

Integrated Internal Audit Management System (IIAMS)

Cost savings and Efficiencies Associated with the Use of IIAMS as an Enterprise Solution for State of Florida Inspector's General Internal Audit Offices

IIAMS is a fully functional audit management system designed for state government and includes project management, audit documentation, supervisory review/approval, timekeeping, training records and an extract and reporting function.

Proposal

To expand a web-based application that is currently hosted at the Northwood Shared Resources Center (Northwood) to all interested state agency Internal Audit offices. Users would simply log-on to a secure web-site to access the IIAMS web application and work with their secure data. Number of users would expand from 12 Department of Children and Families (DCF) users to an initial estimate of 36 to 50 across other interested state agencies.

Current Situation

Each agency is required to have an Inspector General (IG) function as established in Section 20.055, Florida Statutes and Internal Audit (IA) is a major component of the IG office. Internal Audit is required by statute to follow professional standards and is subject to a periodic Quality Assurance Review to ensure standards are followed. Except for the non-prescriptive professional standards, each agency has developed policy, procedure, processes, systems, etc. to accomplish statutory requirements. Many of the internal audit offices use systems developed in the "folder and file cabinet" days of the early 1990's. Audit work papers are generally created by Microsoft office software then printed out and placed in folders or binders. A few agencies have purchased off-the-shelf audit packages that run on a network drive and others have hybrid systems created over the years. Commercial applications are tailored to the Internal Audit industry in general, when program changes are needed, it either cannot be done or is expensive. In general, each agency is left to create internal audit systems. We have created many wheels.

Background

The IIAMS web/database application was developed and is based on the needs of State of Florida internal auditors. A team of auditors in 2003-04, working with experienced programmers, created the system. One of the team members had extensive experience with "off the shelf" audit systems he had used while working for the US Department of Defense. The team spent time at the Department of Agriculture and Consumer Services (DOACS) studying the functionality of a popular commercial audit management package which they had used for several years. This generic commercial package was designed for all aspects of business and industry, including manufacturing, service-related, for-profit, and not for profit organizations. It had features that filled the diverse needs of these organizations. Our visit to DOACS guided us by detailing the features needed by a governmental organization. The team designed in IIAMS all those features used by the

DOACS office and left out most of those that were not used. This approach proved successful as 90% of the needs of the IA office were initially met by the system and subsequent enhancements have resolved the remaining issues. In addition, only one feature that was originally programmed into the system has not been used. The application has won two Davis Productivity Awards.

The software has been maintained and updated over the years and was recently re-written in a more common language (Visual Basic.Net). In July of this year the system was deployed on a centralized server at the Northwood data center.

Many state agencies have expressed interest in the system and two in addition to DCF, are currently using the system. Both Department of Business and Professional Regulation (DBPR) and Department of Juvenile Justice (DJJ) have deployed older versions of the system on servers within their agency. Other agencies have been blocked in their attempt to deploy the system because of issues associated with their IT organizations or lack of servers, or other support related matters.

This current initiative is an attempt to eliminate barriers to using the system and create efficiencies within the IG and IA community. The following points are offered.

- Users will be able to access only their own secure data, while using common software.
- There will be little to no incremental cost to Northwood Data Center.
- All users can use the current server. After 5 years of use and well over 500 projects DCF has used only 8 gigs of space. Text does not take up a lot of space.
- All user data will be backed up, just like DCF's data is backed up today.
- An organization of users (user group) will be created to "own" the system.
- Decisions regarding functionality of the system will be the "Owners" responsibility.
- Updates, enhancements, program initiatives, etc., will be the primary responsibility of the "Owners".
- Owners will speak with one voice to Northwood data center management.
- Consistency of work process will be created within state government IA offices.
- Training will be simplified. System owners or user group can host training sessions for all IA offices and teach system specific information.
- Career paths for staff will be enhanced as auditors can move more freely between IA offices.

Cost Savings

The IIAMS program was created in the spring of 2003 by DCF contract programmers at an initial cost of approximately \$25,000. Since that time the system has been modified, re-written, and improved by in-house staff with no incremental cost. It is planned, this type of support would continue through the use of a "user group".

There are several commercial internal audit tracking systems. Several state audit offices, use Audit Leverage. The Audit Leverage web-site describes their software as follows.

Audit Leverage is a database-driven software application, based in your choice of Microsoft Access or SQL Server that helps to manage your entire internal audit process. Including PLANNING: Risk Assessment, Annual Planning & Budgeting PROJECT MANAGEMENT: Timekeeping, Budget Monitoring, Staffing & Scheduling, Audit Histories, FIELDWORK: Workpapers (integration with Word, Excel, and other tools), Audit Program Templates, Review Notes REPORTING & FOLLOW-UP: Audit Report Generation, Audit Committee reporting, Tracking of Findings, Recommendations, & Management Action Plans. Audit Leverage warehouses all of this internal audit department data into one truly integrated database solution. The result is that your auditors spend less time on workpaper documentation and administrative tasks, and more time auditing. Working offline: The software allows you to work either in the office or offline on your laptop. Then when you're back online, just click a button to synchronize your offline work with the central database. Audit managers can then review the workpapers (and write review notes) while the audit team is still in the field.

The functionality of IIAMS and Audit Leverage are similar, each program has positive features. A significant technical difference is Audit Leverage is a database-driven application and IIAMS is a web-based application. A web-based application allows for on-line real time use of the system and it can be accessed through any web browser from any location.

The cost of Audit Leverage, per their web site, is as follows.

The one-time, perpetual license fee for the Audit Leverage software is as follows.

1-3 licenses = \$3,900 total

4+ licenses = \$1,300 each (example: 5 users = \$6,500 total)

15+ licenses = \$1,100 each

30+ licenses = \$ 900 each

60+ licenses = \$ 700 each

120+ licenses = \$ 600 each

400+ licenses = \$ 400 each

This includes first year upgrades and technical support. Not included is three day training and consulting at \$4500 plus travel and continuing support beyond the first, which is 20% of the initial license fee. Other support services are available at \$150 per hour.

Fifteen agencies that are still using manual systems have expressed a strong interest in the IIAMS system,. Most of the agencies are smaller and would probably not have the budget to purchase an automated system, so efficiencies would go unrealized. The following chart is an estimate of the costs for Audit Leverage, cost for IIAMS, because it is state owned, should be minimal.

Estimated Costs of Audit Leverage for Specific State Agencies Interested in an Automated Audit Management System. Information was taken from Audit Leverage web-site.

Agency	Estimated # Staff	License	Training and Consulting	Travel	Continuing Support
AWI	6	\$7,800	\$4,500	\$2,500	\$1,560
DBPR	6	7,800	4,500	2,500	1,560
DCA	2	3,900	4,500	2,500	780
DJJ	4	5,200	4,500	2,500	1,040
DOC	9	11,700	4,500	2,500	2,340
DOE	7	9,100	4,500	2,500	1,820
DOH	5	6,500	4,500	2,500	1,300
DOS	2	3,900	4,500	2,500	780
ELDER	3	3,900	4,500	2,500	780
EOG	4	5,200	4,500	2,500	1,040
FLHSMV	3	3,900	4,500	2,500	780
FLOFR	3	3,900	4,500	2,500	780
FLOIR	3	3,900	4,500	2,500	780
FWC	3	3,900	4,500	2,500	780
PSC	1	3,900	4,500	2,500	780
		\$84,500	\$67,500	\$37,500	
		Total cost estimated year 1		\$189,500	
		Total cost estimated year 2 and following yrs.			\$16,900

Conclusion to be drawn from this chart is if the 15 agencies choose to use IIAMS instead of purchasing the commercial package “Audit Leverage” an initial savings to the State of Florida would be \$185,000, with an avoidance of reoccurring of expense of \$16,900.

It should be noted, the Auditor General’s Office has a workgroup that recommended the IIAMS solution for their 400 plus professional staff. They are currently testing the software. This is a savings of over \$500,000 for the AG’s office.

Efficiencies gained through the use of automated audit systems are difficult to quantify. The following comments regarding efficiencies of automated systems were made by current IIAMS users. Both DBPR and DCF won Davis Productivity Awards for the efficiencies associated with the IIAMS system. These comments are from the Davis Productivity Awards Application form.

- The security of records has improved and immediate access for any member of the team has ensured that a staff member absence does not impede the work of the team.

- Tangible cost savings include; reduction in the use of paper, manpower, storage space, photocopying expenses, archival and destruction expenses.
- Intangible benefits include improved customer service, greater efficiency in the audit work process, improved document security, simplified records administration with centralized access, technology improvements, reduction in training time and expenses, and elimination of clutter.
- By adopting and implementing the paperless audit system, the amount of paper that is stored within the Office of Inspector General has been eliminated or significantly limited. This has resulted in more effective use of office space without the need for filing cabinets
- The paperless audit system has allowed the Office of Internal Audit to better serve our agency and customers by fulfilling the requests for audit reports and information in a more timely fashion. In the event of an audit staff person's absence, the entire audit section will have access to the files and can produce information immediately on request.
- The "Integrated Internal Audit Management System" was offered to the DBPR Office of Inspector General by the DCF at no cost, therefore, saving the agency tens of thousands of dollars by not having to purchase the system, saving manpower hours by not having to develop the system and the costs of initial set-up and installation. Staff members of DCF assisted DBPR during meetings, implementation and follow-up.
- The DCF previously received the Davis Productivity Award for this system (2005-DCF-028) in 2005.
- Prior to implementation, DCF held meetings with DBPR OIG Internal Audit staff to provide information and training on the paperless audit system. The DBPR Office of Technology assisted by installing the system on the DBPR network, and set up the scanning equipment needed to utilize the paperless audit system.
- The implementation of the "Integrated Internal Audit Management System" makes greater use of technology in a way that will refine process and save resources. Additionally, the automated record storage capability serves to enhance document retrieval times and reduce document storage space
- The Office of Inspector General, Bureau of Internal Audit, in adapting and implementing this system, has added value to the Department and embraced our goal to be a leader in customer service and technology. This system will serve to create more efficient and effective government for customers of the Department of Business and Professional Regulation.
- IIAMS was based on the desire and need to replace manual processes with automation. Before implementation of this system, audit processes conducted by staff were prepared in hard copy. The working papers were large and cumbersome and required a large amount of space to house them. Assignments were logged in word processing format and maintained in binders. Audit staff training hours were prepared in Excel format and stored in folders.

- The system was developed by the technical input of IT staff and the subject matter expertise of Internal Audit staff. This program was created while managing the current audit process and transition to the new system. The new web-based automated internal audit management system has streamlined the production and documentation of the audit projects issued.
- The system development objectives included: facilitating a paperless audit file; enhancing audit group management; affordable; integrated into the state's web-based architecture and DCF Intranet; is consistent with IIA standards, and promotes E-Government by allowing on-line management interaction.
- IIAMS is owned by the state, has been shared with other state and local audit entities and is available for adaption and implementation by these agencies.
- A recent enhancement tracks the Internal Audit staff hours, which is used to document federal funding.
- Quality Assurance Reviews conducted by the Office of the Auditor General (per 20.055 FS), found the IAMS System to be satisfactory and met audit standards, and was clearly an improvement over previous manual systems.
- The system was developed by the technical input of IT staff and the subject matter expertise of Internal Audit staff.
- The new system also tracks the Internal Audit staff hours, which is used to acquire federal funding.

Questions or comments please call Jerry Chesnutt or Cynthia Hefren at 922-4573.