



## **Office of Inspector General**

### **2018-2019 Audit Work Plan and Long-Term Work Plan**

**Debra K. Clark, CPA, CIGA, CISA**  
Director of Audit

**James E. Landsberg, JD, CIG**  
Inspector General

**Rick Scott**  
GOVERNOR



**Cissy Proctor**  
EXECUTIVE DIRECTOR

## MEMORANDUM

**DATE:** June 27, 2018  
**TO:** Cissy Proctor, Executive Director  
**FROM:** Jim Landsberg, Inspector General  
**SUBJECT:** Office of Inspector General Work Plan

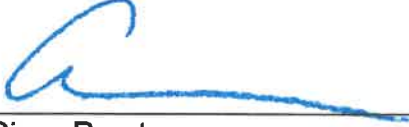
We are pleased to present the results of the Office of Inspector General (OIG) annual risk assessment and Audit Work Plan development efforts. Our Audit Work Plan is risk-based and includes input from both Department management and OIG staff. The activities outlined in our Plan address the major operations of the Department with the purpose of promoting efficiency in programs, systems, and contracts with outside entities.

We have allocated 400 hours of our audit resources per year, at the direction of the Governor's Chief Inspector General, for enterprise audit projects. These initiatives align well with our identified priorities.

The approved Audit Work Plan will guide our activities, but can be adjusted to meet management needs as other priorities are identified.

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The annual and long-term work plans are approved as presented.

  
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Cissy Proctor  
Executive Director, Department of Economic Opportunity

6-28-18  
Date

## Introduction

Section 20.055, Florida Statutes, establishes the Office of Inspector General (OIG) within the Department of Economic Opportunity (DEO or Department) to provide a central point of coordination and responsibility for activities that promote accountability, integrity, and efficiency.

Both Florida Statutes and professional audit standards<sup>1</sup> require the OIG to develop risk-based annual and long-term audit plans that consider resource requirements and input from senior management. Florida law requires this plan to be approved by the Department head and copies submitted to the Auditor General and the Governor's Chief Inspector General.

The goal for our Audit Work Plan is to provide broad audit coverage while focusing our resources on areas with the greatest known risks. In addition, our work plan for fiscal years 2018-19 and 2019-20 are based on the results of our risk assessment, interviews with selected senior management, prior OIG audits and reviews, discussions with OIG's Investigation Manager regarding projects that may have an impact on audit coverage, monitoring information, external audits, independent audit reports of subrecipients and public private partnerships,<sup>2</sup> and management requests.

The activities outlined in our Audit Work Plan also add value by addressing the governance and major operations of the Department to provide the most effective coverage of the Department's programs, systems, and contracts with outside entities.

The Audit Work Plan will guide our activities, but can be adjusted to meet management needs as other priorities are identified.

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<sup>1</sup> The Institute of Internal Auditor's International Professional Practices Framework Standard 2010.A1.

<sup>2</sup> Section 14.32(3), Florida Statutes, requires the Office of the Chief Inspector General (OCIG) to advise in the development of internal controls for fiscal accountability, monitor compliance with the terms and conditions of the contract, and advise in the development of performance measures related to public-private partnerships (including Enterprise Florida Inc.). The OCIG consulted with the Department of Economic Opportunity (DEO) Office of Inspector General for this function.

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## Risk Assessment Process

The risk assessment process has two purposes: (1) to help ensure that Department risk exposures are understood and managed, and (2) to assist in identifying OIG work plan assignments. Both Florida Statutes and professional audit standards require the OIG to develop risk-based annual and long-term audit plans which consider resource requirements and input from senior management. We developed our Audit Plan by following the Institute of Internal Auditors' eight-step risk assessment process.

First, we defined our audit universe and auditable units by using the organization chart, which describes five divisions consisting of twenty-two bureaus. The following auditable units were identified:

- Workforce Services
  - Bureau of Reemployment Assistance Operations
  - Bureau of Reemployment Assistance Adjudication
  - Bureau of Reemployment Assistance Contact Centers
  - Bureau of Reemployment Assistance Appeals
  - Bureau of Labor Market Statistics
  - Bureau of One Stop Support
- Strategic Business Development
  - Bureau of Business and Economic Incentives
  - Bureau of Compliance and Accountability
  - Office of Film and Entertainment
- Community Development
  - Bureau of Economic Self Sufficiency
  - Bureau of Small Cities and Rural Communities
  - Bureau of Community Planning and Growth
- Financial and Administration
  - Bureau of Human Resources
  - Bureau of Financial Monitoring and Accountability
  - Bureau of Budget Management
  - Bureau of Financial Management
  - Bureau of General Services
- Information Technology
  - Bureau of Strategic Support Services
  - Bureau of Information Technology Operations and Services Support
  - Bureau of Information Technology Application Development
  - Bureau of Information Technology Planning and Administration
  - Information Security

Following the identification of the audit universe we identified the objectives of the Department and mapped each objective to the applicable division/divisions primarily responsible for meeting the objective. The Department objectives were as follows:

**Objective 1.1:** Provide financial assistance and support (e.g., grant awards, loans, emergency services, self-sufficiency programs, weatherization activities) to people eligible for Reemployment assistance, communities and local governments, and businesses.

**Objective 1.2:** Provide technical assistance and information (e.g. community and competitiveness planning, public awareness, film and entertainment production) that helps businesses and communities improve their local economies and their quality of life.

**Objective 1.3:** Provide workforce development, training and placement services that meet the needs of Florida businesses and job seekers.

**Objective 2.1:** Ensure accountability and quality of DEO programs, services, and partnerships through prioritization, planning, performance measurement and support, reporting and auditing.

**Objective 2.2:** Improve collaboration and alignment among state, regional, and local entities toward the state's economic development vision.

We categorized our objectives into the following four risk factor categories and determined the risks to meeting each objective in the respective risk category:

- Operational Risk – the possibility of an event or condition occurring that will influence the ability of an organization to achieve its objectives through the transformation of inputs or outputs.
- Compliance Risk – the possibility of an event or condition occurring that influences an organizations ability to achieve organizational objectives by conforming with value-adding internal policies, guidelines, and commitments, or external requirements of governing bodies.
- Financial Risk – any risk that is related to financing the operations of the organization.
- Strategic Risk - the possibility of an event or condition occurring that will enhance or threaten the organization's prosperity and existence in the long term.

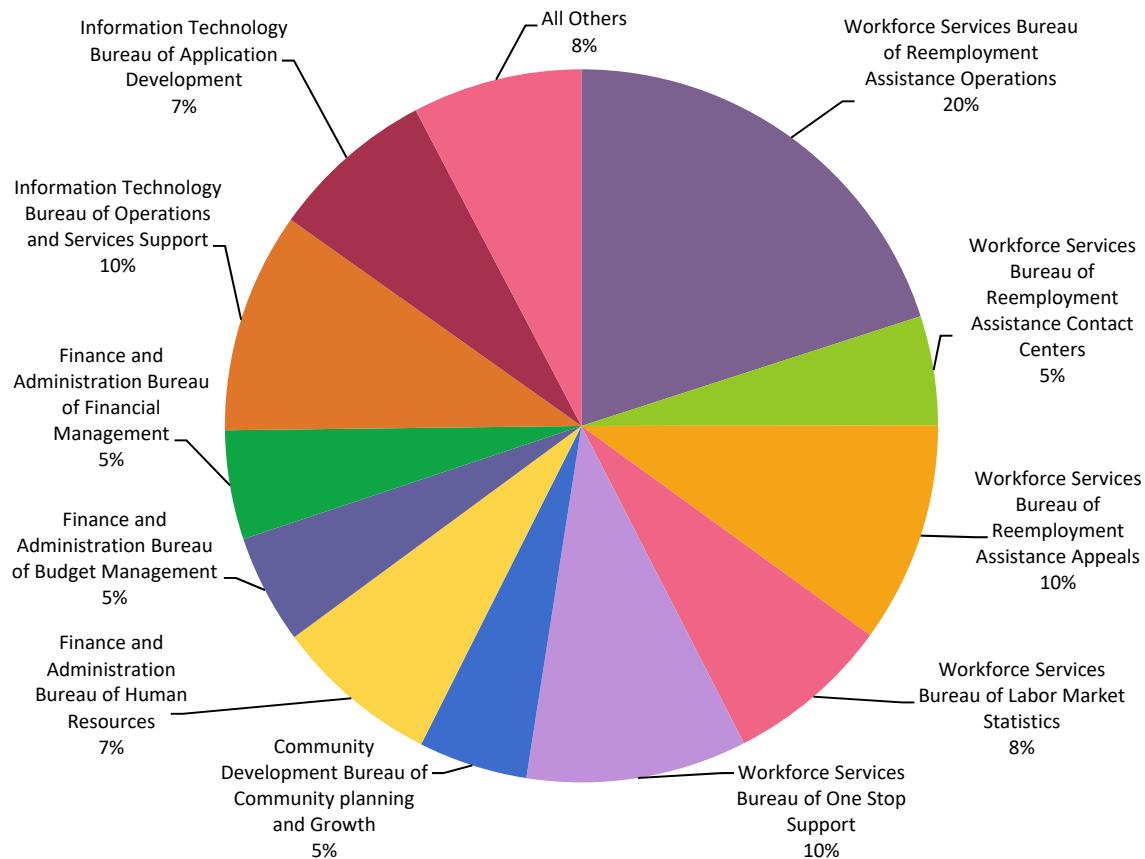
We identified the following thirteen areas of risk, within the four risk factor categories:

- Workforce Skills and Competence
- Complexity of Transactions
- Policies and Procedures Documentation
- Management Competence
- Labor Market Recruiting and Retention
- Stability of Operations
- Laws and Regulations
- Impact of Recent Legislative Activity
- Tone at the Top
- Susceptibility of Fraud
- Budget and Capital Constraints
- Criticality to Achieve Strategic Objectives

- Use and Maintenance of Confidential Data

We developed questions related to the thirteen areas of risk and distributed the questions to 75 managers and supervisors within each auditable unit. Finally, we performed 21 in-person interviews to determine the risk to meeting the Department objectives in each auditable unit.

The survey response rate was approximately 58.66% (44 of 75) from various auditable units, as shown below.



In addition to the analysis of survey results, we performed an assessment of the audit or review history for each bureau, including public-private partnerships having a relationship with the Department. We considered the results in forming our annual and long-range work plans.

As to public-private partnerships, DEO OIG coordinated two projects resulting in the following reports: (1) Auditor General Operational Audit, Report No. 2018-139, March 2018; (2) OPPAGA Review of Florida Economic Development Programs, Report No. 17-

13, December 2017. Recommendations in these reports relate to internal controls and performance measures; the audit plan allocates time to pursue these recommendations.

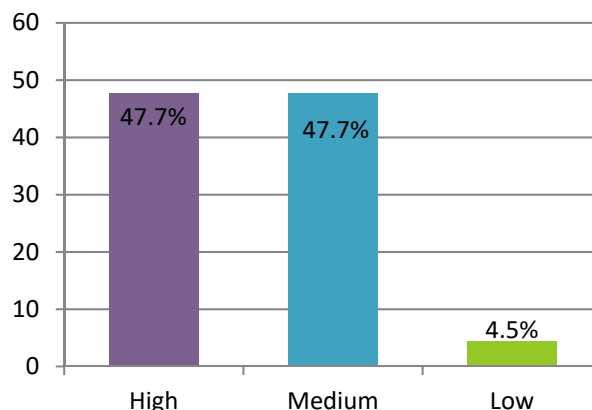
A large portion of the Risk Assessment Survey involved questions soliciting responses of “High, Medium, or Low” which were assigned corresponding values of 400, 300, and 200. For each of the thirteen areas assessed we identified the relative importance of the questions’ subject matter in relation to Department objectives and assigned a weighted value to each. Survey responses were then calculated to produce the average response values by auditable unit.

Highlights of the Risk Assessment Survey results are provided below, followed by a summary of the narrative survey responses and in-person interviews. Attachment A contains a more detailed analysis of our survey results. The report culminates with the projects selected for our Audit Work Plan, which includes the projects by selection criteria and estimated resources for our annual and long-range projects.

### Highlights of Risk Assessment Survey Results

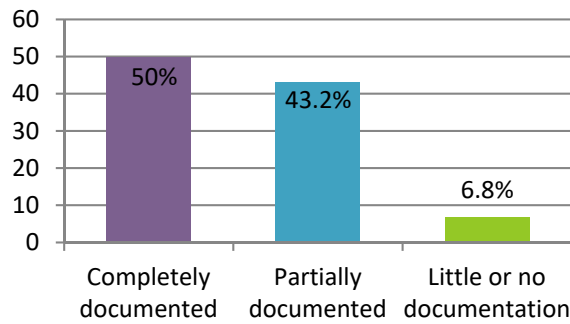
#### Workforce Skills and Competence/ Complexity of Transactions

We noted that DEO’s managers in all Business units consistently indicated that business processes are complex and require a high level of advanced training or are highly manual in nature. Responses to the following question are illustrated below: “What is the level of complexity involved/expertise required to execute the processes or transactions performed in your unit?”.



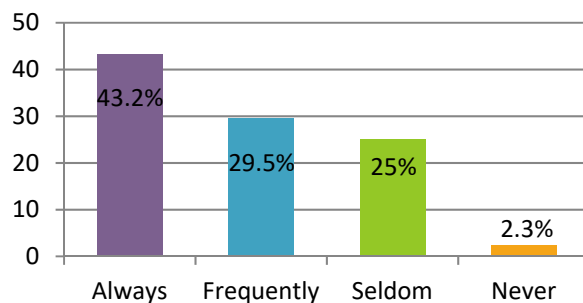
#### Policies and Procedures/ Quality of Documentation

We noted that respondents in approximately half of the Bureaus believed they have completely documented their processes. The remaining half indicated that process documentation was partial or not documented at all. Responses are illustrated below.



**Confidential and Exempt Data**

Managers indicated that staff are working with confidential information on a regular basis. Responses to the following question are illustrated below: “How frequently do the processes or transactions performed within your unit require the use of confidential or exempt information?”.

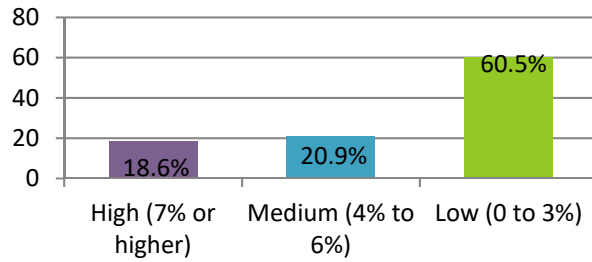


The three areas above warrant consideration as they indicate an elevated level of risk. The documentation of established processes and the existence of controls are measures that should be considered in addressing these potential risks. Lower levels of risk were indicated in the areas described below.

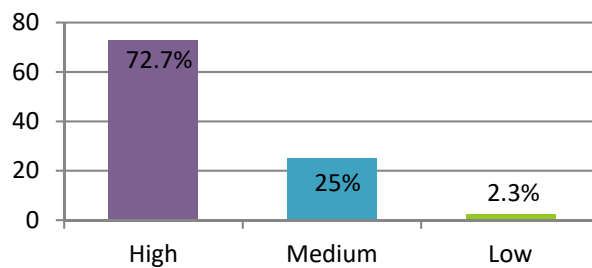
**Retaining Qualified Staff**

The survey addressed the level of turnover within each Bureau and whether managers are able to retain qualified staff. In response to the survey question “What was the level of turnover within your unit in 2017?”, results showed that turnover in most units is low. An exception was the Bureau of Community Planning and Growth, in which some respondents stated turnover was greater than 7%.



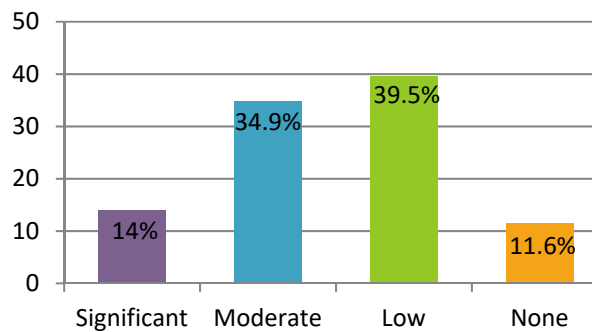


In response to the survey question “To what extent is the level of trained staff within your unit sufficient to provide a quality product in a timely manner?”, results indicated that managers feel the level of trained staff is sufficient.

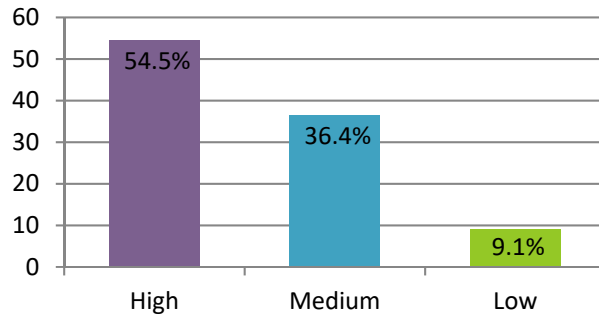


### Adequate Resources

The survey addressed whether managers felt they have adequate budget and Information Technology resources to perform their jobs. In response to the question, “To what extent have budget constraints impacted your unit’s ability to meet its key goals and objectives?”, managers generally indicated that the impact to their goals and objectives was low to moderate.

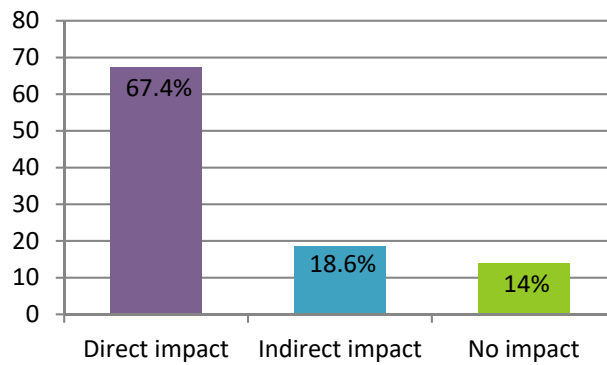


In response to the question “To what extent are Information Technology resources sufficient in providing reliable, valid and timely information to support the goals of the unit?”, managers generally indicated a high level of confidence that Information Technology resources were sufficient to meet its goals.



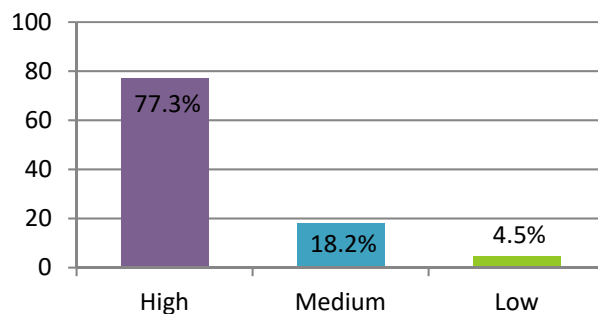
### Performance Measures

The survey addressed whether managers felt performance measures impacted the goals of the work performed. In response to the question, “How directly do the performance measures for the unit impact the goals of the work performed?”, managers consistently indicated that performance measures had a direct impact on the goals of the unit.



### Confidence in Management’s Response to Problems and Issues

The survey addressed the confidence by managers that management responds to problems and issues in a timely manner. In response to the question, “What is the level of management’s competence to respond to problems and issues in an efficient and timely manner?”, respondents consistently indicated a high level of confidence.



### Survey Comments Narrative

The Risk Assessment Survey offered an opportunity for respondents to provide narrative (open-ended) feedback. Respondents were asked to share their opinions regarding functions, processes, or issues of greatest concern; significant roadblocks, impediments, and risks; and specific contracts, grants, programs, or organizational functions that might benefit from a review. Analysis and categorization of survey responses resulted in an array of areas to consider.

Additionally, we performed in-person interviews with selected management within each business unit and included their feedback in the narrative.

Although the Reemployment Claims and Benefits Information System (formerly Connect) was identified as an area of frequent comments, we specifically did not include an audit of this system in our work plan due to the Auditor General’s prior and current information technology (IT) operational audits of the Reemployment Assistance System.

### Survey Responses

Below is a summary of the narrative survey responses. We considered this feedback in our list of planned audits, reviews, and special projects.

<i>SUMMARY OF NARRATIVE SURVEY RESPONSES</i>	
<i>AREA OF RISK</i>	<i>DESCRIPTION</i>
<b>Operational</b>	<ul style="list-style-type: none"> <li>• Processes, policies, and procedures need to be better defined and distributed to staff</li> <li>• Better training of staff prior to departure of staff members with institutional knowledge</li> <li>• Better communication between upper and lower management</li> <li>• More succession planning</li> <li>• More technical training of information technology staff</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>• Better prioritization of ad hoc reports with Federal reporting requirements</li> <li>• Additional staff for monitoring requirements</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>• Better funding for staff training</li> <li>• Staff compensation</li> </ul>
<b>Strategic</b>	<ul style="list-style-type: none"> <li>• Security of information technology resources and data</li> <li>• Additional strategic planning</li> <li>• Management of data across systems</li> </ul>

<i>SUMMARY OF NARRATIVE SURVEY RESPONSES</i>	
<i>AREA OF RISK</i>	<i>DESCRIPTION</i>
<b>Areas identified by respondents as potentially benefitting from an independent assessment</b>	<ul style="list-style-type: none"> <li>• Information technology help desk</li> <li>• Handling of PII and confidential data</li> <li>• Initial claims contact center</li> <li>• RA system interface's and reports unit</li> <li>• Weatherization assistance program</li> <li>• Community services block grant</li> <li>• Community development block grant housing program</li> <li>• Data security</li> <li>• Procurement (documentation and payment for invoices)</li> <li>• Confidential data</li> <li>• Review of databases</li> <li>• Asset management at the LWDBs</li> </ul>

## Audit Work Plan

The goal for our Audit Work Plan is to provide broad audit coverage while focusing our resources on areas with the greatest known risks. We have dedicated resources to provide audit coverage of Department programs, systems, and expenditures (see Attachment C for detailed information, which is also summarized below).

The Internal Audit Section currently has six positions. Based on our estimated resources, which combines hours for both the annual and long-range plans, staff members will be able to expend 14,112 staff hours on audit plan engagements. A total of 800 of these hours for the next two years will be dedicated to Enterprise Audit Plan projects derived from the CIG Enterprise Audit Plan. Another 1,501 hours are needed to complete ongoing projects initiated during the prior fiscal year.

The remaining 11,811 hours will be allocated to projects and functions as outlined below:

- Some projects are performed every year (e.g., performance measure assessments).
- Some projects are scheduled due to recurring management requests.
- Time is reserved to accommodate project requests that may arise during the year.
- OIG will serve as the liaison for audit and audit-related activities with State and federal agencies.
- The balance of audit resources will be used to address projects identified through our Risk Assessment Survey.

The tables on the following page provide the 2018-2019 Audit Work Plan projects. Our Plan is subject to change as management priorities evolve and new risks are identified.

AUDIT WORK PLAN PROJECTS	SELECTION CRITERIA	ESTIMATED RESOURCES	
		FY 2018-19 ANNUAL AUDIT WORK PLAN	FY 2019-20 LONG-TERM AUDIT PLAN
Management Requested Projects- TBD	Executive Management Request	200	200
Information Technology Audit/Review of Configuration Management	Project Selected Based on Risk Concerns	0	800
LWDB Gift Card Process Audit (6 LWDBs @ 400 hours each)	Project Selected Based on Risk Concerns	1,960	440
LWDB OJT Contract Process Audit (12 LWDBs @400 hours each)	Project Selected Based on Risk Concerns	1,900	2,321
LWDB Governance Review (6 LWDBs @ 300 hours each)	Project Selected Based on Risk Concerns	0	1,800
Review of external audit findings related to Public Private Partnerships	Requirement of Section 14.32(3), Florida Statutes	200	0
Review of Performance Measures Related to Public Private Partnerships	Requirement of Section 14.32(3), Florida Statutes	0	200
Performance Measure Assessment	Statutory Requirement (Section 20.055, Florida Statutes (F.S.))	250	250
Florida Housing Finance Corporation's Limited Quarterly Review	To determine whether issues of non-compliance exist as outlined in 420.006 and 420.504, Florida Statutes	80	80
Florida Department of Highway Safety and Motor Vehicle's Annual Audit (for FY 2017-18) or Review (for FY 2016-17)	Contractual Requirement between the Department and the Florida Department of Highway Safety and Motor Vehicles	100	100
External Audit Coordination and Follow-up	OIG Risk Assessment Results	300	300
Request for New Catalog of State Financial Assistance (CSFA) Numbers and Annual Florida Single Audit Act (FSAA) Updates	Annual OIG Project	65	65
Technical Assistance and Investigative Support	Annual OIG Project	100	100

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## DISTRIBUTION, AUDIT TEAM, AND STATEMENT OF ACCORDANCE

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### Action Official Distribution:

Cissy Proctor, Executive Director  
Chris Peary, Chief of Staff

### Information Distribution:

Eric W. Miller, Chief Inspector General  
Sherrill F. Norman, CPA, Auditor General

### Audit Team

Dana Hughes-Norton, Auditor  
Timothy Copeland, CIGA, Auditor  
Randy Ditty, CISA, Auditor  
James L. Maxwell, CIA, CISA, CGFM, Auditor  
Richard Pearson, CIA, CGAP, CIGA, Auditor  
Debra Clark, CPA, CIGA, CISA, Director of Auditing  
James E. Landsberg, JD, CIG, Inspector General

Copies of the report may be requested by telephone (850-245-7135), FAX (850-245-7144), in person, or mail at the Florida Department of Economic Opportunity, Caldwell Building, MSC 68, 107 E. Madison Street, Tallahassee, FL 32399-4126.

### Statement of Accordance

*The mission of the Department is to promote economic prosperity for all Floridians and businesses through successful workforce, community, and economic development strategies.*

*The mission of the Office of Inspector General is to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.*

This engagement was conducted pursuant to Section 20.055, Florida Statutes, and in accordance with the International Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors.

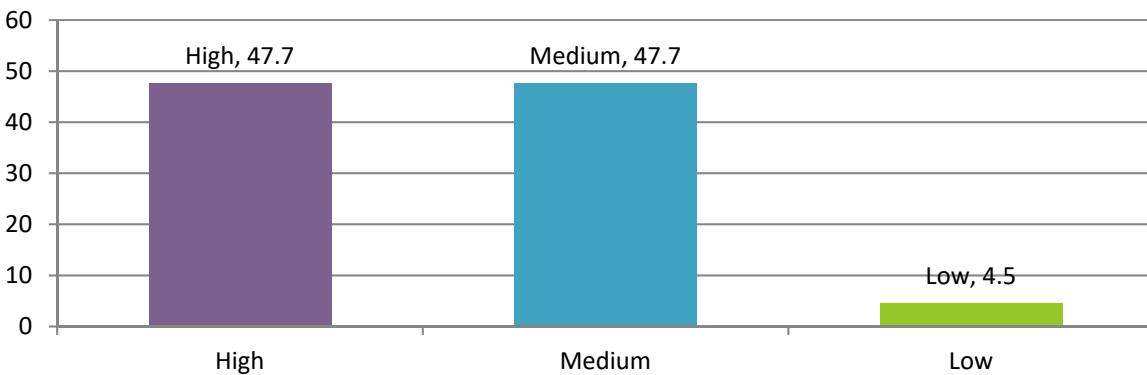
Please address inquiries regarding this report to the Department's Office of Inspector General at (850) 245-7135.

## Risk Assessment Survey - Comparative Results

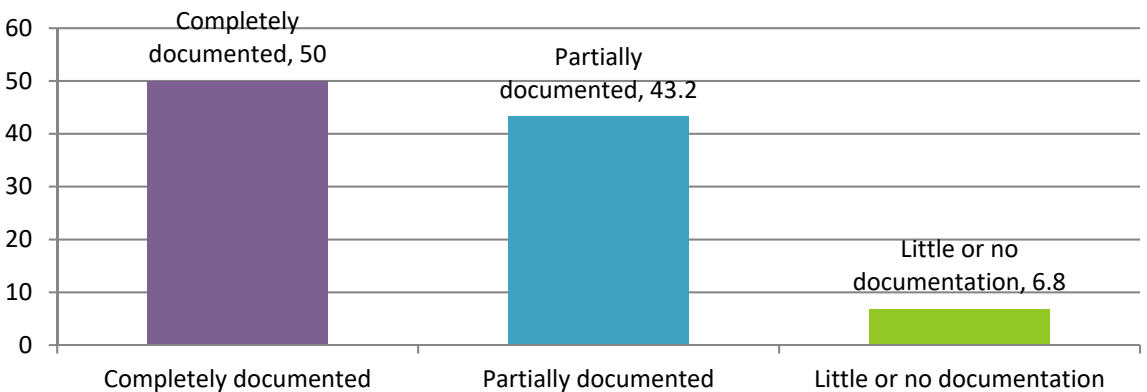
A large portion of the Risk Assessment Survey involved questions soliciting responses of “High, Medium, or Low” which were assigned corresponding values of 400, 300, and 200. For each of the thirteen areas assessed we identified the relative importance of the question subject matter in relation to the Department objectives and assigned a weighted value to each. Survey responses were then calculated to produce the average response values by auditable unit. Highlights of our comparative survey results are included on pages 5-9 of this report. The ranked survey statement responses obtained are included below.

### Operational Controls

1. What is the level of complexity involved/expertise required to execute the processes or transactions performed in your unit? (For example, a process that is unique, requires high levels of judgement, and is manually performed would be rated high)

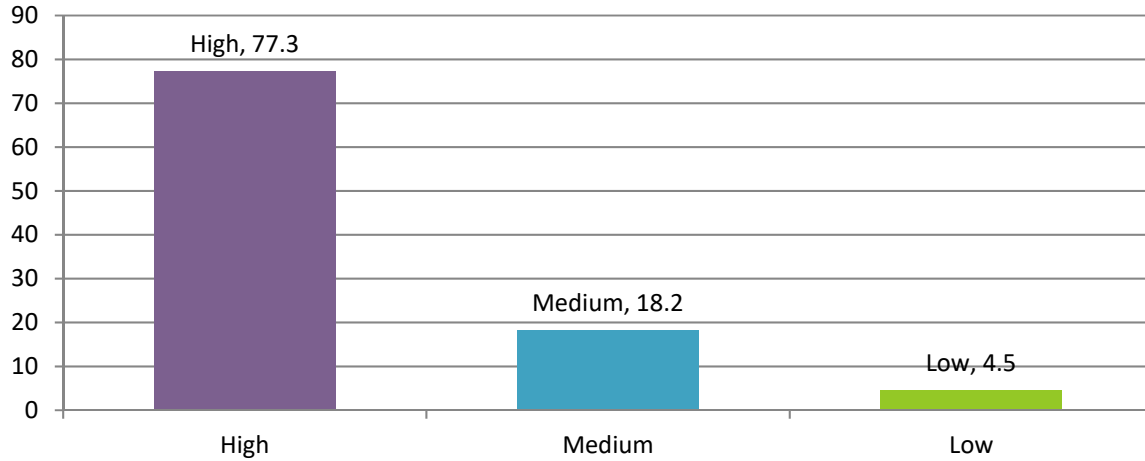


2. What level of documented policies and procedures (i.e., methods and procedures, process flows, etc.) exist for the processes or transactions performed within your unit?

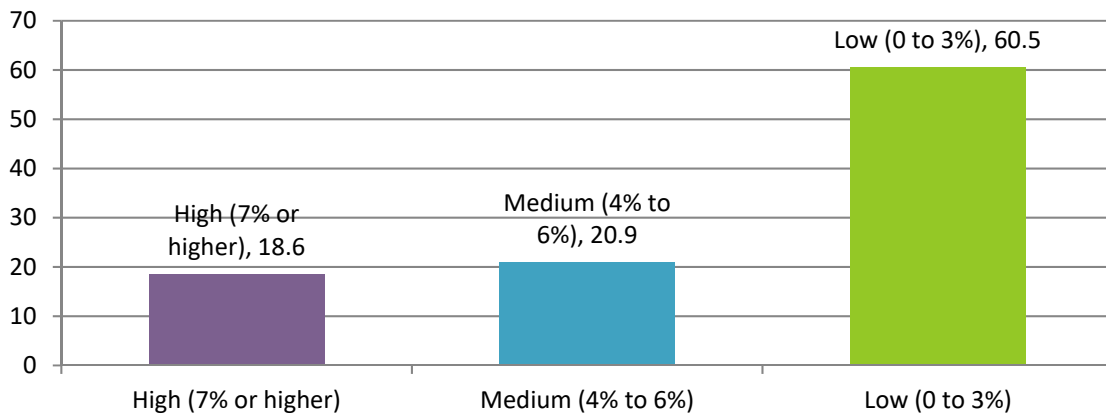




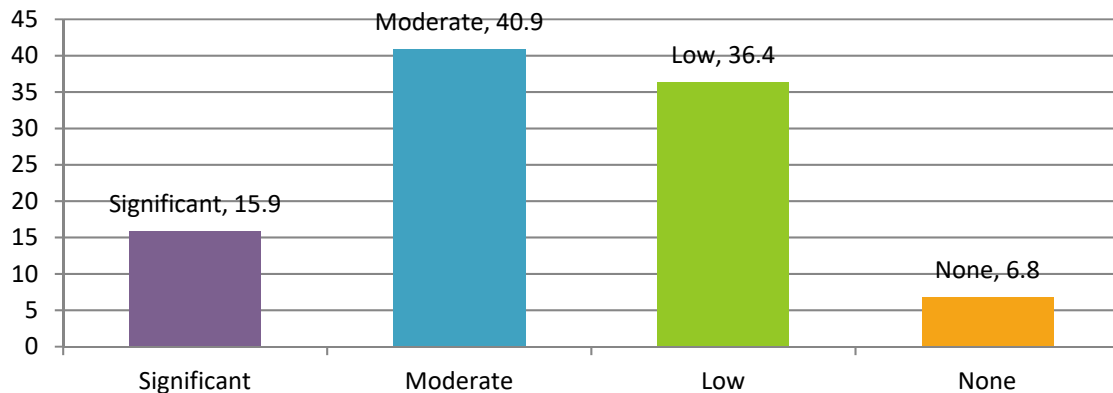
3. What is the level of management's competence to respond to problems and issues in an efficient and timely manner?



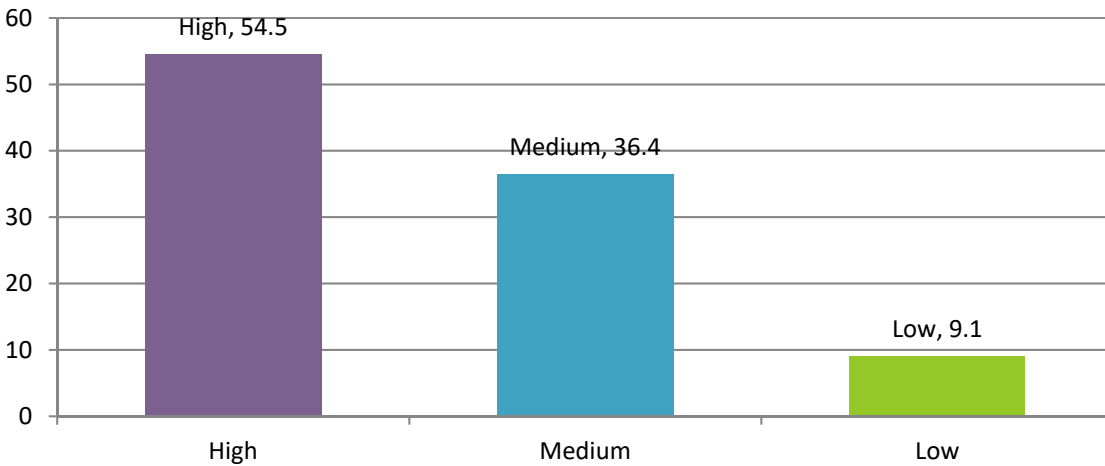
4. What was the level of turnover within your unit in 2017?



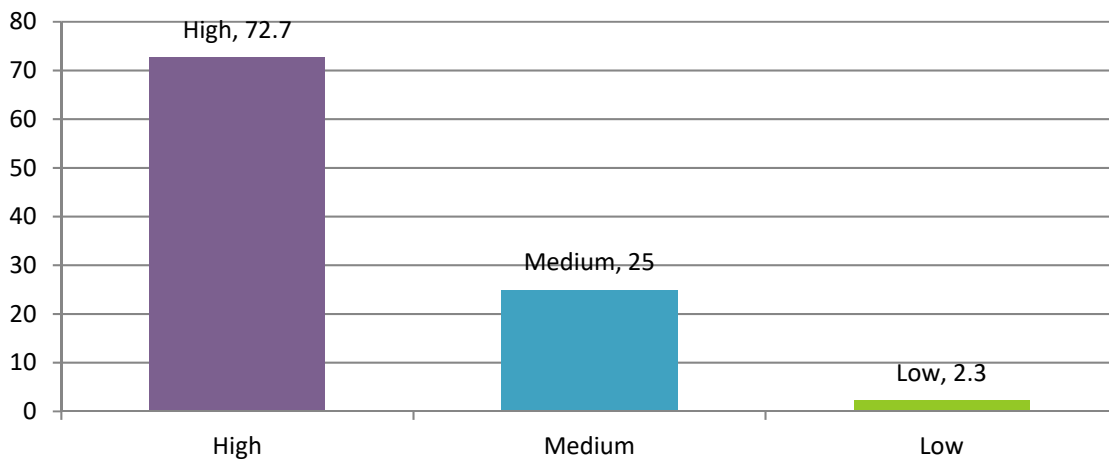
5. What level of change occurred to your key processes, policies, or systems during 2017?



6. To what extent are Information Technology resources sufficient in providing reliable, valid and timely information to support the goals of your unit?

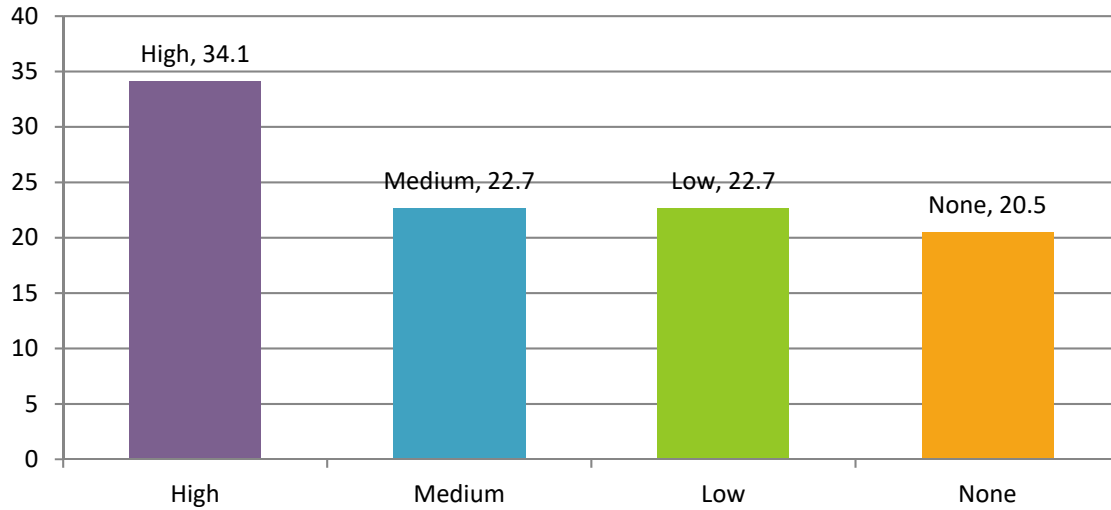


7. To what extent is the level of trained staff, within your unit, sufficient to provide a quality product in a timely manner?

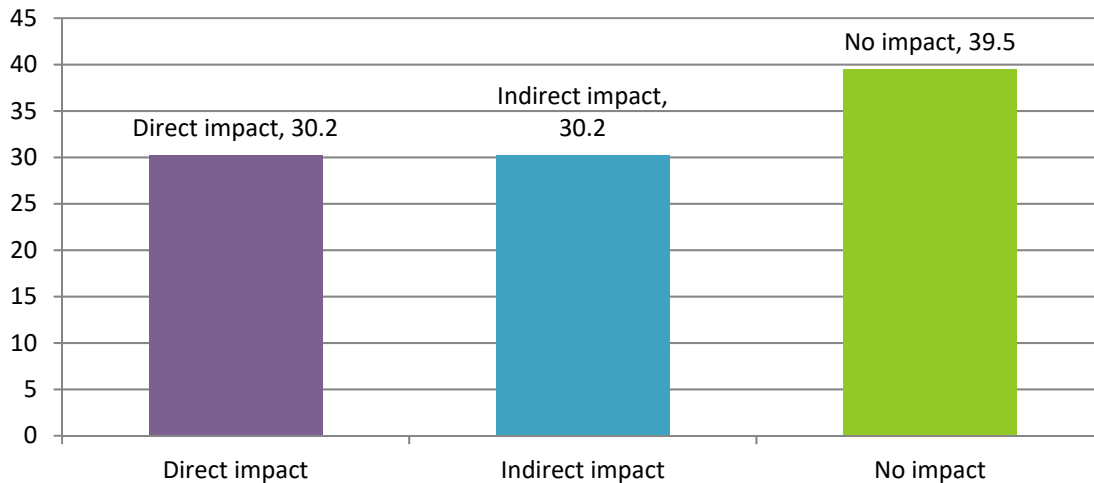


### Compliance Controls

8. How heavily are the processes or transactions, performed within your unit, governed by regulations/laws that could result in financial penalties for noncompliance?

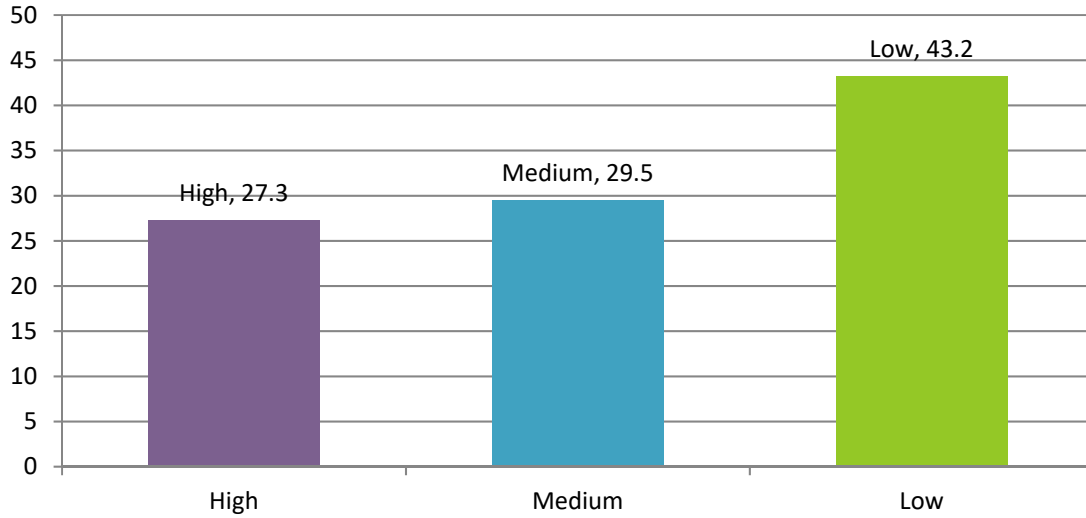


9. How directly are the processes or transaction, performed within your unit, impacted by recent legislative activity?

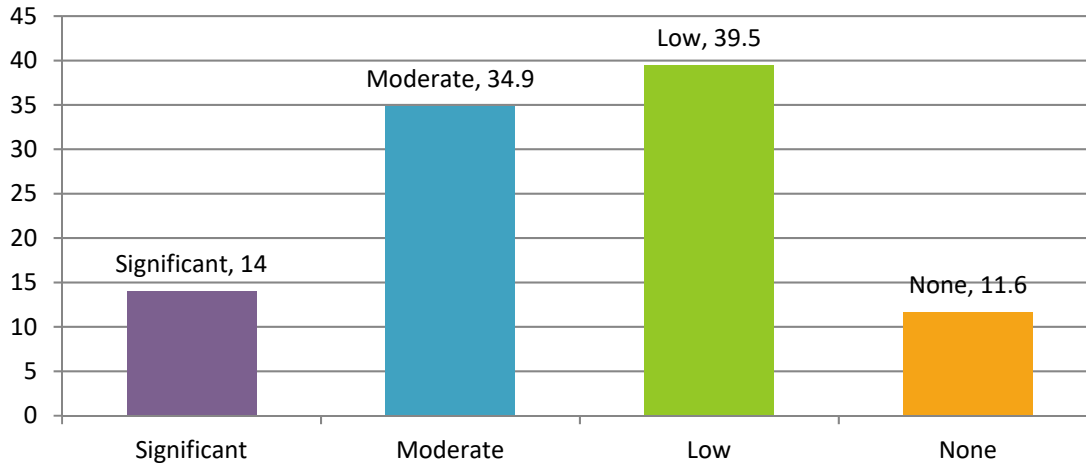


**Financial Controls**

10. What is the likelihood that your unit could be impacted by internal or external fraud (i.e., customer, vendor, employee)?

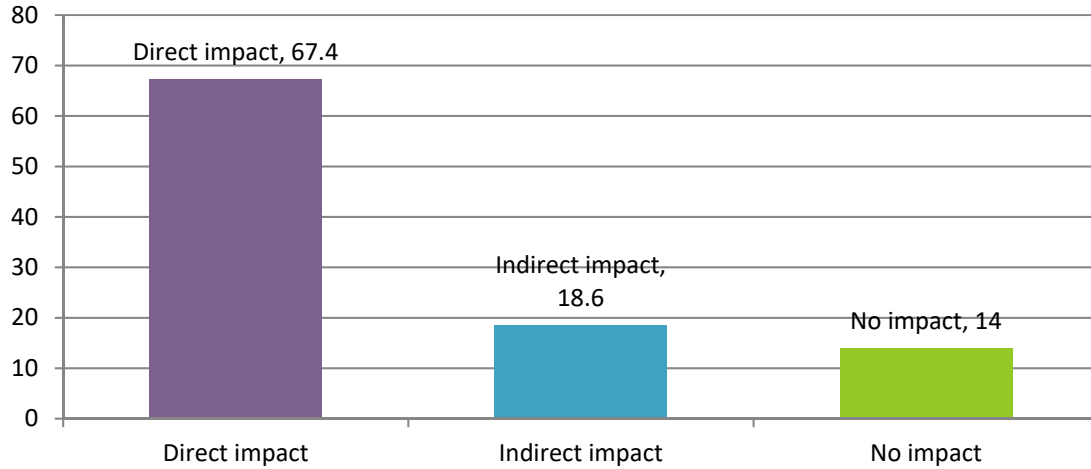


11. To what extent have budget constraints impacted your unit's ability to meet its key goals and objectives?

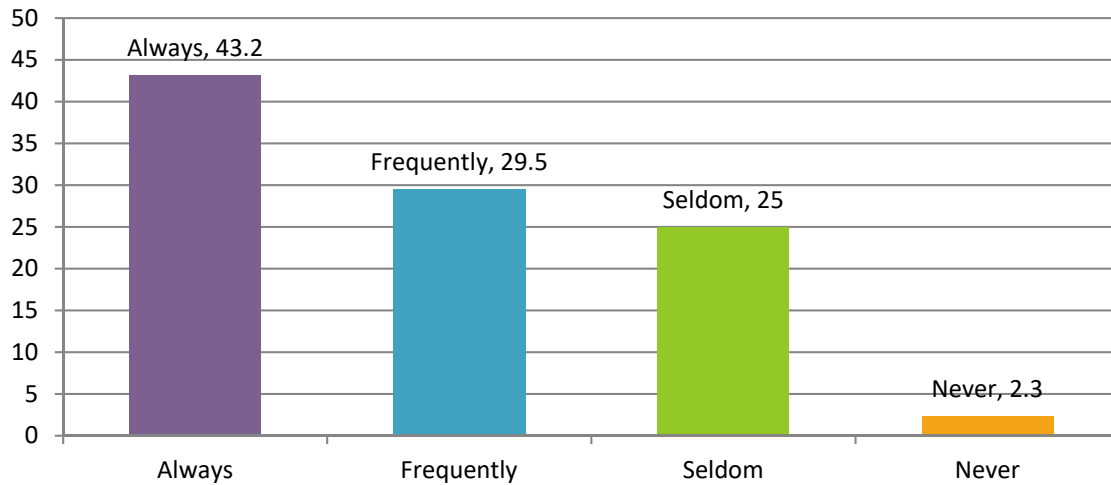


**Strategic Controls**

12. How directly do the performance measures for the unit impact the goals of the work performed?

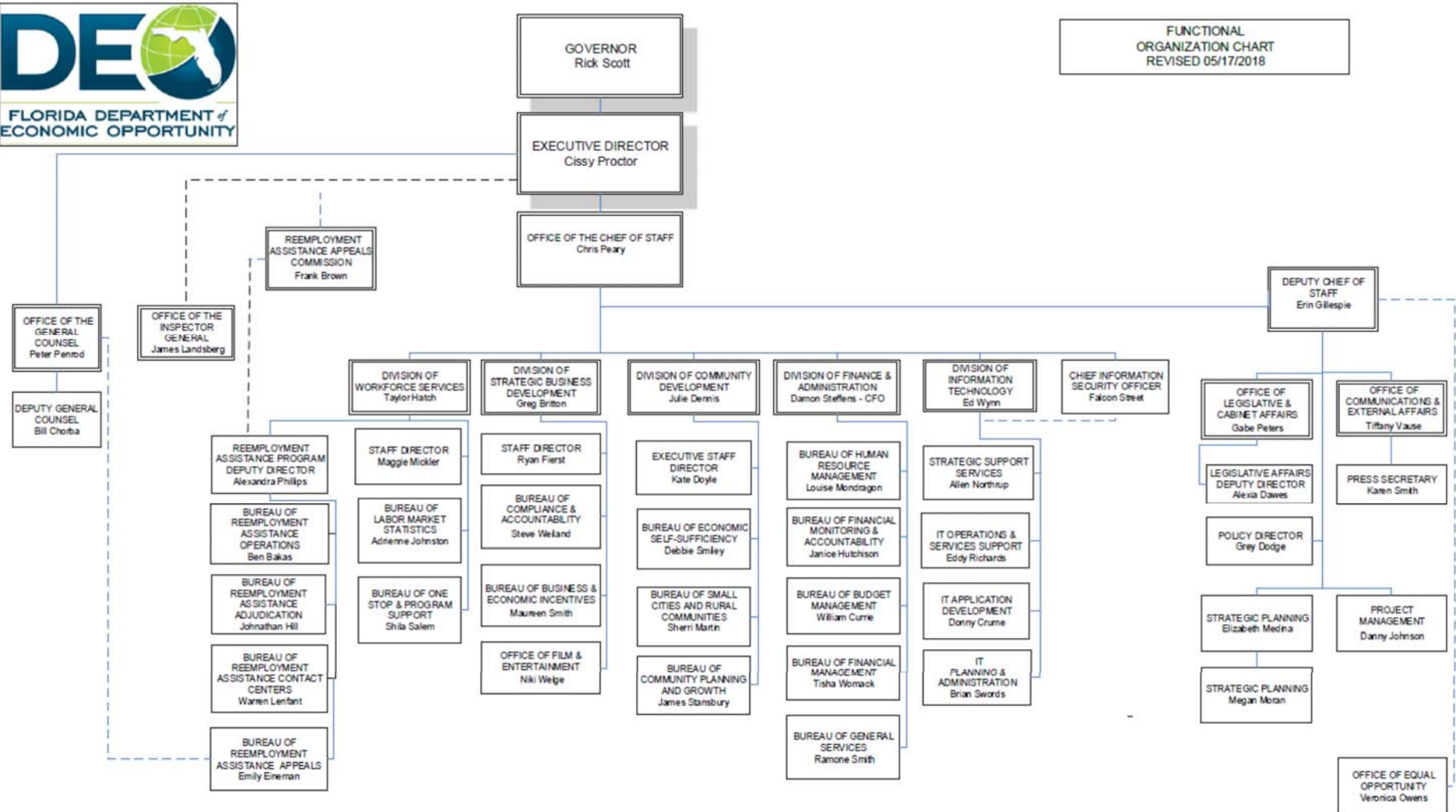


13. How frequently do the processes or transactions performed within your unit require the use of confidential or exempt information?





FUNCTIONAL  
ORGANIZATION CHART  
REVISED 05/17/2018



**Audit Section Staff Hours Calculation  
For Annual and Long-Range Plan**

<b>FY 2018-19 Annual Plan Hours:</b>						
<b>Position Category</b>	<b># Of Positions Per Category</b>	<b>Direct Work Hours Per Position</b>	<b>Total Direct Hours For All Positions And Projects (Note #1)</b>	<b>Total Non-Audits and Non-Review Projects (Note #2)</b>	<b>Hours Available For Audit and Review Projects (Note #3)</b>	
<b>Director of Auditing</b>	1	1,276	1,276	200	1,076	
<b>Audit Staff</b>	5	1,396	6,980	1,000	5,980	
<b>Total</b>	<b>6</b>	<b>-</b>	<b>8,256</b>	<b>1,200</b>	<b>7,056</b>	

**Enterprise Hours (Note #4)** **400**

<b>FY 2019-20 Long-Range Plan Hours:</b>						
<b>Position Category</b>	<b># Of Positions Per Category</b>	<b>Direct Work Hours Per Position</b>	<b>Total Direct Hours For All Positions And Projects (Note #1)</b>	<b>Total Non-Audits and Non-Review Projects (Note #2)</b>	<b>Hours Available For Audit and Review Projects (Note #3)</b>	
<b>Director of Auditing</b>	1	1,276	1,276	200	1,076	
<b>Audit Staff</b>	5	1,396	6,980	1,000	5,980	
<b>Total</b>	<b>6</b>	<b>-</b>	<b>8,256</b>	<b>1,200</b>	<b>7,056</b>	

**Enterprise Hours (Note #4)** **400**

**NOTES:**

Note 1: Direct Hours Available is comprised of audits, reviews, consulting engagements, and technical assistance.

Note 2: Non-Audits Projects is comprised of indirect time, which includes policies and procedures updates, risk assessment and work plan, CIG and DEO Dashboard Quarterly Reports, OIG Annual Report, and administrative tasks (timesheets, training, etc.).

Note 3: Hours Available for Audit Projects equals Direct Hours Available (as explained in Note 1) less Non-Audits Projects (as explained in Note 2).

Note 4: Enterprise Hours: We allocated 400 hours of our audit resources, at the direction of the Governor's Chief Inspector General, to enterprise audit projects.



**Rick Scott**  
GOVERNOR



**Cissy Proctor**  
EXECUTIVE DIRECTOR

## MEMORANDUM

**DATE:** June 27, 2018  
**TO:** Cissy Proctor, Executive Director  
**FROM:** Jim Landsberg, Inspector General  
**SUBJECT:** Office of Inspector General Work Plan

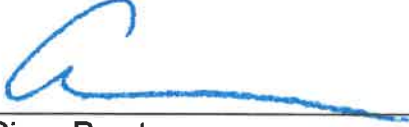
We are pleased to present the results of the Office of Inspector General (OIG) annual risk assessment and Audit Work Plan development efforts. Our Audit Work Plan is risk-based and includes input from both Department management and OIG staff. The activities outlined in our Plan address the major operations of the Department with the purpose of promoting efficiency in programs, systems, and contracts with outside entities.

We have allocated 400 hours of our audit resources per year, at the direction of the Governor's Chief Inspector General, for enterprise audit projects. These initiatives align well with our identified priorities.

The approved Audit Work Plan will guide our activities, but can be adjusted to meet management needs as other priorities are identified.

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The annual and long-term work plans are approved as presented.

  
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Cissy Proctor  
Executive Director, Department of Economic Opportunity

6-28-18  
Date