

**Annual Audit Report
and
Audit Plan for FY 08-09**



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Presented by

Office of Internal Audit

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Annual Audit Report for FY 2007-2008

The Office of Internal Audit was established in January 2008 with the hiring of an Internal Audit Officer. During the six-month period beginning January 2008 through the end of the 2007-2008 fiscal year, the Office of Internal Audit accomplished the following:

- Developed and established the Internal Audit Charter
- Developed and established the Audit Committee Charter
- Developed and established standard policies and procedures for the Internal Audit Office
- Developed the Internal Audit staff by filling the positions of Internal Auditor and Internal Audit Analyst
- Assisted in establishment of the SilentWhistle Fraud Hotline
- Completed an Audit of the County Manager's Outside Activities
- Completed an Audit of Deferred Compensation for Management Level Employees
- Performed random cash counts at the One Stop Shop, Fairgrounds and Animal Control
- Completed a special project related to the PCSO/Courthouse construction project
- Conducted a county-wide risk survey
- Completed the annual risk assessment and developed the Annual Audit Plan for Fiscal Year 2008-2009

Following is the Annual Audit Plan for Fiscal Year 2008-2009, which summarizes the audits and projects that the Office of Internal Audit anticipates conducting and completing during the forthcoming fiscal year.

Annual Audit Plan for FY 2008-2009

Introduction:

The purpose of the Audit Plan is to outline the audits and other activities the Office of Internal Audit anticipates completing during the fiscal year. The Plan is developed to comply with responsibilities established by the Internal Audit Charter. It is important to note that the Audit Plan is a working document that should be flexible in addressing current priorities in a changing environment. As required by the Charter, the Board of Supervisors will be notified of any significant additions, deletions, or other changes in the Audit Plan.

The Audit Plan includes audits related to internal controls; compliance with laws, policies and regulations; and economic and efficient use of resources. Audits included in the Plan were primarily identified through a county-wide risk assessment that aided in the identification of departments or functions with significant financial, managerial, and/or compliance risks. Internal Audit also took into consideration concerns shared by management and the Board of Supervisors, as well as issues identified in reports to the SilentWhistle hotline.

Planned audits for Fiscal Year 2008-2009 are outlined on the following pages. While general audit objectives are included in the Plan, specific audit objectives will be determined upon completion of preliminary surveys related to each audit. During the preliminary surveys, Internal Audit staff will establish familiarity with the department and/or function by conducting background interviews and research. At that time, potential issues will be identified and the specific audit objectives and methodology will be developed. Depending on the amount of audit work required by the survey results on each project, as well as other unplanned projects that may be required, not all audits in the plan may be accomplished during the fiscal year. Estimated audit hours for each audit will be adjusted based on preliminary survey results. Audits not accomplished will be reevaluated for inclusion in the following year's plan.

In addition to the planned Fiscal Year 2008-2009 audits, a total of 500 unassigned hours has been set aside to perform special audits, investigations, and/or projects requested by the Board of Supervisors, Elected Officials, County Manager, or department heads.

Audit Projects:

Public Works

Our primary objective is to evaluate the construction bid process, as well as project management and completion procedures.

Estimated Audit Hours Required: 700

Fleet

Our primary objective is to evaluate the efficiency, effectiveness and economy of vehicle management and use throughout the county.

Estimated Audit Hours Required: 700

Fairgrounds

Our primary objective is to evaluate internal controls related to special events and cash handling procedures.

Estimated Audit Hours Required: 600

Housing

Our primary objective is to evaluate compliance with applicable laws, rules and regulations.

Estimated Audit Hours Required: 400

Other Audit Activities:

In addition to planned audits, the Office of Internal Audit may review the following functions or processes, as time allows.

Random Cash Counts

To determine whether monies collected County-wide are accounted for and adequately safeguarded. *This activity will include routine unannounced verifications of petty cash funds, change funds, etc.*

Estimated Audit Hours Required: 200

Fraud Hotline Monitoring

To review incoming reports to the hotline, in an effort to deter future fraudulent behavior and promote a safe, honest and ethical work environment. *This activity will include receipt of incoming hotline reports and determination/evaluation of follow-up activities.*

Estimated Audit Hours Required: 200

Credit-Card Management

To determine whether internal controls over credit card use County-wide are appropriate and/or effective. *This activity will include random reviews of credit card use and monitoring performed by Finance.*

Estimated Audit Hours Required: 200