

Florida Audit Forum

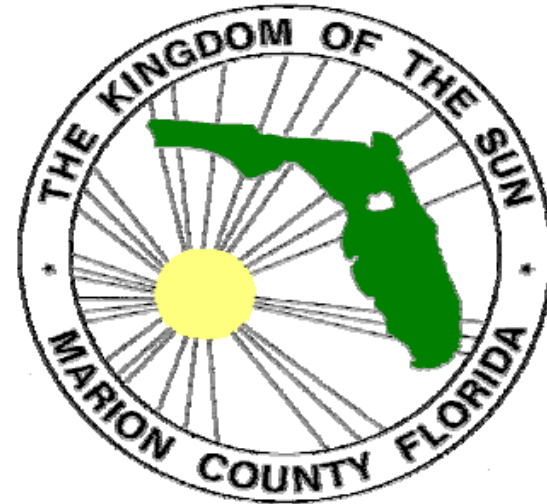


ADDING VALUE IN CONSULTING ENGAGEMENTS

August 10, 2007

Marion County

Internal Audit Division



David R. Ellspermann
Clerk of the Circuit Court
Wallace Watford, Internal Auditor

ADDING VALUE IN CONSULTING ENGAGEMENTS



- “Elected officials and management may think of internal auditors as strictly financial and compliance resources. They may be unaware of the value of consulting services that internal auditors can provide. This session will present the value and examples of consulting engagements.”

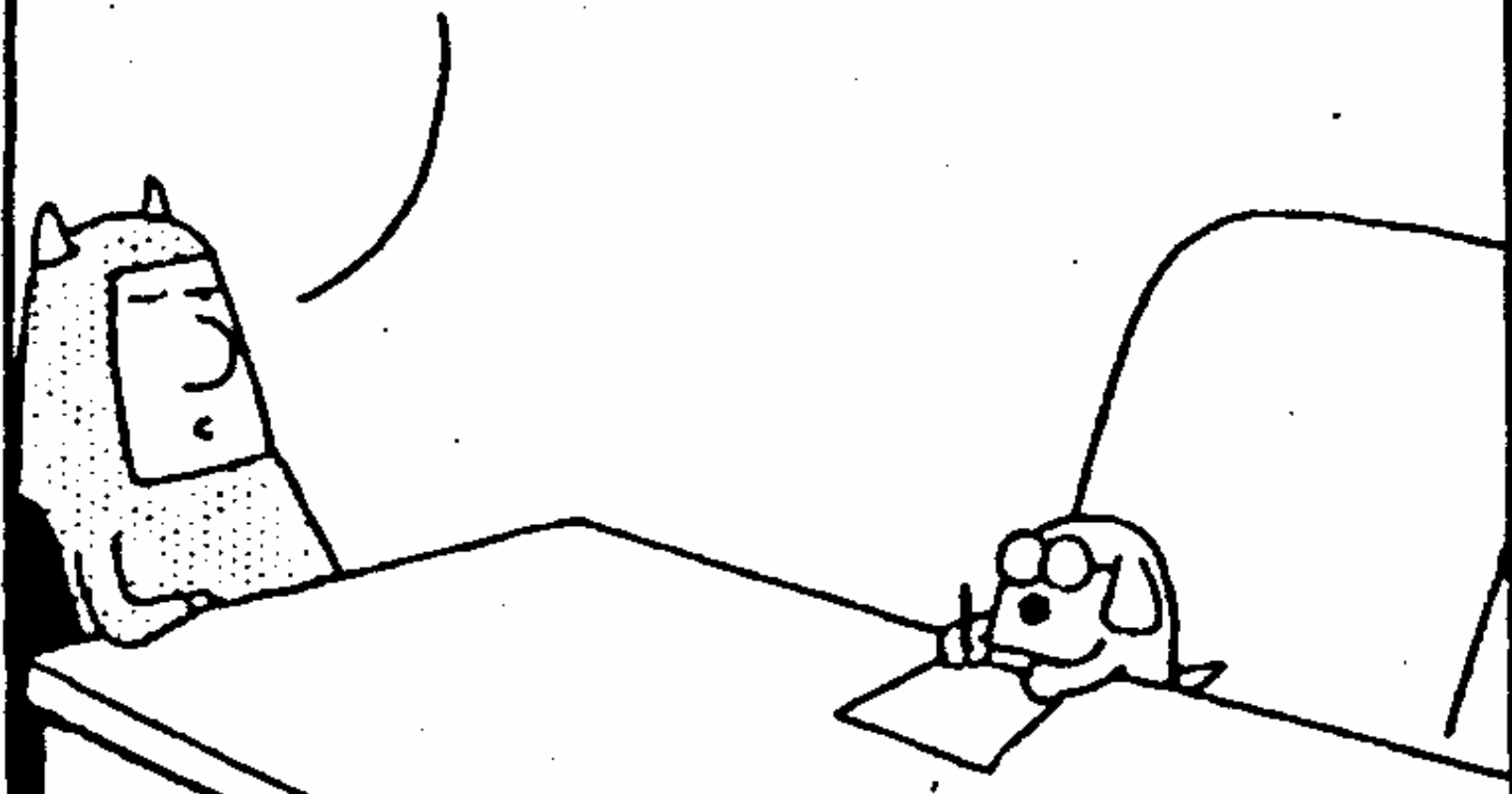
Obligatory DILBERT



- You knew there had to be one.

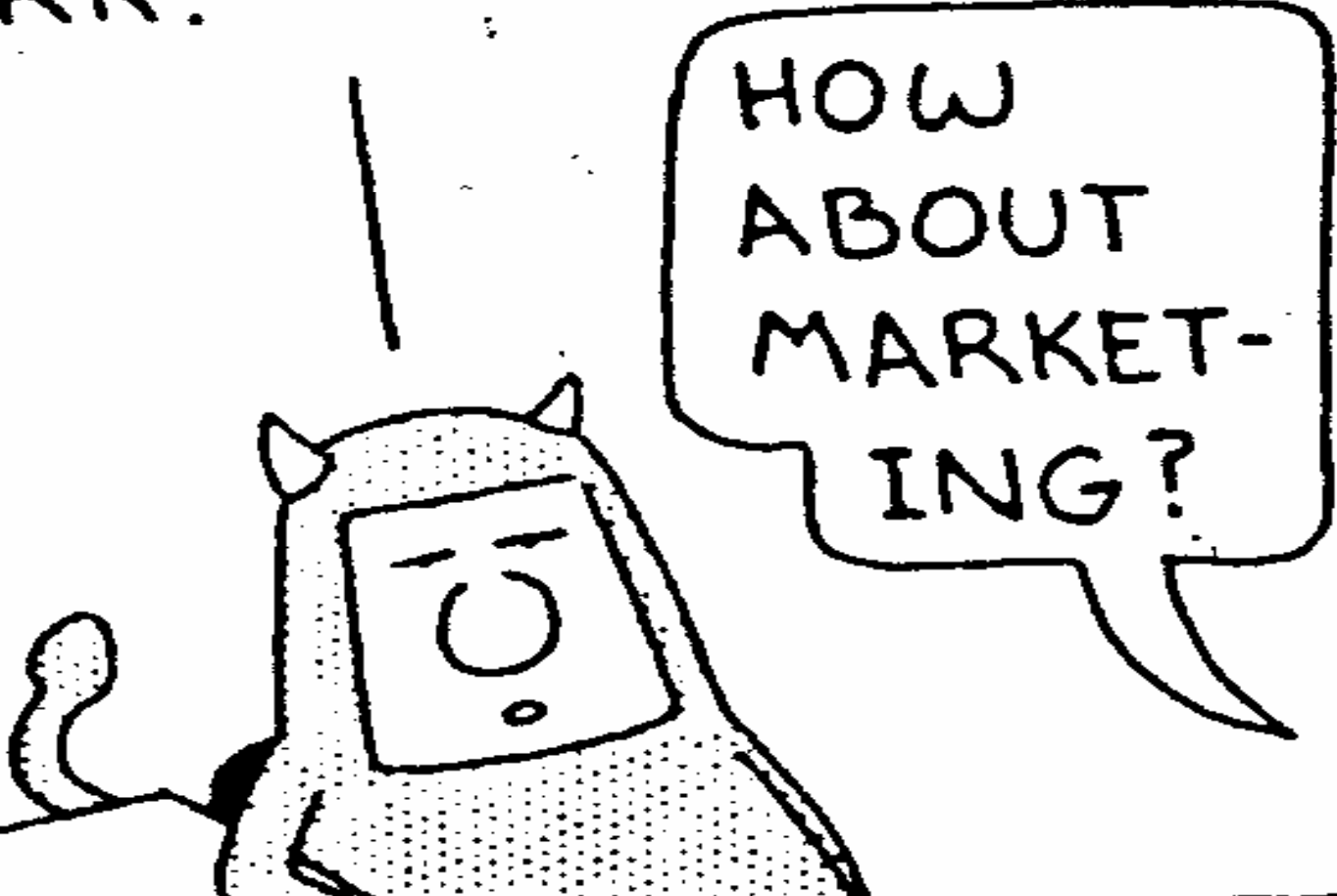
CAREER COUNSELING

I'D BE GOOD AT ANY
JOB INVOLVING SIN.



Jams E-mail: SCOTTADAMS@AOL.COM

PERHAPS SOMETHING
IN THE BINGO FIELD...
OR MAYBE BUDGET
WORK.



HOW
ABOUT
MARKET-
ING?

I HAVE A SOUL. IT'S
JUST A SMALL ONE.



GOTCHA. NO
MARKETING...
NO AUDITING...
NO GARMENT
MANUFACTURING.





THEORY: Consulting Engagements (Per IIA)

- The Glossary in the *International Standards for the Professional Practice of Internal Auditing (Standards)* defines consulting services as follows: Advisory and related client service activities, the nature and scope of which are agreed with the client and which are intended to **add value** and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility.
- Examples include counsel, advice, facilitation, and training.”

THEORY: Consulting Engagements

(Per IIA)



- The chief audit executive (CAE) should determine the methodology to use for classifying engagements within the organization. In some circumstances, it may be appropriate to conduct a blended engagement that incorporates elements of both consulting and assurance activities into one consolidated approach. In other cases, it may be appropriate to distinguish between the assurance and consulting components of the engagement.

Why Internal Audit?



- Management Analysts not available
- Finance staff not in the field
- You may be the only person

- Besides - who is better or more knowledgeable or has seen more of County operations?

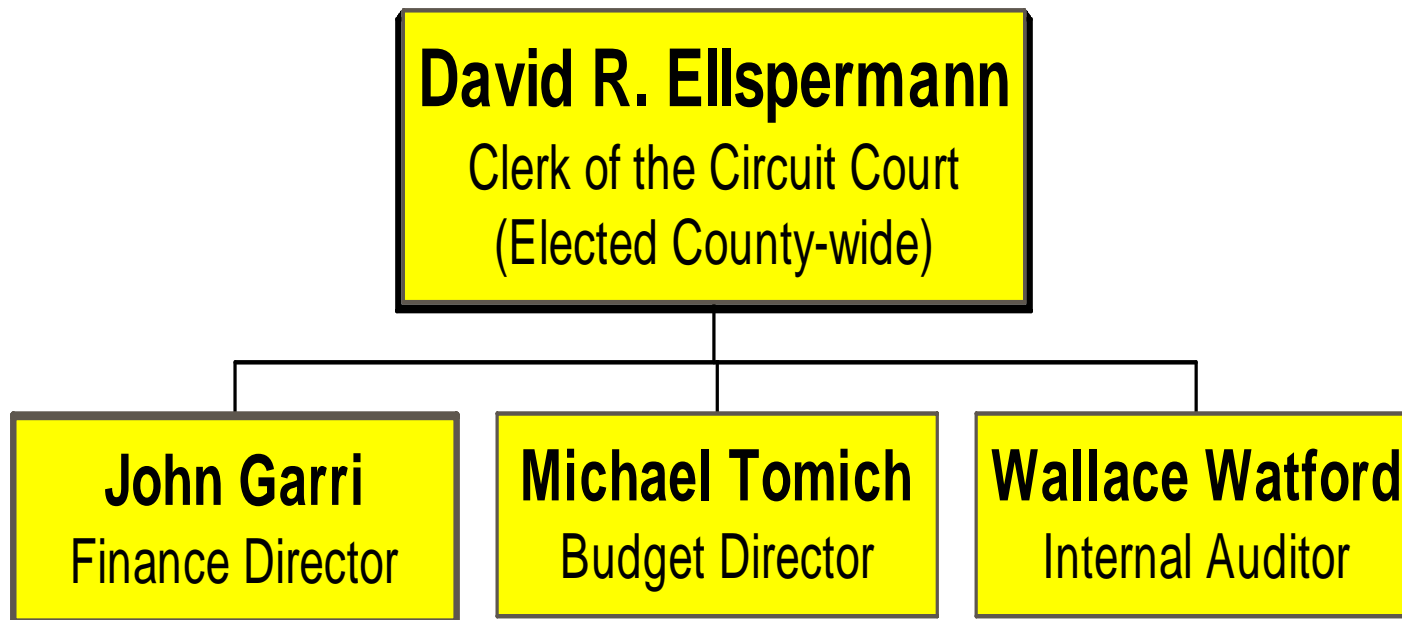


But What About Independence?



Internal Audit Organization Position

Marion County Financial Divisions



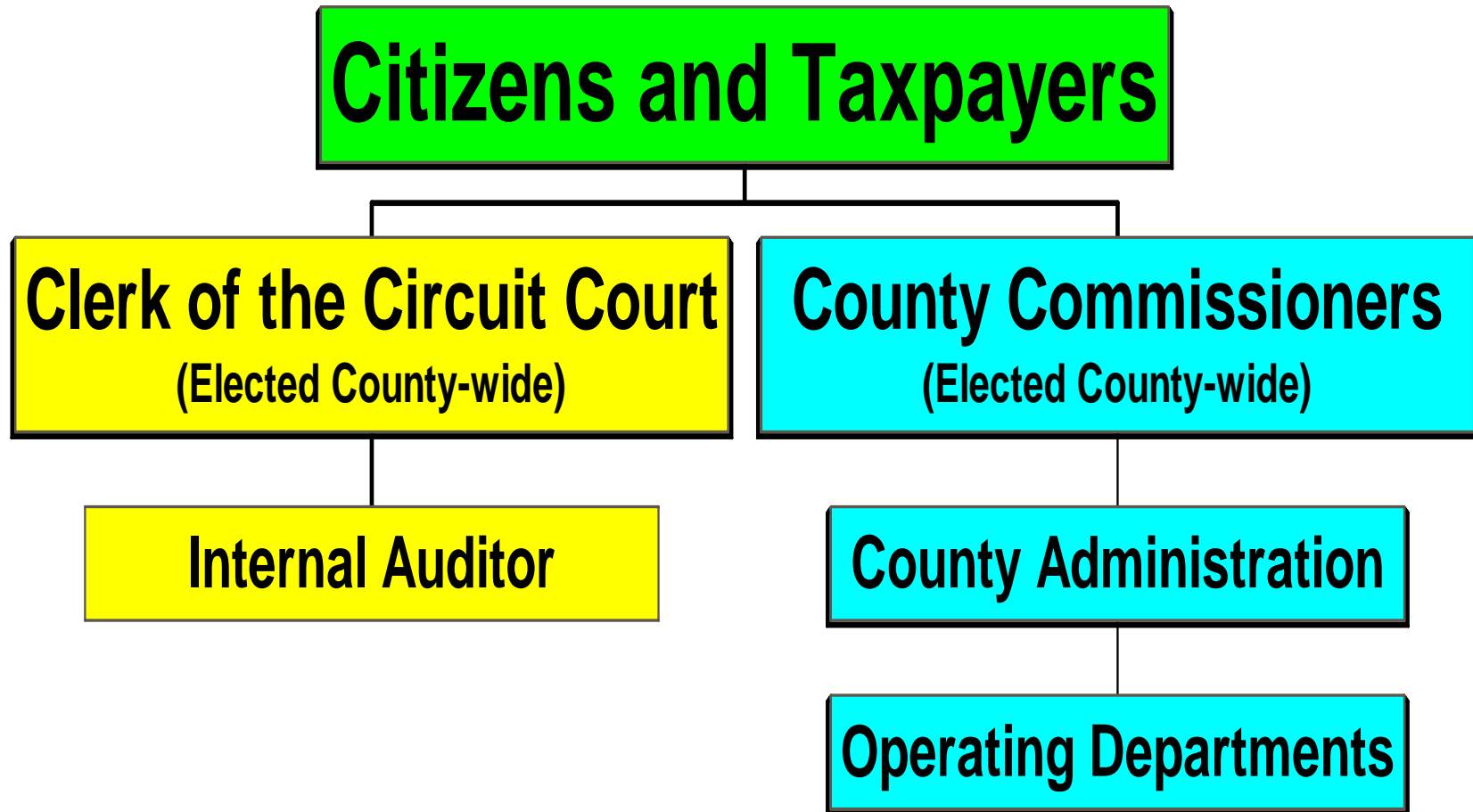


Authority to Conduct Audits

The Clerk of the Circuit Court is the auditor for the Board of County Commissioners. The Clerk has delegated to the Internal Auditor the authority and responsibility to conduct audits and reviews of all agencies funded by the BCC and departments under the County Administrator and to issue reports thereon. The Internal Auditor is organizationally independent and has no direct responsibility for, or authority over, any BCC function, activity, or program subject to audit and review.



Internal Audit Independence



Case Studies



AIRPORT (Airport-what airport? When everyone is confused)

- This is what can happen when Concerned Citizens get involved
- You mean, the County has an airport?
- Issue-what restrictions on usage of County airport property?
- Gun range near an airport?
- Yes, there were conflicting opinions

Case Studies



FIRE/EMS and THE VILLAGES (Auditor as independent 3rd party AND Referee)

- In this corner-Marion County!
- Title Fight - who gets biggest share of fire and EMS fees
- And the winner is ?

Case Studies



FIRE STATION-THE VILLAGES (The Call Back)

- When a Developer builds a fire station
- Budget? What budget?
- Auditor involvement after the fact

Case Studies



PARK GATES (How to save thousands of dollars and STILL NOT please a commissioner)

- Most parks on 'honor system'
- Statistics "proved" discrepancy between car counts and revenue
- Solution: gate system ; Cost: \$600,000
- Payback period ?

Case Studies



LIBRARY BOOK ENDOWMENT FUND (When an endowment fund is not a fund...or an endowment)

- County acquired library in 1998 from City of Ocala
- Included \$100,000 of a Book Endowment Fund
- Or did it?

Case Studies



FIRE CONTRACT with State (Or...Help, we're being audited!)

- Fire Chief hears thru grapevine-DEP auditing type of contract it has with County
- Wants to know if any exposure
- Request Internal Audit review
- Problem solved. Right?

Case Studies



THE CENTERS (We're paying \$1 million? Why?)

- State DCF contracts with The Centers to provide SAMH services
- Local matching required of County
- Legislative actions force local govts to cut back
- So...Why don't we cut back on matching these grants?

Case Studies



SOLID WASTE (Tracking an **OLD** a/c receivable)

- Collection attempts unproductive
- Franchise sold, then resold
- Write off? Let's talk to Internal Auditor
- Conflict with County Attorney
- Resolution

Case Studies



SOLID WASTE (Franchisee's internal fraud is not our problem...except when it is)

- Franchisee was audited before fraud committed
- Franchisee didn't want to pay County-a victim?
- Auditor as mediator to recommend an equitable settlement

Case Studies



CONSTRUCTION PROJECT (Auditor goes to Jail)

- Jail Expansion Project: 6 months left until completion
- Total payment to contractor will be \$30 million
- Have we paid correct amount?
- Let's ask the auditor

Case Studies



BUILDING ROADS-With THE VILLAGES (When Management really likes your work...and wants a long term commitment)

- Developer needed an improved County road
- Not a priority for County
- Agreement for build road, receive impact fee credits
- Annual audit put it in Agreement

Case Studies



911 MANAGEMENT (Who does 911 call for help?)

- Is provider charging too much for 911 access lines
- Or is provider not remitting enough 911 fees from its customers
- Could it be both?

Case Studies



PURCHASE ORDERS (County employees can do WHAT?)

- County Administrator requested review of BPO system
- County employee could buy certain items from vendors up to \$10,000 per transaction
- Is this a good system?



IN CONCLUSION

..LONG, LONG AGO

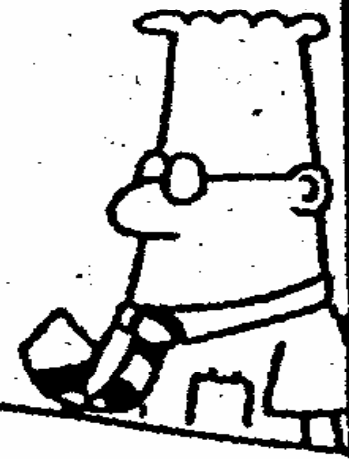
..IN AN AUDIT UNIVERSE

..FAR, FAR AWAY

A MANAGER PLANS

(Yes, it's another Dilbert)

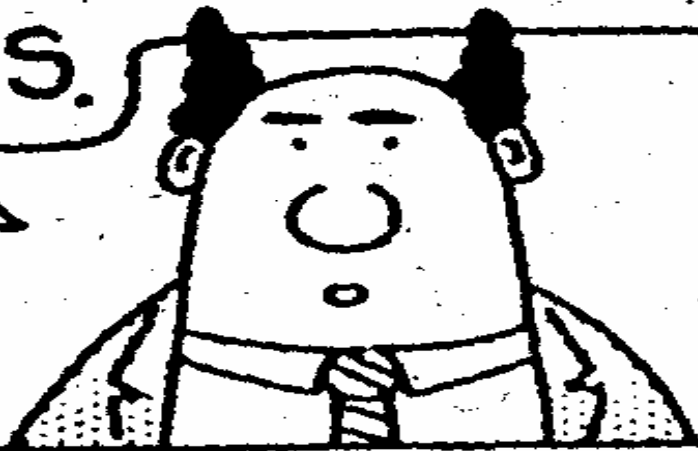
OUR ANNUAL ISO
9000 AUDIT IS
NEXT WEEK.



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WE
AUD
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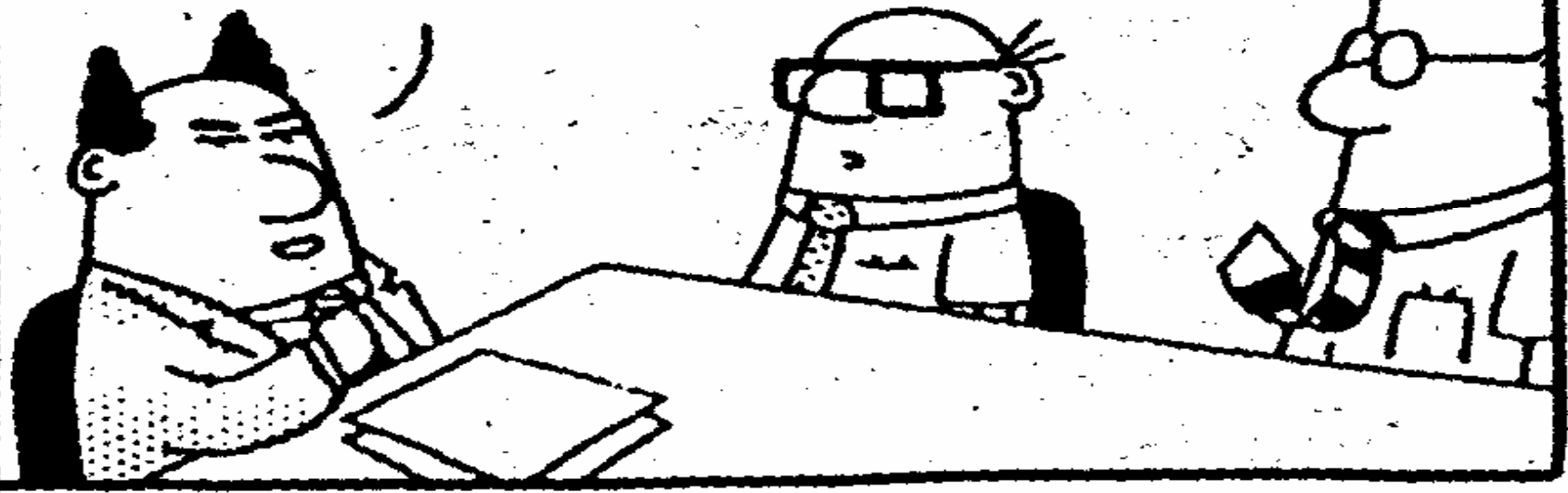
WE CAN PASS THE
AUDIT IF WE PUT
ALL OF OUR NON-
CONFORMING
DOCUMENTS IN THE
TRUNKS OF OUR
CARS.



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DOESN'T THAT DEFEAT
THE PURPOSE OF A
VOLUNTARY AUDIT?

AND THEN
TORCH THE
CARS.

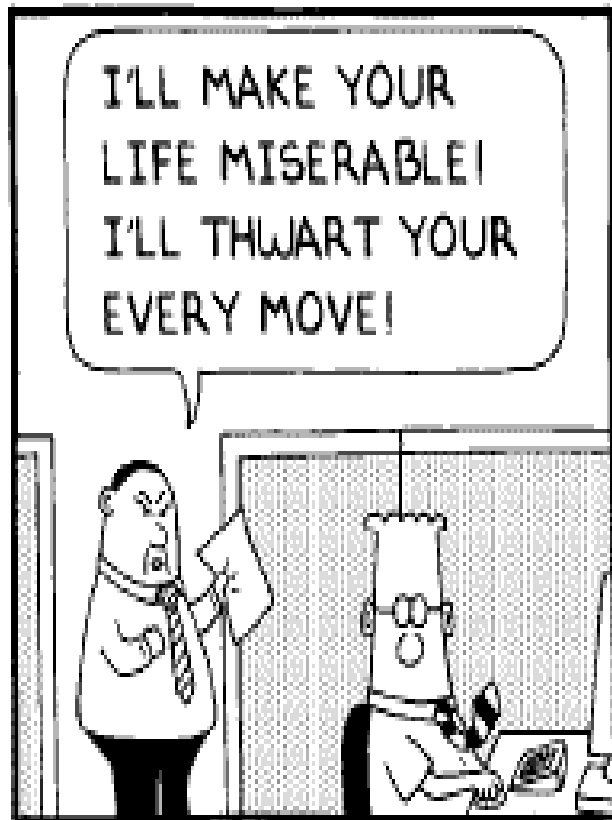


FORTUNATELY



In Government,
Internal Auditors
Are Beloved...

AREN'T WE?



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For more information: www.marioncountyclerk.org



- ANY QUESTIONS?

- ANY COMMENTS?

- **READY FOR ME TO SHUT UP?**

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