

Florida State Courts System



ANNUAL REPORT
OF THE
OFFICE OF INSPECTOR GENERAL

FISCAL YEAR 2007-08



FLORIDA SUPREME COURT

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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 the 2007-08 fiscal year.

The Auditor General conducted a Quality Assurance Review of this office during the past year, as required by Chapters 11.45 and 20.055, Florida Statutes. The overall objective of the review was to evaluate the OIG's conformance with professional auditing standards and compliance with Chapter 20.055, F.S. In their report, the Auditor General concluded that the quality assurance program related to the activities of this Office provided reasonable assurance of conformance to applicable auditing standards, and that we complied with Chapter 20.055, F.S. Thanks to the hard work and dedication of the OIG staff, the report did not include any findings which required corrective action.

Despite budget cuts that resulted in the loss of one position within the OIG, we remain committed to helping improve the operations and programs of the SCS. We appreciate the assistance and support we receive from the Chief Justice, the State Courts Administrator and Court staff. We look forward to an exciting and challenging new year.

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:

Judicial Circuits:

We completed four judicial circuit audits during the year. The objectives of these operational audits were to determine if: the Circuit complied with the SCS's administrative policies and procedures, and any applicable state statutes, laws and rules; internal controls at the Circuit provided reasonable assurance that state funded assets are safeguarded, and that financial and operational information is reliable; and, current court operations and processes were implemented sufficiently to support management goals and objectives and encourage an economical use of state funds and resources. The results of these audits were as follows:

First Judicial Circuit:

Our audit covered the period July 1, 2006, through July 31, 2007. We concluded that the First Circuit's system of internal controls and procedures were found to be satisfactory. We also

determined that the Circuit generally complied with the SCS policies and procedures, and any applicable state statutes, laws, and rules. We noted, however, a couple of areas where the processing and maintenance of personnel records could be improved. The Circuit has taken steps to correct these areas.

Fourth Judicial Circuit:

Our audit covered the period July 1, 2006, through June 30, 2007. We concluded that the Fourth 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. We noted that the Circuit needs to improve compliance with SCS policies and procedures regarding tangible personal property, and that the Circuit did not conduct any employee performance reviews. These areas have been addressed by the Circuit.

Fourteenth Judicial Circuit:

Our audit covered the period July 1, 2006, through June 30, 2007. We concluded that the Fourteenth 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 noted that the Circuit's administration of contracts could be improved, and that the Circuit's Continuity of Operations Plan did not adequately cover all of the counties within the Circuit. We also noted that the security at the Bay County Courthouse Annex needed to be improved. The

Circuit took immediate steps to improve the Annex security and has also corrected the other issues noted in the report.

Eighth Judicial Circuit:

Our audit covered the period January 1, 2007, through December 31, 2007. We concluded that the internal controls at the Eighth Circuit provided reasonable assurance that state funded assets were safeguarded, and that financial and operational information was reliable. We also determined that the Circuit generally complied with the SCS's administrative policies and procedures, and any applicable state statutes, laws, rules and regulations. However, we did note that the Circuit's compliance with the Purchasing Card Program could be improved, and that travel reimbursements were not always processed in accordance with State travel rules. The Circuit has made administrative changes which should correct these two compliance issues.

Fourth District Court of Appeal:

We performed an operational audit of the Fourth District Court of Appeal for the period July 1, 2006, through January 31, 2008. The objectives of our audit were to determine if: the Fourth DCA complied with the SCS's policies and procedures, and any applicable statutes, laws, and rules; the system of internal controls for the Case Management System, fee collections, budgets, procurement, personnel and property were sufficient to ensure minimal risk

exposure, loss and misuse, and State assets were adequately safeguarded; and, management encouraged the overall effective and efficient use of state funds and resources with the inclusion of best practices. We concluded that the Fourth DCA's system of internal controls and procedures were satisfactory, and that they generally complied with the SCS policies and procedures, and any applicable statutes, laws and rules. However, we noted that deposits of filing fees were not always made timely and the monitoring of the DCA's budget should be improved. The DCA has taken the necessary action to correct these issues.

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. The following were some of the more significant consulting service projects performed during 2007-08:

Review of the Office of Personnel Services:

Per the request of the Chief of Personnel Services, we conducted a

review of the OSCA Office of Personnel Services. The objectives of our review were to: determine compliance with personnel policies and procedures; determine the efficiency of personnel processes; determine the accuracy of attendance and leave information; and, to determine the adequacy of internal controls for the time and attendance system. Overall, we found that the Office of Personnel Services' operation supported the goals of the SCS and provided effective and efficient use of human resources. While we noted several areas that could be improved, we determined that the Office of Personnel Services generally complied with the SCS's policies and procedures, and that employee data was safeguarded.

Review of the Office of Finance and Accounting:

Pursuant to the termination of one of its full-time employees, the OSCA Office of Finance and Accounting requested we conduct a review of the terminated employees' duties and responsibilities. The employee was terminated due to non-performance of his job duties, and because the employee had access to State of Florida warrants and other documents containing sensitive employee information, there was concern regarding the possibility of fraudulent activity by this employee. Based upon our review, it appears that the primary factors contributing to the employees' failure to perform his job duties were personal in nature, and there was no intent by this employee to commit any fraudulent activity.

Investigations

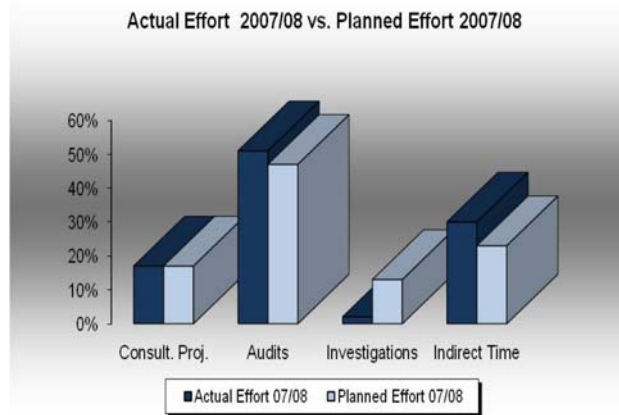
Investigations by their very nature are reactive rather than proactive. The Inspector General is required to initiate, conduct, supervise and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in the SCS. The investigations 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 2007-08:

- Complaint from a former SCS employee alleging retaliation (termination from her position) for reporting falsification of time sheets at a Judicial Circuit. This complaint was referred to the OIG by the Governor's Office of the Chief Inspector General. The OIG was asked to determine whether the complaint met the criteria to be designated as a "Whistle-Blower" complaint. It was determined that the complaint did not meet the criteria to be designated as a "Whistle-Blower" complaint (per Chapter 112.3187(5), F. S.). It was also determined that no further investigation was necessary regarding this matter.

- Complaint from a citizen that the Dispute Resolution Center (DRC) did not properly verify the credentials of an applicant who was certified by the Court as a county, family and dependency mediator. It was determined that the complainant had been previously provided information by the DRC regarding the process for filing a formal complaint in accordance with Rule 10.810 of the Florida Rules for Certified and Court-appointed Mediators. The complainant was again provided this information.
- Complaint from a citizen alleging misconduct by a Trial Court Administrator at one of the Judicial Circuits. The allegations involved the citizen's civil court case and resulting case file and court docket. The allegations were not substantiated.

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 2007-08, we completed five of the twelve planned audits by fiscal year end. Three other audits were initiated during the year, but will not be completed until sometime during 2008-09. For a comparison of planned effort (hours allotted for each type of activity) versus actual effort, see the chart in the next column.



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

Meet the OIG Staff

Ken Chambers, Inspector General

Frank Funderburk, Senior Internal Auditor

ViElla Lindsey, Internal Auditor

Other Activities

During 2007-08, 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.

audits were initiated during 2007-08), perform one review, and continue to provide consulting services to SCS management. When necessary, we will investigate complaints of employee misconduct. Due to the current budget situation, we also plan to be involved in proactive projects that promote greater accountability and efficiency within the administrative and financial operations of the SCS.

Upcoming Year

During 2008-09, the OIG plans to conduct nine audits (three of these

Mission of the Office of Inspector General

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

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