

September 2006

FLORIDA
DEPARTMENT OF FINANCIAL SERVICES
ANNUAL REPORT
FISCAL YEAR 2005-2006

OFFICE OF THE INSPECTOR GENERAL

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INTRODUCTION

Annual Report

Section 20.055(7), Florida Statutes, provides that not later than September 30 of each year, each Inspector General shall prepare an annual report summarizing the activities of the Office of the Inspector General (OIG) during the immediately preceding State fiscal year. The final report shall be furnished to the agency head. Such report shall include, but not be limited to:

- Description of activities relating to the development, assessment, and validation of performance measures;
- Description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period;
- Description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified;
- Identification of each significant recommendation described in previous annual reports on which corrective action has not been completed; and
- A summary of each audit and investigation completed during the reporting period.

Duties of the Inspector General

The Inspector General Act of 1994 established an OIG in each agency and delineated the powers, duties, functions and activities of the Inspector General. The OIG was established in the Florida Department of Financial Services to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the Department. The OIG is assigned the following duties (not in order of priority) as provided in Section 20.055(2), Florida Statutes:

- Advise in the development of performance measures, standards, and procedures for the evaluation of state agency programs;
- Assess the reliability and validity of the information provided by the state agency on performance measures and standards, and make recommendations for improvement;

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- Review actions taken by the state agency to improve program performance and meet program standards and make recommendations for improvement, if necessary;
- Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to the programs and operations of the state agency;
- Conduct, supervise, or coordinate other activities carried out or financed by the state agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in its programs and operations;
- Keep such agency head informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the state agency, recommend corrective action concerning fraud, abuses, and deficiencies and report on the progress made in implementing corrective action;
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication;
- Review, as appropriate, rules relating to the programs and operations of such state agency and make recommendations concerning their impact; and
- Ensure that an appropriate balance is maintained between audits, investigations, and other accountability activities.

MISSION, GOALS, AND RESPONSIBILITIES

Mission

To assist the Department in facilitating its programs, functions, and activities by providing audit, investigative, and review services; consulting and technical assistance; assessments of management functions; and the promotion of integrity, economy, efficiency and effectiveness.

Goals

The primary goal of the OIG is to provide independent and objective information in a timely manner to assist the State Chief Financial Officer and Department staff in fulfilling their duties and responsibilities. To accomplish our mission and primary goal the following goals are established:

- Perform quality audits, investigations, reviews, and other services in accordance with professional standards, and, where applicable, federal and state laws, rules and regulations;
- Use available resources in the most effective and efficient manner; and
- Perform audits, investigations, reviews, and other services in a timely manner.

Responsibilities

The OIG was located in the Bloxham Annex, Building A. On December 5, 2005, the OIG moved to the Claude Pepper Building, Suite 576. As indicated on the Organization Chart on Exhibit C, the OIG has a staff of nine. Besides the Inspector General, the OIG includes an Administrative Assistant; three audit staff, two investigative staff, a Management Review Specialist, and an Other Personal Services employee.

The major responsibilities of the OIG include investigations, audits, reviews, consulting and technical assistance activities, and other activities. These activities are described in the following sections:

Investigations

Section 20.055, Florida Statutes, states that investigations are designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in state government. Accordingly, the OIG performs the following duties:

MISSION, GOALS, AND RESPONSIBILITIES

- Review and investigate complaints and allegations regarding Department staff and operations to include internal affairs investigations of sworn law enforcement officers in the Divisions of Insurance Fraud and the State Fire Marshal;
- Assist the Department's Bureau of Human Resource Management with investigations involving sexual harassment and discrimination allegations;
- Report to the Florida Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the OIG has reasonable grounds to believe there has been a violation of criminal law;
- Conduct investigations and other inquiries free of actual or perceived impairment to the independence of the OIG. This includes freedom from any interference with investigations and timely access to records and other sources of information; and
- Submit in a timely fashion, final reports on investigations conducted by the OIG to the State Chief Financial Officer.
- The Inspector General and the OIG's two investigative staff are graduates of Florida Law Enforcement Basic Recruit Training Programs offered at a Florida Criminal Justice Training Academy. The Inspector General is a sworn law enforcement officer. The two investigative staff are Certified Inspector General Investigators certified by the Association of Inspectors General, Inc.

Audits

As provided by Section 20.055(5)(a), Florida Statutes, audits are conducted in accordance with the current International Standards for the Professional Practice of Internal Auditing and subsequent Internal Auditing Standards or Statements of Internal Auditing Standards published by The Institute of Internal Auditors, Inc.

Audits are independent appraisals designed to examine and evaluate the Department's activities, functions, and programs as a service to the Department. An inherent objective of most audits is to review and evaluate internal controls necessary to ensure the fiscal accountability of the Department. The performance of internal audits assists Department staff in the effective discharge of their duties and responsibilities, and an evaluation of the adequacy of internal controls helps to ensure the integrity and fiscal accountability of the Department.

MISSION, GOALS, AND RESPONSIBILITIES**Reviews**

Reviews are designed to evaluate and/or assess the effectiveness and efficiency of a Department program or operation. Reviews may also be performed to evaluate a process or to provide limited assurances regarding internal controls. Reviews may be performed in accordance with the International Standards for the Professional Practice of Internal Auditing; however, depending upon the project, a review does not usually require the level of extensive testing or document detail. Due to the lesser degree of testing, reviews are performed within a shorter timeframe than audits.

Consulting and Technical Assistance (CTAs)

CTAs are designed to provide assistance to Department staff and programs. Examples include coordinating the activities of the Auditor General and the Office of Program Performance and Government Accountability in the Department, addressing complaints received from consumers and redirecting them within the Department, public records requests, and risk assessments. CTAs also include projects where work is performed, but it does not rise to the level of an audit, investigation or review.

Other Activities

- The OIG responds to the Joint Legislative Auditing Committee concerning the six-month follow-up of findings and recommendations included in Auditor General reports.
- Review and investigate complaints and/or allegations received from the Chief Inspector General of the Office of the Governor.
- Pursuant to the Department's Administrative Policies and Procedures, Section 5-27, employees are required to notify the OIG in a written report if they were arrested, incarcerated, or charged with a violation of criminal law. In addition, the employee is required to file a written report to the OIG regarding the disposition of an arrest, incarceration, and/or criminal charge.
- The Inspector General attends the Department's Action Report Meeting (every three weeks). At the meeting, OIG investigations of Bureau of Human Resource Management referrals are discussed as well as other personnel actions.
- The Inspector General is a primary member of the Department's Computer Security Incident Response Team (CSIRT) and attends monthly

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meetings. The CSIRT is responsible for establishing policy and procedures, educating Department staff, and reporting and investigating computer security incidents.

- On a monthly basis (except the month of July) the Inspector General attends the Department's New Employee Orientation Program and makes a presentation to new employees of the Department and the Offices of Insurance Regulation and Financial Regulation regarding the function of the OIG and CSIRT.
- Beginning with the June/July 2005 Department newsletter, "Employee Message," the Inspector General has a column entitled "Inspector General Corner" where hot topics of interest, frequently asked questions, and investigative scenarios for employees are discussed.
- The Inspector General periodically issues "IG Alerts" regarding important hot topics for Department employees.
- In 2003, the State Chief Financial Officer appointed the Inspector General as a member of the Audit Committee for the State Board of Administration. The Committee meets on a quarterly basis and during the reporting period the Inspector General was the Chair of the Committee.

PROJECTS

For fiscal year 2005/2006, refer to Exhibit B for a schedule of different projects opened and closed.

Investigations

During the reporting period there were fifty-eight investigations opened and fifty investigations completed. Refer to Exhibit A under "Investigations" for a summary listing.

A breakdown of the different types of investigations completed during the year are as follows:

TYPE	NUMBER	PERCENT OF TOTAL
Non-Law Enforcement	24	48.00
Law Enforcement	12	24.00
AP&P 5-24 Referrals	6	12.00
AP&P 5-27 Notifications	8	16.00
Total	50	100.00

Audits

During the reporting period there were five audits opened, three audits completed, and one audit was closed and changed to a review.

1. An Audit of the Workers' Compensation Compliance Penalty Process, (administered by the Division of Workers' Compensation), project #05/06-01A and dated April 20, 2006. The following was noted in the report:
 - The Bureau has no written, management-approved procedures manual.
 - a. Inconsistencies among Bureau offices when completing and maintaining their Daily Activity Reports (DAR). DARs provide supporting evidence of employer contacts made by Bureau investigators. No specific procedures were found to direct investigators in the completion and maintaining of DARs.
 - b. Inconsistencies among Bureau offices in completing the transmittal log submitted with penalty payments. The Records Technician for the Bureau of Compliance stated that some of the investigators are submitting an older version of the transmittal log with their submitted penalty payments. We observed one investigator who utilized the older version of the transmittal log. Proposed procedures

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do not include instructions on completing the current transmittal log in CCAS.

- c. Inconsistencies among Bureau offices in referring cases to the Division of Insurance Fraud. In order to expedite fraud investigations, some investigators stated that they will refer cases directly to a fraud investigator and bypass the fraud review and referral process in Tallahassee.
 - d. Penalty payment checks are sent from the Bureau offices, via first class mail to a Post Office Box in Tallahassee and no log (chronological listing) of penalty payments mailed is maintained and reconciled by the offices visited.
 - e. Inconsistencies among Bureau offices in penalty payment documentation given to noncompliant employers.
 - f. The Bureau does not have in place a process for the collection of past due penalties assessed.
- The Division's CCAS payment module and the Department's Cash Receipt's System are not compatible.
 - Lack of segregation of duties when investigators assess a penalty, receive the penalty payment, enter the penalty payment into CCAS, and mail the penalty payment to Tallahassee.
2. An Audit of the DFS Document Processing Section, project #05/06-02A, closed October 12, 2005. The audit was opened on July 18, 2005, from a request from the Chief of Staff to audit the Section and provide recommendations for improvement. To expedite results the audit was closed and reopened as a review (see #05/06-01R).
 3. An Audit Follow-up Report of the Division of Treasury, Check Cashing Facility, project #05/06-03A, report issued April 18, 2006. Our audit disclosed that the Division has implemented corrective actions for most of the recommendations. The status of the recommendations is as follows:

Status	Number of Recommendations
Implemented	11
Partially implemented	1
Not implemented	1
Total	13

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List of the 13 Recommendations and Their Status

	Recommendation	Status
1.	Monthly audits of the Facility's fund should be conducted on a surprise random basis. Importance should be given to making sure that audits continue to be independently performed and that such audits occur on different days and times where Facility staff do not have advance warning or can easily determine when the audits will occur.	<i>Implemented.</i> Treasury has conducted the last seven monthly audits on a random basis; performing them on different dates within the month and on different days of the week.
2.	Policies and procedures should be revised to require the auditor to count all Facility funds and reconcile the bank balance on the imprest fund report for the day of the audit. The recommendation to count all Facility funds during the audit is contingent upon a reduction of Facility funds as discussed and recommended in finding #2 of this report.	<i>Implemented.</i> Treasury has revised their policies and procedures to include verifying funds with the bank on the date of the audit.
3.	The auditor should seal the cashier's boxes of absent employees and count them the next business day or immediately upon the return of the employee to work.	<i>Implemented.</i> Although a sealed cashier's box was not observed during the course of this audit, the Financial Examiner/Analyst II stated that if a cashier is absent on the day of an audit he places a seal over the drawer opening and signs and dates the seal.
4.	The OIG will perform at least annually, a surprise cash count and a bank reconciliation of the Facility.	<i>Implemented.</i> OIG staff performed their annual surprise cash count on January 26, 2006. Cash count was accurate and bank reconciliation performed.
5.	Any unidentified overage or shortage in excess of \$100, or any identified theft should be reported to the OIG immediately.	<i>Implemented.</i> Treasury has revised policies and procedures to include notifying the OIG of any identified theft or any overage/shortage exceeding \$100.

6.	Based on our limited study of the amount of cash and stamps to maintain in the Facility, the Division should perform a cash and stamp usage study to determine a minimum and maximum amount of cash and stamp inventory levels to maintain at the Facility. The goal being to reduce the amount of cash and stamps maintained in teller boxes. This reduction will allow the auditor, the Facility supervisor and tellers to count all of the teller boxes and the Master Cage in a timely manner as well as provide a greater assurance as to the accuracy of funds.	<p><i>Partially Implemented.</i></p> <p>Treasury met the recommended goal of reducing cash and stamps maintained in teller boxes for the previous six months; however, a verbal evaluation between the Facility supervisor and the Senior Management Analyst I was not documented to support the decision to: 1) reduce stamp inventory to \$1,000 and 2) reduce cash on hand in the facility by \$50,000.</p> <p><i>Recommendation:</i> <i>The Division should document future stamp and cash needs studies.</i></p> <p>Treasury's Response: Supporting documentation will be noted when any changes in the amount of stamp and cash inventory are implemented.</p>
7.	Treasury should establish policies and procedures concerning the purchase, sale, and inventory of postage stamps.	<p><i>Implemented.</i></p> <p>Treasury has written policies and procedures, approved by management, concerning postage stamp purchasing and inventory levels. Inventory level is not to exceed \$1,000.</p>
8.	Treasury should reduce the variety of stamps maintained in their inventory.	<p><i>Implemented.</i></p> <p>Treasury has written procedures approved by management limiting the number of unique stamp patterns to five or less.</p>
9.	Treasury should upgrade the video surveillance system possibly to a digital format that will enable clear video using all six cameras, which will give a more complete video coverage of the Facility.	<p><i>Not Implemented.</i></p> <p>Treasury is in the process of coordinating with staff from the Division of Information Systems in acquiring equipment specs and quotes from Sonitrol.</p> <p><i>Recommendation:</i> <i>The Division should continue their efforts to upgrade the video surveillance</i></p>

		<p><i>system and provide a target date for completion.</i></p> <p>Treasury's Response: This hasn't been implemented because we are awaiting reappropriation of this Program from the Legislature.</p>
10.	Treasury should establish policies and procedures that require that any time a teller box is opened or cash is counted it is in view of a camera recording the transaction.	<p><i>Implemented.</i></p> <p>Treasury has established written procedures requiring an employee to keep the cash drawer in view of a security camera at all times.</p>
11.	We recommend that bank reconciliations be conducted in a timely manner and on a monthly basis. The reconciliation should be performed by an individual independent of the Facility.	<p><i>Implemented.</i></p> <p>Bank reconciliations have been conducted in a timely manner each month for the past five month period (September 2005-January 2006). Treasury's Sr. Management Analyst I stated that she performs these monthly reconciliations. She is considered to be independent of the Facility's day-to-day operations.</p>
12.	Facility policies and procedures should be revised to include coverage of the bank reconciliation process to include, but not necessarily limited to: proper form of documenting the reconciliation, when the reconciliations are to be conducted; who performs the reconciliations, and the procedure(s) to use if differences are found.	<p><i>Implemented.</i></p> <p>Treasury has established written procedures noting the Senior Management Analyst I will perform the reconciliations in a timely manner. The Financial Examiner/Analyst II will have access to all bank reconciliations.</p>
13.	As discussed in finding #1, the OIG will supplement the Division's initiative by conducting a surprise cash count and bank reconciliation of Facility funds at least annually.	<p><i>Implemented.</i></p> <p>As stated in recommendation 4 above, OIG staff conducted a surprise cash count on January 26, 2006. The OIG will schedule annual surprise cash counts.</p>

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4. An Audit Follow-up of the Workers' Compensation Exemption Application Process, project #05/06-04A, report issued May 3, 2006. This follow-up audit was conducted to evaluate whether the nine recommendations were effectively implemented. We obtained a response, from the Division, regarding their corrective actions for the nine recommendations. The status of the recommendations is as follows:

Status	Number of Recommendations
Implemented	6
Implementation Pending	2
Partially Implemented	1
Total	9

Due to confidentiality considerations, pursuant to Section 282.318(1), Florida Statutes, additional disclosure regarding the findings and recommendations is not presented.

Reviews

During the reporting period there were three reviews opened and five reviews completed.

1. A Review of Public Records Requirements – Workers' Compensation Claims Database, project #04/05-06R, completed December 21, 2005.
 - The OIG assisted the Department's Division of Workers' Compensation and the Division of Information Systems staff with Access Control Procedures and an Access Control form regarding the WC Compensation Claims Database. The Social Security Administration requested access to the Database. OIG assistance was primarily focused on securing confidential information and Department database systems.
2. A Review of the Security of the Hartman Building – Division of Workers' Compensation, project #04/05-07R, report was issued October 27, 2005. During our review, we visited the Building on several occasions to observe the current security features for the Building. Our observations were as follows:
 - The third floor entrance from the north side stairwell into the Building has a card reader that appears to be secure, but was not locked. The handle could be turned and anyone could enter without an identification card, although the light continued to show red (or locked).

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- The second floor entrance from the north side stairwell into the Building has a card reader and remains locked and secured.
- The first floor entrance from the north side stairwell has no reader on the inside door into the Building. All offices on that floor have locked doors and can only be accessed by employees with keys to those offices.
- The third floor entrance from the south side stairwell has a card reader and remains locked and secured.
- The second floor entrance from the south side stairwell has a card reader, but we found the reader was green, and therefore unlocked and unsecured.
- The first floor entrance from the south side stairwell has a card reader and remains locked and secured.
- Two outside entries (north side and south side enters into the stairwells) are secured with card readers and remain locked and secured.
- The outside entry for the east side of the Building is only on the first floor and opens into the main lobby. One door has a twist-type latch and the other door is locked by a key. Entry from the outside is by card reader or release by the receptionist who has a desk in the main lobby.
- The outside entries for the west side of the Building consist of three doors. Two doors are together and enter into the main lobby. These two doors are both entry by card reader from the outside or release by the receptionist. These doors can be manually locked from the inside with twist locks. These locks were recently changed from key locks at the Director's request. The Director also recently had the magnets adjusted on these main doors to increase the security. The magnets were not catching properly, causing the doors to remain unlocked. The third door entry into the Building from the west side is to the left of the main doors and was recently repaired. Due to the door being warped, the door was not secure at all times.
- We found that all employees, to include OPS, had access to the Building twenty-four hours a day and seven days a week. Once employees entered the Building they had virtually unlimited access to most offices as they were not locked.
- Although Building visitors are required to sign in at the receptionist desk and obtain a visitor's identification card, not all visitors were required to be escorted to the requested office location.

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- The Call List used in case of emergencies was not current and had not been provided to Sonitrol.

Management is responsible for the security of State property and should ensure proper maintenance of the security system for their respective areas. Based on our observations and discussions with the Director, the following improvements were made to the Building security system:

- Locks on entrance doors on the west side of the Building were repaired.
- Levels of access were changed to identification cards. All employees, except Bureau Chief level and above, and select staff, have level 1 access meaning entry to the Building only between the hours of 6:30 a.m. to 6:30 p.m. Special permission for temporary entry other than these hours can only be approved by a Bureau Chief level and above. Management and select staff have access 24 hours a day, 7 days a week.
- The Call List in case of emergencies was updated and provided to Sonitrol.
- The armed time release of the entrance doors was implemented and is set to disarm at 5:55 a.m. and arms at 7:05 p.m. Monday – Friday. The system is also armed on weekends and standard national holidays.
- The Director has conducted tests on the mechanical doors that had been repaired to determine that the locks were working.
- Types of locks on the main entry doors were changed from key locks to twist locks so that they can be manually locked from inside.

3. A Review of the Document Processing Section, project #05/06-01R, completed January 3, 2006.

- Document Requests are difficult to track:
 - a. Tracking numbers are assigned sequentially without any correlation between the tracking number and date or the name of the requestor.
 - b. At the beginning of each month, a DP staff member starts a new spreadsheet containing the tracking numbers for the document request received within that month. The spreadsheet is not linked to the spreadsheet for the previous month.
- Written Policies and Procedures regarding emails and telephone requests currently sent to the OIG do not exist.

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- Conflicts exist between Sections 119.07 and 624.501, Florida Statutes, Administrative Policies and Procedures 1-4 and Document Processing's Internal Policies and Procedures.
 - Document Processing's Policies and Procedures reference insurance related document requests only.
 - The Document Processing Section does not provide services to all DFS Divisions.
 - The Route Sheet request forms are not completed correctly.
 - a. None of the Route Sheets we reviewed in our sample were filled out correctly.
 - b. The forms were all missing at least some necessary information.
 - Document Processing files do not contain important information.
 - a. The contents of the files lacked any consistency.
 - b. No policies and procedures regarding requirements for file contents.
 - c. No evidence of supervisory review of the document request before or after it is sent to the requestor.
 - d. No evidence of transmittal letters contained in files.
 - e. No response required when information requested is not available.
 - f. No proof of payment.
 - g. Our of the 15 files we reviewed, only 8 contained proof of payment.
 - h. The remaining 7 files did not contain any record of payment or explanation as to why payment was not made.
4. A Review of the Printshop and Mailroom, project #05/06-02R, completed May 11, 2006.
- Written procedures in the Print Services and Mail Services Sections should be dated and formally approved by management to include subsequent revisions, changes, and updates.

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- Management should assign a DFS form number and effective date at the bottom of the High Security Mailout Form to indicate that the form is current (this date would be more applicable if any future changes were made to the form).
- Mail Services should include written procedures on steps that will be taken if the second pass count does not match the first pass count (or the second mail processing report generated).
- Management should establish written procedures for confidential information in the Purchasing Section.
- Prepare written procedures for the PCard process within the Purchasing Section. PCard staff stated that they did not have any written procedures but that a back up and alternate were in place and equipped with the knowledge of the full PCard process.

Internal Control Strengths

- Written procedures were recently implemented by management within the Print Services and Mail Services sections. Management within these two areas have presented, posted and emphasized the importance of these written procedures to all their section staff. A review of the procedures disclosed that they were comprehensive and covered pertinent areas.
- The High Security Mailout Form used to submit jobs containing confidential information was adequately completed to include the date and time of the Form review.
- There was an adequate separation of duties.
- In the Print Services and Mail Services sections, confidential jobs not completed by the end of the day are properly secured.
- PCard application and approver files are properly secured.
- No PCards are issued to holders until the employee(s) receive training. Prior to training, un-issued cards are properly secured.

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5. A Review of Call Back Documentation in the Division of State Fire Marshal, project # 05/06-03R, completed May 31, 2006. We reviewed call back documentation for law enforcement officers (LEO) in the Department's Division of State Fire Marshal (Bureau of Fire and Arson Investigations) for the following periods:

- August 2005 – March 2006

We reviewed Monthly Attendance and Leave records and supporting documentation, when available, for LEOs in the Bureau (statewide) and found) only one instance where in the Jacksonville office an LEO was paid four hours for a phone consultation – otherwise it appeared they claimed actual time. The review included sixty-nine LEOs.

- June 2001 – July 2005

For this period, we reviewed Monthly Attendance and Leave records and supporting documentation, when available, for only LEOs in the Jacksonville office. We found thirty-two instances where LEOs were paid two hours for phone consultations. The review included twenty LEOs.

Note: Effective August 16, 2005, and based on a signed Memorandum of Understanding, the call back rate for LEOs who were on-call increased from two hours to four hours.

PROJECTS**Consulting and Technical Assistance**

During the reporting period there were 118 CTAs opened and 120 CTAs completed. Refer to Exhibit A under "Consulting and Technical Assistance" for a summary listing.

A breakdown of the different CTAs completed during the year are as follows:

TYPE	NUMBER	PERCENT OF TOTAL
Public Record Requests	47	39.2
Miscellaneous (Computer Use, Bill Analysis, Phone Records, other)	10	8.3
Citizen Complaints	19	15.8
External Auditor Coordination	22	18.3
Inspector General Activities (Annual Report, Surveys, Risk Assessment, SBA Audit Committee, AP&P, CSIRT, Budget, and Confidentiality)	10	8.3
Chief Inspector General Referrals	1	.8
Operational Process Questions	11	9.2
Total	120	100.0

Other Activities1. Inspector General Alerts

Alerts are issued to inform staff of hot topics of concern to the Inspector General and the State Chief Financial Officer. By issuing the Alerts the Inspector General is attempting to minimize fraudulent activity, correct any misunderstanding of Department Administrative Policies and Procedures (AP&P), and inform employees of areas of concerns that may have been found in recent OIG projects. During the reporting period the following Alerts were issued:

- July 21, 2005 – The OIG was made aware of a computer virus that infected over 300 Department computers statewide. The cause of the virus was the downloading of unauthorized software. Employees were reminded of the AP&P covering proper computer use and operation and a link was provided.
- August 25, 2005 – A recent OIG project disclosed that employees needed to be reminded of the AP&P covering Dual Employment and that Department space, personnel, time, equipment or supplies shall not be used to further dual employment.

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- January 5, 2006 – The Department’s server that houses home folders for employees was found to be critically low on free disk space. This was a reminder to employees to make sure files saved to the server were for business purposes only and that music files, personal photographs, and movie or video clips should not be stored on the server. The Inspector General informed employees that the OIG would begin periodically monitoring of server files.
- April 5, 2006 – Due to a level of concern expressed to and phone calls received by the OIG the Inspector General informed employees that the Auditor General was randomly contacting Department, Office of Insurance Regulation, and Office of Financial Regulation employees verifying information in the People First System. The contact was part of the Auditor General’s audit of the Department and employees were requested to contact the OIG with questions.
- May 11, 2006 – Reminder of the requirements and responsibilities of employees regarding AP&P 5-27 entitled “Reporting of Arrest, Incarceration or Criminal Charge.” Pertinent points were emphasized and directions to access the AP&P were given.

2. Employee Message Articles

Articles are written to inform staff of hot topics of concern in an attempt to minimize fraudulent activity, correct any misunderstanding of Department Administrative Policies and Procedures (AP&P), and inform employees of areas of concerns that may have been found in recent OIG projects. During the reporting period, the following articles were written:

- June/July 2005 - Inspector General discussion regarding the requirements and employee responsibilities of AP&P 5-27 entitled “Reporting of Arrest, Incarceration or Criminal Charge.” In addition, discussion of frequently asked questions included form of a complaint or allegation and whom to file complaints or allegations.
- August/September 2005 - Information provided to employees regarding their rights if a complaint is filed against them. Reference was made to AP&P 6-1 entitled “Internal Investigations.” Also, 2005 legislative changes for law enforcement investigations was discussed. Frequently asked questions covered the difference between an administrative and criminal investigation, the review of employee phone records by the OIG, and where to file a complaint against an Office of Insurance Regulation or Office of Financial Regulation employee.

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- October/November 2005 – Frequently asked questions covered: the location of the OIG, review of computer usage by the OIG, a breakdown of the AP&P by subject area and where to access the links, if statements in an investigation are public records, security of computers, and public records request for e-mails.
- December 2005/January 2006 – Discussion covered the disposal of needles or lancets in Department buildings and safety hazards. Frequently asked questions covered: personal use of computers, instant messengers on computers, what to do if you receive “Spam,” and the proper reporting requirements if you are arrested.
- February/March 2006 – Discussion covered computer use, misuse of position, and relocation of the OIG. Frequently asked questions covered: as a subject of an investigation how are you informed of the results, does the OIG recommend discipline in investigations, and the length of investigations.
- April/May 2006 – Discussion covered building security and AP&P 5-27. Frequently asked question covered: whether to retain personal and/or junk e-mail, retaining voice messages, public records requests of phone records, independence of the OIG when conducting investigations, and why the OIG is located outside of the Larson and Fletcher Buildings.

SIGNIFICANT EVENTS

During the reporting period the following significant events occurred:

- In July 2005, a peer review was performed on the OIG by the Office of the Auditor General. The report issued by the Auditor General included an unqualified opinion regarding the performance of audits and adherence to professional auditing standards by the OIG.
- In December 2005, a swearing in ceremony was held where the Inspector General was sworn in as a law enforcement officer.
- In December 2005, the OIG moved from the Bloxham Annex A Building to the Claude Pepper Building in Tallahassee, Florida. This move partially disrupted OIG operations during the months of November and December 2005 and caused staff to charge additional time to “administrative.”

PROFESSIONAL DEVELOPMENT

Section 20.055, Florida Statutes, requires the OIG to conduct audits according to professional auditing standards. Professional standards issued by the Institute of Internal Auditors, Inc., requires internal auditors to be responsible for continuing their education in order to maintain their proficiency. Professional Standards for the Governor's Council on Integrity and Efficiency issued by the Office of the Governor for the State of Florida provides training and professional development should be a continuing process.

The OIG has a policy whereby audit staff will receive 80 hours of continuing education over a two calendar year period with no less than 20 hours in any given calendar year. Investigative staff will receive a minimum of 40 hours of continuing education over a two calendar year period with no less than 20 hours in any given calendar year. Professional standards and policy initiatives are designed to promote competent trained staff and to ensure their knowledge, skills, and abilities are current. The Office had the following training, professional certifications, advanced degrees, etc. for the reporting period:

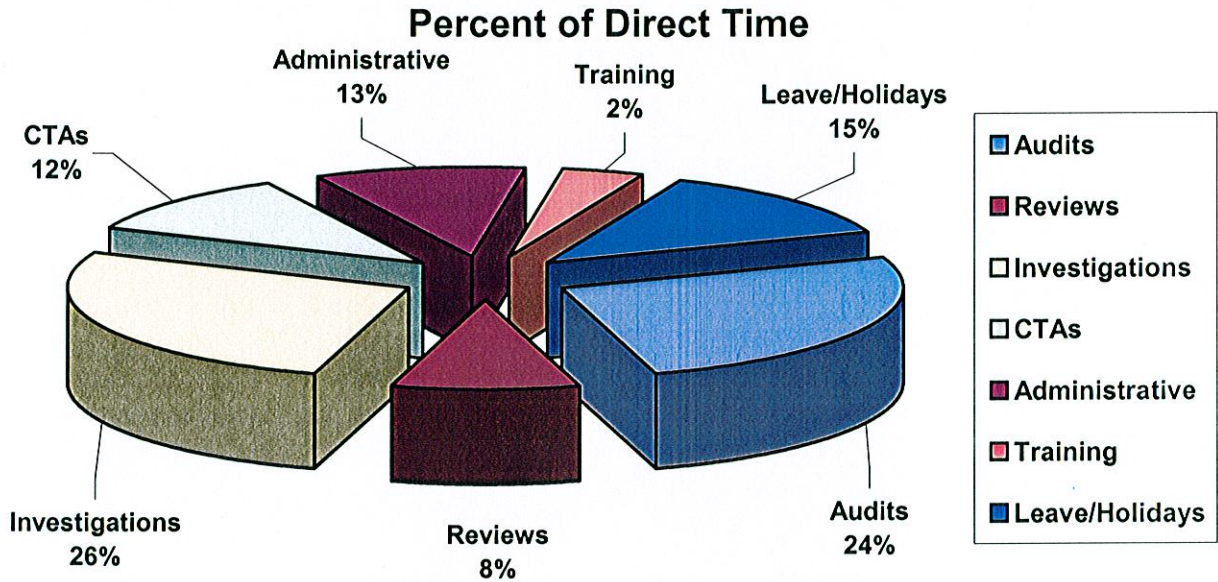
STAFF	TRAINING HOURS	PROFESSIONAL CERTIFICATIONS/ ADVANCED DEGREES	OTHER
Coley Campbell (1)	8	CIGI	Notary
Gilda Goodman (1)	43	CIGI	Notary
David Harlan (2)	63	CPA, CIG, Law Enforcement	Notary
Cecil Jenkins (3)	6	CIA	
Patricia Lee (4)	18	MBA	
Sally Moniz (4)	14		
Glenda Travis (5)	0	CPM	Notary

CIA – Certified Internal Auditor
 CIG – Certified Inspector General
 CIGI – Certified Inspector General Investigator
 CPA – Certified Public Accountant
 CPM – Certified Public Manager
 MBA – Masters of Business Administration

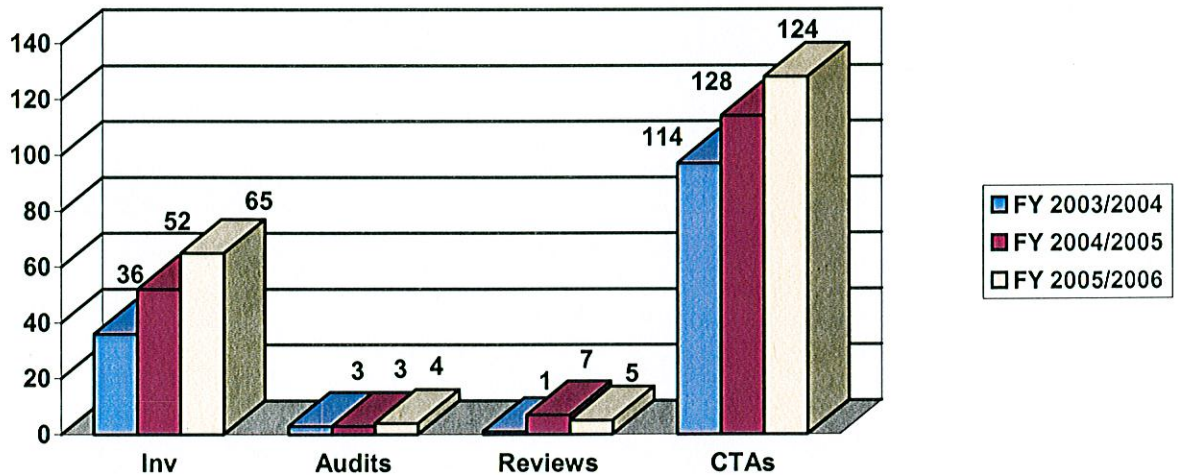
- (1) Scheduled for investigative training in October 2006
- (2) Scheduled for investigative training in October and November 2006
- (3) Scheduled for audit training in November 2006
- (4) Scheduled for audit training October, November, and December 2006
- (5) Scheduled for investigating training in November and December 2006

PROJECT ANALYSIS

The following chart shows the time distribution of staff on assigned projects. The chart also includes administrative time performing miscellaneous office functions, leave, holidays, and professional training.



The following chart shows a comparison of the number of projects worked for the last three fiscal years.



SIGNIFICANT ACTIVITIES

Significant Abuses and Deficiencies

During the current reporting period there were no significant abuses and/or deficiencies.