

**AGENCY FOR PERSONS WITH  
DISABILITIES**

**OFFICE OF INSPECTOR GENERAL'S  
INTERNAL AUDIT ACTIVITY**

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**Quality Assessment Review**

For the Review Period  
July 2013 Through June 2014



## INSPECTOR GENERAL OF THE AGENCY FOR PERSONS WITH DISABILITIES

The Director of the Agency for Persons with Disabilities appointed the Inspector General. During the review period, Marvin Doyal served as Inspector General through December 10, 2013, and Carol Sullivan was appointed Inspector General on February 6, 2014.

Effective July 1, 2014, Chapter 2014-144, Laws of Florida, specified that for State agencies under the jurisdiction of the Governor, the inspector general is to be appointed by the Chief Inspector General, be under the general supervision of the agency head, and report to the Chief Inspector General.

The review team leader was Sue Graham, CPA, CISA, and the review was supervised by Lynley Trent, CPA. Please address inquiries regarding this report to Matthew Tracy, CPA, Audit Manager, by e-mail at [matthewtracy@aud.state.fl.us](mailto:matthewtracy@aud.state.fl.us) or by telephone at (850) 412-2749.

This report and other reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

## AGENCY FOR PERSONS WITH DISABILITIES

### Office of Inspector General's Internal Audit Activity

#### SUMMARY

In our opinion, the quality assurance program related to the Agency for Persons with Disabilities, Office of Inspector General's internal audit activity was adequately designed and complied with during the review period July 2013 through June 2014 to provide reasonable assurance of conformance with applicable professional auditing standards.

Although the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, which govern the internal audit activities of the offices of inspectors general, the Inspector General could enhance compliance by addressing matters related to the inclusion of required information in the long-term and annual audit plans and tracking hours spent by staff on various Office activities.

#### BACKGROUND

Section 20.055(2), Florida Statutes, established in each State agency, as defined by Section 20.055(1)(a), Florida Statutes, the Office of Inspector General. The Director assigned six positions to the Office of Inspector General and the Inspector General dedicated two positions to the internal audit activity. As authorized by statute, the Inspector General delegated internal audit responsibilities to the Director of Auditing. The two audit positions performed internal audit activities and other activities such as investigative and other accountability and oversight activities. The Director of Auditing provided information showing that, during the review period, 39 percent of the direct time recorded for the two audit positions related to auditing activities.

Section 20.055(5)(a), Florida Statutes, requires that internal audits be conducted in accordance with current *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* or, where appropriate, *Government Auditing Standards*. *IIA Standards*, issued by The Institute of Internal Auditors, and *Government Auditing Standards*, issued by the Comptroller General of the United States, generally provide comparable guidance for the conduct of assurance engagements. *IIA Standards* also provide supplemental guidance for the conduct of consulting engagements.

The Director of Auditing identified five engagements that had been completed as part of the Office's internal audit activity during the review period. For these engagements, the Office elected to follow *IIA Standards*.

#### REPORT ON QUALITY ASSESSMENT REVIEW

Pursuant to Section 11.45(2)(i), Florida Statutes, we have reviewed the quality assurance program for the Office of Inspector General's internal audit activity in effect for the period July 2013 through June 2014. A quality assurance program for the Office of Inspector General's internal audit activity encompasses the charter, organizational environment, and policies and procedures established to provide management with reasonable assurance that the internal audit activity operates in conformity with applicable auditing standards. The design of the quality assurance program and compliance with it are the responsibility of the Office of Inspector General.

In conducting our review, we obtained an understanding of the quality assurance program and performed such tests and other procedures as we considered necessary. Because of inherent limitations in any quality assurance program, departures from the program may occur and not be detected. Also, projection of any evaluation of the quality assurance program to future periods is subject to the risk that the program may become inadequate because of changes in conditions, or that compliance with policies and procedures may deteriorate.

In our opinion, the quality assurance program related to the Office of Inspector General's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance to applicable professional auditing standards.

We also reviewed the Office of Inspector General's compliance with specific provisions of Section 20.055, Florida Statutes, governing the internal audit activities of the State agencies' offices of inspectors general. As discussed in finding No. 1, we noted that the Office could enhance compliance with the provisions of Section 20.055, Florida Statutes.

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## FINDINGS AND RECOMMENDATIONS

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### Finding No. 1: Compliance with Statutory Requirements

Our review included an evaluation of the extent to which the Office complied with those provisions of Section 20.055, Florida Statutes, which govern the internal audit activities of the offices of inspectors general. Our review disclosed instances in which the Office could enhance compliance with the provisions of Section 20.055, Florida Statutes. Specifically:

- Section 20.055(5)(i), Florida Statutes, requires the Inspector General to develop long-term and annual audit plans based on the findings of periodic risk assessments. The plan is to show the individual audits to be conducted each year and the related resources to be devoted to the respective audits. The Office prepared an Annual Risk Assessment and Work Plan (Plan) which included lists of potential assignments and possible long-range audit topics. However, our review of the Office's 2013-14 Plan disclosed that the Plan did not specify the resources to be devoted to the projects planned.
- Section 20.055(2)(i), Florida Statutes, specifies that the Inspector General is to ensure that an appropriate balance be maintained between audit, investigative, and other accountability activities. Although the Office provided information indicating the percentage of time spent on various activities, including audits, investigations, and other accountability activities, the Office could not provide support for that information as the Office did not track the number of hours actually spent on the various activities. Consequently, the percentage of work effort information provided by the Office could not be used to demonstrate that an appropriate balance of work activities was maintained.

The inclusion of the resources to be devoted to planned projects in long-term and annual audit plans would better demonstrate that such plans are prepared in accordance with State law. In addition, by tracking the hours spent on the Office's various activities, the Office could enhance its ability to demonstrate that an appropriate balance is maintained between audit, investigative, and other accountability activities. Information obtained by tracking hours may also enhance the Office's ability to identify the resources to be devoted to planned audits.

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**Recommendation:** We recommend that the Inspector General specify in the Office's Annual Risk Assessment and Work Plan the resources to be devoted to planned projects. Also, to better demonstrate that an appropriate balance of work activities is maintained and to facilitate the allocation of resources to planned projects, we recommend that the Inspector General develop a mechanism to track time spent on the Office's various activities.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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We conducted this quality assessment review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a


reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

The objectives of this review were to evaluate the extent to which the Office of the Inspector General’s internal audit activity’s charter, policies and procedures, quality assurance and improvement program, and work products conform to applicable professional auditing standards; determine compliance with those provisions of Section 20.055, Florida Statutes, that relate to the operation of State agencies’ offices of inspectors general internal audit activities; and identify opportunities to enhance the Office of the Inspector General’s internal audit activity’s management and work processes, as well as its value to Agency management.

Our review included an evaluation of two of the five engagements completed as part of the Office’s internal audit activity during the review period for compliance with applicable professional auditing standards. Our review was modeled primarily on the methodology presented in The Institute of Internal Auditors’ *Quality Assessment Manual*.

**AUTHORITY**

Section 11.45(2)(i), Florida Statutes, requires that the Auditor General, once every three years, review a sample of internal audit reports to determine compliance by the Office of Inspector General with the current *International Standards for the Professional Practice of Internal Auditing* or, if appropriate, *Government Auditing Standards*. Pursuant to the provisions of Section 11.45(2)(i), Florida Statutes, I have directed that this report be prepared to present the results of our review.

  
David W. Martin, CPA  
Auditor General

**MANAGEMENT’S RESPONSE**

A written response from the Director of the Agency for Persons with Disabilities is included as **EXHIBIT A**.

EXHIBIT A  
MANAGEMENT'S RESPONSE



agency for persons with disabilities  
*State of Florida*

Rick Scott  
Governor



Barbara Palmer  
Director

December 1, 2014



State Office



4030 Esplanade Way  
Suite 380  
Tallahassee  
Florida  
32399-0950

David W. Martin, CPA  
Auditor General  
State of Florida  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450



(850) 488-4257

Fax:

(850) 922-6456



Toll Free:

(866) APD-CARES

(866-273-2273)

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the Agency is submitting its response to the preliminary and tentative audit finding and recommendation related to the Auditor General's *Quality Assessment Review of the Agency for Persons with Disabilities, Office of Inspector General's Internal Audit Activity*.

We appreciate the opportunity to respond to the finding outlined in your report. We are always interested in improving our processes and will continue to implement improvements, as appropriate. If you have any questions or need additional information, please contact Carol Sullivan, Inspector General at (850) 414-7008.

Sincerely,

Barbara Palmer  
Director

BP/cs  
Enclosure

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

**Finding No. 1: Compliance with Statutory Requirements**

**Finding:** Although the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, which govern the internal audit activities of the offices of inspectors general, the Inspector General could enhance compliance by addressing matters related to the inclusion of required information in the long-term and annual audit plans and tracking hours spent by staff on various Office activities.

**Recommendation:** We recommend that the Inspector General specify in the Office's Annual Risk Assessment and Work Plan the resources to be devoted to planned projects. Also, to better demonstrate that an appropriate balance of work activities is maintained and to facilitate the allocation of resources to planned projects, we recommend that the Inspector General develop a mechanism to track time spent on the Office's various activities.

**Agency Response:** Sections 20.055(2)(i) and 20.055 (5)(i), Florida Statutes, states the office is to "ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities" and, "The inspector general shall develop long-term and annual audit plans based on the findings of periodic risk assessments. The plan, where appropriate, should include postaudit samplings of payments and accounts. The plan shall show the individual audits to be conducted during each year and related resources to be devoted to the respective audits," respectively.

While assigning and tracking of hours may be one way to assign resources and show the balance of activities performed, it is not specifically required in the statutes as the only way to demonstrate such compliance. We believe our annual work plan shows the planned projects and states that the auditor(s) in the organizational chart and staffing section will be conducting the audits (i.e., these are the related resources to be devoted to the respective audits) and our Office assignment log identifies who is assigned to each specific activity.

Our Inspector General monitors the status of staff assignments and office activities on a daily basis and uses the assignment log to show the balance of activities performed by the number of and types of activities assigned and completed annually (i.e., this is used to demonstrate that

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

an appropriate balance is maintained between audit, investigative, and other accountability activities).

However, our Agency is always seeking to improve our processes and we will consider the Auditor General's recommendation of adding supplementary information to our annual work plan, as appropriate.