

**DEPARTMENT OF
CHILDREN AND FAMILIES**

Office of Inspector General's
Internal Audit Activity

For the Review Period
July 2018 Through June 2019



Sherrill F. Norman, CPA
Auditor General

Inspector General of the Department of Children and Families

The Secretary of the Department of Children and Families appointed the Inspector General in November 2013. The Chief Inspector General of the Executive Office of the Governor reappointed the Inspector General in July 2014. Keith R. Parks served as the Inspector General during the review period.

The review team leader was Barbara St. George, CPA, and the review was supervised by Melisa Hevey, CPA.

Please address inquiries regarding this report to Matthew Tracy, CPA, Deputy Auditor General, by e-mail at matthewtracy@aud.state.fl.us or by telephone at (850) 412-2922.

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DEPARTMENT OF CHILDREN AND FAMILIES

Office of Inspector General's Internal Audit Activity

SUMMARY

In our opinion, the quality assurance and improvement program related to the Department of Children and Families, Office of Inspector General's internal audit activity was adequately designed and complied with during the review period July 2018 through June 2019 to provide reasonable assurance of conformance with applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

While not material to overall conformance to professional auditing standards, the internal audit activity can better demonstrate compliance with professional auditing standards by conducting periodic internal assessments to evaluate conformance with the Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing (IIA Standards)*.

BACKGROUND

Section 20.055(2), Florida Statutes, established in each State agency, as defined by Section 20.055(1)(d), Florida Statutes, the Office of Inspector General (Office). The Secretary assigned 66 positions to the Office of Inspector General and the Inspector General dedicated 6 positions (including the Director of Auditing) to the internal audit activity. As authorized by statute, the Inspector General delegated internal audit responsibilities to the Director of Auditing. The 6 audit positions performed internal audit activities and other activities such as consulting, performance measure, and other accountability and oversight activities.

Section 20.055(6)(a), Florida Statutes, requires that internal audits be conducted in accordance with current *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 11 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 and improvement program for the Office of Inspector General's internal audit activity in effect for the period July 2018 through June 2019. We also reviewed compliance with specific provisions of Section 20.055,

Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

A quality assurance and improvement 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 and the Code of Ethics issued by the Institute of Internal Auditors. The design of the quality assurance and improvement 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 and improvement program and performed such tests and other procedures as we considered necessary. Because of inherent limitations in any quality assurance and improvement program, departures from the program may occur and not be detected. Also, projection of any evaluation of the quality assurance and improvement 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 and improvement 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 and the Code of Ethics issued by the Institute of Internal Auditors. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

As discussed in Finding 1, while not material to overall conformance to professional auditing standards, the internal audit activity can better demonstrate compliance with professional auditing standards by conducting periodic internal assessments to evaluate conformance with the Code of Ethics and the *IIA Standards*.

FINDING AND RECOMMENDATION

Finding 1: Periodic Internal Assessments

As noted in the **BACKGROUND** section of this report, the Office of Inspector General's (Office) internal audit activity elected to follow *IIA Standards*. The *IIA Standards* provide a framework for performing and promoting internal auditing. The *IIA Standards* are mandatory requirements that include statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of its performance. Additionally, The Institute of Internal Auditors' *Quality Assessment Manual for the Internal Audit Activity (Quality Assessment Manual)*, among other things, serves as a guide for gathering evidence and performing an internal assessment.

Sections 1310 and 1311 of the *IIA Standards* specify that the internal audit activity's quality assurance and improvement program must include both internal and external assessments and that internal assessments must include periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices. The periodic internal assessments are

to evaluate conformance with the Code of Ethics and the *IIA Standards*. Chapter 2 of the *Quality Assessment Manual* provides specific direction regarding maintaining an effective quality assurance and improvement program, including that successful internal audit practice is for periodic self-assessments to be performed at least annually. However, we noted that, during the review period July 2018 through June 2019, the Office had neither conducted a periodic internal self-assessment nor obtained an assessment by other qualified persons within the organization. The Office last completed a periodic internal assessment in September 2016. According to Office management, periodic internal assessments had not been conducted due to the Office's workload.

Conducting periodic internal assessments would provide greater assurance that the internal audit activity is in conformance with the Code of Ethics and the *IIA Standards*.

Recommendation: We recommend that the Inspector General ensure that periodic internal assessments are conducted in accordance with the *IIA Standards*.

OBJECTIVES, SCOPE, AND METHODOLOGY

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, work products, and other selected programs, activities, and functions conform to applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors; determine compliance with those provisions of Section 20.055, Florida Statutes, that relate to the operation of 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 Department management.

Our review included an evaluation of 3 of the 11 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*.

As part of our review, we prepared and submitted for management response the finding and recommendation that are included in the report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45(2)(i), Florida Statutes, requires that the Auditor General, once every 3 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



**State of Florida
Department of Children and Families**

Ron DeSantis
Governor

Chad Poppell
Secretary

December 23, 2019

Sherrill F. Norman, Auditor General
Auditor General, State of Florida
Claude Denson Pepper Building
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Tallahassee, FL 32399-1450

RE: QUALITY ASSESSMENT REVIEW PRELIMINARY AND TENTATIVE FINDING

Dear Ms. Norman:

This letter is to provide the department's response to the preliminary and tentative finding regarding the Quality Assessment Review of the Department of Children and Families Office of Inspector General Internal Audit Activity for the period July 2018 through June 2019.

Finding No. 1: Periodic Internal Assessments

Recommendation: We recommend that the Inspector General ensure that periodic internal assessments are conducted in accordance with IIA Standards.

Department Response: The Office of Inspector General concurs with the finding and recommendation. In addition to completing an internal assessment for the period July 2018 through June 2019, the Internal Audit Section will develop policies and procedures to conduct annual internal assessments in accordance with IIA Standards.

Should you have any further questions, please contact Inspector General Keith Parks at 850-488-1225.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Poppell".

Chad Poppell
Secretary

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Work in Partnership with Local Communities to Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency