

DEPARTMENT OF JUVENILE JUSTICE
OFFICE OF INSPECTOR GENERAL'S
INTERNAL AUDIT ACTIVITY

Quality Assessment Review

For the Review Period
July 2007 Through June 2008



INSPECTOR GENERAL OF THE DEPARTMENT OF JUVENILE JUSTICE

The Inspector General was appointed by the Secretary of the Department of Juvenile Justice. Mary Roe Eubanks served as the Inspector General during the review period.

The review team leader was Jennifer Barineau, CPA, and the review was supervised by Ted J. Sauerbeck, CPA. Please address inquiries regarding this report to Jennifer Barineau, CPA, Audit Supervisor, by e-mail jenniferbarineau@aud.state.fl.us or by telephone (850-414-0832).

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

DEPARTMENT OF JUVENILE JUSTICE
Office of Inspector General’s Internal Audit Activity

SUMMARY

In our opinion, the quality assurance program related to the Office of Inspector General’s internal audit activity, as designed and implemented during the review period July 2007 through June 2008, 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 properly denoting confidential information contained in the working papers.

BACKGROUND

Section 20.055, Florida Statutes, requires that each State agency, as defined by Section 20.055(1)(a), Florida Statutes, establish an office of inspector general. The Department’s Office of Inspector General was assigned 44 positions. Three positions, excluding the Inspector General position, were dedicated to the internal audit activity. As authorized by statute, the Department’s Inspector General delegated internal audit responsibilities to the Director of Auditing and two 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	
Activity Performed	Percentage of Work Effort (1)
Auditing Activities	15
Other Accountability/Oversight Activities	<u>85</u>
	<u>100</u>
(1) Direct time charged to engagement activities.	

The Director of Auditing identified one engagement that had been completed as part of internal audit activity during the review period within the Office of Inspector General’s quality assurance program. For engagements completed during the review period, the Office of Inspector General’s internal audit activity had elected to follow the *International Standards for the Professional Practice of Internal Auditing* and generally accepted government auditing standards.

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’s internal audit activity of the Department of Juvenile Justice in effect for the period July 2007 through June 2008. 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 Office of Inspector General's 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 generally provide comparable guidance for the conduct of assurance engagements. The *IIA Standards* also provide supplemental guidance for the conduct of consulting engagements.

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's internal audit activity of the Department of Juvenile Justice, 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.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Confidential Information

Section 20.055(5)(b), Florida Statutes, provides that internal audit working papers are public records to the extent that they do not include information confidential and exempt from public disclosure. To the extent that working papers do include confidential and exempt information, the Office of Inspector General (OIG) is responsible for appropriately identifying them as such to ensure that access to the information is appropriately restricted.

Working papers are documented in an on-line paperless environment. As similarly noted in our report No. 2006-039, our review disclosed that working papers that included confidential information were not denoted as such. In response to our inquiry, the Director of Auditing indicated that this practice would be incorporated into the audit process.

Recommendation: To ensure the protection of confidential information, the OIG should appropriately denote working papers that contain confidential information.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted this quality assessment review in accordance with applicable 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, and work products conform to applicable professional auditing standards; determine compliance with those provisions of Section 20.055, Florida Statutes, that relate to the operation of State agencies’ offices of inspectors general and internal audit activities; assess the Office of the Inspector General’s internal audit activity’s effectiveness in carrying out its mission (as set forth in its charter and expressed in the expectations of agency management); 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 agency management.

Our review included an evaluation of the one engagement completed as part of 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, Fifth Edition*.

AUTHORITY

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. Pursuant to the provisions of Section 11.45(2)(k), Florida Statutes, I have directed that this report be prepared to present the results of our review.



David W. Martin, CPA
Auditor General

MANAGEMENT’S RESPONSE

A written response from the Secretary of the Department of Juvenile Justice is included as Exhibit A.

EXHIBIT A
MANAGEMENT'S RESPONSE

FLORIDA DEPARTMENT OF JUVENILE JUSTICE

Charlie Crist, Governor

Frank Peterman, Jr., Secretary

February 5, 2009

Mr. David W. Martin, CPA
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Quality Assessment Review of OIG Internal Audit Activity
Preliminary and Tentative Finding

Dear Mr. Martin:

Thank you for the opportunity to review the referenced finding. The following is the Department's response to the recommendation:

Recommendation: To ensure the protection of confidential information, the OIG should appropriately denote working papers that contain confidential information.

Response: We concur. Effective immediately, the Office of Inspector General will appropriately denote working papers that contain confidential information in the audit process.

We appreciate the opportunity to work with you and your team in the quality assessment review of the Department's internal audit activity. If additional information is needed, please contact Mary Roe Eubanks, Inspector General at 921-6344.

Sincerely,

Handwritten signature of Frank Peterman, Jr. in cursive script.

Frank Peterman, Jr.
Secretary

FP/ME/my

cc: Rod Love, Deputy Secretary
Bonnie Rogers, Chief of Staff
Mary Roe Eubanks, Inspector General

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The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.