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**STATE OF FLORIDA  
AUDITOR GENERAL**

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**QUALITY CONTROL REVIEW OF THE OFFICE  
OF CHIEF INSPECTOR GENERAL/INTERNAL  
AUDIT FUNCTION OF THE FLORIDA  
DEPARTMENT OF EDUCATION, DIVISION OF  
UNIVERSITIES, BOARD OF REGENTS**

**FOR THE PERIOD JANUARY 1, 1998,  
THROUGH DECEMBER 31, 1998**



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**STATE OF FLORIDA  
AUDITOR GENERAL  
POST OFFICE BOX 1735  
TALLAHASSEE, FLORIDA 32302-1735**

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**REPORT NUMBER: 13494**

**JUNE 16, 1999**

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

Pursuant to the provisions of Sections 11.45 and 20.055, Florida Statutes, and as part of the Legislature's oversight responsibility for operation of State agencies, I have directed the performance of a **QUALITY CONTROL REVIEW OF THE OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS, FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998**. This report presents the results of our review.

Respectfully submitted,



Charles L. Lester, CPA  
Auditor General

Review Coordinator:  
Martha B. Parker

Review Team Leader:  
N. Scott Kent

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS,  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**CONTENTS**

[Executive Summary](#)

---

[Background](#)

---

[Findings and Recommendations](#)

---

[Compliance With Professional Auditing Standards](#)

---

[Compliance With Specific Provisions of  
Section 20.055, Florida Statutes](#)

---

[Prior Review Findings](#)

---

[Statement from Agency Official](#)

---

[Authority](#)

---

[Exhibits](#)

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**AG**

QUALITY CONTROL REVIEW OF THE OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS, FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

This brief summary presents, in a condensed manner, the findings and recommendations detailed in this report on the Quality Control Review of the Office of Chief Inspector General/Internal Audit Function of the Florida Department of Education, Division of Universities, Board of Regents, for the period January 1, 1998, through December 31, 1998. The entire report, including the Exhibits, should be read for a comprehensive understanding of the background; scope, objectives, and methodology; and findings and recommendations related to this report. The scope, objectives, and methodology are included in this report as Exhibit A.

In our opinion, the system of quality control related to the Office of Chief Inspector General and the internal audit function of the Florida Department of Education, Division of Universities, Board of Regents, was generally adequate to reasonably ensure compliance with professional auditing standards, applicable Office of Inspector General policies and procedures, and specific provisions of Section 20.055, Florida Statutes, for the period January 1, 1998, through December 31, 1998.

Matters not material to overall compliance with professional auditing standards and specific provisions of Section 20.055, Florida Statutes, are discussed below:

- *Our review of the supporting working papers related to two internal audit reports issued during our review period by the University of North Florida, Office of Inspector General, disclosed that, contrary to requirements of the Standards for the Professional Practice of Internal Auditing, supervisory review of the internal audit reports and working papers was not documented. (See paragraphs 14 through 19.)*
- *Although the electronic data processing systems utilized by Florida's State Universities provide data that is relied on by management for decision making, control, and compliance with external requirements, the internal audit positions established in the University Offices of Inspectors General generally do not require electronic data processing experience and the internal audit staff in the University Offices of Inspectors General generally do not have training and experience in electronic data processing. Standards for the Professional Practice of Internal Auditing call for internal auditors to examine information systems to ascertain their accuracy, reliability, timeliness, usefulness, etc. Training and experience in electronic data processing would serve internal auditors well in meeting those professional requirements. (See paragraphs 20 through 23.)*

**AG****QUALITY CONTROL REVIEW OF THE OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS, FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998**

- *Contrary to Section 20.055(5)(b), Florida Statutes, and related policies and procedures established by the State University System (SUS) Office of Inspector General Operations Manual to protect information that has been made exempt from public inspection, some audit working papers reviewed included personally identifiable records of university students (social security numbers) that were not clearly identified to allow removal of such information prior to public inspection of the working papers. Section 228.093(3)(d), Florida Statutes, mandates that personally identifiable records or reports of a student, and any personal information contained therein, are confidential and exempt from the provisions of Florida's public records law, Section 119.07(1), Florida Statutes. (See paragraphs 25 through 29.)*
- *Contrary to Section 20.055(5)(d), Florida Statutes, and contrary to related policies and procedures established by the SUS Office of Inspector General Operations Manual, internal audit working papers supporting several of 18 audits selected for review did not contain documentation sufficient to determine compliance with the requirement that auditees respond to preliminary internal audit findings within 20 working days after the receipt of the tentative findings. (See paragraphs 30 through 34.)*

The Chancellor's written response to the findings and recommendations included in this report is shown as Exhibit F.

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**QUALITY CONTROL REVIEW  
OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION  
OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES,  
BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998**

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Paragraph  
Number

**BACKGROUND**

- (1) Section 20.055, Florida Statutes, requires that each State agency as defined in Section 20.055(1)(a), Florida Statutes, establish an office of inspector general. Sections 20.055(3)(a) and (3)(b), Florida Statutes, require that the inspector general be appointed by, report to, and be under the general supervision of the agency head.
- (2) Pursuant to Section 20.055(4), Florida Statutes, to ensure that State agency audits are performed in accordance with applicable auditing standards, the inspector general, or the director of auditing within the inspector general's office, must satisfy certain education and experience requirements. Section 20.055(5), Florida Statutes, requires that the performance of internal audits be under the direction of the inspector general, except that if the inspector general does not possess the qualifications specified in Section 20.055(4), Florida Statutes, the performance of internal audits shall be under the direction of the director of auditing. Section 20.055(5), Florida Statutes, further requires such audits to be conducted in accordance with the current *Standards for the Professional Practice of Internal Auditing* and subsequent Internal Auditing Standards or Statements on Internal Auditing Standards published by The Institute of Internal Auditors, Inc., or, where appropriate, in accordance with generally accepted government auditing standards.
- (3) Section 20.055(5)(f), Florida Statutes, requires the Auditor General to review a sample of each agency's internal audit reports at least once every three years to evaluate the extent of compliance by the office of inspector general with the

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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current *Standards for the Professional Practice of Internal Auditing* or, if appropriate, generally accepted government auditing standards. The *Standards for the Professional Practice of Internal Auditing* consist of five general standards common in purpose and scope to standards promulgated by the United States Comptroller General as generally accepted government auditing standards. For purposes of our review, we were guided by the following categorization of standards established by The Institute of Internal Auditors, Inc., in its *Standards for the Professional Practice of Internal Auditing*:

- Independence – Internal auditors should be independent of the activities they audit.
- Professional Proficiency – Internal audits should be performed with proficiency and due professional care.
- Scope of Work – The scope of internal auditing should 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.
- Performance of Audit Work – Audit work should include planning the audit, examining and evaluating information, communicating results, and following up.
- Management of the Internal Auditing Department – The director of internal auditing should properly manage the internal auditing department.

- (4) During the review period, pursuant to Section 240.2011, Florida Statutes, the State University System (SUS) of the State of Florida consisted of the Board of Regents (Board) of the Division of Universities of the Florida Department of Education and ten State Universities. The Board, subject to the general supervision of the State Board of Education, is



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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

---

the policy-making body of the SUS. Section 240.209, Florida Statutes, provides that the Board is primarily responsible for adopting systemwide rules and policies; planning for the future needs of the SUS; planning the programmatic, financial, and physical development of the SUS; reviewing and evaluating the various programs at the universities; coordinating program development among the universities; and monitoring the fiscal performance of the universities.

- (5) Members of the Board of Regents serving during the review period were as follows:

Frank T. Brogan, Commissioner of Education  
Dennis M. Ross, Chairman from 9-11-98,  
Vice-Chairman to 9-11-98

Gwendolyn F. McLin, Vice-Chair from 9-11-98

Audrea I. Anderson

Julian Bennett, Jr.

Paul L. Cejas to 7-14-98

Charlton B. Daniel, Jr.

James R. Harding to 9-1-98 (1)

James F. Heekin

Adolfo Henriques from 7-14-98

Philip D. Lewis

Elizabeth G. Lindsay

Jon C. Moyle

Michelle C. Oyola from 9-1-98 (1)

Steven J. Uhlfelder, Chairman to 9-11-98

Welcom H. Watson

Note: (1) A full-time student voting member for one year in accordance with Section 240.207(1), Florida Statutes.

- (6) The Chancellor is responsible for administration of the SUS under policies prescribed by the Board. During the review period, Dr. Adam W. Herbert served as Chancellor of the SUS and Chief Administrative Officer of the Board from January 20, 1998. Dr. Charles B. Reed served as Chancellor to February 27, 1998. The Chancellor delegated various responsibilities for the internal audit function to the

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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Board's Office of Chief Inspector General and the employee designated as the Chief Inspector General.

- (7) Board of Regents Rule 6C-1.014, Florida Administrative Code, provides that the Chief Inspector General of the SUS and the Inspector General at each university shall be responsible for implementing the requirements of Section 20.055, Florida Statutes. The Rule further provides that the primary duties of the Chief Inspector General at the Board's Central Office shall include: establishing policy and direction for the SUS Inspector General function; developing, publishing, and maintaining a SUS Operations Manual for the Offices of Inspectors General of the State Universities; and monitoring the implementation of each university's Office of Inspector General annual work plan and reporting to the Chancellor and the Board on the results of those plans.
- (8) The Chief Inspector General is organizationally established under the Chancellor while the Inspectors General at the State universities are organizationally established under the university presidents. As indicated in paragraph 7, above, the Board's Chief Inspector General does not have direct authority over the university inspectors general. This is also illustrated in the organizational chart included in this report as Exhibit B.
- (9) Within the Board's Office of Chief Inspector General, David P. Coury served as Chief Inspector General during the review period. As of December 31, 1998, there were 4 professional positions (including the Chief Inspector General position) assigned and filled in the Board's Office of Chief Inspector General. Fifty-five professional positions were assigned to the SUS Offices of Inspectors General as of December 31, 1998, of which 51 were filled. See Exhibit C of this report for a schedule of assigned and filled positions by location.
- (10) Section 20.055(2)(i), Florida Statutes, effective October 1, 1994, provides that it shall be the duty and responsibility of each inspector general to ensure that an appropriate balance is maintained in the office of inspector general

between audit, investigative, and other accountability activities. Upon our request, the Chief Inspector General provided a schedule estimating the percentage of work effort devoted to the activities performed during the review period by the Board's Office of Chief Inspector General and the individual SUS Offices of Inspectors General. This information is presented as Exhibit D of this report.

## FINDINGS AND RECOMMENDATIONS

<b>Compliance With Professional Auditing Standards</b>
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- (11) Section 20.055, Florida Statutes, requires adherence to the current *Standards for the Professional Practice of Internal Auditing* or, where appropriate, generally accepted government auditing standards. Accordingly, management is responsible for establishing and maintaining a system of quality control which provides management with reasonable, but not absolute, assurance that audits will be conducted in accordance with professional auditing standards. The design of such a system should include consideration of the Office of Inspector General's and the internal audit function's objectives, policies and procedures, and organization and an assessment of the expected benefits and related costs of quality control policies and procedures.
- (12) Because of inherent limitations in any system of quality control, instances of procedural noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.
- (13) In our opinion, except as noted in the following paragraphs, the system of quality control established by the Board

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

---

relating to the Board's Office of Chief Inspector General and the Offices of Inspectors General/internal audit function of the State University System was generally adequate to reasonably ensure compliance with professional auditing standards and with applicable SUS Office of Inspector General policies and procedures as of December 31, 1998.

(14) Our review of the supporting working papers related to two internal audit reports issued during our review period by the University of North Florida, Office of Inspector General, disclosed that, contrary to requirements of the *Standards for the Professional Practice of Internal Auditing*, supervisory review of the internal audit reports and working papers was not documented.

(15) Standard 230 of the *Standards for the Professional Practice of Internal Auditing (Standards)* requires that internal audits be properly supervised. Guidelines to this *Standard* indicate that appropriate supervision begins with planning and continues throughout the examination, evaluation, report, and follow-up phases of the audit assignment. According to the *Standard's* Guidelines, supervision includes determining that audit working papers adequately support the audit findings, conclusions, and reports. Further, the Guidelines state that appropriate evidence of supervision should be documented and retained.

(16) In our review of 18 internal audits completed by the Board of Regents' Office of Chief Inspector General and the Offices of Inspectors General/internal audit functions of the State University System (SUS) during the review period, we found that the 2 internal audits selected for review at the University of North Florida contained no documentation evidencing that the related working papers had been subjected to a supervisory review. The SUS Office of Inspector General Operations Manual provides explicit guidance regarding the necessity for and techniques appropriate to documenting the review of supporting working papers and related audit reports along with the inherent purpose and benefits achieved by such review.

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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- (17) Appropriate supervisory review and guidance applied in these two instances may have remedied some inadequacies within these working papers that were noted in our review. Some of the inadequacies noted in these working papers included incomplete audit programs, missing working papers, and inadequately identified nonpublic student records included in working papers (further discussed in paragraphs 25 through 29.)
- (18) Upon inquiry, the Chief Inspector General indicated that the lack of compliance with the *Standards* and the Operations Manual in this regard by the Office of Inspector General/internal audit function at the University of North Florida had recently been discovered and was being addressed.
- (19) To clearly evidence supervisory consideration of the extent to which working papers adequately support internal audit report findings and the extent to which necessary audit procedures have been performed, we recommend that documentation be maintained to clearly substantiate the timely supervisory review of internal audit working papers.
- (20) Although the electronic data processing systems utilized by Florida's State Universities provide data that is relied on by management for decision making, control, and compliance with external requirements, the internal audit positions established in the University Offices of Inspectors General generally do not require electronic data processing experience and the internal audit staff in the University Offices of Inspectors General generally do not have training and experience in electronic data processing. *Standards for the Professional Practice of Internal Auditing* call for internal auditors to examine information systems to ascertain their accuracy, reliability, timeliness, usefulness, etc. Training and experience in electronic data processing would serve internal auditors well in meeting those professional requirements.
- (21) Standard 310, Reliability and Integrity of Information, of the *Standards for the Professional Practice of Internal Auditing*

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

---

(*Standards*), published by The Institute of Internal Auditors, Inc., states that internal auditors should review the reliability of financial and operating information and the means used to identify, measure, classify, and report such information. The Guidelines to this *Standard* additionally indicate that information systems provide data for decision making, control, and compliance with external requirements and, therefore, internal auditors should examine information systems and, as appropriate, ascertain whether: (1) financial and operating records and reports contain accurate, reliable, timely, complete, and useful information and (2) controls over record keeping and reporting are adequate and effective. Section 20.055(8), Florida Statutes, further emphasizes the need for the review of information systems and states that each inspector general shall, to the extent both necessary and practicable, include on the Office of Inspector General staff, individuals with electronic data processing experience.

- (22) In the course of this Quality Control Review, we reviewed the class specifications for the internal audit staff positions established in the State University System's Offices of Inspectors General and the educational background and experience of internal audit staff filling those established positions. In our review, we determined that the internal audit staff positions established in the University Offices of Inspectors General generally do not require electronic data processing experience and that the internal audit staff in the University Offices of Inspectors General generally do not have backgrounds in electronic data processing.
- (23) To assist in the audit of the State University System's electronic data processing systems and to promote the reliability and integrity of information recorded in those systems, we recommend that consideration be given to establishing internal audit positions within the State University System that require electronic data processing experience.

**Compliance With Specific Provisions of  
Section 20.055, Florida Statutes**

(24) We have reviewed the Florida Department of Education, Division of Universities, Board of Regents' compliance with specific provisions of Section 20.055, Florida Statutes, governing the operation of the Office of Chief Inspector General and the State University System (SUS) Offices of Inspectors General/internal audit functions. As part of our review, we performed such tests and other review procedures as we considered necessary. Except as noted in the following paragraphs, our review indicated that for the period January 1, 1998, through December 31, 1998, the Board had generally complied with those provisions of Section 20.055, Florida Statutes, which relate to the operation of State agencies' offices of inspectors general and internal audit functions.

(25) Contrary to Section 20.055(5)(b), Florida Statutes, and related policies and procedures established by the SUS Office of Inspector General Operations Manual to protect information that has been made exempt from public inspection, some audit working papers reviewed included personally identifiable records of university students (social security numbers) that were not clearly identified to allow removal of such information prior to public inspection of the working papers. Section 228.093(3)(d), Florida Statutes, mandates that personally identifiable records or reports of a student, and any personal information contained therein, are confidential and exempt from the provisions of Florida's public records law, Section 119.07(1), Florida Statutes.

(26) Section 20.055(5)(b), Florida Statutes, requires that audit working papers and reports of offices of inspectors general shall be public records to the extent that they do not include information which has been made confidential and exempt from the provisions of Section 119.07(1), Florida Statutes.

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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Section 228.093(3)(d), Florida Statutes, exempts from the provisions of Section 119.07(1), Florida Statutes, personally identifiable records or reports of a student, and any personal information contained there.

- (27) The SUS has established policies and procedures in Section IV-E of its Office of Inspector General Operating Manual consistent with the requirements of Sections 20.055(5)(b), 119.07, and 228.093(3)(d), Florida Statutes, to protect information that has been made exempt from public inspection. These procedures require that confidential (nonpublic) working papers shall be clearly labeled and working paper volumes containing confidential information shall be clearly marked on the cover with a directory of confidential working papers placed following the working paper index or as the first document in the volume.
- (28) Our review of the supporting working papers related to 4 of the 18 audits selected for review disclosed that the working papers included personally identifiable records of university students (social security numbers) that were not clearly marked as confidential. Additionally, working paper volumes containing confidential information were not clearly marked on the cover and no directory of confidential working papers was included in the working papers to assist in the removal of the confidential information prior to public inspection.
- (29) To ensure the right of privacy accorded to students in the SUS through Section 228.093(3)(d), Florida Statutes, we recommend that the Board strengthen its quality control efforts concerning compliance with Sections 20.055(5)(b), 119.07, and 228.093(3)(d), Florida Statutes, and the related policies and procedures established in the SUS Office of Inspector General Operations Manual as described above in paragraph 27



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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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- (30) Contrary to Section 20.055(5)(d), Florida Statutes, and contrary to related policies and procedures established by the SUS Office of Inspector General Operations Manual, internal audit working papers supporting several of 18 audits selected for review did not contain documentation sufficient to determine compliance with the requirement that auditees respond to preliminary internal audit findings within 20 working days after the receipt of the tentative findings.
- (31) Section 20.055(5)(d), Florida Statutes, requires that, at the conclusion of each audit, the inspector general shall submit preliminary findings and recommendations to the person responsible for supervision of the program function or operational unit audited (auditee) by the internal audit staff. Pursuant to the Statute, the auditee is to respond to any adverse findings within 20 working days after receipt of the tentative findings.
- (32) In several of the 18 audits selected for our review, documentation was not available for review to allow a determination of compliance with Section 20.055(5)(d), Florida Statutes. Documentation of dates that preliminary findings and recommendations were delivered to the auditees and dates that the auditees responded to the adverse findings would have been sufficient to document compliance with this requirement of the Florida Statutes.
- (33) Upon inquiry, the Chief Inspector General indicated that a modified methodology is being used by some of the universities. The auditee, under this new methodology, is apprised of adverse findings as the audit evolves and is invited to participate in structuring responses and agreed upon remedial actions. This methodology does not always include a summation phase where the tentative findings are formally transmitted to the auditee and the auditee is required to respond to the findings and recommendations within 20 working-days thereafter. Detailed instructions, including documentation requirements concerning compliance with Section 20.055(5)(d), Florida Statutes, have

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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been included in the SUS Office of Inspector General Operations Manual.

- (34) In an effort to most efficiently and effectively complete the internal audit process, we recommend that the Board strengthen its quality control efforts concerning compliance with established policies and procedures which include detailed instructions concerning compliance with Section 20.055(5)(d), Florida Statutes, under the new methodology.

**PRIOR REVIEW  
FINDINGS**

- (35) The Board has corrected the deficiencies noted in report No. 12778, dated June 28, 1996.

**STATEMENT  
FROM  
AGENCY  
OFFICIAL**

- (36) In accordance with the provisions of Section 11.45(7)(d), Florida Statutes, a list of review findings was submitted to the Chancellor of the Florida Department of Education, Division of Universities, Board of Regents. The Chancellor's written response to the findings and recommendations included in this report is shown as Exhibit F.

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**AUTHORITY**

- (37) Pursuant to the provisions of Sections 11.45 and 20.055, Florida Statutes, and as part of the Legislature's oversight responsibility for operation of State agencies, this report, including all Exhibits thereto, presents the results of the **QUALITY CONTROL REVIEW OF THE OFFICE OF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS, FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998.**

Respectfully submitted,



Charles L. Lester, CPA  
Auditor General

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**EXHIBITS**

**Exhibit A** Scope, Objectives, and Methodology

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**Exhibit B** Organizational Chart

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**Exhibit C** Summary of Professional Positions Assigned and Filled

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**Exhibit D** Summary of Percentage of Work Effort

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**Exhibit E** Summary of Audits and Investigations

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**Exhibit F** Statement from Agency Official

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**EXHIBIT A**  
**Scope, Objectives, and Methodology**

Pursuant to Section 20.055(5), Florida Statutes, the inspector general is responsible for conducting financial, compliance, electronic data processing, and performance audits of the agency and preparing reports of the findings. During the review period, the Florida Board of Regents' (Board) Office of Chief Inspector General and ten State universities' Offices of Inspectors General completed various projects as directed by the Board, the Chancellor, and/or the university Presidents and determined by the Chief Inspector General and/or Inspectors General. The reports on these projects, as summarized in Exhibit E, include 41 audit reports identified as subject to review by the Auditor General in accordance with Section 20.055(5)(f), Florida Statutes. Our review included an evaluation of 18 of these audit reports and the related working papers for compliance with applicable professional auditing standards.

The objectives of our review were: (1) to study and evaluate the policies, procedures, and practices of the Office of Inspector General, including the internal audit function, to determine the extent to which management's system of quality control provides reasonable assurance that established policies and procedures and applicable auditing standards are being followed; (2) to determine the extent of compliance with specific provisions of Section 20.055, Florida Statutes, governing State agencies' offices of inspectors general

and the internal audit functions; and (3) to provide recommendations for improving the Board's Office of Inspector General and the internal audit function.

The selection of reports for review was guided by the policies and procedures for performing quality control reviews approved by The Institute of Internal Auditors, other authoritative organizations, and the Auditor General. Audit reports selected for review were selected from a listing provided by the Chief Inspector General which represents all audit reports issued during our review period.

Section 20.055(5)(a), Florida Statutes, requires that all audit reports issued by the internal audit staff include a statement that the audit was conducted in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by The Institute of Internal Auditors, Inc., or generally accepted government auditing standards, as appropriate. Our review was limited to audits which referenced applicable standards and which are required to be reviewed by law or professional auditing standards. We selected a representative sample of audits in a manner that enabled us to examine the quality of work employed during the period under review. A table summarizing the audit and investigative reports issued by the Office of Chief Inspector General and the individual university Offices of Inspectors General

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**EXHIBIT A (Continued)**  
**Scope, Objectives, and Methodology**

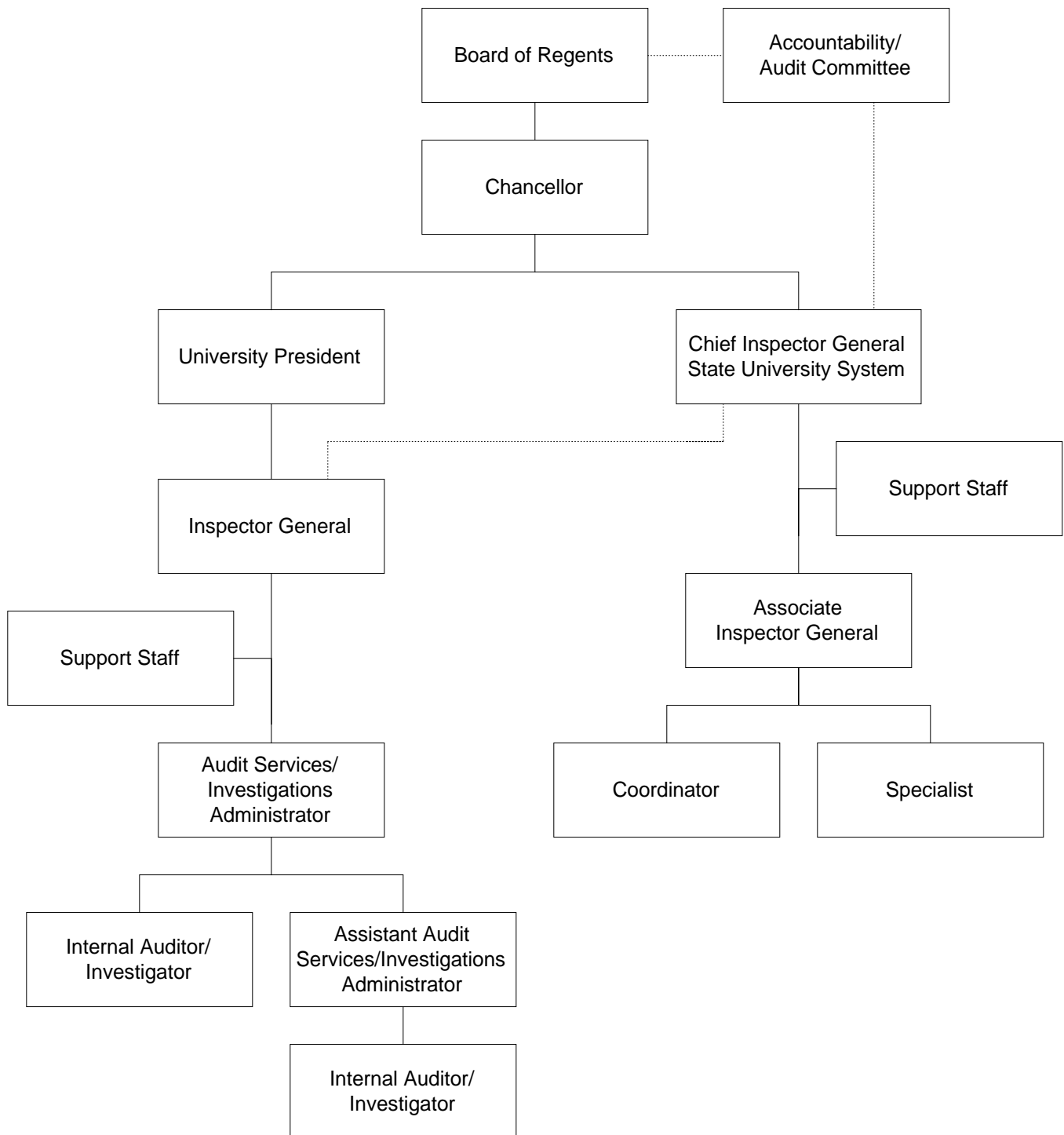
during our review period and the percentage of reports included in our review is included in this report as Exhibit E.

Our review of the Office of Chief Inspector General and the internal audit function was based primarily on the methodology presented in The Institute of Internal Auditors' *Quality Assurance Review Manual for Internal Auditing*. Our review included the evaluation of Office of Chief Inspector General policies and procedures in effect for

internal audit work completed during the period January 1, 1998, through December 31, 1998; surveys of managerial staff whose respective operations had been audited by the universities' internal audit organizations; review of a questionnaire completed by the Chief Inspector General; a survey of internal audit staff; a review of a sample of internal audit reports and related working papers; and such other review procedures as we considered necessary in the circumstances.

**QUALITY CONTROL REVIEW OF THE  
 OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
 FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
 FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998**

**EXHIBIT B  
 Organizational Chart  
 As of December 31, 1998**



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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**EXHIBIT C**  
**Summary of Professional Positions Assigned and Filled**  
**Offices of Inspectors General**  
**As of December 31, 1998**

	<u>Assigned</u>	<u>Filled</u>
<b>BOR</b> - Board of Regents	4	4
<b>FAMU</b> - Florida Agricultural and Mechanical University	4	4
<b>FAU</b> - Florida Atlantic University	4	4
<b>FGCU</b> - Florida Gulf Coast University	1	1
<b>FIU</b> - Florida International University	5	4
<b>FSU</b> - Florida State University	9	8
<b>UCF</b> - University of Central Florida	6	6
<b>UF</b> - University of Florida	9	9
<b>UNF</b> - University of North Florida	3	2
<b>USF</b> - University of South Florida	7	6
<b>UWF</b> - University of West Florida	<u>3</u>	<u>3</u>
Total Professional Positions at 12/31/98	<u>55</u>	<u>51</u>



**QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998**

**EXHIBIT D  
Summary of Percentage of Work Effort  
Offices of Inspectors General  
For the Period January 1, 1998, Through December 31, 1998**

	<b>B O R</b>	<b>F A M U</b>	<b>F A U</b>	<b>F G C U</b>	<b>F I U</b>	<b>F S U</b>	<b>U C F</b>	<b>U F</b>	<b>U N F</b>	<b>U S F</b>	<b>U W F</b>
Audits of Internal Agency Administration	5	30	50	55	42	30	64	50	54	42	23
Investigative Activities	4	38	1	16	12	35	9	17	4	20	12
Activities Related to Performance Measures, Standards, and Procedures for The Evaluation of State Agency Programs	15	6	10	5	7	5	4	4	7	5	6
Other:											
SUS IG Administration	31										
SUS IG Seminar	10										
SUS Audit Programs	10										
Reviews of DSOs	5										
Audit Follow-up	15	10	15		16		7		6	8	
Control Self-Assessment Program						15					
Management Advisory Services		16	24	20	23	8	16	29	29	17	59
Sexual Harassment Program						7					
Tax Services										8	
Miscellaneous	5			4							
Percentage Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

SUS State University System  
IG Inspector General  
DSOs Direct Support Organizations

Note: State University Acronyms are defined on Exhibit C.

**QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998**

**EXHIBIT E  
Summary of Audits and Investigations  
Offices of Inspectors General  
For the Period January 1, 1998, Through December 31, 1998**

	Audits					Investigations
	Number of Audit Reports Issued	Hours Applied to Audits	Audit Hours Reviewed	Percentage of Audit Effort Reviewed	Standards Referenced in Audit Reports Reviewed	Number of Investigations Completed (3)
(1)						
<b>BOR</b>	1	694	694	100	IIA (2)	6
<b>FAMU</b>	2	1,294	894	69	IIA (2)	5
<b>FAU</b>	3	2,315	1,611	70	IIA (2)	5
<b>FGCU</b>	1	596	596	100	IIA (2)	8
<b>FIU</b>	3	1,764	1,124	64	IIA (2)	9
<b>FSU</b>	3	2,038	1,241	61	IIA (2)	28
<b>UCF</b>	8	5,448	2,433	45	IIA (2)	11
<b>UF</b>	8	4,798	1,449	30	IIA (2)	37
<b>UNF</b>	3	2,190	2,056	94	IIA (2)	4
<b>USF</b>	7	4,241	1,885	44	IIA (2)	6
<b>UWF</b>	2	941	679	72	IIA (2)	7
<b>Total</b>	<u>41</u>	<u>26,319</u>	<u>14,662</u>	56		<u>126</u>

- Notes: (1) State University acronyms are defined on Exhibit C.  
(2) The Institute of Internal Auditors, Inc., *Standards for the Professional Practice of Internal Auditing*.  
(3) Reports on investigations are not subject to review by the Auditor General for compliance with Section 20.055, Florida Statutes.

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**EXHIBIT F**  
**Statement from Agency Official**  
**For the Period January 1, 1998, Through December 31, 1998**



**STATE UNIVERSITY SYSTEM OF FLORIDA**  
*325 West Gaines Street, Suite 1514*  
*Tallahassee, Florida 32399-1950*

**Adam W. Herbert**  
*Chancellor*

June 7, 1999

The Honorable Charles L. Lester  
Auditor General  
State of Florida  
Post Office Box 1735  
Tallahassee, Florida 32302

Dear Mr. Lester:

We have reviewed the preliminary and tentative findings and recommendations, resulting from the quality control review of the Inspector General function of the State University System, for the year ended December 31, 1998. Our responses to your recommendations are attached.

We appreciate your review, as it assists us in our continuing efforts to improve our Inspector General operations.

Sincerely,

A handwritten signature in cursive script that reads "Adam".

AWH/hdc

Attachment

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**EXHIBIT F (Continued)**  
**Statement from Agency Official**  
**For the Period January 1, 1998, Through December 31, 1998**

Report  
Paragraph  
No.

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**Compliance with Professional Auditing Standards**

(14-19)  
↓

**Recommendation:**

To clearly evidence supervisory consideration of the extent to which working papers adequately support internal audit report findings and the extent to which necessary audit procedures have been performed, we recommend that documentation be maintained to clearly substantiate the timely supervisory review of internal audit working papers.

**Response:**

As indicated in the preliminary and tentative findings, the SUS Office of Inspector General Operations Manual provides explicit guidance regarding the necessity for and techniques appropriate to documenting the review of supporting working papers and related audit reports. The Manual also identifies the inherent purpose and benefits achieved by such review. As reported, the Office of Inspector General at the University of North Florida did not comply with these provisions of the Manual. The University's Inspector General resigned in January 1999, and the Acting Inspector General has since implemented procedures to review audit working papers and the related audit reports prior to issuance of the reports.

Upon the President's appointment of a permanent Inspector General, the Board of Regent's Chief Inspector General will discuss with the new Inspector General the importance and necessity of thorough working paper and audit report reviews. In addition, after the appointment of the permanent Inspector General, the Chief Inspector General will follow-up to ensure these important procedures are being carried out.

**Responsible Auditee:** David P. Coury

**Expected Implementation Date:** December 31, 1999

(20-23)  
↓

**Recommendation:**

To assist in the audits of the State University System's electronic data processing systems and to promote the reliability and integrity of information recorded in those systems, we recommend that consideration be given to establishing internal audit positions within the State University System that require electronic data processing experience.

**Response:**

The State University System has recognized the need for internal auditors with electronic data processing training and experience. As such, we included 10 positions for EDP auditors in our Legislative Budget Request for 1999-2000; however, none were funded by the Legislature. It is our intention to do so again next year.

**Responsible Auditee:** David P. Coury

**Expected Implementation Date:** June 30, 2000

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QUALITY CONTROL REVIEW OF THE  
OFFICE OF CHIEF INSPECTOR GENERAL/INTERNAL AUDIT FUNCTION OF THE  
FLORIDA DEPARTMENT OF EDUCATION, DIVISION OF UNIVERSITIES, BOARD OF REGENTS  
FOR THE PERIOD JANUARY 1, 1998, THROUGH DECEMBER 31, 1998

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**EXHIBIT F (Continued)**  
**Statement from Agency Official**  
**For the Period January 1, 1998, Through December 31, 1998**

Report  
Paragraph  
No.

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**Compliance with Specific Provisions of Section 20.055, Florida Statutes**

(25-29)



**Recommendation:**

To ensure the right of privacy accorded to students in the SUS through Section 228.093(3)(d), Florida Statutes, we recommend that the Board strengthen its quality control efforts concerning compliance with Sections 20.055(5)(b), 119.07, and 228.093(3)(d), Florida Statutes, and the related policies and procedures established in the SUS Office of Inspector General Operations Manual.

**Response:**

As indicated in the preliminary and tentative findings, the SUS has established policies and detailed procedures in its Office of Inspector General Operations Manual that are consistent with the requirements of Section 20.055(5)(b), Florida Statutes. The Board's Chief Inspector General will remind all the Inspectors General, in writing, of the necessity for ensuring the confidentiality of qualifying information and complying with the Operations Manual.

**Responsible Auditee:** David P. Coury

**Expected Implementation Date:** August 15, 1999

(30-34)



**Recommendation:**

In an effort to most efficiently and effectively complete the internal audit process, we recommend that the Board strengthen its quality control efforts concerning compliance with established policies and procedures, which include detailed instructions concerning compliance with Section 20.055(5)(d), Florida Statutes, under the new methodology.

**Response:**

As indicated in the preliminary and tentative findings, the SUS has established policies and procedures in its Office of Inspector General Operations Manual consistent with the requirements of Section 20.055(5)(d), Florida Statutes. The Board's Chief Inspector General will work with the university Inspectors General to develop a standardized means of documenting compliance with Section 20.055(5)(d), Florida Statutes.

**Responsible Auditee:** David P. Coury

**Expected Implementation Date:** October 31, 1999