Office of Inspector General

Annual Risk Assessment and Work Plan

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ANNUAL WORK PLAN

Purpose, Objectives, and Approach

Mission
The mission of the Office of Inspector General (OIG) is to preserve the public trust by providing independent, objective audits, reviews and investigations, as designed to add value and improve Collier County government.

Purpose
To ensure the most effective utilization of Inspector General staff resources, audits and reviews which will result in the most benefit will be targeted. Because of the large number of possible engagements, and limited staff resources, we perform a careful selection process in determining our work plan. The methodology of selecting the areas for examination are presented on page 4.

Our goal is to establish a risk-based work plan that identifies the priorities of the OIG, consistent with the goals of the Clerk of the Circuit Court and Comptroller (Clerk), both for her own operations and as ex officio Clerk to the Board of County Commissioners (BCC). This is typically prepared annually in Spring, in support of the OIG's budget process for the upcoming fiscal year.

For 2023, we modified the Annual Work Plan to incorporate the remainder of the calendar year in order to adjust the annual audit plan review to begin in January 2024, which aligns with the Clerk's budget schedule.

Objective
The objective of the annual work plan is to direct the efforts and resources of the OIG's audit and contract oversight functions into areas that 1) are of high financial and operational significance to the Clerk and County; and 2) stand to benefit the most from the internal review process.

This plan serves as a general guideline for the allocation of Inspector General resources and is subject to change at any time during the fiscal year due to circumstances, information, or management directives unknown or nonexistent at the time this annual plan was developed.

Sources
Risk must be one of the primary factors in selecting areas for audit or review. Variances in risk can be due to the type of activities, the financial and operational impact if something were to go wrong, changes in staffing or responsibilities, and the length of time since the areas have been audited. Areas of lower risk will not be ignored; rather, they will be examined with less frequency than the higher risk areas.

Some areas have mandatory audits or reviews, and management requests are given priority. In addition, there is a need to conduct some audits on an unannounced basis whenever prior knowledge could compromise the integrity of the audit, such as surprise cash counts.

At a minimum, the OIG has considered the following five sources for planning potential engagements:

1. Carryover Audits and Reviews
These audits and reviews were either in progress, are multi-year projects, or require follow-up on open issues to be confirmed as remediated.

2. Risk Analysis
These are areas which contain higher risk processes due to: 1) Financial risk, 2) Past, present, or future activity, or 3) Compliance risk. Risk is measured in terms of likelihood and/or impact. Management input, OIG observation, the current fiscal budget, and BCC agendas were utilized to determine areas where our services may be most beneficial.

3. Combined Assurance Assessment
We assess the work performed, assurance provided and issues identified by others, including BCC Budget staff, BCC Internal Controls staff, Clerk's Finance staff, external auditors, outside consultants and regulators.

4. Management Requests
These are audits or reviews which were specifically requested or authorized by the Clerk, BCC or County Management.

5. Administrative and Other Activities
This is time devoted to the ongoing planning, training or administration of the OIG activity.

Methodology

The first step in determining our risk assessment methodology was to prepare a list of auditable entities. These are possible areas that could be audited or reviewed, and we used the County's budget to compile this comprehensive list. Using the budget ensures we include all operations involving County funding to provide reasonable assurance that all significant County operations are included in our risk universe. Specifics of our methodology and the assessment process are covered in a separate supporting document, available upon request.

The work plan includes management requests and entities from the high-risk category, but also includes some entities with lower identified risk. The risk assessment methodology follows the guidelines of the International Standards for the Professional Practice of Internal Auditing and the Principles and Standards for Offices of Inspector General.

Factors such as an increased volume of investigations, special audit and consultation requests not previously planned, and staffing changes affect the OIG's ability to complete planned projects. Due to

staff turnover and additional audit and investigative caseload related to Hurricane Ian, some projects on this year's work plan are a carryover of engagements from the prior year.

Annual Plan

Carryover Engagements

1. Contract Management & Administration

Process narratives will be created to document the high-level processes of Contract Management and Contract Administration. The process of obtaining contracts primarily resides with the Procurement department, whereas, the contract administration process resides with each Department. The high-level processes will address solicitations, contract approvals, contract administration, contract amendments, extensions, and renewals.

Changes to purchase orders is a key risk indicator of planning issues and will be a key focus as we discuss the Contract Administration process with each Department. Once the various methods of changing purchase orders has been defined, we will pursue monitoring purchase order changes through analytics.

2. Purchasing Card Expenses

The use of purchasing cards has an inherently high risk for fraud. Through various 2022-2023 investigation findings and analytics, we have determined to focus our purchase card transaction review for 2023 on purchases made with a single vendor.

Focused Areas

3. Capital Outlay/Expenses

Large capital projects are inherently risky due to their complex nature and significant investment at stake. We will be reviewing the progress of the following significant projects undertaken by the County:

Project
Big Corkscrew Island Regional Park
Mental Health Facility
Amateur Sports Complex
Veterans Home

Our review will include auditing the related payments throughout the life of the project, updating our calculations of the fully burdened cost throughout the life of the project, and issuing reports periodically regarding the propriety of the procure-to-pay processes.

4. Revenue

For the upcoming year, the OIG will monitor the top source of business activity revenues, which is Solid Waste and Water/ Sewer fees. The 2022 adopted budget estimates the county will receive $82 million in Water Revenue, $93 million in Sewer Revenue, and $30.9 million in mandatory collection fees. Analytical reviews will continue until 2024, when we plan to conduct process walkthroughs.

5. Cash Counts and Inventory Observations

In addition to our ongoing analytics on the over/short accounts and cash balances, we continue performing surprise cash counts at both the BCC and COC locations, and physically walking through the processes and procedures at the locations.

We will be observing and validating inventory balances at a select County location, in conjunction with the physical year-end inventory counts. The location will not be disclosed to County staff prior to the observation.

6. Asset Dispositions

We will be reviewing the process by which assets are retired or disposed, whether by sale, retirement or loss, including the auction process.

7. Technology

In July of 2022, the State of Florida passed HB 7055, establishing the need for all state agencies and local governments to implement a cybersecurity risk management framework like the National Institute of Standards and Technology (NIST) Cybersecurity Framework for enterprise risk and security. The NIST framework outlines processes and standards for governance and controls that will help mitigate potential threats and reinforce safeguards over the operations of the Clerk's office.

The Clerk's office will undergo an organization-wide Risk Assessment and Gap Analysis. The OIG will be assisting Illumant and CIT with the risk assessment and gap analysis.

In addition, the Clerk's office is pursing an upgrade of it's SAP HR software. The OIG will offer consulting advice to ensure proper controls are in place within the new system.

Management Requests and Ongoing Requirements

8. FL Highway Safety and Motor Vehicles (HSMV) Data Exchange

The objective of this required FL HSMV audit is to evaluate the policies, procedures, and internal controls pertaining to personal data obtained from the FL HSMV Data Exchange process. We will determine if the controls appear adequate to protect the data from unauthorized access, distribution, use, modification, or disclosure based on keystakeholder process narrative attestations. This next certification is due March 14, 2024.

9. Annual Quality Assurance of Protection of Confidential Information

This annual audit is required by Supreme Court of Florida Administrative Order AOSC20-108:

> **QUALITY ASSURANCE**
>
> Clerks must employ redaction processes through human review, the use of redaction software, or a combination of both. Clerks must audit the process adopted at least annually for quality assurance and must incorporate into their processes new legislation or court rules relating to protection of confidential information. It is recommended that clerks advise commercial purchasers that court records are regularly updated and encourage use of updated records.

10. Corporate Economic Development Programs

The BCC sponsors a number of business economic programs, often with participation by State agencies, which require an audit or evaluation prior to payment. Examples are the Qualified Target Industry, Capital Investment for Diversification Incentive or Job Creation/Retention programs. A number of these payment applications are expected in the upcoming fiscal year.

11. Wire Transfers

This audit was requested by the Finance Director as a requirement of the cyber insurance application process.

12. Guardianships

The OIG Guardianship Auditors will review each initial and annual guardianship plan to ensure that these reports contain the necessary information about the Wards, and to review for reasonableness. They will audit the verified inventories and the accountings, and advise the court of the results of our audit for over 850 guardianships on file in the County. Annually, a separate OIG staff member performs a quality review based on a sample of audits for the year. The OIG will provide an annual report of guardianship audit activities, including the statistics on the guardianships audited and pertinent issues. We are working with the Court IT programmers to create efficiencies through adding fields and automating more of the guardianship auditing processes through the ShowCase court case processing system.

13. Investigations

The OIG Senior Investigator evaluates each complaint submitted or discovered, and tracks these in our Hotline Case Management System. He reviews each complaint, and he obtains the approval of the Inspector General when proceeding with a formal investigation. Annually, we provide a report of our activities, including the statistics on the complaints received and the related status or resolution. Once resolved, we will provide a summary of cases referred to law enforcement.

Administrative and Other Activities

Activities not included in the Work Plan are considered Other Activities. These activities include, but are not limited to, professional development, strategic planning, risk assessment, follow up on open issues, staffing, outreach, special projects, accreditation, and quality control and assurance. This does not include paid time off, which is factored separately.

OIG Accreditation and Training
In April 2020, the OIG was approved to participate in the FDLE Commission For Accreditation (CFA) program, for accreditation as an Office of Inspector General. Primarily due to COVID and Hurricane Ian, many of the related trainings and programs we had anticipated were cancelled. Additionally, the OIG had to address the significant additional audit and investigative requirements of these multi-million dollar events for the County, leaving little time to devote to implementing a new program. We plan to focus on accreditation again in 2024.

Outreach
Outreach is an important component of OIG operations, and takes place both inside and outside of government. This includes education on common trends and best practices; red flags to assist in spotting fraud, waste and abuse; and information about the functions of our office. The OIG increased our number of speaking engagements and informational reports to stakeholders in 2022, and we plan to continue to this emphasis for the upcoming year.

Available Hours for Planned Engagements

Available hours are calculated based on the standard 2,080 annual available hours per full-time staff member equivalent (FTE), less paid time off. We separately estimated non-chargeable, non-audit administrative responsibilities (such as meetings, planning, budget development, management, accreditation, training and quality assurance). Estimates of the percentage of time spent by each OIG staff member, and the resulting number of hours available for engagements, are shown in the following chart.

Office of Inspector General Analysis of Annual Percentage of Time Spent and Budgeted Hours - FY 2023										
	FTEs	Audit & Consulting		Guardianship		Investigation		Contract Oversight		Non-Chargeable	
Inspector General	1	20%	358	15%	268	20%	358	20%	358	25%	447
Senior Investigator	1			10%	179	60%	1,073	10%	179	20%	358
Senior Auditor	1	60%	1,073			10%	179	10%	179	20%	358
Inspector II	1	15%	626			15%	268	50%	536	20%	358
Inspector II	1	50%				15%		15%		20%	358
Inspector II	1	15%				50%		15%		20%	358
Inspector I	1	20%	358	50%	895	10%	179			20%	358
Inspector General Technician	.6	10%	107			15%	161	60%	644	15%	161
Inspector General Analyst	1	10%	179	50%	894	10%	179	10%	179	20%	358
Total	8.6		3,506		2,236		3,560		2,970		3,113

Our projected work plan is based only on auditing, consulting and contract oversight hours, estimated here at approximately 6,500 hours (3,506 hours for Audit and Consulting, plus 2,970 hours for Contract Oversight engagements, as shown in the totals above). Guardianship and investigation engagements are reactive, based on court filings and complaints filed, making these engagements harder to predict.

We began creating shorter, more succinct reports in 2020 in response to internal audit "agile" industry trends. These shorter reports have decreased our time spent in writing, editing and processing responses, and we gained efficiencies by employing more analytics in our audits and reviews.

The reductions in our average time to produce a report should allow us to produce a minimum of 20 reports, as is consistent with the volume of reports since 2020. Accordingly, we anticipate producing fourteen audit/review reports over the next year, supplemented by a guardianship annual report and an indeterminate number of reports on investigations, for a total of at least twenty published reports on engagements. This will be supplemented by outreach and informational reports as warranted.