



Florida Department of Financial Services Office of Inspector General



INTERNAL AUDIT CHARTER

PURPOSE AND MISSION

The purpose of the Department of Financial Services' Office of Inspector General (OIG) is to provide a central point for coordination of and responsibility for activities that promote accountability, integrity and efficiency in government. In carrying out the auditing duties and responsibilities, each inspector general shall review and evaluate internal controls necessary to ensure the fiscal accountability of the state agency.¹

The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.²

AUTHORITY

The OIG and the Internal Audit Activity (*IA Activity*) is established by Florida Statutes, Section 20.055.¹ The Inspector General shall conduct financial, compliance, electronic data processing, and performance audits of the agency and prepare audit reports of his or her findings. The scope and assignment of the audits shall be determined by the Inspector General; however, the agency head may at any time request the inspector general to perform an audit of a special program, function, or organizational unit. The performance of the audit shall be under the direction of the Inspector General, except that if the Inspector General does not possess the qualifications specified in subsection (4) of 20.055, the Director of Auditing shall perform functions listed in subsection (6). Several functions are highlighted in the paragraphs, below and the Responsibility section of this document.

- Audits shall be conducted in accordance with the current *International Standards for the Professional Practice of Internal Auditing (Standards)* as published by *The Institute of Internal Auditors*, or, where appropriate, in accordance with *Generally Accepted Governmental Auditing Standards (Yellow Book)* as published by the United States Government Accountability Office. All audit reports issued by internal audit staff shall include a statement that the audit was conducted pursuant to the appropriate standards.
- Audit workpapers and reports shall be public records to the extent that they do not include information which has been made intimate and exempt from the provisions of Florida Statutes, Section 119.07(1), pursuant to law.
- The Inspector General and audit staff shall have full, free, and unrestricted access to all records, physical properties, data, personnel and other information of the Department necessary to carry out their duties and responsibilities.

¹ Florida Statutes: Section 20.055, Agency Inspectors General

² The IIA's International Professional Practices Framework (IPPF), Mandatory Guidance

The *Standards* require the Chief Audit Executive (CAE) to periodically review the internal audit charter, make necessary modifications, and present it to leadership for approval. The CAE organizationally reports to the Inspector General (IG), and if the Director of Audit is the CAE, the CAE will collaborate and coordinate with the IG to ensure the CAE meets with the agency head, or its designee, to review and obtain approval of the DFS OIG Internal Audit Charter.

The OIG follows the Association of Inspector General (AIG), *Principles and Standards for Offices of Inspector General* that include Quality Standards for Audits. In compliance with the Quality Standards for Audits, the OIG performs audits in accordance with *Generally Accepted Auditing Standards* (GAAS), published by the Auditing Standards Board, a division of the American Institute of Certified Public Accountants (AICPA).

The Office of Inspectors General is placed organizationally under the Chief Financial Officer (CFO) and the Inspector General reports directly to the CFO. The CFO may delegate some day-to-day responsibilities to the Department of Financial Services' Chief of Staff.

RESPONSIBILITY

The Internal Audit Activity will govern itself by adherence to *The Institute of Internal Auditors' Mandatory Guidance*, that includes the *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, *The International Standards for the Professional Practice of Internal Auditing (Standards)*, and the *Definition of Internal Auditing*. *The IIA's Mandatory Guidance* constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance. Non-conformance with the mandatory elements that impact the overall scope or operation of the IA Activity will be reported to the CFO and Chief of Staff.

The OIG Internal Audit Activity adds value to the Department and its stakeholders by developing auditors to provide independent, objective assurance and consulting services by:

- considering strategies, objectives, and risks; and
- striving to offer ways to enhance governance, risk management, and control processes.

The OIG Internal Audit Activity will:

- Communicate the IA Activity's resource requirements, as well as the impact of any resource limitations.
- Develop and submit to the CFO and executive leadership long-term and annual work plans based on the findings of annual risk assessments. Approved work plans may be adjusted as necessary in response to changes in risks, operations, programs, systems and controls. Significant deviations in the approved work plan will be communicated to and approved by the CFO.

- Advise in the development, reliability, and validity of performance measures, standards, and procedures.
- Evaluate the design, implementation, and effectiveness of the Department's ethics-related objectives, programs and activities.
- Conduct financial, compliance, electronic data processing, and performance audits and other assurance engagements of the Department in accordance with the current Standards and prepare reports of findings and recommendations. Audit results will be communicated to the CFO and Chief of Staff.
- Follow-up on engagement findings and corrective actions and report periodically to the CFO, Chief of Staff and other members of leadership, as appropriate, any corrective actions not effectively implemented.
- Assess whether the information technology governance of the organization supports the Department's strategies and objectives.
- Provide consulting and related client service activities, the nature and scope of which are confirmed with the client and are intended to add value and improve the Department's governance, risk management, and control processes without the internal auditor assuming management responsibility. Governance, risk management and control issues identified during a consulting engagement will be communicated to the CFO and Chief of Staff
- Keep the CFO informed concerning significant risk exposures and control issues, including fraud, abuses, and deficiencies; recommend corrective action concerning fraud, abuses and deficiencies; and report on the progress made in implementing corrective action(s).
- In instances where Department leadership has accepted a level of risk that may be unacceptable to the Department, discuss the matter with applicable senior leadership. If the matter is not resolved, the matter must be communicated to the CFO and Chief of Staff.
- Ensure effective coordination and cooperation between the Auditor General, OPPAGA, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Periodically report to the CFO and executive leadership on the IA Activity's purpose, authority and responsibility (as well as performance relative to its work plan).
- Monitor the implementation of the Department's response to any audit of the Department conducted by the Auditor General pursuant to Section 11.45, Florida

Statutes, OPPAGA and other external entities and report to the CFO on the status of corrective actions taken.

- Review, as appropriate, rules relating to the programs and operations of the Department and make recommendations concerning their impact.
- Prepare an annual report summarizing internal audit activities of the Office of Inspector General during the immediately preceding fiscal year.
- Maintain a quality assurance and improvement program that covers all aspects of the IA activity and communicate the results of the quality assurance and improvement program to the CFO and executive leadership. The results of internal and external assessments will be communicated upon completion of the assessment, and the results of ongoing monitoring will be communicated annually. An external assessment will be performed triennially by the Florida Auditor General's Office, as mandated by Section 11.45, Florida Statutes. Should the assessments indicate a need for corrective action, the status of corrective action will be periodically reported to the CFO and Chief of Staff until such action has been completed or leadership accepts the risk of not taking corrective action.
- At the direction of the CFO, perform audits or assurance activities necessary for the Department to meet contractual or other requirements, the results of which are intended for external parties. Details on information to be provided to related third parties are mandated in Florida Statutes, Section 20.055.

APPROVAL/SIGNATURES:


Jimmy Patronis, Chief Financial Officer

1-23-20
Date


David T. Harper, Inspector General

1-24-20
Date