



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



AGENCY FOR WORKFORCE INNOVATION

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 *Generally Accepted Government Auditing Standards*. However, the internal audit activity can improve its quality control system by ensuring that working papers document the timely completion of supervisory reviews.

THE OFFICE OF INSPECTOR GENERAL

The Agency for Workforce Innovation (Agency) was created as a separate budget entity within the Department of Management Services pursuant to Section 20.50, Florida Statutes. The Agency established an Office of Inspector General, and the Inspector General has delegated internal audit responsibilities to the Director of Auditing and four other positions. The Director of Auditing provided the following information regarding activities performed by these audit positions during the review period:

The Office of Inspector General Internal Audit

Activity Performed	Percentage of Work Effort (1)
Auditing Activities	96
Investigative Activities	2
Other Accountability/Oversight Activities	2
	<u>100</u>

(1) Direct time charged to engagement activities.

Three of the Office of Inspector General reports on projects completed during the review period were identified as subject to review in accordance with

professional auditing standards. Our review included an evaluation of one of these engagements and the related working papers for compliance with applicable professional auditing standards. For engagements completed during the review period, the internal audit activity had elected to follow *Generally Accepted Government Auditing Standards*.

REPORT ON QUALITY ASSESSMENT REVIEW

We have reviewed the quality assurance program for the Office of Inspector General/internal audit activity of the Agency in effect for the period July 2005 through June 2006.

A quality assurance program for the internal auditing activity encompasses, in part, the 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 *International Standards for the Professional Practice of Internal Auditing (IIA Standards)*, as promulgated by The Institute of Internal Auditors, and *Generally Accepted 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 Agency for Workforce Innovation, as designed and implemented during the review period, provided reasonable assurance of conformance to *Generally Accepted Government Auditing Standards*.

While not material to overall conformance to *Generally Accepted Government Auditing Standards*, the internal audit activity can improve its audit management and work processes, as described below.

Finding No. 1: Supervisory Review

Generally Accepted Government Auditing Standards require documentation supporting audit findings contain evidence that supervisory reviews were performed prior to the issuance of audit reports. To establish a basis for demonstrating compliance with the standards, Office of Inspector General policy requires the Director of Auditing or auditor-in-charge evidence supervisory review by initialing and dating each working paper supporting an audit finding prior to report issuance.

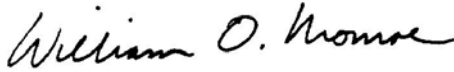
During our review of the engagement selected, and further review of the remaining two engagements completed during the review period, we noted that while timely supervisory review of the audit reports was performed, the working papers supporting audit report findings did not contain initials, dates, or other evidence of supervisory review prior to report issuance. Subsequent to report issuance, the Director of Auditing, hired in April 2006, did initial and date the supporting working papers for the three audit reports issued during the review period. The report issuance and related review dates are provided below:

Audit	Report Issuance Date	Dates of Working Paper Review
Audit of Cash Advance Process for Early Learning Coalitions	December 2005	June 2006
Audit of Cash Receipts Processing Performed by the UC Benefit Payment Control Unit	November 2005	June/July 2006
Audit of Grants Management Function	June 2006	July 2006

Recommendation: To ensure compliance with internal policies and *Generally Accepted Government Auditing Standards*, we recommend that audit documentation supporting audit findings contain evidence of supervisory review prior to report issuance.

AUTHORITY

Pursuant to the provisions of Section 11.45(3)(a), 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 October 13, 2006, the Director of the Agency for Workforce Innovation provided a response to our preliminary and tentative review finding. This letter is included 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 Marcia Bremer, CPA, and supervised by Allen Weiner, CPA. Please address inquiries regarding this report to Kathryn D. Walker, CPA, Audit Manager, via e-mail at kathrynwalker@aud.state.fl.us or by telephone at **(850) 487-9085**.

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



Jeb Bush
Governor
Linda H. South
Director

October 13, 2006

Mr. William O. Monroe
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Monroe:

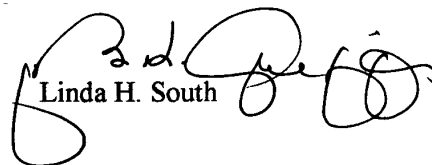
Pursuant to Section 11.45(4)(d), Florida Statutes, I am submitting this response to the preliminary and tentative finding and recommendation related to the:

Quality Assessment Review
Agency for Workforce Innovation
Office of Inspector General/Internal Audit Activity

We will ensure that all workpapers are initialed to document supervisory review prior to issuance of audit reports, as recommended.

I want to take this opportunity to thank you and your staff for the comprehensive review that was conducted. The professionalism displayed and the focus on providing useful information about the review as it progressed are greatly appreciated.

Sincerely,



Linda H. South

LHS/jm

cc: Mr. James F. Mathews
Ms. Carolyn McGriff

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