

EXECUTIVE OFFICE OF THE GOVERNOR

OFFICE OF THE CHIEF INSPECTOR GENERAL



2012-2013 Annual Report

Presented

September 18, 2013

The Honorable Rick Scott
Governor of Florida

Melinda M. Miguel
Chief Inspector General



RICK SCOTT
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

September 18, 2013

The Honorable Rick Scott
Governor of the State of Florida
The Capitol, PL 05
Tallahassee, Florida 32399-0001

Dear Governor Scott:

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Chief Inspector General's Annual Report for Fiscal Year 2012-2013 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 blue ink that reads "Melinda Miguel".

Melinda M. Miguel
Chief Inspector General



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

Office of the
CHIEF INSPECTOR GENERAL

TABLE OF CONTENTS

EXECUTIVE SUMMARY	ii
INTRODUCTION	1
INDEPENDENCE	1
PROFESSIONAL STANDARDS AND CODE OF ETHICS.....	1
ORGANIZATION AND STAFFING.....	2
REVIEWS REQUESTED BY GOVERNOR SCOTT	4
CHIEF INSPECTOR GENERAL INITIATIVES	7
INVESTIGATIVE ACTIVITY	9
AUDIT ACTIVITY.....	13
FINANCIAL EMERGENCY RESPONSIBILITIES	16
CONCLUSION.....	18



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

EXECUTIVE SUMMARY



In accordance with Sections 14.32 and 20.055, 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 2012-2013:

- Received and processed 2,866 complaints and requests for assistance by Florida's citizens and government employees and closed 1,535 complaints and requests;
 - Reviewed 237 whistle-blower recommendations made by Agency Inspectors General for compliance with Sections 112.3187-112.31895, F.S., the Whistle-blower's Act, resulting in 27 individuals meriting whistle-blower designation;
 - Provided oversight for 28 whistle-blower investigations completed by Agency Inspectors General, including reviews of final investigative reports for compliance with statutes;
 - Conducted 10 investigations, reviews and audits that resulted in recommendations for improvement of efficiency, effectiveness and accountability in state programs;
 - Reviewed a significant number of investigative reports for sufficiency and accuracy at the request of Agency Inspectors General;
 - Contacted 124 local governmental entities to gather information for use in determining their financial emergency status in accordance with the provisions of Section 218.503, F.S.;
 - Collaborated with Agency Inspectors General and Audit Directors in the performance of an Enterprise Risk Assessment for use in the development of the Fiscal Year 2013-2014 Enterprise Audit Plan related to audit topics applicable to multiple state agencies;
 - Collaborated with Agency Inspectors General regarding legislation affecting Inspectors General;
 - Served as a liaison between the Executive Office of the Governor and external auditors;
-



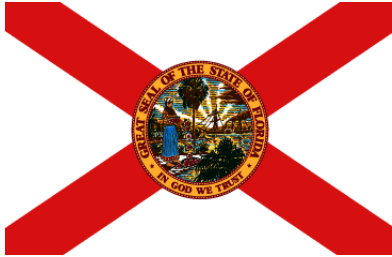
**Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013**

- Served on the Criminology Career Panel and the Advisory Board for Florida State University's newly created Accounting and Criminology Minor Program which was offered in the 2013 Fall semester;
- Co-sponsored with the Florida Chapter of the Association of Inspectors General the Practical Skills for Auditors Training course which was attended by over 100 auditors and other inspector general team members from state and county agencies;
- Continued to host periodic meetings with Inspectors General, the Federal Bureau of Investigation representatives, and other federal and state agency partners to discuss common audit and investigative interests;
- Provided training for professional associations such as the National Association of Inspectors General, the National and Tallahassee Chapter of the Association of Government Accountants, the Florida Institute of Certified Public Accountants and the Florida Police Chiefs Association; and,
- Provided consultative services and training on Florida's Whistle-blower's Act to multiple offices.



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

INTRODUCTION



The Chief Inspector General has a broad range of responsibilities outlined in Sections 14.32 and 20.055, Florida Statutes (F.S.) including a duty to perform certain liaison and monitoring responsibilities relating to the agencies under the jurisdiction 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 with the selection of Agency Inspectors General in agencies under the direction of the Governor.

Our mission is to assist the Executive Office of the Governor in the accomplishment of its objectives by the conduct, supervision and coordination of accountability activities in order to enhance public trust in government. 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. This report details our efforts toward achieving our mission.

INDEPENDENCE

According to Sections 14.32(4) and 20.055(3), 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. Additionally, by Statute, the CIG shall not be subject to supervision by any other employee, and the agency head or staff shall not prevent or prohibit the Chief Inspector General from initiating, carrying out, or completing any audit or investigation.

PROFESSIONAL STANDARDS AND CODE OF ETHICS

Pursuant to Section 20.055(2)(j), F.S., 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 Governor Scott's Executive Order Number 2011-03.



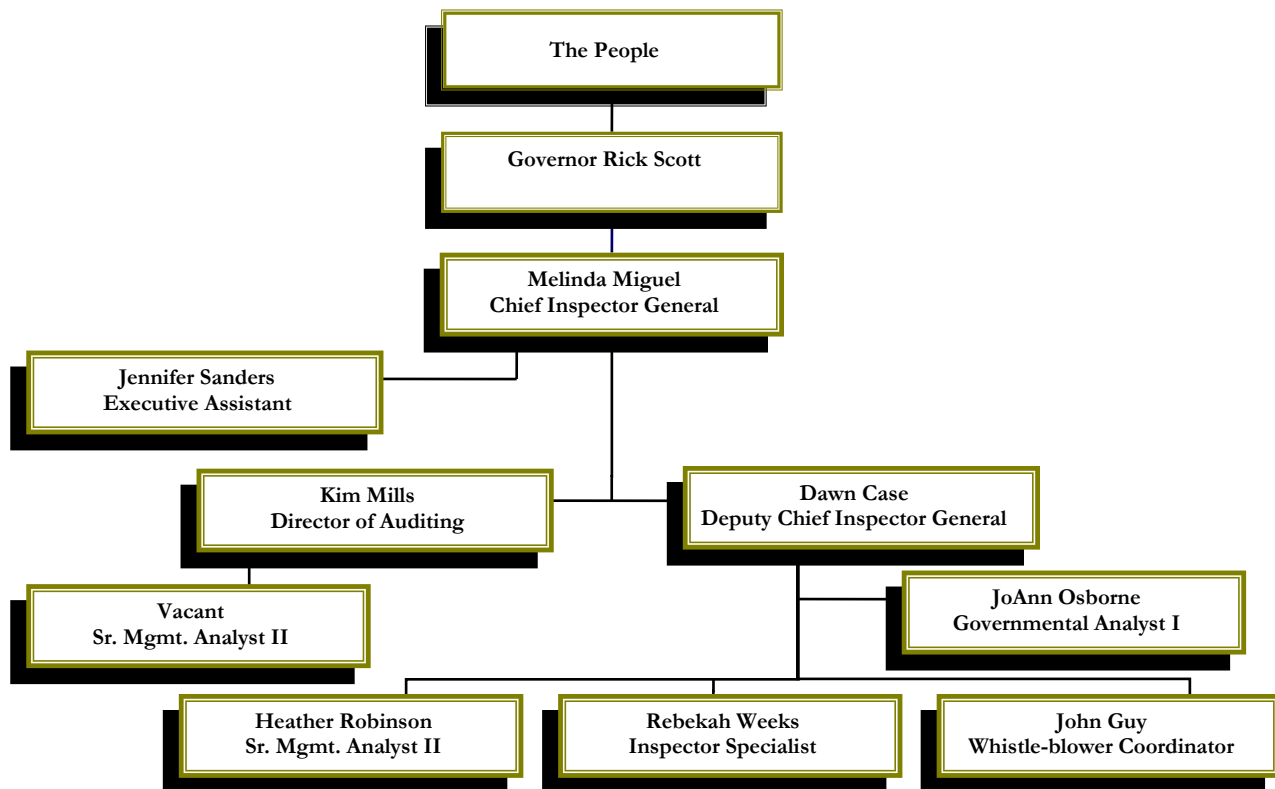
Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

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.

ORGANIZATION AND STAFFING

The Office of the Chief Inspector General staff include the Chief Inspector General, the Deputy Chief Inspector General, the Director of Auditing, two Senior Management Analysts, a Government Analyst, an Executive Assistant, an Inspector Specialist and a Whistle-blower Coordinator.

Office Organizational Chart





Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

Professional Certifications

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

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



Professional Organization Affiliations

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

- National Association of Inspectors General;
- Florida Chapter of the Association of Inspectors General;
- The Institute of Internal Auditors, Inc.;
- Tallahassee Chapter of The Institute of Internal Auditors, Inc.;
- Association of Government Accountants;
- Tallahassee Chapter of the Association of Government Accountants;
- Florida Audit Forum;
- National Association of Social Workers;
- Institute for Internal Controls;
- Association of Professionals in Business Management;
- Project Management Institute; and,
- Association of Financial Service Auditors.





Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

Leadership in Professional Organizations

The Chief Inspector General staff served in the following leadership roles in professional organizations during the fiscal year:

- President of the National Association of Inspectors General;
- First Vice-President of the Florida Chapter of the Association of Inspectors General;
- Members on the Board of Directors for the Florida Chapter of the Association of Inspectors General;
- Member on the Standards Review and Interpretations Committee for the Commission for Florida Law Enforcement Accreditation;
- Members on the Chapter Executive Committee for the Tallahassee Chapter of the Association of Government Accountants;
- Co-chair of the Association of Government Accountants' Fraud Prevention Toolkit Workgroup; and,
- Co-chair of the Technical Committee for the Association of Government Accountants' 2013 Professional Development Conference held in Dallas, Texas in July 2013 which was attended by over 1200 attendees.



REVIEWS REQUESTED BY GOVERNOR SCOTT

During the fiscal year, the Office of the Chief Inspector General conducted the following reviews at the request of Governor Rick Scott.

Citizens Property Insurance Corporation Review of Travel Expenses Report Number 2013-10



Based on a September 2012 request from Governor Rick Scott, the CIG's Office reviewed a portion of the travel expenses incurred by Citizens Property Insurance Corporation's (Citizens) board members, senior managers and employees to determine whether these expenses were incurred in accordance with Citizens' travel policies.

During our review, we found that travel expenses incurred by board members, senior managers and employees were generally compliant with Citizens' travel policies that



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

were in effect at the time the travel was incurred. However, the policies allowed for expenses to be incurred in excess of the state travel guidelines and lacked specific requirements to ensure that travel was necessary and conducted in the most economical manner. We recommended that Citizens enhance their internal controls to address the deficiencies noted and that Citizens' travel policies be updated to reflect that state travel laws apply to board members, senior managers, and all employees.

Digital Domain Media Group, Inc.
Review of the 2009 Economic Development Incentive Award
Report Number 2013-11

In a letter to the CIG dated September 10, 2012, Governor Scott expressed concerns about the approval process by which economic development incentive funds were awarded to Digital Domain Media Group, Inc. (Digital Domain) in 2009 through the Executive Office of the Governor. In his letter, Governor Scott further stated there were questions about the process by which the incentive was approved and he wanted to ensure that the approval process now in place would not allow incentives to be approved in the same manner as was done for Digital Domain in 2009.

Based on this letter, a review was conducted by the CIG's office to examine the approval process in place in 2009; to determine how Digital Domain received an economic development incentive award; to document the current process; and to determine if incentives could be approved in the same manner today as they were in 2009. We found no apparent violations of law, rule, or regulation in the award of \$20 million economic development incentive funds to Digital Domain in 2009.

Testimony supported that, although improvements have been made to statutes and processes since 2009, an award similar to the one received by Digital Domain could happen again today if the Legislature appropriates funds and gives the Executive Branch the discretion to expend those funds.

We recommended actions be taken by the Department of Economic Opportunity¹ and Enterprise Florida, Inc.² to improve effectiveness and efficiency of the incentive award program.

¹ Effective October 1, 2011, and in accordance with Section 20.60, F.S., the Department of Economic Opportunity (DEO) was created. As part of the creation of DEO, the economic development incentive award program was transferred from the EOG and became a part of DEO's Division of Strategic Business Development (SBD).

² Businesses applied to Enterprise Florida, Inc. (EFI) to begin the official state process for obtaining state economic development incentives. Section 288.9015, F.S. (2008) outlined the duties and responsibilities of EFI.



**Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013**

**Citizens Property Insurance Corporation
Review of the Decision to Disband the Office of Corporate Integrity
CIG Case #201211190008**

In a letter dated November 19, 2012, Governor Scott requested the CIG's Office to conduct a review of the decision made by Citizens' officials to terminate the employment of the four employees serving in its Office of Corporate Integrity (OCI) and determine whether any of the terminations of those employees were retaliatory in nature. Citizens' officials had informed the four employees that their employment at Citizens would "...cease as a result of position elimination." According to the notices given to the employees, the action became necessary "...due to a change in corporate direction on the functionality provided by the unit..."

During our review, we found that although the elimination of a position appeared to be an adverse action, Citizens' management presented a legitimate nondiscriminatory business reason for the elimination of the positions. While the former employees believed retaliation occurred, evidence to support their belief was not presented. Based solely on the evidence, the conclusion that retaliation was the reason for the decision to disband OCI was not supported.

As one of his legislative initiatives, Governor Scott worked with the Florida Legislature to create an independent Office of Inspector General with a statutorily mandated investigative function and a prescribed reporting structure for that Office. The law establishing the Office of Inspector General in Citizens became effective July 1, 2013.

**Florida State College System
Review of Presidents' Compensation
Report Number 2013-12**

In a letter dated October 10, 2012, Governor Scott requested the CIG to review obligations for salary, benefits, payouts, other perquisites and allowances, contract duration, and any other terms or guarantees for the 28 state college presidents within the Florida College System. Specifically, the Governor asked that the CIG review the risks presented to the taxpayers through existing employment contracts with the state college presidents. The CIG's scope included a review of the compensation and benefits set forth in any and all contracts and amendments to those contracts between the state colleges and the state college presidents that were in effect as of October 9, 2012.

Based on our review, we found issues related to compensation, leave, severance pay, and contract language.



**Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013**

We recommended that the boards of trustees, in consultation with the Division of Florida Colleges (Division) within the Florida Department of Education (DOE), jointly address the issues outlined in the report. We also recommended that the Division ascertain whether any of these recommendations should be codified in statutes and, if so, seek legislative action in consultation with the DOE and the Executive Office of the Governor.

**Florida State College Foundation, Inc.
Review of Expenses, Internal Controls, and Governance
Report Number 2013-17³**

In a letter dated October 10, 2012, Governor Scott requested the CIG's office to review expenses and related authorizations by the Florida State College Foundation, Inc. (Foundation)⁴ for a five year period. The Governor also requested a review of the internal controls over the expense approval process and an evaluation of the governance structure of the Foundation. This review covered the period July 1, 2007 through October 31, 2012.

Based on our review, we found issues related to Foundation expense documentation, policies and procedures, segregation of duties, ethics training, the College's internal audit function, and authorization of expense requests. We recommended actions be taken by the District Board of Trustees and the Foundation Board of Directors to correct the findings reported.

Also, based on our review, there was reasonable belief that the former College President may have violated Section 112.3148, F.S., of the Code of Ethics for Public Officers and Employees. We recommended a referral be made to the Florida Commission on Ethics for further evaluation and determination of potential ethics law violations.

CHIEF INSPECTOR GENERAL INITIATIVES

During the fiscal year, the Office of the Chief Inspector General performed the following liaison and monitoring responsibilities relating to the State Agency Inspectors General.

³ The fieldwork related to this project was completed during Fiscal Year 2012-13. The draft report was submitted to appropriate officials for response on July 2, 2013.

⁴ The Foundation is a direct-support organization for Florida State College at Jacksonville.



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

Practical Skills for Auditors Training

The CIG's Office in conjunction with the Florida Chapter of the Association of Inspectors General (FCAIG) developed comprehensive, cost effective training for the Inspector General community, especially for new auditors. The result was the presentation of the "Florida Inspectors General Practical Skills for Auditors" training in which over 100 auditors and other inspector general team members attended the 2½ day training sessions held at the Florida Department of Law Enforcement in Tallahassee, July 31 through August 2, 2012.

The customized training session covered 22 topic areas presented by 28 reputable professionals in the state inspector general, accounting, and ethics communities. State and county employees benefitted from delivery of 20 hours of statutorily required training with savings of up to 98% as compared to equivalent training delivered by the private sector and professional associations.

Based on the success of this initial effort, plans are being made to continue to deliver high value training to the Inspector General community at a very low cost in the next fiscal year.

Enterprise Project – Background Screening Process

To gain efficiencies of working together, the Chief Inspector General and Agency Inspectors General conducted an Enterprise Risk Assessment and developed an Enterprise Project Plan for Fiscal Year 2012-2013. Due to the potential risks and opportunities for cost savings to the enterprise, the Background Screening topic was included as a project in the plan.

The project scope is limited to those background screenings where the payment of the screening is the responsibility of the State of Florida. Both initial and renewal background screenings are currently being examined. The primary objective of this project is to identify opportunities for improved efficiencies and economies related to the background screening process and use of Livescan⁵ devices.

A team consisting of staff from various Offices of Inspectors General is conducting this project. A presentation summarizing the enterprise results and recommendations is

⁵ LiveScan devices electronically take and capture fingerprints and other information and upload the information to the Florida Department of Law Enforcement, who in turn send the information to the Federal Bureau of Investigation for a fingerprint background check. As of July 1, 2012, all state agencies were required to use LiveScan equipment for specified types of background screenings.



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

being prepared for distribution to the Chief Inspector General and Agency Inspectors General in October 2013.

Development of the Enterprise Audit Plan For Fiscal Year 2013-2014

Agency Inspectors General, with input from their Agency Heads, identified 19 programs and functions crossing agency lines which are currently being ranked in an annual enterprise-wide risk assessment process. The top ranking projects will be included in the State of Florida Inspectors General Enterprise Audit Plan for Fiscal Year 2013-2014 which the CIG will present to the Governor for approval.

Accreditation

With changes to the Florida Inspector General Act in 2008, the Chief Inspector General's Office and Agency Inspectors General, in collaboration with the Commission for Florida Law Enforcement Accreditation, Inc. (Commission), continue efforts to enhance the professionalism of investigations conducted by Agency Inspectors General. These activities enhance compliance with the *Principles and Standards for Offices of Inspector General* through the advancement of the accreditation program. During the fiscal year, the Offices of Inspector General for the Fish and Wildlife Conservation Commission and Department of Revenue attained accreditation status from the Commission. Also, the Offices of Inspector General for the Department of Children and Families, Department of Environmental Protection, Department of Transportation, and the Pinellas County Clerk of the Court were re-accredited during the fiscal year.

Additional information can be found at <http://flaccreditation.org/>

INVESTIGATIVE ACTIVITY

Summary of Investigative Activity



Many investigations begin with allegations received by telephone, letter, fax, website or e-mail. Additionally, in accordance with Sections 112.3187 – 112.31895, F.S., the Whistle-blower's Act, the Office of the Chief Inspector General maintains a statewide Whistle-blower's Hotline where employees of the state or contract providers may disclose allegations of misconduct or other activities prohibited by the Act.



**Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013**

During Fiscal Year 2012-2013, this office received 2,866 complaints and requests for assistance from various sources as follows:

Complaints or Requests By Source

Source	Number
Telephone/WB Hotline	1,668
Email	317
Letter	368
Fax	55
Website	182
Walk-in	6
Referral from IG Office	86
Referral from Other	184
Total	2,866

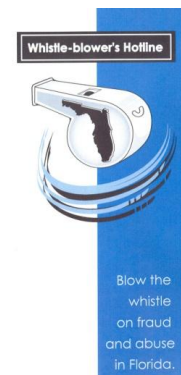
Any complaint or request for assistance received which required additional action was recorded in our case management tracking system. Overall, 2,866 complaints were recorded and 1,535 complaints and requests were closed during the fiscal year as outlined below.

**Summary of Complaint Activity by Quarter
Fiscal Year 2012-2013**

	Q1	Q2	Q3	Q4	TOTAL
Number of Complaints and Requests Opened	445	357	373	345	1520
Number of Complaints and Requests Closed	412	377	387	359	1535
Number of Whistle-blower Hotline Calls Received	172	112	127	150	561
Number of Complaints Referred for Handling or Review	363	289	310	278	1240

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 the Whistle-blower's Act (Act). This office, in cooperation with Agency Inspectors General, reviewed final whistle-blower determinations to ensure a consistent assessment process for applying statutory requirements by Agency Inspectors General and to provide coordination and oversight of investigative activities involving the most serious allegations of gross mismanagement and public safety violations.





**Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013**

The 2,866 complaints were screened for compliance with the provisions of the Act. A total of 237 complaints warranted a more in-depth review resulting in 27 individuals being designated as whistle-blowers by Agency Inspectors General in consultation with this office. Allegations made included serious law violations or gross mismanagement of agency resources or funds.

During the fiscal year, Agency Inspectors General closed 28 cases that included allegations made by 31 individuals designated as whistle-blowers. The 28 cases involved serious allegations such as falsification of official records, mishandling of cases and safety issues. This office monitored each case for completion and compliance with statutory timeframes and granted extensions when circumstances warranted. In addition, the majority of these 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 by statute, to the Florida Department of Law Enforcement.

Whistle-blower Case Highlights

The following two Case Summaries represent examples of the types of investigations conducted in accordance with the Act.



Whistle-blower Case Summary #1

On December 14, 2011, the Office of Inspector General for the Department of Children and Families initiated an investigation pursuant to the Act in response to allegations that the Treasure Coast Forensic Treatment Center failed to maintain required staffing levels. The information obtained during the Inspector General's investigation supported this allegation. While no Florida Statute, Florida Administrative Code, Department policy, or Department contract was violated; the allegation was a violation of the GEOCare, Inc. Treasure Coast Forensic Treatment Center Policy #PC520-06(6). The Office of Inspector General for the Department of Children and Families recommended that a copy of the report be provided to the Geo Group, Inc. Office of Professional Responsibility, and requested that they review the staffing issues. It was also recommended that the Assistant Secretary for Substance Abuse and Mental Health make certain that Treasure Coast Forensic Treatment Center staff receive training regarding staffing level requirements and that management follow their staffing policy.

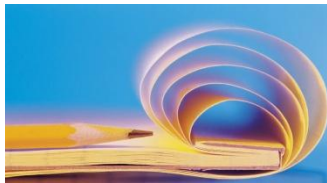


Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

Whistle-blower Case Summary #2

On October 31, 2011, the Office of Inspector General for the Department of Corrections initiated an investigation in accordance with the Act in response to concerns about the Pensacola Probation and Parole Office. The Inspector General's investigation did not find indicators of falsification or fraudulent travel vouchers, but noted deficiencies in travel documentation. The final report contained recommended actions as appropriate.

Investigative Summaries



The following Case Summaries provide an overview of investigations or investigative reviews completed by the CIG's office or cases in which we played a significant role.

Department of Juvenile Justice (DJJ) Office of Inspector General (OIG) Case Review of DJJ OIG Investigation #08-0129

CIG Case #201111160005

On November 16, 2011, the CIG received a request to conduct an independent review of the DJJ OIG Investigation #08-0129. The scope of the CIG review included a review of the sufficiency of the evidence, findings, and conclusions contained within the investigation, and an assessment of whether it was conducted in accordance with Section 20.055, Florida Statutes (F.S.) (also known as the Inspector General Act of 1994). The scope of the CIG review did not include a re-investigation of the underlying allegations contained in the DJJ OIG investigation.

The Inspector General Act of 1994 (Act) created an Inspector General in each state agency and outlined the duties and responsibilities of each office and its respective Inspector General. Inherent in the Act and the professional standards referenced in the Act (*General Principals and Standards for Offices of Inspectors General* as published and revised by the Association of Inspectors General) are mandates to promote accountability, integrity and efficiency in government programs and to conduct investigations professionally, fairly and accurately. The CIG review found that the DJJ OIG failed to meet these mandates in the conduct of DJJ OIG Investigation #08-0129. CIG reviewers found concerns with each of the 12 issues listed in the DJJ OIG investigation.

We recommended that the DJJ Secretary consider the findings of the review and take appropriate corrective action. We also identified actions to be taken by the CIG to enhance the operations of the Governor's Agencies' Offices of Inspectors General.



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

Department of Transportation (DOT)
Inquiry regarding Employee Misconduct
CIG Case #201207120015

On July 12, 2012, the CIG received an anonymous complaint regarding the conduct of a Department of Transportation official. The allegations included possible employee misconduct. The official was asked to respond to the CIG regarding the allegations. Based on the CIG review of information and the official's response, this office found no reason to conduct further investigative activities.

Department of Business and Professional Regulation
Inquiry regarding Employee Misconduct
CIG Case #201211060001

On November 6, 2012, the CIG received an anonymous complaint regarding the conduct of an official for the Department of Business and Professional Regulation. The allegations included employee misconduct and misuse of state funds. The CIG reviewed the employee's travel vouchers as well as discussed the issue with the appropriate official. Based on the CIG review of information and the official's response, this office found no reason to conduct further investigative activities.

Office of Criminal and Civil Regional Counsel
Inquiry regarding Wrongful Termination and Falsification of Records
CIG Case #201207260008

On July 26, 2012, the CIG received a complaint regarding wrongful termination and the falsification of records by staff at the District 2 Office of Criminal and Civil Regional Counsel. Based on the CIG review of information and the Regional Counsel's response, this office found no reason to conduct further investigative activities.

AUDIT ACTIVITY

Summary of Audit Activity



During Fiscal Year 2012-2013, this office completed one internal audit, monitored the status on the implementation of audit recommendations and coordinated audit communications between the Executive Office of the Governor (EOG) and external auditors. Additionally, we provided audit assistance to other Agency Inspectors General and fulfilled our responsibilities



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

related to local governmental entities meeting financial emergency conditions. The annual risk assessment for the EOG was completed and the results were used in the development of the Audit Plan for Fiscal Year 2013-2014. The following summaries provide an overview of the activities completed by the audit section:

Audit of Information Technology Access Controls (Report Number 2013-14)

Pursuant to the Fiscal Year 2012-2013 Audit Plan, the CIG initiated an audit of EOG's information technology access controls. The overall audit objective was to determine the adequacy of information technology access controls. We assessed the EOG's practices, procedures, and policies related to physical and logical access to the EOG computer network during the period July 1, 2012 through March 31, 2013.

Our audit disclosed that EOG's physical access controls are adequate. However, improvements were needed to strengthen logical access controls.

Review of Performance Measures

Our review of performance measures is incorporated into our internal audits. There were no performance measures related to the EOG Information Systems Unit which was audited in Fiscal Year 2012-2013.

Review of Corrective Actions for Prior Audits

In accordance with auditing standards and Florida Statutes, the CIG's office monitored the implementation of the recommendations from the following two prior audits:

- *Audit of the Local Government Financial Reporting System* – Report Number 2011-196 was issued by the Auditor General in June 2011. Only Finding Number 2 was applicable to the EOG. Our review disclosed that corrective action was completed as of July 30, 2012.
- *Audit of the Contract Management Process* – Report Number 2012-12 was issued by the CIG's Office in June 2012. Our review disclosed that corrective action was completed as of April 30, 2013.
- *Audit of the Florida Commission on Community Service* - Report Number 2011-12 was issued by the CIG's Office in February 2012. Our review disclosed that corrective action was completed as of June 30, 2013.





Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

External Audit Liaison Activities

In accordance with 20.055(2), F.S., staff of the CIG's Office served as the liaison between the EOG and the Auditor General on the following project:

- Audit of the State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards – Report Number 2013-161 was issued by the Auditor General in March 2013. There were no findings applicable to EOG.

Audit Plan for Fiscal Year 2013-2014

Section 20.055(5)(i), 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 2013-2014 was developed and approved by the Governor. The 2,438 staff hours available for audits and audit activities have been allocated as follows:

1,280 staff hours are allocated to the following audits and management reviews:

- Audit of Information Technology Controls – Systems Design and Development Unit;
- Review of EOG Wireless Device Controls;
- Audit of Ethical Climate;
- Enterprise Audits and Projects;⁶ and,
- Oversight of Public-Private Partnerships - Enterprise Florida, Inc.⁷

300 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 Information Technology Access Controls, CIG Report Number 2013-14 and any audits released by December 31, 2013.

⁶ Selected audits and reviews from the FY 2013-2014 Enterprise Audit Plan will be conducted within the Executive Office of the Governor and across multiple state agencies.

⁷ As required by Section 14.32, F.S.



Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013

758 staff hours are allocated to:

- Coordinating external audits;
- Assisting the Investigations Section;
- Performing the Internal Audit Function Self-Assessment;
- Preparing the Office of the Chief Inspector General's 2012-2013 Annual Report;
- Preparing the Florida Inspectors General's 2012-2013 Annual Report and gathering quarterly statistics from Offices of Inspector General during Fiscal Year 2013-2014;
- Preparing the Enterprise Audit Plans for Fiscal Years 2013-2014 and 2014-15;
- Performing the Annual EOG Risk Assessment and preparing the CIG Audit Plan for Fiscal year 2014-2015; and,
- Performing other duties as required and assigned pursuant to Sections 14.32 and 20.055, F.S.

FINANCIAL EMERGENCY RESPONSIBILITIES

Sections 218.50–218.504, F.S., *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 when 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 the Department of Economic Opportunity, the Department of Financial Services, the Joint Legislative Auditing Committee, the Auditor General, and the EOG's Legal Office and Office of Policy and Budget in carrying out these responsibilities.



Local Governmental Entities in Financial Emergency Status

There are over 2100 local governmental entities⁸ in Florida. As of June 30, 2013, there were 31 entities in financial emergency status as defined in Section 218.503(3), F.S. They are as follows:

⁸ Local governmental entities, as defined in Section 218.502, F. S., are counties, municipalities, and special districts.



**Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013**

LOCAL GOVERNMENTAL ENTITIES
1. Caryville, Town of
2. Crossings at Fleming Island Community Development District
3. Disston Island Conservancy District
4. Eastpoint Sewer and Water District
5. Eatonville, Town of
6. Falls Chase Community Development District *
7. Gretna, City of
8. Hamilton County Development Authority
9. Hampton, City of
10. Hawthorne, City of
11. Heritage Harbor Community Development District *
12. Heritage Isles Community Development District
13. Indian Creek Village
14. Lanark Village Water and Sewer District (Dissolved July 30, 2013)
15. Laurel Hill, City of *
16. Leon County Educational Facilities Authority
17. Noma, Town of
18. Ocean Highway and Port Authority of Nassau County
19. Pahokee, City of
20. Paxton, City of
21. Reserve Community Development District *
22. South Bay, City of
23. St. John's Water Control District
24. St. Lucie West Services District *
25. Stoneybrook Community Development District
26. Suwannee Valley Transit Authority
27. Suwannee Water and Sewer District
28. Viera East Community Development District
29. Wausau, Town of
30. Webster, City of
31. Westville, Town of
*CIG staff are analyzing the financial condition of these entities to determine if they meet the criteria outlined in Section 218.504, F.S., for release from financial emergency status.

We contacted 124 local governmental entities that met one or more of the conditions specified in Section 218.503(1), F.S., to obtain information for use in determining entities' financial emergency status. We also monitored the financial condition of various local government entities based on concerns brought to our attention through Joint Legislative Auditing Committee meetings, news articles, correspondence from



**Executive Office of the Governor
Office of the Chief Inspector General
Annual Report 2012-2013**

citizens and questions from state and local government officials. During Fiscal Year 2012-2013, no new entities were declared to be in a state of financial emergency as defined in Section 218.503(3), F.S.

CONCLUSION

It is an honor and privilege to serve and to provide a report on the accomplishments of the CIG's Office for Fiscal Year 2012-2013.



Executive Office of the Governor
Office of the Chief Inspector General
The Capitol, Room 2103
Tallahassee, FL 32399-0001

Office – 850 717-9264
Fax – 850 921-0817
Whistle-blower's Hotline - 800-543-5353

http://www.flgov.com/inspector_general