



AUDITOR GENERAL

DAVID W. MARTIN, CPA



DEPARTMENT OF CORRECTIONS

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.

While not material to overall conformance to professional auditing standards, the internal audit activity can improve its audit management and work processes by submitting responses on the status of corrective actions taken to Auditor General report findings within the six-month period specified in Section 20.055(5)(g), Florida Statutes.

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

Director of Auditing (Chief Internal Auditor) and 11 other positions. The Director of Auditing 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	57
Other Accountability/Oversight Activities	43
	100

(1) Direct time charged to engagement activities.

The Director of Auditing 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 three 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*.

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 Corrections 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 Corrections, 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.

While not material to overall conformance to professional auditing standards, the internal audit activity can improve its audit management and work processes and its compliance with Section 20.055, Florida Statutes, as described below.

FINDING AND RECOMMENDATION

Finding No. 1: Corrective Action Reports

Section 20.055(5)(g), Florida Statutes, requires that the Inspector General monitor the implementation of the state agency's response to any report on the state agency issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability (OPPAGA). No longer than 6 months after the Auditor General or OPPAGA publishes a report on the state agency, the Inspector General shall provide a written response to the agency head on the status of corrective actions taken. A copy of such response is to be filed with the Legislative Auditing Committee.

During the review period, a six-month response was required to one report issued by the Auditor General and one report issued by OPPAGA. Our review tests disclosed that the response for the Auditor General report (Auditor General report No. 2006-080, dated January 2006) was due July 2006; however, as of November 13, 2007, the response had not been submitted. A similar finding was included in Auditor General report No. 2005-046.

Recommendation: We again recommend that the Inspector General ensure that all six-month responses are timely submitted to the Department Secretary and to the Legislative Auditing Committee.

MANAGEMENT RESPONSE

The Management’s written response is included at the end of this report as Appendix A

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 E. Annette Green, 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.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.myflorida.com/audgen>); by telephone (850 487 9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

*Regulated by State of Florida

THIS PAGE INTENTIONALLY LEFT BLANK.

APPENDIX A
MANAGEMENT RESPONSE



FLORIDA
DEPARTMENT of
CORRECTIONS

An Equal Opportunity Employer

2601 Blair Stone Road • Tallahassee, FL 32399-2500
Phone: (850) 488-7480

Governor
CHARLIE CRIST

Secretary
JAMES R. McDONOUGH

<http://www.dc.state.fl.us>
Fax: (850) 922-2848

December 4, 2007

The Honorable David W. Martin, CPA
Auditor General
Office of the Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Preliminary and Tentative Audit Findings, Quality Assessment Review,
Department of Corrections, Office of Inspector General for the Fiscal Year Ended
June 30, 2007

Dear Mr. Martin:

We have reviewed the preliminary and tentative finding and recommendation included with your letter dated November 16, 2007. As required by Section 11.45(4)(d), Florida Statutes, our response is attached. Appropriate corrective action has been taken on the issue you raised.

We appreciate the recommendation and constructive comments provided by your staff and feel the one finding is indicative of the quality of our Internal Audit function. If further information is needed, please contact Mr. Paul Decker, our Inspector General, at 488-9265.

Sincerely,



James R. McDonough
Secretary

JRM/PD/dm
Attachment

cc: Paul C. Decker, Inspector General
Donald L. Miller, Chief Internal Auditor

APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)

DEPARTMENT OF CORRECTIONS
RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDING
QUALITY ASSESSMENT REVIEW OFFICE OF INSPECTOR GENERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Finding No. 1: Corrective Action Reports

Section 20.055(5)(g), Florida Statutes, requires that the Inspector General monitor the implementation of the state agency's response to any report on the state agency issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability (OPPAGA). No longer than 6 months after the Auditor General or OPPAGA publishes a report on the state agency, the Inspector General shall provide a written response to the agency head on the status of corrective actions taken. A copy of such response is to be filed with the Legislative Auditing Committee.

During the review period, a six-month response was required to one report issued by the Auditor General and one report issued by OPPAGA. Our review tests disclosed that the response for the Auditor General report (Auditor General report No. 2006-080, dated January 2006) was due July 2006; however, as of November 13, 2007, the response had not been submitted. A similar finding was included in Auditor General report No. 2005-046.

Recommendation: We again recommend that the Inspector General ensure that all six-month responses are timely submitted to the Department Secretary and to the Legislative Auditing Committee.

Response:

The Office of Inspector General understands the requirements for monitoring the implementation of agency responses to audit findings and reporting to the Secretary the status of corrective action taken. The Office of Inspector General has implemented an improved suspense system to ensure timely submission of the required reports to the Secretary.

THIS PAGE INTENTIONALLY LEFT BLANK.

THIS PAGE INTENTIONALLY LEFT BLANK.