



FLORIDA DEPARTMENT of

**management  
SERVICES**

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Rick Scott, Governor

Craig J. Nichols, Agency Secretary

Date: September 16, 2104

To: Secretary Nichols

From:  Walter Sachs, Inspector General


Subject: FY 14-15 Internal Audit Proposed Work Plan

I am submitting our proposed Internal Audit Work Plan for Fiscal Year 2014-15 for your review and approval. This plan was developed consistent with the department's current organizational structure and funding levels and is based on the results of our annual risk assessment, audit concerns expressed by program and executive management, as well as input from Office of Inspector General staff.

This proposed plan also recognizes that the Chief Inspector General of the Executive Office of the Governor has requested that agency OIG's reserve approximately 20 percent of its internal audit resources for use by the Chief Inspector General in performing "enterprise-wide" audits.

We recognize that a number of eventualities may require that we reevaluate the department's risk exposure and adjust proposed work. Our office will adjust the work plan as needed to address any emerging risk areas or special projects. Any adjustments that impact our ability to complete the project in this plan will be submitted to your office for prior review and approval.

Approved without modification

  
Signature9/22/2014  
Date

Approved with modifications

\_\_\_\_\_  
Signature\_\_\_\_\_  
Date

Disapproved

\_\_\_\_\_  
Signature\_\_\_\_\_  
Date

## **Annual Work Plan FY 14-15**

**ORGANIZATION OF THE OFFICE OF INSPECTOR GENERAL.** The Office of Inspector General (OIG) consists of 11 staff members; the Inspector General and Administrative Assistant and three sections organized as follows:

➤ **Internal Audit Section**

- 1 Audit Director
- 2 Internal Auditors

➤ **Retirement Compliance Audit Section (Supervised by the Audit Director)**

- 4 Compliance Auditors

➤ **Investigations Section**

- 1 Chief Investigator
- 1 Investigator Specialist

### ***INTERNAL AUDIT SECTION***

The Audit Director supervises the section's internal auditors. After considering holiday/leave hours, time devoted to training and administrative/supervisory work, and time needed to meet statutory reporting requirements, sufficient staff hours remain to accomplish the internal audit work proposed below:

### **PROGRAM AUDITS/EVALUATIONS/REVIEWS**

#### **1. Information Security Assessment**

The OIG, in cooperation with the Information Technology office, will conduct a review of the office's program for information security management. The objectives of this review will be:

- Provide management with an assessment of the effectiveness of the information security management function
- Evaluate the scope of the information security management organization and determine whether essential security functions are being addressed effectively

OIG will begin this review by conducting a preliminary survey of the Information Technology operations, including a benchmarking with similar state agencies. The main objective of this procedure is to obtain the information necessary for the IG's office to make a decision on how to proceed with the security assessment project. During the review, the OIG staff will gain an understanding of the management practices used in the different functional areas and at different levels. Based on the results of the review, recommendations and action plans will be presented as to what improvements are needed.

## **2. Internal Control and Business Process Audit of Retirement Operations**

The OIG, in cooperation with the Division of Retirement, will conduct an internal control and business process audit of the division's operations. A particular focus will be placed on the internal controls related to financial reporting and data security. OIG will work with management and staff to document controls and understand how controls operate. In addition, OIG will conduct testing of controls and business processes to ensure operating effectiveness. Based on the results of the assessment, OIG will be able to deliver to management control matrices with the results of testing for each of the key business processes within the division. In addition, OIG will prepare conclusions and recommendations regarding the control environment for each of the bureaus within the division.

## **3. Agency Purchasing Evaluation**

The OIG, in cooperation with Agency Purchasing, will perform an evaluation of the Department's compliance with Agency Purchasing standards and policies. In addition, OIG will provide an independent assessment of the effectiveness of these purchasing standards and policies. Based on the results of the evaluation and assessment, conclusions regarding the adequacy of standards and policies and Department compliance will be provided along with recommendations for improvements.

## **4. Assessment of Cross-Training, Succession Planning and Segregation of Duties in the Bureau of Finance & Accounting**

The OIG, in cooperation with the Bureau of Finance & Accounting, will perform an assessment of cross training and succession planning efforts along with an assessment of segregation of duties relative to the internal control environment within Finance and Accounting. Based on the results of the assessment, recommendations will be made regarding improvements.

## **5. Real Estate Development and Management Consulting Project**

The OIG will consult and partner with Real Estate Development and Management to ensure that the issues identified in the previous internal and external audits related to the FACT system are addressed in the current project to replace the system. Also, OIG will partner with management during this project to provide assurance services related to the new system prior to implementation. The OIG will participate on the implementation project team as an independent consultant to provide management assurance of the goals and objectives as the project is in process.

## **6. FSECC New Contract Procurement Consulting Project**

The OIG will participate on the procurement project team as an independent consultant to provide management assurance and review of the goals and objectives of this new contract as the procurement is in process.

## **7. Federal Property Assistance – LESO Program - Desk Review**

The OIG will conduct a desk review of the internal controls pertaining to the Law Enforcement Support Office (1033 Program) as administered by the department's Federal Property Assistance program. The review will focus on the requirements of the Department of Defense, Defense Logistics Agency (Public Law 104-201).

## **PERFORMANCE MEASURE ADVISORY SERVICES**

The OIG is responsible for advising in the development of performance measures, standards and procedures for evaluating agency programs; for assessing the reliability and validity of the department's performance measure information; and for reviewing actions taken to improve program performance and meet program standards.

## **MANAGEMENT ASSISTANCE AND SPECIAL REQUESTS**

Management consistently calls on the OIG to assist with a number of special projects. Past examples include review of the department's management of the construction of the First District Court of Appeals and assistance with development of methodologies to establish private prison per diem rates. We anticipate the OIG will continue to provide management assistance on an ad hoc basis.

The Governor's Chief Inspector General's office has requested that agencies reserve approximately 20 percent of available staff time for their use. Normally, this time would be devoted to audits/reviews/management assistance provided to the department. Therefore, this allocation of resources reduces the time devoted to the departments' internal issues.

## **RESPONSE COORDINATION AND AUDIT FOLLOW-UP**

As in recent years, external audit organizations continued to conduct extensive reviews of department programs and activities. It is expected that the extensive number of external reviews will continue during the upcoming fiscal year. In accordance with requirements to follow-up on the department's implementation of findings and recommendations made by external reviewers, the OIG will conduct a minimum of eight follow-up audits. The OIG will also be required to conduct a follow-up review of the internal audit of the Suncom program.

## **INTERNAL PROCESS AND ANALYSES**

Annually, the Internal Audit Section is required to perform a risk assessment of department operations. Florida Statutes also requires the OIG to prepare an Annual Report and Work Plan that presents the results of operations during the preceding fiscal year and anticipated work for the upcoming year.

## ***FLORIDA RETIREMENT SYSTEM AUDIT COMPLIANCE SECTION***

The Florida Retirement System (FRS) has approximately 571,000 active members contributing to the Trust Fund. More than 75 percent of these are employees of 935 non-state reporting agencies (County Commissions, County School Boards, Community Colleges, etc.). Each year, section staff reviews about 90 of these non-state entities for compliance with applicable requirements of Chapter 112, Florida Statutes. These reviews consist of desk audits of the smaller entities and on-site reviews of the large

agencies. Funding for section salaries and expenses are paid through the FRS Trust Fund.

### ***INVESTIGATIONS SECTION***

The Investigations Section workload consists primarily of the investigation of employee misconduct and administrative issues, state employee background investigations of all employees of the department and of the department's dotted-line entities, and criminal history reviews of contract employees. While investigation requirements cannot be predicted, current trends indicate the section's workload will continue to increase. Section staff will expend available hours as required.