



FLORIDA DEPARTMENT *of* STATE

RICK SCOTT
Governor

KEN DETZNER
Secretary of State

June 22, 2015

Ken Detzner
Secretary of State
Florida Department of State
R. A. Gray Building
500 South Bronough Street
Tallahassee, FL 32399-0250

Dear Secretary Detzner:

I am pleased to submit for your review and approval the Office of Inspector General (OIG) Annual Work Plan. Our Work Plan was compiled based on a risk assessment performed by OIG staff and input from senior management and directors.

The activities outlined in our Work Plan address the major operations of the department and optimize the use of our resources. Members of senior management requested some of the planned activities. This Plan is dynamic, so we encourage continuous feedback and additional project suggestions. We have retained a portion of our time for special projects including those you may request.

We look forward to working with you and our fellow department employees in meeting the challenges and opportunities that face the Florida Department of State. With your approval, we will implement the OIG Annual Work Plan for fiscal year 2015-2016. Thank you for your continued support and cooperation.

Sincerely,

A handwritten signature in green ink that reads "John L. Greene".

John L. Greene, CIA, CIG, CGAP, CGFM
Inspector General

Approved:

A handwritten signature in blue ink that reads "Ken Detzner".

Ken Detzner
Secretary of State



OFFICE OF INSPECTOR GENERAL



Ken Detzner
Secretary

OIG Risk Assessment and Proposed 2015-2016 Work Plan

June 22, 2015



John L. Greene
Inspector General

INTRODUCTION

We are pleased to present the results of our annual risk assessment and work plan development. The purpose of this memorandum is to share the results of our annual risk assessment and provide our proposed 2015/2016 Office of Inspector General (OIG) Work Plan

Our annual risk assessment is used to identify and manage risks – events or actions that may adversely affect the Department and the achievement of organizational objectives. These risks may be operational, financial, legal or reputational.

Each year the OIG assesses the operations of the Department with the objective of identifying areas with the highest level of risk (probability of adverse events occurring). We performed this risk assessment to: provide a basis for allocation of our resources; facilitate proactive responses by management; and comply with professional auditing standards which is required by law. We interviewed senior management and directors to solicit their views on risks facing the Department and activities where the OIG could add value. We considered the results of audits, management reviews and investigations performed during the current and prior years performed by the OIG to identify areas of potential weakness in the Department's operations. Using the results from these efforts and our professional judgment, we developed the audit work plans.

The approved work plan document will guide our work throughout the year but will be adjusted to meet management needs as other priorities are identified.

We are available to discuss the risk assessment, potential cost saving ideas and our proposed work plan topics at your convenience.

RISK ASSESSMENT PROCESS

As part of the OIG Annual Risk Assessment process, we defined the audit universe into six program components that are used for budget purposes: Division of Corporations; Division of Library and Information Services; Division of Cultural Affairs; Division of Historical Resources; Division of Elections; and Office of the Secretary/Division of Administrative Services.

We developed 25 questions to ask the Directors of the six program components. Some of the questions asked to the Directors were to identify major risks and risk impacts as well as help us be aware of any fraud, waste, or abuse in the Department. We translated the risk into measurable risk factors and applied weights to these risk factors:

- Full Time Equivalent's-13%
- Budget-18%
- Prior Audit Coverage-13%
- Degree of Change or Stability-18%
- Complexity of Operations-16%
- Performance Measures-12%
- Procedures-10%

A management risk ranking spreadsheet was created to reflect the Director's identified risk and risk impacts. The OIG developed a scale (1-10) with one being the lowest risk and ten being the highest risk for the Directors and OIG to use when ranking how each of the identified major audit risk relates to their assigned risk factors. We established a score using the scale for each risk factor for each auditable unit and summed the auditable unit's individual factor scores into a unit score of total risk for each auditable unit.

We interviewed members of senior management to solicit their views on risks facing the Department and activities where the OIG could add value. The OIG provided input and considered the results of audits, management reviews and investigations performed during the current and prior years to identify areas of potential weakness in the Department's operations. Using the results from these efforts and our professional judgment, we developed the audit work plan.

RISKS RANKING RESULTS OF PROGRAM COMPONENTS

Here are the risks ranking results of the identified major audit risk by program component. The program components are presented in the order they were ranked from highest to lowest. The risk ranking score is the sum of the auditable unit's individual factor scores into a unit score of total risk for each program component.

| Six Program Components | Risk Ranking Score |
|--|---------------------------|
| Division of Administrative Services | 24.15 |
| Division of Elections | 24.06 |
| Division of Corporation | 23.71 |
| Division of Cultural Affairs | 19.10 |
| Division of Historical Resources | 18.87 |
| Division of Library and Information Services | 7.02 |

PROPOSED 2015-2016 WORK PLAN

Both Florida Statutes and professional audit standards require the development of risk based work plans (both short and long term) which consider resource requirements. The OIG currently has 2 positions. Based on our analysis, staff members will be able to expend approximately 3307 staff hours to work plan engagements. Approximately 300 staff hours needed to complete ongoing projects initiated during the current fiscal year. The remaining 3007 hours programmed for new engagements.

The following contains our proposed work plan provided for your review. Following the table of projects planned for the 2015-2016 fiscal year, we have included a table of projects planned for succeeding fiscal years.

| PROPOSED 2015-2016 WORK PLAN AND SELECTION CRITERIA | | |
|--|--|------------------------|
| Work Plan Project | Selection Criteria | Estimated hours |
| Enterprise Audit Plan Projects | State of Florida Inspector's General Enterprise Audit Plan | 601 |
| Endowment Grant Audits | Risk Assessment Issue | 300 |
| Systems Redevelopment Monitoring | Risk Assessment Issue | 520 |
| Performance Measures – 2015-2016 | Statutory Compliance -Recurring Work Plan Item | 40 |
| Information Technology Controls Review | Risk Assessment Issue | 160 |
| Link2GOV Contract review | Risk Assessment Issue | 160 |
| Auditor General Audits/Corrective Action | Statutory Compliance -Recurring Work Plan Item | 80 |
| Florida Single Audit Program Monitoring | Recurring Work Plan Item | 600 |
| OPPAGA Corrective Action Status Reports | Statutory Compliance -Recurring Work Plan Item | 40 |
| OIG Risk Assessment | Recurring OIG Work Plan Item | 160 |
| Management Requests | Recurring OIG Work Plan Item | 121 |
| OIG Corrective Action/Follow-up | Recurring OIG Work Plan Item | 80 |
| Conduct Investigations as Needed | Statutory Compliance -Recurring Work Plan Item | 120 |
| Quality Assessment Review | Statutory Compliance - Recurring Work Plan Item | 25 |

| POTENTIAL OUT YEAR WORK PLAN PROJECTS |
|--|
| Historical Grants |
| State Aid Library Grants |
| Public Library Construction Grants |
| Inventory Process |
| P-Card Process |
| Performance Measures |
| Auditor General Audits/Corrective Action |
| Florida Single Audit Program Monitoring |
| OPPAGA Corrective Action Status Reports |
| OIG Risk Assessment |
| Management Requests |
| Conduct Investigations as Needed |

ATTACHMENT 1 – Addressee and Distribution List

Ken Detzner, Secretary

Copies distributed to:

Jennifer Kennedy, Assistant Secretary of State and Chief of Staff

John Boynton, Deputy Secretary for Administrative Services, Corporations and Elections

Kerri L. Post, Deputy Secretary for Cultural Affairs, Historical Resources and Library and Information Services

Sandy Shaughnessy, Director, Florida Division of Cultural Affairs

Robert Bendus, Director, Florida Division of Historical Resources

Maria Matthews, Director, Florida Division of Elections

Brenda Vorisek, Director, Florida Division of Corporations

Amy Johnson, Director, Florida Division of Library and Information Services

Wes Underwood, Director of Administrative Services

David Martin, Auditor General

Melinda Miguel, Chief Inspector General

This report is reviewed by:



Mark Williams
Management Review Specialist

6/22/15

Date

Approved by:



John L. Greene, CIA, CIG, CGAP, CGFM
Inspector General

6/22/15

Date

The mission of the department is to serve and enhance Florida's communities by preserving and promoting Florida's rich historical and cultural heritage; by supporting local library systems; by ensuring fair and accurate elections; and by issuing corporate charters and recording financial information. The Office of Inspector General conducts audits and reviews of department programs to assist the Secretary and other agency management and staff in fulfilling this mission.

Please address inquiries regarding this report to John Greene at 850-245-6195. Copies of final reports may be viewed and downloaded via the internet at: <http://www.dos.state.fl.us/office/inspector-general>. Copies may be obtained by telephone at 850-245-6198, by FAX at 850-245-6125, in person or by mail at Office of Secretary, R. A. Gray Building, 500 S. Bronough Street, Tallahassee, Florida 32399-0250.