



FLORIDA
DEPARTMENT of
CORRECTIONS

Governor

RON DESANTIS

Secretary

RICKY D. DIXON

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August 2, 2023

The Honorable Ricky D. Dixon
Secretary
Florida Department of Corrections
501 South Calhoun Street
Tallahassee, Florida 32399-2500

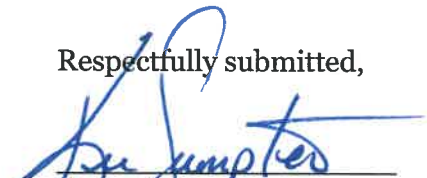
Dear Secretary Dixon:

We have prepared our Audit Plan for Fiscal Year 2023-2024 for your review. Our Audit Plan is risk driven and considers the most effective coverage of the Department's systems, functions, programs, operations, processes, and contracts. A risk assessment is the basis for the plan, and it was accomplished with analysis and surveys of potential audit entities and input from Central Office management.

We feel the topics identified in the plan address some of the major vulnerable areas of the Department and optimize the use of our audit resources. We value your input and if there are areas you would like for us to specifically address, please let us know. We look forward to continuing our work with management to improve the delivery of programs and services by the Florida Department of Corrections.

With your approval, we will implement the Audit Plan for Fiscal Year 2023-2024. Your continued support is appreciated.

Respectfully submitted,



Kenneth Sumpter
Inspector General

Approved: 
Ricky D. Dixon
Secretary

FLORIDA DEPARTMENT OF CORRECTIONS
OFFICE OF INSPECTOR GENERAL
BUREAU OF INTERNAL AUDIT

THE ANNUAL WORK PLAN
FISCAL YEAR 2023-2024

Work Plan Coordinators:

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TABLE OF CONTENTS

INTRODUCTION	Page
Statutory Duties and Responsibilities	1
Mission Statement	1
Goals	1
Bureau of Internal Audit Organization Chart	2
COMPLIANCE, CONTRACT, AND PERFORMANCE AUDITS	
Risk Assessment	
Purpose	3
Methodology	3
Definition of Risk Factors	6
Audit Plan Schedule	
Annual Audit Plan/Long-Term Audit Plan	7
Schedule – Fiscal Year 2023-2024 Annual Audit Plan	8
Schedule – Fiscal Year 2023-2024 Long-Term Audit Plan	9
Annual Audit Plan Objectives	10
CONTRACT MANAGEMENT REVIEW	
Risk Assessment	
Purpose	12
Methodology	13
Definition of Risk Factors	15
Contract Management Review Schedule	
Annual Review Plan and Objectives	16
Schedule – Fiscal Year 2023-2024 Annual Review Plan	17

Introduction

Statutory Duties and Responsibilities

Pursuant to Section 20.055, Florida Statutes, the Inspector General is responsible for keeping the Secretary of the Department of Corrections (Department) and the Chief Inspector General informed concerning fraud, abuse, and deficiencies relating to programs and operations administered or financed by the Department. In addition, the Inspector General is responsible for recommending corrective action concerning fraud, abuses, and deficiencies and reporting on the progress made in implementing corrective action. The Inspector General is also responsible for developing long-term and annual audit plans based on findings of annual risk assessments. The plan shows the individual audits that will be conducted each year and the related resources that will be devoted to the respective audits.

The Office of Inspector General, Bureau of Internal Audit, conducts compliance, contract, performance, and information technology audits as well as contract management reviews of selected contracts for the Department. The audits are conducted in accordance with the current *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors.

Mission Statement

The mission of the Office of the Inspector General, Bureau of Internal Audit, is to assist the Secretary and the Department in ensuring that: (1) Department goals are met; (2) all resources are used consistent with laws, regulations, and policies; (3) all resources are safeguarded against waste, loss, and misuse; and (4) reliable data is obtained, maintained, and fully disclosed.

Goals

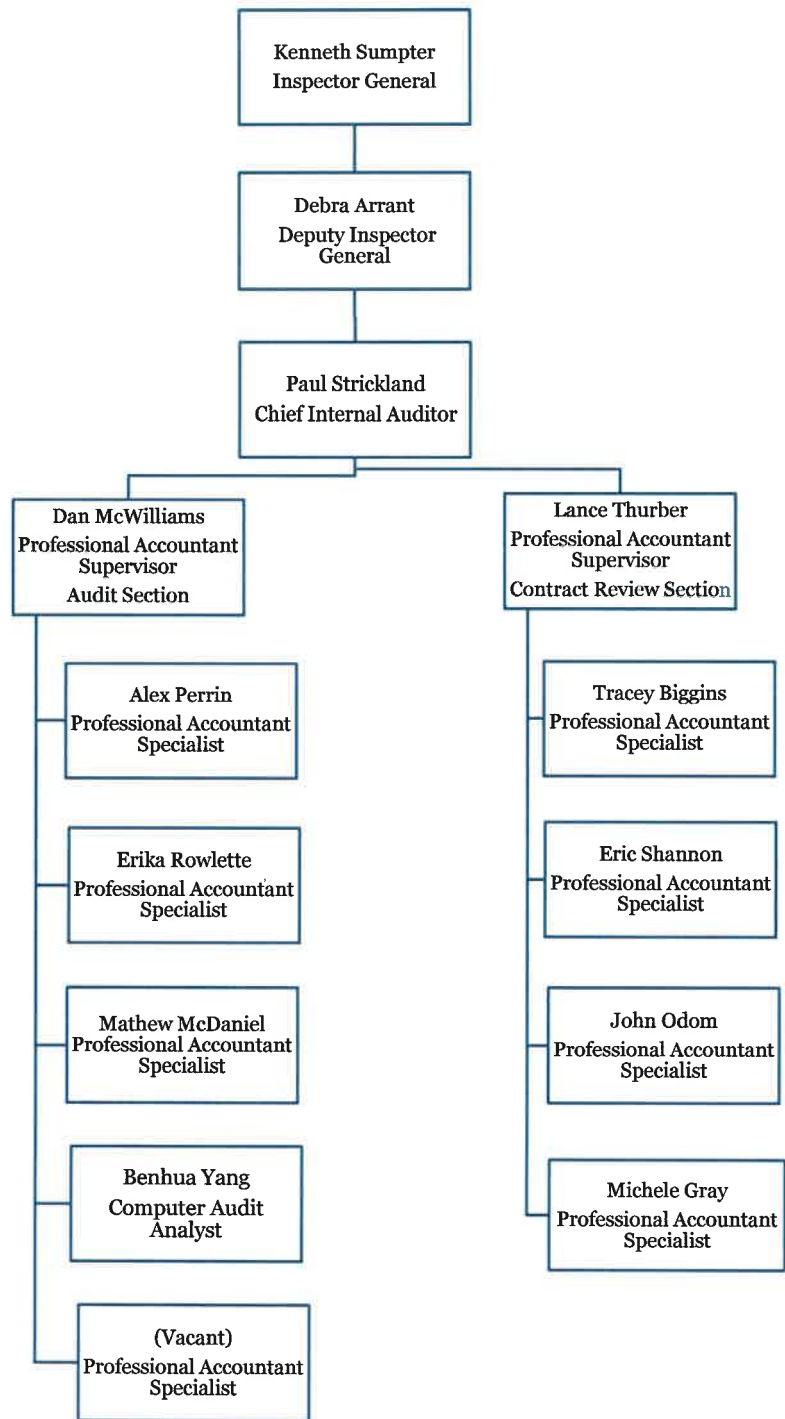
The Bureau of Internal Audit's primary purpose is to proactively assist management in successfully meeting the Department's mission and established objectives. To meet its purpose, the Bureau of Internal Audit has four key goals:

- Perform quality audits, reviews, and investigations;
- Report results to management in a timely manner;
- Ensure Department resources are used efficiently; and
- Provide adequate audit/review coverage to mitigate risks.

We believe the Office of Inspector General, Bureau of Internal Audit, can best achieve its goals by: (1) supporting the Department's efforts to achieve its objectives; (2) maintaining a dynamic, team-oriented environment which encourages personal and professional growth, and challenges and rewards our employees for excelling and reaching their full potential; and (3) emphasizing continuous improvement in our delivery of services.

With this document, we set in motion the direction the Office of Inspector General, Bureau of Internal Audit, will take during the next fiscal year to accomplish its mission and goals.

Florida Department of Corrections
Office of Inspector General
Bureau of Internal Audit



Audit Risk Assessment

PURPOSE

The purpose of developing an annual audit plan is to identify, select, and plan for the review of the vulnerable areas of the Department using available audit resources. The primary consideration during the development of an audit plan is to provide the greatest possible benefit to the Department. The Risk Assessment process provides an objective basis for identifying the areas to be reviewed.

According to statutory requirements, the Inspector General is responsible for developing long-term and annual audit plans based on findings of periodic risk assessments. *International Standards for the Professional Practice of Internal Auditing*, Standard 2010.A1 states, “[t]he internal audit activity’s plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.”

We prepared a staffing allocation based on available hours for each auditor (net of estimated hours for leave, training, and administrative tasks) in order to establish available resources of 6,650 hours. A reserve for enterprise audits was also included in the allocation of total available resources. Once available resources were established, the results of our risk assessment, concerns of key Department managers, and auditor judgment were used to determine coverage, timing, and extent of audit efforts.

METHODOLOGY

Our systematic risk assessment included several steps that provided a basis for prioritizing our audit efforts. The steps taken in our risk assessment are described as follows:

- **Establishment of the Audit Universe**

The first step in the Risk Assessment process was to identify the population of audit entities. In 1995, the Bureau of Internal Audit began surveying management at the Florida Department of Corrections to determine the areas that could be audited utilizing the Department’s major responsibilities, programs, and processes. This process was completed in 1996 with the results identifying the Audit Universe. Every year, this Audit Universe has been updated and refined for major changes.

Based on the update of the original audit entities, we have developed a comprehensive listing of auditable functions within the Florida Department of Corrections.

- **Identification of Risk Factors**

The second step in the process was to identify key risk factors, which established criteria to measure the risk associated with each audit area. We currently use eight risk factors which are listed on page 6. Each risk factor was assigned five descriptive ratings that were used to provide a value judgment on the actual operations of the audit area.

- **Risk Assessment**

On June 14, 2023, we forwarded the listing of auditable entities to management to allow them to assess their areas by completing the “Descriptive Rating” for each auditable entity.

The risk assessment ranking process was made up of two major segments, the “Probability of Risk” of the auditable entities as determined by the Audit Staff and assignment of a “Descriptive Value” for each Risk Factor for each auditable entity conducted by management.

- The “Probability of Risk” is a measurement of the risk potential of each audit entity. It is not a statement about the present operations of any audit entity, but a measurement designed to identify the level of risk for each entity.
- The “Descriptive Value” is a value judgment on the actual operation of the audit entity. This is a rating from five to one for each risk factor of each audit entity.

After management assigned values for each audit area, we multiplied the “Probability of Risk” by the “Descriptive Value.” Completing this calculation for all eight risk factors and summing the results produced a total risk value for each audit area. The audit areas were then ranked on the basis of their total risk value.

- **Selection of Audit Areas for Fiscal Year 2023-2024**

The final step in the risk assessment was the actual selection of specific audit areas for inclusion in the proposed Audit Plan. Although the risk assessment provided an excellent base of information for those areas of the Department to be reviewed, a potential audit area with a high ranking in the risk assessment was not the only factor used to determine the audits included in the audit schedule for Fiscal Year 2023-2024.

Other factors included the in-process audits to be completed during the new fiscal year, audits required by Florida Statutes, management's immediate concerns, available staff resources, and prior audits by external auditors.

The potential audit areas selected were presented to the Inspector General and Secretary for review and approval prior to issuing the Annual Audit Plan.

DEFINITION OF RISK FACTORS

1. **QUALITY OF CONTROLS**
Areas with poor or weak systems of internal control present a greater risk and should be rated higher.
2. **MANAGEMENT INTEREST**
If the area is of special interest to senior or program management, it should be rated higher.
3. **MATERIALITY**
The dollar volume flowing through a system or dollars committed to an activity increase audit risk.
4. **FRAUD POTENTIAL**
If funds or assets in an audit area can be misappropriated or misused, or if bribes or kickbacks are possible, the rating should reflect this risk.
5. **PERSONNEL/STAFFING ISSUES**
If an area is understaffed, the staff is incompetent, have low staff morale and/or have high staff turnover, the risk is increased.
6. **QUALITY OF MANAGEMENT**
The competency and integrity of management in any area has an impact on risk.
7. **PUBLIC DISCLOSURE**
The prospect of adverse notoriety that could be generated from acts of commission or omission increases the risk.
8. **CHANGE IN SYSTEM/PROGRAM**
Recent changes in systems usually increase the probability of errors during its "break-in" period, thereby increasing audit risk.

Audit Plan Schedule

Annual Plan

We selected those audit/review areas that presented the greatest continued risks to the Department and posed the greatest concerns of key managers in Fiscal Year 2023-2024. A table is included on page 8 summarizing the individual audit/review areas.

Professional auditing standards require auditors to determine whether appropriate action is taken on reported audit findings and whether management is assured that corrective action taken is achieving desired results. We have scheduled follow-up audits that will require 400 audit hours to complete.

Long-Term Plan

Our long-term work plan includes potential areas to be audited in the future. However, modifications to this long-term plan will be made based on management's concerns and the actual risk assessment performed. The risk assessment and management's concerns are a dynamic exercise that can be affected by media attention and focus, legislative action, judicial decisions, and management directives. A table is included on page 9 summarizing the long-term plan.

FISCAL YEAR 2023-2024 ANNUAL AUDIT PLAN

Description of Project	Project Type	Estimated Hours
I. Mental Health	Audit	750
II. Interstate Compact	Audit	500
III. Institutional Substance Abuse Program	Audit	500
IV. Inmate Custody Decisions (CARS)	Audit	500
V. Enterprise Cybersecurity Incident Response, Report, and Recovery	Audit	800
VI. Inmate Welfare Trust Fund	Audit	500
VII. Centurion Health Services Contract Pharmaceutical Controls at Institutions	Audit	500
VIII. Information System - Application Access	Audit	500
IX. Employee Benefit Trust Fund	Audit	300
X. Inmate Transfers (In Progress)	Audit	270
XI. Florida Single Audit Act (Review of Audit Report Packages)	Audit	50
XII. Department's Report on the Allocation of Human Resources and Associated Budget at FDC Institutions	Audit	80
XIII. Reserved for Audit Projects to be determined by the Secretary/Inspector General	Audit	500
XIV. Assistance on Investigations	Audit	500
XV. Reserved for Follow-up Audits	Audit	400
Total Project Hours		<u>6,650</u>

FISCAL YEAR 2023-2024 LONG-TERM AUDIT PLAN

	Description of Project	Estimated Hours
I.	Cybersecurity	800
II.	Inmate Welfare Trust Fund	500
III.	Inmate Bank Community Release Centers	750
IV.	Sentencing Guidelines	500
V.	Audit of Inmate Release Gratuity	500
VI.	Entering and Exiting Institutions	800
VII.	Employee Benefit Trust Fund	500
VIII.	Application Access	500
IX.	Florida Single Audit Act (Review of Audit Report Packages)	100
X.	Reserved for Audit Projects to be determined by the Inspector General	800
XI.	Assistance on Investigations	500
XII.	Reserved for Follow-up Audits	400
	Total Project Resources	6,650

ANNUAL AUDIT PLAN OBJECTIVES FISCAL YEAR 2023-2024

I. Mental Health

Estimated Hours: 750 Number of Projects Planned: 1

Objective: To determine compliance with applicable laws, rules, and/or procedures.

II. Interstate Compact

Estimated Hours: 500 Number of Projects Planned: 1

Objective: To determine compliance with applicable laws, rules, and/or procedures.

III. Institutional Substance Abuse Program

Estimated Hours: 500 Number of Projects Planned: 1

Objective: To determine compliance with applicable laws, rules, and/or procedures.

IV. Inmate Custody Decisions (CARS)

Estimated Hours: 500 Number of Projects Planned: 1

Objective: To determine compliance with applicable laws, rules, and/or procedures.

V. Enterprise Cybersecurity Incident Response, Report, and Recovery

Estimated Hours: 800 Number of Projects Planned: 1

Objective: To evaluate Department controls and compliance with Chapter Rule 60GG-2.005, Florida Administrative Code.

VI. Inmate Welfare Trust Fund

Estimated Hours: 500 Number of Projects Planned: 1

Objective: To determine compliance with applicable laws, rules, and/or procedures.

**VII. Centurion Health Services Contract
Pharmaceutical Controls at Institutions**

Estimated Hours: 500

Number of Projects Planned: 1

Objective: To evaluate the internal controls over pharmaceuticals at correctional institutions.

VIII. Information System - Application Access

Estimated Hours: 500

Number of Projects Planned: TBD

Objective: To determine whether access privileges are granted to current users, and access privileges of current users are commensurate with their respective job duties.

IX. Employee Benefit Trust Fund

Estimated Hours: 300

Number of Projects Planned: TBD

Objective: To determine whether cash is collected and deposited in accordance with established policies and procedures and administrative and physical controls are in place to adequately safeguard the funds.

Contract Management Review Risk Assessment

Purpose

The purpose of developing an annual review plan is to identify, select, and plan for the review of the vulnerable contracts of the Department using available resources. The primary consideration during the development of the review plan was to provide the greatest possible benefit to the Department. The risk assessment process provides an objective basis for identifying the areas to be reviewed.

The risk assessment process is a major part of the planning process. The development of long-range plans requires the identification of risks relating to the Department's various contracts for goods and services. This process entails assigning values to the various contracts based on perceived risk to help prioritize review coverage. Our process incorporated knowledge and concerns of Contract Management Review (CMR) staff and other key and senior management which provided for a Department-wide perspective.

The risk assessment included contracts with an estimated annual value of \$100,000 or greater. Management and CMR staff rated contracts based on eight risk factors and CMR professional judgment. These contracts were prioritized by those areas considered the most "at risk" and consistent with the Department's mission and goals.

After performing the risk assessment and selecting contracts for review, we prepared a staffing allocation based on available hours for each auditor (net of estimated hours for leave, training, and administrative tasks) in order to establish available resources of 5,600 hours.

Once available resources were established, the results of our risk assessment and auditor judgment were used to determine coverage, timing, and extent of review efforts.

Methodology

Our systematic risk assessment included several steps that provided a basis for prioritizing our review efforts. The steps taken in our risk assessment are described as follows:

- **Establishment of the Review Universe**

The first step in the risk assessment process was to identify the population of contracts for goods and services. The contract universe identified for the risk assessment for Fiscal Year 2023-2024 included only contracts with an estimated annual value of \$100,000 or greater.

- **Identification of Risk Factors**

The second step in the process was to identify key risk factors, which established criteria to measure risk associated with each review area. We currently use eight risk factors which are listed on page 15. Each risk factor was assigned five descriptive ratings used to provide a value judgment on the actual operations of the review area.

- **Risk Assessment**

On June 23, 2023, we forwarded the listing of contracts to management to allow them to assess the contracts assigned to their area of responsibility. Management was requested to complete the “Descriptive Rating” for each contract listed.

The risk assessment ranking process was made up of two major segments, the “Probability of Risk” of the contracts determined by CMR staff and assignment of a “Descriptive Value” for each Risk Factor for each contract completed by management.

- The “Probability of Risk” is a measurement of risk potential for each contract. It is not a statement about the present operation of any contract, but a measurement designed to identify the level of risk for each contract.
- The “Descriptive Value” is a value judgment on the actual operation of the contract. This is a rating from five to one for each risk factor of each contract listed.

After management assigned values for each contract, we multiplied the “Descriptive Value” by the “Probability of Risk.” Completing this calculation for all eight risk factors for each contract and summing the results produced a total risk value for each contract. Contracts were then ranked on the basis of their total risk value.

- **Selection of Contracts for Fiscal Year 2023-2024**

The final step in the risk assessment was the actual selection of specific contracts for inclusion in the proposed review plan. Although the risk assessment provided an excellent base of information for those contracts to be reviewed, a potential contract with a high ranking in the risk assessment was not the only factor used to determine reviews to be included in the upcoming year’s review schedule.

We considered other factors such as contract expiration date, management concerns, complaints, and available staff resources.

The potential contracts selected for inclusion in the Annual Review Plan were presented to the Inspector General and the Secretary for review and approval prior to issuing the final annual review plan.

DEFINITION OF RISK FACTORS

1. **QUALITY OF CONTROLS**
Contracts with poor or weak systems of internal control present a greater risk and should be rated higher.
2. **MANAGEMENT INTEREST**
If the contract is of special interest to senior or program management, it should be rated higher.
3. **CONTRACTED DOLLAR AMOUNT**
The dollar volume flowing through a system or dollars committed to an activity increase risk.
4. **FRAUD POTENTIAL**
If funds or assets regarding a contract can be misappropriated or misused, or if bribes or kickbacks are possible, the rating should reflect this risk.
5. **PERSONNEL/STAFFING ISSUES**
If staff responsible for the management or oversight of a contract is understaffed, the staff is incompetent, have low staff morale and/or have high staff turnover, the risk is increased.
6. **MONITORING ACTIVITIES**
Contracts that are monitored less present a greater risk and should be rated higher.
7. **PUBLIC DISCLOSURE**
The prospect of adverse notoriety that could be generated from acts of commission or omission increases the risk.
8. **PROCUREMENT TYPE**
Contracts procured with less competition increases the risk and should be rated higher.

Contract Management Review Schedule

Annual Review Plan

We selected those contracts that presented the greatest continued risks to the Department and posed the greatest concerns of key managers in Fiscal Year 2023-2024. A table is included on page 17 summarizing the individual contracts to be reviewed.

Review Plan Objectives

Reviews of the identified contracts may include some or all of the objectives listed below:

Objectives will determine the effectiveness of monitoring of contracts by Department staff, the delivery of services by the contractors, and the accuracy of payments.

FISCAL YEAR 2023-2024 CONTRACT MANAGEMENT REVIEW PLAN

	Description of Contract	Contract Number	Estimated Hours
I.	Phoenix Programs of Florida, Inc.	C2904	500
II.	DACCO (now Cove) Behavioral Health, Inc.	C2908	500
III.	South Florida Therapeutic Solutions, P.A.	C2977	500
IV.	Bridges of America - The Orlando Bridge, Inc.	C2905	500
V.	Gateway Foundation, Inc.	C2925	500
VI.	Management & Training Corporation	C3018	500
VII.	GEO Reentry Services, LLC (In Progress)	C2924	300
VIII.	Westcare Gulfoast - Florida, Inc (In Progress)	C3024	400
IX.	Global Tel*Link Corporation (In Progress)	C2963	400
X.	Reserved for Projects to be determined by the Inspector General		500
XI.	Assistance on Investigations		500
XII.	Reserved for Follow-up Reviews		500
	Total Project Hours		<u>5,600</u>