



# Audit Section

## What Is An Audit?

An Office of Inspector General (OIG) audit is part of the department's system of "checks and balances." An audit is designed to complement other management evaluations and to provide constructive recommendations for enhanced operational performance. It is a review of a selected program, activity, or function which provides management an independent appraisal of whether:



- Desired results and objectives are achieved efficiently and effectively;
- Systems are in place to ensure compliance with laws, policies, procedures and regulations; and
- Financial and operating information is accurate, complete and reliable.

Although the OIG provides other types of services, an audit is the most comprehensive. Audits are conducted in accordance with statutory requirements and nationally recognized audit standards.

## How Are Audits Selected?

Our office works with department employees and managers to develop an annual audit plan that is approved by the Secretary.

Some audits and reports are required by law. Some projects included in the plan are requested by management. Others are chosen through a risk assessment process which includes an analysis of where the department spends the most money, likelihood of financial loss, significant organizational or programmatic changes and employee or management concerns.

### What if This is a Bad Time?

We try to minimize the impact of being audited. An audit may be postponed for a short period of time to accommodate an office's work schedule.

## What Is The Audit Process?

Before an audit begins, we notify management through an "engagement letter." This communication includes a general description of the planned audit work, who will be involved and when the audit will start.

### Entrance Conference

An entrance conference is a meeting between the OIG and management of the area being audited. The purpose of this meeting is to introduce the audit team and audit participants, to discuss the purpose of the project and to seek input about the project's direction and scope.

### Preliminary Survey of Operations



Following the entrance conference, auditors conduct research to develop an understanding of area being audited. During this phase, we review laws, policies, procedures, organization charts, position descriptions, performance and financial reports, industry literature, etc. We normally interview some staff members. At the end

of this phase, we determine specific objectives for in-depth study.

### Fieldwork

During fieldwork, we review processes, conduct tests and perform other procedures necessary to accomplish our audit objectives. Fieldwork is the most time-consuming part of the process for the auditee, as this phase usually includes activities such as providing data, pulling files and answering questions.



### Reporting – First Draft

Once fieldwork is complete, we prepare a draft report of findings. This draft report contains background of the area being audited; audit purpose, scope and methodology; reportable conditions and recommendations. The draft is sent to management of the audited area for review.

### Exit Conference

The exit conference is an opportunity to discuss the draft report and make certain the information in the draft report is accurate. Minor issues encountered during the audit but not significant enough to include in the report may also be discussed at this meeting. The draft report may be modified based on information provided.

### Reporting – Management Response

Once the report is issued for management response, the manager of the program function or operational unit has, by statute, 20 working days to respond in writing to any findings and recommendations contained in the report. A copy of the management response is included in the final report. In general, a management response should contain the following information:

- A response agreeing with the findings should begin with "We concur" and explain what will be done to correct the issues, including an estimated completion date.
- A response disagreeing with the findings should begin with "We do not concur" and explain the reason for the disagreement.

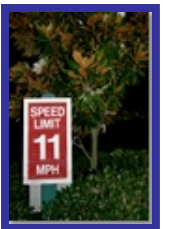
Audit reports that contain disagreements are sent to the appropriate Assistant Secretary with a request for resolution within 30 calendar days.

### Reporting – Final Report Distribution

Statutorily, audit reports must be sent to the Secretary and the Auditor General. We also distribute reports to appropriate department management and other interested parties. Unless they contain confidential or sensitive information, reports are posted to our web site.

## How Long Do Audits Last?

Audits vary in length from a few weeks to several months, depending on the complexity of the project and the amount of required research. We send e-mails at least monthly about our progress and we attempt to minimize disruption to staff and operations during the process.



## Customer Services Survey

In order to improve the services provided by the OIG, we send a customer services survey to management of the area audited. This survey offers the customer an opportunity to evaluate the work of our staff and the resulting report's conclusions and recommendations.

## What Can I Expect of the Auditor?

Auditors should be independent and objective in performing their work. Auditors should have an impartial, unbiased attitude and should avoid conflicts of interest in all matters relating to the audit work.

Auditors are expected to maintain the highest level of professionalism in their work. Auditors should:

- ◆ Maintain the highest degree of integrity, objectivity and independence in applying professional judgment to all aspects of their work;
- ◆ Use professional judgment in planning and performing audits and in reporting the results;
- ◆ Exercise reasonable care and diligence; and
- ◆ Apply the care and skill expected of reasonably prudent and competent auditor; however, auditors are not expected to be infallible.



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## What Does the Audit Section Do?

The statutes require each state agency to have an Office of Inspector General (OIG). The purpose of the OIG is to perform activities that promote accountability, integrity and efficiency in government. One of the sections within the OIG is the Audit Section.

When most people hear “auditing,” they think of a financial audit. While this is an important aspect of auditing, our focus is much broader. We help the department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. We provide value to the department by assuring that risk exposures are understood and managed. In addition to audits, our services include:

- ◆ Consulting Services
- ◆ Computer Forensics Services
- ◆ Performance Measure Validation
- ◆ Procedure Reviews
- ◆ Risk Assessment Services



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*All photos courtesy of the Florida Department of Transportation*



Florida Department of Transportation

## Office of Inspector General Audit Section



## What To Expect During An Audit

*We hope this information will help reduce any stress you may be feeling about your upcoming audit. Our goal is to provide information that will help you make a positive impact in your area.*