



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

September 30, 2009

The Honorable Alex Sink
Chief Financial Officer
The Capitol, PL-11
Tallahassee, Florida 32399

Dear CFO Sink:

In accordance with Section 20.055(7), Florida Statutes, I am submitting the Office of Inspector General's 2008-2009 Annual Report which summarizes accountability activities during the prior fiscal year.

We look forward to serving you, our Department of Financial Services colleagues and the citizens of Florida with objectivity, professionalism and integrity as we move forward into the current fiscal year.

Respectfully submitted,

A handwritten signature in blue ink that reads "Robert E. Clift".

Robert E. Clift
Inspector General

REC:sc

Enclosure

Florida Department
of Financial Services



Alex Sink
Chief Financial Officer



Office of Inspector General

Robert E. Clift
Inspector General

ANNUAL REPORT

FISCAL YEAR 2008-2009

*"OUR MISSION IS TO PROMOTE INTEGRITY,
ACCOUNTABILITY AND PROCESS IMPROVEMENT
IN THE DEPARTMENT OF FINANCIAL SERVICES."*

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INTRODUCTION

BACKGROUND

The role of the Office of Inspector General is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency in the Department. Section 20.055, Florida Statutes, defines the duties and responsibilities of agency inspectors' general.

The Statute requires that each inspector general shall submit to the department head an annual report, not later than September 30 of each year, summarizing its activities during the preceding state fiscal year. This report includes, but is not limited to:

- A description of activities relating to the development, assessment, and validation of performance measures.
- A 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.
- A description of recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified.
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed¹.
- A summary of each audit and investigation completed during the reporting period.

This document is presented to the Chief Financial Officer in accordance with the statutory requirements and to describe how the OIG accomplishes its mission as defined by Florida Law.

¹ There are no unaddressed significant recommendations for audits conducted prior to this reporting period.

MISSION STATEMENT

The mission of the Office of Inspector General is to promote integrity, accountability and process improvement in the Department.

VISION

The vision of the Office of Inspector General is to provide objective fact-based perspectives to the DFS Team. We want to be:

- **Championed by our customers;**
- **Benchmarked by our counterparts; and**
- **Dedicated to quality in our products and services.**

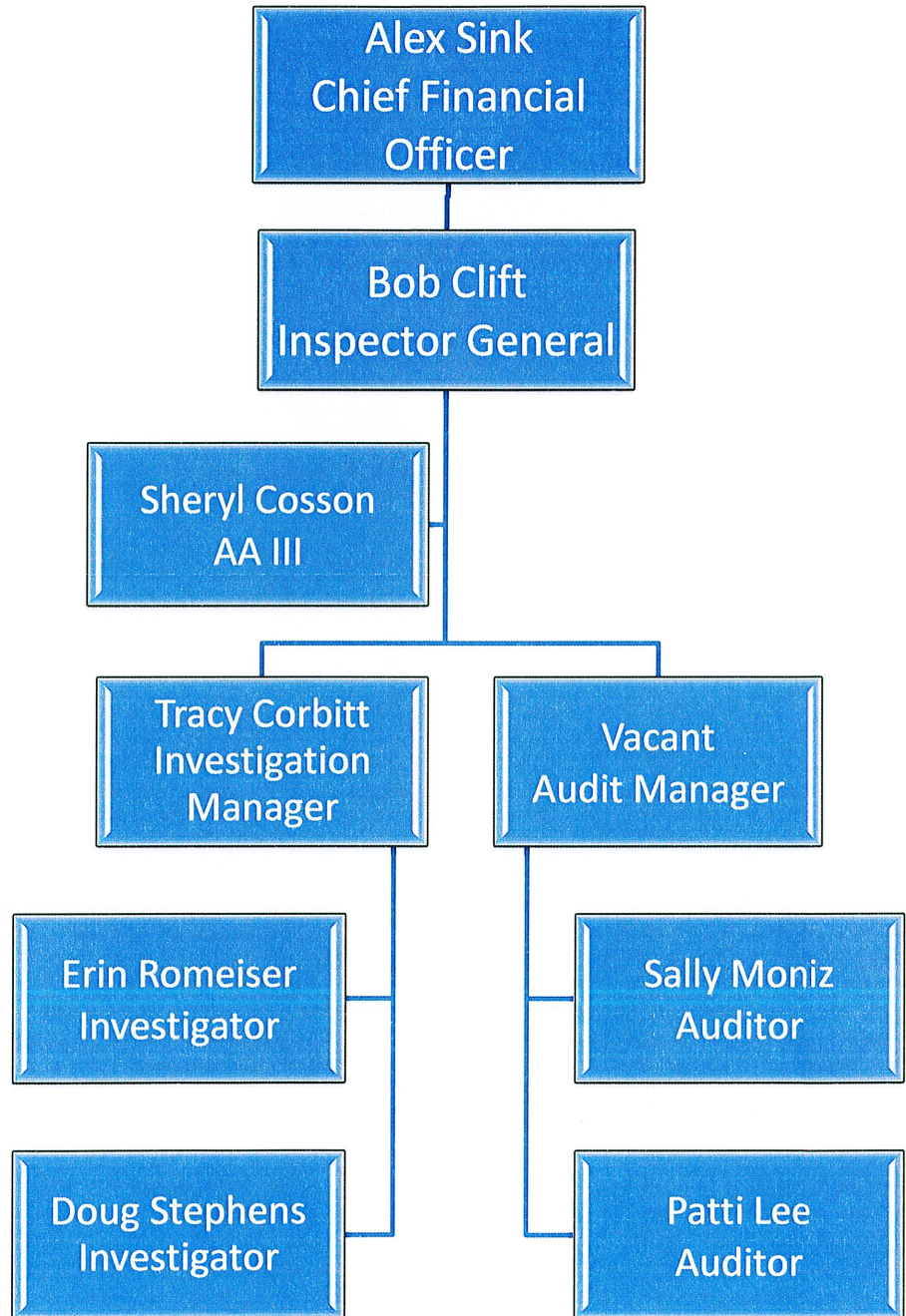
OIG RESPONSIBILITIES

The specific duties and responsibilities of the Inspector General, according to Section 20.055(2), F.S., include:

- Providing direction for, supervision and coordination of audits, investigations, and management reviews relating to the programs and operations of the state agency.
- Keeping the agency head informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the state agency, recommended corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action.
- Reviewing the actions taken by the state agency to improve program performance and meet program standards and making recommendations for improvement, if necessary.
- Advising in the development of performance measures, standards, and procedures for the evaluation of state agency programs.
- Ensuring effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Maintaining an appropriate balance between audit, investigative, and other accountability activities.

**OIG
ORGANIZATION**

The Inspector General is appointed by and reports to the Chief Financial Officer. Within the OIG, there are two sections: the Audit Section and the Investigation Section.



TRAINING

The Association of Inspectors General specifies that each staff person who performs investigations, audits, inspections, evaluations, or reviews shall receive at least 40 hours of continuing professional education every two years that directly enhances the person's professional proficiency.

In addition, the International Standards for the Professional Practice of Internal Auditing and Government Auditing Standards require internal Audit Unit staff to maintain their professional proficiency through continuing education and training. Each auditor must receive at least 80 hours of continuing education every two years.

These training requirements are fulfilled by attending courses, webinars and audio conferences throughout the year. See Exhibit E for a list of training received during the reporting period.

CERTIFICATIONS AND ADVANCED DEGREES

The Inspector General and staff bring various backgrounds of expertise to the Department. Certifications or advanced degrees held by the Inspector General and his staff during the reporting period include:

- Certified Inspector General
- Certified Internal Auditor
- Two Certified Government Auditing Professionals
- Two Certified Inspector General Investigators
- Masters in Business Administration
- Masters in Public Administration
- Juris Doctor

PROFESSIONAL AFFILIATIONS

Members of the Office of Inspector General staff belong to a variety of professional associations to maintain currency, establish and advance professional networks, and participate in professional community activities.

- Association of Inspectors General
- Tallahassee Chapter of Association of Inspectors General
- Institute of Internal Auditors (IIA)
- Tallahassee Chapter of the IIA
- Association of Certified Fraud Examiners

MAJOR ACTIVITIES

AUDIT WITH SIGNIFICANT IMPACT

An Inspector General comprehensive audit of the Division of Risk Management produced several findings to increase efficiency. We calculated the average cost of a litigated employment discrimination claim to be \$32,184. The average cost of a discrimination claim that did not go into litigation was \$5,000 or a difference of \$27,184 per claim. The report recommended that the Division become involved with employment discrimination claims earlier in the process with the goal of reducing the number of claims that result in litigation.

During the six month follow-up to the audit, the Division reported that during the third quarter of Fiscal Year 2008/2009, it was able to close eleven (11) claims based on early involvement that would have likely gone into litigation previously. Total payout for these 11 claims was \$15,000. The Division estimated that if these claims were litigated, costs would have been \$354,024. The resulting savings in only a single quarter based on implementation of this OIG recommendation was \$339,024. Annually, implementation of this recommendation can be projected to save 1.36 million dollars.

INVESTIGATION WITH SIGNIFICANT IMPACT

An investigation was initiated following a report an employee used his official position for personal gain by manipulating a workers' compensation penalty assessment in exchange for a \$1,000 personal payment. The penalty calculation was reviewed to determine the difference between the improperly assessed penalty and the appropriate penalty. The determination was that the employee's action represented a monetary loss to the Department of \$62,105.43.

In accordance with Florida Statutes, the OIG contacted the Florida Department of Law Enforcement (FDLE). The DFS employee was subsequently interviewed and admitted to accepting \$1,000 in exchange for lowering the penalty. The employee was arrested, his employment was terminated by the Department, and he was convicted of Unlawful Compensation and Official Misconduct. His sentence included 5 years probation, completion of community service and participation in a training video designed to deter future

INVESTIGATION WITH SIGNIFICANT IMPACT (CONTINUED)

instances of this nature. The Division of Workers' Compensation implemented or strengthened a number of internal controls designed to prevent future occurrences.

QUALITY ASSURANCE REVIEW

Office of Inspector General audit processes and procedures were reviewed by the Auditor General in accordance with statutory requirements. This Quality Assurance Review disclosed the OIG was operating in accordance with all prescribed professional auditing standards. This Auditor General engagement produced the only finding-free audit report completed of a Department of Financial Services process in more than two years.

INTERNAL AUDIT SECTION FUNCTIONS

The Internal Audit Section is an independent and objective assurance and consulting activity with the purpose of providing information on the adequacy and effectiveness of the Agency's system of internal controls and reasonable assurances the Department's goals and objectives are achieved. This Section performs Audit and Consulting engagements.

ENGAGEMENTS

Audit Engagements are performed in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards) (i.e., "red book") published by the Institute of Internal Auditors. Audit Engagements may be classified as compliance, performance or comprehensive and result in written reports of findings and recommendations, including responses by management. Consulting engagements do not necessarily conform to professional standards.

Compliance Engagements seek to determine if the program or process is complying with applicable laws, rules, and regulations. This type of engagement includes an evaluation of the adequacy of the control framework to manage the risk of not achieving the goals and objectives of the program or process. Compliance engagements may include a determination of the reliability and validity of data and the adequacy of controls to ensure information security.

**ENGAGEMENT
TYPES**

Compliance Engagements determine if a program or process is complying with applicable laws, rules, and regulations. This type of engagement includes an evaluation of the adequacy of the control framework to manage the risk of not achieving the goals and objectives of the program or process. Compliance engagements may include a determination of the reliability and validity of data and the adequacy of controls to ensure information security.

Performance Engagements analyze the efficiency and economy of programs or processes that are performed by the program area. Performance engagements also address each of the objectives of a compliance engagement.

Comprehensive Engagements assess the effectiveness of the program or process in achieving the Department's goals and objectives. Comprehensive engagements also address all of the objectives of a performance engagement.

Please see Exhibit A for a listing of relevant audit engagements performed during this period.

CONSULTING SERVICES

Consulting services are intended to provide value-added services to management through various alternative methods such as counsel, advice, facilitation, inspection, reviews, and training. Consulting engagements usually do not include the need to prepare a written engagement plan, to hold entrance and exit conferences, or to prepare a formal report. A summary of the consulting engagements completed during the 2008/2009 fiscal year can be found in Exhibit B.

**EXTERNAL AUDIT
ACTIVITY**

The OIG is the coordinator for external audits or reviews conducted by the Auditor General, Office of Program Policy Analysis and Government Accountability, Federal Agencies, and other governmental and non-governmental entities. The Audit Section coordinated 5 external audits completed by the Auditor General and had 9 ongoing audits during fiscal year 2008/2009. A summary of the external audits completed in the 2008/2009 fiscal year can be found in Exhibit C.

RISK ASSESSMENT

A Risk Assessment of the Department's programs and activities is performed annually to assist in the development of the Annual and Long Term Audit Work Plan.

The risk assessment included both a quantitative analysis of Division-level operations data and qualitative analysis of information contributed by DFS management. The quantitative analysis utilized information from a variety of Department databases to assess the risks inherent to the activities performed by each Division. These databases included those associated with contracting, revenue collections, and legislative appropriations. Selected data elements, such as the number of contracts and monetary receipts were assigned to risk factors and then allocated to each Division. These risk factors were identified by OIG staff and based on characteristics of activities that serve to increase risks of not fully achieving intended objectives.

For example, high dollar value monetary transactions were selected as a risk factor because of the extent of the adverse impact if these transactions were not adequately safeguarded or accurately recorded.

ANNUAL AND LONG RANGE WORK PLAN

The OIG developed a Work Plan covering the period July 1, 2009, through June 30, 2011, based on the risk assessment. The Work Plan includes activities that are to be audited, activity schedules, budgeted hours, and assignment of staff and was approved by the Chief Financial Officer.

INVESTIGATION SECTION FUNCTIONS

The Investigation Section is responsible for evaluating complaints and conducting internal investigations of Department employees. These inquiries and complaints may be received from the Department of Financial Services employees, Chief Financial Officer's "Get Lean" Hotline, other state agencies, and the general public.

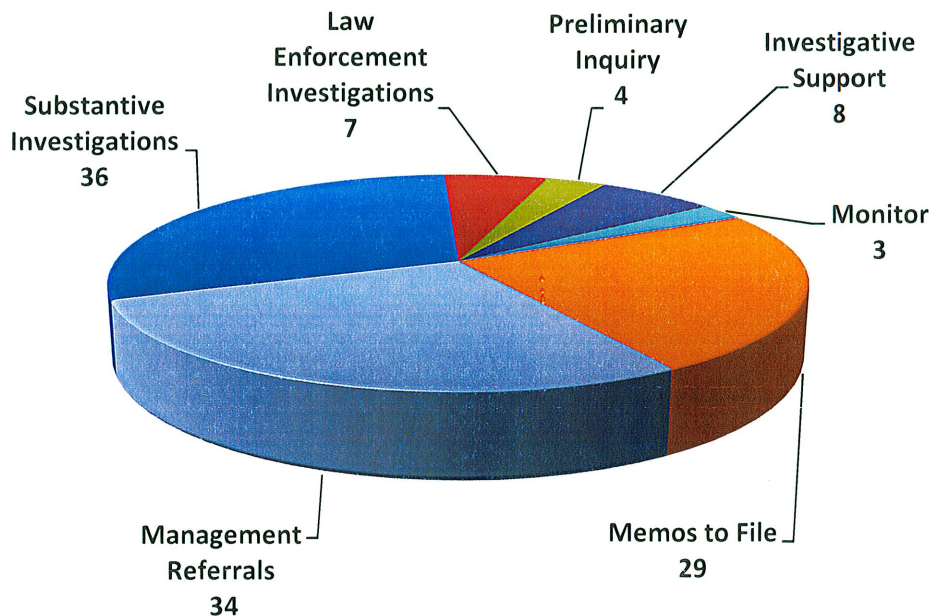
DUTIES & RESPONSIBILITIES

Investigations are designed to deter and detect fraud, waste, mismanagement, misconduct and other abuses. The investigative duties and responsibilities of the Inspector General (Section 20.055, F.S.) include:

**DUTIES &
RESPONSIBILITIES
(CONTINUED)**

- Receiving complaints and coordinating activities of the Department as required by the Whistle-blower's Act pursuant to Sections 112.3187 - 112.31895, F.S.
- Receiving and considering the complaints which do not meet the criteria for an investigation under the Whistle-blower's Act and conducting, supervising, or coordinating such inquiries, investigations, or reviews as the Inspector General deems appropriate.
- Reporting expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.
- Conducting investigations and other inquiries free of actual or perceived impairment to the independence of the Inspector General or the OIG. This includes freedom from any interference with investigations and timely access to records and other sources of information.
- Submitting in timely fashion final reports on investigations conducted by the Inspector General to the Department head, except for Whistle-blower's investigations, which are conducted and reported pursuant to Section 112.3189, F.S.

**INVESTIGATION
STATISTICS**



TYPES OF INVESTIGATIONS

The Office of Inspector General uses several types of cases; substantive investigations, law enforcement officer investigations, investigative support, memorandum to file, management referral, monitor investigations and preliminary investigations.

SUBSTANTIVE INVESTIGATIONS

Substantive investigations typically stem from complaints involving alleged employee misconduct, which, if proved, would result in a suspension of the employee, at a minimum. The conduct may include alleged violations of Department standards such as: conduct unbecoming a public employee; unauthorized disclosure of confidential information; theft/misuse of property, records or documents; violation of nepotism policy, and falsification of records. During FY 2008-2009, 47 substantive investigations were opened and 36 completed, 5 of which were opened during fiscal year 2007-2008. Of the substantive investigations completed, 34 were categorized as proved; 2 were disproved. A summary of these investigations can be found in Exhibit D.

LAW ENFORCEMENT INVESTIGATIONS

Law enforcement officer investigations stem from complaints involving alleged misconduct by a sworn law enforcement employee (Division of Insurance Fraud or Division of State Fire Marshal). These investigations require the Office of Inspector General to comply with the Law Enforcement Officers' Bill of Rights, the Firefighters' Bill of Rights and in some cases with the Police Benevolent Association Union Contract or the Florida State Fire Service Agreement. Until the investigative report is published or disciplinary action occurs, whichever is later, by law these cases are confidential in nature. During the fiscal year 2008-2009, 10 law enforcement officer investigations were opened and 7 were completed, 2 of which were opened during fiscal year 2007-2008. Of the 7 investigations completed, 6 were categorized as proved and 1 was disproved. A summary of these investigations can be found in Exhibit D.

**MANAGEMENT
REFERRALS**

Management Referral cases are opened when the Office of Inspector General receives complaints which do not rise to the level of significance to warrant a substantive investigation. These complaints are referred to the management of the appropriate division and monitored until a report of the outcome is received and reviewed by the OIG. During FY 2008/2009, the OIG referred 34 complaints to management.

**INVESTIGATIVE
SUPPORT**

Investigative Support cases are opened when the Bureau of Human Resource Management contacts the Office of Inspector General indicating they have received a complaint regarding allegations of discrimination. The Office of Inspector General assists in these cases by taking sworn statements from involved parties and forwarding them to HR to determine whether there had been acts of discrimination. During FY 2008/2009, the OIG received and completed 8 requests for assistance from HR.

MONITORING

Monitoring cases involve issues monitored by the Office of Inspector General to receive and report the outcome to management. For example, the Office of Inspector General may monitor an employee's case unrelated to their employment in the criminal court system after an arrest. During FY 2008/2009, the OIG opened 3 monitoring cases.

MEMORANDUM TO FILE

Memorandum to File cases arise when the Office of Inspector General receives a complaint and the subject of the complaint is not something addressed by the Department of Financial Services. The complaints are referred to the agency having jurisdiction over the matter. During FY 2008/2009, the OIG opened 29 such cases.

PRELIMINARY INQUIRY

Preliminary Inquiry cases are opened when the Office of Inspector General is not certain the facts warrant a full investigation. In these type cases, some fact gathering is conducted and a determination is made whether to proceed with an investigation (facts show a violation may have occurred) or to end the inquiry (facts show a violation did not occur). During the fiscal year 2008-2009, 4 Preliminary Inquiry cases were opened. Three of the 4 preliminary investigations contained multiple subjects relating to suspected computer use violations.

OTHER OIG ACTIVITIES

PROCESS ACTION TEAM ACTIVITIES

Office of Inspector General staff have been active participants in several process action teams. This fiscal year, these have included the Public Records Process Action Team, the Remittance Process Action Team, and the Internal Controls Process Action Team.

NEW EMPLOYEE ORIENTATION

The Inspector General makes a presentation to new employees of the Department (and the Offices of Insurance Regulation and Financial Regulation) about the role of the Inspector General and ethical conduct. The primary message is that we need all employees to know and follow the policies and procedures of the agency and help deter and detect frauds or misconducts.

SUPERVISORY TRAINING

The Inspector General makes an ethical conduct awareness presentation at the Department's Basic Supervisory Training Program. The focus of this training is on Ethics, Values and increasing awareness of the Department's Code of Conduct.

COMPUTER SECURITY INCIDENT RESPONSE TEAM (CSIRT)

The CSIRT establishes the roles, responsibilities and procedures for responding to computer security incidents. The CSIRT is a proactive safeguard for the computing resources and systems of the Department. The OIG functions as a core member of CSIRT.

ACTION REPORT MEETINGS

The Inspector General attends the Department's Action Report Meeting in a consulting capacity to provide background information as management is making disciplinary action decisions and coordinating on completed actions.

EXHIBIT A

AUDIT ENGAGEMENTS

Engagements Completed During FY 2008/2009

- **Project Number 06/07-02**

The OIG conducted a performance audit of the Division of Funeral Cemetery & Consumer Services. The purpose of this audit was to evaluate the effectiveness of the Division's process to administer the preneed contract fee assessments to licenses. The finding and recommendations for this audit are summarized below:

Finding: The current process to collect fees associated with issuing preneed contracts does not provide adequate assurances that all required remittances are received.

Recommendation 1: We recommend that the Division verify the number of preneed contracts issued by licensees.

Recommendation 2: To ensure the current licensee fee balances are accurate, the Division should first credit all unassigned fee payments to the appropriate licensee. The Division should then reconcile payment information reported on the quarterly remittance forms with the payments credited to the licensee.

Recommendation 3: To improve the overall effectiveness of the Division, we recommend that the Division obtain Board approval to amend Chapter 497, Florida Statutes, by eliminating the requirement for licensees to submit quarterly remittances for each preneed contract fee and instead incorporate these preneed contract fees into the annual license renewal fee. The OIG conducted a performance audit of the Treasury Investment Pool. The purpose of the audit was to evaluate the adequacy of the controls over the assets of the Treasury Investment Pool.

- **Project Number 08118**

The OIG conducted a comprehensive audit of the Division of Risk Management. The purpose of this audit was to assess the effectiveness of the Division's processes in achieving the Department's goals and objectives. The findings and recommendations resulting from the audit are summarized below:

Finding: Wage information to calculate workers' compensation indemnity benefits should be retrieved through People First.

Recommendation 1: To help ensure accurate and timely wage information is used when calculating workers' compensation indemnity payments and reduce agency and Division workload, we recommend that selected Division staff be provided access to wage information from People First rather than requesting this information from agencies.

Finding: The number of lost production days due to workers' comp claims has been increasing.

Recommendation 2: The Division may be able to significantly reduce Enterprise workers' compensation claim costs by ensuring that state agencies implement effective RTW programs that promote on-the-job recovery.

Finding: Liability and federal civil rights claims that enter into litigation result in much higher claim cost.

Recommendation 3: To reduce the state's costs to resolve liability and civil rights claims, the Division should strive to reduce the number of claims that are litigated.

Finding: Use of State Fire Marshal property inspection data may result in reduced insurance premiums and lower Division operating costs.

Recommendation 4: The Division can lower the cost of property insurance by providing commercial insurers with property-specific information for all state-owned buildings.

Recommendation 5: To ensure that all state-owned buildings are both insured and inspected, we recommend the Division coordinate with the State Fire Marshal to develop a consolidated database of state-owned property information relevant to both functions.

Recommendation 6: We recommend that a uniform methodology be used by the Division to determine the appropriate insured value for each property. This could be accomplished by using information from the State Fire Marshal and FLAIR databases.

Recommendation 7: To ensure that the program produces cost-effective risk management systems, the efforts of the Division and state agencies must be coordinated.

Finding: Agency premium assessments provide little incentive for state agencies.

Recommendation 8: To help ensure that agency safety programs and other related risk management systems are achieving intended objectives, we recommend that the Division adopt agency-specific outcome measures and use these measures to develop a new methodology to calculate premium assessments.

■ **Project Number 09030**

The OIG conducted a performance audit of the Treasury Investment Pool. The purpose of the audit was to evaluate the adequacy of the controls over the assets of the Treasury Investment Pool. The findings and recommendations are shown below:

Finding: Performance of contracted investment managers did not meet expectations in FY 2007-08.

Recommendation 1: We recommend that these advisory services include an annual assessment of investment performance as compared to established performance benchmarks and with peers at the asset class and total fund level.

Finding: External oversight of investment policies and procedures is limited. External financial advisory services can provide independent assessment that investment objectives are being achieved.

Recommendation 2: We recommend that advisory services include a biennial audit of Treasury's compliance with its written policies and operating procedures.

Recommendation 3: We recommend that these external financial advisory services include a review of each investment policy every four years.

Finding: To comply with the statutory guidelines and legislative intent, the Certificate of Deposit Program should be modified.

Recommendation 4: To ensure that Treasury investment strategy conforms with legislative intent, we recommend that Treasury either work to change existing statutory language or ensure that all funds not needed to meet the state's immediate disbursement needs be first offered to Qualified Public Depositories willing to pay an established minimum interest rate before investing these funds in longer-term securities.

Finding: The Certificate of Deposit Program can be enhanced to provide a direct contribution to economic development in Florida.

Recommendation 5: To further stimulate economic activity in the State, we recommend that Treasury consider available alternatives to promote economic development in Florida through its CD Program.

■ **Project Number 09040**

The OIG conducted a performance audit of the Department's Cash Receipting process. The purpose of this audit was to evaluate the effectiveness of the Department's over-the-counter (OTC) payment receipting process as administered by the Division of Administration (DOA).

Finding: OTC payments cost more to process than electronic payments.

Recommendation 1: Promote increased use of electronic payments.

Finding: Lack of payment receipt data increases risk of loss and prevents reliable performance measurement.

Recommendation 2: Consider outsourcing selected OTC payment receipt processing functions to the Department of Revenue.

Recommendation 3: Require a periodic reconciliation of OTC payment receipt data with bank deposit information.

Recommendation 4: Require that OTC payments received in district offices be deposited locally.

Recommendation 5: Delegate to the DOA Director, the responsibility for effective implementation of all payment receipt processing procedures.

Recommendation 6: Develop measures to monitor the performance of the cash receipt process.

EXHIBIT B

CONSULTING ENGAGEMENTS

- **Project Number 09003**
Reviewed an AP&P for Division of Administration, regarding Surplus Property Disposal
- **Project Number 09005**
Reviewed an AP&P for Division of Information Services regarding a request for Information Technology Resources
- **Project Number 09010**
Assisted with the Division of Information Services with the Enterprise IT Risk Assessment
- **Project Number 09013**
Jointly investigated Office of Financial Regulation's Mortgage Licensing Practices with the Governor's Chief Inspector General, the Attorney General's Inspector General and the Agriculture Commissioner's Inspector General
- **Project Number 09022**
Reviewed an AP&P for the Division of Insurance Fraud, regarding the use of Confidential Source Funds
- **Project Number 09023**
Reviewed an AP&P for the Division of Insurance Fraud, regarding the use of Informants
- **Project Number 09028**
Reviewed an AP&P for the Division of Insurance Fraud, regarding the use of Firearms
- **Project Number 09029**
Implemented a new database program "Audit Leverage"
- **Project Number 09060**
Prepared "Schedule IX", a summary of the major findings and recommendations from audit reports issued by the Auditor General or the OIG. This schedule is submitted with the Department's Legislative Budget Request.
- **Project Number 09093**
Conducted the annual risk assessment to be used in the Annual & Long Term Audit Work Plan

EXHIBIT C

AUDITOR GENERAL AUDIT ENGAGEMENTS

Engagements Completed During FY 2008/2009 Facilitated by the OIG

- **Project Number 08079**
This performance audit focused on the State of Florida's local government financial reporting system
(AG Audit Report Number 2009-014)
- **Project Number 08083**
This information technology audit evaluated internal controls for Treasury systems during the period from January 2008 through March 2008.
(AG Report Number 2009-004)
- **Project Number 08088**
This operational audit of the Department of Financial Services (Department) focused on the operations of the Bureau of Unclaimed Property (Bureau) during the period March 2006 through February 2008, and selected actions taken through June 30, 2008.
(AG Report Number 2009-091)
- **Project Number 08132**
This information technology audit evaluated internal controls for FLAIR during the period from July 1, 2007, through fiscal year period June 30, 2008 and selected actions through September 17, 2008.
(AG Report Number 2009-053)
- **Project Number 08160**
This operational audit focused on compliance and internal controls over financial reporting and the federal awards program administered by the State of Florida for the fiscal year ended June 30, 2008.
(AG Report Number 2009-144)

EXHIBIT D

INVESTIGATIONS

Investigations Completed During FY 2008/2009

- **Project Number 08121**

Allegations were made an employee used a state issued vehicle for personal use and falsified the timesheets of an employee he supervised. The first allegation was proved and the second disproved. The employee received a suspension.

- **Project Number 08133**

Allegations were made a fire inspector was negligent in his duties by failing to cite known code violations. The allegation was proved and disciplinary action is pending.

- **Project Number 08135**

This investigation was opened based on allegations an employee instructed subordinates to falsify their timesheets and issued Sonitrol access cards to unauthorized individuals. During the investigation, the employee admitted to lying under oath during a prior interview. The investigation was inconclusive regarding instructions to falsify timesheets and disproved regarding improperly issuing access cards. The investigation was proved regarding giving false testimony. The employee resigned before disciplinary action was taken.

- **Project Number 08153**

This investigation proved an employee violated Department Administrative Policies and Procedures when she misused State equipment by making and receiving numerous personal telephone calls on her Department issued BlackBerry and failed to reimburse the Department for the personal telephone calls. The employee received a Written Reprimand.

- **Project Number 09007**

Eight issues were investigated based on an allegation the promotion process in one of the Department's divisions was conducted inappropriately. The investigation resulted in four proved allegations. No action was taken based upon the flaws identified in the OIG investigation because prior to the investigation the Department discovered one of the flaws and as a result, no candidate was promoted.

- **Project Number 09039**

An allegation was made an employee used his/her official position for personal gain by manipulating a penalty assessment in exchange for a \$1,000 money order. The allegation was proved and the employee was terminated.

- **Project Number 09047**
An accusation was made an employee failed to report disposition of a criminal charge as required by Department policy. The accusation was proved and the employee was suspended.
- **Project Number 09050**
A report was made by a state employee that she was subjected to conduct unbecoming a public employee by a DFS male employee. Specifically she alleged he followed her into a state parking garage, approached and verbally accosted her. The facts reported were proved and the employee received a suspension.
- **Project Number 09068**
An accusation was made an employee failed to report his arrest charges for driving while his license was suspended or revoked. The accusation was proved and the employee was suspended.
- **Project Number 09078**
An accusation was made an employee failed to report his arrest for domestic battery and disposition of the criminal charges. The accusation was proved and the employee received a written reprimand.
- **Project Number 09079**
Department management received notification an employee had been arrested. This information was reported to the OIG and an investigation ensued which resulted in six allegations of misconduct. Each of the six allegations was proved: failure to report the arrest and disposition of criminal charges; failure to report the suspension of his Driver License; driving state vehicle on a suspended Driver License; falsification of a Department Employee Acknowledgement form; falsification of a timesheet, and display of conduct unbecoming a public employee. The employee resigned in lieu of termination.
- **Project Number 09095**
The OIG received a complaint from a former employee who stated she witnessed employees "taking supplies" from state property and placing the supplies in their car trunk. The OIG investigated and disproved allegations of wrongdoing.
- **Project Number 09110**
An investigation was initiated following a complaint alleging three policy violations by an employee: failure to accurately record leave, failure to notify supervisor and Chief of Human Resource Management of candidacy for public office within three days upon qualification, and failure to seek authorization to run for public office from the Chief Financial Officer. The investigation was inconclusive on the first allegation. The second and third allegations were disproved and proved respectively. The employee received memorandum documenting this noncompliance.

■ **Project Number 09117**

Allegations were made an employee was: negligent and failed to perform his duties in an efficient, timely, and effective manner; was insubordinate and failed to resolve differences in a constructive manner; and displayed conduct unbecoming a public employee. These allegations were proved and the employee was terminated.

- Twenty-two investigations were opened and completed into employees who violated Department policy by sending excessive personal emails, sending inappropriate emails as defined by policy, or a combination of both. The majority of these cases were categorized as proved. Actions varied from memorandums of counseling to termination due to the employee's history and the egregiousness of the conduct revealed by the investigation.

Law Enforcement Investigations Completed During FY 2008/2009

■ **Project Number 08116**

A citizen made allegations against a Department detective who was conducting an investigation of him (the complainant). Allegations included the detective: behaved unprofessionally in handling the investigation; disclosed confidential information about the complainant during his investigation; failed to inform the complainant his interview was being recorded, and received compensation from companies bringing legal action against the complainant. The first two allegations were proved and the second two were disproved. The employee was suspended.

■ **Project Number 08154**

A citizen complained of being subjected to an unauthorized traffic stop by a Department detective. The citizen alleged the detective claimed to have made the stop because the citizen pulled out in front of him in an unsafe manner. The citizen indicated in his complaint he knew Department law enforcement officers did not have the authority to make traffic stops. The citizen also alleged the detective was verbally abusive and physically aggressive towards him during the stop. The first allegation was proved, the second two were disproved, and the employee was suspended.

■ **Project Number 09002**

A complaint was received alleging an officer exceeded his authority by making a traffic stop. The facts gave rise to four allegations against the employee: performance of an unauthorized vehicle stop; failure to engage and use visible emergency equipment for the duration of a vehicle stop; attempting to conduct a pat down search without reasonable belief the subject citizen was armed and dangerous, and failure to properly execute enforcement documents to support enforcement action. All four allegations were proved and the employee resigned from his position.

■ **Project Number 09012**

The Office of Inspector General received a report an officer accidentally discharged a firearm. The investigation proved the officer failed to exercise due care and reasonable diligence when cleaning his firearm resulting in the inadvertent discharge. The officer received a written reprimand.

■ **Project Number 09008**

This investigation was initiated based upon a management complaint an employee arrived to work under the apparent influence of alcohol and was unable to perform his duties. The allegations investigated were conduct unbecoming a public employee and violation of standards of conduct. Both allegations were proved, the employee sought treatment, and no disciplinary action was taken.

■ **Project Number 09058**

The OIG initiated an investigation into four allegations made against an officer: failure to inform a subject in an ongoing investigation; the cause of his/her arrest or show him/her a copy of the arrest warrant; having a conflict of interest with the victim in the investigation; leaving threatening voice mail messages for a subject and a witness in an ongoing investigation, and ruined the career of a subject by issuing subpoenas to his business associates, employees, and banks. All four allegations were disproved.

■ **Project Number 09109**

The OIG received a complaint leading to the investigation of two allegations made against an officer: Use of excessive force on a citizen during an arrest and failure to complete a Use of Force Incident Report. The first allegation was disproved and the second proved. The officer received a Letter of Counseling.

EXHIBIT E

TRAINING COURSES COMPLETED BY STAFF

- Conducting IG Fraud Investigations in A War Zone
- Transparency in Government and the Public Records Law
- Advancing Accountability - Best Practices for Contract & Grant Management
- Chief Inspector General - Update
- Building Fraud Risk Assessment into Audit Planning
- "En Case" Computer Forensics Course
- Enterprise Risk Management
- Ethics in the Workplace
- Florida Sunshine Laws & Internal Auditors
- Implementing Risk-Based Auditing for the Government Auditing Professional
- Inspectors General and the Code of Ethics
- Integrated Internal Audit Management System
- IT Risks for Auditors
- Legal Elements of Fraud
- Managing Federal Grants and Sub-Grants under the Recovery Act
- Policy Interventions to Confront the Growing National Debt
- The Anatomy of Procurement Fraud for Investigators
- The Anatomy of Procurement Fraud for Auditors
- The Role of DMS in State Government Purchasing
- The Whistle-blower Act
- Transparency in Government and the Public Records Law
- Using Internal Controls to Better Manage and Monitor Programs