



# Annual Audit Plan

## Fiscal Year 2018 - 2019

### Office of the County Auditor

Robert Melton, CPA, CIA, CFE, CIG  
County Auditor

September 12, 2018



**OFFICE OF THE COUNTY AUDITOR**

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Honorable Mayor and Members of the Board of County Commissioners

This Fiscal Year 2018 - 2019 Annual Audit Plan has been prepared to identify planned audits during the fiscal year and the basis for their selection. We solicited input from the Board of County Commissioners and the County Administrator in determining this plan.

It is important for the County Auditor to have a sound methodology for the selection of audits to ensure maximum benefit to the citizens of Broward County. I believe the process we have established accomplishes this goal.

This plan is prepared to provide a guide for audits to be initiated during the fiscal year and it also provides for management requests and unanticipated projects. Depending on workload and other factors, some of these audits may not be initiated during the year, and other audits may be conducted that are not in this plan.

If you have any questions or would like to discuss any aspect of this plan, please contact me at (954) 357-7590.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton  
County Auditor

cc: Bertha Henry, County Administrator  
Andrew Meyers, County Attorney

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# INTRODUCTION

To ensure the most efficient and effective use of audit staff resources, it is essential that areas selected for audit be carefully considered. Since the audit function, like other governmental functions, should provide the maximum benefit to Broward County citizens, audits should be conducted which will ultimately result in the most benefit. Because of the large number of possible areas to audit throughout the County and limited staff resources to audit them, a careful audit selection process should be in place. Such a strategic planning process has been conducted and used in determining this audit plan. The methodology of selecting audits and the areas selected for audit are presented below.

## **Sources of Areas Selected For Audit**

Areas selected for audit can come from a variety of sources. These include risk assessment, management and employee requests, and surprise audits. Risk must be one of the primary factors in selecting areas for audit. Risk for some aspects of County operations is higher than others for many reasons. This includes the type of activities, financial and operational impact to the County if something were to go wrong, strength and attitude of management, and the length of time since the areas have been audited. Those areas of the County which are high risk should receive more audit attention than those of lower risk. It should be noted, however, that areas of lower risk should not be ignored; rather, they should be audited with less frequency than the higher risk areas.

As part of the audit selection process, we solicited input from the Board of County Commissioners and the County Administrator. Because one of the goals of the audit function is to be of assistance to management, management suggestions for audit are seriously considered in the selection of audits to be performed.

In addition, there is a need to conduct some audits on a surprise basis whenever prior knowledge could compromise the integrity of the audit. These types of audits include cash counts, payroll verifications, and some suspected instances of fraud.

## **Risk Assessment Methodology**

The first step in determining a risk assessment methodology is to determine the auditable entities. An auditable entity may include programs, activities, functions, structures and initiatives which collectively contribute to the effectiveness of the County's operations or the achievement of strategic objectives. We identified auditable entities and established the following risk factors to be assessed for each entity:

1. Budgeted Expenditures
2. Financial Exposure
3. Revenue
4. Number of Staff
5. Public Health
6. Complexity of Operations
7. Public Interface
8. Operational Impact on other County Agencies
9. Compliance – Laws and Regulations
10. Public Exposure
11. History of Audit Issues
12. Years Since Last Audit
13. Inherent Fraud Risk

Each risk factor was weighted by relative importance. Each auditable entity was scored and a total score obtained. The total scores were used to categorize the entities as high, moderate to high, low to moderate, very low to low risk.

# AUDIT PLAN FISCAL YEAR 2019

This audit plan is a planning tool for the use of audit resources. As such, it is subject to change throughout the year as the need arises. Therefore, some audits identified herein may not be conducted this year. Also, audits may be conducted which are not included in this document.

## Audits Planned To Be Initiated During FY 2019

- ✚ Aviation and Port Everglades - Transportation Network Companies
- ✚ County Administration - E911 Fund
- ✚ Emergency Management – Disaster Planning
- ✚ Enterprise Technology Services - PeopleSoft ERP Implementation
- ✚ Purchasing - CCNA Contracts
- ✚ Housing Finance and Community Redevelopment
- ✚ Records, Taxes, and Treasury – Tangible Personal Property Taxes
- ✚ Records, Taxes, and Treasury – Wire Transfer Controls
- ✚ Real Property – Leased and Surplus Property
- ✚ Parks – Central Broward Regional Park and Stadium
- ✚ Office of Economic and Small Business Development – Qualified Target Industry Tax Refund (QTI)
- ✚ Construction Management - Capital Projects
- ✚ Aviation – Procurement
- ✚ Water and Wastewater Services – Utility Billing
- ✚ Water and Wastewater Services – Procurement
- ✚ Aviation – Dedicated Audit Services
- ✚ Port – Dedicated Audit Services
- ✚ Water and Wastewater Services – Dedicated Audit Services

## Audits in Progress as of October 1, 2018

- ✚ Broward Addiction Recovery Center - Information Systems General Controls
- ✚ Building Code Services – Contractor Licensing and Enforcement
- ✚ Environmental and Consumer Protection – Childcare Licensing and Enforcement
- ✚ Community Partnerships – Grants
- ✚ Cultural Services
- ✚ Records, Taxes, and Treasury – Auto Tag Licensing
- ✚ Transit – Information Technology Operations
- ✚ Port – Procurement

## Continuous Audits and Other Projects

- ✚ BCC Agenda Reviews
- ✚ Consulting Services
- ✚ External Audit Contract Administration
- ✚ Follow-up Reviews
- ✚ Purchasing Selection and Negotiation Advisory Services
- ✚ Unanticipated Reviews and Investigative Audits