

**STATE OF FLORIDA AUDITOR GENERAL**

**Quality Assessment Review**

**OFFICE OF INSURANCE REGULATION**

Office of Inspector General's  
Internal Audit Activity

For the Review Period  
July 2017 Through June 2018



Sherrill F. Norman, CPA  
Auditor General

## **Inspector General of the Office of Insurance Regulation**

The Commissioner of Insurance Regulation appointed the Inspector General. Bonnie Deering served as Inspector General during the review period through March 16, 2018. Deanna Sablan was appointed as Inspector General on February 6, 2018, and served through the end of our review period.

The review team leader was Jeremiah Molstad, CPA, and the review was supervised by Melisa Hevey, CPA.

Please address inquiries regarding this report to Matthew Tracy, CPA, Deputy Auditor General, by e-mail at [matthewtracy@aud.state.fl.us](mailto:matthewtracy@aud.state.fl.us) or by telephone at (850) 412-2922.

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# OFFICE OF INSURANCE REGULATION

## Office of Inspector General's Internal Audit Activity

### **SUMMARY**

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In our opinion, the quality assurance and improvement program related to the Office of Insurance Regulation, Office of Inspector General's internal audit activity was adequately designed and complied with during the review period July 2017 through June 2018 to provide reasonable assurance of conformance with applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. 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 internal audit activities.

### **BACKGROUND**

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Section 20.055(2), Florida Statutes, established in each State agency, as defined by Section 20.055(1)(d), Florida Statutes, the Office of Inspector General. As of June 30, 2018, the Commissioner of Insurance Regulation assigned four positions to the Office of Inspector General. The Inspector General assigned two positions to the internal audit activity and directed the audits. The Office of Inspector General performed internal audit activities and other activities such as investigative and other accountability and oversight activities.

Section 20.055(6)(a), Florida Statutes, requires that internal audits be conducted in accordance with current *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* or, where appropriate, *Government Auditing Standards*. *IIA Standards*, issued by The Institute of Internal Auditors, and *Government Auditing Standards*, issued by the Comptroller General of the United States, generally provide comparable guidance for the conduct of assurance engagements. *IIA Standards* also provide supplemental guidance for the conduct of consulting engagements.

The Inspector General identified one engagement that had been completed as part of the Office's internal audit activity during the review period. For this engagement, the Office elected to follow *IIA Standards*.

### **REPORT ON QUALITY ASSESSMENT REVIEW**

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Pursuant to Section 11.45(2)(i), Florida Statutes, we have reviewed the quality assurance and improvement program for the Office of Inspector General's internal audit activity in effect for the period July 2017 through June 2018. We also reviewed compliance with specific provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.

A quality assurance and improvement program for the Office of Inspector General's internal audit 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 and the Code of Ethics issued by the Institute of Internal Auditors. The design of the quality assurance and improvement program and compliance with it are the responsibility of the Office of Inspector General.

In conducting our review, we obtained an understanding of the quality assurance and improvement program and performed such tests and other procedures as we considered necessary. Because of inherent limitations

in any quality assurance and improvement program, departures from the program may occur and not be detected. Also, projection of any evaluation of the quality assurance and improvement 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 and improvement program related to the Office of Inspector General's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance to applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. 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 internal audit activities.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

We conducted this quality assessment review in accordance with 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, work products, and other selected programs, activities, and functions conform to applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors; determine compliance with those provisions of Section 20.055, Florida Statutes, that relate to the operation of offices of inspectors general internal audit activities; 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 Office of Insurance Regulation management.

Our review included an evaluation of the one engagement completed as part of the Office's 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*.

## **AUTHORITY**

Section 11.45(2)(i), Florida Statutes, requires that the Auditor General, once every 3 years, review a sample of internal audit reports to determine 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*. Pursuant to the provisions of Section 11.45(2)(i), Florida Statutes, I have directed that this report be prepared to present the results of our review.



Sherrill F. Norman, CPA  
Auditor General