M |
| CSD | FAAs | 160 | 32 | 130 | 322 | 25 | M |
| Public Safety | Emergency Management | 160 | 56 | 106 | 322 | 26 | M |
| Youth Services | Department | 145 | 40 | 137 | 322 | 27 | M |
| Public Safety | Justice Services | 175 | 40 | 106 | 321 | 28 | M |
| WUD | Customer Service & Communications | 150 | 32 | 137 | 319 | 29 | M |
| Human Resources | Department | 200 | 24 | 93 | 317 | 30 | M |
| FDO | Facilities Management | 160 | 56 | 99 | 315 | 31 | M |
| ISS | Platform Services | 185 | 24 | 105 | 314 | 32 | M |
| Palm Tran | Support Services | 135 | 24 | 155 | 314 | 33 | M |
| PZB | Administration | 160 | 24 | 130 | 314 | 34 | M |
| ISS | IT Operations | 175 | 32 | 105 | 312 | 35 | M |
| Palm Tran | Executive | 140 | 16 | 155 | 311 | 36 | M |
| Public Affairs | Channel 20 | 155 | 24 | 130 | 309 | 37 | M |
| ISS | Enterprise Security | 185 | 16 | 105 | 306 | 38 | M |
| OEO | Office of Equal Opportunity | 140 | 16 | 149 | 305 | 39 | M |
| PZB | Contractor Certification | 175 | 16 | 112 | 303 | 40 | M |
| Public Affairs | Administration (for all divisions) | 155 | 16 | 130 | 301 | 41 | M |
| Public Safety | 911 Tech Services | 115 | 56 | 130 | 301 | 42 | M |
| PZB | Planning | 135 | 32 | 130 | 297 | 43 | M |
| E&PW | Road & Bridge | 175 | 40 | 80 | 295 | 44 | M |
| Public Affairs | Graphics | 140 | 24 | 130 | 294 | 45 | M |
| CA | County Attorney | 165 | 48 | 80 | 293 | 46 | M |
| ERM | Environmental Enhancement | 155 | 64 | 74 | 293 | 47 | M |
| Medical Examiner | Medical Examiner | 175 | 24 | 93 | 292 | 48 | M |

## Audit Risk Assessment for
## FY 2020 Combined Results

| Departments | Divisions | Management Input Result | Financial Result | Audit Result | Result | Risk Rank on Result | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| ISS | Application Services | 165 | 32 | 93 | 290 | 49 | M |
| FDO | Capital Improvements | 170 | 32 | 87 | 289 | 50 | M |
| CES | Cooperative Extension Service Department | 140 | 24 | 124 | 288 | 51 | M |
| OFMB | Financial Management | 165 | 16 | 105 | 286 | 52 | M |
| ERM | Resources Protection | 145 | 56 | 80 | 281 | 53 | M |
| OSBA | OEBO/OSBA | 165 | 16 | 99 | 280 | 54 | M |
| E&PW | Traffic | 165 | 56 | 56 | 277 | 55 | M |
| Public Safety | Administration (and Finance) | 135 | 16 | 124 | 275 | 56 | M |
| ERM | Natural Areas Stewardship | 145 | 48 | 80 | 273 | 57 | M |
| FDO | Fleet Management | 145 | 40 | 81 | 266 | 58 | M |
| CJC | Criminal Justice Commission | 145 | 24 | 93 | 262 | 59 | M |
| P & R | FSS | 135 | 32 | 93 | 260 | 60 | M |
| Public Safety | Consumer Affairs | 105 | 24 | 130 | 259 | 61 | M |
| Legislative Affairs | Legislative Delegation | 145 | 8 | 105 | 258 | 62 | M |
| Purchasing | Purchasing | 130 | 32 | 93 | 255 | 63 | M |
| ERM | Mosquito Control | 150 | 24 | 80 | 254 | 64 | L |
| ISS | ISS Admin | 105 | 56 | 93 | 254 | 65 | L |
| OFMB | OFMB Administration | 140 | 8 | 105 | 253 | 66 | L |
| Risk Mgmt | Group Insurance | 150 | 40 | 55 | 245 | 67 | L |
| FDO | Property and Real Estate | 120 | 16 | 105 | 241 | 68 | L |
| Palm Tran | Planning | 145 | 16 | 80 | 241 | 69 | L |
| E&PW | Roadway Production | 145 | 24 | 68 | 237 | 70 | L |
| E&PW | Administration & IT | 135 | 32 | 68 | 235 | 71 | L |
| E&PW | Land Development | 135 | 16 | 80 | 231 | 72 | L |
| E&PW | Construction Coordination | 135 | 8 | 80 | 223 | 73 | L |
| OFMB | Budget | 100 | 16 | 105 | 221 | 74 | L |
| OFMB | Strategic Planning | 120 | 8 | 80 | 208 | 75 | L |
| Resilience | Department | 95 | 8 | 105 | 208 | 76 | L |
| OCR | Office of Community Revitalization | 85 | 8 | 105 | 198 | 77 | L |
| Risk Mgmt | Workers Compensation | 115 | 32 | 49 | 196 | 78 | L |
| TDC | TDC Admin | 75 | 8 | 105 | 188 | 79 | L |
| Risk Mgmt | Clinic | 110 | 16 | 55 | 181 | 80 | L |
| OFMB | Contract Development and Control | 60 | 8 | 105 | 173 | 81 | L |
| Risk Mgmt | EAP | 105 | 8 | 55 | 168 | 82 | L |
| Risk Mgmt | Employee Safety & Loss Control | 95 | 16 | 49 | 160 | 83 | L |
| Risk Mgmt | Property & Casualty Insurance | 45 | 32 | 49 | 126 | 84 | L |
| | | | | | | | |
| | 84 | 84 | 84 | 84 | 84 | 84 | |