

MEMORANDUM

Date: February 25, 2010
To: Michael Wright, County Administrator
From: Heather Woods, MS, CIA, CISA, Director of Compliance and Internal Audit
Subject: 2010 Risk Assessment and Audit Plan

The Compliance and Internal Audit Division has compiled and completed the 2010 Annual Risk Assessment and Audit Plan. This process includes both qualitative and quantitative data to provide an objective basis for the selection of audits. The risk assessment ranks potential audit areas based on financial operations, known internal controls, and potential risks.

Attached are the “2010 Annual Audit Plan” and the supporting risk assessment documentation. The risk assessment documentation provides the basis for the 2010 Annual Audit Plan and is noted below.

- The “2010 Risk Assessment - Dollar Volume/Materiality” document is based upon financial data from BOCC approved budgets, revenue summary and transactions from the finance system.
- The “2010 Risk Assessment - Prior Audit Results” document is based upon results of prior audits.
- The “2010 Risk Assessment - Management Feedback/Concerns” document is based upon feedback from Board of County Commissioners, BOCC Administration, and Clerk Business Services management.
- The “2010 Risk Assessment Summary” document is an aggregate of the above documents.
- The “2010 Annual Audit Schedule” document is a list of engagements/activities for 2010.

If you would like to discuss in greater detail or have any questions please feel free to contact our office.

Attachments

cc: Commissioners
Robert W. Germaine, Clerk of Courts
Tasha Morgan, Internal Auditor, Compliance and Internal Audit
Rick Helms, Assistant County Administrator
Jerome Kaszubowski, Senior Business Services Director
Audit File

**Highlands County Clerk of Courts
2010 Annual Audit Plan
Compliance and Internal Audit Division**

Number	Audit Entity	Risk Factor	Priority	Tentative Schedule	
				Start	End
2	Housing/Home Investment Partnership	76%	High	Qtr 1 FY 10-11	Qtr 2 FY 10-11
TBD	Solid Waste	71%	High	TBD	TBD
TBD	Recycling Operations	66%	High	TBD	TBD
1	Utilities - Water (Placid Utilities)/Sewer	61%	High	Qtr 3 FY 09-10	Qtr 1 FY 10-11
TBD	Parks Department	61%	High	TBD	TBD
TBD	Facilities Maintenance	60%	High	TBD	TBD
TBD	Local Emergency Management	58%	High	TBD	TBD
TBD	Emergency Medical Services	58%	High	TBD	TBD
TBD	General Services/Purchasing/Central Services	56%	High	TBD	TBD
TBD	Maintenance Shop	56%	High	TBD	TBD
TBD	Building Department	56%	High	TBD	TBD
TBD	Agri & Home Economics/County Extension	55%	Medium	TBD	TBD
TBD	County Libraries	55%	Medium	TBD	TBD
TBD	Engineering	54%	Medium	TBD	TBD
TBD	Traffic Operations	52%	Medium	TBD	TBD
TBD	Intergovt Radio Comm Program	52%	Medium	TBD	TBD
TBD	Mowing Right of Ways	50%	Medium	TBD	TBD
TBD	Natural Resources	50%	Medium	TBD	TBD
TBD	County Planning/Development	49%	Medium	TBD	TBD
TBD	Human Resources	49%	Medium	TBD	TBD
TBD	Weed Control/Cooperative Plant	48%	Medium	TBD	TBD
TBD	Utilities - Water (Highway Park)	46%	Medium	TBD	TBD
TBD	Fire Department	46%	Medium	TBD	TBD
TBD	Zoning	45%	Medium	TBD	TBD
TBD	Animal Control	45%	Medium	TBD	TBD
TBD	Tourist Development	45%	Medium	TBD	TBD
TBD	Shell Pit	45%	Medium	TBD	TBD
TBD	Carpentry Shop	43%	Medium	TBD	TBD
TBD	Hurricane Housing	43%	Medium	TBD	TBD
TBD	Veterans Services	42%	Low	TBD	TBD
TBD	Office of Management and Budget	40%	Low	TBD	TBD
TBD	Healthy Families	40%	Low	TBD	TBD
TBD	Sports Complex	40%	Low	TBD	TBD
TBD	Highlands Beautiful/Litter	38%	Low	TBD	TBD
TBD	Human Services	38%	Low	TBD	TBD
TBD	Childrens Advocacy	37%	Low	TBD	TBD
TBD	Non - Ad Valorem Assessments	33%	Low	TBD	TBD
TBD	Public Information	31%	Low	TBD	TBD
TBD	Historic Preservation	29%	Low	TBD	TBD
TBD	Work Study Program	25%	Low	TBD	TBD
N/A - Audit completed in less than 1 year	Asphalt Plant	66%	N/A	N/A	N/A
N/A - Audit completed in less than 1 year	Road and Bridge	46%	N/A	N/A	N/A
Follow-up Audits				Tentative Schedule	
				Start	End
Fuel Management and Utilization Audit Follow-up				Qtr 2 FY 09-10	Qtr 3 FY 09-10
Road and Bridge Audit Follow-up				Qtr 4 FY 09-10	Qtr 1 FY 10-11
Asphalt Plant Follow-up				Qtr 2 FY 10-11	Qtr 3 FY 10-11
Continuous Audits				Tentative Schedule	
				Start	End
Cell Phones		Qtr 1 FY 09-10	Qtr 4 FY 09-10	Ongoing	Ongoing
P-Cards		Qtr 1 FY 09-10	Qtr 4 FY 09-10	Ongoing	Ongoing
Fuel Utilization		Qtr 4 FY 09-10	Qtr 4 FY 09-10	Qtr 1 FY 10-11	Ongoing
Travel		Planned	Planned	Planned	Planned
Timesheets		Planned	Planned	Planned	Planned
Validation/Assessments				Tentative Schedule	
				Start	End
PCI Compliance				Ongoing	Ongoing
Additional Assessments				As Needed	As Needed

Priority (based upon risk factor percentage)

Low (L): Bottom 25% of population

Medium (M): Middle 50% of population

High (H): Top 25% of population

**Highlands County Clerk of Courts
2010 Risk Assessment Summary
Compliance and Internal Audit Division**

Cost Center	Audit Entity	Variable			Risk Evaluation Score	Maximum Score	Risk Factor
		A	B	C			
		Maximum Score					
		44	27	36			
6302	Agri & Home Economics/County Extension	15	27	17	59	107	55%
5106	Animal Control	15	27	6	48	107	45%
4230	Asphalt Plant	38	10	23	71	107	66%
3440A	Building Department	24	27	9	60	107	56%
4103	Carpentry Shop	11	27	8	46	107	43%
3995	Childrens Advocacy	8	27	4	39	107	37%
6209/6209A 6210/6210A 6211/6211A 6212	County Libraries	27	19	13	59	107	55%
2700	County Planning/Development	15	27	11	53	107	49%
5105	Emergency Medical Services	27	27	8	62	107	58%
4101	Engineering	21	27	10	58	107	54%
2672	Facilities Maintenance	29	27	9	65	107	60%
3211 3213 3215	Fire Department	17	27	5	49	107	46%
2558 2111	General Services/Purchasing/Central Services	25	27	8	60	107	56%
5229	Healthy Families	10	27	6	43	107	40%
6308	Highlands Beautiful/Litter	1	27	13	41	107	38%
6213	Historic Preservation	0	27	5	32	107	29%
5344 5345	Housing/Home Investment Partnership	26	27	28	81	107	76%
2107	Human Resources	11	27	15	53	107	49%
5220	Human Services	6	27	8	41	107	38%
5352	Hurricane Housing	13	27	6	46	107	43%
3994	Intergovt Radio Comm Program	18	27	10	55	107	52%
3991	Local Emergency Management	25	27	10	62	107	58%
4104	Maintenance Shop	17	27	16	60	107	56%
4106	Mowing Right of Ways	19	27	7	53	107	50%
6303	Natural Resources	15	27	11	53	107	50%
2108	Non - Ad Valorem Assessments	4	27	4	35	107	33%
2106	Office of Management and Budget	11	27	5	43	107	40%

Cost Center	Audit Entity	Variable			Risk Evaluation Score	Maximum Score	Risk Factor
		A	B	C			
		Maximum Score					
		44	27	36			
6102 6104	Parks Department	29	27	9	65	107	61%
2109	Public Information	2	27	4	33	107	31%
4211	Recycling Operations	25	27	18	70	107	66%
4102/4102A	Road and Bridge	33	6	10	49	107	46%
4108	Shell Pit	11	27	10	48	107	45%
4212 4210	Solid Waste	29	27	20	76	107	71%
6105	Sports Complex	7	27	9	43	107	40%
5301	Tourist Development	13	27	8	48	107	45%
4105	Traffic Operations	21	27	7	55	107	52%
7102A	Utilities - Water (Highway Park)	16	27	6	49	107	46%
7102 7103	Utilities - Water (Placid Utilities)/Sewer	32	27	6	65	107	61%
2991	Veterans Services	11	27	7	45	107	42%
6304	Weed Control/Cooperative Plant	17	27	7	51	107	48%
5310	Work Study Program	0	27	0	27	107	25%
3439	Zoning	15	27	7	49	107	45%

Criteria Legend:

A - Dollar Volume/Materiality

B - Prior Audit Results

C - Management Feedback/Concerns

**Highlands County Clerk of Courts
Audit Entity 2010 Risk Assessment
Dollar Volume/Materiality**

Audit Entity	Budget	Revenue	Assets	Expenditures	Total Score	Total Possible Score
Agri & Home Economics/County Extension	5	0	5	5	15	44
Animal Control	7	0	3	5	15	44
Asphalt Plant	9	9	11	9	38	44
Building Department	7	5	3	9	24	44
Carpentry Shop	5	0	1	5	11	44
Childrens Advocacy	0	0	3	5	8	44
County Libraries	9	0	9	9	27	44
County Planning/Development	7	0	1	7	15	44
Emergency Medical Services	9	0	9	9	27	44
Engineering	9	0	3	9	21	44
Facilities Maintenance	9	0	11	9	29	44
Fire Department	7	0	3	7	17	44
General Services/Purchasing/Central Services	9	0	7	9	25	44
Healthy Families	5	0	0	5	10	44
Highlands Beautiful/Litter	0	0	0	1	1	44
Historic Preservation	0	0	0	0	0	44
Housing/Home Investment Partnership	9	7	3	7	26	44
Human Resources	5	0	1	5	11	44
Human Services	0	0	1	5	6	44
Hurricane Housing	3	5	0	5	13	44
Intergovt Radio Comm Program	3	5	5	5	18	44
Local Emergency Management	9	0	9	7	25	44
Maintenance Shop	7	0	3	7	17	44
Mowing Right of Ways	7	0	5	7	19	44
Natural Resources	9	0	1	5	15	44
Non - Ad Valorem Assessments	3	0	0	1	4	44
Office of Management and Budget	5	0	1	5	11	44
Parks Department	9	0	11	9	29	44
Public Information	1	0	0	1	2	44
Recycling Operations	9	0	9	7	25	44
Road and Bridge	11	0	11	11	33	44
Shell Pit	3	0	3	5	11	44
Solid Waste	9	0	11	9	29	44
Sports Complex	3	0	1	3	7	44
Tourist Development	3	5	0	5	13	44
Traffic Operations	9	0	3	9	21	44
Utilities - Water (Highway Park)	3	3	7	3	16	44
Utilities - Water (Placid Utilities)/Sewer	9	7	9	7	32	44
Veterans Services	3	0	5	3	11	44
Weed Control/Cooperative Plant	7	0	3	7	17	44
Work Study Program	0	0	0	0	0	44
Zoning	7	0	1	7	15	44

Rank

1 = Low risk to 9 = High risk

Dollar Thersholds

- 0. \$24,999 to \$0
- 1. \$25,000 to \$99,999
- 3. \$249,000 to \$100,000
- 5. \$499,999 to \$250,000
- 7. \$749,999 to \$500,000
- 9. \$750,000 or greater
- 11. \$10,000,000 or greater

**Highlands County Clerk of Courts
Audit Entity 2010 Risk Assessment
Prior Audit Results**

Audit Entity	Audit Findings	Follow-up Results	Time since Last Audit	Total Score	Total Possible Score
Agri & Home Economics/County Extension	9	9	9	27	27
Animal Control	9	9	9	27	27
Asphalt Plant	9	0	1	10	27
Building Department	9	9	9	27	27
Carpentry Shop	9	9	9	27	27
Childrens Advocacy	9	9	9	27	27
County Libraries	7	5	7	19	27
County Planning/Development	9	9	9	27	27
Emergency Medical Services	9	9	9	27	27
Engineering	9	9	9	27	27
Facilities Maintenance	9	9	9	27	27
Fire Department	9	9	9	27	27
General Services/Purchasing/Central Services	9	9	9	27	27
Healthy Families	9	9	9	27	27
Highlands Beautiful/Litter	9	9	9	27	27
Historic Preservation	9	9	9	27	27
Housing/Home Investment Partnership	9	9	9	27	27
Human Resources	9	9	9	27	27
Human Services	9	9	9	27	27
Hurricane Housing	9	9	9	27	27
Intergovt Radio Comm Program	9	9	9	27	27
Local Emergency Management	9	9	9	27	27
Maintenance Shop	9	9	9	27	27
Mowing Right of Ways	9	9	9	27	27
Natural Resources	9	9	9	27	27
Non - Ad Valorem Assessments	9	9	9	27	27
Office of Management and Budget	9	9	9	27	27
Parks Department	9	9	9	27	27
Public Information	9	9	9	27	27
Recycling Operations	9	9	9	27	27
Road and Bridge	5	0	1	6	27
Shell Pit	9	9	9	27	27
Solid Waste	9	9	9	27	27
Sports Complex	9	9	9	27	27
Tourist Development	9	9	9	27	27
Traffic Operations	9	9	9	27	27
Utilities - Water (Highway Park)	9	9	9	27	27
Utilities - Water (Placid Utilities)/Sewer	9	9	9	27	27
Veterans Services	9	9	9	27	27
Weed Control/Cooperative Plant	9	9	9	27	27
Work Study Program	9	9	9	27	27
Zoning	9	9	9	27	27

Rank

1 = Low risk to 9 = High risk

Note: Departments that have never been audited default to a rank of 9 (since risk is unknown) in the "Audit Findings" and "Follow-up" categories

Audit Entity	Audit Findings	Follow-up Results	Time since Last Audit	Total Score	Total Possible Score
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unknown) in the "Audit Findings" and "Follow-up" categories

Audit Findings

Measure of the results of prior audits (based on report classification) and any know weaknesses of the unit.

- 1. No audit findings.
- 3. Low risk audit findings only.
- 5. No audit findings above medium risk.
- 7. No audit findings above high risk.
- 9. A high risk audit finding was discovered (material).

Follow-up

Measures the commitment of management to address audit issues.

- 0. 0. Audit completed less than 1 year ago.
- 1. No audit findings or all findings were corrected within target completion date.
- 3. Action taken to address findings is reasonable although some target dates may have been missed.
- 5. Some action taken and intermediate fixes reduce the level of risk.
- 7. Procedures were developed to address findings, but were not enforced.
- 9. No action was taken to address the findings. Circumstances have not changed and the findings still exist.

**Highlands County Clerk of Courts
Audit Entity 2010 Risk Assessment
Management Feedback/Concerns**

Audit Entity	Employee Turnover	Management Interest	Compliance with Regulations	Significant Changes	Total Score	Total Possible Score
Agri & Home Economics/County Extension	3	7	4	3	17	36
Animal Control	1	3	1	1	6	36
Asphalt Plant	4	7	7	6	23	36
Building Department	3	2	1	2	9	36
Carpentry Shop	1	3	3	1	8	36
Childrens Advocacy	1	1	1	1	4	36
County Libraries	1	5	4	2	13	36
County Planning/Development	3	3	2	3	11	36
Emergency Medical Services	2	3	2	1	8	36
Engineering	2	4	3	1	10	36
Facilities Maintenance	1	5	2	1	9	36
Fire Department	1	3	1	1	5	36
General Services/Purchasing/Central Services	1	4	2	1	8	36
Healthy Families	2	2	1	1	6	36
Highlands Beautiful/Litter	3	5	3	2	13	36
Historic Preservation	1	2	1	1	5	36
Housing/Home Investment Partnership	7	8	7	6	28	36
Human Resources	2	4	5	4	15	36
Human Services	1	4	2	1	8	36
Hurricane Housing	1	2	2	1	6	36
Intergovt Radio Comm Program	2	4	3	1	10	36
Local Emergency Management	1	4	2	3	10	36
Maintenance Shop	1	5	5	5	16	36
Mowing Right of Ways	1	4	1	1	7	36
Natural Resources	2	4	2	3	11	36
Non - Ad Valorem Assessments	1	1	1	1	4	36
Office of Management and Budget	2	1	1	1	5	36
Parks Department	3	3	2	1	9	36
Public Information	1	1	1	1	4	36
Recycling Operations	4	6	5	4	18	36
Road and Bridge	3	2	2	3	10	36
Shell Pit	2	3	2	3	10	36
Solid Waste	3	6	6	4	20	36
Sports Complex	3	3	2	1	9	36
Tourist Development	1	3	3	2	8	36
Traffic Operations	1	3	2	1	7	36
Utilities - Water (Highway Park)	1	2	2	1	6	36
Utilities - Water (Placid Utilities)/Sewer	1	2	2	1	6	36
Veterans Services	1	3	2	1	7	36
Weed Control/Cooperative Plant	1	3	2	1	7	36
Work Study Program	0	0	0	0	0	36
Zoning	1	3	2	1	7	36

RANK

1 = Low risk to 9 = High risk

Management Interest

Measures the level of interest expressed by Management to have Internal Audit review or audit the activity.

- 1 No management interest.
- 3 Interest by management expressed through casual conversation.
- 5 Interest by direct management expressed as a concern.
- 7 Interest by multiple managers or a senior manager.
- 9 Request or interest by a senior manager, Clerk of Courts, County Administration, BOCC, or Commissioner.

Compliance with Regulations

Compliance with Regulations: Measure of the exposure due to complexity and volume of regulations or penalties for noncompliance.

- 1 No regulations and no risk for noncompliance.
- 3 Few regulations and little risk for noncompliance
- 5 Either substantial regulations or penalties.
- 7 Substantial volume of transactions with substantial penalty.
- 9 Heavily regulated with serious ramifications for noncompliance.

Significant Changes

Measure of exposure relating to past and future changes impacting the department.

1. No significant changes experienced and minimal change is anticipated within the next year.
5. Significant changes have occurred in the past year but are not anticipated within the next year.
9. Department will significantly change within the year.