

**Florida Department of Juvenile Justice  
Office of the Inspector General**

**ANNUAL AUDIT PLAN  
FISCAL YEAR  
2016 – 2017**

**Robert A. Munson, CIG  
Inspector General**


**Michael Yu, CIA, CIG  
Director of Auditing**



**STATE OF FLORIDA  
DEPARTMENT OF JUVENILE JUSTICE**

**INTEROFFICE MEMORANDUM**

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**DATE:** June 27, 2016  
**TO:** Christina K. Daly, Secretary  
**FROM:** Robert A. Munson, Inspector General   
**SUBJECT:** Annual Audit Plan for Fiscal Year 2016-2017

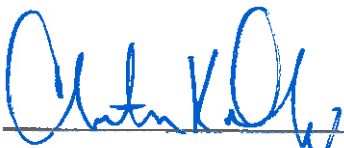
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The Office of Inspector General, Bureau of Internal Audit, is pleased to present our proposed Annual Audit Plan for Fiscal Year 2016-2017. Our audit plan is risk-based and considers the most effective coverage of the Department's systems, functions, programs, and operations. We developed our audit plan based on the Department's management input and a risk assessment involving input from each of the Department's program and administrative areas, in order to provide a systematic approach for selecting audit projects.

The activities outlined in this plan address management priorities and the most vulnerable areas of the Department. We look forward to working with management to improve the effectiveness and efficiency of our agency's programs and services while achieving our other statutory responsibilities.

With your approval, we will implement the Annual Audit Plan for Fiscal Year 2016-2017.

We appreciate your support.

Approved:   
Christina K. Daly, Secretary

RM/my

Attachment

cc: Timothy Niermann, Deputy Secretary  
Fred Schuknecht, Chief of Staff

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Rick Scott, Governor

Christina K. Daly, Secretary

*The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.*

# TABLE OF CONTENTS

<b>Introduction</b>	<u>Page</u>
Statutory Duties and Responsibilities.....	1
Mission Statement.....	1
Goals.....	1
<b>Risk Assessment and Annual Audit Plan</b>	
Purpose.....	2
Methodology.....	2
Fiscal Year 2016-2017 Audit Plan	3
• Planned Audit Projects.....	4
• Residential Living and Treatment Environment .....	4
• Program Monitoring and Quality Improvement .....	4
• Detention Secure Supervision .....	5
• Personnel Operations .....	5
• Prevention After School Programs .....	5
• 2017-2018 Department Risk Assessment & Audit Plan.....	6
• External Audit Follow-Up .....	6
Table of 2016-2017 Planned Audit Coverage .....	6
Long Range Audit Planning .....	7

# TABLE OF CONTENTS

**Appendix**

Table of Available Audit Hours Calculation ..... I

Table of Annual and Long-Term Audit Project ..... II

## Introduction

### Statutory Duties and Responsibilities

Section 20.055(5)(i), Florida Statutes (F.S.) requires the Inspector General to develop long-term and annual audit plans based on findings of periodic risk assessments. The Office of the Inspector General's Annual Audit Plan for Fiscal Year 2016-2017 shows individual audits to be conducted during the fiscal year and related resources to be devoted to each audit. We completed our annual risk assessment in June 2016.

The Office of the Inspector General (OIG), Bureau of Internal Audit (BIA), conducts compliance, financial, information technology, operational, and performance audits of the Department. Such audits are conducted in accordance with "*International Standards for the Professional Practice of Internal Auditing*" published by the Institute of Internal Auditors, Inc.

### Mission Statement

The OIG's mission is to ensure that the Florida Department of Juvenile Justice, its employees and partners, maintain the highest level of integrity, accountability and efficiency as we work together to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services.

The OIG is committed to assist the Department of Juvenile Justice in accomplishing its vision, mission, and strategic plans; provide independent and reliable audit, investigation, and consulting services; and ensure:

- compliance with statutory mandates pursuant to section 20.055, F.S.;
- integrity, accountability, and efficiency are promoted within the Department;
- quality programs and services are provided to youth;
- resources are used efficiently and consistent with laws, regulations, and policies;
- resources are safeguarded against waste, loss, and misuse; and
- reliable data are obtained, maintained, and fully disclosed.

### Goals

The OIG has established four essential goals to accomplish its mission. We will strive to provide for quality audits, reviews, studies, consultations, and investigations; perform audits, reviews, studies, and investigations in a timely manner; use our resources in an efficient manner; and provide adequate audit coverage to mitigate the Department's risks.

We believe the OIG can best achieve its goals by addressing our Department's needs, developing our staff, and emphasizing continuous improvement in the delivery of services.

## Risk Assessment and Annual Audit Planning

### Purpose

The purpose of developing an annual audit plan is to identify, select, and plan for the review of vulnerable areas of the Department using a risk-based approach. Selection of appropriate projects provides an opportunity to enhance control and operational efficiency. During the development of the audit plan, primary consideration was to provide the greatest possible benefit to the Department using available audit resources.

### Methodology

For fiscal year 2016-2017, we prepared a staffing allocation based on 1,596 available hours (estimated hours excluding leave, holidays, training, and administrative tasks) for each auditor. Available audit resources for fiscal year 2015-2016 total 3,830 hours (1,596 hours x 2 audit staff + 40% X 1,596 supervisor review hours).<sup>1</sup>

Once available resources were established, results of our risk assessment and concerns of management were used to determine coverage, timing, and intensity of the audit efforts. As part of our planning for future audit coverage, we also considered recent and planned external audits of the Department to prevent audit duplications, to the extent possible.

Systematic risk assessment tools provide an objective basis for identifying areas to be audited. To perform our risk assessment, we used risk exposure analysis to identify audit projects with the greatest risk exposure. Risk exposure analysis provides a systematic approach for selecting audit projects. Steps taken in our risk assessment are described below.

#### *Identification of Major Activities*

The first step in the risk exposure analysis was to identify an audit universe consisting of the Department's major activities by program and office areas. The program areas and offices included: Detention Services, Prevention and Victim Services, Probation and Community Correction, Residential and Correctional Facilities, Budget, Education, Staff Development and Training, Office of Administration, Office of Health Services, Office of Program Accountability, and Office of the General Counsel.

Utilizing interviews with senior managers, departmental organizational charts, legislative appropriation, and organizational knowledge, we listed major activities by program and office function. Based on executive management input, we further refined the list and identified 89 activities.<sup>2</sup>

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<sup>1</sup> See Appendix I

<sup>2</sup> See Appendix II.

### *Evaluation Framework*

In order to capture quantitative and qualitative factors affecting Department activities, we utilized the following list of variables to evaluate each activity in terms of relative significance within a program area or office. Twelve key variables were used:

- |                                   |                                       |
|-----------------------------------|---------------------------------------|
| 1. Safety of Youth or Staff;      | 7. Complexity of Operations;          |
| 2. Publicity Risk;                | 8. Character of the Activity;         |
| 3. Mission Critical;              | 9. Change in Personnel or Procedures; |
| 4. Deviation from Strategic Plan; | 10. Internal Control Environment;     |
| 5. Executive Leadership Interest; | 11. Audit Aging Factor; and,          |
| 6. Budgeted Expenditures;         | 12. Results of Prior Audits.          |

To assign values to each variable, a simple numerical scale was used. Based on input from program offices, audit staff assigned values of 1 to 5 for each variable. The higher the assigned value, the greater the relative risk and, consequently, audit concern.

While key variables considered in this step were assumed to be general indicators of risk exposure, we did not assume them to be of equal significance in evaluating every prospective audit project. To consider these differences in significance, we numerically rank each variable in descending order of significance, based on our experiences and auditing professional practices. In this manner, higher values were consistent with increased significance, such that, with twelve variables, values were assigned ranks from 100% (most significant) to 50% (least significant). Final risk element scores were calculated by multiplying the assigned significance weights and the assigned value for each variable.

In the risk assessment process, we solicited input from the Department's Executive Leadership Team members and program managers. In addition, we evaluated data related to FY 2015-2016 investigations, Quality Improvement reviews, external audits, and last year's proposed annual audit plan. Requests from management are given special consideration as they usually address immediate risks and concerns.

## **FISCAL YEAR 2016-2017 AUDIT PLAN**

We have selected the audit areas, based on our risk assessment, that we believe present the greatest risks to the Department in fiscal year 2016-2017 and that are the greatest concern of management.

An unallocated reserve of 780 audit hours is set aside for possible enterprise audit projects initiated by the Office of the Chief Inspector General; coordinating Department responses to the Auditor General, Office of Program Policy Analysis and Government Accountability (OPPAGA), the Department of Financial Services, and Federal audits and reviews; providing consulting services to program offices upon request; performing special projects requested by the Secretary and executive management; and assisting investigations.

**Planned Audit Projects**

Prior to audit fieldwork, preliminary surveys will be conducted to gain an understanding of the audit area and assess existing risks. From the preliminary survey and auditor’s assessment of risks particular to the subject area, specific audit objectives will be developed. Government auditing standards require all audits include a review and evaluation of the system of internal controls. The internal control review and evaluation includes identifying policies, procedures, practices, and systems used to ensure Department objectives are achieved. For this reason, an internal control objective is not listed in the individual audit description. A table<sup>3</sup> listing proposed audit coverage is included after the brief descriptions of planned audits. Our proposed Annual Audit Plan for fiscal year 2016-2017 includes the following audit areas.

**AUDIT PROJECTS**

**I. Residential Living and Treatment Environment**

Estimated Hours: 550.....Report Completion Date: Oct. '16

A residential commitment program shall establish an environment that is conducive to the effective delivery of delinquency intervention and treatment services. This environment shall promote and reinforce community values by giving youth opportunities to assume the responsibilities and experience the benefits of being part of a community. The program shall establish a formal process to promote youths’ constructive input, such as a youth advisory council, that gives them experience in making recommendations for resolution to improve conditions and enhance the quality of life for staff and youth in the program.

**II. Program Monitoring and Quality Improvement**

Estimated Hours: 550.....Report Completion: Oct. '16

The Bureau of Monitoring and Quality Improvement provides the Department with the information necessary to assess the fiscal and programmatic accountability of its providers, both Departmental and contracted. Regional monitors throughout the state conduct on-site and off-site monitoring events at all programs to ensure compliance with Florida Statutes, Rules of the Florida

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<sup>3</sup> See Page 6.



Administrative Code, Departmental policies and procedures, and contract terms and conditions.

**III. Detention Secure Supervision**

Estimated Hours: 550 ..... Report Completion: Mar. '17

The Department is authorized to operate secure detention facilities and has the responsibility to provide for the care, safety and protection of youth in an environment that fosters healthy social, emotional, and intellectual development, ensure secure and safe custody and promote the health and well-being of youth; preserve and strengthen the youth's family ties whenever possible and assure youth placed in detention receive necessary and appropriate care and supervision while providing the highest level of public safety. Secure supervision is a critical component of Detention's operation.

**IV. Bureau of Human Resources Operations**

Estimated Hours: 450 ..... Report Completion: May '17

The Bureau of Personnel manages People First recruitment & selection, benefits, payroll, leave & attendance, FMLA, sick leave donation, labor relations, employee relations, employment verification, unemployment compensation, classification, workers' compensation, retirement, public records requests, and miscellaneous deductions. It is a critical function for the success of the Department's operation.

**V. Prevention After School Programs**

Estimated Hours: 450 ..... Report Completion: May '17

The Office of Prevention and Victim Services offers voluntary youth crime prevention programs throughout the state of Florida. The office provides delinquency prevention service and after school programs designed to reduce juvenile crime and protect public safety. The Office of Prevention addresses these problems by contracting for delinquency prevention services and awarding grants to local providers throughout the state. After school programs target high-risk juveniles and those who exhibit problem behaviors such as ungovernability, truancy, running away from home, and other pre-delinquent behaviors.

**VI. 2017–2018 Department Risk Assessment & Audit Planning**

Estimated Hours: 250 ..... Draft Completion Date: Jun-'17

Internal Audit will identify the Department’s auditable units and solicit management input in assessing and prioritizing risks facing the Department. This risk assessment will be used to develop the annual audit plan for fiscal year 2017-2018.

**VII. External Audit Follow-up**

Estimated Hours: 250 ..... Report Completion: Various

Pursuant to the amended Section 20.055(5)(h), Florida Statutes, the Inspector General is required to submit to the Chief Inspector General a written statement of the implementation status of corrective actions to reports issued by the Auditor General and the Office of Program Policy Analysis and Government Accountability (OPPAGA). These reports are required to be issued no later than six months after the Auditor General or OPPAGA publishes a report on a state Department. Audit staff also act as liaison between external auditors and the Department.

**FY 2016-2017 Planned Audit Coverage**

<b>Plan Section</b>	<b>Project Title</b>	<b>Coverage</b>	<b>Draft Finish Dates</b>	<b>Est. Hours</b>
I.	Residential Living and Treatment Environment	Residential Programs	10/16	550
II.	Program Monitoring and Quality Improvement	Program Accountability	10/16	550
III.	Detention Secure Supervision	Detention Services	03/17	550
IV.	Personnel Operations	Office of Administration	05/17	450
V.	Prevention After School Program	Prevention Services	05/17	450
VI.	2017–2018 Department Risk Assessment & Audit Planning	Agency-wide	06/17	250
VII.	External Audit Follow-up	Agency-wide	Various	250
Total Hours				<u>3,050</u>
Total Available Hours				3,830
Unallocated Hours - Reserve				780

## **Long Range Audit Planning**

Section 20.055(5)(i), F.S., requires the Inspector General to develop long-term and annual audit plans based on the results of periodic risk assessments. Utilizing risk scores from our risk exposure analysis, we considered internal and external audits and reviews in developing the annual and long-term audit plan. Appendix II lists planned audit coverage areas for future periods.

# APPENDIX

*Fiscal Year 2016-2017  
Available Audit Hours Calculation*

	HOURS	
ACTIVITY		2,080
Training (40h class time + 20h travel and administration)	60	
Annual Leave	176	
Holidays (11 days @ 8 hours)	88	
Sick Leave (Estimate)	56	
General Administration (5% of 2,080 hours)	104	
Less Subtotal		484
Available Hours per Staff		<u>1,596</u>
Number of Audit Staff		2.4
<b>Total Available Audit Hours</b>		<b><u>3,830</u></b>

**Office of the Inspector General  
Bureau of Internal Audit  
2016-2017 Annual Audit Plan Risk Assessment  
Annual and Long-Term Projects Plan**

Index	Program	Activity	Four Risk Strata Top 10% = High Risk Next 30% = Sensitive Risk Next 40% = Moderate Risk Lowest 20% = Low Risk	Weighted Total Risk Score	Current Audit Plan 2016-17	Planned for 2017-18	Planned for 2018-19	Planned for 2019-20
1	Probation	Day Treatment	<b>HIGH</b>	34.4		X		
2	Detention	Health Services		33.4			X	
3	Prevention	CINS/FINS		32.7				
4	Residential	Living and Treatment Environment		32.7	X			
5	Residential	Health Services		32.5				X
6	Detention	Mental Health Services		32.4				
7	Detention	Secure Supervision		31.3	X			
8	Adm.	Network Operations		30.4		X		
9	Adm.	Internet		30.4				
10	Adm.	JJIS		30.2			X	
11	Residential	Behavior Management and Discipline	30.2					
12	Detention	Security	30.1				X	
13	Adm.	Facility Services	30		X			
14	Adm.	Server Operations	29.8					
15	Probation	Supervision	29.7			X		
16	Adm.	Personnel	29.6	X				
17	Probation	Transition Services	29.6				X	
18	Probation	Intake and Screening	29.1					
19	Adm.	Contracts/Grants payment	28.9					
20	Adm.	Information Security	28.9				X	
21	Probation	Case Management	28.8					
22	Probation	Conditional Release	28.6					
23	Prevention	After School Programs	28.5	X				
24	Program Accountability	Monitoring and Quality Improvement	28.5	X				
25	Residential	Commitment Management	28.3			X		
26	Adm.	Application Development and Support Administration	28					
27	Residential	Substance Abuse Services	27.8					

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28	Residential	Mental Health Services	<b>Moderate</b>	27.8				
29	Prevention	Gender Specific Programming		27.7		X		
30	Detention	Alternative to Secure Detention		27.7				
31	Residential	Maximum Risk Programs		27.6		X		
32	Probation	Diversion/Civil Citation		27.3				
33	Prevention	Grant Monitoring/Management		27.2				
34	Prevention	Boards & Councils		27.1				
35	Residential	Sex Offender Treatment		26.9				X
36	Detention	Operations		26.6				
37	Residential	Gender- Specific Programs		26.6				
38	Detention	Repairs and Maintenance		26.5				
39	Prevention	DMC		26.5			X	
40	Prevention	Faith-Based Network		26.2				
41	SD&T	Advanced & Specialized Training		25.9				
42	Adm.	Desktop Support		25.7				
43	Prevention	Community Partnership Coordinators		25.6				
44	Program Accountability	Procurement & Contract Administration		25.6				
45	Detention	Capital Outlay		25.5				
46	OHS	Individual (Exceptional) Medical Case Reviews and Follow-Up		25.3				
47	Program Accountability	Contract Management		25.3				
48	OHS	On-site Program (clinical) Monitoring		25.1				
49	Residential	Dual Diagnosis/ Developmental Disabilities		24.8				
50	Probation	Counseling (Includes Redirection)		24.7				
51	Adm.	Purchasing		24.6				
52	Detention	Transportation		23.9				
53	Detention	Intake and Release		23.8				
54	Program Accountability	Risk Management		23.7				
55	Adm.	Support Services		23.4				
56	Probation	Independent Living Programs		23.4				
57	Research & Data Integrity	Research Services Contract		23.3				
58	Detention	Behavioral Management		23.3				
59	Probation	Respite Care		23.2				
60	Probation	Vocational Training		23.2				
61	Adm.	Budget		22.9				
62	Detention	Contract Monitoring		22.9				
63	Program Accountability	Programming and Technical Assistance		22.8				
64	Research & Data Integrity	Comprehensive Accountability Report (CAR)	22.8					
65	Residential	Vocational Training	22.1					
66	Research & Data Integrity	Online Data Reporting	21.9					
67	SD&T	Curriculum Design	21.9					
68	Detention	Environmental Health/ Sanitation	21.9					

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Index	Program	Activity	Top 10% = High Risk Next 30% = Sensitive Risk Next 40% = Moderate Risk Lowest 20% = Low Risk	Weighted Total Risk Score	Current Audit Plan 2016-17	Planned for 2017-18	Planned for 2018-19	Planned for 2019-20
69	Residential	Program Development/ Start-up	<b>LOW</b>	21.65				
70	Probation	Evaluations/Assessments		21.6				
71	Probation	Sex Offender Treatment		21.5				
72	Research & Data Integrity	Long Range Program Plan (Data Analysis)		21				
73	Residential	Capital Outlay		21				
74	SD&T	Basic Recruit Training - Direct care staff		20.7				
75	Education	Education to Youth		19.4				
76	Research & Data Integrity	Federal Performance Measures Reports		18.8				
77	Adm.	Accounts Payable		17.8				
78	Detention	Food Services		17.7				
79	SD&T	Testing and Evaluation	17.6					
80	SD&T	Employee Training - Non Direct Care Staff	17.1					
81	OHS	Participation in Procurement Activities	16.7					
82	OHS	Development/Review of Curriculum or Training Materials	16.5					
83	Prevention	Public Service Announcement	16.4					
84	OHS	Placement Reviews	15.8					
85	Adm.	Reconciliation and Reporting	15.8					
86	Adm.	Receipts	15.8					
87	SD&T	On-line Training and Training Tracking System	15.1					
88	General Counsel	General Counsel	14.4					
89	Adm.	Cost of Care	13.7					