

# OFFICE OF INSPECTOR GENERAL



Kurt S. Browning  
Secretary

## Florida Department of State Annual Report 2010-2011



John L. Greene  
Inspector General



Division of Corporations



Division of Elections



Division of Cultural Affairs



Division of Historical Resources



Division of Library and Information Services

*All Florida residents are touched in some way by the programs,  
services, and activities of the Department of State.*



## FLORIDA DEPARTMENT OF STATE

**RICK SCOTT**  
Governor

**KURT S. BROWNING**  
Secretary of State

September 19, 2011

Kurt S. Browning  
Secretary of State  
Florida Department of State  
R. A. Gray Building  
500 South Bronough Street  
Tallahassee, FL 32399-0250

Dear Secretary Browning:

I am pleased to submit our Annual Report on the activities of the Office of Inspector General (OIG) for the fiscal year ended June 30, 2011 as required by Section 20.055(7), Florida Statutes which summarizes accountability activities.

The value and services of the OIG can never be fully reflected in the annual report. The tangible results such as policies audited, finding follow-ups, employees disciplined and complaint referrals can be readily reported. However, our intangible services and deterrent effect are not evident in an annual report. As you read this report, I hope you will recall the broad spectrum of services we provided the department and the professionalism of the OIG team that provides these services.

We look forward to working with you and our fellow department employees in meeting the challenges and opportunities that face the Florida Department of State. Thank you for your continued support and cooperation.

Sincerely,

John L. Greene, CIA, CGAP, CGFM  
Inspector General



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*Section 20.055, Florida Statutes (F.S.), established the Office of Inspector General within each state agency to provide a central point for coordination of, and responsibility for activities that promote accountability, integrity and efficiency in government.*

*This Annual Report is presented to the Secretary to comply with statutory requirements and to provide departmental staff and interested parties with information on the Office of Inspector General's progress in accomplishing its mission as defined by Florida law.*

## **INTRODUCTION**

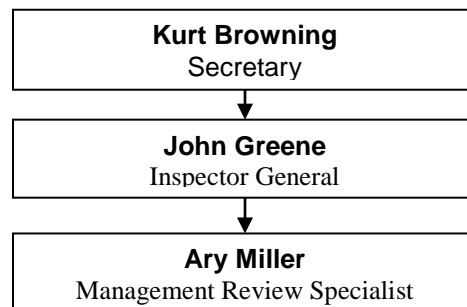
The Office of Inspector General (OIG) mission is to promote accountability, integrity and efficiency for the citizens of Florida by providing objective, timely audit and investigative services. The OIG conducts independent and objective audits, investigations as well as review of agency issues and programs to assist the department in accomplishing its mission.

### **OIG DUTIES AND RESPONSIBILITIES**

- Advising in the development of performance measures, standards, and procedures for the evaluation of state agency programs.
- Reviewing the actions taken by the state agency to improve program performance and meet program standards and make recommendations for improvement, if necessary.
- Providing direction for, supervising and coordinating audits, investigations and management reviews relating to the programs and operations of the state agency.
- Conducting, supervising, or coordinating other activities carried out or financed by the state agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations.
- Keeping the agency head informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the state agency, recommending corrective action concerning fraud, abuses, and deficiencies and reporting on the progress made in implementing corrective action.
- Ensuring effective coordination and cooperation between the Auditor General, federal auditors and other governmental bodies with a view toward avoiding duplication.

### **ORGANIZATION AND STAFF**

To ensure operational independence the Inspector General reports directly to the Secretary of State and has unrestricted access to all Department activities and records. The Office currently consists of two full-time professional positions as detailed below.



## **CERTIFICATION AND TRAINING**

The staff brings to the department experience from the private and public sectors with expertise in the areas of accounting, audit, controllership and military service. Professional certifications held by the staff include Certified Internal Auditor (CIA), Certified Government Auditing Professional (CGAP) and Certified Government Financial Manager (CGFM). The staff maintains affiliations with the Institute of Internal Auditors, Association of Government Accountants and the Association of Inspectors General.

The *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors require audit staff to maintain their professional proficiency through continuing education and training. All audit and investigative staff shall obtain continuing education and training pursuant to the standards mandated by such organizations that are necessary to retain their professional designation in the “active” status. The staffing accomplishes this by attending courses, conferences, seminars, self-study, and in-house training programs throughout the year.

## **SUMMARY OF ACTIVITIES**

The OIG had limited resources during fiscal year 2010-2011 as a result of the partial absence of the Inspector General and the vacancy of a Director of Auditing. Due to the passing of Kirby J. Mole on November 19, 2010, the OIG was without an Inspector General from November 2, 2010 through March 25, 2011. In addition to the absence of an Inspector General, the Director of Auditing resigned in October 2010 and the position was reclassified in May 2011. During the absence of the Inspector General and Director of Auditing, the Secretary relied on Ary Miller who is a Management Review Specialist in the OIG to manage the Department’s Inspector General activities. Effective March 25, 2011, the Department employed John Greene as the new Inspector General.

The following paragraphs contain a summary of the various activities completed during the fiscal year. The information contained in the Summary of Activities Section of this report was extracted from reports issued by the Department of State’s Inspector General and may only disclose essential information.

### **AUDIT ACTIVITIES**

#### **Audit of the Department Ethics Policy Report No. 2011-010**

**Audit Finding #1:** The department complied with the requirements of the Executive Order 11-03

**Objective:**

Determine the department’s compliance with the Office of the Governor’s Executive Order Number 11-03, *Ethics and Open Government*.

**Criteria:**

The Executive Order (effective as of January 4, 2011) requires each executive agency secretary to designate an individual at his or her agency to act as the agency's chief ethics officer, who will make reasonable efforts to ensure that the employees responsible for adhering to the revised Executive Office of the Governor's Code of Ethics (Code) become familiar with relevant ethics, public records and open meeting requirements.

The Executive Order further requires each executive agency secretary to review and evaluate the current policies adopted at his or her agency in light of the revised Code, with a view to using the revised Code as a standard for his or her agency, adjusted for the program requirements and variables unique to his or her agency. Each agency is directed to implement any agency-specific adjustments to the code within 45 days of the date of the order.

**Condition Revealed during the audit:**

Our office determined that the Secretary of the department designated the General Counsel as the department's Chief Ethics Officer. The General Counsel will act as the department's contact person and provide legal information and interpretation of ethical issues and ensures that employees become familiar with relevant ethics, public records and open meetings requirements.

Our office determined that the Secretary of the department designated the General Counsel as the department's Public Records/Open Meetings Contact Person. This person will provide information, interpretation and guidance on legal issues related to public records and government in the sunshine and facilitates public access to records and resolve any and all disputes as to requirements of the Government in the Sunshine Act.

Our office has determined that the department revised policy was adopted on February 18, 2011, within 45 days of the date of the Executive Order. The newly adopted Ethics Policy clearly defines ethics, establishes standards of ethical conduct for the department employees, and is in compliance with the Governor's Code of Ethics.

Our office determined that the department developed an Ethic's Policy training webinar that discussed ethics, open meetings and records retention which was offered to staff on two occasions on March 30, 2011 and two occasions on March 31, 2011.

Our office determined that the personnel office developed an Acknowledgement of Attendance Form for each employee to certify that they attended the webinar and the office recorded the webinar and made it available to staff on the intranet that were unable to participate.

**Conclusion:**

The department complied with the requirements of Executive Order 11-03.

**Recommendation:**

We recommend the Ethics Officer work to continuously improve the department's ethics program by coordinating with executive management and appropriate offices to

continue an annual webinar on ethics, public records and open meeting requirement; maintain record of attendance; and all new hires will receive training upon appointment of position.

### **Performance Measurement Reviews**

The OIG completed its review on September 17, 2010 of the Department's new proposed performance measures and discussed our recommend changes with each Division Director.

## **OTHER AUDIT ACTIVITIES**

### **Follow-Up Report on Corrective Actions Taken in Response to AG**

Section 20.055(5) (h), Florida Statutes, requires the Inspector General to monitor the implementation of the Department's responses to any report issued by the Auditor General (AG) and Government Accountability (OPPAGA) involving the Department. The Inspector General is required to publish and provide a written response to the Secretary on the status of corrective action taken and file a copy of the report to the Legislative Auditing Committee. During the fiscal year, the Inspector General conducted a review of corrective actions implemented by the Department and issued the following report:

**Report No. 2011-005:** AG Report No. 2011-017, Department of State- Procurement and Expenditure Processes and State Grants Administration- Operational Audit. Application and network security controls enhancement implementation by June 30, 2011.

### **Florida Single Audit Assistance**

The Secretary of State designated the Office as the organizational unit within the department responsible for the review of financial reporting packages required by the Florida and Federal Single Audit Acts pursuant to Section 215.97, Florida Statutes and OMB Circular 133. To facilitate this duty the department transferred an Audit Evaluation and Review Analyst position to the Office, effective May 1, 2007. Since that date, the Office has provided extensive training to the incumbent applicable to the Federal and Florida Single Audit requirements and conducted numerous workshops with senior management, the division directors and staff to explain and discuss the specific duties required under the applicable single audit acts. As a result of the workshops, the Office developed department-wide formal policies and procedures for both the Florida and Federal Single Audit Acts. Additionally, the Office implemented a temporary electronic tracking system and worked with the Division of Administrative Services to implement a department-wide database to assist in monitoring and tracking activities applicable to the single audit acts. The electronic tracking system was completed on August 31, 2010. We reviewed the Florida and Federal single audits that were submitted in fiscal year 2010-2011 and we continue to make modifications to improve the tracking system.

### **Previously Reported Findings**

The Office did not identify any significant findings reported in prior annual reports for which the department has not taken corrective action.

## **INVESTIGATION ACTIVITIES**

### **Investigations**

The Office completed no investigations during this fiscal year.

### **Preliminary Inquiries**

Throughout the fiscal year the OIG conducted preliminary inquiry in order to determine if a full investigation was necessary under the circumstances. One example of such preliminary inquiry involved a complaint filed by an individual against the Division of Corporations (Division) substitute process service area for the dissatisfaction of the service that they received. During our preliminary inquiry the OIG reviewed documents provided by the Division and discussions with relevant Division staff. Our preliminary inquiry revealed that we could not find sufficient documentary evidence to substantiate dissatisfaction and that a full investigation was not necessary.

Another example of such preliminary inquiry involved a complaint that a current department employee left a threatening telephone message. During our preliminary inquiry the OIG reviewed documents provided by the complainant, the department's Human Resource Unit and discussions with relevant department employees. The OIG preliminary inquiry revealed sufficient evidence to substantiate that a department employee did make the referenced call. We made a recommendation to management that appropriate action be taken to address this finding.

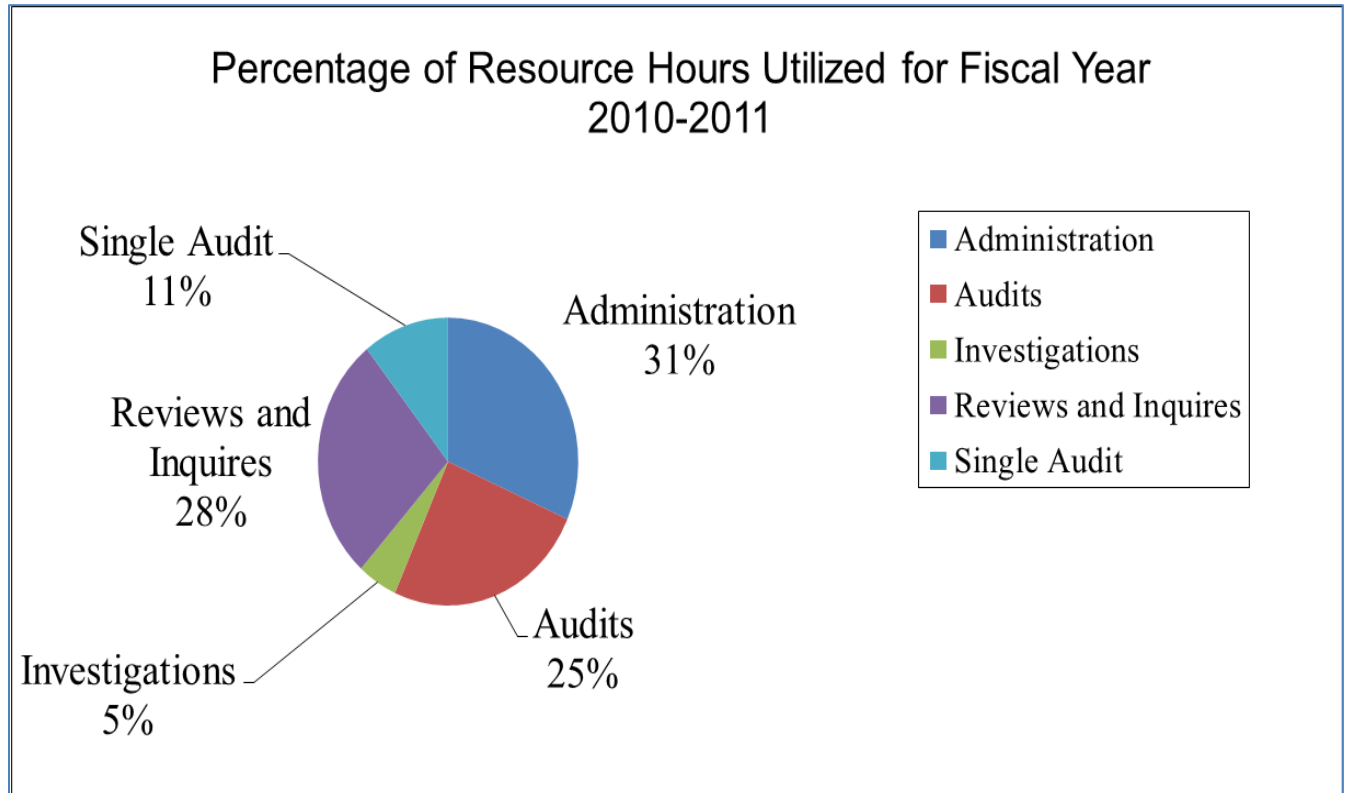
### **Additional Complaint Activities**

During the fiscal year we received 238 complaints and/or requests applicable to agencies not within the jurisdiction of the OIG. We review all complaints received and provided the complainant with suggested contact information of the agency with appropriate jurisdiction.



## RESOURCE HOURS UTILIZED

The chart depicts how the OIG utilized its resources during Fiscal Year 2010-2011.



Notes to Resource Chart Above:

Administration includes: Administrative work to manage the Office, professional training of the Office staff, referrals, placement of public complaints, annual leave and extended sick leave incurred by Inspector Mole.

Reviews and Inquires includes: Hours incurred in performing the Office responsibilities under American Recovery & Reinvestment Act activities, referrals, placement of public complaints, inquires and corrective status reports to the Joint Legislative Auditing Committee for audits conducted by the Auditor General.

## RISK ASSESSMENT AND WORK PLAN

Both Florida Statutes and professional audit standards require the development of risk based work plans (both short and long term) which consider resource requirements. The OIG currently has 2 positions. Based on our analysis, staff members will be able to expend approximately 3200 staff hours to work plan engagements.

Approximately 800 staff hours will be needed to complete ongoing projects initiated during the fiscal year. The remaining 2400 hours will be programmed for new engagements.

The following contains our proposed work plan provided for your review. Following the table of projects planned for the 2011-2012 fiscal year, we have included a table of projects planned for succeeding fiscal years.

<b>PROPOSED 2011-2012 WORK PLAN AND SELECTION CRITERIA</b>	
<b>Work Plan Project</b>	<b>SELECTION CRITERIA</b>
Grant Monitoring and Administration	State of Florida Inspector's General Enterprise Audit
Elections	Risk Assessment Issue
Performance Measures – 2011	Statutory Compliance – Recurring Work Plan Item
On-Site Grant Reviews	Risk Assessment Issue
Auditor General Audits/Corrective Action	Statutory Compliance – Recurring Work Plan Item
Florida Single Audit Program Monitoring	Recurring Work Plan Item
OPPAGA Corrective Action Status Reports	Statutory Compliance – Recurring Work Plan Item
OIG Risk Assessment	Recurring Work Plan Item
Management Requests	Recurring Work Plan Item
Department of Financial Services Review	Recurring Work Plan Item
Florida Electronic Library	Risk Assessment Issue
Conduct Investigations as Needed	Statutory Compliance –Recurring Work Plan Item

<b>POTENTIAL OUT YEAR WORK PLAN PROJECTS</b>
Revenue-Cash Receipts
Laboratory, Archaeological Conservation-Vault
Mission San Luis-Land Management
Annual Reports-Corporations
Performance Measures
Auditor General Audits/Corrective Action
Florida Single Audit Program Monitoring
OPPAGA Corrective Action Status Reports
OIG Risk Assessment
Management Requests
Conduct Investigations as Needed

**ATTACHMENT 1 – Addressee and Distribution List**

Kurt S. Browning, Secretary

Copies distributed to:

Jennifer Kennedy, Assistant Secretary of State and Chief of Staff

JuDee L. Dawkins, Deputy Secretary for Cultural, Historical and Information Programs

John Boynton, Deputy Secretary for Administrative Services, Corporations and  
Elections

David Martin, Auditor General

Melinda Miguel, Chief Inspector General

**MEMORIAL**

In Memory of

**Kirby J. Mole**

August 5, 1946 to November 19, 2010

Our Co-worker and Friend