

OFFICE OF INSPECTOR GENERAL

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FISCAL YEAR 2020-2021 ANNUAL AUDIT PLAN

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AUTHORITY, DUTIES, AND SCOPE

By authority of the Constitution of the State of Florida, Article VIII, Section 1, (d), "...the Clerk of the Circuit Court (SJCCOC) shall be the ex officio clerk of the Board of County Commissioners (BCC), auditor, recorder, and custodian of all county funds."

Pursuant to the legal authority and responsibility cited above, the SJCCOC has established the Office of Inspector General (OIG) to fulfill the responsibilities of the office as they relate to investigations and audit activities. The scope of the OIG's authority includes any operation under the direction of the BCC or of SJCCOC. It also includes other functions for which the BCC provides financial support, such as contracted agencies, in its budget or of which the Board is the ex officio governing body.

The scope of the OIG's work includes the following four general areas:

A. Internal Audit Services

1. Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
2. Review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have a significant impact on operations and reports.
3. Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
4. Appraise the economy, efficiency, and effectiveness with which resources are employed and management's internal controls over operations.
5. Review operations or programs to ascertain whether the results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
6. Audits are performed in conformance to the Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing (Red Book) and the Association of Inspectors General Principles and Standards for Offices of Inspector General (Green Book).

B. Tourist Development Tax (TDT)

Responsibilities include the audit of TDT records and enforcement of levied TDT, as prescribed by St. Johns County Ordinance 88-27, dated June 14, 1988, as amended, and in accordance with Chapters 212 and 125.0104, Florida Statutes.

C. Public Integrity Unit (PIU)

The primary responsibility as PIU includes the review and investigation of suspected inappropriate activity. If the investigation substantiates that a fraudulent act may have occurred, the Inspector General (IG) will notify the Clerk and Comptroller (Clerk.) After consultation with the Clerk, other County officials may be notified. If the substantiated act may have criminal implications, the IG will consult law enforcement agencies and assist in the preparation and presentation of findings, as requested and/or otherwise applicable. Investigations are performed in compliance with the Principles and Standards for Office of Inspector General and The Florida Inspectors General Standards Manual from The Commission for Florida Law Enforcement Accreditation (CFA).

The OIG intends to evaluate the requirements set forth by the CFA against the level of service and standards provided by OIG and take the necessary steps to pursue the accreditation of its investigative services.

D. Guardianship Accountings

In accordance with Chapter 744, Florida Statutes, the IG with the assistance of the Probate Clerk audits the inventories and accountings of court-appointed guardianships and investigates allegations of fraudulent misuse of guardianship estate assets identified through the audits.

SOURCES OF AREAS SELECTED FOR AUDIT

To ensure the most efficient and effective use of OIG staff resources, areas selected for audit must be carefully considered. Just as with other governmental functions, the audit function should be conducted in a manner that provides the greatest amount of value to St. Johns County residents. Since there are many 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 in determining this audit plan.

Areas selected for audit derive from a variety of sources, including risk assessments, management requests, unannounced audits, and allegations of fraud, waste, and abuse.

Risk is one of the primary factors in selecting areas for audit. For some aspects of County operations, risk is higher than other factors due to the complexity of operations, potential financial and operational impacts to the County, and the length of time between audits. Areas of the County that are high risk should receive more audit attention than those of lower risk. Areas of lower risk should not be ignored but rather should be audited less frequently than the higher risk areas.

In addition to risk, Management may have specific concerns or believe an audit is necessary. Because a goal of the IG function is to be of assistance to Management, these requests are seriously considered in the selection of audits to be performed. As part of the audit selection process, input was solicited from the BCC, County Administrator, and SJCCOC Management.

Additionally, audits are conducted unannounced whenever prior knowledge could compromise the integrity of the audit. These types of audits include cash counts and some suspected instances of fraud, waste, or abuse.

Furthermore, complaints and tips received via the fraud, waste, and abuse telephone hotline can also generate areas that result in audits and investigations.

RISK ASSESSMENT METHODOLOGY

The initial step in developing a risk assessment methodology was to prepare a list of auditable entities. We primarily used the County's Fiscal Year (FY) 2019-2020 budget to compile a comprehensive list, which ensures we include all operations involving County funding and provides reasonable assurance that all significant County operations are included in our audit universe. To determine our auditable entities, we summarized expenditures for FY 2019-2020 by fund for both the BCC and SJCCOC. These entities represented the possible areas that could be audited.

Once the auditable entities were identified, we assessed the risk associated with each entity based on five risk factors below:

1. Dollar Impact
2. Prior Audit-Years Since Last Audit
3. Complexity of Operations
4. Operational Impact
5. Public Perception

Each risk factor was weighted. Numerical risk scores were assigned to each risk factor for each auditable entity, and a total risk score was calculated for each auditable entity. Auditable entities were grouped into high, medium, and low categories based on total risk score. Auditable entities classified as high-risk category were considered for inclusion in the comprehensive audit plan.

PLANNED PROJECTS

As a result of this process, the proposed audits for FY 2020-2021 are below. The completion of planned audits is dependent on the priorities of the BCC and SJCCOC, adjustments for unplanned activities and unscheduled events that occur during the year and the availability of audit resources. Our Comprehensive Audit Plan is a tool for the use of OIG resources and is intended to be responsive to changing conditions. It is subject to change throughout the year as the need arises. Therefore, some audits identified below may not be conducted this year, and others may be conducted that are not included in this document.

Audits Planned

- Amphitheatre – Comprehensive audit of revenue and expenses and related controls
- Fire District – Audit of purchasing, fixed assets, supplies, and maintenance of equipment processes
- Building Services – Audit of the issuance of building permits, procurement, and contract management processes
- Golf Course – Follow-up Audit (Cash Handling and Inventory)

In addition to these audits, the Comprehensive Audit Plan also includes other projects required by statute, ordinance, or professional auditing standards. These include:

Continuous Audits

- Driver and Vehicle Information Database (DAVID) Audit – SJCCOC
- Enhanced Guardianship Audits
- Unannounced Imprest Funds Audits
- Tourist Tax Development Tax Audits

Investigations

- Fraud, Waste and Abuse Investigations
- Guardianship Investigations