

INTERNAL AUDIT

DESCRIPTION

Internal Audit assists the County Manager, Superintendent of Schools, the Board of Supervisors, and the School Board by providing objective analyses, recommendations, advice, and comments concerning areas reviewed to ensure an appropriate level of control at a reasonable cost. To be effective, Internal Audit must maintain independence, and therefore reports directly to the County Manager and the Audit Committees.

Internal Audit evaluates the adequacy and effectiveness of internal controls within County agencies and School operating divisions and examines the quality of performance of their operations for improvement of accountability. Assessing quality of performance includes (1) evaluating the reliability and integrity of financial and operating information and the means to process data; (2) evaluating the sufficiency of compliance with significant plans, policies, procedures, laws, and regulations; (3) ascertaining the adequacy of controls for achieving objectives including safeguarding assets and, as appropriate, verifying asset existence; and (4) examining efficient use of resources and program accomplishments.

OBJECTIVES

- Perform an annual risk assessment, identify areas of risk for audit, conduct planned internal audits to evaluate controls, recommend workable improvements, and note commendable practices that can be shared with other County agencies and divisions within Schools.
- Follow up on prior internal audits to determine that agreed-upon management action plans have been effectively implemented to address the risks identified during the audits.
- Advise County and School management, and the County’s and School’s Audit Committees on potential improvements in operations and results through technical assistance.
- Perform requested special audits and follow up on issues raised through the fraud reporting mechanisms and recommend corrective action as required.

FISCAL YEAR 2025 SUMMARY

Annual Fiscal Plan

<u>Description</u>	FY23	FY24	FY25	Change
	Actual	Original	Approved	24 to 25
Personnel	\$ 612,369	\$ 736,437	\$ 934,339	26.9%
Operation	17,513	27,053	27,053	0.0%
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total	\$ 629,882	\$ 763,490	\$ 961,392	25.9%

Personnel Complement 6 7 * 7 0

* The complement was increased by one position from the hold complement.

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PERFORMANCE MEASURES

	FY23	FY24	FY25	Change 24 to 25
Workload Measures				
Financial/Performance Audits and Projects	13	15	15	-
Non-Audit Projects: Follow-ups, Consults, Special Requests	8	8	8	-
% Audit Recommendations agreed to by Mgmt	100	100	100	-
# Management Plans Added for Audit Recommendations	206	50	50	-
External Audit Assistance Testing Areas	13	13	13	-
Hotline Concerns Handled	47	30	30	-
Quality Measures				
% Staff with Professional Certifications and/or Advanced Degrees	60%	60%	80%	20%
% Staff Meeting Continuing Professional Education Requirements	100%	100%	100%	-

BUDGET HIGHLIGHTS

Internal Audit's FY25 budget of \$961,392 represents an increase of \$197,902 or 25.9% over the FY24 approved budget. The increase is driven by the personnel component which reflects payroll increases, supervisory promotions and the addition of one new auditor position during FY24 to facilitate audit coverage. The operating component remains consistent with FY24. As the majority of the department's budget consists of personnel costs, service levels are expected to increase in FY25 on General Government and Schools audits, special projects, and follow-ups.

DEPARTMENT HIGHLIGHTS

With a consolidated Internal Audit function for both the General Government and Schools, both entities are able to leverage audit resources, audit skillsets, standardize audit methodologies, department processes, and minimize redundancy. The Office of Internal Audit "the Office" continues exploring new ways to use technology to provide efficient audit services, streamline internal administrative processes, and foster greater collaboration among the team as well as agencies and departments at both entities. The Office provides feedback to both entities on their continually evolving processes and control practices.

Internal Audit is conducting projects during FY24 that include, but are not limited to, audits related to turnover of key personnel in some General Government agencies such as Recreation & Parks and at various schools, and audits of the Cobbs Creek Reservoir project, Police Division expenditures, payroll processes at selected schools, and the administration of the Schools' take-home vehicles.

Internal Audit conducts annual surveys and finalizes risk-based planning assessments to select and perform routine audits of the effectiveness of controls in several areas. The goal of the audit planning process is to select auditable areas of risk in the major General Government operating segments and School locations and operating divisions each year.

Technical assistance is and will continue to be provided to County agencies and School divisions as requested. The Office provides audit perspectives on controls in draft policies, processes being modified, and systems being

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implemented. Internal Audit also participates in financial and compliance-related training of School leaders and responsible staff.

The auditing environment has become increasingly complex and challenging as the County, its agencies, and the School system implement additional technology and as regulations and accounting requirements are continuously changing. To meet these challenges and provide quality audit results, the Office uses automated audit documentation and data analysis software in all its audits to better examine activity in a cost-effective manner. Internal Audit pays annual software licensing costs to maintain current versions and vendor support for these tools. In addition, the staff maintain and pursue a variety of relevant professional certifications and the Office provides annual continuing education to stay current with requirements, potential business risks, and the latest audit techniques. The software licensing costs as well as the continuing education costs are the two largest components of the operating budget for Internal Audit.