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Executive Director

State of Florida  
**DEPARTMENT OF VETERANS' AFFAIRS**  
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21 July 2021

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

Subject: Annual Audit Plan for Fiscal Year 2021 – 2022

Dear Mr. Hartsell:

The attached Annual Audit Plan for Fiscal Year 2021-22, 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 risk assessment generated by the OIG, were used to identify areas within FDVA that may pose as a risk or challenge to the agency. The activities outlined in the Audit Plan address these major concerns of FDVA, satisfy mandated legislation, and identify the areas to review in order 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  
Audit Director

Approved:

James S. Hartsell, FDVA Executive Director

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

# **OFFICE OF INSPECTOR GENERAL**

## **Department of Veterans' Affairs**



FLORIDA DEPARTMENT OF VETERANS' AFFAIRS

*Honoring those who served U.S.*

### **Audit Plan**

**Fiscal Year 2021 - 2022**

# 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 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, 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 purpose, it is assumed that an Inspector General, an Audit Director, two Internal Auditors, an Investigator, and a Veterans Preference Coordinator would be in the Office of Inspector General, that all of the positions would be filled, and the Audit Director and Internal Auditors are dedicated full-time to auditing.

### Available Resources

	Inspector General	Investigator	Audit Director	Internal Auditor (2)	Veterans Preference	Total
Total Hours	2,080	2,080	2,080	4,160	2,080	12,480
Annual Leave	(176)	(176)	(176)	(176)	(176)	(880)
Sick Leave	(104)	(104)	(104)	(104)	(104)	(520)
Training	(40)	(40)	(40)	(40)	(40)	(200)
Holidays	(80)	(80)	(80)	(80)	(80)	(400)
	<b>1,680</b>	<b>1,680</b>	<b>1,680</b>	<b>3,760</b>	<b>1,680</b>	<b>10,480</b>
Hours on Other Duties	(840)	(1,680)	(250)	0	(1,680)	(4,450)
Available Audit Hours	<b>840</b>	<b>0</b>	<b>1,430</b>	<b>3,760</b>	<b>0</b>	<b>6,030</b>

	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 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'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. 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 2021-2022  
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	1	1	3	3	3	2.30
Revenue and Billing Follow-up	2	1	3	1	1	3	3	3	2.15
Quality Assurance - Homes	3	2	2	3	2	3	1	1	2.15
Contract Management	3	2	2	1	1	2	2	3	2.05
Grant Management	1	2	3	2	3	1	2	2	1.90
Vendor Preference	2	1	3	3	1	1	1	3	1.75
Travel Audit	2	1	3	1	2	1	1	3	1.65
Residential Trust Fund	1	2	2	2	1	2	1	2	1.60

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

## Planned Projects

Risk Factor	Planned Projects	Hours
2.30	Cybersecurity Audit	818
2.15	Revenue and Billing Follow-up	765
2.15	Quality Assurance - Homes	765
2.05	Contract Management	729
1.90	Grant Management	676
1.75	Vendor Preference	622
1.65	Travel Audit	587
1.60	Residential Trust Fund	569
		5,530
Ongoing Project		Hours
	Annual Employee Survey	300
		300
Other Activities		Hours
	Inspector General Annual Report	100
	Inspector General Audit Plan	100
		200
	Total Hours	6,030

### **Cybersecurity 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 standard system configurations to provide security and integrity of data. Cybersecurity refers to the protection afforded to an automated information system in order to maintain confidentiality, integrity, and availability. Internal Audit, in coordination with the Audit General and Florida Department of Management Services, will evaluate FDVA's controls in regard to Cybersecurity.

### **Revenue and Billing Follow-up**

The Florida Department of Veterans' Affairs (FDVA) currently operates six (6) Nursing Homes and one (1) Assisted Living Facility. Billing and revenue are affected in many ways by multiple different sources on a per patient level. FDVA receives VA per diem revenues based on Home attendance, insurance payments from multiple sources including Medicaid, Medicare, and Private Pay for regular per day care. The objective of the audit would be to determine if internal controls are adequate to evaluate if revenues and billings are complete and accurate; and if error rates have declined since the previous report's audit recommendations as a result of management action.

### **Quality Assurance - Homes**

Each facility develops, implements, and maintains an ongoing, facility-wide Quality Assurance/Risk Management Program designed to monitor and evaluate the quality of resident care, pursue methods to improve care quality, and resolve identified problems.

The Nursing Home Administrator is responsible for assuring the facility's Quality Assurance and Risk Management Program complies with Federal, State, and local regulatory requirements. The Administrator appoints, in writing, a designated person to serve as the Risk Manager who will be responsible for implementation and oversight of the facility's Quality Assurance/Risk Management Program. The Quality Assurance Team meets monthly to review reports, analyze significant data, and monitor quality-related activities of all departments, services, or committees. The major goal of the audit is to ensure Quality Assurance is operating as designed at the Homes.

### **Contract Management - Therapy**

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 all services are rendered, invoices are reconciled, compliance, and other contract related duties.

### **Grant Management**

The Florida Department of Veterans Affairs may receive and accept financial assistance in the form of grants from the U.S. Government that provides support, stimulus, critical recovery, improvements and capital projects to accomplish a public purpose and strengthen our Veterans community. The Chief of Staff in coordination with the Homes Director assist in determining

the greatest needs and benefits for the Veterans Nursing Homes and Domiciliary. The grants most often received are competitive, formula, and pass-through. The audit will evaluate overall internal controls on the processes for applying, accepting, expending (including acquisition and bidding) and accounting of the grant awards.

#### **Vendor Preference**

According to HB1079, beginning October 1, 2021, and every 3 years thereafter, each agency inspector general shall complete a risk-based compliance audit of all contracts executed by the agency for the preceding 3 fiscal years. The audit must include an evaluation of, and identify any trend in, vendor preference. Internal Audit will survey and analyze FDVA contracts for vendor preference and any additional contract related issues that arise during the course of field work, such as monitoring or compliance.

#### **Travel Audit**

FDVA employees engage in a significant amount of travel throughout Florida, and occasionally outside of Florida. Due to constraints and circumstances presented during FY 19-20 and FY 20-21, as a result of the Covid-19 pandemic, travel has been both restricted and expanded in different departments of the agency. The audit will ensure FDVA complying with the most recent state travel procedures and policies and is using travel resources reasonably and efficiently.

#### **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 since 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 in order 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 current relevant circumstances warrant changes in the scheduled plans of this document.

## **Long-Term Audit Projects:**

- Resident Trust Fund
- Donation Trust Fund
- Contract Management
- IT Governance
- Benefits and Assistance Operations

## 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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