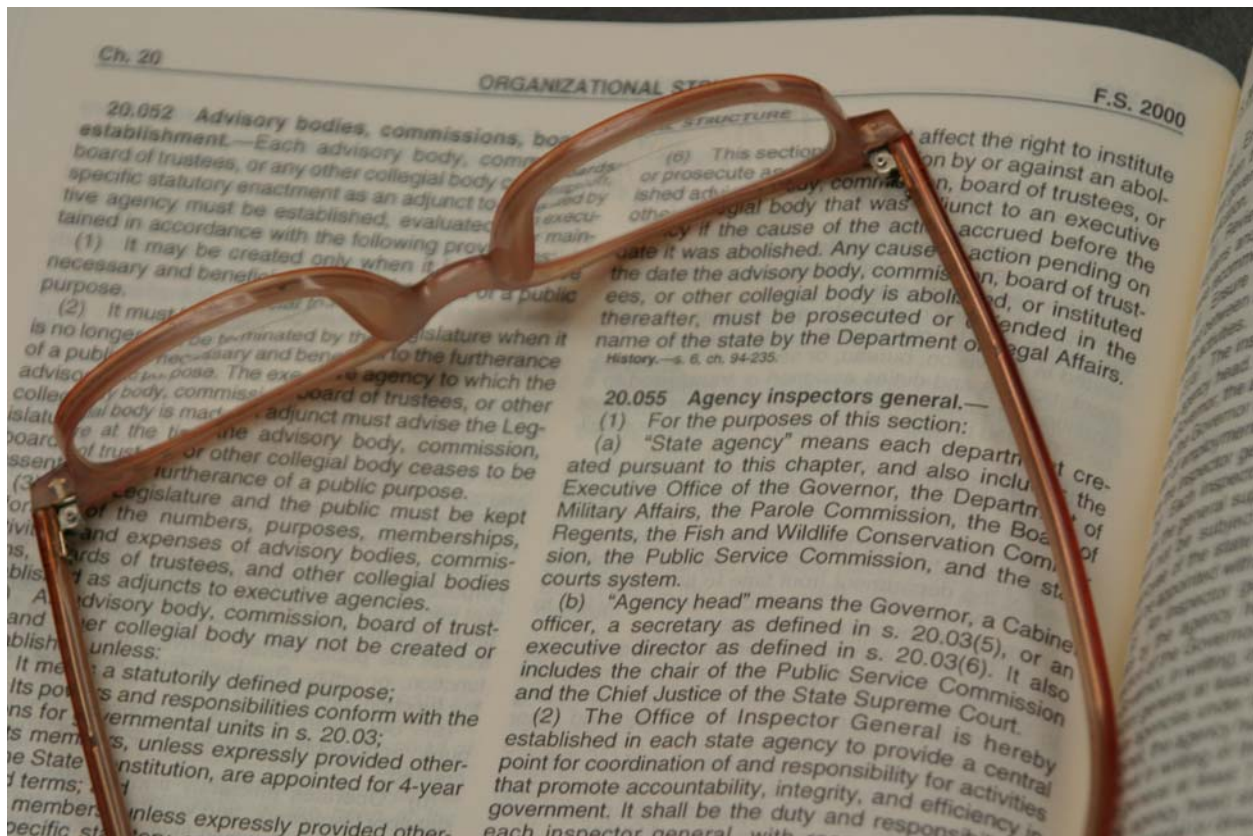


DEPARTMENT OF MANAGEMENT

# SERVICES

OFFICE OF INSPECTOR GENERAL



2004/2005 ANNUAL REPORT

2005/2006 WORK PLAN

LONG TERM PLAN



DEPARTMENT OF MANAGEMENT  
**SERVICES**

**"We serve those who  
serve Florida."**

---

**JEB BUSH**  
Governor

**Tom Lewis, Jr.**  
Secretary

---



**Office of the Inspector  
General**

4040 Esplanade Way  
Suite 360  
Tallahassee, Florida  
32399-0950

**Telephone:**  
850-488-5285

**Fax:**  
850-921-3066

**Internet:**  
[www.MyFlorida.com](http://www.MyFlorida.com)

September 29, 2005

Tom Lewis, Jr., Secretary  
Department of Management Services  
4050 Esplanade Way, Suite 235  
Tallahassee, Florida 32399-0905

Dear Secretary Lewis:

I am pleased to submit our Annual Report on the activities of the Office of the Inspector General for the fiscal year ended June 30, 2005, as required by Section 20.055 (7), Florida Statutes.

The Annual Work Plan portion of the report includes planned projects for the current fiscal year and our projected activities for the next two fiscal years. Our Work Plan is risk-based to provide the most effective coverage of the Department's programs, processes, systems, and contracts with outside entities. Our risk analysis is based on surveys and meetings with key Department managers and a risk assessment performed by Office of Inspector General staff.

The activities outlined in our Work Plan address the major operations of the Department and optimize the use of our resources. We have retained approximately 12 percent of Internal Audit's time for management assistance projects including those that may be requested by your office.

We look forward to working with you and our fellow Department of Management Services employees in meeting the challenges and opportunities that face the Department. With your approval, we will implement the Work Plan for Fiscal Year 2005-06. Thank you for your continued support.

Respectfully Submitted

John S. Rumph  
Inspector General

# TABLE OF CONTENTS

<b>Introduction</b> .....	3
Mission Statement.....	3
Department Responsibilities are Diverse .....	4
OIG Organization and Staff .....	6
<b>Major Activities and Functions</b> .....	8
Internal Audit.....	8
Internal Investigations .....	9
<b>Accomplishments</b> .....	10
<b>Summary of Activities</b> .....	11
Performance Audits.....	11
Management Advisory Services.....	15
Performance Measurement Reviews .....	17
Compliance Audits.....	17
Response Coordination and Follow-up.....	18
Investigations .....	18
<b>Annual Work Plan FY 2004-05</b> .....	22
<b>Allocation of Time Resources</b> .....	23
<b>Long Term Plan</b> .....	24
<b>Distribution List</b> .....	25

*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 (OIG) progress in accomplishing its mission as defined by Florida law.*



*Section 20.055, Florida Statutes, establishes the OIG within each state agency to provide a central point for coordination of, and responsibility for activities that promote accountability, integrity, and efficiency in government.*



# INTRODUCTION

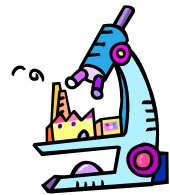
## Mission Statement

The OIG's mission is to assist in the accomplishment of the Department's overall mission to serve those who serve Florida. The OIG assists the Department in accomplishing its mission by providing independent reviews, assessments, and investigations of activities and programs.



The OIG's responsibilities include:

- Advising in the development of performance measures, standards, and procedures for the evaluation of agency programs;
- Reviewing actions taken by the agency to improve program performance and meet program standards;
- Providing direction for supervising and coordinating audits, investigations, and management reviews relating to agency programs and operations;
- Recommending corrective action concerning fraud, abuse, and deficiencies in agency controls and reporting on progress made in implementing corrective action;
- Reviewing rules relating to agency programs and operations; and
- Ensuring that an appropriate balance is maintained between audit, investigative, and other accountable activities.



## Department Responsibilities Are Diverse

The Department of Management Services is a customer focused agency providing effective and efficient services in order to better enable state agencies and employees to deliver the Governor’s priorities to the people of Florida.

The Department serves as the administrative arm of state government. As such, the Department is responsible for:

- Consolidating the state’s buying power for the purchase of commodities and services;



- Serving as the centralized authority for operations and maintenance of state-owned facilities, as well as office construction;

- Developing rules and guidelines to ensure that human resource issues including employee recruitment, promotion, and discipline are fairly and uniformly addressed and implemented;



- Managing the acquisition, use, operation, maintenance and disposal of state-owned and operated aircraft, motor vehicles, watercraft and heavy equipment;



- Coordinating the procurement and distribution of available federal surplus assets as a tax saving program for the state;



- Contracting and monitoring the operation and maintenance of private correctional facilities in the most effective, productive, and cost efficient manner for the citizens of the State of Florida;

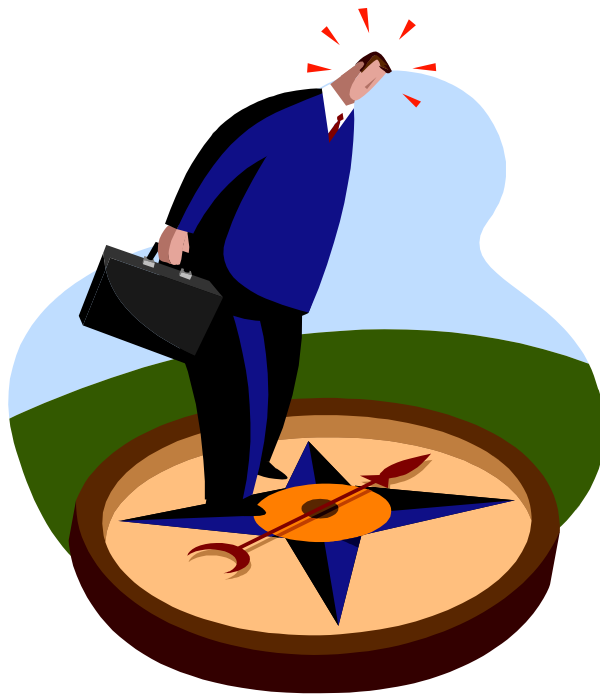
- Providing a comprehensive and cost-efficient package of insurance benefits for the state workforce; and



- Administering the state-wide retirement program and monitoring the actuarial soundness of local government retirement plans.

To ensure that we provide adequate coverage of the many departmental activities and adequate support to management, the OIG performs an annual risk assessment of all Department activities. This ensures that the OIG is responsive to management concerns and that those activities with the greatest risks are identified and scheduled for review.

The varied nature and scope of the Department's mission requires a unique approach by the OIG. While some agency OIG's perform reviews of the same subject matter from year to year, DMS auditors and investigators are constantly engaged in different functional areas from one review to the next. This requires a constant learning and educational process for staff members.



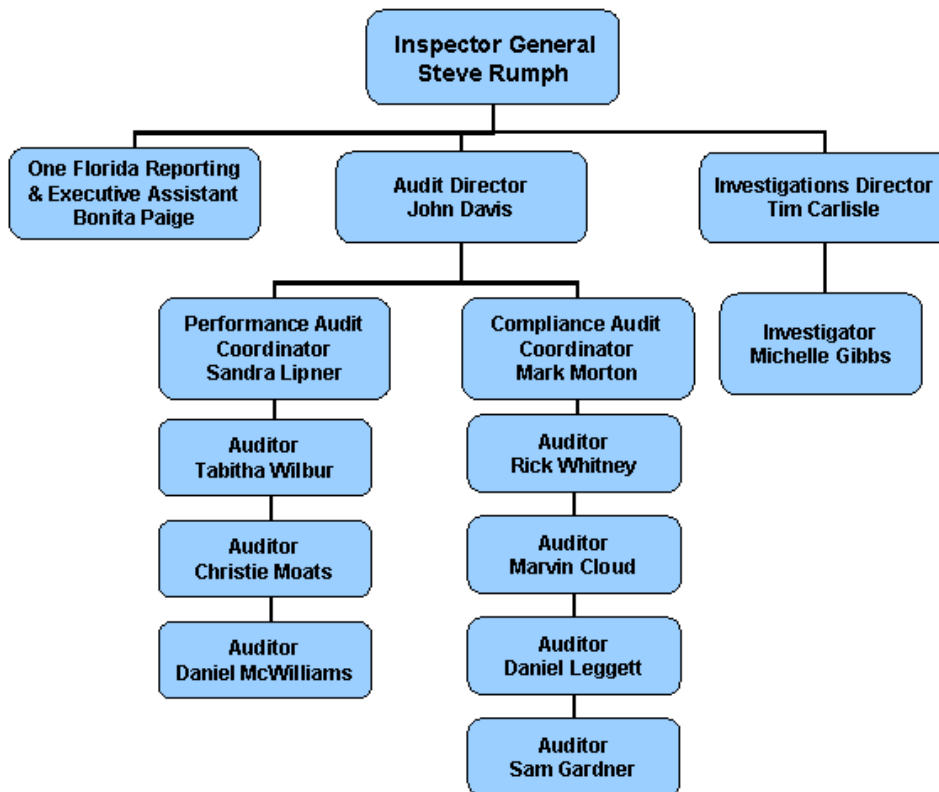


# OIG Organization and Staff



To carry out our duties and responsibilities, the OIG is organized into two sections: Internal Audit and Investigations.

The OIG has a staff of 14 professional/technical positions. Our organizational structure is as follows:



OIG employees have a wide range of experience in both the public and private sectors. Staff members have supervised and conducted audits or investigations at the federal, state, and local levels. The OIG staff brings backgrounds and experience in accounting, auditing, law enforcement, program evaluation, management, computer science, and communications.

### OIG Staff Certifications

Professional certifications held by the staff include:



*3 - Certified Inspectors General*

*2 - Certified Public Accountants*

*1 - Certified Information Systems Auditor*

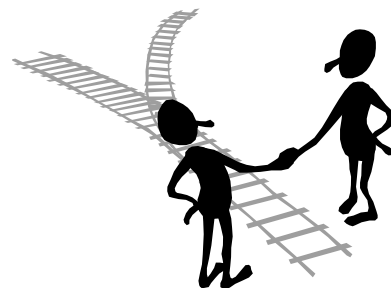
*1 - Certified Government Financial Manager*

*2 - Certified Inspector General Investigators*

### Staff Affiliations

OIG staff is affiliated with the following professional organizations:

- American Institute of Certified Public Accountants
- Association of Government Accountants
- Association of Military Comptrollers
- Institute of Internal Auditors
- Southeastern Evaluation Association
- National Association of State and Local Inspectors General
- Tallahassee Chapter of the Association of Inspectors General
- The Florida Audit Forum
- Information Systems Audit and Control Association
- National Drug Enforcement Officers Association
- Governor's Council on Integrity and Efficiency



# MAJOR ACTIVITIES AND FUNCTIONS



In order to carry out its mission, OIG performs the following functions:

## Internal Audit



Internal Audit 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 *International 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.

Responsibilities and functions of Internal Audit include:

- ▶ Conducting *Performance Audits* to ensure the effectiveness, efficiency, and economy of the Department's programs. Elements of financial,

compliance, and information systems audits are often included within the scope of such audits.

- ▶ Assessing the reliability and validity of information provided by the Department on Performance Measurement and standards.
- ▶ Conducting Compliance Audits to ensure that the Department's programs are following prescribed statutes and rules. OIG performs compliance audits to assess external agencies' compliance with statutes and rules pertaining to participation in the Florida State Employees Retirement System. This includes providing technical assistance to agencies in meeting participation and reporting requirements.
- ▶ Providing Management Assistance Services that involve consulting and advising management on departmental policies and procedures and the development of performance measures.
- ▶ Coordinating Audit Responses and Conducting Follow-ups to findings and recommendations made by the Auditor General, Office of Program Policy Analysis and Government Accountability (OPPAGA), Inspector General, and other oversight units.

## Internal Investigations



The Internal Investigations Section works to deter, detect, and investigate crimes or misconduct impacting the Department. The 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 within the agency. Some complaints are broad and address entire programs while others have a more limited scope.

Staff monitor and track all cases.

- ✚ All case dispositions are reported to the Secretary and appropriate managers.
- ✚ When allegations are sustained involving possible disciplinary action, the OIG provides the necessary facts to the Department's Bureau of Personnel Management Services, the Office of the General Counsel, and Division Managers to assist them in taking the appropriate disciplinary actions.
- ✚ Cases involving criminal activity are referred to the appropriate law enforcement agency.

# ACCOMPLISHMENTS

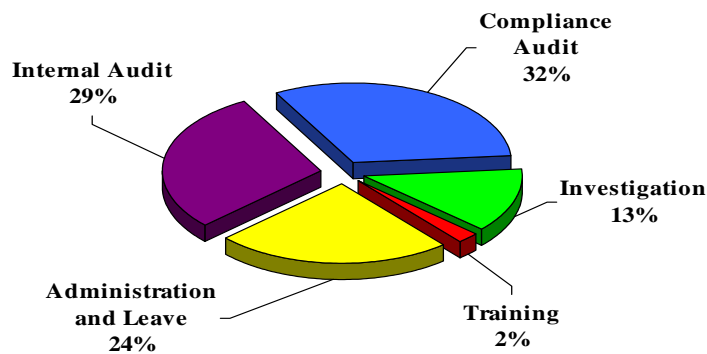


During Fiscal Year (FY) 2004-05, the OIG accomplished workload or issued reports by functional area as follows:

Function	Number	Potential Cost Savings/Recovery/Avoidance/Questioned Costs
Compliance Audits	153	\$ 394,408
Internal Performance Audits	1	\$13,295,000
Management Advisory Reviews	6	
Response Coordination	20	
Audit Follow-ups	13	
Investigations	29	\$ 224,973
Background Inquiries	1,401	
Public Entity Crime Cases	3	

To accomplish our goals, personnel resources were utilized as shown in the following chart:

## Staff Resources



# SUMMARY OF ACTIVITIES



A summary of the major activities of the OIG during FY 2004-05 follows:

## Performance Audits

During FY 2004-05, the Internal Audit Section completed 1 performance audit with recommendations resulting in savings or questioned costs of approximately \$13,295,000.

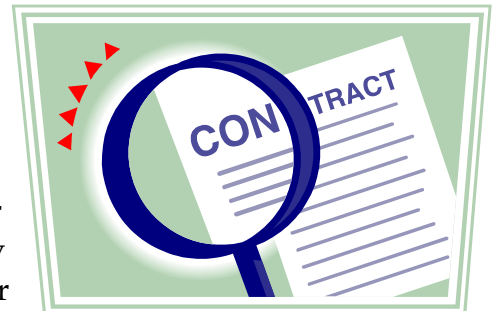
Our reports are available online at:

[http://dms.myflorida.com/dms/administration/inspector\\_general/publications](http://dms.myflorida.com/dms/administration/inspector_general/publications).

Following are highlights of the audit completed during the past year.

### *Audit of Contract Management of Private Correctional Facilities IA Report 2005-61*

At the request of the Secretary of the Department we reviewed contracting for and managing privately operated correctional facilities after responsibility was transferred from the now defunct Correctional Privatization Commission (CPC) to the Department of Management Services (DMS). The objective of our review was to evaluate the status of the privately operated correctional facilities at the time of their transfer to DMS and to determine whether existing contracts were



adequate to safeguard the State's interest. The majority of issues discussed in the report stemmed from a lack of oversight by the State organization formerly charged with reviewing, directing and monitoring the operations of privately operated correctional facilities, the CPC. Other issues involved the failure of the State to annually develop current per diem rates and the division of responsibilities for oversight and management of private correctional facilities between DMS and the Department of Corrections (DOC) were also discussed.

### CPC OVERSIGHT

Our review showed the CPC failed to adequately safeguard the State's interest. Available records and contract documentation showed that the CPC consistently made questionable contract concessions to the vendors. Consequently, the State incurred about \$12.7 million in additional costs.

Issues relating to oversight included:

- ◆ The CPC failed to enforce contract provisions relating to the reporting of vacancies in staff positions. The CPC did not require the vendors to report vacancies during the major portion of the time the contracts were in effect and when vendors did report vacancies, the CPC did not reduce vendors' monthly per diem payments in accordance with contract provisions. This resulted in vendors at the five facilities receiving payments of about \$4.45 million to which they were not entitled.
- ◆ The CPC allowed vendors to waive required staffing patterns for non-correctional positions and did not reduce vendors' monthly per diem payments. As a result, the State overpaid vendors about \$290,000 for vacant positions during the period from July 1, 2001 through December 31, 2004.
- ◆ CPC authorized a vendor to receive questionable payments of about \$3.4 million during the period of January 1, 1999 through December 31, 2004, for salary additives referred to as Competitive Area Differential (CAD) payments. The \$3.4 million in questionable payments included \$1.86 million in overpayment errors, which, when discovered, the CPC made no effort to recover. Moreover, although State CAD rates were reduced during the contract period, the CPC arbitrarily increased the vendor's contracted per diem rates to cover the difference between the



higher differential pay and the reduced differential pay. As a result, the vendor received an additional \$1.54 million in per diem payments in lieu of direct CAD payments and contract per diem rates were artificially inflated. Also based on CAD payments for the contract period, overpayments of about \$104,000 were made for employees no longer employed by the vendor.

- ◆ The State was charged a “burden” or overhead on the Competitive Area Differential payments the vendor received during the contract period. These burden payments amounted to about \$1.57 million. We could find no justification or authorization for a vendor to receive such payments.
- ◆ In a November 2001 special session, the Legislature zero-budgeted CPC salaries and expense funds. Subsequently, the CPC authorized a per diem increase to the vendors who in turn remitted the per diem increase back to the CPC’s Grants and Donations Trust Fund. These funds were then used to pay CPC staff salaries and expenses. This action caused per diem rates to be artificially inflated. Also, because the Department was unaware of this transaction it could have resulted in loss of salary dollars for current Department employees when new contracts were negotiated. We could not determine whether legislative leaders knew of and condoned the actions by the CPC. This was brought to the attention of Department management during the review.

- ◆ One Correctional Facility received an additional per diem rate of \$2.30 per inmate (up to 768 inmates) or about \$645,000 per year for routine and major maintenance and repair of the facility under the terms of its contract. However, records showed that the Correctional Facility expended an average of only \$170,000 annually for facility maintenance and repair. As a result, the State paid about \$2.85 million more for maintenance and repair than the vendor expended for calendar years 1999 through 2004.



- ◆ The Inmate Welfare Trust Fund was used to supplement the cost of contractually required programs and services. This understated actual per diem rates and should be considered when evaluating compliance with statutory cost savings requirements. During Fiscal Year 2003-04, vendors expended about \$988,000 from the Trust Fund for contractually required programs and services.



## DEVELOPMENT OF PER DIEM RATES

Per diem rates had not been determined on an annual basis as required by law. The Prison Per-Diem Workgroup, responsible for annually developing per diem rates to ensure that private correctional facilities are being operated at less cost than public correctional facilities, had not met since 2002. Because current per diem rates had not been developed, the State could not answer the basic question of whether private prisons operated at less cost than public prisons, as required by law. Consequently, the Department is limited in its ability to negotiate new contracts or renegotiate existing contracts that ensure the State's interests are adequately safeguarded. During the course of this review, the Workgroup convened, at the Department's request, to discuss and develop per diem rates.

## DIVISION OF RESPONSIBILITIES

Currently, the responsibilities for the oversight, management and operations of private prisons are divided between DMS and the Department of Corrections (DOC). This is not only cumbersome but also creates problems with internal controls. Transferring the management and supervision of private prisons to the DOC could potentially save the State about \$631,000 per year in salaries and administrative expenses. Moreover, the DOC has the background and knowledge to better monitor and administer the operations and management services contracts.



## MAJOR RECOMMENDATIONS

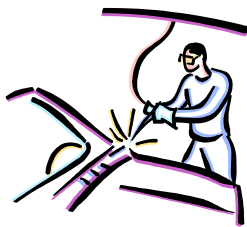
*We recommended* that the Department provide contractors with written instructions for reporting vacant positions and require Contract Monitors to verify the accuracy of the contractors' vacancy reports. *We also recommended* that per diem payments in lieu of CAD be terminated and that for all future Request for Proposals (RFP) or Invitations to Negotiate for private prison operations, DMS instruct bidders to make offers only on the vendor's best bid. In addition, *we recommended* that during the next legislative agenda, the Department propose (1) the deletion of the Inmate Welfare Trust Fund and (2) the transfer of responsibility for contracting and monitoring of private prisons to the DOC.

## Management Advisory Services



During each year, the OIG reserves staff time to review issues or matters of concern to Department management. During FY 2004-05, the Internal Audit Section performed six reviews at the request of Department management. These reviews addressed issues such as the following:

### Review of the Equipment Management Information System IA Report 2005-83



At the request of the Director of State Fleet Management, Federal Property Assistance, and Correctional Privatization, we reviewed the usefulness of the Equipment Management Information System (EMIS). EMIS is designed to maintain and provide information about the condition, utilization, cost, fuel consumption, maintenance, and assignment of motor vehicles and watercraft owned, leased, or operated by State agencies. Specifically, we reviewed the system's usefulness as a management tool and the feasibility of integrating the equipment disposal database with EMIS.

### EMIS Is an Effective Management Tool

Our review showed that EMIS is in compliance with the guidelines as set forth in Chapter 60B-1, Florida Administrative Code. Moreover, should EMIS be discontinued, agencies would need to implement in-house systems to manage their fleets. We therefore concluded that discontinuing the use of EMIS would serve little purpose. It was well documented that EMIS is an effective management tool.

### Interface between EMIS and the State Fleet Disposal Database

State Fleet maintains information on equipment disposals in a database developed and maintained internally. We believe that integrating the disposal database into EMIS would be beneficial for the Department as well as agencies. This would involve designing an interface between the two systems resulting in an integrated system that allows tracking of mobile equipment from its acquisition through

disposal. This would also result in a more streamlined disposal process as disposal requests (Form 6401) would be in electronic format. Equipment meeting established surplus criteria (mileage, age, etc.) would get automatic disposal approval and only those requests that do not meet the specified criteria would need individual attention by Fleet personnel. We discussed the feasibility of building such an interface between EMIS and the disposal database with the Systems Project Administrator, in the Bureau of Motor Vehicles and Watercraft Management. The administrator indicated that such an interface could be accomplished internally at an incremental increase in cost of only a few thousand dollars annually; due, primarily to mainframe data storage and cycle time.



We therefore recommended that the Bureau of Fleet Management pursue the feasibility of building an interface between EMIS and the State Fleet disposal database. We further recommended that the work required to develop the interface be performed in-house.

***Climate Survey  
IA Report 2005-83***



The Office of Inspector General performed its 2<sup>nd</sup> annual Employee Climate Survey within the Department of Management Services for the period of July 2003 through June 2004.

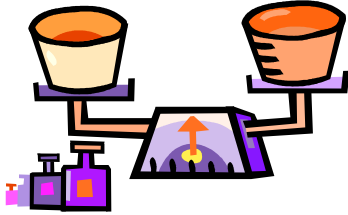
The survey results showed that:

- Employees' overall level of satisfaction with the Department had improved since the Survey covering the period January 2002-January 2003.
- The majority of employees continued to indicate a high level of satisfaction with their benefit packages, physical working conditions and safety.
- Employees also displayed general satisfaction with those areas relating to their individual work groups and Divisions.
- Though improvements have been made, employees continued to indicate a level of dissatisfaction in those areas relating to treatment, reward and recognition, leadership, and career development.
- Employees indicated that they have to work extra hours to complete their work.
- In general, the higher the level of income the higher the satisfaction level.

Other reviews performed included:

- SAS 70 Review of Convergys
- Review of Graceville Correctional Facility Invitation to Negotiate
- Review of Convergys' Security Procedures
- Continuity of Operations Plan Assistance

## Performance Measurement Reviews



During FY 2005-06 the OIG will perform a comprehensive review of all Department measures. The review will assist in ensuring that Department measures continue to remain valid and reliable indicators of the Department's performance.

## Compliance Audits



During FY 2004-05, the Compliance Audit Section performed 153 compliance reviews of local government participants in the State of Florida Retirement System. These 153 reviews resulted in revenue adjustments of \$394,408 to the Retirement Trust Fund. Compliance audits consisted mainly of reviews of payroll records, personnel files, and earnings records.

Compliance reviews are performed at participating entities such as:

- County Commissions
- County Property Appraisers
- County Tax Collectors
- County School Boards
- County Clerks
- County Comptrollers
- County Sheriffs
- County Supervisors of Elections, and
- Community Colleges

The Compliance Audit Section also completed five special reviews requested by management. These reviews identified payee and joint annuitant deaths from the biannual death match, the continued eligibility of payees and joint annuitants age 100 and older, terminated vested members who have reached retirement age and have not applied for retirement, and the eligibility of payees and joint annuitants living out of the country.

## Response Coordination and Follow-up



reports.

We coordinated the Department's responses to 5 Auditor General, and 4 OPPAGA audit reports. These 9 reports contained 70 recommendations. We also performed follow-up reviews on 73 recommendations contained in 4 Auditor General, and 2 OPPAGA audit

In addition to statutorily required follow-ups, we periodically review unresolved audit recommendations. Using this process, we followed up on 10 outstanding internal and external audit recommendations, resulting in the resolution of 2 of the recommendations.

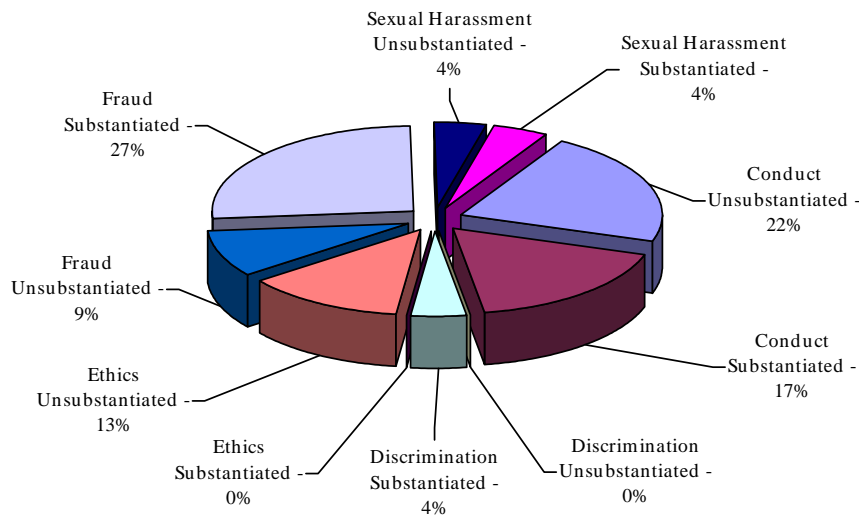
In fiscal year 2004-2005, the OIG assumed the responsibility for audit response, coordination and follow-up for the State Technology Office (STO). During the year, the OIG coordinated 7 Auditor General, 1 Federal, 1 OPPAGA, and 2 Department of Finance (DFS) audits. These 11 reports contained 37 recommendations. We also performed follow-up reviews on 32 recommendations contained in 5 Auditor General, 1 Federal, and 1 National Association of State Work Force Agencies reports.

## Investigations

The Investigations Section opened 79 cases during the year. Of these investigations, 47 cases were state employee background investigations and 29 cases centered mainly on employee misconduct and administrative issues. Three investigations involved Public Entity Crimes, resulting in the placement of 1 individual and 1 corporation on the State of Florida Convicted Vendor List. In addition to the above mentioned investigations, the Investigations section reviewed the criminal histories of 1,354 contract employees. As a result of these reviews, 86 of these employees were denied access to DMS facilities.



### Investigative Findings



Conduct/ Unsubstantiated - 5	Conduct/ Substantiated - 4
Discrimination/ Unsubstantiated - 0	Discrimination/ Substantiated - 1
Ethics/ Substantiated - 0	Ethics/ Unsubstantiated - 3
Fraud/ Unsubstantiated - 2	Fraud/ Substantiated - 6
Sexual Harassment/ Unsubstantiated - 1	Sexual Harassment/ Substantiated - 1

Total Investigations - 29

Total Investigative Findings - 23

### CLASSIFICATIONS OF INVESTIGATIVE FINDINGS

- 1) Substantiated - Allegation supported by sufficient evidence to justify a reasonable conclusion that the actions occurred.
- 2) Unsubstantiated - Insufficient evidence available to prove or disprove allegations.

Representative examples of the 29 cases were:

#### Facilities Management and Building Construction II Report 2005-35



A representative of a vendor providing cleaning services at the Rohde Building, Miami, Florida alleged that a DMS Facilities Shift Supervisor had harassed vendor employees. The vendor representative stated that the Shift Supervisor had verbally shouted at the employees and

possibly sexually harassed the employees while they were working at the facility.

An investigation, which included interviewing all vendor employees working in the Rohde Building, disclosed that the allegations against the Shift Supervisor were unfounded. Further investigation disclosed that the vendor representative had confronted the Shift Supervisor in an aggressive manner and obstructed his ability to exit his office at the facility. It was recommended that the vendor representative be restricted from the Rohde Building.

**Correctional Privatization Commission**  
**II Report 2005-97**

The Correctional Privatization Commission (CPC) was placed under DMS direction by the Legislature in July of 2004. After assuming CPC resources, a notebook containing a partial CPC bank statement was discovered; however, no one had knowledge of this account. An investigation was initiated to show where the CPC funds in this account were coming from and how they were being spent. A review of these records indicated possible criminal activity. FDLE was apprised of this inquiry and assumed primary investigative jurisdiction. As a result of this investigation, the former CPC Executive Director was indicted for three counts of wire fraud, one count of mail fraud and two counts of money laundering. This investigation is pending completion of the FDLE investigation and exploration of any administrative leads developed therefrom.



Date	Amount
10/20	\$ 738.97
10/21	26.82
10/22	80.53
10/23	24.21
10/26	62.24
10/27	8.42

**Departmental Purchasing**  
**II Report 2005-98**



The Office of the Chief Inspector General referred an anonymous letter in which the complainant alleged that a south Florida magazine engaged in fraud by providing “counterfeit or forged documents” about its circulation and distribution information to obtain advertising contracts with various State Agencies. This referral reflected the results of independent investigations conducted by the Department of Children and Families (DCF) and the Department of Lottery. The DCF investigation concluded that their Agency had never utilized the magazine for any Department sponsored advertisements. The Department of Lottery concluded that

“documents containing circulation and distribution levels were not significant” in its decision to advertise with the magazine. Our investigation concluded that the magazine was currently a certified minority vendor in good standing, but did not hold a contract with DMS at this time.

*R.E.S.P.E.C.T. of Florida*  
*II Report 2005-151*

The Office of the Chief Inspector General referred a Report of Investigation that was forwarded by the Department of Transportation (DOT), Office of Inspector General, in which the complainant alleged various discrepancies related to contracts between DOT subcontractors, including Respect of Florida. The former Executive Director for the Columbia Association for Retarded Citizens (CARC) alleged that Respect of Florida paid minimum wage for custodial services at various rest areas along I-75 to CARC employees, when they were required by contract to pay \$6.00 per hour. A review of this contract disclosed that there are no salary requirements for CARC employees. Payroll records were obtained to show the employee earnings at the specified rest stops during the questioned timeframe, beginning in August 2004. Upon examination of the records, it was determined that all employees made above minimum wage.





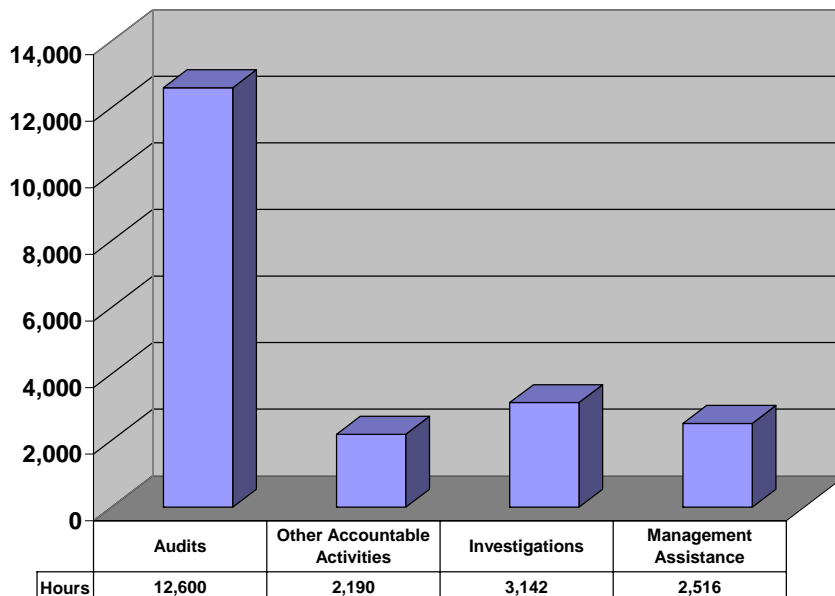
# ANNUAL WORK PLAN FY 2005-2006



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 annual work plan is to provide the greatest benefit to the Department with our limited resources.

This Work Plan details products to be delivered. For the upcoming year, we plan to continue devoting the majority of our resources to internal audits and investigations. Based on current staffing, it is expected that the OIG will have approximately 20,000 hours available for projects. The resource allocation depicted in the following chart represents an appropriate balance between audit, investigative, and other accountability activities at the Department of Management Services.

ANNUAL WORK PLAN - FISCAL YEAR 2005-2006



Allocation of staff resources for FY 2005-2006 is shown in the following table by specific category.

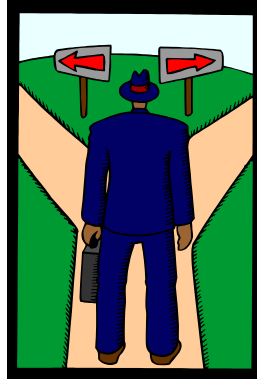
## Allocation of Time Resources for FY2005-2006

Audit/Program Evaluation	Hours	Holidays and Leave	Hours
Performance Measure Validation	700	Holidays	960
Contract Monitoring Procedures - BCP	1000	Annual Leave	2,112
SUNCOM Contract Review	700	Sick Leave	1,248
Software Licensing Procedures	1200	Other Leave	192
Program Funding - Private Prisons	800	<b>Subtotal</b>	<b>4,512</b>
Work In Progress:	400		
<b>Subtotal</b>	<b>4,800</b>		
Investigation Projects	Hours	Special Projects	Hours
Comptroller's Complaints	200	Single Audit Act Coordination	100
Security Assessments	400	Schedule IX Preparation	80
Agency Investigations	2,542	Other	100
<b>Subtotal</b>	<b>3,142</b>	<b>Subtotal</b>	<b>280</b>
Management/Support	Hours	Response Coordination	Hours
Personnel Issues	240	Response Coordination	200
Staff Meetings	312	Six-Month Follow-ups	400
Timekeeping System	312	Eighteen-Month Follow-ups	NA
Management/Coordination	78	Internal Follow-ups	200
<b>Subtotal</b>	<b>942</b>	<b>Subtotal</b>	<b>800</b>
Internal Process Analyses/Report	Hours	Professional Training	Hours
Annual Work Plan/Report	200	Staff Development	96
Annual Risk Assessment	240	Professional Training	480
<b>Subtotal</b>	<b>440</b>	<b>Subtotal</b>	<b>576</b>
Management Assistance Services	Hours	Audit Compliance	Hours
Reserved	1,574	Compliance Reviews	7,000
<b>Subtotal</b>	<b>1,574</b>	Special Retirement Projects	894
		<b>Subtotal</b>	<b>7,894</b>

**Total Available Hours**

**24,960**

# LONG TERM PLAN FOR 2005-2006 AND 2006-2007



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.

Based on the 2004-2005 Annual Work Plan, approximately 25,000 work hours will be available for the Office of Inspector General. The Office of Inspector General expects to expend the number of hours outlined below for each category during FY 2005-2006 as well as FY 2006-2007.

ACTIVITY	HOURS
Audit/Program Evaluations	4,800
Compliance Reviews	7,000
Investigations	3,142
Management Assistance	1,574
Response Coordination/Follow-up	800
Internal Process Analyses/Reporting	440
Holidays and Leave	4,512
Management and Support	942
Special Projects	280
Professional Training	576
Special Retirement Projects	894
<b>Total Available Hours</b>	<b>24,960</b>

## APPENDIX A

**Distribution List**

*William O. Monroe, Auditor General*

*Gary Vanlandingham, Director  
Office of Program Policy Analysis and Government Accountability*

*Terry Shoffstall, Director  
Joint Legislative Auditing Committee*

*Derry Harper, Chief Inspector General  
Executive Office of the Governor*

*Kim Mills, Audit Director  
Executive Office of the Governor*

*L.R. Weathermon, Audit Manager  
Office of the Auditor General*

*Cindi Marsiglio, Deputy Secretary  
Department of Management Services*

*LeeAnn Korst, Deputy Secretary  
Department of Management Services*

*Julie Madden, Deputy Secretary  
Department of Management Services*

*John Holley, Chief of Staff  
Department of Management Services*

*Colleen Englert, Director of Communications  
Department of Management Services*

*Rebecca McCarley, Director of Legislative Affairs  
Department of Management Services*

*Tom Clemons, Director of Administration  
Department of Management Services*

*Debra Forbess, Director of Planning and Budget  
Department of Management Services*