



James S. Hartsell
Executive Director

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DEPARTMENT OF VETERANS' AFFAIRS
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July 21, 2025

James S. Hartsell
Executive Director
Florida Department of Veterans Affairs
11351 Ulmerton Road
Largo, FL 33778

Subject: Annual Audit Plan for Fiscal Year 2025-26

Dear Mr. Hartsell:

The attached Annual Audit Plan for Fiscal Year 2025-26 is provided to ensure the most effective coverage from the Office of Inspector General (OIG) to the needs of the Florida Department of Veterans' Affairs (FDVA). Input from Senior Managers, the 2025 SWOT Analysis, along with the risk assessment generated by the OIG, was used to identify areas within FDVA that may pose a risk or opportunity to the agency. The activities outlined in the Audit Plan address the major concerns of FDVA, satisfy mandated legislation, and identify the areas to review to maximize efficiency and compliance, while minimizing exposure and threats. We respectfully request your approval of the Audit Plan and upon your approval please return this signed cover letter to me. Thank you for your continued support and cooperation with the FDVA OIG.

Sincerely,

John Bucceri,
FDVA Audit Director

Approved: _____

James S. Hartsell
Major General, U.S. Marine Corps (Ret)
FDVA Executive Director

cc: David Marzullo, FDVA Inspector General
FL Auditor General
FL Chief Inspector General

"Honoring those who served U.S."

OFFICE OF INSPECTOR GENERAL

Department of Veterans' Affairs



Audit Plan

Fiscal Year 2025 - 2026

Introduction

The internal audit function of the Office of the Inspector General (OIG) assists the Florida Department of Veterans' Affairs (FDVA) by providing independent and objective analysis to improve operations. Internal auditing helps FDVA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.

Audit engagements are conducted in conformance with the International Standards for the Professional Practice of Internal Auditing (Red Book); Information Systems Auditing Standards published by Information Systems Audit and Control Association (ISACA); and Principles and Standards for Offices of Inspector General published by Association of Inspectors General. These engagements result in written reports and recommendations, including responses by management. The reports are distributed to the Executive Director, Deputy Executive Director, Chief of Staff, affected program managers, the Florida Chief Inspector General, and the Florida Office of the Auditor General.

The work of the audit section is the focus of the Annual Work Plan. The audit section also performs audit follow-up and tracking, annual work plan development and publication of the annual report.

Available Resources

For planning purposes, it is assumed that the Inspector General, the Audit Director, two (2) Internal Auditors, and the Investigator, be in the Office of Inspector General, the positions filled, and the Audit Director and Internal Auditors dedicated full-time to auditing.

Available Resources

	Inspector General	Investigator	Audit Director	Internal Auditor (2)	Total
Total Hours	2,080	2,080	2,080	4,160	10,400
Annual Leave	(176)	(176)	(176)	(176)	(704)
Sick Leave	(104)	(104)	(104)	(104)	(416)
Training	(40)	(40)	(40)	(40)	(160)
Holidays	(80)	(80)	(80)	(80)	(320)
	1,680	1,680	1,680	3,760	8,800
Hours on Other Duties	(840)	(1,680)	(250)	0	(2,770)
Available Audit Hours	840	0	1,430	3,760	6,030

	Inspector General	Investigator	Audit Director	Internal Auditor (2)
Percentage of Hours on Other Duties	50%	100%	15%	0%
Percentage of Hours on Audit	50%	0%	85%	100%
Total	100%	100%	100%	100%

Audit Plan Development

The purpose of the audit planning process is to identify projects and manage the Internal Audit Section's anticipated workload. This plan has several purposes and intended benefits including:

- Assisting FDVA in meeting its mission by planning activities through a risk-based process to provide the most effective coverage of the programs, processes, systems, and contracts;
- Informing managers, outside agencies, and entities, of the Office of Inspector General's mission, activities, and planned audit coverage; and
- Familiarizing the agency staff with functions and services provided by the Internal Audit Section of the Office of Inspector General.

Audit selection is based on an assessment of risk and knowledge of the current events affecting the Department's operations. Risk assessment is a process used to evaluate potential audits based upon specific risk factors related to the Department's operations, internal controls, and estimated liability to the Department. The risk factors are reviewed annually and may be refined as needed.

Risk Assessment

The assigned points are calculated utilizing seven (7) specific areas of evaluation, individually weighted to their significance to the organization. The seven (7) categories are as follows:

- (1) Management Discretion - Information received during management reviews or from management.
- (2) Quality of Internal Controls – The existence of adequate internal controls indicate few visible weaknesses.
- (3) Regulatory and Legal Impact – Lowest adverse reaction to any deficiencies from employee, government, or public exposure.
- (4) Prior Audits – Recent previous reviews of a comprehensive nature that may or may not have resulted in a major audit finding.
- (5) Major Changes – Minimum changes of any significance in service, personnel, systems, or financial results that could compromise operations.
- (6) Frequency and Complexity of Operations – Generally involving routine, well documented, and easily understood procedures.
- (7) Financial Impact – Potential economic consequences related to cash, assets, and resources.
- (8) Negative publicity - Functions and processes that are not performed efficiently and effectively leading to potential negative publicity.

The assigned weight of each category as outlined on the matrix determines the highest risk factor for each entity. This factor establishes the entities with the highest priority.

Internal Audit also performed a review of all risks at the FDVA and of the 2025 SWOT analysis. Furthermore, Internal Audit reviewed the mitigating controls in place to limit the risk of the areas reviewed and put a residual risk rating of high, medium or low on each risk identified.

Audit Risk Assessment

FDVA Annual Audit Plan FY 2025-2026

Risk Assessment

	Management Discretion 15% Weight	Quality of Internal Controls 15% Weight	Regulatory and Legal Impact 10% Weight	Prior Audits 10% Weight	Major Changes 10% Weight	Operational Frequency and Complexity 15% Weight	Financial Impact 15% Weight	Negative Publicity 10% Weight	Calculated Risk Factor
Cybersecurity Audit	2	2	3	2	3	3	2	3	2.45
Kronos Time Keeping	3	3	1	3	3	2	2	1	2.30
Recruitment policy	2	1	1	3	1	2	3	1	1.80
Overtime	3	1	1	2	1	1	3	1	1.70
Contract Management	1	1	3	1	1	2	2	2	1.60
Medicaid Bedhold Billing	1	1	3	3	1	2	1	1	1.55
Donation Trust Fund	1	1	2	1	1	1	1	3	1.30
Residential Trust Fund	1	1	2	1	1	1	1	3	1.30

Point system:

1 = Low Risk 2 = Medium Risk 3 = High Risk

Planned Projects

Risk Factor	Planned Projects	Hours
2.45	Cybersecurity Audit	968
2.30	Kronos Time Keeping	909
1.80	Recruitment policy	711
1.70	Overtime	672
1.60	Contract Management	632
1.55	Medicaid Bedhold Billing	612
1.30	Donation Trust Fund	514
1.30	Residential Trust Fund	514
		<u>5,530</u>

Ongoing Project	Hours
Annual Employee Survey	300
	<u>300</u>

Other Activities	Hours
Inspector General Annual Report	100
Inspector General Audit Plan	100
	<u>200</u>
Total Hours	<u>6,030</u>

Cybersecurity Audit

The Florida Department of Veterans' Affairs (FDVA) has an Agency wide network to facilitate its operations. The network has transitioned to a Microsoft 365 approach for streamlined authentication and encryption, which includes various hardware such as printers, access points, mobile devices, and standard system configurations to provide security and integrity of data. Cybersecurity refers to the protection afforded to an automated information system to maintain confidentiality, integrity, and availability. Internal Audit, in coordination with the Auditor General, the Chief Inspectors General and the Florida Department of Management Services, will evaluate FDVA's controls regarding Cybersecurity in accordance with House Bill 1279 and Chapter 60GG-2.004 FAC. This year will focus on data security.

Kronos Time Keeping

Kronos is a comprehensive time and attendance system used by many organizations to track employee work hours, manage attendance, and automate payroll processing. It offers a variety of features, including time clock functionality, scheduling, absence management, and reporting, and can integrate with other HR and payroll systems. The system is newly implemented at FDVA and this will give us an opportunity to evaluate its implementation.

Recruitment Policy

The Florida Department of Veterans' Affairs (FDVA) currently operates eight (8) Nursing Homes and one (1) Assisted Living Facility. Recruitment has been an ongoing challenge for a variety of reasons. Internal audit will learn more about the recruitment practices at each location to determine opportunities for improvement.

Overtime Policy

We propose conducting an audit of overtime usage within the Florida Department of Veterans Affairs' nursing homes. This audit aims to investigate the significant variations in overtime hours across different facilities. By examining staffing practices, resource allocation, and operational efficiencies, we seek to identify the root causes of variations between Homes.

Contract Management

FDVA is committed to making capital improvements to the Veterans Nursing Homes yearly and opening new long-term care facilities within the State of Florida. FDVA also maintains several long-term contracts to provide specialized and routine services for the Homes, such as therapy and housekeeping. The audit will evaluate the effectiveness of contract activities including contract monitoring, reporting, certifying that all services are rendered, invoices are reconciled, compliance, and other contract related duties.

Medicaid Bed-Hold Billing

In accordance with Medicaid billing procedures, FDVA bills Medicaid their portion of the bed hold charge and accordingly residents are billed their liability for the first eight (8) days as well. In accordance with FDVA billing procedures, after eight (8) days the resident is required to pay a standard bed hold rate according to their room type assignment. The audit will test compliance with Institution Care Program Medicaid for bed holds and Therapeutic leave days.

Donation Trust Fund

The State Veterans' Homes and Domiciliary may receive and accept gifts, grants, and endowments in the name of the Homes and Domiciliary. The Administrator and the Director determine how the donation could best benefit the Homes, Domiciliary, and its residents unless the benefactor requests or instructs usage for a specific purpose. The audit will continue to evaluate overall internal controls on the processes for accepting, distributing, and accounting of the donations.

Residential Trust Fund

Given the vulnerability of residents in FDVA Homes and Domiciliary, it is important that those residents have adequate assurance of proper accountability of their funds collected and managed. Internal Audit will continue to evaluate overall internal controls on the processes for accepting, distributing, and accounting of the Resident Trust Fund established for residents at the Homes.

Ongoing Projects

Electronic Based Employee Survey

Approximately October of each year, the Office of Inspector General conducts an employee survey to measure employees' perceptions of whether, and to what extent, conditions that characterize successful organizations are present in FDVA. The survey mirrors the Federal Government employee survey and compares results between both surveys. The survey also determines progress from the prior year survey in order to identify areas for improvement and potential audits.

In-Person Whole Home Reviews

The Office of Inspector General selects random Home locations to conduct in-person whole Home reviews, which includes in-person employee surveys and a general evaluation measuring the pulse (morale, etc.) of the Home. Additionally, employees often provide useful ideas that may improve the operation of the Homes ranging from cost saving measures to morale improvement.

Follow-up on Corrective Action Status

Internal Audit follows up on all audit findings, internal and external, to ensure management addressed all findings and recommendations identified during the audits.

Long-Term Audit Plan

Long-term audit plans may be affected by changing risks and regulatory aspects. As is taken into consideration with the annual audit plan, the OIG will determine if the relevant current circumstances warrant changes in the scheduled plans of this document.

Long-Term Audit Projects:

- Resident Trust Fund
- Donation Trust Fund
- Contract Management
- IT Governance
- Resident Billing Operations

- Cybersecurity

Other Activities

Inspector General Annual Report

No later than September 30, prepare an annual report summarizing the activities of the Office of Inspectors General during the preceding state fiscal year. The completed Annual Report is furnished to the agency head, while a copy of the report is submitted to the Auditor General and Chief Inspector General.

Inspector General Annual Internal Audit Plan

The OIG develops an annual Internal Audit plan based on the findings of periodic risk assessments. The plan will include the individual audits to be conducted and related resources to be devoted to the respective audits. The Annual Internal Audit plan also includes the Long-Term Audit plan which includes planned long-term audits. The plan is submitted to the Agency Head for approval and a copy of the approved plan submitted to the Auditor General and Chief Inspector General.



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