A SAFER
FLORIDA
HIGHWAY SAFETY AND MOTOR VEHICLES

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August 6, 2014

Terry L. Rhodes
Executive Director
Florida Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, Florida 32399-0500

Director Rhodes:

I am submitting for your review and approval the Annual Work Plan for the Office of Inspector General, pursuant to Section 20.055, Florida Statutes, Department of Highway Safety and Motor Vehicles Policy Number 11.07, and *The International Standards for the Professional Practice of Internal Auditing.* The Work Plan for the 2014-15 Fiscal Year was developed based on a risk assessment conducted by the Office of Inspector General and input from management.

The Work Plan optimizes our audit resources to address some of the most vulnerable areas of the Department. We look forward to working with you to improve Department operations and delivery of services.

With your approval, we will implement the Work Plan for the 2014-15 Fiscal Year. Upon approval, copies of this plan will be submitted to the Governor's Inspector General and the Auditor General. Thank you for your continued support.

Sincerely,

Julie M. Leftheris
Inspector General

Approved: _____
Terry L. Rhodes, Executive Director

Risk Assessment and Annual Audit Plan
for the 2014-15 Fiscal Year

August 6, 2014

Introduction

The authority and responsibilities of the Office of Inspector General are established in Section 20.055, Florida Statutes. The Inspector General reports functionally and administratively to the Department of Highway Safety and Motor Vehicles Executive Director. The Office of Inspector General has a responsibility to inform and advise management of significant deficiencies or other substantive issues noted in the course of its activities.

All operations of the Department of Highway Safety and Motor Vehicles may be subject to audit and the Office of Inspector General has the following reporting responsibilities:

- Provide individual audit results to appropriate management on a timely basis relative to significance.
- Appraise the Department of Highway Safety and Motor Vehicles Executive Director and executive management on progress made in addressing previously reported matters.
- Develop annual and long-term audit plans based on risk assessment results.
- Monitor management's process for ensuring compliance with the Department of Highway Safety and Motor Vehicles *Code of Ethics*.
- Assist management in fulfilling their responsibilities regarding financial reporting and internal control assertions and certifications.

Mission Statement

The mission of the Office of Inspector General is to promote integrity, accountability, and efficiency in the Department by conducting audits, reviews, investigations, and consulting services to provide objective, accurate, and timely information to management and the public.

Risk Assessment and Annual Audit Plan

Each year, the Office of Inspector General performs a risk assessment of the Department to identify areas with the highest level of risk. Risk is any threat to achieving the Department's mission or the likelihood that an event or action may negatively affect the Department. Our risk assessment included interviewing 43 of the Department's senior managers to gather their perspectives on the Department's current risks and exposures.

Other matters considered during the risk assessment and development of the annual audit plan included:

- Personnel hours and resources available;
- The dates and results of prior engagements;
- Updated assessments of risks and effectiveness of risk management and control processes;
- Requests by the Executive Director and Executive Management;
- Current changes in Department of Highway Safety and Motor Vehicles business, organizational structure, performance, operations, program systems, and controls;
- Opportunities to achieve more efficient and effective operating benefits;
- Opportunities to improve risk management, control and governance processes, and reduce opportunities for fraud related incidences;
- Statutorily required follow-up work to external audits and reviews; and
- Opportunities to improve Department of Highway Safety and Motor Vehicles governance of information technology resources.

Carry Forward Projects from the 2013-14 Fiscal Year

Revenue – Accounts Receivable

The Revenue Section is responsible for the day to day transactions including receiving, distributing, reporting, and reconciling the revenue collected by the Department.

Revenue has three primary subsections (Accounts Receivable, Reporting and Distribution and Reconciliations). The Accounts Receivable subsection records incoming revenue and tracks it from receipt to disposition as well as invoices for outstanding receivables.

The objective of this audit will be to review and evaluate the Accounts Receivable process for efficiency and effectiveness and compliance with applicable state laws and Department policy and procedure.

Customer Service Center

The Customer Service Center provides centralized phone access and support to tax collector personnel and state-owned issuance field offices inquiring on motor vehicle and driver license functions and procedures. The analysts also respond to inquiries from the motoring public via telephone, fax, email, and correspondence regarding license or motor vehicle issues. A centralized appointment center operates to make appointments for services at offices statewide. This unit also analyzes inquiry trends and provides recommendations for improvements to other motorist services program areas.

The objective of this audit will be to review and evaluate the efficiency and effectiveness of the Customer Service Center operations and compliance with Department policy and procedure.

Evidence – FHP

It is the policy of the Florida Highway Patrol that all members properly collect, process, control, and manage evidence and property that comes into their possession. To achieve this goal, the Florida Highway Patrol has established both guidelines, specific responsibilities, and an Evidence/Property Procedures Manual for its members.

The objective of this audit will be to review and evaluate compliance with Department policy and procedure.

Contract Audit – IT Staff Augmentation

The Department contracts with various vendors for staff resources to fulfill information technology needs within the Department. The objective of this audit will be to evaluate both contract compliance and oversight of information technology staff augmentation contracts.

Specialty Tags (4)

Section 320.08062, Florida Statutes, grants the Department authority to examine all records relating to the use of specialty license plate funds.

The objective of these audits is to determine compliance with applicable laws, policies, and regulations related to the annual affidavit prepared by the organizations for specialty license plates.

Audit Follow-Ups (4)

Section 20.055, Florida Statutes, requires the identification of each significant recommendation described in previous audit reports which corrective action has not been completed. The Office of Inspector General staff conduct follow-up assessments of outstanding items at six-month intervals until all corrective actions have been completed.

Planned Audits and Consulting Engagements for the 2014-15 Fiscal Year

Crash Data Audit

The Crash Data reporting process provides statewide crash statistics for numerous private and public organizations. It is used to plan everything from insurance rates to road construction.

The objective of this audit will be to review and evaluate the accuracy and reliability of the Crash Data reporting process and compliance with applicable laws and Department policy and procedure.

Fleet Operations Audit

Motor vehicles are essential assets for the Department to achieve its missions and objectives. Vehicle uses widely vary, ranging from day use vehicles for short-term travel needs such as attending meetings or training, to long-term needs for employees traveling throughout the state to perform their day-to-day assigned duties.

The objective of this audit will be to review and evaluate the efficiency and effectiveness of Fleet Operations and compliance with applicable laws and Department policy and procedure.

Manufactured Home Inspections Audit

The Bureau of Issuance Oversight monitors the quality of manufactured home units by ensuring manufacturers' compliance with construction standards established by the U.S. Department of Housing and Urban Development and provides additional consumer protection by training, testing and licensing individuals who set-up and install manufactured/mobile homes

The objective of this audit will be to review and evaluate the efficiency and effectiveness of the Bureau of Issuance Oversight operations and compliance with applicable laws and Department policy and procedure related to manufactured homes.

Project Management Office Audit

The PMO promotes formal project management disciplines to deliver technology solutions on time, within budget, and with an agreed-upon level of quality. The PMO serves as a liaison between ISA and its customers in order to elicit, analyze, and validate requirements for business changes.

The objective of this audit will be to review and evaluate the efficiency and effectiveness of Project Management Office operations and compliance with applicable laws and Department policy and procedure.

K9 Training Audit

The Criminal Interdiction Unit (**CIU**) consists of specially trained troopers designated as felony officers and canine handlers. These troopers are strategically assigned throughout the state to patrol the interstate system and other highways in order to interdict drug couriers and other criminal activity. The CIU assists other federal, state, and local law enforcement agencies in the detection and apprehension of drug traffickers and other criminal offenders that utilize the roadways of Florida. The CIU is an active participant in various enforcement operations coordinated by the Florida Office of Drug Control

The objective of this audit will be to review and evaluate the efficiency and effectiveness of the FHP K9 training program operations and compliance with applicable laws and Department policy and procedure.

Specialty Tag Audits (10)

Section 320.08062, Florida Statutes, grants the Department authority to examine all records relating to the use of specialty license plate funds.

The objective of these audits is to determine compliance with applicable laws, policies, and regulations related to the annual affidavit prepared by the organizations for specialty license plates.

Computer Cleansing Consulting Engagement

The Department recently started the process of upgrading a significant number of computers. It is important that the process for disposing of unneeded surplus computers is performed in an economic, efficient, and effective manner. Most importantly, appropriate procedures need to be followed to cleanse or sanitize the surplus computer hard drives to ensure that confidential or exempt information is not unintentionally disclosed.

The objective of this engagement is to review and evaluate the efficiency and effectiveness of the surplus computer cleansing process.

Employee Benefit Funds Consulting Engagement

Employee benefit funds are established primarily for the benefit of the employees who work in the building that is covered by the fund. They are used to improve morale, engender employee spirt, or to demonstrate collective appreciation for co-workers.

The objective of this engagement is to review and evaluate the efficiency and effectiveness of employee benefit fund procedures at field Offices and compliance with applicable laws and Department policy and procedure.

Bond Requirements Consulting Engagement

Surety bonds are required to protect the public. They guarantee obligations will be fulfilled, whether it's a contract bond guaranteeing a construction project will be completed, a license bond guaranteeing an auto dealer will abide by the laws or a protest bond discouraging illegitimate protests.

The objective of this engagement is to review and evaluate the efficiency and effectiveness of the Departments bond process and compliance with applicable laws and Department policy and procedure.

Cash Handling Procedures at Field Offices Consulting Engagement

Employees handling a significant amount of cash carry the greatest opportunity for fraud or abuse. Cash handling procedures are used to minimize cash handling risks. Multiple cash counts by different people make the basis of sound cash controls.

The objective of this engagement is to review and evaluate the efficiency and effectiveness of cash handling procedure at DL Offices and compliance with applicable laws and Department policy and procedure.

Account Payable Consulting Engagement

The Accounts Payable section is responsible for paying the Department's bills through MyFloridaMarketPlace and the State of Florida's Accounting System. The Accounts Payable section reviews payment requests from other Department areas in accordance with rules detailed by the Chief Financial Officer and Florida Statutes and examine and pay employee travel reimbursements.

The objective of this engagement will be to review and evaluate the efficiency and effectiveness of the processes used to determine the validity of payments to vendors.

Recurring Projects

Performance Measure Assessment

Section 20.055(2), Florida Statutes, requires each state agency's Office of Inspector General to perform a validity and reliability assessment of their agency's performance measures.

FHP Information and Evidence Fund

The Office of Inspector General staff conducts quarterly reviews to evaluate the internal controls over the Information and Evidence Fund and compliance with Florida Statutes, Department policies, and procedures.

FHP Intelligence Procedures

The Office of Inspector General staff conducts an annual review to assess and report on their internal audit of Intelligence Procedures. The assessment focused on information collection, storage, purging, and the utilization of intelligence personnel and techniques.

Compliance Reviews

The Office of Inspector General staff review reports submitted by DUI programs and assist Division of Motorist Services staff with reviews of audit reports and affidavits submitted by organizations that receive specialty license plate annual use fee proceeds.

Audit Follow-Up

Section 20.055, Florida Statutes, requires the identification of each significant recommendation described in previous audit reports which corrective action has not been completed. The Office of Inspector General staff conduct follow-up assessments of outstanding items at six-month intervals until all corrective actions have been completed.

Long-Term Work Plan (2015-16 and 2016-17)

Other Long-Term Audit Projects

- Continuity of Operations Plan (COOP)
- Rebuilt Inspections
- Change Management Process
- IID Contract Monitoring
- Identity Fraud Prevention
- DAVID Security
- IFTA/IRP