



# AUDITOR GENERAL

WILLIAM O. MONROE, CPA



## DEPARTMENT OF ELDER AFFAIRS

### OFFICE OF INSPECTOR GENERAL/INTERNAL AUDIT ACTIVITY

Quality Assessment Review

#### SUMMARY

In our opinion, the quality assurance program related to the Office of Inspector General and the internal audit activity, as designed and implemented during the review period July 2005 through June 2006, provided reasonable assurance of conformance to applicable professional auditing standards. 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 and internal audit activities.

While not material to overall conformance to professional auditing standards, the internal audit activity can improve its audit management and work processes by following established procedures to ensure that Inspector General reports describing Department corrective actions taken in response to Auditor General and Office of Program Policy Analysis and Government Accountability reports are properly submitted as required by law.

#### THE OFFICE OF INSPECTOR GENERAL

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. Section 11.45(2)(k), Florida Statutes, requires that the Auditor General, once every three years, evaluate the extent of 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*.

The Department's Office of Inspector General was assigned two professional positions. One position, excluding the Inspector General position, was dedicated to the internal audit activity. The Inspector General provided the following information regarding internal audit activities performed during the review period:

The Office of Inspector General	
Activity Performed	Percentage of Work Effort (1)
Auditing Activities	13
Other Accountability/Oversight Activities	87
	<u>100</u>

(1) Direct time charged to engagement activities.

The Inspector General identified one assurance engagement that had been completed within the Office of Inspector General's quality assurance program. Our review included an evaluation of the assurance engagement (one audit report) and the related working papers for compliance with applicable professional auditing standards. For the engagement completed during the review period, the internal audit activity had elected to follow the *International Standards for the Professional Practice of Internal Auditing*.

#### REPORT ON QUALITY ASSESSMENT REVIEW

Pursuant to Sections 11.45(2)(k) and 20.055, Florida Statutes, we have reviewed the quality assurance program for the Office of Inspector General/internal audit activity of the Department of Elder Affairs in effect for the period July 2005 through June 2006. We

also reviewed compliance with specific provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general and internal audit activities.

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

Our review was modeled primarily on the methodology presented in The Institute of Internal Auditors' *Quality Assessment Manual, Fourth Edition*. In conducting our review, we obtained an understanding of the quality assurance program and performed such tests and other review 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/internal audit activity of the Department of Elder Affairs, as designed and implemented during the review period, provided reasonable assurance of conformance to applicable professional auditing standards. 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 and internal audit activities.

While not material to overall conformance to professional auditing standards, the internal audit activity can improve its audit management and work processes and its compliance with Section 20.055, Florida Statutes, as described below.

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**Finding No. 1: Monitoring Progress**

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Section 20.055(5)(g), Florida Statutes, provides that the inspector general shall monitor the implementation of the State agency's response to any report on the State agency issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability (OPPAGA). No later than six months after the Auditor General or OPPAGA publishes a report on the State agency, the inspector general shall provide a written response to the agency head on the status of corrective actions taken. A copy of such response is to be filed with the Legislative Auditing Committee.

The Office of Inspector General maintains an activity tracking system for monitoring progress on audits and other activities. Our review of five external reports for which six-month responses were due during the review period disclosed that responses to two reports were not submitted. The six-month follow-up date was incorrectly listed in the activity tracking system for one Auditor General report and an OPPAGA report was not listed in the system. The responses were due April 2006 and February 2006, respectively.

In response to our inquiry, the Inspector General, on August 31, 2006, requested updates from management on the status of corrective actions associated with the two reports.

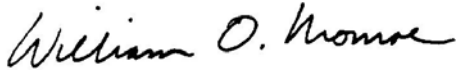
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**Recommendation:** We recommend that the Office of Inspector General follow established procedures to ensure that all six-month responses are properly submitted.

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**AUTHORITY**

Pursuant to the provisions of Sections 11.45 and 20.055, Florida Statutes, I have directed that this report be prepared to present the results of our review.



William O. Monroe, CPA  
Auditor General

**MANAGEMENT RESPONSE**

In a letter dated September 29, 2006, the Secretary of the Department concurred with our finding and recommendation. The letter is included in its entirety at the end of this report as Appendix A.

This quality assessment review was conducted in accordance with applicable ***Generally Accepted Government Auditing Standards***. This review was conducted by Linda E. Gardner, CPA, and supervised by Michael E. McCloskey, CPA. Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, via e-mail at [davidvick@aud.state.fl.us](mailto:davidvick@aud.state.fl.us) or by telephone at **(850) 487-9100**.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone (850 487 9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

APPENDIX A  
MANAGEMENT RESPONSE



September 29, 2006

Mr. William O. Monroe  
Florida Auditor General  
Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

RE: Preliminary and Tentative Audit Findings and Recommendations, Quality Assurance Review, Office of Inspector General/Internal Audit Activity, for the period of July 2005 through June 2006.

Dear Mr. Monroe:

CAROLE GREEN  
SECRETARY

We have reviewed the recommendation in your report of preliminary and tentative findings included with your letter dated September 25, 2006. In response, the Office of Inspector General has completed and submitted the two six-month follow-up reports noted in your report. In accordance with Section 20.055, Florida Statutes, copies of the follow-up reports were forwarded to the Joint Legislative Auditing Committee. In addition, the Office of Inspector General will follow all established follow-up procedures to ensure that all six-month responses are properly submitted in the future.

We appreciate the recommendation and constructive comments provided by your staff. If further information is needed, please contact Inspector General Stanley Behmke at 414-2013.

Sincerely,

Carole Green  
Secretary

CG/sw

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