

EXECUTIVE OFFICE OF THE GOVERNOR

OFFICE OF THE CHIEF INSPECTOR GENERAL



2008-2009 Annual Report

Presented

September 30, 2009

The Honorable Charlie Crist
Governor of Florida

Melinda M. Miguel
Chief Inspector General



CHARLIE CRIST
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

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September 30, 2009

The Honorable Charlie Crist
Governor of the State of Florida
The Capitol, PL 05
Tallahassee, FL 32399-0001

Dear Governor Crist:

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Chief Inspector General's Annual Report for Fiscal Year 2008-2009 to highlight our efforts and activities during the year.

We are committed to providing leadership in the promotion of accountability and integrity and it is a privilege to serve in our effort to enhance public trust in government.

Sincerely,

A handwritten signature in black ink, appearing to read "Melinda Miguel".

Melinda M. Miguel
Chief Inspector General



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Office of the
CHIEF INSPECTOR GENERAL

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EXECUTIVE SUMMARY



In accordance with Section 14.32, Florida Statutes (F.S.), the Office of the Chief Inspector General is responsible for promoting accountability, integrity, and efficiency in the Executive Office of the Governor and in agencies under the direction of the Governor.

Consistent with these responsibilities, the Office of the Chief Inspector General completed the following activities during fiscal year 2008-2009:

- Received and processed 930 complaints or requests for assistance by Florida's citizens and government employees and reviewed each one for appropriate action and disposition.
- Reviewed and concurred with 158 whistle-blower recommendations made by Agency Inspectors General for compliance with statutes resulting in 20 individuals meriting whistle-blower designation.
- Provided oversight for 14 whistle-blower investigations completed by Agency Inspectors General including review of final reports of investigation for compliance with Sections 112.3187-112.31895, F.S., the Whistle-blower's Act.
- Completed 15 investigations, reviews and audits that resulted in recommendations for improvement of efficiency, effectiveness and accountability in state programs.
- Conducted Whistle-blower's Act training for over 100 participants with assistance from the Inspectors General for the Florida Department of Children and Families and the Department of Financial Services.
- Reviewed a significant number of investigative reports for sufficiency and accuracy at the request of Agency Inspectors General.
- Provided leadership to the Inspector General community on *American Recovery and Reinvestment Act of 2009* (Recovery Act) activities to ensure appropriate oversight of these funds.
- Collaborated with Agency Inspectors General and the Commission for Florida Law Enforcement Accreditation, Inc. staff in the development of the first Inspector General Investigations Accreditation Program in the nation.



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- Analyzed the financial emergency status of 48 local governmental entities in accordance with the provisions of Section 218.503, F.S.
- Served as a liaison between the Executive Office of the Governor and external auditors.
- Provided guidance to Agency Inspectors General on investigations and audit-related issues.
- Served on the State Board of Administration Audit Committee to assist the Trustees in fulfilling oversight responsibilities.
- Made numerous presentations to various professional groups on topics such as Transparency in Government and Public Records, Report Writing, and Interviewing Techniques.



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INTRODUCTION

During the past year, the Office of the Chief Inspector General has worked diligently to meet statutory mandates and to ensure standards of excellence are applied consistently across state agencies by Agency Inspectors General. Our vision is "Enhancing Public Trust" in state government. Our mission is to "Provide Leadership in the Promotion of Accountability and Integrity of State Government". This report details our efforts toward achieving our vision and mission.

INDEPENDENCE

According to Sections 14.32(3) and 20.055(3)(b), F.S., the Chief Inspector General serves as the Inspector General for the Executive Office of the Governor and reports directly to the Governor to ensure audits, investigations and other activities are independent and that results are communicated in accordance with professional standards.

CODE OF ETHICS AND STANDARDS

The Office of the Chief Inspector General complies with the *Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General. Staff abide by the Florida Code of Ethics for Public Officers and Employees as codified in Sections 112.311-112.326, F.S. and Executive Order 07-01.

Internal audits are conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* published by The Institute of Internal Auditors, Inc.

Staff within the Office of the Chief Inspector General holding professional certifications and licenses are also held to the standards of the various governing authorities such as the Florida Board of Accountancy, The Institute of Internal Auditors, Inc., and the Association of Inspectors General.



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STAFFING, TRAINING, AND ORGANIZATION

The office consists of the Chief Inspector General, a Deputy Inspector General, a Director of Auditing, two Senior Management Analysts, two Executive Assistants, and a Whistle-blower's Hotline Coordinator.

Professional Certifications



Staff of the Chief Inspector General's Office hold the following professional certifications:

- Certified Inspector General (3);
- Certified Inspector General Investigator (1);
- Certified Internal Auditor (1);
- Certified Government Auditing Professional (1);
- Certified Public Accountant (1);
- Certified Fraud Examiner (1);
- Certified Financial Services Auditor (1);
- Certified Government Financial Manager (2);
- Certified Business Manager (1);
- Certified Project Management Professional (1);
- Certified Internal Controls Auditor (1); and,
- Notary Public (3).

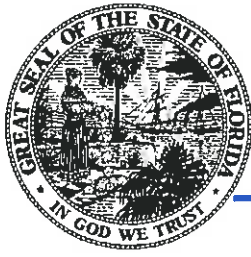
Professional Affiliations



Members of the Chief Inspector General's Office are affiliated with the following professional organizations:



- National Association of Inspectors General;
- Tallahassee Chapter of the Association of Inspectors General;
- The Institute of Internal Auditors, Inc.;
- Tallahassee Chapter of The Institute of Internal Auditors, Inc.;
- Florida Institute of Certified Public Accountants;
- National Association of Social Workers;
- Audit Directors' Roundtable;
- Tallahassee Chapter of Certified Fraud Examiners;
- Association of Government Accountants; and
- Florida Audit Forum.

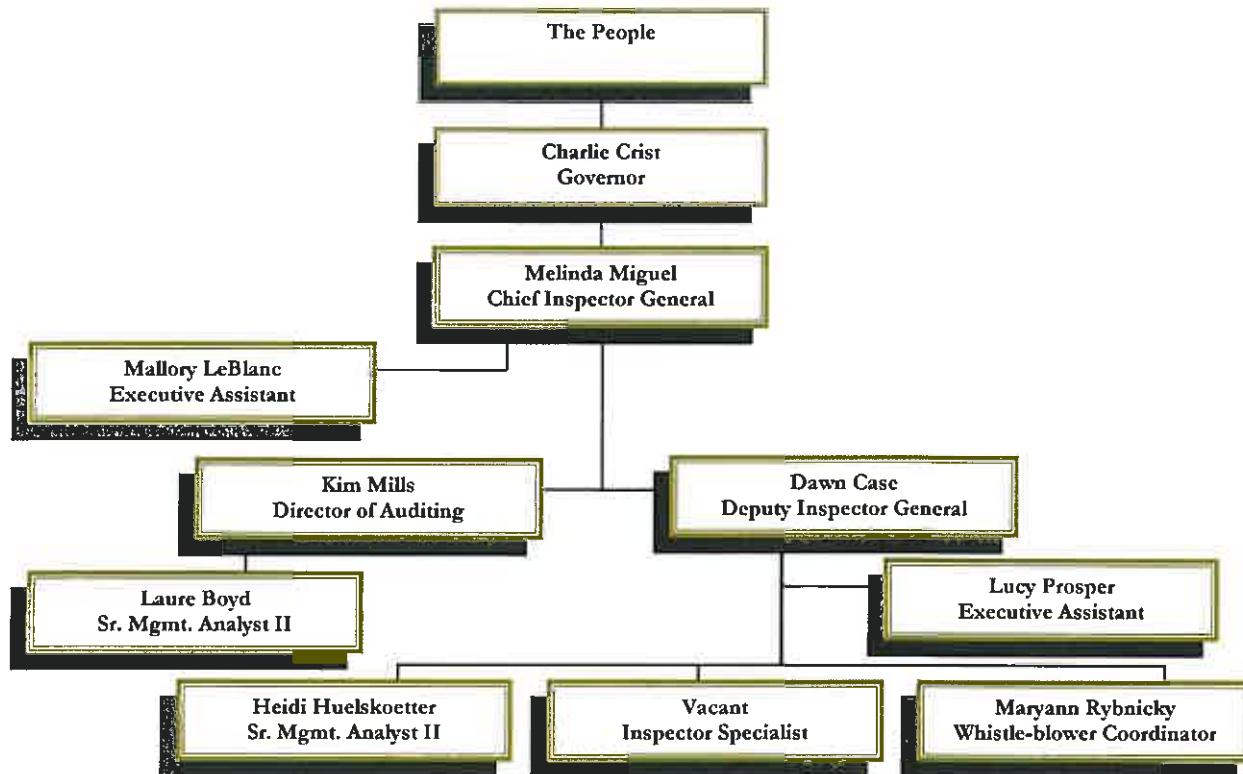


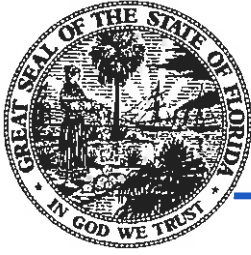
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Training

In accordance with Florida Statutes and professional standards, staff has completed the required training hours for the fiscal year.

Office Organizational Chart
as of June 30, 2009





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CHIEF INSPECTOR GENERAL INITIATIVES



The Chief Inspector General has a broad range of responsibilities outlined in Sections 14.32 and 20.055, F.S. The Chief Inspector General serves as the Inspector General for the Executive Office of the Governor and has a duty to perform certain liaison and monitoring responsibilities relating to the agencies under the direction of the Governor. These responsibilities include: providing leadership on preventing and detecting fraud, waste and abuse; investigating; coordinating Whistle-blower's Hotline activities; internal auditing; monitoring Inspectors General activities; and conducting reviews at the request of the Governor. The Chief Inspector General also assists Agency Heads under the Governor with the selection of Agency Inspectors General.

Accreditation Initiatives

With the passage of House Bill 165, signed into law in 2008 by Governor Crist, our efforts to enhance the professionalism of investigations conducted by Agency Inspectors General and ensure compliance with the *Principles and Standards for Offices of Inspector General* through the advancement of an Accreditation Program became an even more important initiative during the fiscal year.

The Chief Inspector General's Office and Agency Inspectors General, in collaboration with the Commission for Florida Law Enforcement Accreditation, Inc., completed the following activities in support of the Accreditation Program:

- Finalized the development of accreditation standards for the investigative function;
- Participated in Accreditation Manager and Assessor Training classes for Inspector General investigative staff;
- Assisted in the development of general investigative function policies and procedures through agency Accreditation Managers' meetings;
- Recommended the appointment of Florida Department of Law Enforcement Inspector General Al Dennis to the Commission; and
- Attended Commission meetings to keep the Inspector General community informed of the accreditation program and relevant changes to Inspector General standards.



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THE GOVERNOR'S OFFICE OF
Economic Recovery

**American Recovery and Reinvestment Act of 2009
(Recovery Act)**

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) was enacted on February 17, 2009, to provide federal funding through direct spending and tax provisions to further economic recovery and long-term public benefits. An estimated \$15.4 billion in Recovery Act funds will be pumped into Florida's economy over a three year period, with \$14 billion being administered by Florida state agencies for health care, education, infrastructure, jobs creation and tax relief.

The Recovery Act mandates unprecedented transparency and accountability of these funds by recipients, including state agencies.

In response to the expectations of unprecedented transparency and accountability, the Chief Inspector General has facilitated biweekly teleconferences and meetings to provide updates and share information with Agency Inspectors General related to Recovery Act oversight. In addition, the Chief Inspector General has established workgroups consisting of Inspectors General and their staff to address areas of potential risk, fraud deterrence activities, reporting issues, agency readiness and data quality reviews, and internal controls.

Activities completed or in progress by the workgroups are as follows:

- The Risk Assessment workgroup administered a risk assessment survey on programs receiving Recovery Act funds to identify, among other things, whether there are systems in place to capture performance data, whether there is sufficient staff to perform program oversight, and the status of resolution of findings from past audit reports. The workgroup has also developed a document for Inspectors General staff and agency personnel to use to record their monitoring and oversight activities of Recovery Act funded programs.



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**Recovery Act,
continued**



RECOVERY.GOV

- The Fraud Deterrence workgroup developed an interagency fraud alert system for Inspectors General to use to collect and share contractor fraud information since a contractor may be doing business with more than one state agency. In addition, a template has been developed for Inspectors General to use in providing fraud awareness briefings to both external partners and agency officials.
- The Reporting workgroup developed the Florida Inspectors General website (www.floridaoig.org) which provides visibility of the Inspector General community's initiatives as well as links to other state and federal Recovery Act sites. The website is accessible by both agency staff and the public.

Coordination of these activities will continue as Recovery Act funds are received and spent in Florida.

State Board of Administration Audit Committee



During this fiscal year, Chief Inspector General Melinda Miguel continued to serve as Governor Crist's Appointee to the State Board of Administration's Audit Committee. The Audit Committee oversees the audit efforts of the Office of Internal Audit within the State Board of Administration. Additional responsibilities and accomplishments of the Committee are outlined in an annual report that is distributed to the Trustees of the State Board of Administration.

Office of Financial Regulation Review



On July 29, 2008, at the request of the Financial Services Commission, the Chief Inspector General for the Governor and Inspectors General for the Chief Financial Officer, the Attorney General, and the Commissioner of Agriculture conducted a review of the Office of Financial Regulation (Office) to determine the level of compliance with governing directives of the licensing and enforcement activities outlined in Florida Statutes and to determine the sufficiency of those governing directives.

In summary, we determined that in some instances the Office was not complying with existing governing directives. In other instances, we found that existing governing directives were insufficient to protect the People of the State of Florida. The report outlined specific findings and recommendations based on the review.



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INVESTIGATIVE ACTIVITY

Summary of Investigative Activity



Many investigations begin with allegations received by telephone, letter, fax, or e-mail. Additionally, in accordance with the Whistle-blower's Act (Act), the Office of the Chief Inspector General maintains a Whistle-blower's Hotline whereby employees of the State or contract providers may disclose allegations of serious misconduct or other activities prohibited by the Act. This office received over 900 telephone calls, including more than 500 on the Whistle-blower's Hotline, from individuals requesting to file a complaint, inquiring about the Act or requesting general information. In instances where callers presented issues within the jurisdiction of state government, these matters were referred to the appropriate contact for a state agency.

Overall, 930 complaints or requests for assistance were received via telephone, letter, fax, or website and were entered into the case management tracking system. Of those, 759 (82%) complaints or requests were referred to other Agency Inspectors General or other outside entities for review. Complaints which required a response to this office were tracked and reviewed for investigative sufficiency before closure. If this office determined additional investigative activity was warranted or questions remained unanswered, complaints were referred back to the investigating agency for follow-up. The remaining 171 (18%) complaints or requests were handled by this office.

A total of 935 complaints or requests were closed in the case management tracking system during the fiscal year.

Quarterly Summary of Complaint Activity Fiscal Year 2008-2009

	Q1	Q2	Q3	Q4	TOTAL
Number of Complaints or Requests Opened	245	192	214	279	930
Number of Complaints or Requests Closed	245	206	214	270	935
Number of Whistle-blower Hotline Calls Received	177	106	127	116	526
Number of Complaints Referred for Handling or Review	203	149	171	236	759



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Summary of Whistle-blower Activity

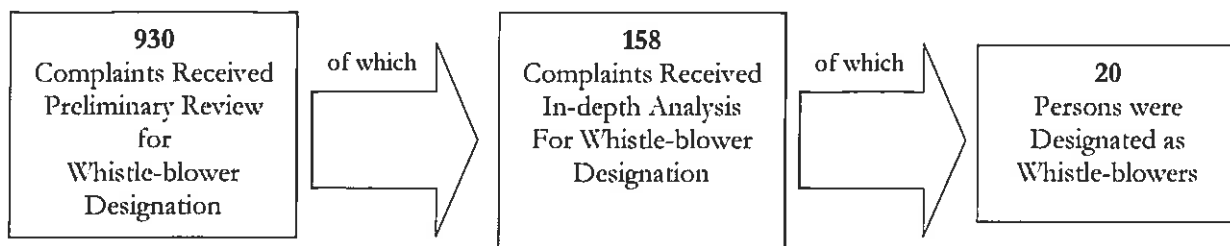


During the fiscal year, this office played a vital role in processing requests for whistle-blower protection in accordance with Sections 112.3187 – 112.31895, F.S., The Whistle-blower's Act. This office, in cooperation with Agency Inspectors General, made the final whistle-blower determinations to ensure a consistent assessment process for applying statutory requirements by Agency Inspectors General, and provide coordination and oversight of investigative activities involving the most serious allegations of gross mismanagement and public safety violations.

The 930 complaints or requests received were screened for compliance with the provisions of the Act. Of those complaints, 158 warranted a more in-depth review resulting in 20 individuals being designated as whistle-blowers by this office this fiscal year. Allegations made by the complainants included serious law violations or gross mismanagement of agency resources or funds.

During the fiscal year, Agency Inspectors General closed 14 cases that included allegations made by 16 individuals designated as whistle-blowers. The 14 cases involved serious allegations such as falsification of official records, misappropriation of state funds, and hazardous materials at a work site. This office monitored each case for completion and/or compliance with statutory timeframes and granted extensions when circumstances warranted. In addition, investigative reports were submitted to and independently reviewed by this office for investigative sufficiency prior to final release. Whistle-blower cases which produced evidence of criminal violations were referred, as required in statute, to the Florida Department of Law Enforcement.

Summary of Whistle-blower Designations FY 2008-2009





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Whistle-blower Case Highlights

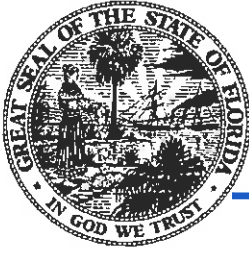
The following two case summaries represent examples of the types of investigations conducted in accordance with the Chief Inspector General protocol and in accordance with the Whistle-blower's Act:

Whistle-blower Case Summary #1

On October 30, 2008, the Office of Inspector General for the Agency for Workforce Innovation (Agency) initiated an investigation in accordance with the Act in response to allegations that the Pasco-Hernando Jobs and Education Partnership Board (Board) did not use federal funds in compliance with federal and state laws, agency rules, and Board policies and procedures. The Agency's Inspector General's investigation concluded that the Board President approved Employed Worker Training agreements with two companies owned by the Board Chair that were not in accordance with OMB Circular No. A-122, regarding reasonable costs and that the Board did not follow property management standards in accordance with Title 29, Code of Federal Regulations. The Agency's Inspector General's investigation did not support the allegation that the Board President did business with a company in exchange for allowing him to park in one of the company's reserved parking spaces for a University's football games. The investigation identified other issues that warranted further review. The final report contained recommendations to management for appropriate action.

Whistle-blower Case Summary #2

On January 22, 2009, the Office of Inspector General for the Department of Health initiated an investigation in accordance with the Act in response to allegations of waste of public funds. The Department's Inspector General's investigation supported an allegation that a County Health Department Administrator ordered the closing of the Health Department and gave employees Christmas Eve, December 24, 2008, off as a Christmas gift. Further, the investigation supported the allegation that the employees were ordered by their respective supervisors to falsify their official timesheets by entering eight hours as "time worked" for December 24, 2008. The investigation did not support the allegation that employees were asked not to mention the closing of the Health Department because management at the Health Department did not want Tallahassee managers to know. The final report indicated that management had already taken corrective action to address the issues.



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Investigation Summaries



The following case summaries provide an overview of investigations or investigative reviews completed by this office or in which we played a significant role:

**Case Number
200611300002**

In response to a complainant's November 28, 2006 letter to State of Florida officials, the Office of the Chief Inspector General, along with investigative resources from the Department of Transportation's Office of Inspector General, assisted the Inspector General for the Department of State in investigating eight allegations including violations of public records laws, purchasing laws, and conflict of interest laws by Department of State officials.

Evidence obtained during the investigation did not support the allegations and no recommendations were warranted.

**Case Number
200703140009**

On March 14, 2007, the Office of the Chief Inspector General received a complaint from a former Department of Transportation Office of Inspector General employee alleging the possible falsification of an Investigative Memorandum for Inspector General Case 154-7018.

Evidence obtained did not support or refute that the Investigative Memorandum was falsified and no evidence was found to support an allegation of intentional forging of the investigator's initials. Based on the findings, no recommendations were warranted.

**Case Number
200704120002**

On April 12, 2007, a complainant requested that this office review the Department of Environmental Protection's Office of Inspector General's handling of eight internal affairs investigations involving officials within the Division of Law Enforcement. With assistance provided by the Florida Fish and Wildlife Conservation Commission's Inspector General, this office interviewed the complainant, reviewed eight investigative reports and supporting documentation and met with Inspector General's office staff. Based on our review, we found no substantive evidence to indicate that the matters were not sufficiently or professionally investigated.



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Case Number
200705150002

On May 15, 2007, at the request of former Department of Corrections (Department) Secretary James R. McDonough, the Office of the Chief Inspector General, with assistance from the Department of Business and Professional Regulation's Office of Inspector General, initiated an investigation to review numerous incidents of alleged misconduct, violations of policies and procedures, and incidents of favoritism within the Department.



Evidence obtained during the investigation did not support the allegations that cases were: intentionally delayed in order to avoid the statutory timeframe for imposing discipline within 180 days; not reported timely to the Commission so that favored staff would not lose their certification; or, not investigated by the Department because they involved favored staff. The Office of the Chief Inspector General recommended that the Department's General Counsel's office conduct a review of one case to determine if further administrative action was warranted.

Case Number
200708170005

On August 17, 2007, the subject of two Department of Business and Professional Regulation's Inspector General's investigations requested that this office review Cases #2006-193-IA and #2007-054-INQ for investigative sufficiency. This office examined the complete files for both cases and reviewed the complainant's documentation. We found that the Office of Inspector General conducted the investigations within the parameters of Section 20.055, F.S. We did not find evidence that the subject had been "singled out for investigation" as alleged.

Case Number
200710010002 &
200712050003

Pursuant to Sections 112.3187 – 112.31895, F.S. (The Whistle-blower's Act), the Office of the Chief Inspector General initiated an investigation as a result of two complaints concerning allegations of misconduct filed against two officials with the Florida Department of Business and Professional Regulation (Department). The Department of Corrections' Office of Inspector General provided investigative assistance.



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Case Number Evidence obtained in the investigation did not support the allegation
200710010002 & that a former Department Secretary allowed beer distributors to violate
200712050003 a particular law. Further, evidence obtained did not support the
continued allegation that a former Deputy Secretary misused his position to
influence the interviewing, selection and subsequent hiring of an
employee. The final report contained recommendations to management
for appropriate actions based on ancillary issues identified during the
investigation.

Case Number On March 28, 2008, this office, with assistance by the Department of
200803040002 Business and Professional Regulation's Office of Inspector General,
initiated a review of a complainant's allegations that the Department of
Corrections' Inspector General's office mishandled an investigation of
employee misconduct. Based on a review of the complainant's
documentation and the Inspector General's investigative case file, we
found that the conclusions contained in the investigative report were
supported by the facts. We did find application of policy concerns that
were referred to management for appropriate action.

Case Number On May 15, 2008, at the request of the Inspector General for the Florida
200805150001 Fish and Wildlife Conservation Commission, this office conducted a
review to determine if the Inspector General's handling of a
complainant's issue was properly conducted. We found no substantive
evidence to indicate that a violation of law, rule, or regulation occurred
and determined that no further investigative activity was warranted.

Case Number On July 15, 2008, the Chief of Staff of the Department of Veterans'
200807150004 Affairs (Department), on behalf of the Department's Executive Director,
requested that the Office of the Chief Inspector General conduct an
independent review of the Department's Inspector General's handling of
employees' complaints of alleged misconduct. Evidence obtained did
not support or refute the overall allegation of complaint mishandling by
the Inspector General.



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**Case Number
200804040002**



On April 4, 2008, complainants requested that this office review the Department of Lottery's Inspector General's handling of two assignments. The complainants further alleged that the Inspector General was unduly harsh during interviews with a witness. Our office reviewed the complainants' supporting documentation and the investigative case files from the Office of Inspector General. No evidence was found to support the allegations. Further, audio recordings and case file documentation did not support the complainants' claims that anyone was treated harshly.

**Case Number
200811130002**

On November 13, 2008, the Office of the Chief Inspector General conducted a preliminary inquiry to examine allegations that an Executive Office of the Governor employee misused state time and resources. Based on our office's review, we determined that the employee did not have state issued equipment as alleged. Further, we found no violations of policies or procedures and the evidence did not support the allegation of misuse of time.

**Case Number
200901220004**



On January 22, 2009, at the request of Governor Crist, the Office of the Chief Inspector General initiated an inquiry concerning the work-related activities of a former employee of the Office of Tourism, Trade, and Economic Development. With assistance from the Department of Environmental Protection's Office of Inspector General, the scope of the inquiry assessed whether the employee misused his position and possibly violated provisions of the Code of Ethics for Public Officers and Employees, Sections 112.311-112.326, Florida Statutes.

Based on our review, we found that there was reasonable belief that the employee may have violated specific sections of the Code of Ethics for Public Officers and Employees. We made a recommendation to management that the matter be referred to the Florida Commission on Ethics for further evaluation and determination of ethics law violations.



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AUDIT ACTIVITY

Summary of Audit Activity

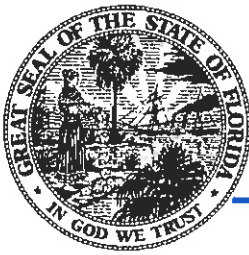


During fiscal year 2008-2009, this office completed an internal audit and a management review, monitored the status of the implementation of audit recommendations and coordinated audit communications between the Executive Office of the Governor and external auditors. We performed a comprehensive risk analysis to determine the security threats to data, information and information technology resources for the Executive Office of the Governor and the Agency for Enterprise Information Technology. We began monitoring the activities of the Energy Office programs receiving funding through the American Recovery and Reinvestment Act of 2009. Additionally, we provided audit assistance to other Agency Inspectors General and fulfilled our responsibilities related to local governmental entities meeting financial emergency conditions. The annual risk assessment was completed and the results were used in the development of the audit plan for fiscal year 2009-2010.

Audit of the Management of Funding and Program Agreements with Enterprise Florida, Inc.

We conducted an internal audit of the Office of Tourism, Trade, and Economic Development (Office). The Office annually receives legislative appropriations for grants and aids programs and economic development projects, and has entered into Funding and Program Agreements with Enterprise Florida, Inc. (Enterprise Florida) to administer those programs and projects.

The objective of this audit was to evaluate the effectiveness of the Office's contract administration process for ensuring that Enterprise Florida complied with the provisions, deliverables, and other requirements outlined in the Agreements covering fiscal years 2007-2008 and 2008-2009.



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Our review disclosed enhancements should be implemented by the Office to ensure a more effective contract administration process. Policies and procedures need to be formalized, the review process for quarterly reports and invoices needs to be improved, and accountability over funds needs to be expanded. We provided recommendations for corrective action.

Audit Assistance to Agency Inspectors General

**Department of
Corrections**

Former Department of Corrections Secretary, James R. McDonough requested that the Office of the Chief Inspector General review several allegations of a complaint. Our review focused on cases assigned for investigation by the Department of Corrections' Office of Inspector General between July 2005 and August 2007. Our objectives were to: (1) determine if the Office of Inspector General reported sustained investigative findings to the Criminal Justice Standards and Training Commission as required by Section 943.1395(5), F. S.; and (2) determine if justification was reasonable in those cases in which sustained findings against an officer resulted in no discipline. Audit staff from the Department of Business and Professional Regulation, Office of Inspector General assisted with the review.

Our review did not disclose any evidence that supported the complainant's allegations. However, we did note some areas where improvements to documentation were needed. A separate investigative report by the Chief Inspector General's Office, Case Number 200705150002, was issued to address specific cases identified by the complainant.

**Information
Technology
Security Risk
Assessments**

In accordance with Section 14.32(1), F.S., staff of the Office of the Chief Inspector General assisted the Agency for Enterprise Information Technology in ensuring that state agencies met the requirements of Section 282.318, F. S., for assessing the security threats to data, information and information technology resources. In addition to validating the results of the comprehensive risk analysis for the Executive Office of the Governor and the Agency for Enterprise Information Technology, this office coordinated the efforts of Agency Inspectors General as they validated their agency's results. The results from each agency were provided to the Agency for Enterprise Information Technology for more in-depth evaluation.



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Review of Corrective Actions for Prior Audits

In accordance with Florida Statutes, we monitored the implementation of corrective actions for the following prior audits:

- Audit of Selected Administrative and Operational Activities of the Florida Developmental Disabilities Council - Report No. 2008-6 was issued by the Chief Inspector General. Corrective action has been implemented.
- Audit of the Florida Commission on Tourism – Performance Measures. Report Number 2007-17 was issued by the Chief Inspector General. Corrective action has been implemented.
- Audit of the (Operations) Contract Between the Office of Tourism, Trade, and Economic Development, and Enterprise Florida, Inc. Report: Number 2005-9 was issued by the Chief Inspector General. Corrective action has been substantially implemented.
- Audit of the Office of Tourism, Trade, and Economic Development – Operational Audit. Report Number 2007-025 was issued by the Auditor General. Corrective action has been implemented.

External Audit Liaison Activities

In accordance with 20.055(2), F.S., staff of the Office of the Chief Inspector General served as liaison between the Executive Office of the Governor and external auditors on the following projects:

- Audit of the State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year ended June 30, 2008. Report number 2009-144 was issued by the Auditor General in March 2009.
- Operational Audit of the Executive Office of the Governor for the period July 1, 2006 through August 31, 2008. The audit being performed by the Auditor General is still in progress.



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Staff also served as the liaison between the Agency Inspectors General and the Government Accountability Office (GAO) in gathering data related to Florida for the GAO progress reports due every 60 days. During the fiscal year, we assisted with the following reports:

- Recovery Act: As Initial Implementation Unfolds in State and Localities, Continued Attention to Accountability Issues is Essential, issued April 23, 2009.
- Recovery Act: States' and Localities' Current and Planned Uses of Funds While Facing Financial Stresses (Appendixes), issued July 8, 2009.



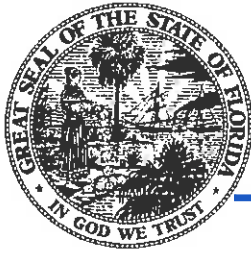
Financial Emergency Responsibilities

Sections 218.50–218.504, F.S., *the Local Governmental Entity and District School Board Financial Emergencies Act*, describes the responsibilities delegated to this office by the Governor for determining if state assistance is needed if a local governmental entity meets one or more of the conditions specified in Section 218.503(1), F.S. This office collaborates with representatives from state agencies, the Joint Legislative Audit Committee, and the Auditor General.

Eatonville

The Executive Office of the Governor entered into a State and Local Agreement of Cooperation with the Town of Eatonville, Florida, in July 2004, to provide state assistance to address the Town's financial emergency condition. The Agreement requires the Town to submit monthly financial statements and the annual proposed budget to this office for review and approval.

This office continues to provide technical assistance, financial review, and other assistance as we monitor the financial condition of Eatonville.



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**Local Governmental Entities in Financial Emergency Status
As of June 30, 2009**

There are over 2100 local governmental entities in Florida. As of June 30, 2009, forty-six (46) were in financial emergency status as defined by law. They are as follows:

LOCAL GOVERNMENTAL ENTITIES
1. Caryville, Town of
2. Crossings at Fleming Island Community Development District
3. Cypress Cove Community Development District
4. Deer Island Community Development District *
5. Disston Island Conservancy District
6. East Manatee Fire Rescue District (formerly Braden River) *
7. Eastpoint Sewer and Water District *
8. Eatonville, Town of
9. Escambia-Pensacola Human Relations Commission *
10. Falls Chase Community Development District
11. Gretna, City of
12. Hamilton County Development Authority
13. Hampton, City of
14. Hawthorne, City of
15. Hendry County Hospital Authority
16. Heritage Harbor Community Development District
17. Heritage Isles Community Development District
18. Horseshoe Beach, Town of *
19. Indian Creek Village
20. Indian River County Hospital District
21. Lake Bernadette Community Development District *
22. Lanark Village Water and Sewer District
23. Laurel Hill, City of
24. Leon County Educational Facilities Authority
25. Noma, Town of
26. Ocean Highway and Port Authority of Nassau County
27. Pahokee, City of
28. Paxton, City of
29. Port of the Islands Community Improvement District *
30. Reserve Community Development District
31. Sebastian River Water Control District
32. South Bay, City of
33. St. John's Water Control District



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LOCAL GOVERNMENTAL ENTITIES (Continued)

34.	St. Lucie County Expressway and Bridge Authority
35.	St. Lucie West Services District
36.	Stoneybrook Community Development District
37.	Stoneybrook West Community Development District *
38.	Suwannee Valley Transit Authority
39.	Suwannee Water and Sewer District
40.	Viera East Community Development District
41.	Wausau, Town of *
42.	Webster, City of
43.	Welaka, Town of
44.	West Palm Beach Downtown Development Authority
45.	Westville, Town of
46.	Yankeetown, Town of

* entities currently being analyzed to determine if they are eligible for release



During fiscal year 2008-2009, eight entities were released from financial emergency status, having met the requirements of Section 218.504, F.S. As indicated in the table, nine additional entities are currently being analyzed to determine if they are eligible for release.

During fiscal year 2008-2009, we analyzed financial information related to 48 local governmental entities that had met one or more of the conditions specified in Section 218.503(1), F.S. To date, no new entities have been declared to be in a state of financial emergency as defined in Section 218.503(3), F.S.

Audit Plan for Fiscal Year 2009-2010

Section 20.055(5)(h), F.S., requires that annual and long-term audit plans be developed based on the findings of periodic risk assessments. Based on the results of a risk assessment, top priorities for audits, reviews and special projects were identified and the audit plan for fiscal year 2009-2010 was developed and approved by the Governor in June 2009. The 2560 staff hours available for audits and audit activities have been allocated as follows.



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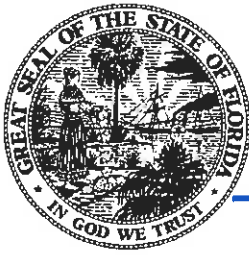
1470 staff hours are allocated to the following audits and management reviews:

- Audit of Energy Office Grant Award and Contracting Process for the American Recovery and Reinvestment Act (ARRA) Programs
- Audit of Energy Office Contract Monitoring Process for Recovery and Reinvestment Act (ARRA) Programs
- Audit of Compliance with Prompt Payment Law
- Enterprise-wide Audit of Recovery Act Funds and Programs
- Ethical Climate Survey
- Evaluation of Agreements and Structure of Direct Support Organizations
- Preliminary Survey – the Office's Contracts with Public-Private Partnerships

150 staff hours are allocated to performing duties related to financial emergencies as defined in Sections 218.50 – 218-504, F.S.

100 staff hours are allocated to follow-up on the following audits and reviews:

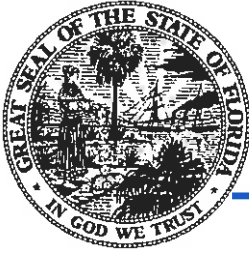
- Audit of the Office's Management of the Funding and Program Agreements with Enterprise Florida. CIG Report Number 2009-09.
- Information Technology Security Risk Assessment – Executive Office of the Governor.
- Information Technology Security Risk Assessment – Agency for Enterprise Information Technology.



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840 staff hours are allocated to:

- Coordination of ARRA activities with other state agencies' Offices of Inspectors General
- Coordination of External Audits
- Performing the 2010-2011 Annual Audit Risk Assessment
- Preparation of the 2010-2011 Audit Plan
- Providing assistance to the Investigations Section
- Preparation of the Office of the Chief Inspector General Annual Report
- Preparation of the Florida Inspectors General Annual Report
- Internal Audit Quality Assurance Self-Assessment
- Other duties as required by Sections 14.32 and 20.055, F.S.



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