

PALM BEACH COUNTY
BOARD of COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

Meeting Date: 11/1/2022 [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 21, 2022 meeting as follows: 2022-06 Planning, Zoning and Building Department - Administration Division - Florida Department of Highway Safety and Motor Vehicles Memorandum of Understanding Contract # HSMV-0165-20 Audit (2022-05)
B. Audit Risk Assessment and Annual Work Plan for FY 2023.

Summary: The County Code requires the County Internal Auditor to submit copies of final audit reports to the Board of County Commissioners and the Internal Audit Committee. The County Code also requires the Internal Audit Committee to review and approve the annual risk assessment and audit plan prepared by the County Internal auditor. At its meeting on September 21, 2022 the Internal Audit Committee reviewed the attached audit report and the annual risk assessment and audit plan for FY 2023. We are submitting these reports to the Board of County Commissioners as required by the County Code. Countywide (HF)

Background and Justification: County Code Sections 2-260.13(1) and 2-463(c) require the Internal Audit Committee to review and approve, and the Internal Auditor to submit the annual risk-based plan of audits to the Board of County Commissioners. County Code Section 2-463(e3) requires the County Internal Auditor to submit copies of final audit reports to the Board of County Commissioners and the Internal Audit Committee. At its meeting on September 21, 2022 the Internal Audit Committee reviewed the attached audit report and the annual risk assessment and audit plan for FY 2023. We are submitting these reports to the Board of County Commissioners as required by the County Code.

Attachments:

- 1. 2022-06 Planning, Zoning and Building Department - Administration Division - Florida Department of Highway Safety and Motor Vehicles Memorandum of Understanding Contract # HSMV-0165-20 Audit (2022-05)
2. Audit Risk Assessment and Annual Work Plan for FY 2023

Recommended by: Joseph F. Beyron County Internal Auditor Date 30 October 2022

Recommended by: N/A County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2023	2024	2025	2026	2027
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:

Steph Manta 10/4/2022

 JH 10/4
 Budget/OFMB
 JE 10/4

A. S. Joubert 10/11/22

 Contract Administration

B. Legal Sufficiency:

[Signature] 10/11/22

 Assistant County Attorney

C. Other Department Review:

 Department Director



Office of the County Internal Auditor
Final Audit Report
Report #2022-06
Issued July 28, 2022

**Planning, Zoning, and Building Department
Administration Division**

**FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND
MOTOR VEHICLES
MEMORANDUM OF UNDERSTANDING
CONTRACT # HSMV-0156-20 AUDIT**



*Reviewed by Audit Committee
September 21, 2022*

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the Planning, Zoning, and Building Department Director ensure that the internal controls governing the use and dissemination of personal data obtained from the Florida Department of Highway Safety and Motor Vehicles (FDHSMV) Driver and Vehicle

Information Database (DAVID) were adequate to protect the personal data from unauthorized access, distribution, use, modification, or disclosure as required by Contract #HSMV-0156-20 for the period of April 15, 2021 through April 15, 2022?

AUDIT CONCLUSION

The Planning, Zoning, and Building Department Director did ensure that the internal controls governing the use and dissemination of personal data obtained from the Florida Department of Highway Safety and Motor Vehicles (FDHSMV) Driver and Vehicle Information Database (DAVID) were

adequate to protect the personal data from unauthorized access, distribution, use, modification, or disclosure as required by Contract #HSMV-0156-20 for the period of April 15, 2021 through April 15, 2022. No deficiencies or issues were found during our review.

FINDINGS AND RECOMMENDATIONS

The audit report has no findings and makes no recommendations.

BACKGROUND

The Planning, Zoning, and Building Department (PZB) creates and sustains a high quality community and a safe and healthy lifestyle for the citizens of unincorporated Palm Beach County (County) through the use of comprehensive planning, growth management, and the implementation of zoning regulations. The Code Enforcement Division ensures compliance with the Unified Land Development Code (ULDC) and related property maintenance codes as well as responding to citizen complaints and achieving compliance through education, warnings, notices of violation, and Special Magistrate hearings. The Contractor Certification Division promotes a safe and healthy community environment through a contractor certification regulation and enforcement program, thereby minimizing losses to citizens by unlawful contractor activities.

The Department entered into a Memorandum of Understanding (MOU) #HSMV-0156-20 with the Florida Department of Highway Safety & Motor Vehicles Agency (FDHSMV) to access information relating to driver license and motor vehicle data contained in the State's Driver and Vehicle Information Database (DAVID). The Department uses DAVID to address code enforcement complaints and complaints

against licensed and unlicensed contractors in order to protect the health, safety, and welfare of the citizens. Authorized PZB staff access the DAVID database for information regarding specific vehicles or individuals related to the cases they are investigating. The information obtained is used as a tool to research, investigate, and resolve questions or issues encountered by Code Enforcement and Contractor Certification Division staff.

The terms of the MOU are contingent upon PZB having appropriate internal controls in place at all times to ensure that the data obtained is protected from unauthorized access, distribution, use, modification, and disclosure. The PZB Point-of-Contact (POC) serves as the gatekeeper to the DAVID system. The MOU defines the Point-of-Contact as a person or persons appointed by the requesting party (PZB in this case) as the administrator of the DAVID program in their agency. In addition, the Department must submit an Attestation Statement from the Internal Auditor on or before the third and sixth anniversary of the agreement or within 180 days from the receipt of an Attestation review request from FDHSMV. The Attestation Statement shall indicate that the internal controls over personal data have been evaluated and are adequate to protect the personal

data from unauthorized access, distribution, use, modification, or disclosure. The Attestation Statement shall also certify that any and all

deficiencies/issues found during the review have been corrected and measures enacted to prevent recurrence.

AUDIT SCOPE AND METHODOLOGY

PZB requested this Special Project audit. The scope of the audit covered activity for the period of April 15, 2021 through April 15, 2022. We conducted the audit fieldwork at PZB from June 2022 to July 2022.

Our methodology included a review of the internal controls in place over the program processes and transactions. We met with management and staff to identify the activities, responsibilities, access management, and internal controls related to safeguarding driver

information obtained through the MOU agreement. We examined the requirements specified in the MOU in comparison to the operating procedures of the Department. We reviewed quarterly Quality Control Reviews conducted by the Department to confirm that user activity was for authorized business purposes only. We confirmed that the reviews were conducted within the timeframe indicated by the MOU and maintained by the Department.

MANAGEMENT AND AUDIT RESPONSIBILITIES

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.



Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
July 28, 2022
W/P # 2022-05



Office of the County Internal Auditor

**Annual Audit Risk Assessment
And Risk-based Plan of Audits
For FY 2023**



*Reviewed by Audit Committee
September 21, 2022*

Stewardship – Accountability – Transparency

FY 2023 Proposed Audit Work Program

How we develop the proposed audit work program

We base our audit work program on three basic components:

- Auditable units,
- An annual risk assessment, and
- The availability of audit resources.

Auditable Units

We define auditable units primarily as county departments. This is a new approach for the FY 2023 audit risk assessment. Focusing on departments at a macro level allows us to take a broad analytical approach to identifying major risks. The approach also allows us to look at department level revenues and spending which aids in a high-level risk assessment.

Departments consist of divisions, sections, and programs. Audit engagements will focus on narrowly defined elements of a department. For example:

- Revenue management where departments have significant revenues,
- Grants management where departments have significant grants,
- Capital project management where departments have significant capital projects,
- Contract management where departments have significant contracts,
- Performance management, and so forth.

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

We currently have the following resources:

- Three Senior Auditors,
- One Auditor 2,
- Two Auditor 1s,
- A vacant Staff Auditor – currently being recruited.

We are working as three teams of two auditors each with each team consisting of a senior auditor and another auditor. 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	Suspended
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
22	IT Systems Access Controls	Request	Underway
22	ARPA Program Internal Controls Review	Request	Not Started
22	Palm Tran Operating	High	Not Started

The project listed as “Suspended” was started in the early days of the pandemic and put on hold due to demands on the agency for pandemic support

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

- 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.

Three projects are in the reporting phase currently and should have reports issued in the first fiscal quarter of FY 2023. Those projects are:

- Fire Rescue - Operations,
- FDO - Electronic Services & Security, and
- IT Systems Access Controls.

We will consider completion of these three projects as one project for planning purposes for FY 2023.

We met with Community Services Department management during our risk assessment interviews. They expressed concerns with the volume of pandemic related work they continue to deal with and how they buried by all the work. Given that condition, we believe it is appropriate to remove the two Community Services Department audit projects from the plan. We will consider those projects for future audit plans when the department is not dealing with the major workload.

Removing the two Community Services Department audits from carryover project list leaves us with seven projects. Counting the three projects listed above as one equivalent project reduces the carryover list to five projects. That gives us enough audit resources to schedule four new projects for FY 2023. Three audits per team times three audit teams equals nine potential audits in a year. Nine potential audits less five carryover audits equals four new audits.

We selected the new audits for FY 2023 using several factors:

- Ranking on financial factors,
- Concerns expressed by department management,
- Time since we last audited that area within a department, and
- Audit judgment.

Proposed FY 2023 Project List

	Projects Carried Over from FY 2022	Risk Level
	Fire Rescue - Operations	High
	OEBO - Ordinance implementation	Medium
	ISS - IT Applications Development Governance	Medium
	Facilities Development & Operations - Electronic Services and Security	High
	IT Systems Access Controls	Request
	ARPA Program Internal Controls Review	Request
	Palm Tran Operations	High
	New Projects for FY 2023	
	Capital Project Management - Airports	High
	Contract Management - ERM	High
	Grants Management - Housing & Economic Development	High
	Performance Management - Human Resources	High

The following pages summarize the risk assessment results.

SUMMARY OF SIX MAJOR FINANCIAL CATEGORIES FOR FY 2023 ANNUAL RISK ASSESSMENT

Department	Capital Spending	Capital Spend Rank
Facilities	377,357,426	1
Water Utilities	325,105,075	2
Engineering	298,124,881	3
Airports	162,528,926	4
Parks & Recreation	115,669,494	5
Fire Rescue	103,866,898	6
PZB	64,081,050	7
Palm Tran	60,853,252	8
Library	32,376,295	9
ISS	16,193,511	10
Public Safety	6,509,188	11
ERM	3,858,192	12

Department	Grant Spending	Grant Spend Rank
Housing & Econ Dev	100,794,506	1
Community Services	85,147,596	2
Financially Assisted Agencies	13,365,991	3
TDC	5,568,268	4
Youth Services	5,045,523	5
ERM	4,054,652	6
Public Safety	4,041,252	7
Engineering	1,439,914	8
Fire Rescue	1,227,457	9
Parks & Recreation	767,013	10

Department	Grant Rev	Grant Rev Rank
Community Services	115,715,619	1
Airports	100,161,310	2
Palm Tran	97,925,936	3
Housing & Econ Dev	45,207,778	4
ERM	21,380,243	5
Engineering	13,141,024	6
Public Safety	11,990,994	7
Parks & Recreation	3,540,000	8
Water Utilities	2,798,180	9
Fire Rescue	1,344,180	10
Library	1,031,337	11

Department	Charges for Services	CFS Rank
Water Utilities	235,443,000	1
Airports	65,337,590	2
Fire Rescue	45,565,059	3
Parks & Recreation	21,609,590	4
ISS	9,336,048	5
Palm Tran	8,373,680	6
Facilities	5,563,747	7
PZB	5,343,500	8
ERM	3,417,538	9
Public Safety	3,118,500	10
County Attorney	2,267,300	11
Engineering	1,632,111	12

SUMMARY OF SIX MAJOR FINANCIAL CATEGORIES FOR FY 2023 ANNUAL RISK ASSESSMENT

Department	Operating Spending	Operating Spend Rank
Water Utilities	134,787,700	1
Risk Management	116,249,284	2
ERM	76,537,342	3
Facilities	70,640,641	4
Palm Tran	63,653,240	5
Fire Rescue	59,951,871	6
ISS	55,996,920	7
Community Services	54,099,671	8
Housing & Econ Dev	51,272,537	9
Airports	44,709,926	10
Engineering	41,457,329	11
TDC	35,786,756	12
Parks & Recreation	28,742,112	13
Library	19,899,397	14
Public Safety	12,514,281	15
PZB	11,346,008	16

Department	Personnel Spending	Personnel Spend Rank	# of Positions
Fire Rescue	306,719,218	1	1783
Water Utilities	61,120,209	2	632
Palm Tran	54,610,102	3	648
Parks & Recreation	53,141,404	4	606
Engineering	38,590,569	5	469
Facilities	35,729,158	6	392
Library	34,424,209	7	464
PZB	32,553,666	8	386
ISS	24,953,388	9	213
Public Safety	23,346,351	10	269
Community Services	18,405,313	11	211
Airports	15,475,828	12	168
ERM	13,637,205	13	128