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OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY



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2026-AP-0001
Fiscal Year 2026
Annual Risk Assessment
and Audit Plan
September 22, 2025

Insight – Oversight – Foresight

Fiscal Year 2026 Risk Assessment and Audit Plan

The Office of Inspector General (OIG) conducted its Fiscal Year (FY) 2026 risk assessment process using a combination of several methods of research and information gathering in order to create an overview of the risks for entities within the OIG's jurisdiction. The risk assessment was formulated and the audit plan was developed using the same methodology as an audit (planning/gaining an understanding of the global areas affecting the entity, risk assessment/analysis, and reporting).

Gain an Understanding

A combination of efforts to gather information was used to gain an understanding of and identify risks for Palm Beach County (County) government, 39 municipalities, and two special districts within the OIG's jurisdiction. These efforts included:

- Review of the Risk Assessment reviews conducted by the Contract Oversight and Evaluation Division for each municipality, the County, and the Solid Waste Authority.¹
- Review of Council and/or Commission meeting minutes, agendas, budgets, financial reports, and other documents posted to the websites of the County, municipalities, and special districts.
- Review of national government risk assessments by global areas/activities.
- Review of the responses to our online survey that requested input on risk or concerns from government employees, citizens, contractors, and other stakeholders.
- Review of pertinent websites and other internet-accessible materials, such as news articles and social media posts, relevant to the County, municipalities, and special districts.
- Review of the historical intake of complaints for FY 2025 that were submitted to the OIG.

Risk Assessment

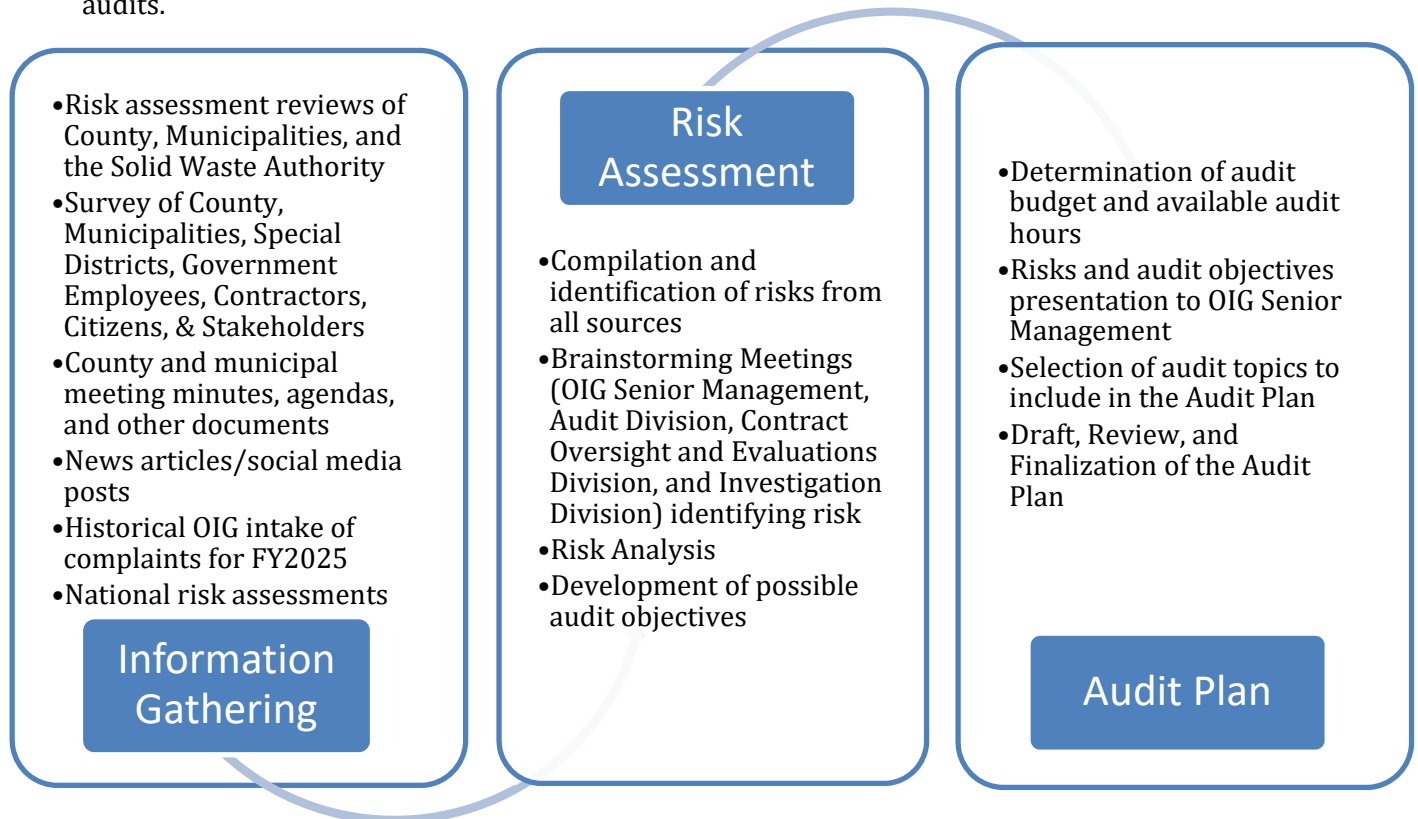
The information gathered was compiled and analyzed for the risk assessment. Additional risks were considered based on the results of brainstorming meetings and the professional expertise and experience of the OIG staff. Identified risks were assessed based on their global area of significance and impact. Any known controls to mitigate each risk or lower the impact were noted, and a list of risk topics was developed.

The goal of the risk assessment process is to create an audit plan that will address the risk concerns of global areas/activities for entities under the jurisdiction of the OIG to make the most efficient use of the OIG's limited audit resources. Once the risk assessment process was completed, the OIG Senior Management Team and the Inspector General (IG) met to review the Audit Plan.

¹ <https://pbc.gov/oig/docs/reports/ReviewofCompliancewiththeIGOrdinanceandRiskAssessment.pdf>

Audit Plan

The OIG Senior Management Team reviewed the list of topics and selected seven (7) global areas to be included in the Audit Plan. The FY 2026 Audit Plan includes the seven (7) planned global areas/activity audits, carryover audits from the FY 2025 Audit Plan, and IG/Management Requested audits.



Multiple Entities Global Area Approach

A global area is a topic that could be applicable to multiple entities. The OIG chose the global area approach to enhance the flexibility and coverage of the Audit Plan. This approach highlights the areas where the OIG will focus audit efforts. With a global approach, the Audit Plan:

- Minimizes duplication with the Internal Audit functions of the County, municipalities, and special districts;
- Provides more flexibility for emerging risks;
- Allows for smaller, more focused audits; and
- Engages more municipalities/auditable units that the OIG has not previously audited.

Fiscal Year 2026 Audit Plan

Carryover Audits

There are eleven (11) audits and reviews included on the FY 2025 Audit Plan that were initiated but have not been completed. These eleven (11) projects are considered “carryover audits” that we anticipate will be completed in FY 2026:

Management Request – Palm Beach County Workforce Housing Program – Wellington Club Apartments²

This audit includes a review of the activities, transactions, and events related to the Palm Beach County Workforce Housing Program with respect to the Wellington Club Apartments.

Objectives: Were program requirements met and agreed upon deliverables received? Are controls adequate related to administration of the program?

Construction Contract – Contract between Palm Beach County and Kast Construction Company, LLC for Construction Manager at Risk Services for PBSO Headquarters Renovations Project No. 11206

This audit includes a review of the controls in place to ensure the construction contract is managed effectively.

Objectives: Are controls adequate to effectively manage the construction contract? Are payment applications and change orders properly documented and approved to avoid possible fraud, waste, and abuse? Are change orders managed effectively and in compliance with the contract?

Revenue/Cash Intake – Solid Waste Authority Tipping Fee Revenue³

This audit includes a review of the controls in place for the accurate and complete recording of tipping fee revenues and related cash intake activities.

Objectives: Are tipping fee revenues recorded accurately and appropriately in compliance with financial requirements? Are cash receipts for tipping fees recorded accurately with timely deposits? Are there adequate controls for the receipt of tipping fee revenue and related cash intake activities?

Intake Referral – City of Riviera Beach Purchasing Cards and Council Member’s Out-of-State Travel Follow-up

This is a follow-up audit to determine whether corrective actions implemented by the City over purchasing card and council members’ out-of-state travel were effective.

² This audit is completed and pending issuance of a draft report.

³ This audit is completed and pending issuance of a draft report.

Objectives: Are the corrective actions implemented following our Audit Report 2019-A-0003, City of Riviera Beach Purchasing Card and Council Members' Out-of-State Travel, effective in ensuring compliance with purchasing card policies and procedures and strengthening internal controls over purchasing card activities? Are council members' out-of-state travel expenditures in compliance with policies and procedures?

Contracts/Agreements – Agreement between the Town of Palm Beach Shores and Waste Management Inc. of Florida for Solid Waste and Recycling Collection and Disposal Services

This audit includes a review of the activities and transactions related to the Solid Waste and Recycling Collection and Disposal Services Agreement.

Objectives: Are franchise fees received by the Town accurate and remitted in compliance with the Agreement? Are collection fees paid by the Town accurate and billed in compliance with the Agreement?

Law Enforcement Overtime – City of Delray Beach

This audit includes a review of the relevant requirements and processes to record, approve, and process law enforcement overtime activities and transactions.

Objective: Is overtime accurately recorded, properly approved, and in compliance with relevant requirements, policies, and procedures?

Joint Investigative Review – Palm Tran Cash Handling Process

This is a joint review with the Investigations Division and includes a review of the controls in place for cash handling processes and will review cash receipt, custody, and recording activities and transactions.

Objective: Are policies and procedures for cash safeguarding adequate? Are cash receipts securely handled and protected from loss, theft, or misappropriation of funds? How did controls break down enabling theft of funds to take place? Did the Palm Tran employee recently arrested for theft or others steal, mishandle, or misappropriate funds on other occasions?

Purchasing Cards – Town of Ocean Ridge

This audit includes a review of the controls in place for the purchasing card program and will review purchasing card activities, requirements, and expenditures.

Objective: Are purchasing card expenditures sufficiently documented, in compliance with relevant guidance, and serve a valid public purpose?

Management Request – Town of Jupiter Inlet Colony – Insurance Benefits, Travel Expenses, and Purchasing Card Purchases

This audit includes a review of insurance benefits, travel, and purchasing card activities and transactions, and related relevant requirements.

Objectives: Did the Town pay for insurance benefits in violation of the Town’s Charter? Did the Town pay for travel expenses that lacked a public purpose? Did the Town pay for purchasing card expenditures that lacked a public purpose?

Permitting – Town of Lake Park

This audit includes a review of building permit processing activities, permit applications and related support, permit fees and related cash receipt activities, requirements, and transactions.

Objective: Are building permit fees accurate and in compliance with relevant regulatory requirements, policies, and procedures?

IT Network Security Review – Town of Gulf Stream

This review will determine the controls in place over IT network security to prevent unauthorized access and/or loss data.

Objectives: Are processes in place designed to prevent network security breaches and intrusions? Are processes in place designed to monitor and detect network security threats, breaches, and intrusions? Are processes in place designed to respond to and eliminate network security threats, breaches, and intrusions?

Planned Audits by Global Area

Multiple Entities – Contracts/Agreements

These audits will review the controls in place to ensure contracts are managed effectively. These audits will include review of contract management activities, requirements, expenditures, and deliverables.

Possible objectives: Are controls adequate to effectively manage contracts and related activities? Are control procedures adequate to ensure that contracts are competitively procured, when required, and for appropriate activities? Are invoices properly reviewed and approved prior to payment? Are purchases and/or invoices properly documented and approved to avoid possible fraud, waste, and abuse? Are contracts effectively managed? Were agreed upon deliverables received?

Rationale: Contracts in all forms are embedded in virtually all types of operations. Entities often meet their goals and objectives through contracts with third parties. Each contract is unique and has a different level of risk. Contracts may have high dollar values, stringent legal requirements, complicated deliverables, and different oversight needs. Based on the unique nature of each contract and because they are the basis for many operations, contracts have a higher risk than other activities.

Multiple Entities – Water Quality Reporting

These reviews will determine whether municipal public water systems are reporting coliform bacteria testing results in compliance with state and federal Safe Drinking Water Act requirements and relevant municipal rules, policies, and procedures.

Possible Objectives: Are coliform bacteria testing results reported to the Florida Department of Health (FDOH) in compliance with the public water system's written sample siting plan? Are coliform bacteria testing results reported to the FDOH in compliance with state of Florida reporting requirements? Are the testing results provided by the certified laboratory reported to the FDOH?

Rationale: Providing safe water is a core mission of public water systems. The Environmental Protection Agency considers total coliforms a useful indicator of possible water contamination from other pathogens for drinking water. Total coliforms are used to determine the adequacy of water treatment and the integrity of the distribution system.⁴ A recent OIG investigation found that an employee of a local municipal public water system repeatedly and intentionally failed to report total coliform testing results to the FDOH and provided false, altered, or misleading information to the FDOH, which resulted in contaminated water in the water distribution system.⁵

Multiple Entities – Grants

These audits will review the controls in place to ensure the use of grant funds is in compliance with grant terms and conditions. These audits will include review of grant management activities, requirements, expenditures, reporting, and deliverables.

Possible objectives: Are controls in place and adequate to ensure that grant funds are used in compliance with grant terms and conditions, including controls to prevent and detect fraud, waste, and misuse? Are grant expenditures in compliance with grant terms and conditions? Are reporting requirements and deliverables completed in compliance with grant terms and conditions?

Rationale: Each year grant spending amounts increase, and governments rely on additional and new grant programs to fund critical projects and functions. The area of grants is complex as each grant has unique requirements governing the expenditure of the funds and the reporting thereof. Based on the complexity of the area and legal and regulatory requirements, grants have a higher risk than other business activities and funding sources.

Multiple Entities – Permitting Fees and Cash Receipts

These audits will review of the controls in place to ensure the permitting fees and cash receipts are accurate and in compliance with relevant requirements. These audits will include review of permit processing activities, permit applications and related support, permit fees and related cash receipt activities, requirements, and transactions.

Possible Objectives: Are controls adequate to ensure permits and related fees are processed timely and in compliance with relevant regulatory requirements, policies, and procedures? Are permit fees assessed and collected in compliance with relevant regulatory requirements, policies, and procedures? Are permit fees accurate and related cash receipts properly recorded and deposited? Are permits processed in a timely manner and sufficiently documented? Are permits processed timely and in compliance with regulatory requirements and/or policies?

Rationale: Permitting is a critical function of local governments. Due to staffing shortages and increased demand, the permitting function is being outsourced, and new computer systems are being

⁴ <https://www.epa.gov/dwreginfo/revised-total-coliform-rule-and-total-coliform-rule>

⁵ https://pbc.gov/oig/docs/reports/11-18-24-Riviera_Beach_Failure_to_Report_Water_Contamination-2024-0006.pdf

implemented to streamline the permit review process. Process changes such as these often result in internal control gaps and weaknesses that increase the risk of errors, fraud, waste, and abuse. Additionally, points of cash intake have a high vulnerability to loss or theft because it is easy to convert cash into another type of asset and is easily transportable.

Multiple Entities – Law Enforcement Overtime

These audits will review the controls in place for the law enforcement overtime process and related activities and expenditures. These audits will include a review of the overtime process and related requirements, payroll expenditures, and reimbursements.

Possible objectives: Are controls in place and adequate to ensure that overtime is properly recorded and approved, including controls to prevent and detect fraudulent, improper, or excessive overtime claims? Is overtime accurately recorded and properly approved? Is overtime in compliance with relevant regulatory requirements, policies, and procedures? Is overtime properly budgeted, paid, and reimbursed according to applicable agreements?

Rationale: Overtime is often a significant expense for many law enforcement departments due to staffing shortages, increased demand for services, and contractual obligations. These factors also increase the complexity of scheduling and timekeeping systems that account for overtime which increases the risk for error. Overtime has a higher risk than other activities because it is often a significant expense and has increased legal and contractual requirements.

Multiple Entities – Construction Contract Change Orders

These audits will review the controls in place to ensure construction contract change orders are managed effectively and in compliance with relevant requirements. These audits will include review of change order activities and related requirements, costs, and supporting documentation.

Possible objectives: Are controls adequate to effectively manage construction contract change orders? Are change orders processed and documented in compliance with the contract terms and relevant requirements? Are change orders necessary and properly approved? Are change order costs accurate and sufficiently supported? Are change orders properly documented and approved to avoid possible fraud, waste, and abuse? Are change orders consistent with the scope of the original contract and free from material modifications that alter the awarded project?

Rationale: Construction contract change orders can lead to significant budget overruns and delays in projects that may already have high dollar values, stringent legal requirements, complicated deliverables, and require managing multiple subcontractors, materials and equipment, project schedules, and budgets. As a result, construction contract change orders are generally at a higher risk in comparison to other business activities.

Multiple Entities – IT Network Security

These reviews will determine the controls in place for an entity's network security to prevent, detect, and respond to unauthorized access and/or loss of data.

Possible objectives: Are processes in place designed to prevent network security intrusions? Are processes in place designed to monitor and detect network security threats, breaches, and

intrusions? Are processes in place designed to respond to and eliminate network security threats, breaches, and intrusions?

Rationale: Control deficiencies put the entity at risk for compromised IT networks and unauthorized access. This could result in a loss of protected or critical information, disruption to operations, and the loss of taxpayer dollars to recover systems and information. Government network security breaches and ransomware attacks continue to occur across the nation, which highlights the importance of strong network security.

IG/Management Requests

The Audit Division also conducts audits that are not planned and are requested by entities or deemed necessary by the IG. These audits may result from referrals from our Investigations Division, referrals from our Contract Oversight and Evaluations Division, or other emerging risks, and are often considered priority projects. Based on the urgent nature of these requested audits, the planned audits in the above section are subject to change, postponement, or cancellation.

Non-Audit Activities

Activities that are not included in the Audit Plan are considered “non-audit activities.” These activities include, but are not limited to: professional development, strategic planning and risk assessment, semi-annual audit follow-up, special projects, and quality control and assurance.

Conclusion

The FY 2026 Audit Plan is based on the FY 2026 risk assessment. The Audit Plan has eleven (11) carryover audits from the FY 2025 Audit Plan, seven (7) global areas planned for audits of multiple entities, as well as audits that are self-initiated or requested. We will further consider risk during each audit engagement to identify and address areas with the highest risks.

Fiscal Year 2026 Audit Plan at a Glance⁶

Audit	Objectives
Carryover Audits	
Management Request – Palm Beach County Workforce Housing Program – Wellington Club Apartments⁷	<ul style="list-style-type: none"> • Were Program requirements met and agreed upon deliverables received? • Are controls adequate related to administration of the Program?
Construction Contract – Contract between Palm Beach County and Kast Construction Company, LLC for Construction Manager at Risk Services for PBSO Headquarters Renovations Project No. 11206	<ul style="list-style-type: none"> • Are controls adequate to effectively manage the construction contract? • Are payment applications and change orders properly documented and approved to avoid possible fraud, waste, and abuse? • Are change orders managed effectively and in compliance with the contract?
Revenue/Cash Intake – Solid Waste Authority Tipping Fee Revenue⁸	<ul style="list-style-type: none"> • Are tipping fee revenues recorded accurately and appropriately in compliance with financial requirements? • Are cash receipts for tipping fees recorded accurately with timely deposits? • Are there adequate controls for the receipt of tipping fee revenue and related cash intake activities?
Intake Referral – City of Riviera Beach Purchasing Cards and Council Member’s Out-of-State Travel Follow-up	<ul style="list-style-type: none"> • Are the corrective actions implemented following our Audit Report 2019-A-0003, City of Riviera Beach Purchasing Card and Council Members’ Out-of-State Travel, effective in ensuring compliance with purchasing card policies and procedures and strengthening internal controls over purchasing card activities? • Are council members’ out-of-state travel expenditures in compliance with policies and procedures?
Contracts/Agreements – Agreement between the Town of Palm Beach Shores and Waste Management Inc. of Florida for Solid Waste and Recycling Collection and Disposal Services	<ul style="list-style-type: none"> • Are franchise fees received by the Town accurate and remitted in compliance with the Agreement? • Are collection fees paid by the Town accurate and billed in compliance with the Agreement?
Law Enforcement Overtime – City of Delray Beach	<ul style="list-style-type: none"> • Is overtime accurately recorded, properly approved, and in compliance with relevant requirements, policies, and procedures?

⁶ IG/Management Request audits are not included due to their nature. These audits will be added to the audit plan as the requests occur.

⁷ This audit is completed and pending issuance of a draft report.

⁸ This audit is completed and pending issuance of a draft report.

Audit	Objectives
Carryover Audits (continued)	
Joint Investigative Review – Palm Tran Cash Handling Process	<ul style="list-style-type: none"> • Are policies and procedures for cash safeguarding adequate? • Are cash receipts securely handled and protected from loss, theft, or misappropriation of funds? • How did controls break down enabling theft of funds to take place? • Did the Palm Tran employee recently arrested for theft or others steal, mishandle, or misappropriate funds on other occasions?
Purchasing Cards – Town of Ocean Ridge	<ul style="list-style-type: none"> • Are purchasing card expenditures sufficiently documented, in compliance with relevant guidance, and serve a valid public purpose?
Management Request – Town of Jupiter Inlet Colony – Insurance Benefits, Travel Expenses, and Purchasing Card Purchases	<ul style="list-style-type: none"> • Did the Town pay for insurance benefits in violation of the Town’s Charter? • Did the Town pay for travel expenses that lacked a public purpose? • Did the Town pay for purchasing card expenditures that lacked a public purpose?
Permitting – Town of Lake Park	<ul style="list-style-type: none"> • Are building permit fees accurate and in compliance with relevant regulatory requirements, policies, and procedures?
IT Network Security Review – Town of Gulf Stream	<ul style="list-style-type: none"> • Are processes in place designed to prevent network security intrusions? • Are processes in place designed to monitor and detect network security threats, breaches, and intrusions? • Are processes in place designed to respond to and eliminate network security threats, breaches, and intrusions?

Audit	Possible Objectives
	Planned Audits
Multiple Entities – Contracts/Agreements	<ul style="list-style-type: none"> • Are controls adequate to effectively manage contracts and related activities? • Are control procedures adequate to ensure that contracts are competitively procured, when required, and for appropriate activities? • Are invoices properly reviewed and approved prior to payment? • Are purchases and/or invoices properly documented and approved to avoid possible fraud, waste, and abuse? • Are contracts effectively managed? • Were agreed upon deliverables received?
Multiple Entities – Water Quality Reporting	<ul style="list-style-type: none"> • Are coliform bacteria testing results reported to the FDOH in compliance with the public water system’s written sample siting plan? • Are coliform bacteria testing results reported to the FDOH in compliance with state of Florida reporting requirements? • Are the testing results provided by the certified laboratory reported to the FDOH?
Multiple Entities – Grants	<ul style="list-style-type: none"> • Are controls in place and adequate to ensure that grant funds are used in compliance with grant terms and conditions, including controls to prevent and detect fraud, waste, and misuse? • Are grant expenditures in compliance with grant terms and conditions? • Are reporting requirements and deliverables completed in compliance with grant terms and conditions?
Multiple Entities – Permitting Fees and Cash Receipts	<ul style="list-style-type: none"> • Are controls adequate to ensure permits and related fees are processed timely and in compliance with relevant regulatory requirements, policies, and procedures? • Are permit fees assessed and collected in compliance with relevant regulatory requirements, policies, and procedures? • Are permit fees accurate and related cash receipts properly recorded and deposited? • Are permits processed in a timely manner and sufficiently documented? • Are permits processed timely and in compliance with regulatory requirements and/or policies?
Multiple Entities – Law Enforcement Overtime	<ul style="list-style-type: none"> • Are controls in place and adequate to ensure that overtime is properly recorded and approved, including controls to prevent and detect fraudulent, improper, or excessive overtime claims? • Is overtime accurately recorded and properly approved? • Is overtime in compliance with relevant regulatory requirements, policies, and procedures? • Is overtime properly budgeted, paid, and reimbursed according to applicable agreements?

Audit	Possible Objectives
Planned Audits (continued)	
Multiple Entities – Construction Contract Change Orders	<ul style="list-style-type: none"> • Are controls adequate to effectively manage construction contract change orders? • Are change orders processed and documented in compliance with the contract terms and relevant requirements? • Are change orders necessary and properly approved? • Are change order costs accurate and sufficiently supported? • Are change orders properly documented and approved to avoid possible fraud, waste, and abuse? • Are change orders consistent with the scope of the original contract and free from material modifications that alter the awarded project?
Multiple Entities – IT Network Security	<ul style="list-style-type: none"> • Are processes in place designed to prevent network security intrusions? • Are processes in place designed to monitor and detect network security threats, breaches, and intrusions? • Are processes in place designed to respond to and eliminate network security threats, breaches, and intrusions?