Miami-Dade County
Office of Inspector General

FY 2016 Annual Audit Plan

Approved by the Inspector General

March 31, 2016

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I.   **MISSION AND VISION**

The Miami-Dade County (County) Office of Inspector General (OIG) is an impartial oversight agency, whose mission is to detect, investigate, and prevent fraud, waste, mismanagement, misconduct, and abuse of power through independent oversight of County affairs, and seek appropriate remedies to recover public monies. The OIG's vision and objective is to perform work of the highest quality, striving to fulfill the responsibility of holding County government accountable, and to ensure that it continues to provide excellence every day.

II.   **ROLE OF THE OIG AUDIT UNIT**

The OIG Audit Unit (Audit Unit) supports the overall OIG mission by conducting independent, objective analysis and evaluation of programs, operations, contracts and transactions, and issuing public reports proposing targeted recommendations to enhance the delivery and quality of public services. The OIG Audit, Investigations, and Contract Oversight Units function independently, but have complementary roles and responsibilities. The Audit Unit focuses on the efficiency, effectiveness, and financial integrity of County programs and contracts, while Investigations primarily examines alleged individual misconduct or wrongdoing, and Contract Oversight monitors contractor activities associated with large-scale capital construction projects.

III.   **GUIDING AUDIT STANDARDS**

The Audit Unit conducts compliance, performance, operational, and forensic audits, as well as other non-evaluative engagements. In September 2016, the Audit Unit will undergo a Peer Review by the Association of Inspectors General, for purposes of certifying that its work is performed in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). Established by the United States Government Accountability Office, GAGAS is commonly referred to as the *Yellow Book*. The Peer Review will concurrently affirm Audit Unit conformance with the *Principles and Standards for Offices of Inspector General*, which is also known as the *Green Book*.

IV.   **PROFESSIONALISM AND QUALITY ASSURANCE**

The OIG Audit Unit is staffed by professionals who have earned certifications in accounting, auditing, business, information technology, and other relevant disciplines. Additionally, the Audit Unit's commitment to applying the professional and quality assurance standards of the *Yellow Book* and *Green Book* to every engagement is consistent with the OIG's role as the County's independent oversight agency.

V.   **OIG AUDIT JURISDICTIONAL AUTHORITY**

The OIG's authority to conduct audits is found in Section 2-1076 of the County Code, which empowers the OIG to investigate County affairs; audit, inspect and review past, present and proposed County programs, accounts, records, contracts, and transactions; conduct reviews and audits of County departments, offices, agencies, and boards; and require reports from County officials and employees, including the Mayor, regarding any matter within the jurisdiction of the Inspector General. The OIG may also perform random audits, inspections, and reviews of County contracts.

VI.   PURPOSE OF ANNUAL AUDIT PLAN

The purpose of the Audit Unit's Annual Plan is to present fiscal year priorities and objectives, and outline a proposed list of potential projects.

A.   Priorities Subject to Change

The Annual Audit Plan is a guiding document, subject to change, and does not preclude introduction of new priorities or projects during the year. Higher priorities may emerge or circumstances may arise that alter planned project priorities, potentially delaying performance of some planned items. Further, a project initially perceived as an audit may instead be completed as an advisory or other non-audit activity, or terminated at the IG's discretion. The identified audit projects in this plan may or may not be conducted in the fiscal year as priorities may change.

B.   Encourage Departmental Action

The OIG also encourages County departments to proactively assess programs and operations included in the Audit Plan, and alert the OIG to any corrective action taken in advance of an OIG audit. Such action will not deter an OIG audit, but will ensure that the engagement scope recognizes these corrective measures.

C.   Audit Plan Development Process

The Inspector General (IG) and senior OIG staff work jointly toward drafting the Audit Plan, with final approval by the IG.

VII.   SELECTION OF TOPICS FOR INCLUSION IN ANNUAL AUDIT PLAN

A.   Sources of Potential Audit Topics

The OIG gathers potential audit topics from a variety of sources, including: public complaints; suggestions from government leaders; past OIG and other audit reports; OIG Investigations and Contract Oversight activities; OIG staff knowledge; audited financial statements; Comprehensive Annual Financial Reports (CAFRs); internal risk assessments; new initiatives; program performance measurement; public hearings and proceedings; and public information such as news media and professional/academic publications.

We also encourage the public to submit suggestions through the OIG website:

   http://www.miamidadeig.org/fraud.htm

B.   Audit Prioritization Methodology

We compile our *audit universe* — the full collection of potential audit topics — from publicly available information, input from management and elected officials, results of prior OIG work, information provided by departments or citizens, and our own research. The OIG selects projects for its Annual Audit Plan based on a risk assessment of programs, services, contracts, or transactions to identify areas with elevated potential for fraud, waste, mismanagement, or abuse.

1. Risk Factors Considered in Audit Prioritization and Selection

Some programs, services, or contracts have an elevated level of *inherent* risk due to their nature or characteristics. Some *inherent risk* factors that the OIG considers in selecting audit topics include:

- Magnitude of resources required for service delivery, based on budget size, number of staff involved, capital spending, or borrowing/debt service

- Scope of the activity, based on the number of citizens, businesses, and/or employees affected or served

- Operational complexity

- Contract terms, conditions, and oversight capabilities

- A high profile matter of public interest or concern

- A core service that is critical to the County's mission or that impacts public health or safety

- Effectiveness of performance measurement and/or service evaluation

- Recent management changes

- High level of capital expenditures

- Legal, regulatory, or policy compliance requirements

- The absence of documented operational policies and procedures

- Lax or inconsistent internal controls

2. Follow-up Engagements

Our Annual Audit Plan also makes priority accommodations for follow-up of previous engagements to assess remediation of findings or issues of concern expressed in the original reports, and determine the extent of recommendation implementation.

3. Special Requests and Tips

The Audit Unit also applies resources to special requests from elected officials and County administrators, concerns expressed by citizens, and anonymous tips. While some of these matters may not become part of our proposed Plan, others may warrant prioritization.

4. Available Staff Resources

Project selection and performance timing also depends on efficient utilization of available staff resources. The Audit Unit further recognizes that its work products are most relevant and effective when timely completed, with findings and recommendations communicated to stakeholders as quickly as possible after completion of fieldwork.

VIII. <u>FY 2016 PLANNED PROJECTS</u>

The OIG's Audit Plan contains five in progress audits and identifies another 11 potential audit projects, which are grouped into five categories that align with the County's strategic plan. The list is not prioritized — the sequence numbers are presented for ease of identification.

<u>TRANSPORTATION</u>

1. ### <u>MDAD Permittees Review (in progress)</u>

   #### <u>Primary Audit Objectives</u>

   - The primary objective of this audit is to assess whether the Miami-Dade Aviation Department (MDAD) is effectively managing the activities of permittees at Miami International Airport (MIA) and County General Aviation facilities.

   - To achieve this objective, we will evaluate the accuracy and completeness of relevant records and data maintained by MDAD, including permittee agreements; seek to confirm that permittees are operating in compliance with the terms and conditions of their agreements providing only the services for which they are authorized; and evaluate the procedures used by MDAD to manage permittee-related business, including the timely collection of fees owed by permittees.

2. ### <u>MIA Concessions Review</u>

   #### <u>Primary Audit Objectives</u>

   - The primary objective of this audit will be to assess whether the Miami-Dade Aviation Department (MDAD) is effectively managing concession activities at Miami International Airport (MIA).

   - To achieve this objective, we will evaluate the accuracy and completeness of relevant records and data maintained by MDAD, including concession agreements, concessionaire applications, renewals, extensions, and financial performance-related data. Our audit will also seek to confirm that concessionaires are operating in compliance with the terms and conditions of their agreements, and providing only the services for which they are authorized.

3. ### <u>Bus Maintenance and Operations Review</u>

   #### <u>Primary Audit Objectives</u>

   - The primary objective of this audit will be to assess whether the Miami-Dade Department of Transportation and Public Works (DTPW) efficiently and effectively maintains its bus fleet to provide reliable public transportation that meets scheduled service demands.

   - To achieve this objective, we will evaluate the effectiveness of DTPW's bus preventive maintenance program in optimizing vehicle operating performance,

life expectancy, and safety. This may involve reviewing DTPW's established key performance indicators and/or comparison with industry benchmarks in areas such as vehicle availability, service reliability/disruptions, on-time performance, and vehicle cleanliness.

NEIGHBORHOOD AND INFRASTRUCTURE

4. WASD ID Badge and Security Review (in progress)

Primary Audit Objectives

- The primary objective of this audit is to evaluate the adequacy and effectiveness of controls and procedures implemented by the Miami-Dade Water and Sewer Department (WASD) to issue and maintain IDs and security clearances to individuals granted access to its facilities and restricted areas. This audit is performed pursuant to Section 32-178 of the Code of Miami-Dade County and is a follow-up to an audit that we conducted in 2008.

- To achieve this objective, we will review WASD's processes for granting and managing security ID badges; assess WASD ID badge-holders' authorizations for physical access to restricted areas against their job classifications; inspect physical security controls at randomly selected facilities; and assess whether the OIG's prior recommendations were implemented and, if so, have the intended results been achieved.

5. WASD Capital Construction Management (in progress)

Primary Audit Objectives

- This multi-phase audit project will examine elements of the Miami-Dade Water and Sewer Department's (WASD) management of its long-term capital construction program. The primary objective of this first audit segment is to evaluate the sufficiency and effectiveness of WASD's processes and controls for ensuring that consultant charges for completed capital construction work conform to contract terms and conditions, established work scopes, performance schedules, and amounts budgeted and/or approved. Other phases of the audit project will be subsequently defined.

- To achieve this objective, we will examine WASD's handling of vendor payment requests to ensure that they are processed by authorized staff, utilizing uniform procedures that allow for thorough review of all relevant substantiating documentation before releasing remittances.

ECONOMIC DEVELOPMENT

6. Community Redevelopment Agency (CRA) Review (in progress)

Primary Audit Objectives

- The primary objective of this audit will be to assess whether the CRA's operations and uses of funds accomplish their stated goals and conform to all applicable State, County, and local government legislation.

- To achieve this objective, we will review CRA operating and internal decision-making procedures, including those associated with the selection of projects awarded funds, to evaluate transparency and accountability.

HEALTH AND HUMAN SERVICES

7. Homeless Trust Review

Primary Audit Objectives

- The primary objective of this audit will be to assess whether the Homeless Trust's operations and uses of funds are transparent, accountable, and in compliance with all applicable governing legislation.

- To achieve this objective, we will examine the processes and procedures for evaluating and approving prospective programs/recipients of Homeless Trust funds to ensure conformance with relevant legislation and established policies and procedures.

8. Children's Trust Review

Primary Audit Objectives

- The primary objective of this audit will be to assess whether the Children's Trust's operations and uses of funds are transparent, accountable, and in compliance with all applicable governing legislation.

- To achieve this objective, we will examine the processes and procedures for evaluating and approving prospective programs/recipients of Children's Trust funds to ensure conformance with relevant legislation and established policies and procedures.

9. Administration of Federal Neighborhood Stabilization Program (NSP) Funds by PHCD

Primary Audit Objectives

- The primary objective of this audit will be to evaluate whether the Miami-Dade Public Housing and Community Development Department (PHCD) implemented policies, procedures, and controls governing its NSP program and whether its use of funds complies with federal, state and local guidelines.

- To achieve this objective, we will review PHCD's records relative to NSP program administration and uses of funds to evaluate transparency and accountability.

GENERAL GOVERNMENT

10. County Procurement and Inventory Strategies

Primary Audit Objectives

- The primary objective of this audit is to assess whether the Internal Services Department's (ISD) Procurement and Inventory operations are responsive and cost-effective in meeting the needs of its client departments and customers throughout the County.

- To achieve this objective, we will review the strategic opportunities identified by ISD to enhance County procurement and inventory processing efficiency, focusing on defined goals, cost/benefit analysis, and implementation timetables. Further we will look at ISD's measurement of customer satisfaction with its procurement and inventory services, as well as any initiatives in place to address customer concerns.

11. <u>Management and Use of Temporary Services Contracts</u>

<u>Primary Audit Objectives</u>

- The primary objective of this audit is to assess the effectiveness of the County's management of temporary personnel services contracts usage to determine whether these activities are appropriate, transparent, and in conformance with governing legislation and/or procedures.

- To achieve this objective, we will examine existing policies and procedures governing the use of temporary services personnel; evaluate the adequacy and effectiveness of existing monitoring and control mechanisms; and analyze whether temporary services firms are complying with contractual terms and conditions, including worker qualifications/skills and compensation.

12. <u>ISD Fleet Management Review</u>

<u>Primary Audit Objectives</u>

- The primary objective of this audit is to assess whether the Internal Services Department's Fleet Management Division (ISD Fleet) is efficiently and effectively managing and maintaining vehicles for other County departments with which it has contracts to perform these services.

- To achieve this objective, we will evaluate the responsiveness and effectiveness of ISD Fleet's services; review ISD Fleet's management of third-party vendor contracts for equipment, parts, and services; and examine ISD Fleet's strategic, proactive utilization of computerized vehicle maintenance.

13. <u>Review of Professional Services Direct Labor Multipliers</u>

<u>Primary Audit Objectives</u>

- The primary objective of this audit is to assess whether direct labor multipliers for overhead cost recovery that are applied to hourly labor charges billed to the County by professional services firms, are reasonable, equitable, properly substantiated, and applied appropriately.

- To achieve this objective, we will review applicable County policies and procedures to assess the degree to which they offer guidance and/or controls as to the matter of professional services overhead multipliers.

14. <u>WASD Overtime Review</u>

<u>Primary Audit Objectives</u>

- The primary objective of this audit is to assess the effectiveness of WASD's management oversight and controls to minimize overtime usage.

- To achieve this objective, we will identify the primary factors driving overtime usage, including an analysis of WASD's work scheduling and staff allocation methodologies.

15. <u>Internal Services Department (ISD) Cost Recovery and Chargebacks</u>

<u>Primary Audit Objectives</u>

- The primary objective of this audit will be to examine how the Internal Services Department (ISD) measures and substantiates the costs of services provided to internal County customers, and the extent to which there are effective controls to ensure accuracy.

- To achieve this objective, we will analyze ISD's processes for allocating costs to be recovered for each type of service among its various customers, as well as controls implemented to ensure equitable, accurate recovery.

16. <u>PWWM's Application of Internal Charges to PTP Neighborhood Improvement Funds (in progress)</u>

<u>Primary Audit Objectives</u>

- The primary objective of this audit is to assess the accuracy and propriety of the Public Works and Waste Management Department's (PWWM) calculation, composition and allocation of "administrative charges" as reported by the Department in its Balance Report, which is used to track People's Transportation Plan (PTP) Neighborhood Improvement Funds by Commission District.

- To achieve this objective we are reviewing PTP-funded projects and analyzing the cost details of what was being reported as "administrative charges"; we are evaluating the propriety of PWWM's in-house time charging and cost-recovery practices; and are evaluating the timeliness of project closing in the Public Works System database.