



Florida Inspectors General

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Chief Inspector General

Independence & The Internal Auditor

Sponsored by:

*The Chief Inspector General and the Florida Chapter of
the Association of Inspectors General*

Enhancing Public Trust in Government



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► Objectives

- Basic premise
- Identify supporting entities/authority
- Identify threats
- Identify remedies



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▶ **Independence:** (Red Book)

The freedom from conditions that threaten the ability of the internal audit activity to carry out internal responsibilities in an unbiased manner.



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- ▶ **Objectivity (Red Book)**

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made.



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▶ Internal Auditor

- Employed by management
- Expected to review the conduct of and assess the actions of management
- Independence vs. Dependence

Audit activity should have a written mandate to establish purpose, authority and responsibility.



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Florida Statutes – Section 20.055 (3)(a) & (b)

- ▶ Each inspector general shall be
 - appointed by the agency head,
 - shall report to the agency head,
 - shall not be subject to supervision by any other employee of the state agency,
 - shall be appointed without regard to political affiliation.



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Florida Statutes – Section 20.055 (3)(d)

- ▶ The agency head or agency staff shall not prevent or prohibit the inspector general from initiating, carrying out, or completing any audit or investigation.



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Florida Statutes – Section 20.055 (2)(j)

- ▶ Each inspector general, with respect to the state agency in which the office is established, shall comply with the General Principles and Standards for Offices of Inspector General (Green Book) as published and revised by the Association of Inspectors General.



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Florida Statutes – Section 20.055 (5)(a)

- ▶ Audits shall be conducted in accordance with:
 - the current International Standards for the Professional Practice of Internal Auditing (Red Book), or, where appropriate,
 - in accordance with generally accepted governmental auditing standards (Yellow Book).



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- ▶ **Green Book** (Quality Standards for Office of Inspector General)
 - **Independence**
 - The inspector general and OIG staff involved in performing or supervising any assignment should be free from personal or external impairments to independence and should constantly maintain an independent attitude and appearance.



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- ▶ **Red Book** (International Standards for the Professional Practice of Internal Auditing)
 - **1100 Independence and Objectivity**
 - The internal audit activity must be independent, and internal auditors must be objective in performing their work.



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- ▶ **Red Book** (International Standards for the Professional Practice of Internal Auditing)
 - **1110 Organizational Independence**
 - The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.



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- ▶ **Red Book** (International Standards for the Professional Practice of Internal Auditing)
 - **1111 Direct Interaction with the Board**
 - The chief audit executive must communicate and interact directly with the board.
 - **1120 Individual Objectivity**
 - Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.



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- ▶ **Red Book** (International Standards for the Professional Practice of Internal Auditing)
 - **1130 Impairment to Independence or Objectivity**
 - If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.



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- ▶ **Yellow Book** (Government Auditing Standards)
 - **3.02 Independence**
 - In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments of independence.



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- ▶ **Yellow Book** (Government Auditing Standards)
 - **3.07 Personal Impairments**
 - Personal impairments result from relationships or beliefs that might cause auditors to limit the extent of the inquiry, limit disclosure, or weaken or slant audit findings in any way.



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- ▶ **Yellow Book** (Government Auditing Standards)
 - **3.10 External Impairments**
 - External impairments are factors external to the audit organization that may restrict the work or interfere with auditors' ability to form independent and objective opinions, findings, and conclusions.



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- ▶ **Yellow Book** (Government Auditing Standards)
 - **3.12 Organizational Impairments**
 - Impairments to organizational independence result when the audit function is organizationally located within the reporting line of the areas under audit or when the auditor is assigned or takes on responsibilities that affect operations of the area under audit.



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Law Enforcement Consolidation Task Force

**Task Force Report pursuant to
SB 2160 enacted by the
2011 Legislature**

December 21, 2011



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- ▶ **Law Enforcement Consolidation Task Force (LECTF)**
 - Senate Bill 2160 (2011)
 - Tasked with evaluating any duplication of law enforcement effort among state agencies
 - If consolidation is appropriate, submit a plan to lawmakers with recommendations on how to achieve the consolidation of state resources.
 - If consolidation is recommended, the task force shall include the methodology to accomplish a statewide consolidation by June 30, 2013.



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- ▶ **LECTF Inspector General Team Objectives**
 - Address the current and ideal roles, responsibilities, relationships and resources of Offices of Inspector General (OIG), specifically within state agencies that have a law enforcement function,
 - Recommend the proportion and type of OIG resources that should be attributed to state agency law enforcement functions,



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▶ **LECTF Inspector General Team Objectives**

(continued)

- Recommend a model OIG organizational structure that effectively and efficiently meets current statutory requirements and describes the ideal role, responsibilities, relationships, workload, and resources for OIGs, including but not limited to agencies that have a law enforcement function,
- Recommend additional changes as determined by the Team, and
- Recommend a strategy for implementing the recommendations



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- ▶ IG Investigative Function Team
Recommendation to LECTF:
 - The Florida Inspector General Act be amended to
 - strengthen the independence of the IG to add terms of office for the IG, removal only for cause, and confirmation in writing by the Chief Inspector General and the Governor or concurrence by the Governor and Cabinet or the Legislature before an Agency Head can terminate a state agency IG.



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- ▶ IG Investigative Function Team
Recommendation to LECTF:
 - The Florida Inspector General Act be amended to
 - direct that IGs have specific authority to select staff for the office independently,
 - specify that IGs independently set policies and maintain all functional authority related to the staffing, administration and management of the office.



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- ▶ IG Investigative Function Team
Recommendation to LECTF:
 - The Florida Inspector General Act be amended to
 - specify separate appropriations accounts for all IGs and they have the authority to determine the budget needs and funding levels of the office independently, subject to written approval by the agency head or agency head approval with agreement from the Chief Inspector General.



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- ▶ IG Investigative Function Team
Recommendation to LECTF:
 - The Florida Inspector General Act is amended so
 - The Office of Chief Inspector General or agency IGs have exclusive independent resources for legal counsel to support the IG function and ensure the OIG is the primary client, attorney-client privilege is extended when applicable and legal advice is not influenced by any duty owed to management;



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- ▶ IG Investigative Function Team
Recommendation to LECTF:
 - The Florida Inspector General Act is amended so
 - In the interim, that IGs and Offices of General Counsel negotiate a memorandum of understanding for independent counsel within the Office of General Counsel to serve the IG and the Chief Inspector General. The memorandum should further stipulate that attorney(s) serving the OIG cannot be rewarded or removed without the IG's approval.



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- ▶ 19th Statewide Grand Jury Report, *A Study of Public Corruption in Florida and Recommended Solutions*:
 - Create an independent “Office of State Inspector General” whose roll shall be to oversee the inspections and investigations performed by all other state agency inspectors general.



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- ▶ 19th Statewide Grand Jury Report, *A Study of Public Corruption in Florida and Recommended Solutions*:
 - F.S. 20.055 needs to be rewritten so that state agency inspectors general have more independence.
 - The Inspector General of each agency should be appointed by a State Inspector General with written consent of the agency head.
 - An agency inspector general should only be allowed to be removed upon “good cause shown.”



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- ▶ 19th Statewide Grand Jury Report, *A Study of Public Corruption in Florida and Recommended Solutions*:
 - F.S. 20.055 needs to be rewritten so that state agency inspectors general have more independence.
 - Both the State Inspector General and the agency head be required to agree in writing on the removal of an agency inspector general.
 - An agency inspector general should be given twenty-one (21) days notice prior to removal.



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- ▶ 19th Statewide Grand Jury Report, *A Study of Public Corruption in Florida and Recommended Solutions*:
 - Provide additional resources to offices of inspector general:
 - Investigations by any offices of inspector general should be exempt under Chapter 119 public records laws similar to law enforcement investigations.



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- ▶ 19th Statewide Grand Jury Report, *A Study of Public Corruption in Florida and Recommended Solutions*:
 - Provide additional resources to offices of inspector general:
 - Inspectors general offices at any governmental agency or entity should be allowed to conduct investigations without having to notify the agency head, executive director, or any other person outside of the IGO of an ongoing investigation.



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- ▶ **Common Threats to Independence**
 - Budget
 - General Counsel/Senior Management
 - Political
 - Access to Records/Staff



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▶ Remedies

- Direct communication with the agency head
- Maintaining credibility
- Coordination with the Chief Inspector General



Florida Inspectors General

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Chief Inspector General

Questions?

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