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**Pasco County Clerk & Comptroller**

## **2022 Annual Audit Plan**

Department of  
Inspector General  
12/29/2021

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## INTRODUCTION

To ensure the most efficient and effective utilization of the Department of Inspector General's (Department) resources, it is essential areas selected for audit are carefully considered. Since the audit function, like other local governmental functions, must provide the maximum benefit possible to Pasco County citizens, audits that will add the most value are a priority. Due to the large number of possible areas to audit throughout Clerk & Comptroller (Clerk) and County operations and limited staff resources to audit them, a careful audit selection process was established. A risk-based planning process was conducted to develop an annual audit plan. The methodology used and those areas selected for audit in 2022 are presented below.

### Sources of Areas Selected for Audit

Areas selected for audit come from a variety of sources. These include risk assessments, management and teammate requests, unannounced audits, and anonymous allegations of fraud, waste, and abuse.

Risk must be one of the primary factors in selecting areas for audit. Risk for some aspects of Clerk and County operations are higher than others for many reasons, including:

- Type of activities
- Management turnover
- Financial and operational impact to the County if something went wrong
- Length of time since the area was audited

Those areas of the Clerk and County which are high risk receive more audit attention than those of lower risk. However, areas of lower risk are not ignored; rather, they are audited with less frequency than higher risk areas.

As part of the audit selection process, the Department also solicited input from management to assist in the assessment and ranking of risk. Management requests are another primary factor in the selection of audits to be performed. Input was solicited from the Clerk, Board of County Commissioners, County Administrator, the Clerk and County attorneys, and Clerk and County management.

Additionally, certain audits must be conducted on a continuous basis. Some are unannounced to management whenever prior knowledge of the audit could compromise the integrity of the audit. These types of audits include, but are not limited to, cash counts and reported instances of fraud, waste, or abuse.

### Risk Assessment Methodology

The first step in a risk-based approach to auditing is to identify the audit universe. These are the areas of operations in the Clerk and County departments or divisions. The Department compiled a comprehensive list of operations using the Clerk and County's budget document and organizational charts. Using a budget document helped ensure all operations involving Clerk

and County funding were identified. Through this process, the Department identified approximately 150 auditable entities in the audit universe. After the auditable entities were identified, an electronic survey was sent to management (supervisors through directors). A short questionnaire was sent to senior management (above directors), including the Clerk, the Board of County Commissioners, and the Clerk and County attorneys. The questions on the survey and questionnaire were for the purpose of collecting information to assist the Department with identifying the areas of highest risk.

The survey and questionnaire were designed to address risk associated with each entity based on six risk factors:

1. Operational Dependencies
2. Complexity of Operations
3. Budget Impact
4. Degree of Autonomy
5. Number of Years Since the Last Audit
6. Public Perception

In addition to surveys and questionnaires, the Department independently responded to the same questions in the survey. Scores were tallied and averaged. Increased risk factors for customer complaints received by the Department, management requests for audits, and external auditor comments and weaknesses were added to the total average score. Finally, the entities were ranked highest to lowest.

The risk factors above were weighted and a numerical risk score was assigned for each auditable entity. Total weighted scores were calculated and auditable entities were grouped into high, medium, and low risk categories.

The risk assessment methodology is in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*.

### **Annual Audit Plan Development**

The Annual Audit Plan (Plan) is a tool for the planned and efficient use of Department resources. Similar to a financial budget, the Plan may be modified throughout the year as needs or circumstances change. Department reports are issued during the year as engagements are completed. Final reports are included on the Department of Inspector General's page of the Clerk & Comptroller's website. County final reports are also placed in Noted Items on the Board of County Commission meeting agenda.

The Plan has two main elements: risk in the area of operations and auditor hours available to perform audit procedures. The former is identified during the risk assessment process described above, and the latter is calculated based on the number of auditors in the Department.

Projected available auditor hours for the 2022 Plan was based on one Auditor I (second year), one Auditor III (experienced), and an Inspector General. The Department has two vacant Auditor positions that have been continuously advertised for the past several months. Due to the competitive job market and the stagnant rate of qualified applications for employment, the 2022 Plan appears limited. As a result of limited auditor hours, the top 10 areas identified during the

risk assessment were not included in the Plan. Please refer to the schedule “Risk Assessment Audits Deferred.” As auditors are added and hours become available, the Plan will be amended to include the higher risk areas.

The 2022 Plan was established to include projects identified in the risk-assessment survey, management requests, follow-up reviews, and other areas that arise during the year. To reach as many high risk areas and management requests as possible, the following allocations were established for the Department’s time and resources:

How Identified	Target Percent of Plan*	Actual Percent of Plan
Risk Assessment	50%	48%
Management Requests	35%	39%
Other (procedure reviews, management requests, complaints, etc.)	10%	9%
Follow-up Reviews	5%	4%

\* The Target Percent of Plan was developed during the strategic planning process. The target percentages were established to support the 2022-2023 Department of Inspector General Strategic Plan (available on the Department’s page on the Clerk & Comptroller’s website); specifically to establish a key measure to meet the strategic objective to perform risk-based projects.

## PLANNED PROJECTS

### Risk Assessment Audits

BCC & CCC – Cash Verification Audit	Unannounced cash counts, safe inspection, reconciliation of funds counted to the General Ledger, and control-form review.
BCC – Administration & Fiscal – Development Services	Material Weakness was identified in FYE2020 ACFR: Developer Credits. An audit of the policies, procedures, workflow, tracking, and reconciliation of Letters of Credit awarded by BCC.

### Management Requests

CCC – Administration – DAVID Attestation	Requested/Required by the FLDHSMV. An independent audit is required for renewal of the MOU.
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**Follow-up Reviews**

BCC & CCC – Audit Comment Tracking & Continuous Follow-up	All recommendations resulting from prior audits are tracked in one schedule. Auditors periodically will review and follow up with the responsible management and verify corrective actions were implemented.
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**Projects In-progress and Carried Forward to 2022**

2021-04: CCC – Criminal Courts-Traffic Operations (Management Request)	Audit of driver’s license reinstatements and clearances. Verify driver’s licenses were properly cleared or reinstated and evaluate internal controls over reinstatement process.
2021-06: BCC – Building Construction Services (Risk Assessment)	Audit of private provider refunds for inspections and/or plans reviewed. Related to private-provider vendor services for certain permits and planning services. Verify completeness of permits identified as eligible and verify refunds were issued in accordance with internal policies and procedures.
2021-09: CCC – Evidence (Management Request)	Random samples of all evidence (sensitive and nonsensitive) will be verified on a periodic basis during the year. This project will also produce a self-monitoring tool management will use to perform periodic internal inventories.

**Risk Assessment Audits Deferred**

Risk Rank	Area of Operations
1	CCC: Fixed Assets – Treasury Management and Capital Assets
2	CCC: County Cash Bonds – General Ledger
3	BCC: Ambulance Billing
4	CCC: Budget & Purchasing
5	BCC: Human Services
6	CCC: Treasury Management & Capital Assets
7	CCC: Tax Deeds
8	BCC: Central Mail & Surplus
9	CCC: Probate
10	BCC: Central Permitting



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