



AUDITOR GENERAL

DAVID W. MARTIN, CPA



DEPARTMENT OF COMMUNITY AFFAIRS

OFFICE OF INSPECTOR GENERAL/INTERNAL AUDIT ACTIVITY

Quality Assessment Review

SUMMARY

In our opinion, the quality assurance program related to the Office of Inspector General and the internal audit activity, as designed and implemented during the review period July 2006 through June 2007, provided reasonable assurance of conformance to applicable professional auditing standards. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general and internal audit activities.

THE OFFICE OF INSPECTOR GENERAL

Section 20.055, Florida Statutes, requires that each State agency as defined in Section 20.055(1)(a), Florida Statutes, establish an office of inspector general. Section 11.45(2)(k), Florida Statutes, requires that the Auditor General, once every three years, evaluate the extent of compliance by the office of inspector general with the current *International Standards for the Professional Practice of Internal Auditing* or, if appropriate, Generally Accepted Government Auditing Standards.

As authorized by statute, the Department's Inspector General delegated internal audit responsibilities to the Audit Administrator and five other positions. The Audit Administrator provided the following information regarding activities performed by these audit positions during the review period:

The Office of Inspector General

Activity Performed	Percentage of Work Effort (1)
Auditing Activities	52.2
Investigative Activities	9.4
Other Accountability/Oversight Activities	38.4
	100

(1) Direct time charged to engagement activities.

The Audit Administrator identified seven assurance engagements that had been completed within the Office of Inspector General's quality assurance program (discussed further below). Our review included an evaluation of two of these engagements and the related working papers for compliance with applicable professional auditing standards. For engagements completed during the review period, the internal audit activity had elected to follow the *International Standards for the Professional Practice of Internal Auditing* and Generally Accepted Government Auditing Standards.

REPORT ON QUALITY ASSESSMENT REVIEW

Pursuant to Sections 11.45(2)(k) and 20.055, Florida Statutes, we have reviewed the quality assurance program for the Office of Inspector General/internal audit activity of the Department of Community Affairs in effect for the period July 2006 through June 2007. We also reviewed compliance with specific provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general and internal audit activities.

A quality assurance program for the internal auditing activity encompasses the charter, organizational environment, and policies and procedures established to provide management with reasonable assurance that the internal audit activity operates in conformity with applicable auditing standards. The design of the quality assurance program and compliance with it are the responsibility of the Office of Inspector General. Section 20.055(5)(a), Florida Statutes, requires that internal audits be conducted in accordance with the current *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* or, where appropriate, Generally Accepted Government Auditing Standards. The *IIA Standards*, as promulgated by The Institute of Internal Auditors, and Generally Accepted Government Auditing Standards, as promulgated by the Comptroller General of the United States, generally provide comparable guidance for the conduct of assurance engagements. The *IIA Standards* also provide supplemental guidance for the conduct of consulting engagements.

Our review was modeled primarily on the methodology presented in The Institute of Internal Auditors' *Quality Assessment Manual, Fifth Edition*. In conducting our review, we obtained an understanding of the quality assurance program and performed such tests and other review procedures as we considered necessary. Because of inherent limitations in any

quality assurance program, departures from the program may occur and not be detected. Also, projection of any evaluation of the quality assurance program to future periods is subject to the risk that the program may become inadequate because of changes in conditions, or that compliance with policies and procedures may deteriorate.

In our opinion, the quality assurance program related to the Office of Inspector General/internal audit activity of the Department of Community Affairs, as designed and implemented during the review period, provided reasonable assurance of conformance to applicable professional auditing standards. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general and internal audit activities.

AUTHORITY

Pursuant to the provisions of Sections 11.45 and 20.055, Florida Statutes, I have directed that this report be prepared to present the results of our review.



David W. Martin, CPA
Auditor General

This quality assessment review was conducted in accordance with applicable *Generally Accepted Government Auditing Standards*. This review was conducted by Daniel T. McWilliams, CPA, and supervised by Jennifer B. Barineau, CPA*, CISA. Please address inquiries regarding this report to Jennifer B. Barineau, Audit Supervisor, via e-mail at jenniferbarineau@aud.state.fl.us or by telephone at (850) 414-0832.

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