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Department of Transportation

## **RESPONDING TO AUDIT REPORT RECOMMENDATIONS AND AUDIT FOLLOW-UP**

### **AUTHORITY:**

Sections 20.055(6) and 334.048(3), Florida Statutes (F.S.)

### **REFERENCES:**

Sections 11.45 and 11.51, F.S.

### **STATEMENT OF POLICY:**

It is the intent to provide a process for responding to preliminary and tentative (P&T) reports produced by the Office of Inspector General (OIG) and reports produced by external audit agencies. This procedure also provides a process to monitor and report on the implementation of recommendations made in audits or reviews.

### **PURPOSE:**

Pursuant to section 20.055 F.S., the OIG is charged with performing audits in accordance with professional auditing standards and coordinating the Department's response to audits or reviews performed by external audit agencies. The OIG must also monitor and report on the status of corrective actions taken by management to implement recommendations made in audits performed by the OIG and external audit agencies. The monitoring and reporting system utilized by the OIG is the Audit Management System (TeamMate).

### **SCOPE:**

This procedure will be used by the Florida Department of Transportation (Department) managers responsible for responding to and implementing recommendations made in OIG and external reports.

## DEFINITIONS:

**CIG:** Chief Inspector General for the Governor's Office.

**DEPARTMENT SENIOR MANAGERS:** Secretary, Assistant Secretaries, District Secretaries, and Office Directors.

**PRELIMINARY AND TENTATIVE (P&T) REPORT:** The initial report of possible findings and recommendations.

**OAG:** Office of the Auditor General.

**OPPAGA:** Office of Program Policy Analysis and Government Accountability.

**TEAMMATE Audit Management System:** An online system that monitors the implementation status of recommendations made in OIG and external agency audit reports. This system also is used to provide statutorily required status reports to the CIG, Secretary, Joint Legislative Auditing Committee, OAG, and OPPAGA.

**RESPONSIBLE MANAGER:** The Department manager responsible for responding to and implementing recommendations made in P&T reports and for providing a semi-annual status of corrective actions taken.

## RESPONSIBILITIES:

This section is optional and is used to outline specific responsibilities of roles mentioned in the document.

## PROCEDURE:

### 1. PROCESS FOR RESPONDING TO OIG P&T AUDIT REPORTS

- 1.1 The OIG auditors work closely with responsible managers during the fieldwork phase of an audit; therefore, the responsible managers are made aware of the findings and concerns raised during the audit. Typically, an informal fieldwork exit conference or pre-exit conference will be conducted.
- 1.2 Upon completion of an audit, the responsible manager is provided a copy of the P&T report and the option of a formal exit conference. If the responsible manager believes that previous discussions and review of the P&T report provide enough information for a response, the responsible manager may request that a formal exit conference not be held. In such an event, the OIG auditor will document that the exit conference was declined.
- 1.3 Once the OIG releases a P&T report, the responsible manager has 20 working days to provide a written response to the preliminary findings and recommendations pursuant to **section 20.055(6)(d), F.S.** OIG auditors will be

available throughout the process to respond to the responsible manager's request for clarification of the findings and recommendations. The response should be clear, concise, and should at a minimum, indicate one of the following:

- 1.3.1** "We concur with the finding(s) and recommendation(s)." The responsible manager concurs with the findings and recommendations; or
  - 1.3.2** "We concur with the finding(s); however, an alternative corrective action will be taken." The responsible manager concurs with the findings; however, an alternative corrective action was identified and provided; or
  - 1.3.3** "We concur with the finding(s) and recommendation(s); however, no action will be taken." The responsible manager concurs with the findings and recommendations; however, chooses not to take any action. The Secretary or an Assistant Secretary must be apprised by the responsible manager of this decision.
  - 1.3.4** "We do not concur with the findings(s) and recommendation(s)." The responsible manager does not concur with the findings or recommendations. The Secretary or an Assistant Secretary must approve any "do not concur" responses.
- 1.4** When completing the response, the responsible manager should consider the impact upon resources, program restraints, coordination, and any other factors that may impact the agency's ability to expeditiously correct any identified deficiencies.
  - 1.5.** When the response is received, portions of the response may be incorporated into the text of the final report. The complete response is included as an appendix to the report. In cases where "do not concur" is the response, the Inspector General may include a rebuttal to further clarify the OIG's position to support corrective action completion.
  - 1.6** Upon final report release, the findings, recommendations, and responsible manager's initial response will be entered into TEAMMATE by the OIG.

## **2. MONITORING AND REPORTING IMPLEMENTATION OF RECOMMENDATIONS MADE IN OIG REPORTS**

- 2.1** The OIG shall monitor implementation of the responsible manager's responses to recommendations made in OIG reports.
- 2.2** On a semi-annual basis, responsible managers shall provide to the OIG a status of corrective actions taken to implement "open" recommendations. For recommendations that have not been fully implemented, the response must include an estimated completion date. For recommendations that are reported as

fully implemented, or “closed,” the response must include the completion date and the actions taken to implement the recommendation.

- 2.3** The OIG may require adequate documentation to verify that corrective actions have been completed. If, in the OIG Audit Manager’s opinion, the documentation does not support completion of the recommendation, the recommendation will remain “open” until the OIG can meet with the responsible manager and resolve the issue.
- 2.4** The status of corrective actions will be provided to the Department’s senior managers.

### **3. PROCESS FOR RESPONDING TO EXTERNAL AUDIT AGENCY DRAFT REPORTS**

- 3.1** The OIG coordinates all Department responses to draft reports from external audit agencies such as the OAG and OPPAGA. Appropriate Department senior managers and responsible managers must contact the OIG if an external audit agency requests a response to draft reports.
- 3.2** The OIG coordinates all exit conferences requested by external audit agencies at the conclusion of an audit or review. Those responsible managers identified by the external auditors, as well as an OIG representative, will be invited to attend the exit conference.
- 3.3** After the exit conference, the external audit agency will present its preliminary and tentative findings and recommendations. Each finding and recommendation will be discussed with the responsible managers. Any discrepancies noted by, or concerns of, the responsible managers should be addressed at this meeting.
- 3.4** After the exit conference, the external auditors will finalize their draft report and forward it to the OIG to coordinate the Department’s response.
- 3.5** In accordance with **sections 11.45(4)(d) and 11.51(2), F.S.**, the Department has 30 calendar days, unless requested otherwise, after receipt of the draft report to provide a written response of corrective actions to be taken to implement the recommendations.
  - 3.5.1** To meet this statutory deadline, the OIG will forward the draft report to the responsible managers and provide a date for response that is no later than 25 calendar days from the receipt of the report.
  - 3.5.2** When all responses are received, the OIG will obtain the Secretary’s approval and forward a final response to the external audit agency.

**3.5.3** Upon release of the final external report, the findings, recommendations, and the Department's response will be entered into TEAMMATE.

#### **4. MONITORING AND REPORTING IMPLEMENTATION OF RECOMMENDATIONS MADE IN EXTERNAL REPORTS**

**4.1** In accordance with **section 20.055(6)(h), F.S.**, no later than 6 months after the OAG or OPPAGA releases a report regarding the Department, the OIG shall provide a written response to the Chief Inspector General on the status of corrective actions taken. In addition, a copy of this report will be provided to the Secretary and the OIG will file a copy with the Joint Legislative Auditing Committee. Information for the 6-month response may be obtained during the established semi-annual TEAMMATE update; however, to meet statutory deadlines, the OIG may request the recommendation implementation status at times other than the semi-annual reporting.

**4.2** In accordance with **section 11.51(3), F.S.**, no later than 18 months after OPPAGA releases a report regarding the Department, the OIG shall provide data and other information to OPPAGA that describes with specificity what the Department has done to respond to recommendations. Information for the 18-month response may be obtained during the established semi-annual TEAMMATE update; however, to meet statutory deadlines, the OIG may request the recommendation implementation status at times other than the semi-annual reporting.

#### **5. TRAINING**

None required

#### **6. FORMS**

None