




**FLORIDA**

Executive  
Director  
Leon M. Biegalski

September 27, 2017

**TO:** Leon Biegalski, Executive Director  
**FROM:** Sharon Doredant, Inspector General   
**SUBJECT:** Annual Report for Fiscal Year 2016/17

We are pleased to submit the Office of Inspector General's (OIG) Annual Report for the fiscal year ending June 30, 2017. This report is required by section 20.055(8), Florida Statutes, and reflects the major work activities of the Internal Audit, Investigations, and Special Projects Sections.

We appreciate the confidence you have shown in this office and the cooperation and support of Department of Revenue (DOR) management. We look forward to continuing our service to you, DOR management and staff, and all Floridians by promoting accountability, integrity, and efficiency within DOR.

cc: Office of the Chief Inspector General  
Office of the Auditor General

FLORIDA DEPARTMENT OF REVENUE

---

# ANNUAL REPORT FY 2016-17

OFFICE OF INSPECTOR GENERAL

INTERNAL AUDITS · INTERNAL INVESTIGATIONS · SPECIAL PROJECTS



DEPARTMENT OF REVENUE

---

FLORIDA

# TABLE OF CONTENTS

Executive Summary	1
Background	2
OIG Responsibilities	3
Organizational Chart	4
Staff Qualifications	5
Staff Training	7
Internal Audits Section	8
Internal Investigations Section	14
Special Projects Section	20
A Final Farewell	26
Appendix A	
Outstanding Corrective Actions for Prior Audit Reports	27
Appendix B	
Summary of Closed Internal Investigations for FY 2016/17	29

# EXECUTIVE SUMMARY

Section 20.055 (8), Florida Statutes, (F.S.), requires the Office of Inspector General (OIG) to complete an annual report by September 30, summarizing the activities of the office during the prior fiscal year. This report must include, at a minimum, descriptions of:

- Activities relating to the development, assessment, and validation of performance measures.
- Significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period.
- Recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified.
- Significant recommendations made in previous annual reports in which corrective action has not been completed.
- Audits and investigations completed during the reporting period.

The following activities highlight the significant efforts of the Department of Revenue (Department) OIG staff during Fiscal Year (FY) 2016/17:

- RECEIVED, REVIEWED AND PROCESSED 709 COMPLAINTS AND/OR REQUESTS FOR ASSISTANCE
- COMPLETED 23 INTERNAL AUDIT PROJECTS
- REVISED THE INTERNAL AUDIT PROCEDURES MANUAL TO ENSURE COMPLIANCE WITH THE 2017 *INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING*
- ESTABLISHED AN INVESTIGATIONS PROCESS IMPROVEMENT TEAM TO REDUCE THE SUPERVISOR REVIEW TIME FOR CLOSURE MEMORANDUMS AND REPORTS OF INVESTIGATION
- **DECREASED** THE TIME TO COMPLETE PRELIMINARY REVIEWS BY 43% FROM LAST FISCAL YEAR
- **DECREASED** TIME TO COMPLETE INVESTIGATIONS BY 25% FROM LAST FISCAL YEAR
- COMPLETED 45 PRELIMINARY REVIEWS
- COMPLETED 21 INVESTIGATIONS
- REFERRED 20% OF INVESTIGATION CASES TO OTHER ENTITIES FOR FURTHER ACTION
- CLOSED 26 CURRENT ARREST REVIEWS, AN **INCREASE** FROM 20 REVIEWS IN THE PREVIOUS YEAR
- RECEIVED AND ASSESSED 220 WORKPLACE VIOLENCE REPORTS – 24 MORE THAN IN THE PREVIOUS YEAR
- PERFORMED 12 FRAUD REVIEW PROJECTS – RESULTING IN 6 REFERRALS
- PROVIDED 89 DEPARTMENT SUPERVISORS WITH INTERNAL CONTROL AND FRAUD AWARENESS TRAINING



# BACKGROUND



## DEPARTMENT OF REVENUE

### Our Vision:

An agency that is accessible and responsive to citizens, provides fair and efficient tax and child support administration, and achieves the highest levels of voluntary compliance.

### Our Mission:

1. To serve citizens with respect, concern, and professionalism;
2. To make complying with tax and child support laws easy and understandable;
3. To administer the laws fairly and consistently; and
4. To provide excellent service efficiently and at the lowest possible cost.

### Our Values:

#### *of Character*

- Integrity
- Honesty
- Innovation
- Trust
- Fairness
- Respect
- Concern for others

#### *of Performance*

- Service
- Excellence
- Innovation
- Commitment
- Communication
- Teamwork
- Knowledge

### Our Guiding Principles:

\*Consistency

\*Communication

\* Clarity

\*Compliance

# OIG RESPONSIBILITIES

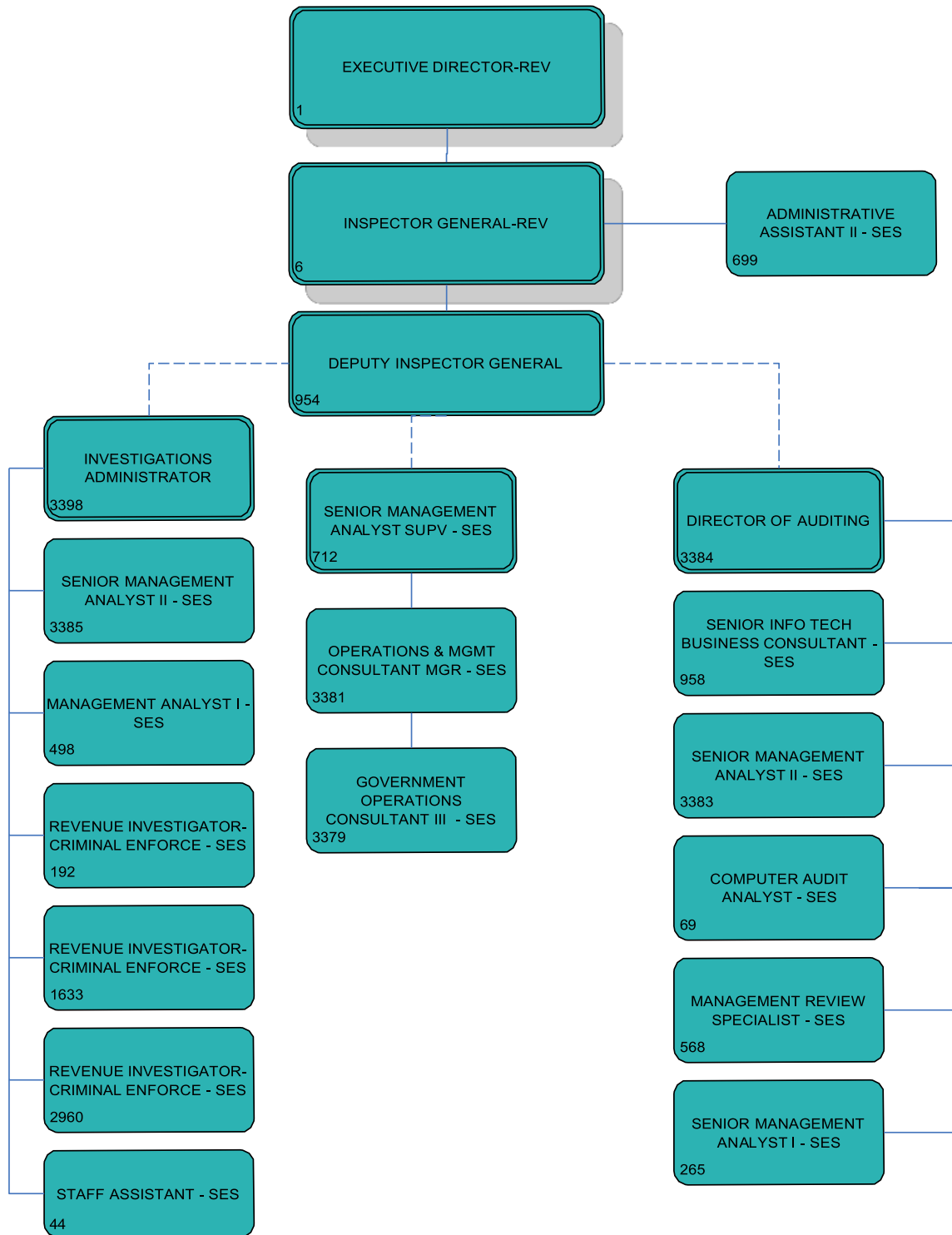
An Office of Inspector General (OIG) is established in each state agency to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in agency operations. Section 20.055, F.S., defines the responsibilities of each Inspector General.

In the Department, the OIG is responsible for internal audits, internal investigations, fraud prevention and response, and special projects as directed by the Inspector General. These responsibilities are carried out by 19 full-time equivalent positions. The OIG is located in the Executive Direction and Support Services Program (EXE), and the Inspector General reports directly to the Executive Director. The OIG's seasoned and exemplary staff strives to provide the Executive Director and other Department leaders with timely information to improve operations, champion integrity, and ensure the security of Department employees and information. They exemplify the best of public service and work hard to accomplish this mission.

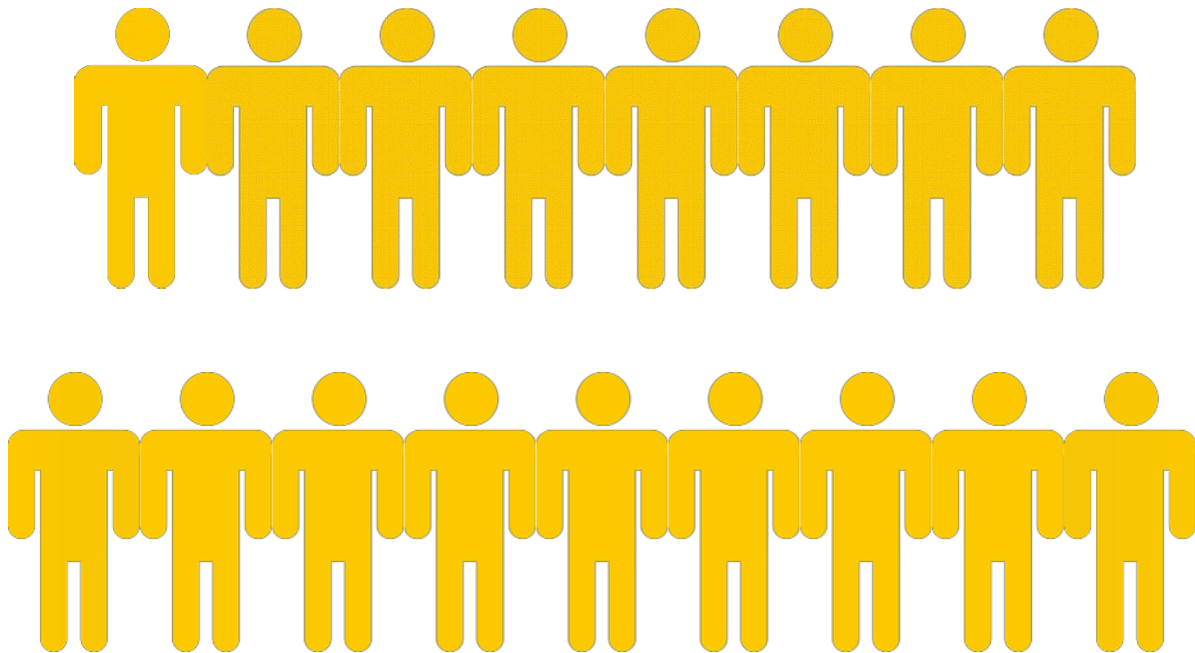
Section 20.055(2), F.S., outlines the duties and responsibilities of the Inspector General. These include:

	<b>PROMOTE</b>				
<b>EFFICIENCY</b>	Informing and updating the Executive Director of fraud, abuses, and deficiencies concerning program operations; recommending corrective action; and monitoring progress made in corrective action.		Conducting, supervising, or coordinating activities to prevent and detect fraud and abuse and promote economy and efficiency in the administration of programs and operations.		<b>ACCOUNTABILITY</b>
	Directing, supervising, and coordinating audits, investigations, and management reviews relating to the programs and operations of the Department.		Assessing the reliability and validity of the information provided on performance measures and standards, and recommending improvements.		
	Ensuring effective coordination and cooperation with the Auditor General, federal auditors, and other governmental bodies.	Reviewing actions taken by the Department to improve program performance and meet standards.	Reviewing rules, as appropriate, relating to the programs and operations of the Department.	Complying with General Principles and Standards for Offices of Inspector General.	
	Ensuring an appropriate balance is maintained between audit, investigative, and other accountability activities.		Advising in the development of performance measures, standards, and procedures for the evaluation of Department programs.		
	<b>INTEGRITY</b>				

# OIG ORGANIZATIONAL CHART



# STAFF QUALIFICATIONS



OIG staff have backgrounds and experience covering a wide variety of disciplines including accounting, auditing, crime prevention, fraud prevention and detection, information systems, and investigations. Staff members have professional certifications and participate in many professional organizations to maintain proficiency in the areas of their profession.

The following page contains a summary of professional certifications maintained by OIG staff members and the professional organizations in which they participate.



# STAFF QUALIFICATIONS

## CERTIFICATIONS

- ❖ Certified Crime Prevention through Environmental Design Practitioner
- ❖ Certified Law Enforcement
- ❖ Certified Information Systems Auditor (CISA)
- ❖ Certified Information Systems Security Professional (CISSP)
- ❖ Certified Government Auditing Professional (CGAP)
- ❖ Certified Internal Control Auditor (CICA)
- ❖ Internal Auditor Certification in Information Technology Systems Management According to ISO/IEC 20000-1:2011
- ❖ Certified Florida Crime Prevention Practitioner (CFCPP)
- ❖ Certified Fraud Examiner (CFE)
- ❖ Certified Internal Auditor (CIA)
- ❖ Certified Inspector General (CIG)
- ❖ Certified Inspector General Auditor (CIGA)
- ❖ Certified Inspector General Investigator (CIGI)
- ❖ Certified Public Manager (CPM)
- ❖ Certified Public Accountant (CPA)
- ❖ Certified in Financial Forensics (CFF)
- ❖ Six Sigma Yellow Belt Certified

## PROFESSIONAL ORGANIZATIONS

- National Association of Inspectors General
- Florida Chapter of the Association of Inspectors General
- Institute of Internal Auditors
- Tallahassee Chapter of the Institute of Internal Auditors
- Tallahassee Chapter of the Association of Government Accountants
- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Association of Certified Fraud Examiners
- Internal Controls Institute
- ISACA (Formerly known as Information Systems Audit and Control Association)
- FBI Law Enforcement Executive Development Association (LEEDA)
- North Florida Certified Public Managers Chapter
- InfraGard



# STAFF TRAINING



Section 20.055, F.S., requires the OIG to comply with the General Principles and Standards for Offices of Inspector General as published and revised by the Association of Inspectors General. These Standards require OIG staff to obtain a minimum of 40 hours of continuing professional education every two years.

The OIG staff participated in courses, conferences, seminars, and webinars made available through the Association of Inspectors General, the Association of Certified Fraud Examiners, the Institute of Internal Auditors, the Association of Governmental Accountants, and other national organizations and vendors who provide training focused on audit, investigation, fraud, data analytics, and workplace violence.

During FY 2016/17, additional training opportunities were offered in the following areas:

- Conducting Equal Employment Opportunity Commission investigations.
- Conducting advance financial investigations.
- Interviewing techniques for internal affairs officers.
- Conducting computer forensic reviews.
- Conducting advanced IT auditing engagements.

# INTERNAL AUDIT

The OIG is responsible for conducting financial, compliance, information technology (IT), and performance audits and management reviews relating to the programs and operations of the Department in accordance with sections 20.055(2)(d) and 20.055(6), F.S. Additionally, the Internal Audit Section (IAS) reviews and evaluates internal controls necessary to ensure the Department's fiscal accountability. Engagements are performed under the direction of the Director of Auditing.

IAS performs audits (assurance engagements) and consulting engagements in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, published by the Institute of Internal Auditors (IIA), and the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General. Specifically, the internal audit activity governs itself by adherence to *The Institute of Internal Auditors' Mandatory Guidance* contained in the *International Professional Practices Framework (IPPF)*, which includes the *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *International Standards for the Professional Practice of Internal Auditing*, and the *Definition of Internal Auditing*. The IIA's Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing.

According to the *Standards*, assurance engagements are an objective examination of evidence to provide "an independent assessment on governance, risk management, and control processes for the organization."

Consulting engagements are advisory client services activities and may be formal or informal. Formal consulting engagements are generally performed at the request of executive or program management. Informal consulting engagements generally involve reviews of internal controls, performance measures, or policies and procedures, and may include other activities such as participation on teams or assisting in an internal investigation.



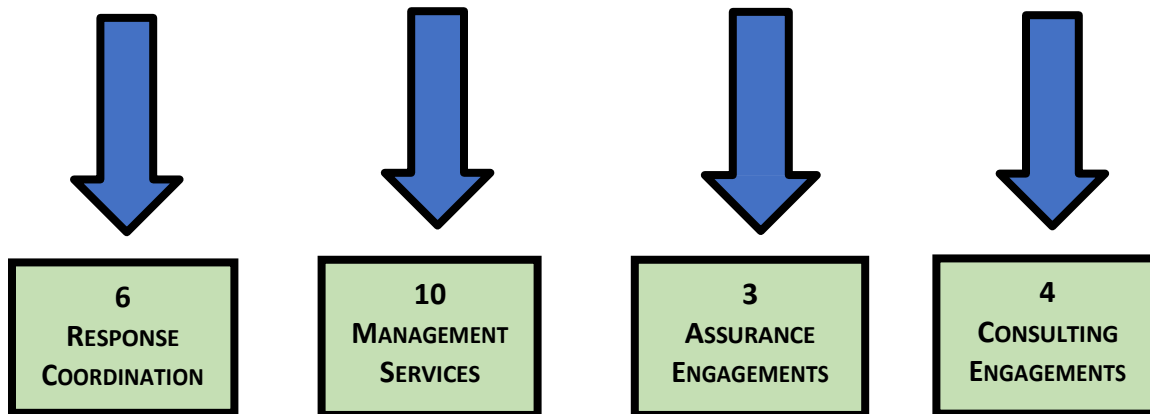
There is a difference in terminology between *Florida Statutes* (audits) and the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors (assurance engagements). For brevity, the term "audit" will be used in this document except in sections referencing the *Standards*.

The *Standards* also require auditors to follow up on reported findings and recommendations from previous audits to determine whether management has taken prompt and appropriate corrective action. This includes monitoring responses and planned corrective actions to findings and recommendations made in reports issued by the Office of the Auditor General (OAG) and Office of Program Policy Analysis and Government Accountability (OPPAGA), as required by section 20.055(6)(h), F.S. Every six months, IAS requests status updates from management about the progress of corrective action plans and verifies that corrective actions have resolved the issues on any findings management reported as completed.

# IAS ACCOMPLISHMENTS

REVISED IAS PROCEDURES MANUAL TO ENSURE  
COMPLIANCE WITH 2017 IPPF STANDARDS

23 PROJECTS COMPLETED



## ASSURANCE ENGAGEMENTS

During FY 2016/17, the IAS completed three audit engagements. Below is a summary of activity for the year.

### 1. General Tax Administration Compliance Determination – Lead Development

The objective of this audit was to determine whether selected SunVISN internal controls associated with the Lead Development Process support General Tax Administration's (GTA) mission to ensure compliance in a fair and equitable manner. The audit concluded that Lead Development has established a set of internal controls; however, improvements are needed to support GTA's mission. As a result of the audit, two recommendations were made, both of which were implemented by management and closed.

### 2. Executive Direction and Support Services, Office of Financial Management – Finance and Accounting

The objective of the audit was to determine if the process for authorizing and approving travel is effective and efficient. The audit concluded the overall process for authorizing and approving travel is efficient, with two exceptions for non-routine travel. Also, the process for authorizing and approving travel is not as effective as it could be. As a result of the audit, seven recommendations were made, all of which are outstanding (See [Appendix A](#)).

# IAS ACCOMPLISHMENTS

## 3. General Tax Administration/Executive Direction and Support Services Tax Dispute Determination Process (TADR)

### IAS STRATEGIC FOCUS

IAS revised the Internal Audit Procedures Manual to ensure all processes complied with the 2017 International Standards for Professional Practice of Internal Auditing.

The objective of this audit was to determine whether the Tax Dispute Determination Process is efficient and effective as implemented. The audit concluded that process improvements implemented by (TADR) have increased the efficiency of the office and the processing of individual tax audit protests is generally effective; however, case management systems used to process the audit protests limit the Department's ability to communicate trends and information related to the protest process, and the effectiveness of TADR's audit protest review process could be improved. As a result of the audit, two recommendations were made, both which are outstanding (See [Appendix A](#)).

## CONSULTING ENGAGEMENTS

During FY 2016/17, the IAS completed four consulting engagements. Below is a summary of consulting engagements conducted.

### 1. ISO 20000 Internal Audit 2016/17

The purpose of this engagement was to assist the Information Services Program (ISP) by conducting a review in accordance with the International Organization for Standardization (ISO) resulting in ISO Certification for ISP. ISO 20000 is a set of international standards recognized in the information technology industry. This annual review identifies opportunities for improvement and allows ISP to begin making those improvements before an external audit is conducted.

- **NOTE:** In the past, an outside consultant conducted this review. By performing this function, IAS saved the Department approximately \$16,000.

### 2. Agency-wide Case Management System Options

The purpose of this engagement was to work with the various programs and offices in the Department to determine:

- Case management systems currently being used.
- Programs and offices that desire a case management system, including their unique needs and requirements.
- Case management system activities for single programs and offices that participate in this project.
- Case management system common activities and workflows that can benefit multiple program areas (e.g., the rulemaking process).

### 3. Agency-wide Review of Policy and Procedure Process

The purpose of this engagement was to review the current department-wide policy and procedures process to:

# IAS ACCOMPLISHMENTS

- Establish a current inventory of department-wide policies, procedures, and other department-wide documents such as frequently asked questions.
- Review a sample of policies and procedures to determine if structural issues exist.
- Analyze the process of department-wide policy establishment for efficiency and effectiveness.
- Make recommendations to improve the process.

#### 4. General Tax Administration Cost Billing Study

Section 213.24, F. S., requires the IAS to conduct a study on the cost to issue a bill or automated refund for any tax enumerated under s. 213.05, F.S. The Department's General Tax Administration Program uses the results of this study to determine the minimum billing or automated refund amounts (thresholds). The statutory requirements include the following:

- The study shall be conducted every three years and at such other times as deemed necessary by the Inspector General. A minimum billing and automated refund amount shall be established and adjusted in accordance with the results of such study.
- Any change in minimum billing or automated refund amounts is effective on July 1, following the completion of the study.

## OTHER IAS SERVICES

Other IAS services include management services and external audit coordination. During FY 2016/17, IAS staff coordinated six external audits conducted by other entities and coordinated the Department's responses to those audits when necessary.

Management services consist of various monitoring activities, special projects requested from management, and annual risk assessment activities. These activities can be planned or unplanned throughout the year and are considered based on other priorities and available resources.

The *Standards* require auditors to follow up on reported findings and recommendations from previous audits to determine whether management has taken prompt and appropriate corrective action. This includes monitoring responses and planned corrective actions to findings and recommendations made in reports issued by the Office of the Auditor General (OAG) and Office of Program Policy Analysis and Government Accountability (OPPAGA), as required by section 20.055(6)(h), F.S. Every six months, IAS requests status updates from management about the progress of corrective action plans and verifies that corrective actions have resolved the issues on any findings management reported as completed.





# IAS ACCOMPLISHMENTS

The following is a summary of some of the IAS services and activities performed during FY 2016/17:

➤ **Review of Performance Measures**

In accordance with section 20.055(2)(a), F.S., the OIG serves in an advisory capacity to program management and staff during the development of performance measures, standards, and procedures for the evaluation of the Department's programs. Additionally, the IAS reviews and verifies the validity and reliability of related performance measures during assurance engagements performed during the year.

➤ **Annual Risk Assessment Activities**

IAS met with the programs and executive management to facilitate identification of areas with the highest levels of risk exposure. Criteria used for the risk assessment includes complexity of operations, management interest, controls, financial materiality, changes in procedures and personnel, results of prior audits, public exposure, and potential for fraud. Results from the risk assessment are used to develop the IAS long-term and annual audit plans. Additionally, the information was used to develop the Special Projects Section fraud work plan.

➤ **Florida Single Audit Act Activities**

IAS staff acted as agency coordinator for the Florida Single Audit Act (FSAA). This function included acting as liaison with program FSAA leads, helping identify legislative effects on the Department related to the FSAA, and handling inquiries from the public or other state agencies. IAS was also responsible for the annual certification of the Department's FSAA projects to the Department of Financial Services.

IAS staff also served on an enterprise team formed by the Chief Inspector General to identify potential enhancements to state agencies' Single Audit processes and develop a plan to implement those recommended enhancements. The team issued a report that contained the following recommendations:

- State agencies should develop and implement Single Audit procedures and/or checklists.
- State agencies should eliminate requirements for paper copies of Single Audit Reports and allow and/or require recipients/subrecipients to submit electronic copies of Single Audit Reports.
- As a whole, the State should:
  - Create a central repository for Single Audit Reports.
  - Create a public database of Single Audit Reports.
  - Develop a Data Collection Form (similar to the federal Form SF-SAC) to summarize Single Audit results.
  - Eliminate the statutory requirements of Section 215.97(6), F. S., regarding coordinating agencies.

# IAS ACCOMPLISHMENTS

➤ **Opa-locka Financial Emergency Board Participation**

The Director of Auditing was appointed by the Governor to serve on the Opa-locka Financial Emergency Board, which was established through Executive Order Number 16-135 pursuant to section 2018.503(1), F. S. The purpose of the Financial Emergency Board is to oversee the activities of Opa-locka and provide technical assistance.

➤ **Follow-Up on Corrective Action Plans as of 6/30/2016**

The purpose of this review was to follow up on the programs' assertions for the corrective action plans as of June 30, 2016. A summary report was provided to the Executive Director indicating there were 54 open findings, 29 findings verified by OIG staff as closed during the period, and 42 corrective actions overdue.

➤ **Follow-Up on Corrective Action Plans as of 12/31/2016**

The purpose of this engagement was to follow up on the program assertions for the corrective action plans as of December 31, 2016. A summary report was provided to the Executive Director indicating there were 38 open findings, 25 findings verified by OIG staff as closed during the period, and 24 corrective actions overdue.

In addition to the reports and activities listed above, the IAS accomplished the following during FY 2016/17:

- Completed training that will enhance the efficiency and effectiveness of the internal audit function, including the following:
  - Two staff members passed the ISO 20000 Internal Auditor Exam.
  - One staff member was awarded the Certified Public Manager designation.
- Provided training to 89 new supervisors within the Department about the importance of internal controls.

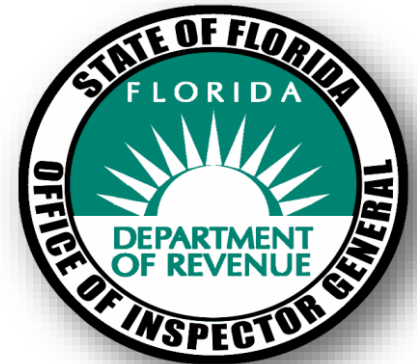
See [Appendix A](#) for a list of the Outstanding Corrective Actions for Prior Audit Reports.





# INTERNAL INVESTIGATIONS

The Inspector General is required to initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and remove fraud, waste, mismanagement, misconduct, and other abuses in the Department. The investigative duties and responsibilities of the Inspector General, pursuant to section 20.055(7), F.S., include:



- Receiving complaints and coordinating all activities required by sections 112.3187–112.31895, F.S., (the Whistle-blower’s Act) for the Department.
- Receiving and considering the complaints which do not meet the criteria for an investigation under the Whistle-blower’s Act and conducting, supervising, or coordinating such inquiries, investigations, or reviews when appropriate.
- Promptly reporting to the Florida Department of Law Enforcement or other law enforcement agencies, as appropriate, when there are reasonable grounds to believe there has been a violation of criminal law.
- Conducting investigations and other inquiries free of actual or perceived impairment to the independence of the Inspector General or the OIG. This includes freedom from any interference with investigations and timely access to records and other sources of information.
- Submitting timely reports to the Department’s Executive Director regarding investigations conducted, except for whistle-blower investigations, which are reported as required by section 112.3189, F.S.

The Internal Investigations Section (IIS) is responsible for conducting internal investigations to resolve allegations of violations of the Department’s conduct standards and other policies, rules, directives, and laws impacting the Department. Investigations may be initiated because of information received from Department employees, private citizens, taxpayers, other state or federal agencies, or the Whistle-blower’s Hotline.

*“Most allegations investigated involve violations of the Department’s Standards of Conduct.”*



Most allegations investigated involve violations of the Department’s *Standards of Conduct* such as breaches of confidentiality, employment discrimination, falsification of records, inappropriate e-mail or Internet transactions, misuse of state property, and theft. These investigations may result in management issuing the employee disciplinary action, up to and including dismissal. The IIS also refers information and provides assistance to local, state, and federal law enforcement agencies on cases related to possible criminal violations or activities.

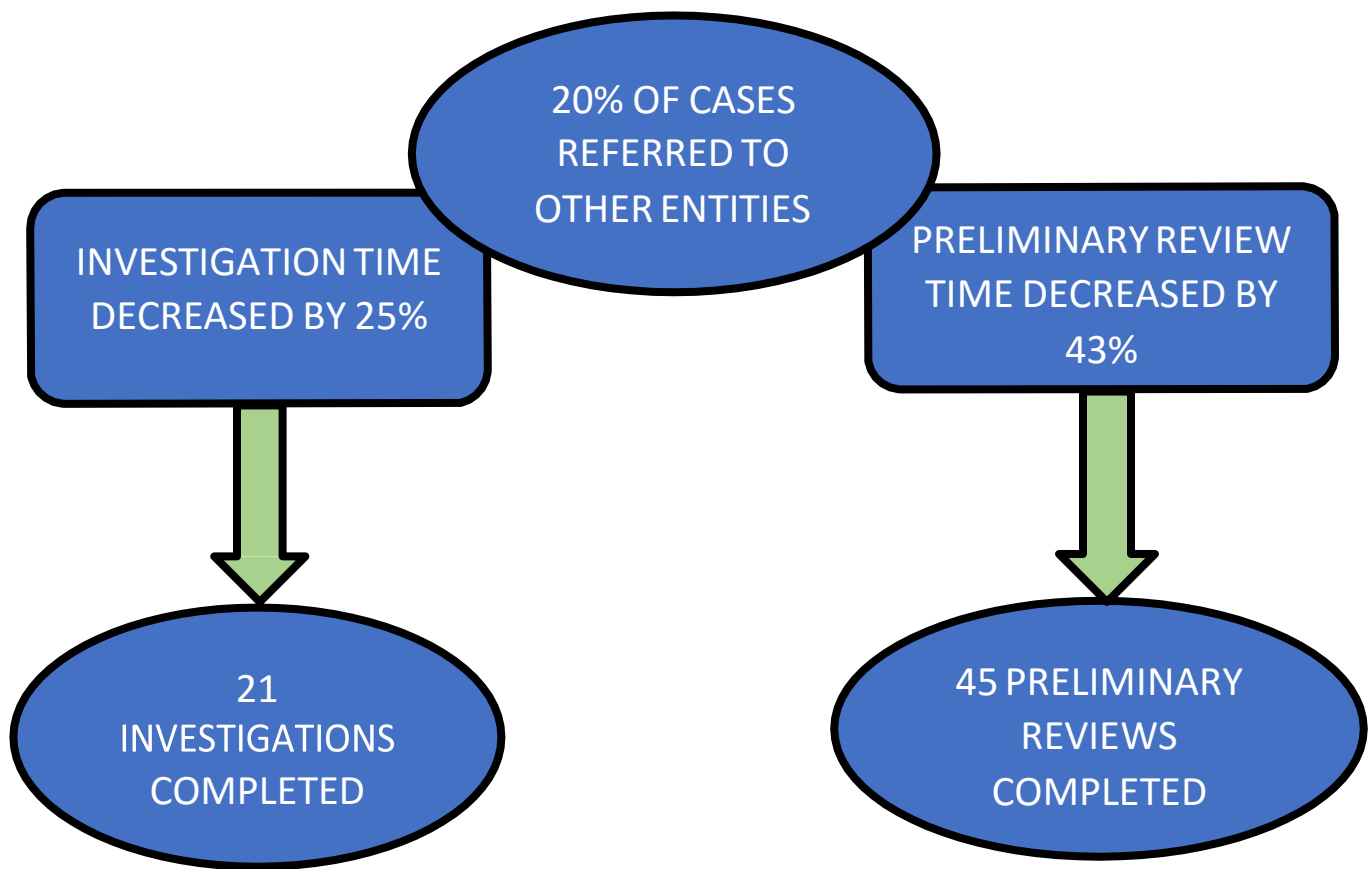
IIS staff conducts a review of each complaint received by the Section. The review process filters complaints to ensure that investigative resources are used effectively and efficiently. Established criteria are used to initially evaluate each complaint to determine the appropriate course of action. When the review determines that a full investigation is warranted, an investigation is initiated.

# IIS ACCOMPLISHMENTS

The IIS established a process improvement team with the purpose of providing clear expectations for submitting and reviewing written work products to ensure quality and efficiency with consistency in formatting, wording, and style. The team had three goals:

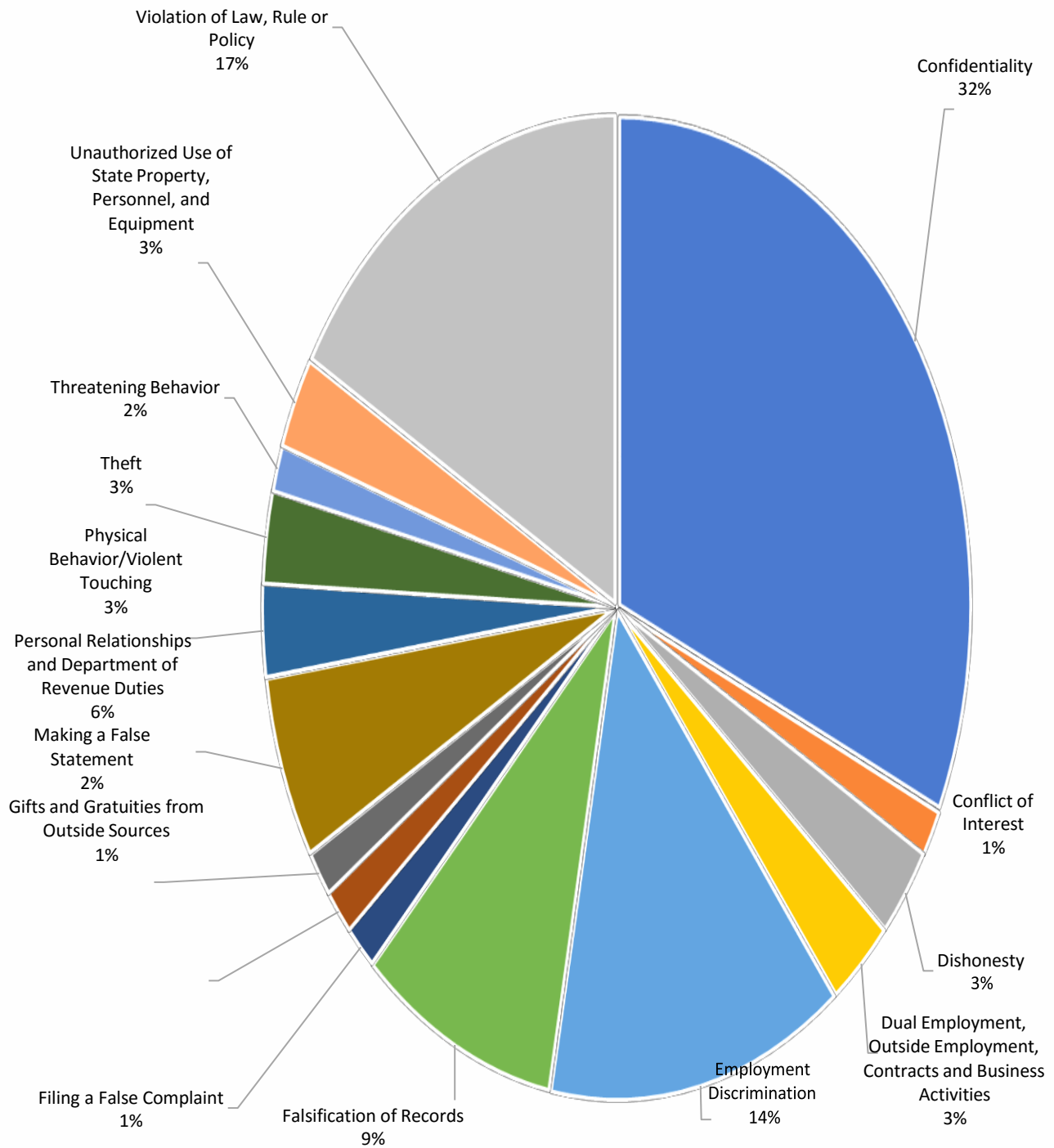
1. To have less versions, wordsmithing, and review time.
2. To provide accepted templates and samples where appropriate.
3. To allow for ownership of work product and reduce frustration of overall process.

The efforts of the team resulted in a decrease in the length of time for supervisor review of closure memorandums. Additionally, the team experienced a decrease in the length of time to complete a preliminary review and investigation.



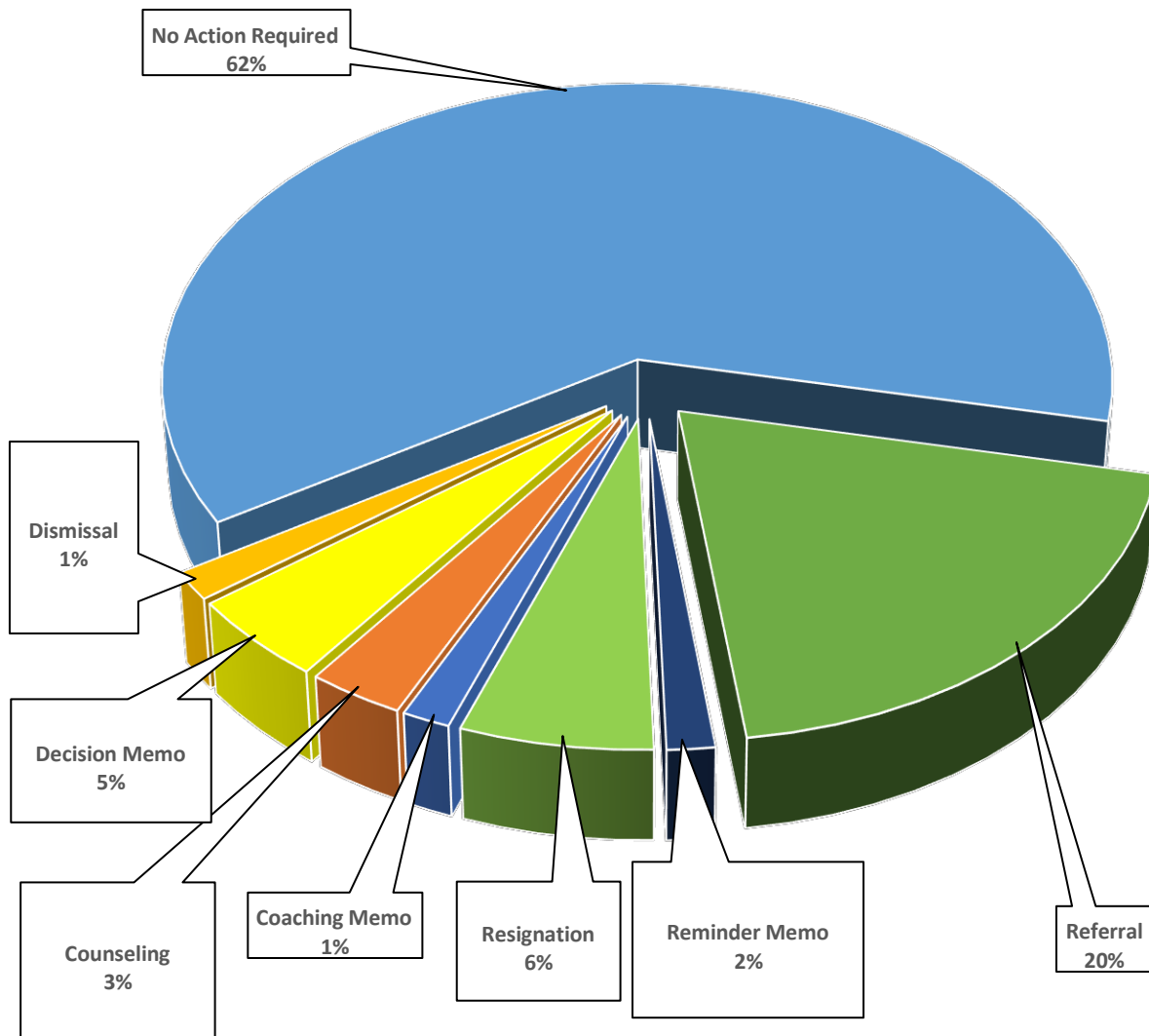
# IIS ACCOMPLISHMENTS

## Cases Closed by Type



# IIS ACCOMPLISHMENTS

## Final Disposition of Closed Cases



# IIS ACCOMPLISHMENTS

## HIGHLIGHTS OF WORK PERFORMED

Several significant preliminary reviews and investigations were conducted during FY 2016/17. The following are highlights of some of those cases:

➤ **Theft, Fraud, and Falsification of Records**

The OIG received information an employee diverted taxpayer funds (money orders) from two taxpayers. The employee admitted to the theft as well as provided information relating to the diversion of several additional checks/money orders from other taxpayers. The employee admitted to using the funds for personal use as well as using one money order remitted by a taxpayer to pay a portion of a close friend's outstanding child support. The employee was subsequently dismissed. The case was referred to law enforcement.

➤ **Employment Discrimination**

The OIG received information from management a supervisor made inappropriate comments of a sexual nature to an employee, including invitations to go to lunch and dinner and staring at the employee in an inappropriate manner. The OIG investigated and determined the supervisor's conduct did not rise to the level of harassment.

➤ **Personal Relationships; Confidentiality; Unauthorized Use of State Property, Personnel, and Equipment**

The OIG received an allegation an employee accessed, viewed, and disclosed information about a child support case to a person owing support for non-work-related purposes. During the investigation, it was discovered the employee also accessed and viewed information relating to the employee's own child support case as well as a second child support case of a person owing support for non-work-related purposes. The investigation determined sufficient information existed to support the original allegation as well as the subsequent allegation of unauthorized access and viewing. However, no information was obtained to support the employee disclosed confidential information. The employee received corrective action.

➤ **Violation of Law, Rule, or Policy; Personal Relationships; Confidentiality; Unauthorized Use of State Property, Personnel, and Equipment; Dishonesty**

A person owed child support alleged an unknown employee, possibly for compensation, was authorizing the reinstatement of the driver's license for the person owing support without requiring any child support payment.

# IIS ACCOMPLISHMENTS

A review of the child support case revealed one employee had authorized the reinstatement of the driver's license for the person owing support on several occasions with no payment or case notes to explain the employee actions. During the preliminary review, it was also determined the employee authorized the reinstatement of the driver's licenses of several other individuals where no child support payments were received, entered incorrect and/or false information relating to the driver's license search(s), and conducted numerous driver license information searches on himself and family members. The OIG investigated and determined the employee did not receive additional compensation for authorizing the reinstatement of the driver's licenses, but did violate the Child Support procedures in the process. Additionally, the investigation determined the employee entered incorrect and false information when searching for driver's license information, failed to enter notes explaining the reason for the searches, and was untruthful with management when questioned about the searches. The employee resigned.

➤ **Personal Relationships; Confidentiality; Unauthorized Use of State Property, Personnel, and Equipment; Dishonesty**

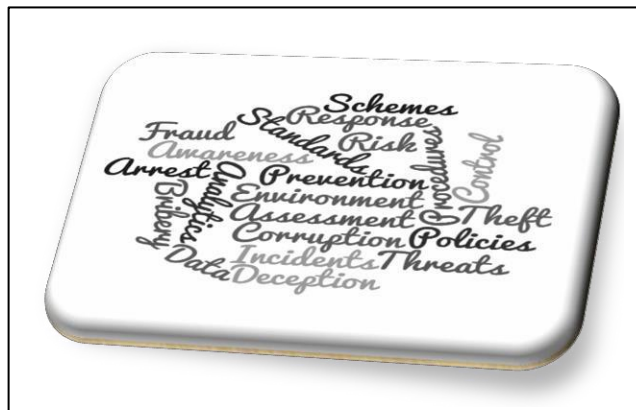
The OIG received information from management an employee performed a non-work-related search of a former employee's personal information using Accurint, a search tool provided to the Department by LexisNexis. The OIG investigated and the initial allegation was supported. Additionally, during the investigation, it was determined the employee was untruthful with management when questioned about the initial search. Also, the investigation revealed the employee conducted several other unauthorized searches using Accurint. The employee received corrective action.

See [Appendix B](#) for a summary of closed cases for FY 2016/17, including data from both preliminary reviews and investigations.

# SPECIAL PROJECTS

The Special Projects Section (SPS) is assigned various responsibilities. These responsibilities include programs related to:

- ❖ Workplace violence prevention and response.
- ❖ Employees' reports of current arrests.
- ❖ Fraud prevention and response.
- ❖ Risk assessments of proposed and revised agency policies.



The goals of the SPS are to provide a work environment for Department employees free from fear of violence, foster a culture of fraud awareness and prevention within the Department, and provide management with information necessary to ensure a desired level of integrity among Department staff.

## WORKPLACE VIOLENCE

The Department's workplace violence policies and procedures emphasize protecting employees from all forms of workplace violence, including assaults and threats from external customers, domestic violence affecting the workplace, and incidents of violent behavior between employees. The Department's *Workplace Violence Prevention and Response Policy*, which also addresses domestic violence affecting the workplace, requires the reporting of all incidents or threats of workplace violence to the OIG. Local law enforcement or other appropriate responders are notified when necessary to respond to a workplace violence incident. SPS staff ensures all potentially affected managers at the agency, program, region, and service center levels are timely notified of reported incidents and provides recommendations for appropriate action.

Workplace violence can originate from internal or external sources. Most reported workplace violence incidents originate from external sources. External workplace violence incidents include assaults and threats made by customers against Department employees as a result of their official duties. Generally, threats against employees are reported to a local law enforcement agency with jurisdiction where the threat was made.

External sources of workplace violence also include threats made to the Department by a customer but directed toward someone else, such as a parent owing support in a child support case threatening to harm the parent owed support or a child in the case. The *Workplace Violence Prevention and Response Policy* requires that Department staff notify local law enforcement of the threat and also attempt to notify the person who the threat was directed toward so they can determine the most appropriate action to provide for their safety.



# SPECIAL PROJECTS

Altercations between customers while on Department property that don't directly involve Department employees are also reported as external sources of workplace violence. These types of incidents could escalate and endanger Department employees and other customers. Generally, local law enforcement is called to respond to these types of incidents.

Threats of suicide made by customers to Department employees are also reported to and logged by the SPS as an external source of workplace violence. Response may include notifying local law enforcement in the area where the person making the threat lives and requesting a wellness check on the individual who made the suicide threat.

When it is determined that a potentially violent person may be associated with a tax account or child support case, a Potentially Dangerous Contact (PDC) indicator is placed on applicable primary databases used within the Department's operating programs. This indicator flag serves as notice to an employee that a PDC is associated with the case and special care should be taken in any contact or action on the account. SPS staff is available to assist the operating programs in determining appropriate action to help ensure the safety of staff while also helping to ensure our statutory tax and child support administration responsibilities are carried out in relation to an account flagged as a PDC.



Internal workplace violence incidents occur when an employee or contractor's employee feels threatened or endangered due to the actions or statements of another employee or contractor's employee. Internal workplace violence incidents are generally addressed by assembling the Department's Workplace Violence Response Team (WPV Team). The WPV Team consists of the Inspector General, the SPS Manager, the Employee Relations Manager, and the Chief Assistant General Counsel for the Executive Program. The WPV Team works cooperatively to determine and advise management of the best response to reported incidents. The WPV Team's recommendation(s) to management may include disciplinary action, counseling, mitigation, or referral to the Department's Employee Assistance Program (EAP). The WPV Team may also request an internal investigation if facts of the incident cannot be determined.

Domestic violence affecting the workplace is a concern for any agency or business. A domestic violence concern can be initiated by an external or internal source. The Department's *Standards of Conduct* require any employee who is named as the respondent in an injunction for protection against domestic violence, or any similar injunction, to report the injunction to the OIG. The Department's *Workplace Violence Prevention and Response Policy* encourages employees to report if they are the petitioner in an injunction for protection against domestic violence and they have any concern that the respondent may come to the workplace. SPS works with appropriate management to take necessary actions to protect victims of domestic violence in the workplace, as well as to help ensure the safety of co-workers. The WPV Team may be convened if needed to address more serious incidents of domestic violence affecting the workplace.



# SPECIAL PROJECTS

## CURRENT ARRESTS

The SPS is responsible for receiving and following up on reports of current employees who are arrested or charged with criminal offenses. The Department's *Standards of Conduct* require that employees timely report the following events to the OIG:

- ❖ Any arrest, charge, or receipt of a Notice to Appear for a crime that is punishable by more than 60 days' imprisonment and/or more than a \$500 fine.
- ❖ The final order or other disposition of an arrest or charge for a crime that is punishable by more than 60 days' imprisonment and/or more than a \$500 fine.
- ❖ The resolution of any outstanding arrest warrant.
- ❖ Being named as the respondent in an Injunction for Protection against Domestic Violence or any similar injunction.

When a report is received from an employee or other source, SPS staff will notify the program director for the employee's program so they can determine any conflict with employment and ensure staff integrity. SPS will also open a review file to monitor court actions and ensure the employee meets all reporting requirements established in the Department's *Standards of Conduct*. When the final disposition of the charge(s) is entered by the court, program management is notified of the outcome of the criminal case and whether the employee complied with reporting requirements. Program management may issue corrective action based on the employee's failure to timely report an arrest or the final disposition of a charge, and/or the nature of the offense and how it affects the employee's ability to perform assigned duties.

## FRAUD PREVENTION PROGRAM

### SPS STRATEGIC FOCUS

Developed and implemented an annual risk based fraud work plan and a time accounting system used to track direct and indirect time.

SPS is responsible for developing and implementing programs to aid in the prevention, deterrence, and detection of fraud within the agency. SPS developed a *Fraud Prevention and Response Policy* which was adopted by the agency in 2014.

SPS staff continued to champion the agency-wide fraud prevention and response program. The Department's *Fraud Prevention and Response Policy* provides clear guidance to management and employees on actions to take if they suspect fraudulent activity within or affecting Department services.

Other SPS responsibilities include providing fraud awareness training to supervisors and looking globally at departmental data to perform data analysis. Anomalies are referred to the internal audit or internal investigations sections for further review. Additionally, referrals are made to law enforcement and other applicable agencies.

# SPS ACCOMPLISHMENTS

PERFORMED 12 FRAUD  
REVIEW PROJECTS

TRAINED 89 SUPERVISORS  
IN FRAUD AWARENESS

ASSESSED 220  
WORKPLACE  
VIOLENCE  
REPORTS



CLOSED 26  
CURRENT  
ARREST  
REVIEWS

DEVELOPED A RISK-BASED  
FRAUD WORK PLAN

DEVELOPED A TIME  
ACCOUNTING SYSTEM FOR  
WORK PERFORMED

## HIGHLIGHTS OF WORK PERFORMED

As noted above, the SPS has a diverse set of responsibilities within the OIG office. The following are highlights of some of the projects performed during FY 2016/17:

- ❖ A total of 220 reports of workplace violence were received during FY 2016/17, an increase from the 196 incidents reported during the previous fiscal year. Thirty-seven of these incidents involved a Department employee as the perpetrator (internal source), compared to 18 in the previous fiscal year.

# SPS ACCOMPLISHMENTS

❖ The Child Support Program (CSP) reported 166 workplace violence incidents from external sources and 27 incidents from internal sources; GTA reported 14 incidents from external sources and 7 incidents from internal sources; and EXE reported 3 incidents from external sources and 2 incidents from internal sources. The Property Tax Oversight Program (PTO) reported 1 incident from an internal source and ISP reported no incidents during the fiscal year.



- ❖ Twenty-eight current arrest reports were received, and 26 current arrest follow-up review cases were closed during the fiscal year.
- ❖ Participated in the Internal Audit Section's annual risk assessment. A fraud risk category is included in the risk tabulation for each of the Department's business processes and fraud risk was specifically discussed with and considered by managers participating in the audit risk assessment process.
- ❖ Developed and implemented an annual risk based fraud work plan for FY 2017/18.
- ❖ Developed a time accounting system that will be implemented in FY 2017/18 to capture direct and indirect project time.
- ❖ Worked on 12 fraud review projects. Below is a summary of the most significant issues identified:
  - **Tax Fraud** - An allegation was received that an employee falsified information to reduce a business's tax liability. Our review determined a potential for fraud and the allegation was referred to the Internal Investigations Section.
  - **Medicaid Fraud** – An employee alleged a Revenue manager colluded with a non-custodial parent to facilitate the parent engaging in Medicaid fraud. Because the report involved an allegation of Medicaid fraud, the allegation was referred to the Internal Investigations Section.
  - **Tax Fraud** - A report was received from the Department of Business and Professional Regulation that a taxpayer's check had been altered and cashed for an amount greater than it was originally written for. The allegation was referred to the Internal Investigations Section, who referred the matter to law enforcement.
  - **Payroll Fraud** - We received a report of suspected fraudulent use of FMLA and sick leave pool hours. Our review identified potential fraudulent activity and the allegation was referred to the Internal Investigations Section, who referred the matter to law enforcement.

# SPS ACCOMPLISHMENTS

- **Benefits Fraud** - An allegation was received that an employee submitted falsified documents when applying for financial assistance with childcare. Our review identified reason to believe the employee electronically altered earning statements. The report was referred to the Internal Investigations Section, who referred the matter to the Department of Financial Services, Office of Fiscal Integrity.
- **Check Fraud** - The Child Support Program referred 15 child support checks that were rejected by the Department's bank vendor because they were either duplicate checks that had already been cashed or they appeared fraudulent. Analysis of the checks resulted in referrals to the Internal Investigations Section for further review, the General Tax Administration Program for possible re-employment tax fraud, and the Department of Children and Families for possible Medicaid fraud.



# A FINAL FAREWELL



**Bobby Briggs worked as a Computer Audit Analyst with the Office of Inspector General from February 1, 2013 – December 23, 2016.**

**While he called himself a “Crawfordville redneck,” Bobby was actually a renaissance man who could do anything from quote Shakespeare to understand complex computer networks. Of course, he was also stubborn, opinionated, and told the worst jokes in the world.**

**He will always be remembered for his kindness. He took care of everyone from the stray cats and dogs in his neighborhood to his co-workers. He fed us all. We got doughnuts!**

**Bobby was one of a kind, and those of us who knew him will never forget him.**

## IN MEMORIAM

“Bobby will be missed by so many people. He touched the lives of everyone he met from the bag boy at the super market to the people who worked closely with him.

Always asking what could he do to help with any situation, always thinking about someone else, always finding something to make you smile.”

Will Wright

# APPENDIX A

## Outstanding Corrective Actions for Prior Audit Reports

IAS Engagements Outstanding Corrective Action as of 6/30/17		
Project Number	Audit Name	Recommendation
2008-0115-A	ISP Security Monitoring and Response	One Confidential Outstanding Corrective Action
2011-0117-A2	GTA Return and Revenue Processing - Building L	Building L management should implement or enforce existing procedures to improve internal controls for ensuring physical security.
2012-0115	Department-Wide Data Security	Three Confidential Outstanding Corrective Actions
2013-0106	Agency IT Security Governance	One Confidential Outstanding Corrective Action
2014-0126	Agency Information Security Management - Service Centers	Five Confidential Outstanding Corrective Actions
2015-0120	EXE Financial Management Finance & Accounting	Office of Financial Management should update the Department's Travel Guidelines and training materials to reflect new processes.
2015-0120	EXE Financial Management Finance & Accounting	Office of Financial Management should consider combining the Justification for Mission Critical Travel form and the Authorization to Incur Travel Expenses form.
2015-0120	EXE Financial Management Finance & Accounting	Operational Accounting should request guidance from the Department of Financial Services (DFS) regarding meals/per diem reimbursement when meals are included in a conference registration fee that is waived. If DFS concurs, the travel guide should be revised to include the requirement.
2015-0120	EXE Financial Management Finance & Accounting	Travel auditors should follow all steps of the Travel Reimbursement Procedure, and additional monitoring reviews should be conducted for conference/convention reimbursements.

**IAS Engagements**  
**Outstanding Corrective Action as of 6/30/17**

Project Number	Audit Name	Recommendation
2015-0120	EXE Financial Management Finance & Accounting	The procedure Reimbursement by Outside Organization in the Travel Guide should be updated to include a monitoring process to ensure reimbursement is requested and received.
2015-0120	EXE Financial Management Finance & Accounting	Processes should be developed and implemented to ensure travelers carpool when it is practical to do so.
2015-0120	EXE Financial Management Finance & Accounting	Processes should be developed and implemented to ensure travelers rent vehicles from the most economical locations whenever possible.
2015-0132	GTA/EXE Tax Dispute Determination Process	TADR should continue working with GTA's Business Technology Office to develop and implement the new protest case management system. TADR should also obtain input from other areas of the Department involved with the protest process to ensure the system captures information required by all case management system users.
2015-0132	GTA/EXE Tax Dispute Determination Process	TADR should request GTA'S Business Technology Office enhance application controls so that taxpayer letters cannot be generated without data being saved into SUNTAX. In addition, TADR should establish methodology to ensure letters to taxpayers and SUNTAX data entries are consistently reviewed for accuracy.

# APPENDIX B

## Summary of Closed Internal Investigations for FY 2016/17

**NOTE:** These numbers include data from both preliminary reviews and investigations.

Project Number	Disposition	Investigations Type
14319	Not Substantiated	Confidentiality - SOC III.F.1
14321	Substantiated	Confidentiality - SOC III.F.1
15007	Substantiated	Confidentiality - SOC III.F.1
15041	Substantiated	Confidentiality - SOC III.F.1
15068	Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
15182	Substantiated	Employment Discrimination - SOC III.E.1
15199	Substantiated	Dual Employment, Outside Employment, Contracts and Business Activities - SOC III.D.6
15231	Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
15240	Not Substantiated	Employment Discrimination - SOC III.E.1
15263	Substantiated	Confidentiality - SOC III.F.1
15274	Not Substantiated	Falsification of Records - SOC III.F.5
15276	Substantiated	Falsification of Records - SOC III.F.5
15277	Substantiated	Employment Discrimination - SOC III.E.1
15283	Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
15284	Not Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
15292	Substantiated	Personal Relationships and Department of Revenue Duties -SOC III.D.2
15295	Not Substantiated	Unauthorized Use of State Property, Personnel, and Equipment - SOC III.J.2
15304	Not Substantiated	Falsification of Records - SOC III.F.5
15310	Not Substantiated	Confidentiality - SOC III.F.1
16004	Not Substantiated	Falsification of Records - SOC III.F.5
16015	Not Substantiated	Employment Discrimination - SOC III.E.1
16016	Not Substantiated	Making a False Statement - SOC III.F.4
16020	Not Substantiated	Employment Discrimination - SOC III.E.1
16027	Substantiated	Confidentiality - SOC III.F.1
16030	Substantiated	Confidentiality - SOC III.F.1
16031	Not Substantiated	Confidentiality - SOC III.F.1
16037	Not Substantiated	Personal Relationships and Department of Revenue Duties -SOC III.D.2
16050	Substantiated	Confidentiality - SOC III.F.1
16054	Substantiated	Confidentiality - SOC III.F.1
16056	Not Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
16061	Not Substantiated	Confidentiality - SOC III.F.1
16068	Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
16075	Not Substantiated	Confidentiality - SOC III.F.1
16083	Not Substantiated	Theft - SOC III.J.1
16084	Not Substantiated	Falsification of Records - SOC III.F.5
16091	Not Substantiated	Conflict of Interest - SOC III.D
16097	Substantiated	Employment Discrimination - SOC III.E.1



<b>Project Number</b>	<b>Disposition</b>	<b>Investigations Type</b>
16115	Substantiated	Personal Relationships and Department of Revenue Duties -SOC III.D.2
16125	Not Substantiated	Confidentiality - SOC III.F.1
16126	Not Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
16133	Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
16134	Not Substantiated	Dishonesty - SOC III.F.2
16141	Substantiated	Theft - SOC III.J.1
16146	Not Substantiated	Physical Behavior/Violent Touching - SOC III.K.1
16149	Not Substantiated	Employment Discrimination - SOC III.E.1
16150	Not Substantiated	Employment Discrimination - SOC III.E.1
16168	Not Substantiated	Filing a False Complaint - SOC III.F.3
16173	Not Substantiated	Falsification of Records - SOC III.F.5
16174	Substantiated	Confidentiality - SOC III.F.1
16175	Not Substantiated	Confidentiality - SOC III.F.1
16181	Not Substantiated	Gifts and Gratuities from Outside Sources - SOC III.D.5
16191	Not Substantiated	Physical Behavior/Violent Touching - SOC III.K.1
16196	Not Substantiated	Confidentiality - SOC III.F.1
16198	Not Substantiated	Threatening Behavior - SOC III.K.3
16214	Not Substantiated	Personal Relationships and Department of Revenue Duties -SOC III.D.2
16222	Not Substantiated	Dual Employment, Outside Employment, Contracts and Business Activities - SOC III.D.6
16230	Not Substantiated	Confidentiality - SOC III.F.1
16234	Not Substantiated	Unauthorized Use of State Property, Personnel, and Equipment - SOC III.J.2
16251	Not Substantiated	Employment Discrimination - SOC III.E.1
16256	Not Substantiated	Confidentiality - SOC III.F.1
16267	Not Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
16271	Not Substantiated	Confidentiality - SOC III.F.1
16273	Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
16276	Not Substantiated	Confidentiality - SOC III.F.1
16286	Substantiated	Violation of Law, Rule or Policy - SOC III.L.2
16326	Not Substantiated	Dishonesty - SOC III.F.2