



# Internal Audit Report

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*Presented by*

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# Risk Assessment & Audit Plan Development

**Identify Auditable Entities:** Identify full scope of business operations, strategic goals of the organization and departments, etc.

**Apply COSO Risk Factors:** Apply “High”, “Medium”, “Low” risk rating for each of the 8 COSO risk factors.

**Calculate Cumulative Risk Rating:** Calculate a cumulative risk rating using the ratings applied for each of the 8 COSO risk factors.

**Formulate Internal Audit Plan:** Utilizing the cumulative risk ranking assessed and draft an Internal Audit Plan providing coverage of inherent “high” risk operations.



# Risk Factors

**Strategic Risk** – Inability to meet business goals, objectives, or strategy due to an ineffective or inefficient business model; an improper or ineffective organizational structure; or improper or ineffective strategic planning.

**Financial Risk** – Circumstances that could result in significant financial implications to the organization. Failure to meet financial obligations or requirements and/or failure to comply with funding requirements thus impairing future funding.

**Legal & Regulatory Risk** – Noncompliance with legal or regulatory requirements can result in fines, penalties, or other adverse impact to the organization.

**Environmental Health & Safety Risk** – A condition or vulnerability that has an adverse effect on the environment or negatively impacts the health and/or safety to employees and/or local citizens.



# Risk Factors

**Information Technology** – Technology used does not effectively support the current and future needs of the organization. Compromise to the integrity, access and/or availability of data or operating systems.

**Fraud Risk** – Susceptibility to theft, waste, and abuse of organizational resources. Assets and information that is vulnerable to theft or manipulation.

**Human Capital Risk** – Lack of proper skill set, resources, training or succession planning.

**Reputational Risk** – Improper instructions, communication, and interactions with customers (internal or external), regulators, or constituents that may result in negative public perception and/or could harm the reputation of the organization.



# Risk Application

Audit Universe by Department	Strategic	Financial	Legal & Regulatory	Health & Safety	Information Technology
Agriculture & Land Resources	3	2	3	3	1
Air Quality	3	2	3	3	1
Board of Commissioners	3	3	2	1	1
Budget	3	3	2	1	3
City/County ID	1	2	2	1	2
Clerk to the Board	3	1	3	1	1
Communications and Public Engagement (CAPE)	3	1	3	2	2
County Managers Office	3	2	2	1	2
Election Services	2	1	3	1	3
Emergency Services	3	2	3	3	2
Finance	3	3	2	1	3
General Services	2	2	1	2	2
Health & Human Services	2	2	3	3	3
Human Resources	2	2	3	2	3
Information Technology	3	3	3	3	3
Intergovernmental Relations	3	3	3	1	2
Internal Audit	1	2	3	1	3
Justice Services	2	2	3	2	2
Legal & Risk Management	3	1	3	1	1
Library	1	1	2	2	3
Strategy & Innovation	3	2	2	1	3
Permits & Inspections	1	2	3	1	2
Planning	3	2	3	1	3
Recreational Services	2	2	2	2	3
Register of Deeds	3	2	3	2	3
Sheriff's Office	3	2	3	2	3
Solid Waste	2	3	3	3	2



Cumulative Risk Rating

Impact	High	19	22	24
	Medium	14	17	20
	Low	8	11	15
		Low	Moderate	High
		Likelihood		



# FY 2023 Audit Plan

Project	Timing
Information Technology General Control	Q1 – FY 2023
Cash Management	Q2 – FY 2023
Grants Management	Q3 – FY 2023
Risk Assessment	Q4 – FY 2023
Non-Audit Projects	FY 2023
Investigations	FY2023



# Key Audit Governance Documentation

- **Audit Committee Charter** - *This charter defines the purpose, authority, and responsibility of the Audit Committee of the Buncombe County Board of Commissioners.*
- **Audit Committee By Laws** - *This document establishes the general operating procedure for the Audit Committee for Buncombe County in compliance with best practices promulgated by the Government Accountability Office (GAO), the Institute of Internal Auditors (IIA), and the Government Finance Officers Association (GFOA).*
- **Internal Audit Charter** - *This charter defines the purpose, authority, and responsibility of the Internal Audit Department within Buncombe County Government.*





# Next Steps

- Review of FY23 Draft Audit Plan & Draft Governance Documentation.
- Approval of the FY23 Audit Plan.
- Approval Governance Documentation.
- Internal Audit Board Reporting.

