

Internal Quality Assurance Review

Advisory Memorandum 201819-34

June 28, 2019

Background and Introduction

One of the internal audit activity's major assets is its credibility with stakeholders. Delivery of a quality audit function requires both a systematic and disciplined approach. Successful programs have a commitment and balance of the right staff, precise systems, and a commitment to excellence. To provide credible audit work and findings to management, internal auditors must be perceived as independent and objective. A key element of maintaining independence and objectivity within internal auditing requires conforming to a set of professionalism standards.

Section 20.055(6)(a), Florida Statutes, requires internal audits be conducted in accordance with the current *International Standards for the Professional Practice of Internal Auditing* (Standards) or, where appropriate, generally accepted government auditing standards. The Standards, as promulgated by the Institute of Internal Auditors, provide guidance for the conduct of assurance and consulting engagements.

Standard 1300, *Quality Assurance and Improvement Program*, requires the chief audit executive to develop and maintain a Quality Assurance and Improvement Program that covers all aspects of the internal audit activity. The quality assurance program for the Office of Inspector General's (OIG) internal audit activity encompasses the charter, organizational environment, and policies and procedures established to provide management with reasonable assurance that the internal audit activity operates in conformity with applicable auditing standards. The quality assurance program for the OIG is formally described in internal operating procedures, and supports the OIG's intent to ensure consistent quality, as well as an ongoing commitment to growth and improvement. The quality assurance program includes an annual internal quality assessment review in years when an external quality assessment review is not completed. External quality assessments are conducted by the State of Florida Audit General once every three years, pursuant to Section 11.45(2)(i), Florida Statutes.

The 2017 Quality Assessment Manual for the Internal Audit Activity, issued by the Institute of Internal Auditors Research Foundation, and the revised Standards effective January 1, 2017, were utilized to conduct this assessment.

This report provides an overview of the Department of Highway Safety and Motor Vehicles' OIG internal audit activity's compliance with the Standards.

The most recent external quality assessment was performed by the Florida Auditor General in November 2017. The report stated, “the internal audit activity was adequately designed and complied during the review period to provide reasonable assurance of conformance with the applicable professional auditing standards. Also, the OIG generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies’ offices of inspectors general internal audit activities.”

Results of Review

The Institute of Internal Auditors provides a system of rating the level of compliance with its Standards, which consists of three categories: “generally conforms,” “partially conforms,” and “does not conform.” The highest level of compliance is “generally conforms.” A rating of “generally conforms” means that an internal audit activity has policies, procedures, and activities judged to be in accordance with the Standards; however, there may be opportunities for improvement.

It is our opinion that the internal audit activity for the Department of Highway Safety and Motor Vehicles OIG generally conforms to the Standards.

Purpose, Scope, and Methodology

The purpose of this engagement was to assess the Department of Highway Safety and Motor Vehicles Office of Inspector General’s compliance with *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors.

The scope of this engagement was the procedures and practices in effect in June 2019.

The methodology included utilization of the 2017 Quality Assessment Manual for the Internal Audit Activity issued by the Internal Auditors Foundation and the revised Standards, effective January 1, 2017.

Distribution, Statement of Accordance, and Project Team

Distribution

Terry Rhodes, Executive Director
Jennifer Langston, Acting Chief of Staff

Statement of Accordance

Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This advisory engagement was conducted in accordance with applicable *The International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors and Principles and Standards for Inspectors General published by the Association of Inspectors General.

Project Team

Engagement conducted by:
Erin Mook, Auditor

Under the supervision of:
David Ulewicz, Audit Director

Approved by:



David Ulewicz, Acting Inspector General