NOVEMBER 2007 REPORT NO. 2008-039



## **AUDITOR GENERAL**

DAVID W. MARTIN, CPA



# DEPARTMENT OF COMMUNITY 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 2006 through June 2007, 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.

#### 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, Generally Accepted Government Auditing Standards.

As authorized by statute, the Department's Inspector General delegated internal audit responsibilities to the Audit Administrator and five other positions. The Audit Administrator provided the following information regarding activities performed by these audit positions during the review period:

#### The Office of Inspector General

Activity Performed	Percentage of Work Effort (1)
Auditing Activities	52.2
Investigative Activities	9.4
Other Accountability/Oversight Activities	38.4
	100
(1) Direct time charged to engagement activities.	

The Audit Administrator identified seven assurance

engagements that had been completed within the Office of Inspector General's quality assurance program (discussed further below). Our review included an evaluation of two 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 the International Standards for the Professional Practice of Internal

### REPORT ON QUALITY ASSESSMENT REVIEW

Auditing Standards.

Auditing and Generally Accepted Government

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 Community Affairs in effect for the period July 2006 through June 2007. 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.

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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. The design of the quality assurance program and compliance with it are the responsibility of the Office of Inspector General. 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, Generally Accepted Government Auditing Standards. The 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.

review was modeled primarily on methodology presented in The Institute of Internal Auditors' Quality Assessment Manual, Fifth 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 Because of inherent limitations in any necessary.

quality assurance program, departures from the program may occur and not be detected. 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 Community 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.

#### **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.

David W. Martin, CPA

Auditor General

This quality assessment review was conducted in accordance with applicable Generally Accepted Government Auditing Standards. This review was conducted by Daniel T. McWilliams, CPA, and supervised by Jennifer B. Barineau, CPA\*, CISA. Please address inquiries regarding this report to Jennifer B. Barineau, Audit Supervisor, via e-mail at jenniferbarineau@aud.state.fl.us or by telephone at (850) 414-0832.

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

\*Regulated by State of Florida