



**Office of**  
**Nikki Alvarez-Sowles, Esq.**  
**Pasco County Clerk & Comptroller**

## **2024 Annual Audit Plan**

Department of  
Inspector General  
12/08/2023

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## Office of Pasco County Clerk & Comptroller

### INTRAOFFICE MEMORANDUM

**DATE:** December 8, 2023

**TO:** Nikki Alvarez-Sowles, Esq., Clerk & Comptroller

**FROM:** Patrice M. McBride, CIG, Inspector General *PM*

**DEPARTMENT:** Department of Inspector General

**SUBJECT:** 2024 Annual Audit Plan

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The Department of Inspector General's (Department) Annual Audit Plan (Plan) was prepared to identify planned engagements (audits, advisory services, management requests, etc.) for the 2024 calendar year. The Plan was based on a documented risk assessment, and input from Clerk and County management and leadership. This methodology identifies operational and other issues posing the greatest potential risk and liability to operations and prioritizes areas for audit selection. The Department's engagements result in the issuance of public reports containing recommendations to strengthen and improve the delivery of public services to the citizens of Pasco County.

The Plan guides the Department's activities but can be adjusted and is subject to change as management's priorities evolve and new risks are identified. Depending on staffing level, workload, and other factors, some of these projects may not be initiated during the year, and other projects may be conducted that are not on this audit plan. All material changes to this plan will be communicated to you in advance, and the Plan will be edited and redistributed.

If you have questions or would like to discuss this Plan, please contact me anytime.

## TABLE OF CONTENTS

|  |          |
|--|----------|
| <b>INTRODUCTION .....</b>                            | <b>2</b> |
| <b>Risk Assessment Process .....</b>                 | <b>2</b> |
| <b>Audit Selection Process.....</b>                  | <b>3</b> |
| <b>Annual Audit Plan Development.....</b>            | <b>3</b> |
| <b>PLANNED PROJECTS .....</b>                        | <b>4</b> |
| <b>Risk Assessment .....</b>                         | <b>4</b> |
| <b>Management and External Auditor Requests.....</b> | <b>4</b> |
| <b>Follow-up Reviews.....</b>                        | <b>4</b> |
| <b>Audits in Progress .....</b>                      | <b>5</b> |
| <b>Deferred Engagements.....</b>                     | <b>5</b> |

## INTRODUCTION

Professional audit standards<sup>1</sup> require the Department of Inspector General (Department) to develop a risk-based annual audit plan that considers resource requirements and input from senior management (Standard 2010.A1). The objective of using a risk-based audit plan is to identify and prioritize various operational and other issues posing the greatest potential risk and liability to operations. Risk assessment results, interviews with management from the Clerk & Comptroller (Clerk) and Board of County Commissioners (County), and Department's professional judgment formed the basis for the 2024 Annual Audit Plan (Plan).

*2010.A1 – The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.*

### Risk Assessment Process

The risk assessment process has two purposes: to help ensure that Clerk and County risk exposures are understood and managed, and to assist in identifying areas selected for audit. The first step in a risk-based approach is to identify the audit universe and auditable units. Using organizational charts and various online budget documents, the Department compiled a comprehensive list of Clerk and County operations.

The Department identified approximately 225 auditable entities in the audit universe. A sample of individuals from Clerk and County management and leadership were selected for interviews and included the Clerk & Comptroller, all County Commissioners, and the County Administrator. The Department sent interview requests to seek input regarding risk and areas of operations that would benefit from an audit. The interview response rate was approximately 76% (28 of 37).

The Department also independently assessed risk based upon 12 questions related to the following risk factors:

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

Each risk factor was assigned a weighted value, and a total average score was calculated for each auditable entity. Additional considerations raised the total score, such as management requests for audits and external audit comments. Finally, auditable areas were ranked from highest to lowest according to the total score.

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<sup>1</sup> The Institute of Internal Auditor's *International Professional Practices Framework* Standards 2010.A1 & 2120.A2, and the *Principles and Standards for Offices of Inspector General*.

The Department must consider where fraud risk is present, evaluate the potential for the occurrence of fraud, and assess how the organization manages fraud risk (Standard 2120.A2) through risk assessment and audit planning. It is not the Department's direct responsibility to prevent fraud happening within Clerk and County operations. This is the responsibility of management as the first line of defense. No allegations of fraud, waste, and abuse were reported during 2023. Therefore, risk rankings did not require changes in response to considerations of fraud, waste, or abuse.

*2120.A2 - The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.*

### **Audit Selection Process**

Risk must be one of the primary factors in selecting areas for audit. In developing a list of potential audits, risks to prioritize come from a variety of sources:

- Assessments of operations and controls in previous internal and external audit reports, including the County's Annual Comprehensive Financial Report
- Input from external auditors
- Input obtained during the risk assessment interviews
- Consideration of risks identified in other local governments' audits that could also emerge in Pasco County
- Management requests

The Department developed a preliminary list of proposed audit projects to address the areas of highest risk ranking. Areas of 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. Additionally, certain audits must be conducted on a continuous basis. These types of audits include, but are not limited to, unannounced cash counts and inventory audits.

### **Annual Audit Plan Development**

The objective of the annual planning process is to establish and schedule audit activities. The Plan provides for allocation of audit, administrative and compliance activities. The final step is to estimate the number of available staff hours in the year and apply these to the estimated hours needed to complete selected audits and projects. The number of hours estimated per audit is made by reviewing the average of hours spent on previous audits.

As of December 2023, the Department has three filled positions: Auditor III, Inspector General Manager, and Inspector General. In addition, there are three vacant Auditor positions that have been continuously advertised for the past several months. Due to the competitive job market and lack of qualified applicants, outsourcing is planned to supplement the hours available for audit services.

The Plan allocates hours to include projects from various sources. The following allocations were established for optimal audit coverage of high-risk areas:

| Project Source   | Target* Percentage of Plan | Actual Percentage of Plan |
|--|----------------------------|---------------------------|
| Risk Assessment  | 50%                        | 66%                       |
| Management Request   | 35%                        | 21%                       |
| Follow-up Reviews and other required services  | 5%                         | 6%                        |
| Other (Advisory Services, Hotline Complaints, Annual Audit Plan, Quality Assessment, etc.) | 10%                        | 7%                        |

\* The Target Percentage of Plan was developed during the strategic planning process. The target percentages were established to support the 2023-2025 Department of Inspector General Strategic Plan. Specifically, to achieve key performance measures and satisfy the strategic objective of performing risk-based projects.

The Plan guides the Department’s activities but can be adjusted and is subject to change as management’s priorities evolve and new risks are identified. Significant changes will be communicated to the Clerk and County as appropriate. Actual scheduling of selected projects may be affected by personnel turnover, special audits, and unforeseen circumstances in a scheduled audit.

## PLANNED PROJECTS

The following table outlines the selected projects for the 2024 Annual Audit Plan:

| Risk Assessment                                  |   |
|--|---|
| BCC & CCC: Cash & Safe Verification (continuous) | Limited scope audit of cash drawers and safe/vault contents.  |
| BCC: Ambulance Billing                           | Audit of accounts receivable reconciliation; document agreement of billing system with the financial system Munis.  |
| BCC: Purchasing Cards (P-cards)                  | Audit disbursements and supporting documentation; document compliance with established policies and procedures.   |
| Management and External Auditor Requests         |   |
| BCC: Utilities Rates                             | Audit of the implementation of utility (water/wastewater) rates to residential and commercial customer accounts.  |
| CCC: Sensitive Systems Control                   | Sensitive systems monthly control review program; advisory services with IT Department.   |
| Follow-up Reviews                                |   |
| BCC & CCC – Corrective Action Plan Items         | All recommendations resulting from prior audits are tracked in one schedule. Auditors periodically follow up with management to verify corrective actions were implemented. |

| <b>Audits in Progress</b>                    |   |
|--|---|
| 2021-04: CCC – Traffic Operations            | Audit of driver’s license reinstatements and clearances. Evaluate internal controls over reinstatement process. |
| 2023-03: BCC – Surplus Property              | Audit of procedures over surplus property; document internal controls.  |
| 2023-05: CCC – Unannounced Cash Verification | Unannounced cash verification for change funds and safe inventory.  |
| 2023-06: BCC – Developer Credits             | Audit of policies and procedures for the Developer Credit Transmittal Summary process.                          |

The following areas were identified as areas that could benefit from audit procedures but were deferred due to limited auditor hours or conflicts with current open engagements. These areas will receive priority consideration in future risk assessments and Annual Audit Plans.

| <b>Deferred Engagements</b>                         |   |
|---|---|
| BCC: Cash Procedures                                | Audit of policies and procedures over cash handling transactions; document internal controls.                                     |
| BCC: Central Permitting                             | Audit of daily cash reconciliation of fees collected; document internal controls.   |
| BCC: Pasco Gateway (Accela)                         | Audit of policies and procedures over rates, codes, amounts, etc. in Accela; document internal controls over updates and changes. |
| BCC: Building Inspections                           | Audit of policies and procedures over scheduling inspections; document internal controls.   |
| BCC: Facilities Management Operations & Maintenance | Audit of policies and procedures over the collection, recording, and reconciliation of lease payments collected.                  |
| CCC: Financial Services – General Ledger            | Audit of policies and procedures over reconciliations; document internal controls.  |
| CCC: Financial Services – Accounts Payable          | Audit of disbursements and supporting documentation; document compliance with established policies and procedures.                |
| CCC: Official Records                               | Audit of policies and procedures over recording documents; document internal controls.  |
| CCC: Jury Management                                | Audit of policies and procedures over juror payments; document internal controls.   |
| CCC: Criminal Courts                                | Audit of policies and procedures over warrants; document internal controls.   |



For additional information contact the Public Records Liaison.

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