



FLORIDA STATE
COURTS SYSTEM

ANNUAL REPORT
OF THE
OFFICE OF
INSPECTOR GENERAL

FISCAL YEAR
2005-2006

SUPREME COURT OF FLORIDA

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Office of Inspector General Mission

“To proactively perform engagements designed to add value and improve the programs and operations of the State Courts System”

Inspector General’s Message

As required by Chapter 20.055(7), Florida Statutes, I am pleased to present the Annual Report for the Office of Inspector General (OIG). This report highlights the major activities and accomplishments of the OIG for 2005-06.

The 2005-06 fiscal year was highlighted by a significant change in the staffing of the OIG. During the 2005 Legislative session, funding was provided for two additional auditing positions. One of the positions, a Senior Internal Auditor, was filled in September 2005, while the Internal Auditor position was filled in April 2006. These positions have significantly increased the ability of the OIG to place a greater emphasis on conducting planned internal audits, especially at the Circuit Court level.

I am proud of what we were able to accomplish this past year, and I am extremely grateful to all the OIG staff for their hard work and commitment. I am also appreciative of the tremendous support we received from the Chief Justice, the State Courts Administrator, and Court staff. Their support is instrumental to any successes that we may enjoy.

As we move into the new fiscal year, the OIG is committed to be a vital part of the State Courts System, and to assist the judicial branch in fulfilling its vision that justice in Florida be accessible, fair, effective, responsive and accountable.

Sincerely,

Kenneth A. Chambers

Introduction

The Office of Inspector General (OIG) is an integral part of the State Courts System (SCS). The purpose of the OIG is to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the SCS. The Inspector General is charged with the following duties and responsibilities, while also ensuring that an appropriate balance is maintained between these activities:

- Direct, supervise and coordinate audits, investigations and management reviews relating to the administrative and financial operations of the SCS.
- Conduct or oversee other activities that promote economy and efficiency in the administration of SCS financial operations.
- Keep the Chief Justice informed concerning fraud, abuses and deficiencies relating to SCS administrative and financial operations, and recommend corrective actions.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Review rules relating to the SCS administrative and financial operations and make recommendations concerning their impact.

Audits

Providing the SCS with internal audits is a critical part of the mission of our Office. The audits are planned and carried out in accordance with an annual work plan, which is approved by the Chief Justice. Audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. In part, these standards require that engagements be performed with proficiency and due professional care, and that staff exhibit an impartial, unbiased attitude and avoid conflicts of interest. During the year, we completed the following audits:

SCS Procurement:

We performed an operational audit of the Procurement Process for the SCS, for the period July 1, 2004 through October 31, 2005. The objectives of the audit were to evaluate the MyFloridaMarketPlace and Purchasing Card Programs to determine if the current procurement process provides adequate safeguards and internal controls to reasonably ensure that SCS purchases are made in compliance with applicable policies, procedures and directives.

We determined that the internal and management controls over the SCS procurement processes (for MyFloridaMarketPlace and the Purchasing Card Program) were generally adequate and effective in promoting and encouraging purchases to be made in compliance with the purchasing directives, rules, laws, and other guidelines. Although we noted some areas where improvements could

be made, we believe that most commodities and services for the SCS are being purchased as economically and expeditiously as possible.

Eighteenth Judicial Circuit:

We performed an operational audit of the Eighteenth Judicial Circuit for the period July 1, 2004 through June 3, 2005, and selected actions through November 30, 2005. The objectives of the audit were to: Determine if the Eighteenth Circuit complied with the SCS's policies and procedures, and any applicable state laws and rules; Evaluate the adequacy of the Eighteenth Circuit's system of internal controls; and, Determine if current court operations and processes were implemented sufficiently to support management goals and objectives and encourage an economical use of state funds and resources.

We concluded that the Eighteenth Circuit's internal controls and procedures were found to be satisfactory and the circuit generally complied with the SCS policies and procedures, applicable statutes, rules and regulations. However, we did note that the internal controls for travel vouchers submitted by the Trial Court Administrator could be improved, and that the Circuit's Continuity of Operations Plan needed to be updated and tested. We determined that the Eighteenth Circuit's overall operation adequately supported the goals and objectives of the SCS.

Tenth Judicial Circuit:

We performed an operational audit of the Tenth Judicial Circuit for the period

July 1, 2004 through December 31, 2005. The objectives of the audit were to: Determine if the Tenth Circuit complied with the SCS's policies and procedures, and any applicable state laws and rules; Evaluate the adequacy of the Tenth Circuit's system of internal controls; and, Determine if current court operations and processes were implemented sufficiently to support management goals and objectives and encourage an economical use of state funds and resources.

Our audit concluded that the internal controls and processes of the Tenth Circuit were satisfactory and the Circuit generally complied with SCS policies and procedures, applicable statutes, rules and regulations. We noted, however, that the internal controls over the cash collection process for the Circuit's Court Reporting Office needed to be improved. We determined that the Circuit's overall operation adequately supported the goals and objectives of the SCS.

Eleventh Judicial Circuit:

We performed an operational audit of the Eleventh Judicial Circuit for the period July 1, 2004 through June 30, 2005, and selected actions through April 30, 2006. The objectives of the audit were to: Determine if the Eleventh Circuit complied with the SCS's policies and procedures, and any applicable state laws and rules; Evaluate the adequacy of the Eleventh Circuit's system of internal controls; and, Determine if current court operations and processes were implemented sufficiently to support management goals and objectives and encourage an economical use of state funds and resources.

Overall, the Eleventh Circuit's system of internal controls and procedures were found to be satisfactory. We also determined that the Eleventh Circuit generally complied with the SCS policies and procedures, applicable statutes, laws, rules and regulations. We noted that internal controls for processing invoices could be improved (the circuit processed 39 invoices twice, resulting in overpayments to vendors totaling \$6632). We also determined that measurement data reported by the Eleventh Circuit for Court Reporting, Court Interpreting, and Expert Witnesses of the UDR system was unreliable.

Consulting Activities

Providing consulting services is an efficient, effective, and proactive way the IG function can assist the SCS community by sharing its knowledge, expertise, and insight into a number of issues that the SCS may confront. These services include performing management reviews; advising in the development of rules, policies and procedures; collecting and analyzing data, etc. Some of these services were requested in advance by departmental administrators, while some were requested during the year and others initiated by this Office. Some of the more significant consulting service projects performed during 2005-06 were as follows:

Employee Termination Process:

We conducted a review of the current separation procedures for employees of the State Courts System (SCS). The

objectives of our review were to: Verify that all applicable SCS property (such as purchasing cards, American Express cards, and telephone calling cards) is timely returned to the Office of General Services and properly accounted for; and, determine that authorized access to the Supreme Court Building and all applicable SCS records and Information Systems is timely and appropriately deactivated for all terminated Supreme Court and Office of the State Courts Administrator employees.

We determined that the departments involved in the employee separation process were not always timely notified when an employee terminates, which could expose the Court to unnecessary risk that employees may be able to enter the Supreme Court building, continue using Court property, or access the Court's information systems after their employment is terminated. We recommended the creation of a new separation checklist, and changes to the Court's termination procedures. We also found that Exit Interview Questionnaires were rarely completed by separating employees, and recommended that the Office of Personnel Services encourage separating employees to complete them.

Gift Policy:

We advised and assisted management in the development of the Court's vendor gift policy.

Computer Usage Policy:

We advised and assisted management in revising the Court's computer usage policy.

Office Supplies:

Per the request of the Chief Justice, we conducted a review of the process for ordering and storing office supplies by the Supreme Court and Office of State Courts Administrator departments. We concluded that the current process was generally efficient, and that no significant changes were needed.

Implementation of Revision 7:

We advised and assisted management in the development of new business processes/internal controls due to the implementation of Revision 7.

Investigations

Investigations by their very nature are reactive rather than proactive. The Inspector General is required to initiate, conduct, supervise and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in the SCS. The investigations conducted by the OIG are administrative (non-criminal), and generally involve alleged violations of State law or SCS rules and regulations. Any possible violations of criminal law are reported to the Florida Department of Law Enforcement, and the OIG may be requested to assist in the investigation. The following investigations were conducted by the OIG during 2005-06:

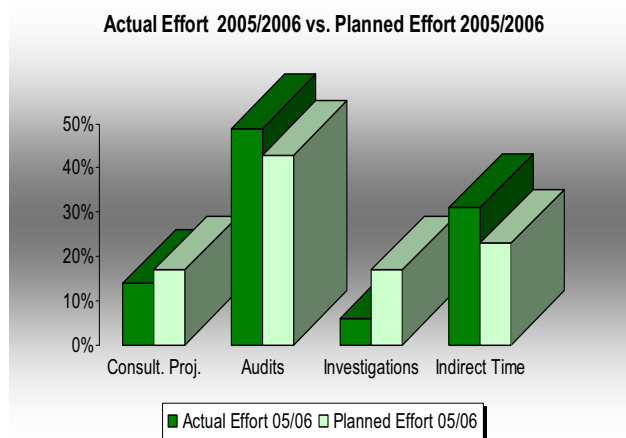
- Allegation that confidential information regarding a Supreme Court case was disclosed to someone outside the Supreme Court prior to the opinion being

officially released. The allegation was not substantiated.

- Allegations that a SCS employee was terminated as the result of making a Whistle Blower complaint regarding computer security concerns at a Judicial Circuit. The allegations were not substantiated.
- Allegation by a Supreme Court employee that his supervisor used offensive language while discussing a work situation with him and a co-worker. The allegation was substantiated.
- Allegations that a SCS employee used Court time and resources to solicit business for his private training company, possibly resulting in a violation of Chapter 112.313(3), F.S., concerning doing business with ones own agency, and the SCS's dual employment policy. The allegations were partially substantiated.
- Assisted the Florida Department of Law Enforcement with an investigation involving allegations of theft by a Supreme Court employee. The allegations were substantiated.
- Handled various inquiries from the Governor's Chief Inspector General's Office.

Summary of Direct Services

Based upon a risk assessment process, we prepare an annual work plan that provides a detailed breakdown of our planned audit and consulting projects, and hours allocated for investigations and other activities. During 2005-06, we completed four of the eight planned audits by fiscal year end. Three other audits were initiated during the year, but will not be completed until sometime during 2006-07. For a comparison of planned effort (hours allotted for each type of activity) versus actual effort, see the chart below.



Note: Indirect time includes leave, training, and administrative activities.

Other Activities

During 2005-06, the OIG actively participated in the following organizations:

- ❖ Tallahassee Chapter of the Institute of Internal Auditors.

- ❖ Tallahassee Chapter of the Association of Inspectors General.
- ❖ Governor's Council on Integrity and Efficiency.
- ❖ State of Florida Audit Director's Roundtable.

Upcoming Year

During 2006-07, the OIG plans to conduct eleven audits, perform two reviews, and continue to provide consulting services to SCS management. When necessary, we will investigate complaints of employee misconduct. We also plan to be involved in proactive projects that promote greater accountability and efficiency with the administrative and financial operations of the SCS.

The OIG will continue to participate in various SCS committees and work groups. We also plan to advise and assist with implementation issues related to Project Aspire, the new PeopleSoft ERP system which will replace the State's FLAIR accounting system.

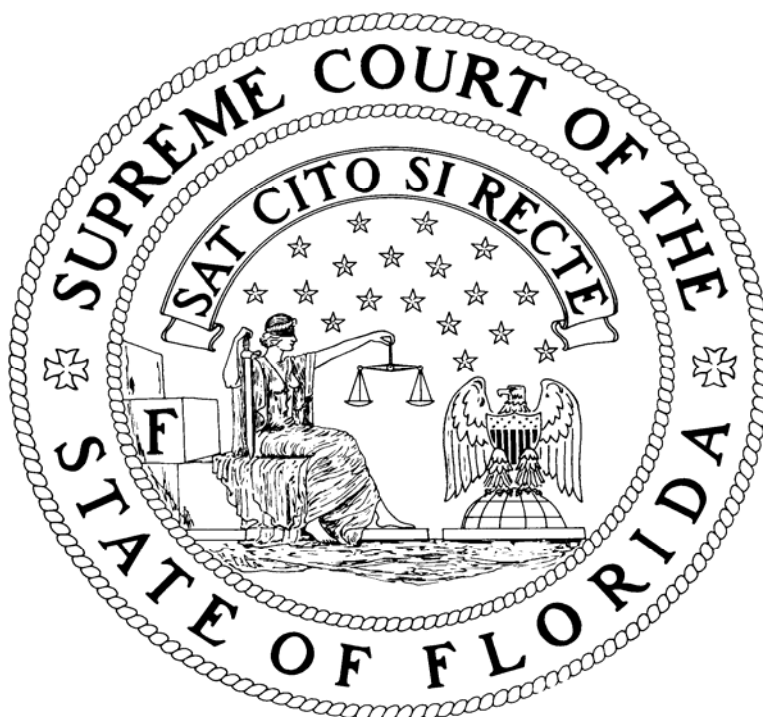
Meet the Staff

Ken Chambers, Inspector General

Scott Kent, Senior Internal Auditor

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