

PINAL COUNTY  
OFFICE OF INTERNAL AUDIT

Fiscal Year 2014/2015  
Audit Plan



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**Interim Internal Audit Officer**

✓ **When was the Pinal County Internal Audit Office established?**

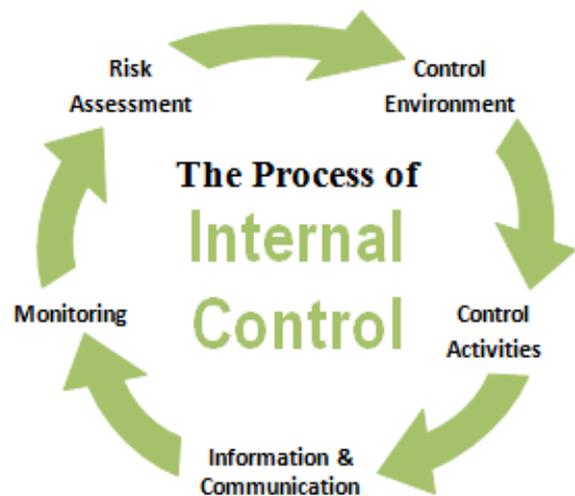
The Office was established in 2008, after a special fraud investigation conducted by attorney Richard Romley led to the former Pinal County Manager pleading guilty to six felony counts; including theft, improper reimbursement and false wages.<sup>1</sup> The final report offered twenty-four (24) recommendations; all subsequently implemented by the Pinal County Board of Supervisors, including the first recommendation to, “...hire an Internal Auditor who reported directly to the Board of Supervisors, to help strengthen the internal control environment in Pinal County.”

✓ **Why does Internal Audit report directly to the Board of Supervisors?**

Independence from management is required by national government auditing standards<sup>2</sup> issued by the U.S. Comptroller General to, “... enable unrestricted evaluation of management activities and personnel.” According to a 2012 National Peer Review<sup>3</sup> conducted by the Association of Local Government Auditors,<sup>4</sup> the Pinal County Internal Audit Office is in compliance with these standards.

✓ **What is Internal Auditing?**

Internal auditing is an independent, objective assurance and consulting activity designed to help organizations accomplish strategic goals and objectives. Internal auditors use a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes. Bond rating agencies consider the existence of an internal audit function a key component of strong management practices and a deterrent to fraud. The Office of Internal Audit manages the Fraud Hotline and online reporting system.<sup>5</sup>



✓ **Where can I find more information about the Office of Internal Audit?**

You can access five years of past Pinal County audit reports online at:

<http://www.pinalcountyz.gov/Departments/InternalAudit/Pages/AuditReports.aspx>

Internal audit is an investment benefiting County management and taxpayers. Internal auditors are familiar with County operations and systems; and are committed to long-term improvements in the County. The cost per hour for an internal auditor, including all operating costs, is \$48 compared to the average cost per hour for an external auditor of \$165.

<sup>1</sup> <http://www.pinalcountyz.gov/departments/newsinformation/documents/griffisdocs/pinalcountyreport.pdf>

<sup>2</sup> <http://gao.gov/assets/590/587281.pdf>

<sup>3</sup> <http://www.pinalcountyz.gov/Departments/InternalAudit/Documents/Cover%20and%20Report%20Only.pdf>

<sup>4</sup> <http://algaonline.org/index.aspx?nid=92>

<sup>5</sup> <http://www.pinalcountyz.gov/Departments/InternalAudit/Pages/FraudForm.aspx>

## Results of Fiscal Year 2013-2014 Audit Plan

AUDIT TITLE	APPROVED	COMPLETED
Pinal County Correctional Health	Y	Y
Pinal County Library District	Y	Y
Pinal County School Superintendent Transition	Y	Y
Pinal County Public Health- Cash Counts	Y	Y
Pinal County One Stop Shop- Impact Fees	Y	Y
Pinal County Emergency Management	Y	Y
Pinal County Air Quality	Y	Y
Pinal County Finance – Accounts Payable	Y	Y
Pinal County Adult/Juvenile Probation	Y	Ongoing
Pinal County Planning & Development	Y	Moved to FY 2014-2015
Information Technology- Post-Implementation Review	Y	Moved to FY 2014-2015

### ✓ **Additional Work Completed**

- Fraud hotline reports
- Office strategic business plan
- Annual county-wide risk assessment
- Annual audit plan for fiscal year 2014-2015

## Annual Audit Plan

- ✓ **Internal Audit submits an annual audit plan to the Board of Supervisors for review, comment and approval at the beginning of each fiscal year.**

The plan is based on:

- A county-wide risk assessment performed by Internal Audit each year prior to the completion of the annual audit plan;
- Requests from the Board of Supervisors, Elected Officials, County Manager, and department heads;
- Suggestions from the Audit Committee and Internal Audit staff based on their knowledge of County activities

The plan summarizes the audits and projects the Office of Internal Audit anticipates initiating during the forthcoming fiscal year and is developed to comply with directives established in the Pinal County Internal Audit Charter. It is important to note the Audit Plan is a working document that is flexible in addressing current priorities in a changing environment. Any approved audits not in-progress or completed by the end of the fiscal year will be included in the following year's audit plan.

In addition to listed audit projects, the audit plan includes one hundred-forty (140) unassigned hours, which according to our Audit Charter, "...shall be used to perform special audits, investigations and projects requested by the Board, Elected Officials, County Manager, department heads, or in response to fraud hotline tips."

This year's audit plan includes two (2) compliance audits, three (3) operational audits and two (2) financial audits. The plan also includes a Post Implementation compliance review of a major technology upgrade. While general audit objectives are included in the Plan, specific audit objectives will be determined upon completion of a preliminary background survey and risk assessment prepared specifically for each audit.



## **Proposed Audit Plan for Fiscal Year 2014-2015**

This Audit Plan is based on estimated staff hours needed to complete an audit, and a staff level of one (1) fulltime employee. If staff levels expand, the following areas may be added to the audit plan: Public Defender, Housing, and Economic Development.

### **(15-01) Planning and Development**

Our primary objective is to determine if the department is managing and utilizing its resources; including public funds, personnel, property, equipment, and space in an economical, effective and efficient manner. (Operational)

**Estimated Audit Hours Required: 210**

**(15-02) Information Technology – Post-Implementation Review**

Our primary objective is to review the recent financial and human resources system upgrade and determine if it is successful in terms of functionality and performance. (Operational)

*Estimated Audit Hours Required: (50) In-House (160) Outsource*

**(15-03) Public Work - Finance**

Our primary objective is to determine if internal controls are designed to ensure the orderly and efficient conduct of business; the completeness and accuracy of accounting records; and compliance with appropriate policies and procedures. (Financial)

*Estimated Audit Hours Required: 210*

**(15-04) Sheriff - Patrol**

Our primary objective is to determine if the department is managing and utilizing its resources; including public funds, personnel, property, equipment, and space in an economical, effective and efficient manner. (Operational)

*Estimated Audit Hours Required: 210*

**(15-05) Risk Management**

Our primary objective is to review internal controls within the department and determine if controls are designed to provide reasonable assurance regarding effectiveness and efficiency of operations and compliance with applicable laws and regulations. (Compliance)

*Estimated Audit Hours Required: 210*

**(15-06) Human Resources**

Our primary objective is to review internal controls within the department and determine if controls are designed to provide reasonable assurance regarding effectiveness and efficiency of operations and compliance with applicable laws and regulations. (Compliance)

*Estimated Audit Hours Required: 210*

**(15-07) County Attorney**

Our primary objective is to determine if internal controls are designed to ensure the orderly and efficient conduct of business; the completeness and accuracy of accounting records; and compliance with appropriate policies and procedures. (Financial)

*Estimated Audit Hours Required: 210*