Office of Inspector General

Audit Work Plan for 2020-21 and Long-Term Work Plan for the Two-Year Period Ending June 30, 2022
MEMORANDUM

DATE: July 9, 2020
TO: Ken Lawson, Executive Director
FROM: Jim Landsberg, Inspector General
SUBJECT: Office of Inspector General Audit 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.

At the direction of the Governor’s Chief Inspector General, we have set aside 20 percent of our audit resources for CARES projects, enterprise activities, and lessons learned during COVID-19.

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

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

[Signature]
Ken Lawson
Executive Director, Department of Economic Opportunity

July 10, 2020
Date
TABLE OF CONTENTS

Introduction ........................................................................................................................................ 1
Risk Assessment Process .................................................................................................................. 2
Audit Work Plan ................................................................................................................................ 3
Distribution, Audit Team, and Statement of Accordance ................................................................. 5
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\(^1\) 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 2020-21 and 2021-22 are based on the results of our risk assessment survey, interviews with selected senior management, prior OIG audits and reviews, discussions with the 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,\(^2\) 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 Governor’s Chief Inspector General asked that we set aside 20 percent of our audit resources for CARES projects, enterprise activities, and lessons learned during COVID-19. These initiatives align well with our identified priorities.


\(^2\) Section 14.32(3), Florida Statutes, requires the Chief Inspector General (CIG) 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 CIG consults with the Department of Economic Opportunity (DEO) Office of Inspector General for this function.
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, and various online resources, which describe six divisions consisting of twenty-eight bureaus.

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.

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

We identified fourteen areas of risk, within the four risk factor categories.

Lastly, we developed questions, related to the fourteen areas of risk, and distributed a survey of the questions to 47 managers and supervisors within each auditable unit. Additionally, we performed 14 in-person interviews to determine the risk to meeting the Department objectives in each auditable unit. The survey response rate was approximately 55% (26 of 47) from various auditable units.

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

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 fourteen areas assessed we identified the relative importance of the question’s 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.
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.

The Internal Audit Section currently has six positions, but has experienced delays in filling vacant positions due to COVID-19. Based on our estimated resources when fully staffed, which combines hours for both the annual and long-range plans, staff members will be able to expend 14,112 hours on audit plan engagements. A total of 2,822 of these hours will be set aside for projects related to COVID-19. Another 1,200 hours are needed to complete ongoing projects initiated during the prior fiscal year.

The remaining 10,090 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 pages provide the 2020-2021 Audit Work Plan projects. Our Plan is subject to change as management priorities evolve and new risks are identified.
<table>
<thead>
<tr>
<th><strong>AUDIT WORK PLAN PROJECTS</strong></th>
<th><strong>SELECTION CRITERIA</strong></th>
<th><strong>FY 2020-21 ANNUAL AUDIT WORK PLAN</strong></th>
<th><strong>FY 2021-22 LONG-TERM AUDIT PLAN</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit/Review of Community Development Rural Revolving Loan Program</td>
<td>Project Selected Based on Risk Concerns</td>
<td>200</td>
<td>400</td>
</tr>
<tr>
<td>Audit/Review of Community Development Rural Infrastructure Fund</td>
<td>Project Selected Based on Risk Concerns</td>
<td>60</td>
<td>400</td>
</tr>
<tr>
<td>Audit/Review of Public Private Partnerships</td>
<td>Requirement of Section 14.32(3), Florida Statutes</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Performance Measure Assessment</td>
<td>Statutory Requirement (Section 20.055, Florida Statutes)</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Florida Housing Finance Corporation's Limited Quarterly Review</td>
<td>Statutory Requirement (Chapter 420, Florida Statutes)</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Florida Department of Highway Safety and Motor Vehicle's Annual Audit or Review of the Data Exchange</td>
<td>Contractual Requirement between the DEO and the Florida Department of Highway Safety and Motor Vehicles</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Florida Department of Highway Safety and Motor Vehicle's Annual Audit/Review of DAVID</td>
<td>Contractual Requirement between DEO and the Florida Department of Highway Safety and Motor Vehicles</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>External Audit Coordination and Follow-up</td>
<td>OIG Risk Assessment Results</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Request for New Catalog of State Financial Assistance (CSFA) Numbers and Annual Florida Single Audit Act (FSAA) Updates</td>
<td>Annual OIG Project</td>
<td>65</td>
<td>55</td>
</tr>
<tr>
<td>Technical Assistance and Investigative Support</td>
<td>Annual OIG Project</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
DISTRIBUTION, AUDIT TEAM, AND STATEMENT OF ACCORDANCE

Action Official Distribution:
Ken Lawson, Executive Director

Information Distribution:
Melinda Miguel, Chief Inspector General
Sherrill F. Norman, CPA, Auditor General

Audit Team
Tingting Fan, Auditor
Alexis Wyche, Auditor
Jessica Hacker, CGAP, CIGA, Auditor
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.