



Glenn Sutphin
Executive Director

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DEPARTMENT OF VETERANS' AFFAIRS
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8 August 2018

Glenn Sutphin, Executive Director
Florida Department of Veterans Affairs
400 S. Monroe St., Suite 2105
Tallahassee, FL 32399

Subject: Annual Audit Plan for Fiscal Year 2018 - 2019

Dear Lieutenant Colonel Sutphin:

The attached Annual Audit Plan for Fiscal Year 2018-19, 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, along with the specific risk assessment generated by the OIG, identified the areas within FDVA to conduct the coming year's reviews. The activities outlined in the Audit Plan address the major concerns of FDVA, and identify the areas to review in order to maximize efficiency and compliance, while minimizing exposure and threats. We ask for 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,


Michael D Geisert II, MBA, CIGA
Audit Director

Approved:


Glenn Sutphin, Lieutenant Colonel, US Army, Retired
Executive Director

cc: David Marzullo, FDVA Inspector General
Al Carter, FDVA Deputy Executive Director
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 2018 - 2019

Introduction

The internal audit function in the Office of the Inspector General (OIG) assists the Florida Department of Veterans' Affairs (FDVA) by providing independent and objective analysis in order 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, affected program managers, Chief Inspector General and 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 development and publication of the annual report.

Available Resources

For planning purpose, it is assumed that an Inspector General, an Audit Director, an Internal Auditor, an Investigator and a Veterans Preference Coordinator would be in the Office of Inspector General, and that all of the positions would be filled and each individual dedicated full time to audits except the Inspector General, the Investigator and the Veterans Preference Coordinator.

	Inspector General	Investigator	Audit Director	Internal Auditor	Veterans Preference	Total
Total Hours (52 weeks X 40 hours)	2,080	2,080	2,080	2,080	2,080	8,320
Annual Leave	(176)	(176)	(176)	(176)	(176)	(704)
Sick Leave	(104)	(104)	(104)	(104)	(104)	(416)
Training	(40)	(40)	(40)	(40)	(40)	(160)
Holidays	(80)	(80)	(80)	(80)	(80)	(320)
	1,680	1,680	1,680	1,680	1,680	6,720
Hours on Other Duties	(840)	(1,680)	(250)	0	(1,680)	(2,750)
Available Audit Hours	840	0	1,430	1,680	0	3,950

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

Audit Plan Development

The purpose of the audit planning process is to identify projects and to 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 mission, activities and planned audit coverage; and
- Familiarizing the agency staff with functions and services provided by the Internal Audit Section.

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 refined as needed.

Risk Assessment

The assigned points are calculated utilizing seven specific areas of evaluation that are individually weighted to the significance to the organization. The seven categories are defined 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) Business and Operations Implications - Functions and processes are performed efficiently and effectively and achieves established objectives.

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.

Audit Risk Assessment

FDVA Annual Audit Plan F 2018-2019
Risk Assessment

	Management Discretion 10% 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	Financial Impact 20% Weight	Business and Operational Implications 10% Weight	Calculated Risk Factor
Contracts For New Buildings	1	3	3	2	1	1	3	2	2.10
IT Audit	2	3	2	2	2	1	2	2	2.00
Competitive Pay Adjustment	3	2	2	2	1	2	2	2	2.00
Donation Trust Fund	2	2	3	2	3	2	1	2	2.00
Resident Trust Fund	2	3	3	1	2	2	1	2	1.95
Physical Therapy Contracts	2	3	2	2	2	2	1	2	1.95
Security of Homes	2	2	3	2	2	1	2	1	1.85

Point system: 1 = Low Risk 2 = Medium Risk 3 = High Risk

Planned Projects

Risk Factor	Planned Projects	Hours
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2.10	Contracts for New Buildings	540
2.00	IT Audit	410
2.00	Competitive Pay Adjustment	720
2.00	Donation Trust Fund	450
1.95	Resident Trust Fund	410
1.95	Physical Therapy Contract	420
1.85	Security of Homes	400
		3,350

Ongoing Project	Hours
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Annual Employee Survey	200
Follow Up Audits	200
	400

Other Activities	Hours
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Inspector General Annual Report	100
Inspector General Audit Plan	100
	200
Total Hours	3,950

Contracts For New Buildings

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. The audit will ensure that capital activities such as budgeting, bidding, contract compliance and maintenance tracking are being conducted in such a manner as to maximize the use of funding received by FDVA for such use.

IT Audit

The Florida Department of Veterans' Affairs (FDVA) has an Agency wide network to facilitate its operations. The network uses various features including virtual protocol networks for offsite work, servers for the storage and backup of Agency data, various hardware including printers and mobile devices, and various system configurations to provide security and integrity of data. The objective of the audit would be to evaluate if controls are in place to monitor, record, safeguard, and maintain only authorized software that are used within Agency network.

Competitive Pay Adjustment

Recent legislation for the previous fiscal year was passed to include raises for eligible employees. Effective October 1, 2017, all eligible unit and non-unit Career Service employees, all eligible unit and non-unit employees of the Selected Exempt Service, and all eligible Senior Management Service employees received a competitive pay adjustment. The audit will determine the effectiveness of the implementation of the Competitive Pay Adjustments memorandum for October 1, 2017, salary increases, specifically eligibility, tracking, and processing.

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 donation.

Resident Trust

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

Physical Therapy Contract

FDVA contracted with Heritage Healthcare to provide physical, occupational, and speech therapy related services. We propose to evaluate the effectiveness of contract activities including contract monitoring, reporting, certify all services were rendered, invoices were correct, and other contract related duties.

Security of Homes

The Office of Inspector General will conduct a visit of the Homes long-term care facilities. The visit is meant to provide assistance and good practices in administration and safety of functional areas.

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 will determine progress since the last survey and identify additional areas for improvement.

In-Person Homes Employee Survey

The Office of Inspector General selects random Home locations in order to conduct 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 ideas.

Other Activities

Inspector General Annual Report

No later than September 30, prepare an annual report summarizing the activities of the office during the immediately preceding state fiscal year. The final report is furnished to the agency head. A copy of the report is submitted to the Auditor General and Chief Inspector General.

Inspector General Audit Plan

The OIG develops a long-term and annual audit plan based on the findings of periodic risk assessments. The plan will include the individual audit to be conducted and related resources to be devoted to the respective audits. The plan is submitted to the agency head for approval. A copy of the approved plan is submitted to the Auditor General and Chief Inspector General.



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