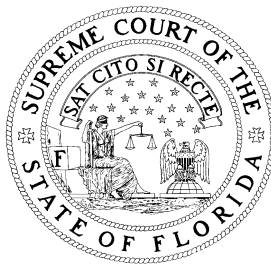


Florida State Courts System Office of Inspector General



Annual Report Fiscal Year 2013-14



July 7, 2014

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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 2013-14 state fiscal year.

Due to the diligence of audit staff we were able to complete ten audits and one consulting engagement during the year. This significantly exceeds the number of engagements 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 six judicial circuit courts during 2013-14. The objectives of these operational audits were to determine whether: the courts complied with administrative policies and procedures and applicable state statutes; internal controls provided reasonable assurance that assets are safeguarded and financial and operational information is reliable; and, current court operations and processes support management objectives and encourage economical use of resources. The results of these audits are summarized below.

Fifth District Court of Appeal:

Report issued July 11, 2013. The Fifth 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. Our audit did not disclose any material findings.

Fourth District Court of Appeal:

Report issued January 14, 2014. Internal controls provided reasonable assurance that assets were safeguarded and that reported information was reliable. To further strengthen controls, we found that improved separation of purchasing duties could be implemented. In addition, employee files did not contain all required documentation. Finally, the court's contract administration procedures could be improved. We provided a management comment regarding improving the continuity of operations plan and recommended conducting evacuation drills on a periodic basis.

Third Judicial Circuit:

Report issued July 15, 2013. 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.

Second Judicial Circuit:

Report issued September 19, 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.

Fourteenth Judicial Circuit:

Report issued September 17, 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.

Seventeenth Judicial Circuit:

Report issued November 22, 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 recommending, as best practices, an annual IT risk assessment and documentation of the removal of terminated employees' electronic access are provided for management consideration.

First Judicial Circuit:

Report issued April 2, 2014. 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.

Eighth Judicial Circuit:

Report issued May 30, 2014. 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 regarding notifying OSCA of changes to the master property inventory, dating contract signatures, and conducting an annual IT risk assessment are provided for management consideration. We commented positively about the circuit's

electronic personnel files and their comprehensive COOP.

In addition to the court operational audits, we completed an audit of **contracting in the Florida Dispute Resolution Center**. The report was issued on February 10, 2014.

Internal controls provided reasonable assurance that financial and operational information was reliable. The DRC 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 resources.

Immaterial management comments recommending, as best practices, modifications to the contract language to eliminate confusion regarding contract start dates and specify total payments for services are provided for management consideration.

We also completed an audit of **Federal Court Improvement Grant administration in the Office of Court Improvement**. The report was issued on June 13, 2014.

We found that the Office of Court Improvement as well as the State Court System could benefit from improved reconciliation and draw down methods, more thorough review of travel vouchers, and a tracking system for required state matching.

We provided immaterial management comments recommending, as best practices, reducing the processing time for indirect and other allocable costs, the

development of a more effective means of monitoring grant budgets, and additional training for Office of Court Improvement staff involved in grants management.

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 no Auditor General reports regarding the State Courts System issued during the year. There were also no outstanding findings which required follow-up action.

In accordance with professional auditing standards, the OIG also reviews the status of open internal audit findings within six months of the audit report issue date. The courts and Office of the State Courts Administrator have been diligent in addressing our findings and management comments.

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 policies and procedures, collecting and analyzing data, etc.

The OIG conducted a limited scope review of controls in the Office of Information Systems Services which included review of policies and procedures, testing of termination of

network access for separated employees, and a risk assessment survey of staff in information technology positions. Recommendations included updating policies and procedures, developing a documented method for terminating access privileges, and better communication of information technology security procedures to all staff. A memo was issued on May 27, 2014.

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 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

Andrew Blimes, MBA, CIGA
Senior Internal Auditor

Katie Sanders, BA, CIGA
Internal Auditor

CIA – Certified Internal Auditor
CGAP – Cert. Government Auditing Professional
CIGA – Cert. Inspector General Auditor
MBA-Masters in Business Administration
BA – Bachelor of Arts

Other Activities

During 2013-14, the OIG staff actively participated in the following organizations:

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

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

Upcoming Year

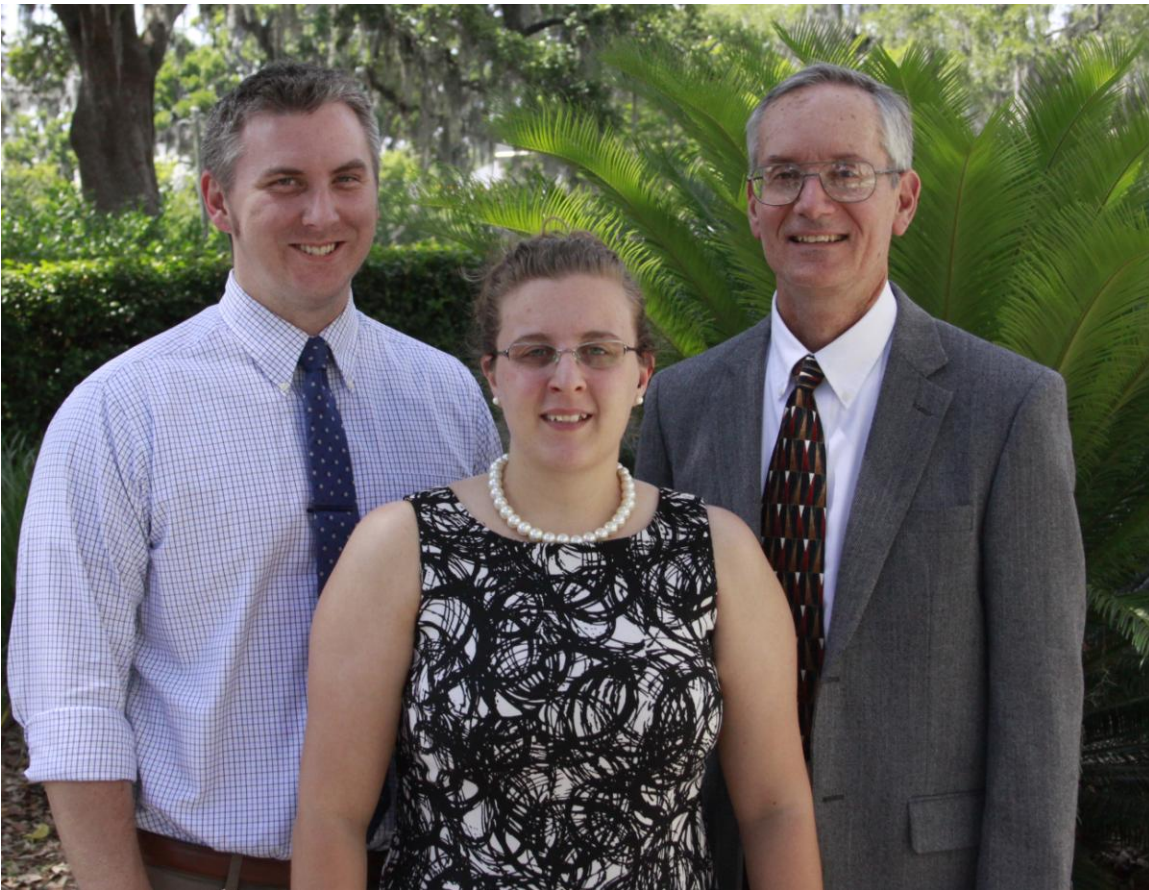
During 2014-15, the OIG plans to conduct ten audits and complete one carry over audit from the 2013-14 plan. We will provide consulting services as requested by management and, when necessary, we will investigate complaints related to State Courts System employees and/or program functions.

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

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