

Florida Department
of Financial Services



Jeff Atwater
Chief Financial Officer



Office of Inspector General

Tom Kirwin
Inspector General

ANNUAL REPORT

FISCAL YEAR 2012-13

Promoting accountability, integrity and efficiency in government



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

September 30, 2013

The Honorable Jeff Atwater
Chief Financial Officer
The Capitol, PL-11
Tallahassee, Florida 32399-0301

Dear CFO Atwater:

In accordance with Section 20.055, Florida Statutes, I am submitting the Office of Inspector General's *Annual Report*. This report summarizes the office's activities during Fiscal Year 2012-13.

We look forward to continuing to serve you, our Department of Financial Services colleagues, and the citizens of Florida with objectivity, professionalism, and integrity.

Respectfully submitted,

A handwritten signature in blue ink that reads "Tom Kirwin".

Tom Kirwin
Inspector General

TK:sc
Enclosure

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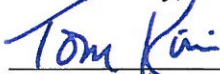
Message from the Inspector General

Fiscal Year 2012-13 was largely a rebuilding year for the Office of Inspector General (OIG). During the course of the year, we had a complete turnover of supervisory staff as well as losing several key staff members. I am pleased to announce that we now have on board a supervisory team in which I have complete confidence and which will bring the OIG to the level this Department deserves. While we are not yet fully staffed, those presently on board are highly qualified and motivated professionals imbued with a sense of mission and customer service. The process of rebuilding has not solely involved hiring new staff – it has involved restoring the confidence that the Department has and should have in the OIG. We have made progress towards restoring that confidence by providing timely, well researched and well-written reports, audits and reviews; re-establishing lines of communication between the Division Directors and the OIG; and, by reaching out to our DFS colleagues. During this year, the IG and staff met with each Division Director to develop rapport and to speak directly with them to seek their input on the value the OIG could bring to the work the divisions do. Along with presenting at each NEO session, we started a monthly column in the DFS Insider to acquaint Department employees with the services the OIG provides.

In February 2013, Leah Gardner was promoted to be the Director of Audit. Ms. Gardner devoted significant time to planning how best to restructure the approach used in the *Business Process Improvement/Enterprise Risk Management Initiative* to ensure that team will be able to deliver its already well regarded final product to division leadership in a much more timely and responsive fashion. As part of the OIG's plan to better serve the divisions, Ms. Gardner substantially revised the annual risk assessment methodology to ensure that each Bureau would identify its business processes and the related risks. Additionally, and different from previous years, the IG and Director met personally with Division Directors and Deputy CFOs to discuss the risk assessment process and to inquire about the particular areas the Directors and Deputies wanted the OIG to examine. The Audit unit created an enhanced database and central calendar to better track the Department's internal and external requirements and updated the OIG's quality assurance program by, among other things, creating a quality assurance review instrument which is a valuable training tool for new staff, minimizes rework, decreases report issuance time and better ensures compliance with professional audit standards.

In May 2013, Teresa Michael joined DFS as the Director of Investigations. Ms. Michael brings more than 20 years of investigative and supervisory experience to the director position. Under her direction, the Investigations unit is undergoing a restructuring, which will allow for a more streamlined investigative process and provide the Department with both a timely and thorough product. The unit is transitioning to a digital case filing system, an active review process and a case management tracking system, all of which allow for more efficient investigations and timely case closures. In a departure from earlier years, the Bureau of Human Resource Management (HRM) now turns over EEO complaints to the OIG for investigation rather than merely using the OIG to interview witnesses using HRM scripts. Our investigative processes are now better aligned with the Principles and Standards for Offices of Inspector Generals and put us in position to accomplish much during the current fiscal year.

We are pleased with the framework established in Fiscal Year 2012-13 for accomplishing the varied responsibilities of the Office of Inspector General. We look forward to continuing to promote accountability, integrity, efficiency, and transparency within the Department of Financial Services.



Tom Kirwin, Inspector General

INTRODUCTION

BACKGROUND

Section 20.055, Florida Statutes, establishes the Office of Inspector General to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency within the Department. The section defines the duties and responsibilities of agency inspectors general, and requires inspectors general to submit an annual report to their respective agency heads by September 30 each year. The purpose of this report is to provide the Chief Financial Officer and other interested parties with a summary of the activities of the Office during the preceding fiscal year.

OFFICE OF INSPECTOR GENERAL MISSION

Our mission is to promote integrity, accountability and process improvement in the Department.

RESPONSIBILITIES

Section 20.055, Florida Statutes, directs the inspector general to accomplish the following duties and responsibilities:

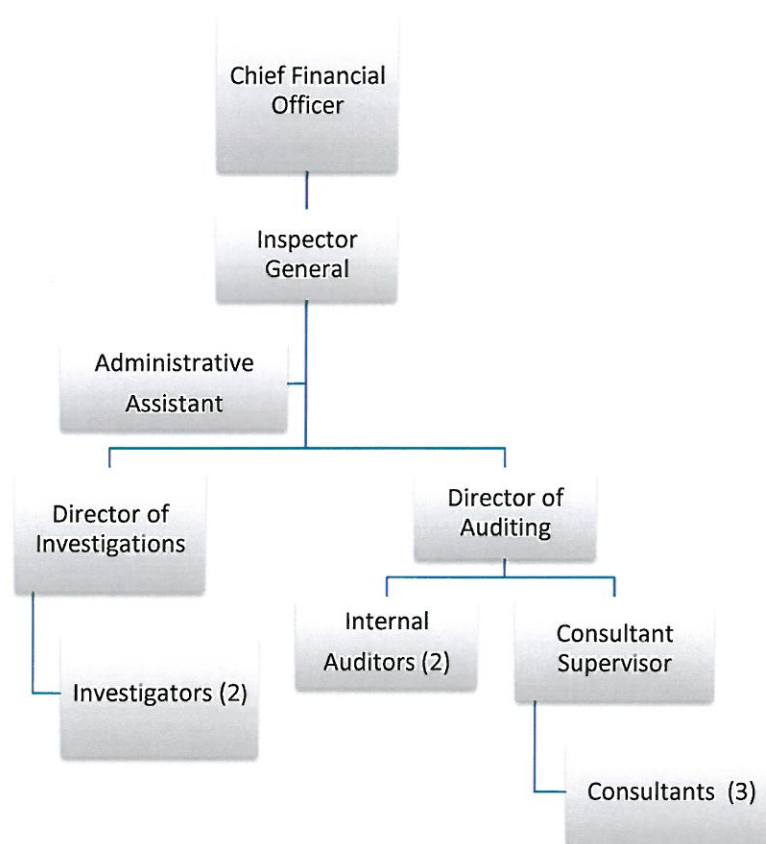
- Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to the agency's programs and operations.
- Conduct, supervise, or coordinate other activities carried out or financed by the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, agency programs and operations.
- Keep the agency head informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the agency; recommend corrective action concerning fraud, abuses, and deficiencies; and report on the progress made in implementing corrective action.
- Review the actions taken by the state agency to improve program performance and meet program standards, and make recommendations for improvement, if necessary.
- Advise in the development of performance measures, standards, and procedures for the evaluation of agency programs; assess the reliability and validity of the information provided by the agency on performance measures and standards, and make recommendations for improvement, if necessary.
- Ensure effective coordination and cooperation between the Office of the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Maintain an appropriate balance between audit, investigative, and other accountability activities.
- Comply with the *General Principles and Standards for Offices of Inspectors General* as published and revised by the Association of Inspectors General.

ORGANIZATIONAL PROFILE

OFFICE OF INSPECTOR GENERAL ORGANIZATION

The Inspector General is appointed by, and reports to the Chief Financial Officer. The Inspector General directs the activities of staff within two units: Internal Audit and Investigations. Internal Audit includes the Business Process Improvement/Enterprise Risk Management section.

**Office of Inspector General
Organizational Chart**



STAFF QUALIFICATIONS AND PROFESSIONAL AFFILIATIONS

Office staff brings diverse educational backgrounds and expertise to the Department. Advanced degrees and certifications held by OIG staff during the reporting period included:

- Juris Doctor (1)
- Doctorate Degree in Music Composition (1)
- Master in Social Work (1)
- Certified Public Accountant (2)
- Certified Fraud Examiner (1)
- Certified Inspector General Investigator (3)
- Certified Law Enforcement Officer (2)
- Criminal Justice Standards Training Certified Field Training Officer (1)
- Criminal Justice Standards Training Commission Certified General Instructor (1)
- Criminal Justice Standards Training Commission Certified Firearms Instructor (1)
- Criminal Justice Standards Training Commission Certified Driving Instructor (1)

Office staff belongs to a variety of professional associations to maintain professional competence, establish and advance professional networks, and participate in professional community activities. The following are OIG's professional association affiliations:

- The Florida Bar
- The Tallahassee Bar Association
- Association of Inspectors General (AIG)
- Florida Chapter of the AIG
- Association of Certified Fraud Examiners (ACFE)
- Tallahassee Chapter of Certified Fraud Examiners
- Association of Government Accountants (AGA)
- Florida Internal Affairs Investigator Association
- Institute of Internal Auditors (IIA)
- Tallahassee Chapter of the IIA

CONTINUING PROFESSIONAL EDUCATION AND STAFF DEVELOPMENT

The *General Principles and Standards for Offices of Inspector General*, as published by the Association of Inspectors General, specifies that each staff person who performs investigations, audits, inspections, evaluations, or reviews shall receive at least 40 hours of continuing professional education every two years that directly enhances the person's professional proficiency.

As required by statute, the OIG performs internal audits in accordance with the *International Standards for the Professional Practice of Internal Auditing* published by The Institute for Internal Auditors Inc. or government auditing standards, as appropriate. These standards require internal audit staff to maintain professional proficiency through continuing professional

education and training. Pursuant to these standards, each internal auditor must receive at least 80 hours of continuing professional education every two years.

In Fiscal Year 2012-13, one investigator achieved the Certified Inspector General Investigator designation. The entire Investigation unit has now achieved the CIGI designation. The Office of Inspector General staff accomplished continuing professional education and staff development requirements through attendance at locally sponsored conferences, webinars, and audio conferences.

OIG FUNCTIONS AND ACTIVITIES

OFFICE OF STRATEGIC PLANNING

The Office of Strategic Planning (OSP) works with division leadership to analyze operations, identify program goals and objectives, and develop performance measures for the reporting and evaluation of operations. A significant duty of the office is directing the development of the agency's Long-Range Program Plan (LRPP), a tool that aids management in the alignment of division operations with the Chief Financial Officer's goals. The LRPP provides the framework for the development of budget requests and legislative agenda.

In December 2012, OSP was combined with the Office of Policy, Research and Legislative Affairs. The effect of this reorganization was to remove the Office from the Office of Inspector General.

Through December 2012, among its routine duties, the OSP developed a performance measurement system policy which included specific procedures to assess the reliability and validity of agency performance measures. Additionally, the OSP, in collaboration with Internal Audit, assessed all agency performance measures for relevance, reliability and validity.

INTERNAL AUDIT

Internal Audit performs independent and objective audit and consulting engagements that provide information on the adequacy and effectiveness of the Department's internal controls and on the economy, efficiency and effectiveness of departmental programs, activities, and functions. Internal Audit also provides management advisory services to assist management with issues that do not require extensive audit or consulting services.

Internal Audit performs audit and consulting engagements in accordance with the *International Standards for the Professional Practice of Internal Auditing* published by The Institute of Internal Auditors Inc.

Types of Engagements

- Financial audits provide reasonable assurance about the reliability of financial information and involve a review of procedures used to record, classify, and report

financial information. These audits often include a determination of compliance with applicable legal and regulatory requirements.

- Compliance engagements evaluate whether a program or process is operating in compliance with applicable laws, rules, and regulations or contractual provisions. Compliance auditing is generally a component of financial, information systems, and performance audits.
- Information systems audits evaluate the organization's internal controls over its management, administration, and operation of electronic systems and applications.
- Performance audits analyze the economy, efficiency, and effectiveness of departmental programs, functions, or activities. Performance audits generally include an evaluation of the adequacy and effectiveness of controls established to help ensure the achievement of goals and objectives. Performance engagements generally include elements of financial, compliance, and/or information systems audits.
- Consulting engagements are carried out at management's request. The nature and scope of such engagements are agreed upon with management and are generally intended to help improve the Department's governance, risk management, and control processes.

Engagements and management advisory services provided by Internal Audit in Fiscal Year 2012-13 are summarized in Exhibit A.

Risk-based Audit Planning

Internal Audit completes an annual risk assessment of departmental programs and activities to assist in developing an *Annual and Long-Term Audit Work Plan*. In 2013, Internal Audit surveyed 56 auditable entities within the Department to assess the extent of risk associated with a range of operational factors, such as the extent of use of confidential information, reliance on information technology, management of risks and changes in the business environment, operations at highest risk for fraudulent activity, etc. The risk assessment also included input from each division or office director and from executive management. The *Work Plan*, which is approved by the Chief Financial Officer, identifies planned internal audits and consulting engagements for the period July 1, 2013, through June 30, 2015.

During the course of the fiscal year, Internal Audit also carries out on-going risk assessment activities to identify and assess areas of emergent risk. The Inspector General revises the approved *Work Plan* as necessary to address exigent circumstances.

Coordination with External Audit Entities

In addition to internal audit, departmental programs and operations are subject to audit by various external entities, such as the Office of the Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), and various federal and other regulatory entities. Internal Audit is responsible for coordinating with these external reviewers. In Fiscal

Year 2012-13, the unit coordinated the Department's response to findings and recommendations made in two reports published by the Office of the Auditor General (see Exhibit B). Additionally, the unit coordinated audit activities for seven other Auditor General audits that were ongoing as of June 30, 2013 (see Exhibit B).

Follow-up Responses

Section 20.055, Florida Statutes, requires the Inspector General to monitor implementation of corrective action the Department makes in response to findings and recommendations in reports published by the Auditor General and OPPAGA. Pursuant to this law, Internal Audit prepares a written response to the Chief Financial Officer and Joint Legislative Auditing Committee on the status of corrective action within six months of the report's publication (see Exhibit C). In accordance with internal auditing standards, the unit also reports to the Chief Financial Officer on the status of corrective action taken in response to findings and recommendations made in internal audits. Internal Audit continues to monitor implementation status for all external and internal reports at six-month intervals until the planned action is complete or executive management assumes the risk of not implementing the corrective action.

Outstanding Corrective Actions from Prior Annual Reports

As of June 30, 2013, no significant corrective actions remained outstanding from prior annual reports.

INVESTIGATIONS

All allegations received by the OIG are reviewed and categorized according to procedure and any applicable statutes and labor agreements. While the OIG is dedicated to completing all investigations in a timely manner, some, whether by law, collective bargaining agreements or our policies, must be given precedence. This is what causes the anomaly of having some cases being opened in one fiscal year and closed in another.

Investigations

During Fiscal Year 2012-13, the Investigations unit opened seven investigations of non-law enforcement employees and completed eight. Of the eight completed investigations, three were opened during the previous fiscal year. Of the non-law enforcement employee investigations completed, six were categorized as sustained; one was unfounded; and one had no applicable findings because the case was closed prior to obtaining all the evidence necessary to make a categorization (e.g., employee resigned prior to conclusion of investigation). A summary of these investigations can be found in Exhibit D.

Law enforcement officer investigations stem from complaints involving alleged misconduct by a sworn law enforcement employee (Division of Insurance Fraud; Division of State Fire Marshal; Bureau of Fire and Arson Investigations; or Office of Fiscal Integrity). These investigations require the OIG to comply with the Law Enforcement Officers' Bill of Rights or the Firefighters' Bill of Rights, and, in some cases, with the Police Benevolent Association Union Contract, or the

Florida State Fire Service Association Agreement. By law, these cases are confidential in nature until the investigative report is published or disciplinary action occurs, whichever is later.

During Fiscal Year 2012-13, five law enforcement officer investigations/inquiries were opened and four were completed. None of the completed cases were opened in Fiscal Year 2011-12. Of the four investigations completed, three were categorized as sustained and one was determined to be unfounded. A summary of these investigations can be found in Exhibit D.

Management Referral

Management Referral cases are opened when the OIG receives complaints which are more appropriately handled at division management level. These complaints are referred to the management of the appropriate division and may be monitored until an outcome is received, reviewed, and closed by the OIG. During Fiscal Year 2012-13, the OIG referred 12 complaints to division management.

Investigative Support

Investigative Support cases are opened when the Bureau of Human Resource Management (HRM) contacts the OIG indicating staff has received a complaint regarding allegations of unlawful discrimination. The OIG assists in these cases by taking sworn statements from involved parties and forwarding them to HRM to determine whether acts of unlawful discrimination occurred. During Fiscal Year 2012-13, the OIG received and completed eight requests for assistance from HRM. During this year, the OIG came to an agreement with HRM that the OIG would completely investigate the allegations and provide a report of the findings to HRM for its further action.

Management Support

Management Support cases are opened in response to requests for assistance, generally received from DFS management, with issues that normally do not give rise to an OIG case of any type. During Fiscal Year 2012-13, the OIG completed two requests for assistance.

Monitoring

Monitoring cases involve issues monitored by the Office of Inspector General to receive and report the outcome to management. For example, the Office of Inspector General may monitor an employee's case in the criminal court system after an arrest. During Fiscal Year 2012-13, the OIG opened five monitoring cases.

Memorandum to File

Memorandum to File cases arise when the Office of Inspector General receives a complaint and the subject of the complaint is not within the purview of the Department of Financial Services. The complaints are referred to the agency having jurisdiction over the matter, if any. During Fiscal Year 2012-13, the OIG opened six such cases.

Inquiry

Inquiry cases are opened when the Office of Inspector General receives complaints with insufficient facts to warrant a full investigation. In these cases, some fact gathering is conducted and a determination is made whether to proceed with an investigation (facts indicate a substantive violation may have occurred) or to end the inquiry (facts indicate a substantive violation did not occur). In some instances another type of case may be opened when the inquiry is ended without a substantive investigation being pursued, e.g., a management referral. During Fiscal Year 2012-13, fourteen (14) Inquiry cases were opened.

OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES

- Get Lean Hotline: The OIG Internal Audit unit coordinates the Department's response to citizens' suggestions and complaints received via the Hotline.
- New Employee Orientation: The OIG managers provide an overview of the OIG's office to all new employees and advise employees of the standards of conduct and internal controls, highlighting their duties and responsibilities.
- Basic Supervisory Training: As part of the Department's required basic supervisory training program, the Inspector General provides instruction concerning the ethical considerations of supervision.
- Computer Security Incident Response Team: The Inspector General is a core member of the Department's Computer Security Incident Response Team.
- Criminal Justice Information System Compliance Working Group: The Inspector General is a core member of the working group.
- DFS Insider: Staff provides monthly informational articles concerning OIG activities.

EXHIBIT A

INTERNAL AUDIT PROJECTS

Project No. IA 12-205 – Performance Audit: Audit of the Department’s Management of the Memorandum of Understanding (MOU) for Use of the DAVID and DAVE Databases

The overall objective of this audit was to evaluate the effectiveness of the Department’s management of the MOU with the Department of Highway Safety and Motor Vehicles (DHSMV) for use of the DAVID and DAVE databases. The specific objectives were to determine whether the Department and its user entities were in compliance with MOU terms and provisions, and to assess the adequacy of the Department’s internal controls for safeguarding the security of the driver information. The findings and recommendations for this audit are summarized below:

- **Finding:** Management of the MOU was inefficient and ineffective.
Recommendation: The Department should centralize management of the MOU to facilitate a more systematic and coordinated approach for managing the agreement with DHSMV.
- **Finding:** Certain activities intended to safeguard the confidential data within the DAVE and DAVID databases were not performed in accordance with the MOU. Additionally, policies and procedures were not sufficient to ensure compliance with the MOU.
Recommendation: The Department should establish overarching policies and procedures related to administration of the MOU and use of the DAVE and DAVID databases and enhance processes to ensure compliance with the MOU and that personal data obtained from the databases is properly safeguarded.
- **Finding:** Contracting procedures were not sufficient to ensure that all Department user entities were authorized to access the DAVE and DAVID databases and required internal approvals were obtained prior to execution of the MOU.
Recommendation: The Department should enhance its contracting procedures to ensure that appropriate statutory authority exists for all parties entering into data exchange agreements and that the agreements are properly routed and contain all required approvals.

Project No. IA 13-203 – Performance Audit: Audit of Internal Controls over Personal Data Exchanged Under DHSMV Memorandum of Understanding and Audit Follow-up of IA 12-205

The overall objective of this audit was to evaluate whether the internal controls over the personal data exchanged under DHSMV MOU HSMV-0380-12 were adequate and operating effectively to protect the personal data from unauthorized access, distribution, use, modification or disclosure. In addition, the audit included follow-up on the audit findings included in Report IA 12-205 to determine whether corrective action had been taken.

- **Finding:** Access permissions were not always timely revoked and quarterly access control reviews were not always conducted or adequately documented.
Recommendation: The Department should enhance its policies and procedures to ensure that access is timely revoked, a back-up access administrator is designated, and quarterly access control reviews are adequately documented and completed.
- **Finding:** Access authorizations and acknowledgement forms were not maintained for all users and sufficient documentation was not maintained to evidence that users of the DAVID database had completed the forms prior to being granted access to the system.
Recommendation: The Department should enhance its policies and procedures to ensure that pertinent access information is collected and maintained for all users of the database.
- **Finding:** Four DAVE user entities retained personal data from the DAVE database for non-law enforcement purposes, without written authorization from DHSMV. Additionally, contracting policies were not sufficient to ensure a proper evaluation of legal authority for data exchange agreements.
Recommendation: The Department should coordinate with the Division of Legal Services to seek written authorization and/or an amendment to the MOU, as necessary, and enhance contracting policies and procedures to define responsibilities and procedures for determining legal authority for data exchange agreements.
- **Finding:** Security incident procedures were not sufficient to meet the unique reporting needs of the MOU and misuse incidents were not always timely and properly reported to the responsible parties.
- **Recommendation:** The Department should enhance its policies and procedures to ensure that pertinent access information is collected and maintained for all users of the DAVE and DAVID databases.

Project No. IA 12-201 – Consulting Engagement: *Business Process Improvement/Enterprise Risk Management Initiative*

The overall objective of this multi-year, multi-phase consulting engagement is to create tools to assist the Chief Financial Officer and executive management in making decisions concerning the Department's strategic direction. Specific engagement objectives are to develop a decision support system that will:

- Provide senior management with relevant and meaningful information to effectively implement the Chief Financial Officer's strategic vision for the Department; and
- Provide division management with relevant and meaningful information to better align business processes with the Department's strategic objectives, improve operational effectiveness and efficiency, and reduce risk.

To achieve these objectives, the Business Process Improvement (BPI) consultants continue to engage Department leaders in the development of processes that will more quickly provide leadership with tools needed to achieve the objectives of the CFO's strategic plan initiative. The engagement includes the following steps:

1. Evaluate each division's core business processes to determine whether the core processes are aligned with the Department's strategic goals and objectives and identify any business processes that are not essential to achieving the Department's mission.
2. Map the business processes within each division to provide a visual representation of current operations.
3. Identify opportunities and key performance measures to align business processes that will improve service delivery and achieve greater effectiveness and efficiency through process improvement or reengineering.
4. Assess the control environment and level of residual risk of each business process and identify opportunities to reduce risk through process improvement or reengineering.

In Fiscal Year 2012-2013, the BPI consultants reviewed the operations of the Division of Worker's Compensation. Within the Division, the bureaus engaged were Employee Assistance and Ombudsman, Compliance, Monitoring & Audit, and Data Quality & Control. The remaining bureau, Financial Accountability, will be completed during Fiscal Year 2013-14.

During the review of the four bureaus, the BPI consultants held 103 meetings with Division personnel, created 83 maps of 16 processes, and performed risk analyses for 15 processes/units within the Division. As a product of the work performed, numerous opportunities for improvement were identified, the results of which will be delivered to Department and Division management at the completion of the engagement.

Project IA 13-200 – Management Advisory Service: *Review of Third Party Administrator's (TPA) Statement on Standards for Attestation Engagements (SSAE) No. 16 Report*

At the request of the Division of Risk Management (DRM), Internal Audit evaluated the April 11, 2012, SSAE Report of a contracted TPA to determine whether DRM should engage a Certified Public Accounting firm to review the financial activities of the bank account maintained jointly by DRM and the TPA. We concluded that although the TPA's SSAE 16 report provided some level of assurance over the TPA's cash management and other procedures, the report, in and of itself, did not provide adequate assurance over the joint bank account and was not sufficient to achieve a proper level of oversight with respect to the contract with the TPA. We recommended that DRM review its control activities (in light of the TPA's established procedures) related to the joint bank account and determine whether additional procedures should be implemented.

Project IA 13-205 – Management Advisory Service: *Medicaid Strike Force Mapping Project*

At the request of the Medicaid and Public Assistance Fraud Strike Force management, BPI consultants and Internal Audit redesigned and updated the business process maps related to the public assistance eligibility determination process and identified points in the process which were vulnerable to fraudulent activity.

EXHIBIT B

EXTERNAL AUDIT COORDINATION

In Fiscal Year 2012-13, Internal Audit coordinated the Department's response to the external audits listed below.

- Auditor General Report No. 2013-078 *DFS Florida Accounting Information Resource Subsystem (FLAIR)*, published January 10, 2013
- Auditor General Report No. 2013-161 *State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards*, published March 28, 2013
- The following external audits were on-going as of June 30, 2013:
 - Auditor General multi-agency procurement audit
 - Auditor General information technology operational audit of FLAIR
 - Auditor General operational audit of Division of Risk Management
 - Auditor General operational audit of Public Assistance Fraud
 - Auditor General multi-agency payroll and personnel activities audit
 - Auditor General audit of State of Florida compliance and internal controls over financial reporting
 - Auditor General audit of State of Florida expenditures for federal awards

EXHIBIT C

FOLLOW-UP RESPONSES

In Fiscal Year 2012-13, Internal Audit prepared follow-up responses regarding the status of implementation of corrective action for the following audits:

- Project No. IA 12-409 Six-Month Follow-up Response to Auditor General Report No. 2012-067: *DFS Division of Risk Management Monitoring of Third-Party Administrators*, published July 3, 2012
- Project No. IA 12-410 Six-Month Follow-up Response to Auditor General Report No. 2012-071: *DFS STARS Information Technology Operational Audit*, published July 5, 2012
- Project Nos. IA 11206 & 11207 Six-Month Follow-up Response to Auditor General Report No. 2012-142: *State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards*, published September 19, 2012
- Project No. IA 13-400 Six-Month Follow-up Response to Auditor General Report No. 2012-179: *DFS Special Disability Trust Fund Claims Manager 2004 System*, published December 14, 2012
- Project No. IA 12-409 Twelve-Month Follow-up Response to Auditor General Report No. 2012-067: *DFS Division of Risk Management Monitoring of Third-Party Administrators*, published December 27, 2012
- Project No. IA 12-410 Twelve-Month Follow-up Response to Auditor General Report No. 2012-071: *DFS STARS Information Technology Operational Audit*, published December 27, 2012
- Project No. IA 12-307 Six-Month Follow-up Response to Florida Department of Emergency Management Report No. 12-C308, *Florida Department of Financial Services State Homeland Security Grant Agreement Number 09-DS-51-13-00-16-409*, published June 6, 2013
- Project No. IA 13-400 Twelve-Month Follow-up Response to Auditor General Report No. 2012-179: *DFS Special Disability Trust Fund Claims Manager 2004 System*, published June 14, 2013

EXHIBIT D

INVESTIGATIONS

- OIG 12318/12368 – This investigation was predicated on allegations of violation of law, rule/policy on a DFS employee who represented false information to a newspaper reporter and failed to report a breach in security of confidential information. It was further alleged that another DFS employee should have had knowledge of the previous employees' misconduct and was therefore negligent in their duties. All allegations were sustained and both state employees were reprimanded.
- OIG 12353 – This investigation was predicated on allegations that a DFS employee falsified her timesheets. The allegation was sustained and the employee resigned in lieu of termination.
- OIG 12385 – This investigation was predicated on a complaint from a Division of Workers Compensation (DWC) employee in reference to Stop Work Orders. It was determined that employees were violating state statute as a part of an unwritten policy and the case was closed with a sustained finding.
- OIG 13300 – This investigation was predicated on an allegation that a notice to appear for a Public Affray was issued to a DFS employee. The case was monitored until a nolle prosequi was entered by the State Attorney's Office.
- OIG 13303 – This inquiry was predicated on an indirect death threat made by a citizen to a DFS employee. The information was forwarded to the local sheriff's office where the citizen lived.
- OIG 13304 – This inquiry was predicated by a complaint referred by the Chief Inspector General's office in reference to fraud allegedly perpetrated by a doctor. The complaint was forwarded to the Division of Insurance Fraud for review and appropriate handling.
- OIG 13306 – This inquiry was predicated on an allegation by a citizen that a Division of Consumer Services employee was rude and unprofessional when dealing with his complaint. The complaint was forwarded to the employees' supervisor/management for review and consideration.
- OIG 13307 – This investigation was predicated on allegations that a DFS law enforcement employee failed to properly secure his state issued firearm, which was subsequently stolen. It was further alleged that the DFS employee did not immediately report the theft of the firearm and was negligent. All allegations were sustained and the detective retired prior to conclusion of the investigation.

- OIG 13308 – This inquiry was predicated on an allegation of an unlawful arrest by a Division of Insurance Fraud Detective. The allegation was determined to be unfounded and the inquiry was closed.
- OIG 13309 – This inquiry was predicated on a complaint made by a citizen against a Division of Agent & Agency Services employee that the employee did not pursue any complaints the citizen made about a number of insurance agents. A review of the cases filed by and against the citizen did not reveal any deviations from the normal investigative procedures or any violations of law, rule, or policy and the case was closed as unfounded.
- OIG 13312 – This investigation was predicated on an allegation that a DFS employee was arrested for Driving with a Suspended Driver’s License. The case was monitored until the final disposition of the court case.
- OIG 13314 – This investigation was predicated by a request from DFS Human Resource Management (HRM) to conduct interviews regarding a discrimination complaint. This task was completed as requested.
- OIG 13315 – This investigation was predicated on an allegation that a DFS Law Enforcement Investigator was under investigation by the Pasco County Sheriff’s Office for Grand Theft. As a result of the arrest, the employee was terminated while on probationary status as a Law Enforcement Investigator II.
- OIG 13316 – This inquiry was predicated on a complaint from a citizen regarding the unresponsiveness of the Division of Funeral, Cemetery and Consumer Services for a mausoleum that had a bug infestation and an odor. The inquiry and follow-up showed the complaint was unfounded.
- OIG 13318 – This investigation was predicated on an allegation of a DFS employee was accessing databases for personal use. The allegation was sustained and the employee was suspended for one day.
- OIG 13324 – This investigation was predicated on an allegation that a DFS employee was arrested for Assault on an Officer and Disorderly Conduct. The case was monitored until the final disposition of the court in which the felony charge was dropped and the adjudication was withheld on the misdemeanor charge.
- OIG 13325 – This investigation was predicated by a request from HRM to conduct interviews regarding a discrimination complaint. Statements were taken as requested.
- OIG 13328 – This inquiry was predicated on an allegation from a citizen that he did not receive fair treatment from the Bureau of Unclaimed Property. It was determined no law, rule or policy was violated and the case was closed as unfounded.

- **OIG 13329** – This inquiry was predicated on an allegation that a DFS employee gave the complainant the “run around” when handling her reimbursement for Risk Management/Workers Compensation. The complaint was referred to the Director of Risk Management for review and appropriate handling.
- **OIG 13330** – This inquiry was predicated by a citizen complaint in reference to two DFS staff in the Employee Assistance Office acting in a rude manner. The inquiry and follow-up showed the complaint was unfounded and the information was forwarded to management for informational purposes.
- **OIG 13331** – This inquiry was predicated on a complaint from a citizen against a Division of Consumer Services employee for unresponsiveness. The inquiry showed the complaint was unfounded.
- **OIG 13332** – This investigation was predicated by a request from HRM to conduct interviews regarding a discrimination complaint. This task was completed.
- **OIG 13333** – This investigation was predicated on an allegation that a DFS employee was arrested for Grand Theft. The case was monitored until the final disposition.
- **OIG 13334** – This inquiry was predicated on a request from HRM to obtain court disposition records on a DFS employee. Records were obtained from the Clerk of Court and forwarded to HR as requested.
- **OIG 13335** – This investigation was predicated on an allegation that a DFS employee utilized a state vehicle for personal reasons, falsified his timesheet, exhibited poor performance on the job and failed to respond truthfully during an OIG investigation. All allegations were sustained and the employee is pending termination.
- **OIG 13336** – This investigation was predicated by a request from HRM to conduct interviews regarding a discrimination complaint. This task was completed as requested
- **OIG 13337** – This inquiry was predicated by a citizen complaint that he has been the subject of damages due to failure of an employee of the Division of Consumer Services to assist him regarding a complaint. It was determined no law, rule or policy was violated and the case was closed as unfounded.
- **OIG 13339** – This inquiry was predicated on an allegation that a DFS employee with the Division of Consumer Services (DCS) did not provide information requested by the complainant. The complainant further alleged the DCS employee was answering phones in the Office of Inspector General (OIG), and not allowing the complainant to file a complaint against the employee. The initial inquiry provided no evidence of wrongdoing on the part of DFS staff and the case was closed as unfounded.

- OIG 13340 – This investigation was predicated by a request from HRM to conduct interviews regarding a discrimination complaint. Interviews were conducted as requested.
- OIG 13342 – This investigation was predicated by a request from HRM to conduct interviews regarding a discrimination complaint. This task was completed as requested.
- OIG 13343 – This inquiry was predicated on an allegation that the Division of Agent & Agency Services (A&A) failed to take action against bail bondsmen writing bonds with outstanding judgments over 35 days. It was discovered that appropriate action is taken against bail bondsmen and it is verified through the insurance company they represent. The inquiry was closed as unfounded with no further action.
- OIG 13345 – This inquiry was predicated from an inmate in prison who issued a complaint on an ex-officer from SFM for Official Misconduct and Perjury from the year 2000. It was determined no law, rule or policy was violated and was closed as unfounded.
- OIG 13347 – This inquiry was predicated on an allegation of a DFS employee having inappropriate pictures on a state computer. The allegations were unfounded.
- OIG 13348 – This investigation was predicated on allegations of a hostile work environment created by a State Fire Marshal captain. The complaint was made by the captain's subordinates. The captain resigned prior to the conclusion of the investigation and the case was administratively closed.
- OIG 13349 – This investigation was predicated on an allegation of misuse of state time, equipment, resources and failing to disclose a plea to criminal case by a DFS employee. The allegations were determined to be unfounded.
- OIG 13357 – This investigation was predicated on an allegation that a DFS employee was arrested for Solicitation of Prostitution. The case was monitored until the employee resigned.
- OIG 13358 – This inquiry was predicated on a vague complaint made by a subordinate against a State Fire Marshal Lieutenant. The inquiry was administratively closed as the Lieutenant retired prior to conclusion of the case.
- OIG 13359 – This investigation was predicated on a request from HRM to provide assistance conducting a background check on an individual applying for employment with DFS. OIG staff obtained a criminal history from the applicant's local sheriff's office.
- OIG 13360 – This inquiry was predicated on a complaint from a citizen who alleged a DFS employee who worked for Division of Consumer services had not helped him.

Upon review of the complaint, the matter was referred to management for appropriate handling.

- OIG 13361 – This investigation was predicated on an allegation that a DFS law enforcement employee was stopped by local authorities for suspicion of Driving Under the Influence. During the course of the investigation it was determined that the employee made misleading statements during the investigative interview and was subsequently terminated for Conduct Unbecoming a State Employee and providing Misleading statements during an internal investigation.
- OIG 13362 – This investigation was predicated on allegations involving a DFS employee who acted improperly when she submitted for personal mileage reimbursement through a coworker. It was further alleged that the coworker was negligent in processing the reimbursement. All allegations were sustained and both employees were terminated.
- OIG 13364 – This inquiry was predicated on an allegation by a citizen against the Division of Risk Management. Upon receipt of the complaint OIG staff requested additional information, however, the complainant failed to comply and the case was administratively closed.
- OIG 13365 – This investigation was predicated on an allegation of that a State Fire Marshal (SFM) was engaging in possible sexual acts while in a SFM office. A referral was forwarded to the SFM management for review. The complaint was unfounded and the case was closed.
- OIG 13372 – This inquiry was predicated on an allegation by a state employee that a supervisor in the Division of Risk Management (DRM) treated the employee with disrespect. A referral was made to DRM Director for review and appropriate handling.
- OIG 13373 – This inquiry was predicated on the results a DAVE/DAVID survey, which indicated that DFS staff wrongfully used the systems emergency contact information. OIG determined no law, rule or policy was violated, however, based on the inquiry, new policies and procedures were put into effect regarding the use of the emergency contact information.
- OIG 13374 – This inquiry was predicated on an allegation by a citizen against a detective at the Division of Insurance Fraud for failing to following up on a criminal complaint. It was determined the allegations were unfounded and the case was closed.

- **OIG 13375** – This inquiry was predicated on an allegation the complainant participated in the Division of Insurance Fraud’s (DIF) “Operation Whiplash” and did not receive the reward money. A referral was forwarded to the DIF Director and the complaint was resolved.
- **OIG 13378** – This inquiry was predicated on an allegation that the Division of Insurance Fraud (DIF) did not fully investigate a citizen’s complaint. The allegation was referred to the DIF Director for review and response. The Director issued his response and the complainant was contacted with completed resolution to the matter.
- **OIG 13379** – This investigation was predicated by a request from HRM to conduct interviews regarding a discrimination complaint. Statements were taken as requested.
- **OIG 13380** – This investigation was predicated by a request from HRM to conduct interviews regarding a discrimination complaint. Interviews completed as requested.
- **OIG 13385** – This inquiry was predicated on a complaint that did not fall within the jurisdiction of Department of Financial Services. The complaint was forwarded to the correct agency.
- **OIG 13389** – This inquiry was predicated on a citizen complaint involving alleged misconduct on the part of court system, attorneys, and his ex-wife. Upon further review, it was determined that none of the individuals identified were associated with DFS and the case was administratively closed.
- **OIG 13667** – This inquiry was predicated on a complaint from a citizen that a Division of Workers’ Compensation (DWC) was not “policing” their issued stop work orders (SWO). The investigation was administratively closed as the issues had been addressed in a recently released case.