

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION



RON DeSANTIS
Governor

MELANIE S. GRIFFIN
Secretary

MELINDA MIGUEL
Chief Inspector General

RODNEY J. MACKINNON
Inspector General

Office of Inspector General

Annual Audit Plan for Fiscal Year 2023-24
and Long-Term Audit Plans for
Fiscal Years 2024-25 and 2025-26

June 2023



DEPARTMENT OF BUSINESS & PROFESSIONAL REGULATION
Office of Inspector General

MELANIE S. GRIFFIN
Secretary

RON DeSANTIS
Governor



MEMORANDUM

TO: Melanie S. Griffin, Secretary
FROM: Rodney J. MacKinnon, Inspector General *RJM*
DATE: July 10, 2023

SUBJECT: *Annual Audit Plan for Fiscal Year 2023-24 and Long-Term Audit Plans For Fiscal Years 2024-25 through 2025-26*

Please see the attached OIG Audit Plan for Fiscal Year 2023-24 and Long-Term Audit Plans for Fiscal Years 2024-25 through 2025-26. Our audit plans are risk-based to provide the most effective coverage of department programs, activities, and functions. Beginning in April of this year, our office conducted a comprehensive risk assessment of department risk factors, which included dissemination of a Risk Assessment Survey to division directors. We then met with the directors of the department’s divisions and offices to discuss risks within their respective areas. Subsequently, we held similar discussions with the members of your executive management team. These proposed audit plans address department management’s priorities and areas of higher risk exposure identified during our risk assessment process.

Our audit plans are intended to respond to changing conditions and emerging risks. We will modify these plans, as needed, in accordance with management concerns and our ongoing assessment of circumstances and events impacting department operations.

At the request of the Chief Inspector General (CIG), we have reserved twenty percent of direct audit time to participate in enterprise-wide audits selected by the CIG. These audits are intended to address risk exposures that exist across all executive agencies. Please note that for Fiscal Year 2023-24, the CIG has chosen “*Security and Incident Management*” as one of the enterprise audit topics. We have also reserved staff time to respond to requests for assistance from you or your managers during the year. This time is available for formal consulting engagements, management advisory services, or other assistance to management.

I am respectfully requesting your review and approval of our proposed annual and long-term audit plans. Please indicate your concurrence with your signature below. Should you have any questions, concerns, or wish to discuss, please do not hesitate to contact me.

Attachment

Approved: *Melanie S. Griffin* *7/12/2023*
Melanie S. Griffin, Secretary Date



DEPARTMENT OF BUSINESS & PROFESSIONAL REGULATION
Office of Inspector General



Melanie S. Griffin
Secretary

Rodney J. MacKinnon
Inspector General

OIG ANNUAL AUDIT PLAN FOR
FISCAL YEAR 2023-24 AND
LONG-TERM AUDIT PLANS FOR
FISCAL YEARS 2024-25 THROUGH 2025-26
June 30, 2023

INTRODUCTION

The Office of Inspector General (OIG) was established within the Department of Business and Professional Regulation to provide a central point for coordination and responsibility for activities that promote accountability, integrity, and efficiency in government. Section 20.055, Florida Statutes, designates the responsibilities of the Inspector General. These responsibilities include:

- Advising in the development of performance measures.
- Reviewing actions taken by the department to improve program performance.
- Providing direction for supervising, and coordinating audits, investigations, and management reviews relating to department programs and operations.
- Evaluating internal controls to ensure fiscal accountability, efficiency, and integrity of the Department's programs and operation

To help promote accountability, integrity, and efficiency in department operations, the OIG conducts independent and objective audits and reviews of department programs, activities, and functions. The purpose of these engagements is to provide management with information on the adequacy and effectiveness of internal controls, to evaluate compliance with applicable laws, rules, and regulations, and to assess the effectiveness and efficiency of department operations.

The OIG conducts audits, reviews, and other projects in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* published by the Institute of Internal Auditors, Inc., or, where appropriate, in accordance with generally accepted government auditing standards.

RISK ASSESSMENT PROCESS

Section 20.055, Florida Statutes, requires the Inspector General to develop annual and long-term audit plans based on the findings of periodic risk assessments. The *Standards* require that we base our engagement plan on a documented risk assessment that is undertaken at least annually. As such, our office conducted a risk assessment for 2023 that included a review and analysis of department strategic plans, operational reports, budgets, and other documents.

During the period of April 2023, the OIG submitted an online Risk Assessment Survey to the department's division directors. Division directors then appropriately allocated surveys to bureau chiefs and key staff. The purpose of this process was to gain an understanding of potential risk exposures that may affect the department, as well as assist with the planning of the OIG annual audit plan and related activities. Our office noted a 94% survey response rate, with most Divisions responding to the surveys.

Moreover, OIG submitted a Technology Risk Assessment survey to the Division of Technology. The survey assisted our office in assessing the vulnerability, confidentiality, and integrity of the department's technology system/infrastructure, as well as controls in place for the protection of the department's technology resources and assets.

Additionally, our office conducted risk assessment interviews with division directors and relevant division staff. We subsequently met with executive management to discuss the Divisions' responses, along with enterprise risk exposures and internal controls.

INTERNAL AUDIT STAFFING

The Bureau of Internal Audit is staffed by the Director of Auditing and three internal auditors. We determined that 5,379 hours of auditor staff time are available for direct audit activities for the upcoming and subsequent fiscal years. In calculating available staff hours, we deducted reasonable leave time, holiday hours, required training hours, administrative time, and time dedicated to statutorily required activities and responsibilities. These staff resources are available to conduct internal audits of department programs, activities, and functions, perform consulting engagements and management reviews, provide advisory services to management, and participate in enterprise-related activities as requested by the Chief Inspector General.

HOURS AVAILABLE FOR DIRECT AUDIT ACTIVITY	
Total Staff Hours (2,080 Hours x 4 Staff)	8,320
Less Estimated Hours:	
Holiday and Leave Time	(1,216)
Professional Training (40 hours annually required per audit standards [IIA Standards 1230] x 4 staff)	(160)
Administrative Activities [General administrative activities of the Bureau of Internal Audit, including the Quality Assurance and Improvement Program (QAIP) activities required by internal audit standards]	(600)
Statutory and Other Required Activities <ul style="list-style-type: none"> • Coordination of external reviews: (250) • Florida Single Audit Act coordination and technical assistance: (200) • Annual and on-going risk assessment: (350) • Annual and long-term audit plan preparation: (50) • Annual Report preparation: (75) • LBR Schedule IX preparation: (40) 	(965)
Direct Audit Hours	5,379

ANNUAL AUDIT PLAN

The following annual and long-term audit plans reflect areas of higher risks identified through the risk assessment process, along with management's priorities, for audit coverage. We note that the risk assessment process establishes risk priorities at a specific point in time. The plan evaluates risk exposure and the effectiveness and efficiency of controls to include:

- Operational changes
- Safeguarding of assets
- Exposure to potential fraud risks
- Reliability and integrity of information provided; and
- Cybersecurity Controls risks

We will continue to monitor the department's risk environment to identify emergent issues that may require more immediate review. We also strive to accommodate management requests for audit services that may arise during the year as these typically represent current department concerns. The plan may be adjusted by the OIG to meet management's needs, emerging risks, and other priorities.

The Chief Inspector General has directed Executive Branch agency Offices of Inspectors General to reserve at least twenty percent of available direct audit hours for participation in enterprise audits. Enterprise audits address issues and risks that are common to most state agencies. These audits seek to identify best practices within the enterprise and practical solutions for agency implementation. The Chief Inspector General has selected "*Security and Incident Management*" relative to cybersecurity as one of the enterprise audit topics for Fiscal Year 2023-24

The following table lists the internal audits planned for Fiscal Year 2023-24 as well as carry-forward projects from the prior fiscal year. The table includes an estimate of the staff resources required to complete each engagement. A brief description of the focus of each engagement is provided on the subsequent page. Long-term audit plans for the next two fiscal years are also included.

ANNUAL AUDIT PLAN - Fiscal Year 2023-24		
Division/Office	Audit/Assurance Engagement Topic	Estimated Hours
<i>To Be Determined</i>	Chief Inspector General Enterprise Audits <i>[Selected Topic(s)]</i>	548
Division of Technology	Chief Inspector General Enterprise Audit: <i>[Security and Incident Management (Incident and Response Planning)]</i>	781
Office of Planning and Budget/Bureau of Finance and Accounting	Disbursement Section Processes - <i>This is a carry-forward engagement from Fiscal Year 2022-23</i>	250
Division of Administration/Bureau of Agency services	Property Management Audit – <i>This is a carry forward engagement from Fiscal Year 2022-23</i>	300

Division of Drugs, Devices, and Cosmetics	Compliance and Enforcement Section	1000
Division of Alcoholic Beverages and Tobacco	Performance Measure Validity and Reliability (Requirement per s. 20.055, F.S.)	550
Division/Office	Follow-up Engagements (Internal)	Estimated Hours
Division of Technology	Enterprise Audit: <i>Identity Management, Authentication, and Access Control</i>	75
Office of Planning and Budget	Disbursement Audit	75
Division of Administration, Bureau of Agency Services	Property Management Audit	75
Division/Office	Follow-up Engagements (External)	Estimated Hours
Division of Hotels and Restaurants	Auditor General's Operational Audit	175
Division/Office	Internal Audit Engagement	Estimated Hours
Office of Inspector General/Bureau of Internal Audit	Internal Assessment – Standard 1300 <i>(In accordance with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards))</i>	450
Division/Office	Management Reviews and Advisory/Technical Assistance Services	Estimated Hours
Office of the General Counsel	Case Management Process Review	500
Division of Technology	Ad Hoc Services and Reviews Per Management: <i>[Florida Digital Service Recommendations/Gartner Review]</i>	600
Total Hours		5,379

NOTE: This plan is subject to revision based on changes in the department's risk environment and extenuating circumstances.

Overview of Engagements Planned for Fiscal Year 2023-24

Cybersecurity Audit Plan – in accordance with s. 20.055(6)(i), long-term and annual audit plans shall include a specific cybersecurity audit plan. As such, the Chief Inspector General has selected “*Security and Incident Management*”. This audit is in response to the provisions set forth in s. 20.055 and will be conducted under Rule 60GG-2.005, F.A.C. *Respond*, which stipulates that each agency shall establish and maintain response processes and procedures and validate execution capability to ensure Agency response for detected Cybersecurity events.

Audit of Disbursement Section Processes (*Carry-forward engagement from Fiscal Year 2022-23*): The purpose of this review is to determine whether internal controls over disbursements are reasonably adequate to ensure compliance with the applicable laws, rules and regulations and the prevention of duplicate payments.

Property Management Audit (*Carry-forward engagement from Fiscal Year 2022-23*): The purpose of this audit is to evaluate whether adequate internal controls are in place for the accounting of the department’s property and determine if appropriate security measures exist to safeguard the department’s assets.

Performance Measure Validity and Reliability Review: Section 20.055, Florida Statutes, requires the Inspector General to assess the validity and reliability of the department’s performance measures and standards and make recommendations for improvement, if necessary. The OIG will evaluate the validity and reliability of selected performance measures and standards, as well as the methodology used to calculate results. The audit will also review the sufficiency and effectiveness of internal controls established to ensure the accuracy of source data. The specific division to be reviewed will be identified later in the fiscal year.

Compliance and Enforcement Audit: The purpose of this review is to evaluate the efficiency and effectiveness of internal controls over the Division’s compliance and enforcement policies and procedures.

LONG-TERM AUDIT PLANS

The following tables present the OIG’s audit plans for the remaining two fiscal years of the audit cycle. As part of the Fiscal Year 2023-24 annual risk assessment, the OIG will evaluate whether changes in the department’s risk environment require that we realign our long-term audit plans to address issues of higher risk or matters of more immediate concern to management.

LONG-TERM AUDIT PLAN Fiscal Year 2024-25		
Division/Office	Audit/Assurance Engagement Topic	Estimated Hours
<i>To Be Determined</i>	Chief Inspector General Enterprise Audit(s) <i>[Selected Topic(s)]</i>	1076
Division of Technology	Audit of Department Cybersecurity	800
Division of Technology/Multi Divisions	Audit of Internal Controls over Driver and Vehicle Information Database (DAVID)	750
Division of Alcoholic Beverages and Tobacco	Audit of Internal Controls over Driver and Vehicle Information Database (DAVID)	750
Department	Audit of Department's Executed Contracts (HB1079)	750
Division/Office	Follow-up Engagements	Estimated Hours
Multiple Divisions	Follow-up Engagements: To Be Determined	200
Division/Office	Internal Audit Engagement	Estimated Hours
Office of Inspector General/Bureau of Internal Audit	Internal Assessment – Standard 1300 <i>(In accordance with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards))</i>	300
Division/Office	Management Reviews and Advisory/Technical Assistance Services	Estimated Hours
Division of Administration	Department Administrative Policies and Procedures	400
<i>To Be Determined</i>	Ad Hoc Services and Reviews Per Management or CIG Request or as deemed necessary	353
Total Hours		5,379

NOTE: This plan is subject to revision based on changes in the department's risk environment and extenuating circumstances.

LONG-TERM AUDIT PLAN Fiscal Year 2025-26		
Division/Office	Audit/Assurance Engagement Topic	Estimated Hours
<i>To Be Determined</i>	Chief Inspector General Enterprise Audits <i>[Selected Topic(s)]</i>	1076
Department	Audit of Department Cybersecurity	700
Division of Certified Public Accounting	CPE Reporting System	700
Human Resources	Personnel Audit	600
Division of Condominiums, Timeshares, and Mobile Homes	Dispute Resolution Process	675
Division of Service Operations	Paperless Licensing Process	678
Division/Office	Internal Follow-up Engagements	Estimated Hours
Multiple Divisions	Follow-up Engagements: To Be Determined	200
Division/Office	Internal Audit Engagement	Estimated Hours
Office of Inspector General/Bureau of Internal Audit	Internal Assessment – Standard 1300 <i>(In accordance with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards))</i>	250
Division/Office	Management Reviews and Advisory/Technical Assistance Services	Estimated Hours
<i>To Be Determined</i>	Ad Hoc Services and Reviews Per Management Request or as deemed necessary	500
Total Hours		5,379

NOTE: This plan is subject to revision based on changes in the department's risk environment and extenuating circumstances.

To promote accountability, integrity, and efficiency in government, the Office of Inspector General conducts audits and reviews of Department of Business and Professional Regulation programs, activities, and functions. This project was conducted pursuant to Section 20.055, Florida Statutes, and in conformance with applicable *Principles and Standards for Offices of Inspectors General* as published by the Association of Inspectors General and applicable standards of the *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc.

Other reports prepared by the Office of Inspector General of the Department of Business and Professional Regulation can be obtained by telephone (850-414-6700) or by mail (2601 Blair Stone Road, Tallahassee, FL 32399-1018). OIG reports are also available online at <http://www.myfloridalicense.com/dbpr/oig/auditreports.html>.