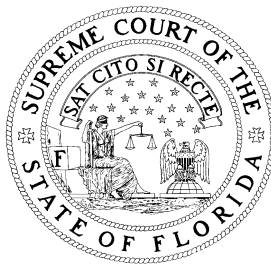


Florida State Courts System Office of Inspector General



Annual Report Fiscal Year 2012-13



July 12, 2013

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Inspector General's Message

I am pleased to present the Annual Report for the Office of Inspector General (OIG). As required by section 20.055(7), Florida Statutes, this report highlights the major activities and accomplishments of the OIG for the 2012-13 state fiscal year.

Due to the diligence of audit staff we were able to complete eight audits during the year. This significantly exceeds the number of audits completed in previous years.

I look forward to the upcoming year committed to helping improve the operation of the State Courts System.



Greg White

Introduction

The OIG is an integral part of the State Courts System which consists of two levels of appellate courts (the Supreme Court and five district courts of appeal) and two trial court levels (20 circuit and 67 county courts). The Chief Justice presides as the chief administrative officer of the State Courts System.

The Office of the State Courts Administrator (OSCA) was created to serve as the liaison between the court system and the legislative branch, the executive branch, the auxiliary agencies of the court, and national court research

and planning agencies. The OSCA is also responsible for preparing the operating budget for the State Courts System, projecting the need for new judges, and maintaining the uniform case reporting system in order to provide information about activities of the judiciary.

The purpose of the OIG is to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the State Courts System. The Inspector General is charged with the following duties and responsibilities, while also ensuring that an appropriate balance is maintained between these activities:

- Direct, supervise and coordinate audits, investigations and management reviews relating to administrative and financial operations.
- Conduct or oversee other activities that promote economy and efficiency in the administration of financial operations.
- Keep the Chief Justice informed concerning fraud, abuses and deficiencies relating to administrative and financial operations, and recommend corrective actions.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.

Audits

Providing the State Courts System with internal audits is a critical part of the mission of our office. The audits are planned and carried out in accordance with an annual work plan, which is approved by the Chief Justice. Audits are conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors. In part, these standards require that engagements be performed with proficiency and due professional care, and that staff exhibit an impartial, unbiased attitude and avoid conflicts of interest. Audits are performed to identify, report, and recommend corrective action for control deficiencies or non-compliance with laws, policies and procedures. Additionally, audits are conducted to evaluate and make recommendations to improve the effectiveness and efficiency of administrative functions.

We completed audits of two district courts of appeal and five judicial circuit courts during 2012-13. The objectives of these operational audits were to determine if: the courts complied with administrative policies and procedures, and any applicable state statutes and rules; internal controls provided reasonable assurance that assets are safeguarded, and financial and operational information is reliable; and, current court operations and processes were implemented sufficiently to support management objectives and encourage an economical use of resources. The results of these audits are summarized below:

Third District Court of Appeal:

Report issued August 28, 2012. The Third District Court of Appeal's system of internal controls and procedures were found to be satisfactory and the court generally complied with policies and procedures, as well as applicable state statutes and rules. Our audit did not disclose any material findings.

First District Court of Appeal:

Report issued October 15, 2012. Internal controls provided reasonable assurance that assets were safeguarded and that reported information was reliable. To further strengthen controls, we observed that improved documentation of separation of purchasing duties could be implemented. Except for the lack of a formal employee planning and performance evaluation process, we believe the First DCA complied with administrative policies, procedures, and rules as well as applicable statutes. We provided comments, for management's information, regarding use of leave without pay and continuation of operations planning which we do not consider material exceptions. Finally, we included a positive comment regarding the electronic case management system used by the court.

Fifteenth Judicial Circuit:

Report issued December 7, 2012. Internal controls provided reasonable assurance that assets were safeguarded and that financial and operational information was reliable. The circuit complied with administrative policies, procedures, and rules as well as applicable statutes. Overall operations supported the goals and

objectives of the State Courts System, and management promoted the effective and efficient use of state resources. There were no material findings.

Eighteenth Judicial Circuit:

Report issued January 25, 2013. Internal controls provided reasonable assurance that assets were safeguarded and financial and operational information was reliable. The circuit complied with administrative policies, procedures, and rules as well as applicable statutes. Overall operations supported the goals and objectives of the State Courts System, and management promoted the effective and efficient use of state resources. There were no material findings.

An immaterial management comment recommending more consistent employment policies receipt documentation throughout the State Courts System was included.

Sixth Judicial Circuit:

Report issued March 18, 2013. Internal controls provided reasonable assurance that assets were safeguarded, and financial and operational information was reliable. The circuit complied with administrative policies, procedures, and rules, as well as applicable statutes. Overall operations supported the goals and objectives of the State Courts System, and management promoted the effective and efficient use of state resources. There were no material findings.

Immaterial management comments addressing more consistent employment policies receipt documentation throughout the State Courts System,

and use of the court's tax exempt status were included.

Fourth Judicial Circuit:

Report issued May 20, 2013. The report contains findings regarding continuity of operations planning and employee performance evaluation to which management responded appropriately. Overall, internal controls provided reasonable assurance that assets are safeguarded and that financial and operational information is reliable. The Fourth Judicial Circuit generally complied with administrative policies, procedures, and rules as well as applicable statutes. Operations supported the goals and objectives of the State Courts System, and management promoted the effective and efficient use of state resources.

Immaterial management comments recommending, as best practices, more consistent employment policies receipt documentation system-wide, and an annual information systems risk assessment are provided for management consideration. There are also positive comments regarding practices used in the circuit.

Eleventh Judicial Circuit:

Report issued May 31, 2013. The report contains findings regarding continuity of operations planning and documentation of network access removal for terminated employees. Overall, internal controls provided reasonable assurance that assets are safeguarded and that financial and operational information is reliable. The Eleventh Judicial Circuit generally complied with administrative policies, procedures, and rules as well as applicable statutes. Operations

supported the goals and objectives of the State Courts System, and management promoted the effective and efficient use of state resources.

An immaterial management comment was offered recommending, as a best practice, annual information technology risk assessments. We included a positive comment regarding an in-house developed human resources job requisition system and billing manual provided to court experts.

In addition to the court operational audits, we completed an audit of **travel reimbursements** paid to Supreme Court and Office of the State Courts Administrator personnel during the period July 1, 2012, through December 10, 2012. The report was issued on February 5, 2013.

Generally, internal controls provided reasonable assurance that state funds are safeguarded and financial information is reliable. The travel reimbursement function complied with administrative policies, procedures, and rules as well as applicable statutes.

We included nonmaterial management comments recommending, as best practices, strengthened internal controls in processing advanced travel payments and increased training for appropriate personnel.

Response Coordination and Follow-up:

The OIG coordinates information requests and responses to findings from audits conducted by the Office of the Auditor General and other external entities. The OIG is also required to report on the status of corrective actions

taken regarding external audit recommendations. There were two Auditor General reports which required follow-up action during the year: Report #2008-155 found that tangible personal property inventory procedures could be improved and report #2012-176 recommended that an anti-fraud policy be developed and purchasing card transactions be timely reconciled to supporting documentation. The Office of the State Courts Administrator has adequately responded to the recommendations.

In accordance with professional auditing standards, the OIG also reviews the status of open internal audit findings. We performed sample tangible property verifications in regard to our audit of tangible personal property issued in February 2012. Inventory accuracy has improved as a result of actions taken by the Bureau of Finance and Accounting.

Consulting Activities

Providing consulting services is an efficient, effective, and proactive way the OIG can provide analysis and insight into issues that arise. These services include performing management reviews, advising in the development of rules, policies and procedures, collecting and analyzing data, etc.

The OIG conducted an internal quality assessment review which evaluated compliance with professional auditing standards and office efficiency. Recommendations were made to increase office productivity. We initiated a consultation engagement regarding the eFACTS on-line filing system but discontinued the project after

determining that the review was premature.

Investigations

Investigations by their very nature are reactive rather than proactive. The Inspector General is required to initiate, conduct, supervise and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in the State Courts System. The investigations conducted by the OIG are administrative (non-criminal), and generally involve alleged violations of State law or applicable rules and regulations. Any possible violations of criminal law are reported to the appropriate law enforcement agency. Complaints alleging misconduct by judges and attorneys are referred to the Judicial Qualifications Commission and the Florida Bar, respectively.

We investigated a complaint of sexual harassment and issued a report in May 2013. We received a number of complaints that either did not warrant an investigation, or were outside the jurisdiction of the OIG and thus referred to the appropriate entities for disposition.

OIG Staff

Greg White, MBA, CIA, CGAP
Inspector General

Eva Gantt, MPA, CIGA
Senior Internal Auditor

Andrew Blimes, MBA
Internal Auditor

CIA – Certified Internal Auditor
CGAP – Cert. Government Auditing Professional
CIGA – Cert. Inspector General Auditor
MBA-Masters in Business Administration
MPA-Masters in Public Administration

Other Activities

During 2012-13, the OIG staff actively participated in the following organizations:

- ❖ Institute of Internal Auditors,
- ❖ Association of Government Accounts, and
- ❖ Association of Inspectors General.

All staff members obtained appropriate continuing professional education as required by statute and professional auditing standards.

Upcoming Year

During 2013-14, the OIG plans to conduct ten audits and complete two carry over audits from the 2012-13 plan. We will provide consulting services as requested and, when necessary, we will investigate complaints related to State Courts System employees and/or program functions.

Mission of the Office of Inspector General

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

Contact

Office of Inspector General
Supreme Court Building
500 South Duval Street
Tallahassee, FL 32399-1925
Phone: (850) 488-9123

E-Mail: InspGenl@flcourts.org

Web: <http://www.floridasupremecourt.org/oig/index.shtml>