


FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION		
ADMINISTRATIVE PROCEDURES		
	Administrative Procedures for Internal Audit Policy	Procedures for Policy ADM 260
		EFFECTIVE DATE: 01-02-2025
		RESCINDED/AMENDED: 09-09-2020

GENERAL INFORMATION

An Internal Audit Section is established within the Office of the Inspector General to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the Department. The Internal Audit Section reviews and evaluates internal controls necessary to ensure the fiscal accountability of the Department. In addition to conducting audits, staff also review performance measures to determine if data reporting is reliable, accurate and useful.

All audits will be conducted in conformance with the *Principles and Standards for Offices of Inspector General* as published by the Association of Inspectors General, *Generally Accepted Government Auditing Standards* (GAGAS) issued by the United States Government Accountability Office, and Section 20.055, Florida Statutes (F.S.). As appropriate, reports issued by the Internal Audit Section will include a statement that the audit was conducted in conformance with applicable standards.

RESPONSIBILITIES

Reporting Structure

An Inspector General is appointed in accordance with Section 20.055, F.S. The Inspector General shall be under the general supervision of the Secretary of the Department and report to the Chief Inspector General and may hire and remove staff within the Office of Inspector General, in consultation with the Chief Inspector General but independently of the Department. Audits conducted in accordance with this directive shall be under the direction of the Audit Director who reports to the Inspector General. The Audit Director shall establish such plans and procedures as may be necessary to carry out the responsibilities of the Internal Audit Section.

Independence and Objectivity

The Audit Director and staff who conduct, supervise, or review audit engagements will be objective in discharging their professional responsibilities. Objectivity includes independence of mind and appearance when conducting engagements, maintaining an attitude of impartiality, having intellectual honesty, and being free of conflicts of interest. Annually, a Statement of Independence will be signed by each member of the Internal Audit Section.

Audit Plans and Service Requests

The Audit Director and/or the Inspector General will develop risk-based long-term and annual audit plans which aim to identify scheduled audits and to provide the best use of available resources, and the most effective coverage of the Department’s programs, systems, activities, and processes. The Annual Audit Plan will be approved by the Secretary and provided to all Division Directors and executive management. The approved plan will be submitted to the Chief Inspector General, and copies will also be provided to the Auditor General and posted on the OIG’s website. The plan is intended to be a guide to direct the Internal Audit activities and may be modified to address changing conditions, priorities, or risks. Any requests for audit services not identified in the plan may be made in writing to the Audit Director or Inspector General. All deviations from the Audit Plan will be approved by the Inspector General.

Scope of Work

The Internal Audit Section shall conduct financial, compliance, electronic data processing, and performance engagements of the Department and prepare reports of his or her findings. Audit engagements may be conducted for any third-party agreements including grants, concessions, and contracts. The scope and assignment of engagements shall be determined by the Audit Director and/or the Inspector General. However, the Department Secretary may at any time request the OIG to perform an audit, assessment, or review of any program, function, or organizational unit.

Audit engagements provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability. The scope of engagements may encompass:

- An examination of program effectiveness (the extent to which a program is achieving its goals and objectives).
- An examination of program economy and efficiency (review of costs and resources used to achieve program results).
- An assessment of one or more aspects of a system of internal control that is designed to provide reasonable assurance of achieving effective and efficient operations, reliability of reporting for internal and external use, or compliance with provisions of applicable laws and regulations.
- An assessment of compliance with criteria established by provisions of laws, regulations, contracts, and grant agreements, or other requirements that could affect the acquisition, protection, use, and disposition of the entity's resources and the quantity, quality, timeliness, and cost of services the entity produces and delivers.
- Other types of assistance to Department management, as determined by the Inspector General or requested by the Secretary.
- Assistance to the Internal Investigations Section in conducting reviews and investigations of Whistle-blower information, as described in Sections 112.3187 through 112.31895, F.S.
- Advisement in the development of performance measures, standards and procedures for the evaluation of Departmental programs.
- An assessment of the reliability and validity of information provided by the Department on performance measures and standards, and recommendations for improvement, if necessary, before submission of such information, pursuant to Section 216.1827 F.S.

AUDIT REPORTS AND RESPONSES

Audits Requiring Corrective Action

At the conclusion of each audit, a draft report is provided to management of the audited area and an exit conference is held to ensure the factual accuracy and fairness of the tentative audit findings and recommendations. Upon completion of these steps a preliminary audit report is finalized. The Audit Director or the Inspector General will forward the preliminary audit findings and recommendations to the appropriate District or Division Director, Program Administrator or Bureau Chief, or other executive office manager responsible for supervision of the program, function, or operational unit. The District or Division Director, or other executive office manager, as appropriate of the area under audit, will submit to the Audit Director, within 20 working days after receipt of the preliminary findings, a written response to each adverse finding. Their response shall include corrective action taken or planned along with dates for implementation.

If applicable, at the conclusion of an audit in which the subject of the audit is a specific entity contracting with the state or an individual substantially affected, if the audit is not confidential or otherwise exempt from disclosure by

law, the Audit Director or the Inspector General shall submit the findings to the subject, who shall be advised in writing that they may submit a written response within 20 working days after receipt of the findings. Their response and the Inspector General's rebuttal to the response, if any, must be included in the final audit report.

Audits Not Requiring Corrective Action

Audit reports which do not contain any recommendations for improvement will not require corrective action. In such case, a response will not be required from the auditee and the report will be issued as a final report at the conclusion of the audit.

Distribution of Final Audit Reports

Copies of all final audit reports will be provided to the District or Division Director, Program Administrator or Bureau Chief of the audited area, the Office of the Auditor General, the Chief Inspector General, the Secretary and other individuals as determined by the Inspector General. Final audit reports will also be posted on the Office of Inspector General website. District and Division Directors and other managers may distribute copies of final audit reports to appropriate staff for the purpose of timely resolution of finding issues.

The final audit report is a public record to the extent that they do not include information which has been made confidential and exempt from the provisions of Section 119.07(1), F.S., pursuant to law and upon request shall be made available for public inspection. However, when the Inspector General or a member of the staff receives, from an individual, a complaint or information that falls within the definition provided in Section 112.3187(5), F.S., the name or identity of the individual shall not be disclosed to anyone else without consent of the individual, unless the Inspector General determines that such disclosure is unavoidable during the course of the audit.

The Auditor General, in connection with the Inspector General of the Department pursuant to Section 11.45, F.S., gives appropriate consideration to internal audit reports and the resolution of findings therein. The Legislative Auditing Committee may inquire into the reasons or justifications for failure of the Department head to correct the deficiencies reported in internal audits that are also reported by the Auditor General and shall take appropriate action.

Audit Finding Follow Up

The Audit Director shall establish and maintain a system to monitor the disposition of results communicated to management. The Audit Director shall establish a follow-up process to monitor and ensure that management's actions have been effectively implemented or that senior management has accepted the risk of actions not taken. Upon resolution of an audit finding, District or Division Directors, their designees, or other appropriate management, should report what actions were taken in writing to the Audit Director. The Inspector General, or designee, will appraise the adequacy of the action taken by management to correct reported finding issues and will continue to monitor the status of all findings until there has been a satisfactory resolution.

OTHER ACTIVITY OF THE INTERNAL AUDIT SECTION

The Internal Audit Section may provide other services. These include review, research, management advisory and consulting service, performance measure assessment, organizational assessment, customer satisfaction survey, process improvement and control self-assessment facilitation, and others. The results of these services may be presented in written form or communicated to management in any other manner, as may be appropriate.

Section 215.97, F.S. is the Florida Single Audit Act and Title 2 of the Code of Federal Regulations, Part 200.500-521 is the Federal Single Audit Act. One purpose of the law is to ensure that state agencies monitor, use, and follow-up on audits of state and federal financial assistance provided to non-state entities. The Office of Inspector General

will provide training, upon request, to Department staff responsible for recipient and sub-recipient monitoring activities, to ensure an understanding of Single Audit report content and information.

The Inspector General shall, not later than September 30 of each year, prepare an Annual Report summarizing the activities of the office during the immediately preceding fiscal year. The Annual Report will include a description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified. The Annual Report will also include the identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.

ACTIVITIES WITH OTHER AUDITORS

All audits of the Department, including audits of grant programs, by other than Department auditors shall be coordinated with the Inspector General's Office. The Inspector General or the Audit Director shall be advised in advance of meetings with other auditors for the purpose of discussing audit findings and shall coordinate the written response to audit findings. The Inspector General will function as the Department's liaison with the Office of the Auditor General, the Office of Program Policy Analysis and Government Accountability, and with the Office of the Chief Inspector General. The Inspector General or the Audit Director will monitor the status of Department corrective actions taken to resolve audit findings contained within reports from the Auditor General, the Office of Program Policy Analysis and Government Accountability, and other external audit agencies and prepare required status reports.

PROFESSIONAL STANDARDS

The Internal Audit Section will govern itself by adherence to professional auditing standards contained in GAGAS which provides a framework for conducting high-quality engagements with competence, integrity, objectivity, and independence. Engagements conducted in accordance with GAGAS provide information used for oversight, accountability, transparency, and improvements of government programs and operations.

ETHICAL PRINCIPLES

The ethical principles that guide the work of auditors are: the public interest; integrity; objectivity; proper use of government information, resources, and positions; and professional behavior.

The Public Interest: The public interest is defined as the collective well-being of the community of people and entities that auditors serve. Observing integrity, objectivity, and independence in discharging their professional responsibilities helps auditors serve the public interest and honor the public trust.

Integrity: Integrity includes auditors performing their work with an attitude that is objective, fact-based, nonpartisan, and nonideological with regard to audited entities and users of the audit reports.

Objectivity: Objectivity includes independence of mind and appearance when conducting engagements, maintaining an attitude of impartiality, having intellectual honesty, and being free of conflicts of interest.

Proper Use of Government Information, Resources, and Positions: Government information, resources, and positions are to be used for official purposes and not inappropriately for the auditors' personal gain or in a manner contrary to law or detrimental to the legitimate interests of the audited entity or the audit organization. This concept includes the proper handling of sensitive or classified information or resources.

Professional Behavior: Professional behavior includes auditors putting forth an honest effort in performing their duties in accordance with the relevant technical and professional standards.

QUALITY ASSURANCE

The Internal Audit Section has established quality assurance processes in conformance with professional auditing standards. This includes both internal and external quality assurance assessments of internal audit activities. Continuous monitoring activities have been established through engagement planning, supervision, and review, as well as standardized procedures and approvals. An internal assessment of the Internal Audit Section is conducted by the Audit Director annually. The internal assessment is submitted to the Inspector General for review and approval. An external assessment of the Internal Audit Section is conducted by the Auditor General in accordance with Section 11.45(2)(i), F.S., once every three years.