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Chief Audit Executive

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OFFICE OF INDEPENDENT INTERNAL AUDIT

2023 AUDIT WORK PLAN

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OVERVIEW

The 2023 audit work plan is a guide for utilizing the resources of the Office of Independent Internal Audit (OIIA) in discharging its responsibilities during the year. The goal of the audit work plan is to establish the OIIA's schedule of activities for the year, including performance audit projects, non-audit projects, and routine activities required by professional standards and applicable laws. The principles and procedures discussed in this document are developed to provide a process for fulfilling these objectives.

The development of the audit work plan involved 1) Identifying potential auditable entities, programs, and processes within the County, 2) Risk identification and assessment, 3) Prioritizing potential audit projects, 4) Selecting audit projects for the audit work plan, 5) Allocating resources for follow-up management action plans to address previously reported audit findings, non-audit services provided to management, and other routine activities such as risk assessments, internal quality control activities, and the OIIA annual audit report.

The annual audit work plan is communicated to the Audit Oversight Committee (AOC) and the County Board of Commissioners (BOC) for review and comment. The Chief Audit Executive (CAE) has the final authority to select the projects in the audit work plan.

The work plan is a "working document" that may be modified during the year as circumstances change. These changes may include new and emerging risks, challenges, changes in audit resources, and/or modifications in County organization or operations. Any significant updates to the audit plan will be communicated to the AOC and BOC.

THE ROLE OF THE OIIA

The OIIA's mission is to provide an independent, objective, insightful, nonpartisan assessment of the stewardship of public funds, compliance with policies, and performance of programs, and promote the enhancement of operational efficiency and effectiveness and the maintenance of integrity in DeKalb County. Our services are intended to help County management accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control, and governance processes. OIIA's assessments provide County management with information to reduce exposure to the risks that may challenge or prevent the achievement of organizational objectives.

Professional and Statutory Requirements

The purpose, authority, and responsibilities of the OIIA are outlined in the Georgia House Bill 599 and DeKalb County, Georgia - Code of Ordinances/ Organizational Act,



Section 10A - Independent Internal Audit. Section 10A (j) states that the Chief Audit Executive (CAE) "... shall submit a one-to-five-year audit schedule to the Audit Oversight Committee and the Commission for review and comment. The schedule shall include the proposed plan and the rationale for selecting auditing departments, offices, boards, activities, programs, policies, contractors, subcontractors, and agencies for the period."

The OIIA also complies with the United States Government Accountability Office's (GAO) Government Auditing Standards.

DEVELOPMENT OF THE AUDIT WORK PLAN

The proposed audit projects included in the audit work plan were primarily determined by the results of the OIIA's annual risk assessment process. Audit standards also require that in selecting audit projects, consideration must be given to the availability and qualifications of audit resources.

RISK ASSESSMENT AND AUDIT PROJECT SELECTION PROCESS

The following is a summary of the risk assessment and audit selection process:

Step 1: Define the Audit Universe

The audit universe represents the full range of potential auditable entities. It consists of County agencies, programs, systems, and activities. The Chief Audit Executive (CAE) reviewed and updated the prior year's audit universe as necessary.

Step 2: Perform Annual Risk Identification and Assessment Activities

The risk identification and assessment processes considered various sources of information and feedback, including feedback from County senior management, the County Board of Commissioners, Audit Oversight Committee members, and qualified OIIA personnel. We also considered emerging risks in the government sector, risks identified by similar entities, and the results of prior audit reports, including the County's single audit report.

The CAE and OIIA management team reviewed the identified risks and associated programs and processes. The risks were then ranked as very high, high, medium, or low. The factors considered in the assessment included but were **not limited** to the following:



- Potential impact on County-wide/ multi-departmental operations
- Changes in systems, processes, policies, or procedures
- Legal and regulatory impact
- Potential financial impact
- Potential impact on public safety, life, and property
- Prior audit results associated with the risks.

These factors are reviewed at least annually to help ensure relevance.

Step 3: Identify and Prioritize Potential Audit Projects

The CAE and OIIA management team evaluated risks ranked as 'high' or 'very high' to identify and prioritize potential audits of associated programs and processes.

Step 4: Select Audit Projects to Include in the Audit Work Plan

The CAE then selected the audit projects, from the list of potential audits, to be included in the 2023 audit work plan. In making the selection, the CAE considered the time elapsed since the last audit of the area and the availability and qualifications of audit personnel.

In addition, to the proposed audits, audit resources were dedicated to carry-forward projects, follow-up reviews, non-audit services, and other routine activities such as an internal quality control assessment, an annual audit report, and an external peer review.

Again, the 2023 audit work plan is a working, modifiable document.

TYPES OF OIIA PROJECTS

The OIIA conducts performance audits, non-audit services, and follow-up reviews.

Performance audits are engagements that provide assurances or conclusions based on an evaluation of sufficient appropriate evidence against stated criteria. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, lower risks, reduce costs, facilitate decision-making by parties responsible to implement, and contribute to public accountability. Therefore, the sufficiency and appropriateness of evidence and testing will vary based on the audit objectives and conclusions.



Follow-up reviews are conducted to determine the adequacy and timeliness of actions taken by management to address previously reported engagement findings and recommendations from the OIIA and other external entities, such as the external financial auditors. This work determines if management has implemented action plans to address audit findings or if management has assumed the risk of not taking corrective action on reported findings.

Non-audit services are advisory client service activities that are intended to add value and improve the agency's governance, risk management, and control processes. Examples include reviews of proposed contracting activities, advice, and training that may be provided to management. This type of project can only be conducted if providing the non-audit service does not impair independence, either in fact or appearance, with respect to future audit projects, and adequate safeguards for independence can be implemented.

2023 AUDIT WORK PLAN

A) PERFORMANCE AUDITS CARRIED FORWARD FROM 2022

The following are performance audit projects initiated during 2022 and carried forward for completion in 2023.

- ❖ Wire Transfer Audit
- ❖ Purchasing Card Audit
- ❖ Cash Collections and Deposits Audit
- ❖ Debt Management Audit
- ❖ Termination and Transfer of Employee Process Audit



B) PERFORMANCE AUDITS TO BE INITIATED IN 2023

The following are the proposed performance audits for 2023. The objectives proposed below for the performance audits are preliminary. The specific objective of each audit project will be determined by the detailed assessment of relative risks at the time the project is initiated.

Finance Department	Source	Objectives
1. Gift Card Management	Risk Assessment	Evaluate the internal controls associated with the procurement and distribution of gift cards.
Budget Department	Source	Objectives
2. County Annual Budget Process	Risk Assessment	Evaluate the process for planning and completing the annual budget.
Purchasing and contracting	Source	Objectives
3. Contract Performance	Risk Assessment/Prior Issues	Verify vendor compliance with the terms and deliverables for select County contracts.
Information Technology	Source	Objectives
4. Cybersecurity	Risk Assessment	Assess the design and implementation of controls to enhance safeguards against cybersecurity threats.



C) FOLLOW-UP REVIEWS

The DeKalb County Code of Ordinances/ Organizational Act, Section 10A, requires that OIIA report on the status of management action plans to address findings from previously issued audit reports.

Previously issued audits for follow-up:

- Recreational Parks and Cultural Affairs - Cash Handling Audit
- Audit of Internal Controls Related to the Invoice Payment and Cash Disbursement Processes.
- Purchasing and Contracting Policy Audit.
- Code Enforcement Audit.
- Termination and Transfer Audits Juvenile and Probate Court.
- Oracle Information Technology General Controls (ITGC) Audit.
- Alcohol Privilege License Audit.
- 2021 Annual Comprehensive Financial Report/ Single Audit.

D) NON-AUDIT SERVICES

❖ Review of Proposed Contract Activities

At the request of the Board of Commissioners, OIIA reviews contracting activities to determine whether the proposed contract award, renewal, or change orders are supported.

❖ Other Non-Audit Services, as requested by County management, BOC, or AOC.

E) ROUTINE ACTIVITIES

Activities	Required by	Purpose
❖ Annual Risk Assessment	County Ordinance	Facilitate the risk-based selection of audit projects for the audit work plan.
❖ OIIA Annual Report	County Ordinance	Report on OIIA activities for the prior year.



❖ Annual Internal Quality Assessment Report	Audit Standards	Provide written assurance that OIIA audit work is performed in accordance with the Government Accountability Office's Government Auditing Standards.
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