



DEPARTMENT OF MANAGEMENT
SERVICES

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MEMORANDUM

DATE: September 28, 2000
TO: Cynthia A. Henderson, Secretary
FROM: Patricia M. Chin, CPA, Inspector General
SUBJECT: Annual Report, Work Plan, and Long-Term Plan

As required by Section 20.055, Florida Statutes (F.S.), we are furnishing you our annual report, work plan, and long-term plan. This document summarizes the activities of the Office of Inspector General during fiscal year 1999/2000 and presents our planned activities for fiscal year 2000/2001. It also includes our long-term plan for fiscal years 2001/2002-2002/2003.

According to Section 20.055, F.S., the Office of the Inspector General has the responsibility to promote the accountability, integrity and efficiency of the agency. With this in mind, our efforts this year have identified important areas for improvement and have recommended or suggested corrective action to address them.

We look forward to continuing our work with you and the Department during the upcoming fiscal year. Thank you for your continued support.

PMC/jd

*cc: Marcia Cooke, Chief Inspector General
John Turcotte, Director of Office of Program Policy
Analysis and Government Accountability
William O. Monroe, Auditor General
Martha Parker, Office of the Auditor General
Barbara Auger, Deputy Secretary
Fran Brooks, Director, Legislative Affairs*

DEPARTMENT OF MANAGEMENT

SERVICES

OFFICE OF INSPECTOR GENERAL

**1999/2000
ANNUAL REPORT**

**2000/2001
ANNUAL WORKPLAN**

**2001/2002 – 2002/2003
LONG-TERM PLAN**

September 29, 2000

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AGENCY OVERVIEW

Mission Statement

To provide value-added solutions to support government delivery of quality, cost-effective services.

The Department of Management Services serves as the administrative arm of state government. The Department is a key player in developing and implementing initiatives that focus on increasing citizen access to government, delivering cost effective products and services, promoting and supporting economic development in Florida, and improving government productivity. These initiatives cut across agency lines and help create partnerships with other government entities and the private sector. Working together for common solutions improves service delivery and creates economies of scale.

The Department consolidates the state's buying power for the purchase of commodities and services and establishes purchasing rules and guidelines to ensure that the state maintains a fair and competitive procurement process. We serve as the centralized authority for operation, maintenance, construction and security of state facilities. The Department provides access to low cost, advanced telecommunications services to state and local governments to improve efficiency and service delivery to citizens. The Department develops policy guidelines to ensure that state employee human resource issues, including recruitment, promotion, and discipline, are fairly and uniformly addressed and implemented. We provide a comprehensive and cost-efficient package of insurance benefits for the State of Florida workforce, monitor the actuarial soundness of local government retirement plans and administer the Florida Retirement System.

As a service-based organization, approximately 95 percent of the Department's operating budget is generated from fees for service. The Department is therefore committed to providing high-quality services at competitive prices.

The Department accomplishes its mission through the following Program Areas:

- **Administration** – The Department's administrative functions are organizationally housed within the Administration Program Area, including budget, finance and accounting, procurement, and personnel services. Program Area responsibilities for Executive Direction are carried out by the Secretary and Deputy Secretaries, Inspector General, Director of Legislative Affairs and General Counsel.
- **Technology** - The Department places major emphasis on providing cutting-edge technology services for the State and its customers. Through the State Technology Office, the Information Technology Program provides engineering and access to cost-effective and advanced tele-communications, information, and wireless technologies. The Program Area serves as a center for data services, including mainframe computing and technical assistance. Legislation passed this year has paved the way for consolidation of all state government technology efforts. One of the first accomplishments of the State Technology Office was the launch of the *MyFlorida.com* website. This site provides Floridians with electronic access to information about the state's communities, government services, and economic and employment opportunities.

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The website will serve as the single portal for conducting business with, or getting information from state government entities.

- **Facilities** – A major emphasis of the Facilities Program is to create workplaces that increase employee productivity while maintaining cost-effective, efficient and safe work environments. Facilities staff manage and maintain state-owned office complexes, develop building construction programs, and assist state agencies in leasing office space. The Program also coordinates employee parking and provides security for state-owned buildings. The Program's building construction section has been instrumental in developing high performance, state-of the art office facilities.
- **Workforce** – The Workforce Program's overall goal is to attract and retain a high performance workforce for the State of Florida. Progress toward this goal is achieved through the programs and initiatives of three separate Divisions, as outlined below.

- Division of Human Resource Management. This Division works to create a quality human resources infrastructure in support of a high performance state workforce. The Division administers State of Florida employee personnel rules, and develops and maintains the classification and pay plans for state workers. The Division also develops and maintains the statewide, automated personnel and payroll information system and provides technical assistance and training on personnel policies and procedures to state agency personnel offices. The Division also coordinates state collective bargaining and labor relations negotiations.

- Division of State Group Insurance. The Division's mission is to develop and offer a high-quality, competitive portfolio of employee benefit products and services that meet the needs of the state's workforce. The Division offers a comprehensive employee benefits program for active and retired state employees and surviving spouses. The Division manages employee enrollment, premium collection, payment to insurers, and other administrative functions.

- Division of Retirement. The Division administers all state retirement systems, including the Florida Retirement System (FRS). The Division also monitors all local government retirement systems for actuarial soundness. The Division's mission is to provide high quality, competitive, and cost-effective retirement services to FRS members and employing agencies and to local government retirement systems.

- **Support** – Support Program services are designed to provide best value purchasing and fleet management services. The program uses the volume buying power of State government to establish term contracts for goods and services at discounted prices. The Program also manages the federal surplus property program, operates the Executive Aircraft pool, and coordinates the operation and maintenance of state aircraft and vehicles.

A number of boards and commissions are administratively housed within the Department. These entities include the Florida Commission on Human Relations, the Smart Schools Clearinghouse, the Correctional Privatization Commission, the State Employee Leasing Program (Enterprise FL, Inc.), the Division of Administrative Hearings, and the WAGES (Work and Gain Economic Self-sufficiency) Contracting Program.

INTRODUCTION TO THE OFFICE OF INSPECTOR GENERAL

Mission Statement and Objectives

The mission of the Office of Inspector General (OIG) is to conduct independent and objective audits, investigations, evaluations and reviews of agency activities, functions and programs to assist the Department in carrying out its mission. The OIG conducts fair, impartial audits, investigations and reviews or analyses that are informed, logical, supportable, and timely.

The OIG's statutory duties and responsibilities include:

- Advising in the development of performance measures, standards, and procedures for evaluating agency programs;
- Assessing the reliability and validity of agency performance measures and standards and making recommendations for improvement;
- Reviewing actions the agency has taken to improve performance and meet standards;
- Conducting, supervising and coordinating audits, investigations and management reviews relating to agency programs and operations;
- Conducting, supervising, or coordinating other activities to promote economy and efficiency in agency programs and operations or to prevent and detect fraud and abuse; and
- Ensuring effective coordination and cooperation between the Auditor General and other governmental bodies.

To carry out these duties and responsibilities, the OIG is divided into two sections: Audit and Investigations.

The Director of Auditing directs, supervises, and coordinates financial, compliance, electronic data processing and performance audits, as well as other reviews of department programs and activities. Audits are performed to identify, report, and recommend corrective action for deficiencies in management control or non-compliance with laws, policies, and procedures. Audits are also performed to evaluate and make recommendations to improve the effectiveness and efficiency of Department programs and functions. The Director of Auditing coordinates the OIG's annual risk assessment and develops the Office's Annual Work Plan. The OIG's Long-term Plan and Annual Work Plan are contained in this report.

OIG consults with management and provides technical assistance upon request. Staff conduct research and provide information to management on an *ad hoc* basis on issues ranging from agency risk to improving internal controls. The Office conducts a variety of reviews and projects to help improve agency effectiveness and efficiency.

The Director of Investigations plans and implements an internal review system to examine and investigate allegations of misconduct in the agency. As provided in Sections 112.3187 through 112.31895 and Section 20.055, Florida Statutes, the Inspector General may conduct investigations for the Secretary designed to deter, prevent and eradicate fraud, waste, mismanagement, misconduct or other abuses. These investigations include complaints filed under the Florida Whistle-blower's Act. This law protects employees who allege the existence

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of fraud, waste or abuse in government operations from retaliation by their employer.

The section also receives and considers other agency-related complaints, and conducts or coordinates inquiries or investigations, as the Inspector General deems appropriate. When there are reasonable grounds to believe a violation of criminal law has occurred, the Inspector General submits the results of the Office's investigation to the Florida Department of Law Enforcement (FDLE) or other law enforcement agency with jurisdiction.

Professional Certifications and Affiliations

OIG employees have a wide range of experience in both the public and private sectors. Staff have supervised and conducted audits at the federal and state level and bring background and experience in law, accounting, law enforcement, program evaluation, management, computer science, banking, engineering, and communications.

Staff hold the following professional certifications:

- 2 Certified Inspectors General
- 2 Certified Public Accountants
- 2 Certified Internal Auditors
- 1 Certified Government Financial Manager
- 1 Certified Fraud Examiner
- 1 Certified Sterling Examiner
- 1 Certified Private Investigator

OIG staff are affiliated with the following professional organizations:

- American Institute of Certified Public Accountants
- Association of Fraud Examiners
- Association of Government Accountants
- Association of Military Comptrollers

- Institute of Internal Auditors
- Southeastern Evaluation Association
- National Association of State and Local Inspectors General
- The Florida Audit Forum
- The Florida Bar
- The Florida Sterling Council

Staff Training

During the 1999-2000 fiscal year, OIG staff received professional training in a variety of areas to maintain certification requirements and enhance professional knowledge and skills. Each staff member is required to complete a minimum of 40 hours of professional training, annually, in topics related to auditing, accounting, investigations, and computer system security. Increasing professional knowledge and skills improves job performance and productivity.

Professional Associations

**Governor's Council on Integrity
and Efficiency (GCIE)**

The GCIE consists of the Governor's Chief Inspector General, Directors of Auditing and Investigations, Deputy Director of the Governor's Office of Planning and Budgeting, and the Inspector General of each agency under the Governor's jurisdiction. The Inspector General of any other state agency and the Auditor General of the State of Florida may also participate. The Council meets bi-monthly to identify, review and discuss areas of government accountability, performance, and vulnerability to fraud, waste and abuse. The GCIE proposes laws, rules and regulations to promote economy and efficiency, and attack state government fraud and waste. During the current year, this Office participated in a joint auditing task force coordinated by the association to review issues related to the state contracting process.

Association of Inspectors General

The Association of Inspectors General was formed to provide a collegial and educational organization for the exchange of ideas, information, and training among state, municipal, local, and national Inspectors General. The Inspector General and Audit Director are active participants.

Investigators' Roundtable

Participation in the activities of the interagency Investigators' Roundtable, facilitated by the Chief Inspector General's Office, enhances staff knowledge, allows opportunities for superior training, and provides a venue for resolving concerns shared among state agencies. During 1999-2000, the Roundtable addressed development of professional standards for state agency investigators, expanded interagency training and a move to consider model uniform minimum education and experience requirements for investigators.

Audit Directors' Roundtable

The Audit Director's Roundtable provides a venue for the quarterly meeting of Directors of Auditing from each agency under the Governor's jurisdiction. Audit Directors of Cabinet agencies and the Auditor General's Office also frequently attend. During the current year, participants discussed and shared best auditing practices which are available for review on the Chief Inspector General's web site.

Strike Force Against Fraudulent Enterprise (S.A.F.E.)

Throughout the fiscal year, the Inspector General participated in S.A.F.E meetings and newsgroups. An initiative of the Florida Department of Law Enforcement and the Office of the Comptroller, S.A.F.E.'s purpose is to mobilize state government entities to recognize and identify criminal organizations that target state government with fraudulent schemes. The scope of S.A.F.E. activities included education in case criteria and sharing information regarding potential crimes against state government.

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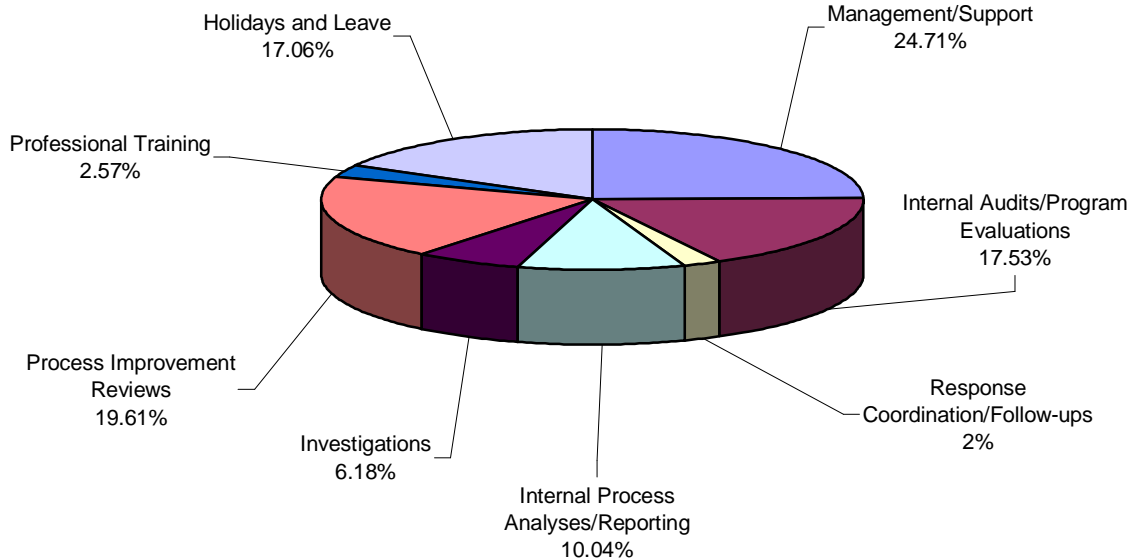
Purpose of Annual Report

This Annual Report is presented to the Secretary to comply with statutory requirements and to provide departmental staff and interested parties with information on the Office of Inspector General's progress in accomplishing its mission as defined by Florida Law.

Section 20.055, Florida Statutes requires the Inspector General to submit an annual report to the agency head of activities conducted during the preceding fiscal year. Annual reports must include a description of activities

relating to the development, assessment, and validation of performance measures, and a description of any significant abuses and deficiencies relating to agency programs and operations disclosed by OIG activities. The report must also describe corrective recommendations made regarding agency operations, and significant recommendations described in previous annual reports where corrective action has not been completed. Finally, the report must include a summary of audits and investigations completed during the reporting period.

Total Hours Spent for FY 1999/2000



AUDIT ACTIVITY

The Audit Section performs independent audits, reviews, and examinations to identify, report, and recommend corrective action for control deficiencies or non-compliance with laws, policies, and procedures. Audits are also performed to evaluate and make recommendations to improve the effectiveness and efficiency of Department programs and functions. Audits are conducted in accordance with the current *Standards for the Professional Practice of Internal Auditing* established by the Institute of Internal Auditors (IIA), Inc. Financial audits may be subject to the standards for generally accepted auditing principles promulgated by the American Institute of Certified Public Accountants. OIG audit reports are distributed to the Secretary of the Department, Office of the Auditor General, Office of the Chief Inspector General and Department managers.

Auditor General Quality Control Peer Review

Section 20.055, Florida Statutes, requires the Auditor General to conduct a peer review of each state agency's internal audit function at least once every three years. The purpose of this review is to evaluate the Office's policies and procedures relating to the internal audit function and to determine the extent to which management's quality control system provides reasonable assurance that established policies, procedures and applicable auditing standards are being followed.

The Auditor General conducted a peer review of our Office for the period January 1, 1999 through December 31, 1999. The review addressed compliance with audit standards in the following categories:

- Independence of Internal Audit Staff

- Professional Proficiency
- Scope of Work
- Performance of Audit Work
- Management of the Internal Auditing Department

In a report released May 10, 2000 (Report Number 13651), the Auditor General determined that the OIG's quality control system was adequate to ensure compliance with professional auditing standards, applicable OIG policies and procedures, and statutory provisions relating to operation of offices of inspectors general and internal audit functions.

Audit/Review Follow-Up Activity

Section 20.055 Florida Statutes, requires each agency's Office of Inspector General to monitor implementation of the agency's response to audits conducted by the Auditor General and the Office of Program Policy Analysis and Government Accountability (OPPAGA), pursuant to Section 11.45, Florida Statutes. Additionally, the *Standards for the Professional Practice of Internal Auditing* require internal audit departments to follow-up on actions taken by management on reported findings. The Audit Section coordinates the Department's response to audit reports and conducts follow-ups at 6 and 18 months after the report date to determine action taken by management on reported findings.

The Audit Section conducted three follow-up reviews in Fiscal Year 1999-2000.

Six-month Follow-up to the Auditor General's Audit of the Statewide Purchasing Subsystem (Spurs) Report Number: IA-2000-84

The Audit Section conducted a six-month follow-up review of the Auditor General's

system review of selected general and application controls for SPURS. Our follow-up found that the Information Technology program had generally addressed the Auditor General's recommendations. For example, the Program completed a Disaster Recovery/Business Resumption Plan in response to the recommendation to develop a plan for the Shared Resource Center. The Program also initiated a number of changes in response to Auditor General recommendations concerning user access levels. A formal Information Software Development Methodology to implement change management procedures was developed, as recommended.

*Six-month Follow-Up to the
Auditor General's Operational Audit of
The Department of Management Services
Report Number: IA-2000-99*

Findings and recommendations in the Auditor General's report addressed operations in the Department's Purchasing Card Program, the Division of Human Resource Management, the Division of State Group Insurance and the Division of Retirement during the period from July 1, 1997 through June 30, 1998 and included selected Department actions taken through February 5, 1999. Our six-month follow-up review found that the Department had generally addressed the reported audit findings and recommendations. Specific Department actions included the following:

The Purchasing Card Program developed procedures to ensure that purchasing card accounts of terminated employees are canceled in a timely manner. The Program also established an "override" log to maintain a record of approved overrides of established Program controls.

The Division of State Group Insurance enhanced its information system to identify unusual prescription drug activity and to help promote the well being of Health Plan participants.

Florida Administrative Code was modified to require agencies to develop a professional development program for SMS and SES employees and that the programs be certified by the Department. In conjunction with the agencies, the Division developed learning objectives for the program.

*Six-month Follow-Up to the
Inspector General's Review of Information
Technology Program Performance
Measures
Report Number: IA-2000-59*

In 1999, the Inspector General followed-up on the status of recommendations concerning the validity and reliability of two Information Technology Program performance measures. A third issue concerning the Program's methodology for calculating customer service survey results was separately addressed in the Inspector General's review of fiscal year 2000-01 performance measures. Our follow-up determined that the Program had addressed the recommendations concerning data accuracy but needed to reflect these changes by correctly documenting calculations and data sources on Department budget documents.

Performance Measure Assessment

Section 20.055, Florida Statutes, requires the Office of Inspector General to assess the reliability and validity of the Department's performance measures and to make recommendations for improvement, as necessary. The Office is also charged with advising on the development of

performance measures and standards, and with reviewing actions taken to improve program performance and meet standards.

The Office of Inspector General annually assesses the reliability and validity of new performance measures submitted in conjunction with the agency's Legislative Budget Request. In Fiscal Year 1999-00, the Office evaluated the reliability and validity of eight new measures submitted by the Facilities Program and the Information Technology Program. We found the measures to be reliable and valid in all material respects (see Performance Measurement Report Number IA 99-273, Assessment of the September 1, 1999 Performance Measures Submitted by the Facilities and Information Technology Programs).

Throughout the year, the Office assists Program Area managers and staff with developing and revising performance measures and standards. As part of this effort, the Office provided a preliminary review of 25 new performance indicators included in the Department's Fiscal Year 2000-01 Agency Strategic Plan.

Construction Cost Audits

The Office of Inspector General has contracted with two Certified Public Accounting Firms to conduct cost audits of selected Facilities Program construction projects. The OIG coordinates the audit responses and approves the final reports provided by the CPA firms. During the past fiscal year, six construction cost audits were accomplished. These audits included construction projects at the Capital Circle Office Complex as well as other locations throughout the state.

Contracting for audits of major construction projects extends the OIG's coverage and

provides assurance as to the quality of construction management.

On-Going Activities

At the close of the 1999-2000 fiscal year, the Office was actively working on four internal audits and two process reviews. Three of the audits are substantially complete and scheduled for publication in the first quarter of fiscal year 2000-01.

Two of the audits were performed in coordination with six other Governor's agencies as part of the Office's participation in a Task Force on Information Technology Consultant Contracting coordinated by the Chief Inspector General's Office. The Audit Section conducted a review of the Department's acquisition and management of IT Consultant Contracts. The Section also reviewed State Purchasing procedures for establishing State Term IT Consultant Contracts and procurement guidelines for State agencies. These audits were conducted in conjunction with similar efforts in other agencies.

The Task Force is preparing a summary report for the Governor from the results of the individual agency audits. Issues identified in the draft summary report relate to:

- Faulty design and implementation of State Term Contracts that violated legislative intent, discouraged competition, encouraged agencies to contract for services at rates higher than necessary and enter into contracts that ceded ownership of State-funded intellectual property.
- Inadequate planning delayed project completion and escalated costs.

- Poorly written contracts lacked deliverables, timelines and security requirements needed for contract enforcement.
- Deficient contract monitoring and payment oversight exposed the state to unnecessary risk of loss.

The two audits prepared by the Audit Section formed the basis of the summary report. In particular, the audit of State Term Procedures for Acquiring Information Technology Consultant Services provided a blueprint for other agencies to follow. Implementation of recommendations contained in this report will effectively transform the way the state contracts for information technology consulting.

This Office plans to continue its participation in future combined efforts as the results of these reviews are a cost-effective way to address issues affecting all state agencies.

INTERNAL INVESTIGATIONS

The Internal Investigations Section receives inquiries or complaints regarding departmental activity from many sources, including the Whistle-blower's Hotline, the Comptroller's Get Lean Hotline, the Chief Inspector General's Office, and the Governor's Office. Complaints are also received from people who do business with the Department and from upper management or line personnel in our agency. Some complaints are broad and address entire programs while others focus on a single action of an employee.

Staff monitor and track all cases. If the case appears to involve criminal activity, it is referred to law enforcement or the prosecutor in the appropriate jurisdiction. The Office reports completed investigations and the disposition of cases to the Department

Secretary and appropriate managers. When we investigate and sustain a case involving possible disciplinary action, we work with the Department's Bureau of Personnel Management Services, the General Counsel, and Program Managers to make recommendations as to the appropriate disciplinary action.

INVESTIGATIONS ACTIVITY

During the reporting period the OIG opened 35 investigations. Staff completed 29 of these investigations. The remaining 6 investigations were non-jurisdictional or closed for other reasons. Of the 29 investigations completed, we found that 7 allegations were substantiated and 22 allegations were unsubstantiated.

INVESTIGATIVE FINDINGS

July 1, 1999- June 30, 2000

Summaries Of Selected Internal Investigations

The following group of case summaries represents the variety and types of issues addressed during the 1999-2000 fiscal year.

Report Number: II-2000-63

We received a complaint concerning the incorrect disposition of life insurance benefits by the Division of State Group Insurance (DSGI). The spouse of a deceased DMS employee alleged that DSGI paid life insurance benefits to the wrong beneficiary on the employee's death. Our investigation showed that a court had designated the deceased employee's mother as the employee's legal guardian prior to the employee's death. The mother submitted a change of beneficiary form to DSGI on behalf of the employee, naming herself as the beneficiary. After consultation with the General Counsel, we determined that DSGI did not err in this

case. Florida law provides that a guardian may not designate himself as beneficiary on any life insurance, benefit or pension, absent court permission. In this instance, the court had already determined the beneficiary issue for the guardian. However, the OIG recommended that DSGI adopt a procedure to review changes of beneficiary filed by someone other than the insured, and to require the filing of proof of court permission with the agency.

Report Number: II-2000-96

This investigation resulted from an allegation that the Department failed to properly issue a Request for Proposal (RFP) prior to awarding a contract for the development of software. Our investigation showed that the Department had properly awarded the contract under the terms and conditions of a state term contract. As such, the Department was not required to issue an RFP.

Report Number: II-2000-116

This investigation was opened as a result of a report from an employee of sexual harassment by a co-worker. Our investigation produced no witnesses or other evidence to substantiate the allegations. However, the OIG recommended the co-worker be counseled and required to attend a sexual harassment class. We also recommended permanent separation of the two employees, as feasible given the office's workload and staffing levels.

Report Number: II-2000-94

This investigation originated from a complaint filed by an employee concerning the granting of annual leave, which was subsequently changed to leave without pay. The investigation showed that the employee's

supervisor had verbally granted the employee annual leave. Subsequent to the employee taking leave, the office administrator changed the employee's status to leave without pay. The investigation showed that the office administrator was unaware that the employee's supervisor had verbally granted the annual leave and it was not the administrator's intention to reverse the supervisor's decision. Based on the circumstances, the OIG recommended that the employee be granted the annual leave, rather than leave without pay. The OIG also recommended that requests for leave be recorded either by e-mail or memo, rather than verbally. There were no findings of wrongdoing by the administrator or supervisor involved.

Report Number: II-2000-114

This investigation resulted from allegations by a vendor who had been awarded a state term contract for the sale of a commodity. The vendor alleged that employees in the Department's Division of State Purchasing and the Department of Corrections had committed a series of improprieties which interfered with the vendor's ability to profit from the sale of the commodity. At the request of the Chief Inspector General, the Office of Inspector General conducted an investigation jointly with a member of the Department of Transportation's Inspector General staff. The allegations were determined to be unfounded.

Report Number: 11-2000-93

This investigation originated as an anonymous Comptroller's Get Lean Hotline Complaint. The allegation involved the falsification of time sheets by a Department employee. The investigation showed that the office policy regarding time recording was to have employees punch timecards as well as fill out timesheets. However, employees did

not consistently follow this policy nor did supervisors enforce the policy. Consequently, we could not determine whether the employee had intentionally falsified timesheets. The OIG recommended that management develop a uniform written policy outlining the time recording procedure to be used, and to obtain the signature of each employee acknowledging he or she had read and understood the policy.

Report Number: II-2000-110

The Division of State Purchasing referred this case to the Inspector General's Office after receiving an allegation that two vendors had colluded to obtain a contract. Our investigation showed that a vendor was awarded a contract to provide the state with a commodity. The vendor subsequently contracted with a second vendor (who had also bid on the state contract) to provide the commodity. The investigation concluded that the two vendors did not act together in pursuit of the initial contract and no wrongdoing was found.

OTHER ACTIVITIES

Management Review of Vehicle Operations

The Office of Inspector General reviewed the research used to support a cost/benefit analysis prepared by the Motor Vehicle Operations Section. Our staff evaluated statements that it was more economical for the Department to continue to operate a motor pool, as contrasted to obtaining a state contract with a major car rental company. After our analysis, the savings attributed to the continued operation of the motorpool by the Department was scaled down considerably. Subsequently, the operation of the motor pool was awarded to the car-rental company.

Customer Survey Analysis for the Division of Building Construction

The Office of Inspector General assisted the Division of Building Construction in analyzing the results of its third annual customer survey. OIG staff performed a statistical analysis that compared and contrasted each measure in the reports from all three years. We concluded customers were well pleased with division services.

The Recycling Program

The Inspector General was asked to help the Resource Recovery Program, or the state's office paper recycling program, in its effort to improve processes and to prepare a policy and procedures manual. The OIG prepared a flowchart of the program's processes. Staff also proposed a number of recommendations to streamline procedures and make processes more efficient.

SNAPS I Process Improvement Follow-up

During the current year, this office followed up on process improvement recommendations made in our 1999 review of the SNAPS Program. In the follow-up review we evaluated whether the Program had implemented our previous recommendations and whether our office needed to continue to monitor Program changes. Based on our follow-up, it was determined that the Program had implemented most of the recommendations made and that further monitoring was not needed.

OUTLOOK FOR FISCAL YEAR

2000-2001

The Office of Inspector General will continue to support the Department in achieving its mission by conducting fair, impartial and independent audits, investigations, reviews and assessments of agency programs. Emphasis will continue to be placed on audit issues that cross all Program Areas of the

Department as well as areas of concern to the Secretary and Governor.

The Office of Inspector General will remain proactive in our approach to change while continuing to provide quality advisory service to the Department.

STAFF DIRECTORY

July 1, 1999 to June 30, 2000

Patricia Chin
Inspector General

Sandra Lipner
Senior Management Analyst I

John Davis
Audit Director

Roderick McQueen
Senior Management Analyst I

David Bennett
Senior Management Analyst II

Tracy Raheb
Administrative Assistant

Jerry Edwards
Management Review Specialist

Charles Salerno
Director of Investigations

Margaret Lamar
Senior Management Analyst I

Katherine Simpson
Management Analyst II

Tabitha Wilbur
Internal Auditor II

Annual Work Plan

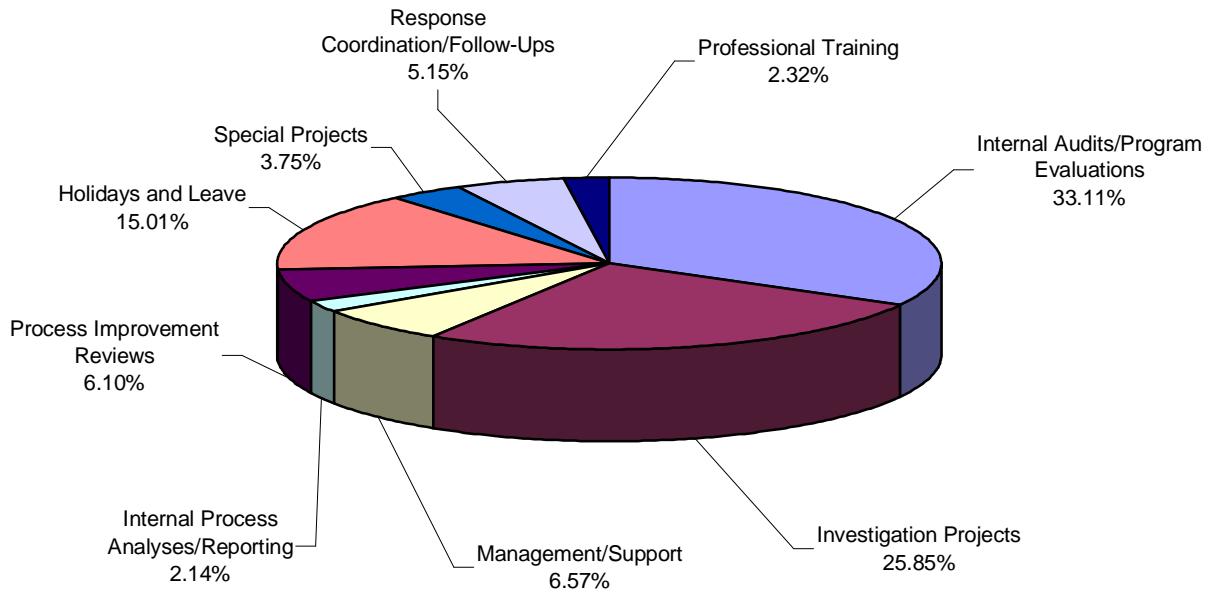
For
Fiscal Year 2000/2001

Annual Work Plan Considerations

The purpose of developing the Annual Work Plan is to identify, select, and plan the allocation of resources for the upcoming year. The overriding consideration during the development of our plan is to provide the greatest benefit to the Department with our limited resources.

During the later part of FY 1999/2000, the Office of Inspector General was reorganized

into two sections: Internal Audit and Investigations. For the upcoming year, we plan to increase our resources dedicated to these services. The resource allocation depicted in the following chart represents an appropriate balance between audit, investigations, and other accountability activities at the Department of Management Services.



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Allocation of Time Resources for FY2000/2001

Audit/Program Evaluation	Hours
Performance Measure Validation	850
Internal Service Funds	700
IT Service Fund Cost Methodology	500
Contract Management - Fac. Mgt.	600
Building Construction Justification	500
DSGI - Premium Payments	600
Property Accountability	400
Telephone Use	400
Work In Progress	1,088
Other Evaluations	540
Subtotal	6,178

Investigation Projects	Hours
In Progress	25
Comptroller's Complaints	200
Unallocated	4,599
Subtotal	4,824

Management/Support	Hours
Personnel Issues	180
Staff Meetings	234
Timekeeping System	234
Management/Coordination	78

Process Improvement Reviews	Hours
State Purchasing Review	1138
Subtotal	1138

Holidays and Leave	Hours
Holidays	720
Annual Leave	1080
Sick Leave	720
Other Leave	280
Subtotal	2,800

Special Projects	Hours
Vehicle Utilization Survey	300
Single Audit Act	100
Schedule IX	100
Other	200
Subtotal	700

Follow-ups	Hours
Response Coordination	160
Six-Month Follow-ups	320
Eighteen-Month Follow-ups	320

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Allocation of Time Resources for FY2000/2001 (continued)

Support - Other	500	Others	160
Subtotal	1,226	Subtotal	960
Internal Process Analyses/Report		Professional Training	
	Hours		Hours
Annual Work Plan/Report	160	Staff Development	72
Annual Risk Assessment	240	Professional Training	360
Subtotal	400	Subtotal	432

Total Available Work Hours 18,658

Approved: _____ Date: _____
 Cynthia A. Henderson
 Secretary of Management Services

LONG – TERM PLAN

*for
Fiscal Years 2001/2002 – 2002/2003*

Our long-term plan is to ensure that the services of the Office of Inspector General provide the most benefit to the Department. Our goal is to achieve and maintain an appropriate balance between audit, investigative and other accountability activities.

During the later part of FY 1999/2000, the Office of Inspector General was reorganized into two sections: Internal Audit and Investigations. The creation of the Investigations section was designed to centralize investigative responsibility throughout the Department within the Office of Inspector General. This reorganization recognizes the changes, which have and will continue to occur within the Department of Management Services.

The reorganization of the Office of Inspector General will ensure that this office continues to provide quality management advisory services to the Department.

Based on the 2000/2001 Annual Work Plan, 18,658 work hours per year will be available for the Office of Inspector General. However, it is expected that one full time position will be lost due to ongoing organizational changes within the Department. Therefore, available hours will be reduced. The Office of Inspector General expects to spend the number of hours outlined below for each category during fiscal year 2001/2002 as well as fiscal year 2002/2003.

ACTIVITY	HOURS
Program Evaluation	6,000
Investigations	4,124
Process Improvement	878
Response Coordination/Follow-ups	960
Internal Process Analyses/Reporting	400
Holidays and Leave	2,504
Management and Support	628
Special Projects	700
Professional Training	384
Total Available Hours	16,578

The major difference between the work hours spent in fiscal year 1999/2000 and the resource allocation for fiscal years 2000/2001 – 2002/2003 are an increase in

the time to be devoted to program evaluation and investigations. Our reorganization will allow us to devote more time to both areas.