Agenda Item #:

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

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Meeting Date: **December 1, 2026** [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:

A. Audit Risk Assessment and Work Plan for Fiscal Year (FY) 2027.

Summary: The County Code requires the County Internal Auditor to submit an annual risk-based audit plan to the Internal Audit Committee for review, and submittal to the BCC for approval. At the September 16, 2026, meeting, the Internal Audit Committee reviewed the attached and approved the work plan for FY 2027. We are submitting this work plan to the BCC as required by the County Code. **Countywide** (TC)

Background and Justification: County Code Section 2-463(f) requires the County Internal Auditor to submit copies of the approved audit work plan to the BCC. At its meeting on September 16, 2026, the Internal Audit Committee reviewed the attached and approved the FY 2027 work plan. We are submitting the FY 2027 work plan report to the BCC as required by the County Code.

Attachments:

1. Audit Risk Assessment and Work Plan for FY 2026

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Recommended by: [signature] 10-27-2026
County Internal Auditor Date

Recommended by: [signature] 11-12-26
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2027	2028	2029	2030	2031
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	None	None			
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes _____ No __X__
Does this item include the use of state funds? Yes _____ No __X__
Does this item include the use of federal funds? Yes _____ No __X__
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:

Lisa Mata 11/20/2026
Budget/OFMB DA 11/20 DA 11/20

Brenda Brack 11/20/26
Contract Administration 26.11.20.26

B. Legal Sufficiency:

Timothy F. Carey
Assistant County Attorney

C. Other Department Review:

_____
Department Director

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

Annual Risk Assessment and Audit Plan for FY 2027

Approach to Developing the Audit Plan

The proposed FY 2027 audit plan is developed using three primary components:

- Auditable Units
- Annual Risk Assessment
- Availability of Audit Resources

Auditable Units

For Palm Beach County, each department is recognized as the primary auditable unit. This high-level approach is used to identify major risks at a Countywide level. Once a department is selected for audit, preliminary planning and an engagement-level risk assessment are used to narrow the focus to the division, section, program, process, or activity where audit work can provide the greatest value. Specific audit objectives are developed at that level.

Annual Risk Assessment

The annual risk assessment incorporates three primary elements: management input, financial factors, and Internal Audit judgment. The completed FY 2027 Risk Assessment Worksheet is attached to this audit plan.

Management Input – Department directors provided risk-profile information addressing Public Interaction, Information Technology, Operational Complexity, Compliance Requirements, Management Changes, and Operational Effectiveness & Resource Stewardship. Management also identified significant changes, risks, initiatives, obstacles, and other factors that could affect departmental objectives.

Financial Factors – FY 2026 County budget information was analyzed across major categories including operating spending, personnel spending, capital spending, grant spending, grant revenue, and charges for services. The financial component of the FY 2027 risk assessment therefore reflects FY 2026 current modified budget information available during the annual planning process.

Internal Audit Judgment – Internal Audit considered prior and current audit coverage, the control environment, management and organizational changes, known or potential risk areas, significant initiatives, and other information developed through the annual planning process. This assessment was designed to complement, rather than duplicate, the separate financial and management-input components.

Additional input was obtained through discussions with County Commissioners, Deputy County Administrators, the County Administrator, and Internal Audit staff. The three assessment components were combined into a numerical risk score and rank for each auditable unit. The resulting ranking is an important planning tool, but does not by itself determine the audit plan.

Availability of Audit Resources

The number and timing of audits that can be completed depend on available staff resources and the amount of work carried forward from prior fiscal years. Audit resources are also required for recommendation follow-up, required or requested reviews, professional training, quality-assurance activities, research, implementation of audit management technology, and other administrative responsibilities.

Engagements may be assigned to an individual auditor or a team depending on scope, complexity, required expertise, and staff availability. The proposed FY 2027 plan therefore emphasizes a limited number of new risk-based projects while allowing completion of work already underway.

Status of Projects Carried Over

FY	Project Title	Risk	Status
FY 2024	Water Utilities – Capital Project Oversight	High	Planning / Scoping
FY 2025	Palm Tran – Fixed Route Operations	High	Reporting
FY 2026	Procurement – Support to Departments	High	Underway
FY 2026	Tourist Development Council	Medium	Planning / Scoping
FY 2026	Office of Equal Opportunity	Low	Fieldwork

Proposed FY 2027 Project List

Proposed FY 2027 Audit / Review	Risk Level / Plan Basis
Facilities Development & Operations – Capital Project Management	High
Parks & Recreation – Contract Administration and Revenue Oversight	High
Office of Technology & Innovation – Applications and Emerging Technology Governance	High
Countywide PII Data Security – Departmental Implementation and Compliance (Phase 2)	Continuing Countywide Audit Work
Risk Management – Employee Safety & Loss Control – FLHSMV MOU (Batch Data through RIMS) "Data Exchange"	Management-Requested MOU Review
Public Safety – Consumer Affairs – FLHSMV MOU (DAVID)	Management-Requested MOU Review

The FY 2027 plan also includes two MOU compliance reviews requested by the respective departments. The applicable FLHSMV data-sharing agreements require periodic review or attestation; however, the agreements do not require that the work be performed by Internal Audit. The departments requested Internal Audit's independent review to satisfy these requirements. These engagements are therefore included as management-requested reviews and are not selections from the annual departmental risk ranking.

Basis for FY 2027 Audit Selections

The proposed projects were not selected solely by taking the three highest numerical scores. The annual risk assessment identifies relative risk, while final project selection also considers recent and ongoing audit coverage, timing, significant organizational and operational changes, potential overlap with other oversight functions, specific audit opportunities, and where limited Internal Audit resources can provide the greatest value.

Facilities Development & Operations

Facilities Development & Operations ranked highest in the FY 2027 risk assessment. The department has substantial responsibility for County facilities and capital-project delivery. FY 2026 current modified budget information identifies approximately $768.8 million in capital spending, the highest of all County departments included in that category. Current planning information also identifies aging infrastructure, funding constraints, workforce recruitment and retention, increasing workload, contractor performance, scope changes, permitting delays, supply-chain disruptions, cost and quality considerations, and leadership changes that may affect continuity in capital-project delivery.

The general audit direction is Capital Project Management. Preliminary planning will determine the specific objectives and scope based on the most significant current risks. Potential areas include project prioritization and monitoring, workload and staffing capacity, schedule and cost performance, contractor oversight, management reporting, and project closeout. The scope will be developed to complement, rather than duplicate, the County's Cost Compliance & Control function.

Parks & Recreation

Parks & Recreation ranked high in the FY 2027 risk assessment. The department has broad, public-facing operations and significant financial and capital activity. FY 2026 current modified budget information places Parks fourth in personnel spending, sixth in capital spending, fourth in charges for services, and among the departments with significant grant revenue.

The general audit direction is Contract Administration and Revenue Oversight. Internal Audit planning has periodically identified revenue-producing, concession, special-use, nonprofit, and other contractual arrangements where effective administration and monitoring are important to ensure compliance with contract terms and that amounts due to the County are appropriately received. Preliminary planning will validate the current higher-risk arrangements and determine the specific audit objectives and scope.

Office of Technology & Innovation

Office of Technology & Innovation was identified as a significant risk area through the FY 2027 risk assessment. OTI identified significant organizational and operational changes, including changes in departmental structure and management, significant application modernization initiatives, and other evolving technology demands. OTI also rated its dependence on information technology and operational complexity as High.

Cybersecurity and artificial intelligence have been identified through leadership input and Internal Audit's continuing assessment as significant and evolving County risks. In light of these risks, organizational and technology changes within OTI, and the opportunity for independent assurance over areas not recently reviewed, the general audit direction is Applications and Emerging Technology Governance. Preliminary planning may consider how application and technology projects are identified, evaluated, and prioritized; governance over emerging technologies such as AI; application development and change management; cybersecurity considerations; and related management oversight.

Countywide PII Data Security – Departmental Implementation and Compliance (Phase 2)

The completed Countywide PII Data Security audit established that the County had not previously maintained a comprehensive countywide framework for protecting personally identifiable information. During that audit, County Administration issued a countywide PII data protection policy, designated a County PII Security Officer, and began development of standardized countywide training. The audit also identified 15 departments as high risk based on the type and volume of PII collected.

Because the initial audit focused on the countywide governance framework rather than individual transactions or departmental processes, Phase 2 is intended to evaluate implementation and compliance across selected higher-risk departments after management has had a reasonable opportunity to implement the new requirements. Preliminary planning will determine the departments and controls selected for review and the timing of the engagement. The Countywide PII audit was originally included in the FY 2025 Approved Audit Plan; Phase 2 continues that audit work and is not a new selection from the FY 2027 departmental risk ranking. ranking.

Risk-Based Prioritization and Coverage

The FY 2027 plan continues a risk-based approach intended to direct audit resources to areas of greatest significance and exposure while recognizing that numerical ranking is one part of the planning decision. Higher-ranked departments may not be selected for a new engagement when they have significant recent or ongoing audit coverage, when another oversight function is addressing the principal risk, or when the timing and expected value of a new audit are less compelling than another risk-based opportunity.

The proposed new risk-based projects provide coverage across three distinct areas: capital-project management and resource stewardship (Facilities Development & Operations); contract administration and revenue oversight (Parks & Recreation); and applications and emerging technology governance (Office of Technology & Innovation). The plan also continues Countywide PII work through a second phase focused on departmental implementation and compliance and includes two management-requested FLHSMV MOU reviews. This mix is intended to provide balanced coverage while responding to significant and evolving County risks, with increased emphasis on operational effectiveness and the stewardship of limited County resources. The plan also recognizes the need to complete significant engagements carried forward from prior years.

Plan Flexibility

The annual audit plan is intended to remain responsive to changing conditions. New risks, Board-directed work, required reviews, significant management requests, or other unforeseen priorities may require projects to be added, deferred, or reprioritized during the fiscal year. Any significant changes will be communicated through the Office's established reporting process.