



Inspector General Internal Audit Standards and Procedures

A. 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 reviews performance measures to determine if data reporting is reliable, accurate and useful.

All audits will be conducted in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Ethics issued by the Institute of Internal Auditors, the Principles and Standards for Office of Inspector General, and when applicable, the Government Auditing Standards (GAS) issued by the Government Accountability Office, Comptroller General of the United States. As appropriate, reports issued by the Internal Audit Section will include a statement the audit was conducted in conformance with applicable standards.

B. Responsibilities

1. Reporting Structure

An Inspector General is appointed in accordance with Section 20.055, Florida Statutes (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.



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2. Independence and Objectivity

The Audit Director and staff who conduct, supervise, or review audits will be independent and free from personal and external impairments to independence and should maintain an independent attitude and appearance. Internal auditors will be objective in performing audits. Annually, an Independence from Impairments Statement will be signed electronically by each member of the Audit Section and maintained on the OIG Common Drive.

3. Audit Plans and Service Requests

- (a) The Audit Director will develop long-term and annual audit plans which identify the areas within the Department scheduled for review. The annual plan will be submitted to the Chief Inspector General. The Audit Plan will be approved by the Secretary and provided to all Division Directors and executive management. Copies will also be provided to the Auditor General and posted on the OIG's website.
- (b) Any requests for audit services not identified in the plan may be made in writing to the Audit Director.
- (c) All deviations from the audit plan will be approved by the Inspector General.

4. Scope of Work

The scope and assignment of audits shall be determined by the Audit Director. However, the Secretary may at any time request the Inspector General's Office to perform an audit, assessment, or review of any program, function, or organizational unit.

- (a) The Audit Director's staff shall conduct financial, compliance, electronic data processing, and performance audits. Audits may be made of any third-party agreement including grants, concessions, and contracts.



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The scope of audits may encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities.

This may include reviewing: the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information; the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports; the means of safeguarding assets and, as appropriate, verify the existence of such assets; the economy and efficiency with which resources are employed; and operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

- (b) The Audit Director's staff shall review and evaluate internal controls necessary to ensure the fiscal accountability of the Department. Audit staff shall conduct financial, compliance, electronic data processing, and performance audits of the Department and prepare audit reports of his or her findings.
- (c) The Audit Director's staff may examine financial and operating control structures used in computerized applications. Staff may examine the security of data and information technology resources and evaluate the automated information systems of the Department while under development, during installation, and while operational.
- (d) The Audit Director's staff may provide other types of assistance to the management of the Department, as determined by the Inspector General or requested by the Secretary.



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- (e) The Audit Director's staff may assist the Internal Investigations section in conducting reviews and investigations of Whistle-blower information, as described in Sections 112.3187 through 112.31895, F.S.
- (f) The Audit Director's staff shall advise in the development of performance measures, standards and procedures for the evaluation of Departmental programs.
- (g) The Audit Director's staff shall assess the reliability and validity of information provided by the Department on performance measures and standards, and makes recommendations for improvement, if necessary before submission of such information, pursuant to Section 216.1827 F.S.

C. Audit Reports and Responses

1. Audits Requiring Corrective Action

- (a) At the conclusion of each audit, a draft report is provided to management of the audited area and an exit conference is held to assure the factual accuracy and fairness of the tentative audit findings and recommendations. Upon completion of these steps a preliminary audit report is finalized.
- (b) The Audit Director 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.
- (c) 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



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response to each adverse finding. This response shall include corrective action taken or planned along with dates for implementation.

- (d) 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 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. The response and the Inspector General's rebuttal to the response, if any, must be included in the final audit report.

- (e) A final audit report will be issued to the Secretary, Chief Inspector General, Auditor General, and the District or Division Director. The final report shall include the audit findings and recommendations, the auditees' response, and if necessary, the Inspector General's rebuttal to the response.

2. 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 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



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will continue to monitor the status of all findings until there has been a satisfactory resolution.

3. 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.

4. Distribution of Final Audit Reports

- (a) 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.
- (b) 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



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Inspector General determines that such disclosure is unavoidable during the course of the audit.

- (c) 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.

D. Other Activity of the Internal Audit Section

1. The Internal Audit Section provides a variety of 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.
2. 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 Internal Audit Section 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 Internal Audit Section may periodically conduct quality assurance reviews of grant management activities.



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3. 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.

E. Activities with Other Auditors

1. 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 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.
2. The Audit Director will monitor the status of department corrective actions taken to resolve audit findings contained within reports of the Auditor General, the Office of Program Policy Analysis and Government Accountability, and other audit agencies and prepare required status reports.

F. Mandatory Guidance

The Internal Audit Section will govern itself by adherence to the Institute of Internal Auditors' Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the international Standards for the



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Professional Practice of Internal auditing, and the Definition of Internal auditing. The Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the Internal Audit Section's performance.

G. Code of Ethics

Internal auditors are expected to apply and uphold the following principles:

1. Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

2. Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

3. Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority, unless there is a legal or professional obligation to do so.

4. Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

H. Purpose of the Standards

1. Guide adherence with the mandatory elements of the Internal Professional Practices Framework.



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2. Provide a framework for performing and promoting a broad range of value-added internal auditing services.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

I. Definitions

1. Compliance Audit - may provide an independent opinion on whether (1) a unit is operating in accordance with the laws, rules, and Department policies, (2) the entity has complied with the laws and regulations for those transactions and events that may have an effect on the financial statements, and/or (3) internal control systems are in place and operating.
2. Financial Audit - may provide an independent opinion on whether (1) the financial statements or reports are fairly stated, (2) the financial information is presented in accordance with generally accepted accounting principles or established criteria, and/or (3) the entity has adhered to specific financial compliance requirements.
3. Individuals Substantially Affected – Natural persons who have established a real and sufficiently immediate injury in fact due to the findings, conclusions, or recommendations of a final report of a state agency Inspector General, who are the subject of the audit or investigation, and who do not have or are not currently afforded an existing right to an independent review process. Employees of the state, including Career Service, Probationary, Other Personal Service, Selected Exempt Service, and Senior Management Service employees, are not covered by this definition. This definition also does not cover former employees of the state if the final report of the state agency Inspector General relates to matters arising during a former employee's term of state employment. This definition does not apply to persons who are the subject of audits or investigations conducted



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pursuant to ss.112.3187-112.31895 or s. 409.913 or which are otherwise confidential and exempt under s. 119.07.

4. Internal Auditing - An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

5. Internal Control Structure - includes financial, operating, and management controls; encompasses policies and procedures adopted by the Department which promote operational efficiency and provide reasonable assurance that assets are safeguarded; that accounting records are complete, accurate, and reliable; and that laws, regulations and management policies are complied with.

7. International Standards for the Professional Practice of Internal Auditing (Standards) - Internal auditing is conducted in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)* is essential in meeting the responsibilities of internal auditors and the internal audit activity.

8. Performance Audit - includes program audits and economy and efficiency audits - may provide an independent view on whether (1) the entity is acquiring, protecting, and using its resources economically and efficiently, (2) the entity has complied with applicable laws and regulations, (3) the extent to which the desired



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results or benefits established by the legislature are being achieved, and/or (4) the causes of inefficiencies or uneconomical practices.