

OFFICE OF INSPECTOR GENERAL

Ron Russo, Inspector General

ANNUAL REPORT FISCAL YEAR 2016-2017



Florida Department of Agriculture and Consumer Services
Adam H. Putnam, Commissioner



FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

COMMISSIONER ADAM H. PUTNAM

September 29, 2017

The Honorable Adam H. Putnam
Commissioner of Agriculture
Florida Department of Agriculture and Consumer Services
The Capitol, Plaza Level 10
Tallahassee, Florida 32399-0810

Dear Commissioner Putnam,

I am pleased to present the Annual Report for the Office of Inspector General which, pursuant to Section 20.055, Florida Statutes, summarizes the activities and accomplishments for the 12-month period ending June 30, 2017.

During the past year, our audits and reviews resulted in the continued strengthening of department programs. Specifically, findings and recommendations related to our review of the department's direct-support organizations, cloud technology security, Agricultural Statistics Services, department property tracking, personnel records security, and the Florida State Fair, all yielded corrective actions which increase operational efficiencies while reducing opportunities for fraud.

The Investigative Section, who's professional standards are recognized by the Commission on Florida Accreditation, serviced 285 complains. We conducted 125 investigations statewide, resulting in numerous personnel actions and several policy modifications. Our investigative activities prevented losses to the department in excess of \$181,000.

Thank you again for your continued support of our mission. We look forward to working with you and your leadership team as we continue to promote efficiencies that assist the department in accomplishing its critical mission.

Sincerely,

Ron Russo
Inspector General



Table of Contents

Introduction

Executive Summary	1
Mission, Vision and Value	1
Responsibilities	1
Organizational Chart	2
Staff Qualifications	3
OIG Training Accomplishments	3

Investigative Section

Organization	4
Accreditation	4
Background Review	4
Investigative Process	4
Investigative Activity	5
Formal Investigations	6
Investigative Case Summaries	7
Statewide Investigative Activity.....	11

Audit Section

Audit Overview	12
Internal Assurance and Consulting Services	14
External Audit/Review Activities	26
Open Audit Findings from Prior Annual Reports	31

“The Office of Inspector General is hereby established in each state agency to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government...”

Section 20.055(2), Florida Statutes

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) has prepared this Annual Report, which covers the period from July 1, 2016, to June 30, 2017, pursuant to the provisions of §20.055, Florida Statutes, commonly referred to as the *Inspector General Act*. The report is organized to reflect the responsibilities and accomplishments of the OIG.

During this reporting period, we completed significant audit, special project, and investigative work to promote the economy, efficiency and effectiveness of the department’s programs and operations.

The Audit Section conducted 26 projects, which included assurance audits, internal consulting, and external audit coordination. These projects provided department leadership with an objective assessment of the issues, while offering specific recommendations to correct deficiencies and improve program effectiveness.

The Investigative Section received 285 complaints resulting in 125 investigations and multiple personnel actions.

MISSION

The OIG promotes the effective, efficient, and economical operation of department programs.

VISION

The OIG provides the highest quality work product and services that facilitates positive change.

VALUE

The OIG values making a positive difference through the work we do. We are committed to constantly improving how we operate, embracing innovation, and using persistence and determination to achieve results.

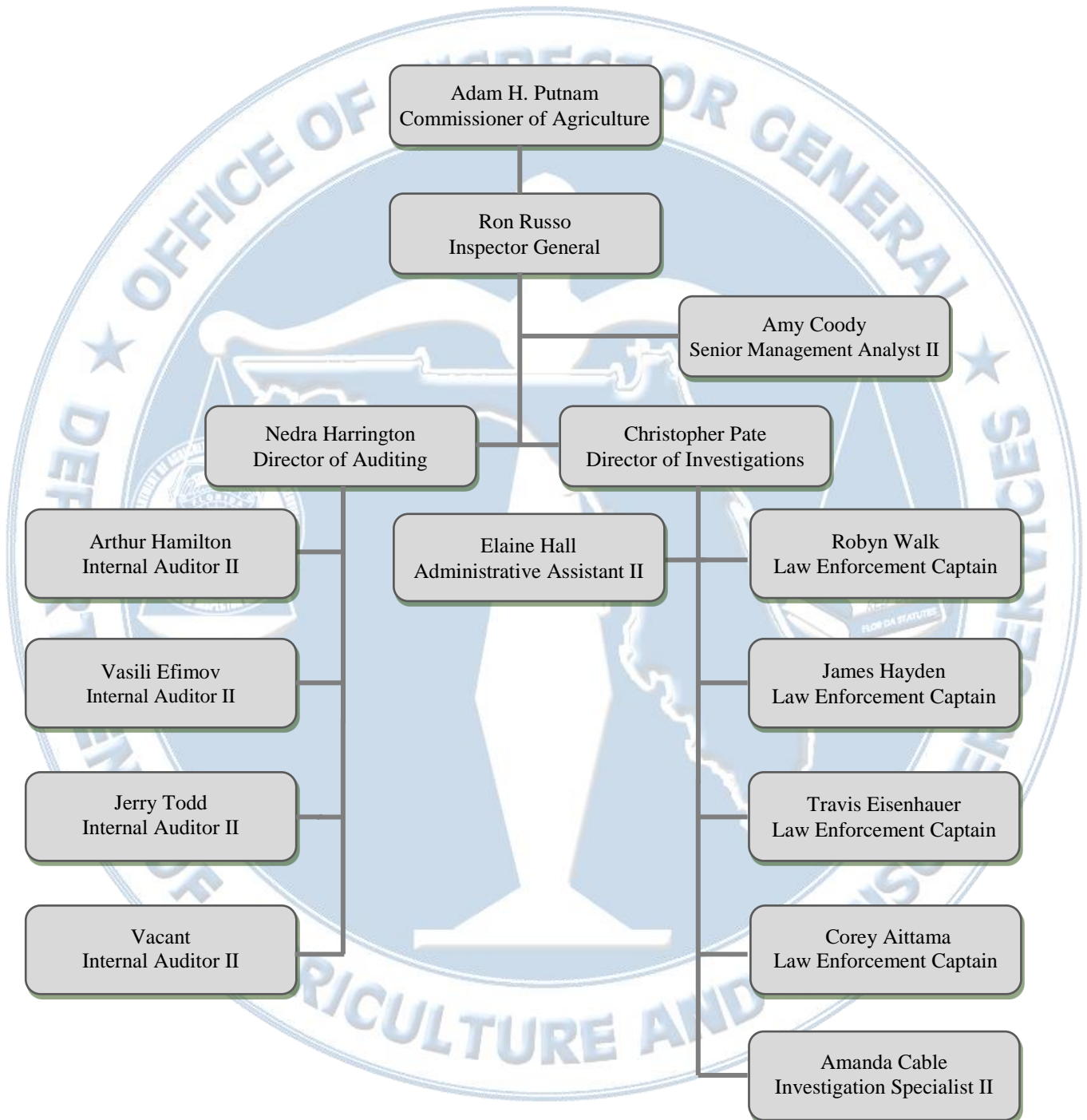
RESPONSIBILITIES

The duties and responsibilities of the OIG include:

- Assess the validity and reliability of the information provided by the department on performance measures and standards and make recommendations for improvement, if necessary. Provide direction for, supervise, and coordinate audits and management reviews relating to the programs and operations of the department.
- Keep the Commissioner of Agriculture informed, recommend corrective action, and report on progress of corrective action concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the department.
- Conduct, supervise, or coordinate other activities carried out or financed by the department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, department programs and operations.
- Receive complaints and coordinate all activities of the department as required by the Whistle-blower's Act, §§ 112.3187-112.31895, Florida Statutes.

ORGANIZATIONAL STRUCTURE

The OIG was established in 1993 in accordance with §570.092, Florida Statutes. The OIG is comprised of the positions referenced within the organizational chart below.



STAFF QUALIFICATIONS

Employees within the OIG possess a wide variety of expertise in areas such as auditing, accounting, investigations, and information technology. Employees continually seek to further enhance their abilities and contributions to the OIG and the department. Additionally, employees within the OIG participate in a number of professional organizations to maintain proficiency in their areas of expertise and certification. These accomplishments represent significant time and effort, reflecting positively on the employee as well as the department.

The following summarizes the professional certifications maintained by OIG employees:

- Seven Certified Law Enforcement Officers
- One Certified Inspector General
- One Certified Internal Auditor
- One Certified Information Systems Auditor
- Two Certified Public Accountants

OIG TRAINING ACCOMPLISHMENTS

The OIG has outlined a training assessment plan in Policy and Procedure No. 2-01, OIG Operations Manual, which provides for quality training for new and existing OIG staff members. This continuing staff development helps ensure the highest quality investigation and audit products. Staff members utilize training resources from various organizations, agencies, local universities, and individuals.

In accordance with the *International Standards for the Professional Practice of Internal Auditing*, internal auditors are responsible for continuing education to maintain proficiency and satisfy requirements related to professional certifications held.

Sworn law enforcement officers are required to complete 40 hours of law enforcement-related continuing education training every two years in accordance with §943.135, Florida Statutes, and law enforcement accreditation standards. Also, officers are required to qualify annually with assigned firearms and encouraged to complete a minimum of 12 hours of firearms training annually.

INVESTIGATIVE SECTION

The Investigative Section is responsible for conducting internal investigations of alleged administrative and criminal misconduct in matters relating to the department. Investigations may be broad in nature, requiring the review of department practices, or may concern only one individual's actions. Complaints can be received from any source, such as department employees, whistle-blowers as defined by §112.3187, Florida Statutes, business entities regulated by or doing business with the department, or private citizens. All investigations, administrative and criminal, are conducted by sworn law enforcement officers within the OIG.

ORGANIZATION

The Investigative Section conducts state-wide investigations and has offices in Tallahassee and Tampa. The daily operations are the responsibility of the Director of Investigations, the Inspector General's designee, who supervises a team of four Captains, one Investigation Specialist II and an administrative assistant. The Investigative Section collectively possesses over ninety years of law enforcement experience. This combination of experience brings a broad range of knowledge and professionalism to the Investigative Section.

ACCREDITATION

The OIG continues to maintain full accreditation status, initially awarded in 2010. The OIG was reaccredited in 2016 by the Commission for Florida Law Enforcement Accreditation (CFA). The accreditation process is voluntary and the benchmarks of accreditation consist of compliance with 44 significant standards, a detailed onsite CFA file review, and inspection of the OIG facilities. Meeting and exceeding these challenging standards is another testament to the outstanding dedication and professionalism demonstrated by the OIG team.



BACKGROUND REVIEW

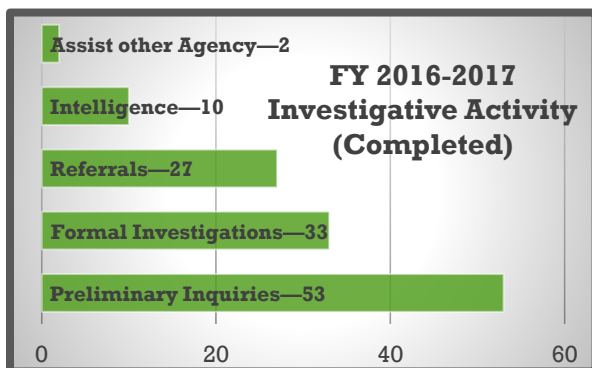
The OIG has instituted a pre-employment criminal history background screening program throughout the department. The OIG receives and reviews background reports of applicants selected to fill positions of special trust and notifies division personnel liaisons (usually within one day) if an applicant has no criminal history or if the record requires review. Criminal convictions which prohibit employment in a position of special trust are brought to the attention of the division for review and action as deemed appropriate. Pre-employment reviews conserve administrative and investigative time, money, and staff resources: hiring managers can select other qualified candidates and investigations can be concluded upon conviction review. During FY 2016-2017, the OIG conducted 634 background reviews, 71 of which required further analysis.

INVESTIGATIVE PROCESS

The OIG receives complaints and correspondence through a variety of means: letter, telephone, facsimile, email, online or in person. All complaints, questions, and requests, whether received from a complainant or a division, are systematically reviewed and evaluated. In the event the issue is outside the purview of the OIG or does not pertain to the department, the OIG works with the complainant in directing the issue to the appropriate venue. In matters related to the department, investigations may

fall into one of the following five categories, depending on the nature of the allegations and the evidence contained in the complaints.

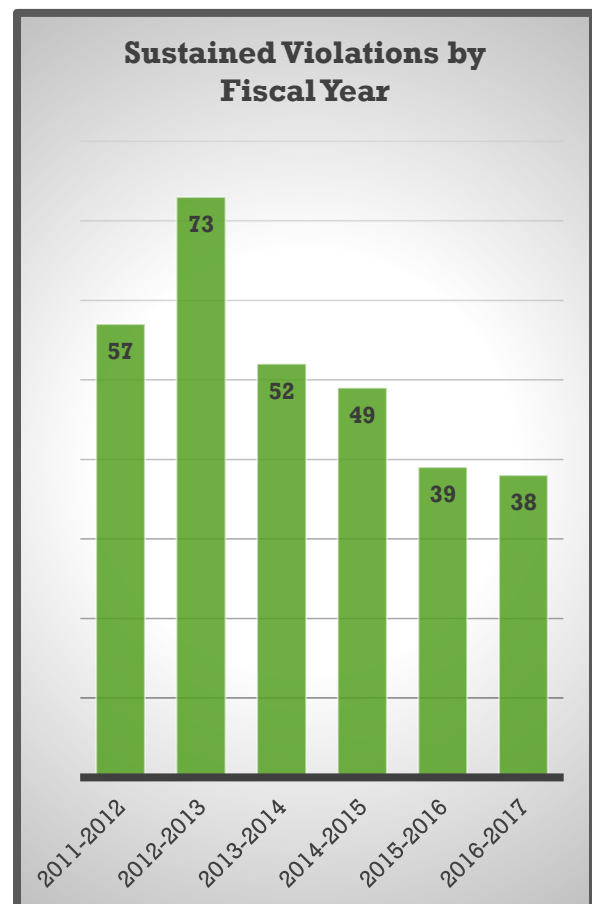
- **Referral:** Documented complaint or allegation which does not initially warrant an investigation. These complaints are referred to the appropriate division director for resolution, often with a request the division inform our office of any action taken. The referral is a valuable tool which enables the OIG to ensure divisions are accountable and responsive to the complainant’s concerns.
- **Preliminary Inquiry:** Investigation conducted when it is necessary to determine the validity of a complaint and to expand upon initial information to determine if a formal investigation is warranted.
- **Formal Investigation:** Investigation in which a systematic collection and evaluation of evidence results in a conclusion or finding. Such investigations are conducted in accordance with law, Administrative Policies and Procedures, Principles and Standards for Offices of Inspector General and/or CFA standards, and include violations of law, sexual harassment, discrimination, and whistle-blower investigations.
- **Assist Other Agency:** Case which involves significant investigative activity in support of another state, federal or local agency.
- **Intelligence:** Information which does not meet the requirements to open a preliminary inquiry but has potential future investigatory or reference value.



INVESTIGATIVE ACTIVITY

During Fiscal Year 2016-2017, the Investigative Section received 285 complaints from citizens, employees and division directors within the department. Of those complaints, the OIG completed 125 total investigations, which include 33 formal investigations, 53 preliminary inquiries, 27 referrals, 10 intelligence cases, and two cases in which we assisted other agencies. As a result of investigations and early detection, the OIG averted losses to the department in excess of \$181,149. The remaining complaints were determined to be outside the purview of the OIG. Information was provided to each of the complainants regarding which division (or agency) could assist in resolving their complaint.

The chart below compares the number of sustained violations over the previous six fiscal years.



FORMAL INVESTIGATIONS

An investigation of a violation of Administrative Policies and Procedures 5-3, Disciplinary Policy and Employee Standards of Conduct, is referred to as a Formal Investigation. Once the investigative process is complete, the investigation is documented in an investigative report and typically closed with one of the following conclusions.

Sustained: Evidence is sufficient to prove the allegation.

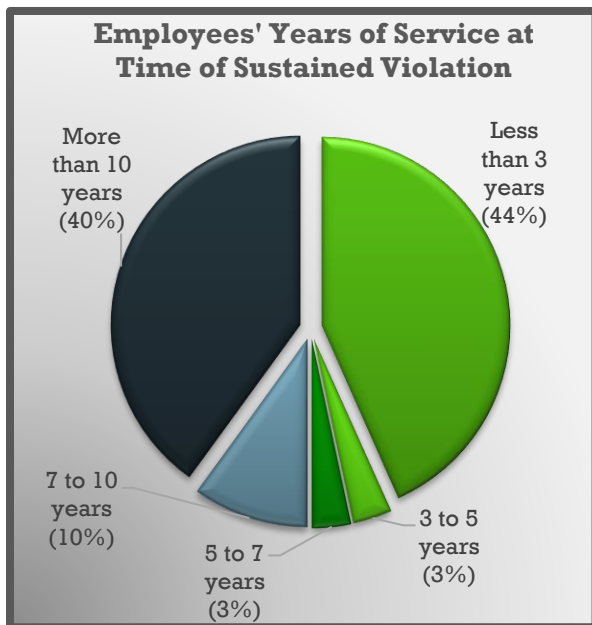
Not Sustained: Insufficient evidence available to prove or disprove the allegation.

Exonerated: Alleged actions occurred but were lawful and proper.

Unfounded: The allegation was false or not supported by fact.

Policy Failure: The alleged action occurred and could have caused harm; however, the actions taken were not inconsistent with department policy.

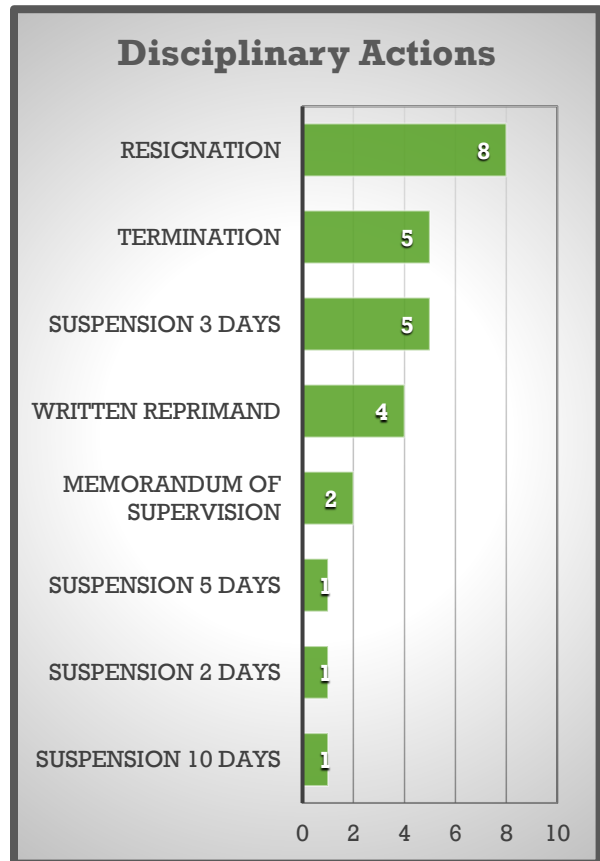
Employees with one or more sustained violations during Fiscal Year 2016-2017 have various years of service with the department. The chart below summarizes the length of time employees found in violation of department policy had been employed.



The OIG completed 33 formal investigations statewide. The following table summarizes the investigative activity by violation (numerous investigations involved multiple violations).

Allegation	Number Sustained
Insubordination <i>AP&P No. 5-3, V., D.</i>	1
Negligence <i>AP&P No. 5-3, V., B.</i>	1
Misconduct <i>AP&P No. 5-3, V., G.</i>	2
Poor performance <i>AP&P No. 5-3, V., A.</i>	2
Conduct Unbecoming a Public Employee <i>AP&P No. 5-3, V., F.</i>	10
Violation of Law or Agency Rules <i>AP&P No. 5-3, V., E.</i>	22

The following graph reflects reported disciplinary actions resulting from OIG investigations:



Administrative Investigations: After the case has been completed and approved for closure by the Inspector General, the results are forwarded to senior management, the impacted division management, and the Bureau of Personnel Management for review and any action deemed appropriate.

Criminal Investigations: If, during the course of a formal investigation, a violation of criminal statutes or federal laws is identified, the OIG will coordinate with state and federal prosecutors and other law enforcement agencies, when necessary, to appropriately address the violation and pursue formal charges, if applicable.

INVESTIGATIVE CASE SUMMARIES

Of the 125 cases completed during the reported fiscal year, the following is a brief summary of the significant investigations:

IG 2016-0019

This investigation concerned allegations of discrimination and harassment. The evidence and testimony obtained during the investigation was not sufficient to establish the allegations. The investigation concluded the allegation of Violation of Law or Agency Rules, to wit: AP&P 5-21, Discrimination, was **NOT SUSTAINED**.

IG 2016-0026

This investigation concerned allegations that a department employee was involved in an inappropriate personal business relationship and unapproved outside employment. The investigation concluded that the allegation of Violation of Law or Agency Rules, to wit: AP&P 1-1, V., B., Conflict of Interest, was **SUSTAINED**; the allegation of Violation of Law or Agency Rules, to wit: AP&P 5-5, Outside Employment, Dual Employment, Dual Compensation or Other Activities, was also **SUSTAINED**.

Personnel Action: Written reprimand

IG 2016-0027

This investigation concerned allegations of an employee claiming work hours while conducting private work. The investigation concluded that the allegation of Violation of Law or Agency Rules, to wit: §839.13(1), Florida Statutes, Falsifying Records, was **SUSTAINED**; the allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Employee resigned

IG 2016-0038

This investigation concerned allegations of an employee operating a personal tax preparation business while utilizing FDACS resources. The investigation concluded that the allegation of Violation of Law or Agency Rules, to wit: §839.13(1), Florida Statutes, Falsifying Records, was **NOT SUSTAINED**; the allegation of Violation of Law or Agency Rules, to wit: AP&P 5-5, Outside Employment, Dual Employment, Dual Compensation or Other Activities, was **SUSTAINED**.

Personnel Action: Pending

IG 2017-0039

This investigation concerned allegations that an employee purposely failed to perform essential job duties. The testimony and evidence obtained during this investigation was sufficient to establish that the employee knowingly and admittedly neglected to perform an essential duty and concluded that the allegation of Negligence was **SUSTAINED**.

Personnel Action: Resignation

IG 2016-0045

This investigation concerned allegations of inappropriate website access by an employee utilizing an FDACS laptop computer and concluded that the allegation of Violation of Law or Agency Rules, to wit: AP&P No. 8-15, Personal Security and Acceptable Use, was **SUSTAINED**.

Personnel Action: 5-day suspension

IG 2016-0047

This investigation concerned allegations of discrimination by a supervisor and concluded that the allegation of Violation of Law or Agency Rules, to wit: AP&P 5-21, Discrimination, was **NOT SUSTAINED**.

IG 2016-0060

This investigation concerned allegations of inappropriate physical contact, behavior, and statements of coworkers, as well as allegations that a supervisor failed to take the appropriate action. The investigation concluded that the allegation against one employee of Violation of Law or Agency Rules, to wit: §784.03, Florida Statutes, Battery (administrative), was **SUSTAINED**. The allegation against another employee of Conduct Unbecoming a Public Employee was **NOT SUSTAINED**. The allegations against the supervisor of Poor Performance was **SUSTAINED**, and the allegation of Conduct Unbecoming a Public Employee was **NOT SUSTAINED**.

Personnel Action: Employee with sustained allegation of battery resigned

IG 2016-0061

This investigation concerned allegations that an employee failed to stop during an attempted traffic stop by a marked patrol vehicle and determined that the allegation of Violation of Law or Agency Rules, to wit: §316.1935, Florida Statutes, Fleeing or Attempting to Elude a Law Enforcement Officer, was **SUSTAINED**.

Personnel Action: 3-day suspension

IG 2016-0066

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**.

Personnel Action: 10-day suspension

IG 2016-0067

This investigation concerned allegations that an employee made inappropriate comments and produced offensive literature associated with training classes and concluded that the allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: 3-day suspension

IG 2016-0069

This investigation concerned allegations that an employee was arrested and charged with Grand Theft, Dealing in Stolen Property, and Providing False Information to a Pawnbroker. The investigation concluded that the allegation of Violation of Law or Agency Rules, to wit: §812.014, Florida Statutes, Grand Theft, §812.019, Florida Statutes, Dealing in Stolen Property, and §539.001(8)(b)(8)(b), Florida Statutes, Providing False Information to a Pawn Broker, was **SUSTAINED**. The allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Employee resigned

IG 2016-0070

This investigation concerned allegations of an employee's inappropriate conduct with a subordinate employee and inappropriate comments made to a coworker. The investigation determined that the allegation of Misconduct was **SUSTAINED**; the allegation against a second employee of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Both employees resigned

IG 2016-0078

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**. The employee failed to pass a Level Two background screening.

Personnel Action: Written reprimand

IG 2016-0079

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**. The criminal history did not disqualify the employee from passing a Level Two background screening.

Personnel Action: Written reprimand

IG 2016-0082

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**. The employee failed to pass a Level Two background screening.

Personnel Action: Employee was terminated

IG 2016-0083

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**. The employee failed to pass a Level Two background screening.

Personnel Action: Employee was terminated

IG 2016-0084

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**. The employee failed to pass a Level Two background screening.

Personnel Action: Employee was terminated

IG 2016-0100

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application

and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**. The employee failed to pass a Level Two background screening.

Personnel Action: Application amended

IG 2016-0105

This investigation concerned allegations of an employee's violation of division policies and determined that the two allegations of Violation of Law or Agency Rules, to wit: Division Policy and Procedures, were **SUSTAINED**, and the allegation of Poor Performance was **SUSTAINED**.

Personnel Action: Employee was terminated

IG 2016-0108

This investigation concerned allegations that an employee allegedly made a disrespectful comment concerning a Jewish religious symbol displayed at work in the presence of another department employee who practices Judaism. The investigation concluded that the allegation of Violation of Law or Agency Rule, to wit; AP&P 5-21, Discrimination and Sexual Harassment, was **NOT SUSTAINED**. The allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Written reprimand

IG 2016-0110

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application and concluded that the allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**. The employee failed to pass a Level Two background screening.

Personnel Action: Pending

IG 2016-0113

This investigation concerned allegations of an employee engaged in a verbal altercation in which another employee was threatened. The investigation concluded that the

allegation of Conduct Unbecoming a Public Employee was **SUSTAINED**.

Personnel Action: Written reprimand

IG 2016-0116

This investigation concerned allegations of an employee conducting private business interests with subordinate employees. The investigation determined the allegation of Misconduct was **SUSTAINED**, and the allegation of Negligence was **UNFOUNDED**.

Personnel Action: 3-day suspension

IG 2017-0003

This investigation concerned allegations of an alleged verbal altercation between two department employees. The investigation concluded that the allegations against one employee of Violation of Law or Agency Rules, to wit: AP&P 5-22, Workplace Violence, was **UNFOUNDED**, and of Conduct Unbecoming a Public Employee was **SUSTAINED**. The allegations against another employee of Conduct Unbecoming a Public Employee and Insubordination were **SUSTAINED**.

Personnel Action: One employee resigned, the other received a Memorandum of Supervision

IG 2017-0014

This investigation concerned allegations of an employee making inappropriate, derogatory, and disrespectful comments in front of other department employees concerning division management decisions and staff. The investigation concluded that the allegation of Violation of Law or Agency Rules, to wit: Division Policy and Procedure, was **NOT SUSTAINED**.

IG 2017-0018

This investigation concerned allegations of an employee behaving in an inappropriate manner. The investigation determined that the allegation of Violation of Law or Agency Rules, to wit: Division Policy and Procedure,

was **SUSTAINED**.

Personnel Action: 3-day suspension

IG 2017-0019

This investigation concerned allegations of an employee inappropriately utilizing FDACS equipment for personal benefit. Therefore, the investigation concluded that the allegations of Violation of Law or Agency Rules, to wit: §837.12, Florida Statutes, Perjury When Not in an Official Proceeding; §112.061, Florida Statutes, Fraudulent Claims of Per Diem and Travel Expenses by a Public Employee; and Conduct Unbecoming a Public Employee were **SUSTAINED**. The investigation included an allegation that a second employee authorized the misuse of FDACS equipment in a manner non-beneficial to the agency, or transported personally owned equipment in a state vehicle for personal benefit. The investigation concluded the allegation of Conduct Unbecoming a Public Employee was **NOT SUSTAINED**.

Personnel Action: Employee resigned

IG 2017-0025

This investigation concerned allegations of inappropriate and confrontational behavior in the workplace. The investigation determined that the allegation of Conduct Unbecoming a Public Employee was **NOT SUSTAINED**, and the allegation of Violation of Law or Agency Rules, to wit: AP&P 5-22, Workplace Violence, was **UNFOUNDED**.

IG 2017-0050

This investigation concerned allegations against an employee involving trespassing and mail tampering. The investigation concluded the allegation of Conduct Unbecoming a Public Employee, AP&P 5-3, V., F., was **SUSTAINED**. The remaining allegation of Violation of Law or Agency Rules, to wit: §810.09, Florida Statutes, Trespass on Property Other than Structure or Conveyance, was **NOT SUSTAINED**.

Personnel Action: 2-day suspension

IG 2017-0052

This investigation concerned allegations that an employee submitted false information on a State of Florida Employment Application. The investigation concluded that the

allegation of Violation of Law or Agency Rules, to wit: §837.06, Florida Statutes, False Official Statements, was **SUSTAINED**.

Personnel Action: Termination

STATEWIDE INVESTIGATIVE ACTIVITY

The following table illustrates all investigative activities for FY 2016-2017 by county and division or office.

	Division of Administration	Agricultural Environmental Services	Agricultural Water Policy	Aquaculture	Office of the Commissioner	Division of Animal Industry	Division of Consumer Services	Division of Food Safety	Division of Fruit and Vegetables	Division of Licensing	Division of Plant Industry	Florida Forest Service	Food, Nutrition and Wellness	Office of Agricultural Law Enforcement	Office of Agricultural Technology Services
Alachua											5				
Baker												1			
Brevard		1										1			
Charlotte															
Citrus						1									
Collier									1		1	1			
Flagler	1											4			
Franklin		1													
Gilchrist														1	
Hamilton														2	
Hardee		1													
Hendry											1				
Hernando												1			
Highlands											1				
Hillsborough						1	1		1						
Jackson									1						
Lee												1		1	
Leon	5	3		1	2	2	10	6		14	1	4		5	1
Lewy									1						
Manatee											1				
Marion	1														
Martin												1			
Miami-Dade								1			2				
Nassau														2	
Okaloosa										2					
Okeechobee			1			1									
Orange												2		1	
Osceola						1						1			
Palm Beach						1		1		1					
Pinellas											1				
Polk						1			1		1				
Putnam												1			
Santa Rosa												1			
Sarasota										2					
St. Johns															
St. Lucie											2				
Suwannee						1						1		2	
Volusia		1													
Walton													1		

AUDIT SECTION

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.” (*International Standards for the Professional Practice of Internal Auditing*, as published by the Institute of Internal Auditors)

PROFESSIONAL STANDARDS

Pursuant to §§20.055(2)(j) and 20.055(5)(a), Florida Statutes, internal audit activities are performed in accordance with the *General Principles and Standards for Offices of Inspector General* and *International Standards for the Professional Practice of Internal Auditing*, as published by the Association of Inspectors General and the Institute of Internal Auditors, respectively. Audit projects involving information technology (IT) are also conducted in accordance with *Information Systems Auditing Standards*, as published by the Information Systems Audit and Control Association.

PROFICIENCY

The professional standards referenced above require that staff (individually and collectively) possess the knowledge and skills to perform their responsibilities. A high level of proficiency has been achieved for the Audit Section (four professional staff) through education, professional certifications, and other continuing professional development activities.

QUALITY ASSURANCE PROGRAM

The Audit Section continues to implement and employ a number of internal audit best management practices. These include

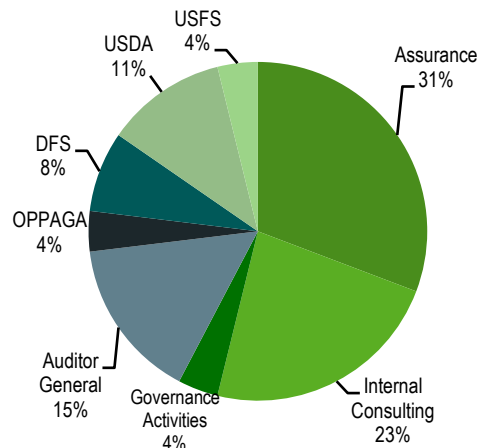
partnering with management, increasing staff performance through the use of computer-assisted auditing techniques, developing staff professionally, maintaining IT audit staff, and providing a balanced combination of assurance and consulting services.

As part of the internal Quality Assurance Program, the Audit Section:

- Reviews professional standards and internal policies and procedures;
- Participates in various training and development activities; and,
- Continues to improve audit techniques, tools, and technology.

The Audit Section also periodically reviews audit programs and report formats and performs internal peer reviews for the completeness of work papers. Additionally, pursuant to § 20.055, Florida Statutes, the Audit Section is evaluated every three years by the Auditor General’s Office. In 2018, the Auditor General will conduct a quality assessment review of the OIG’s internal audit activity for the period July 2017 through June 2018.

Audit Activity FY 2016-2017



VALUE ADDED

The Audit Section adds value to the department in a number of ways. There is enhanced awareness of organizational governance that is achieved through our consulting services. Included in these consulting services are enterprise partnering activities (e.g., training, IT risk assessments, IT compliance and any management assistance that might be requested during the year).

The Audit Section performs annual reviews of the addition, deletion, or modification of approved performance measures, standards, and activities, and makes recommendations for improvement, if necessary. Our auditors may also perform audits on select

performance measures to determine the validity and accuracy of the reported information.

The Audit Section is an integral enterprise control component and adds value by its oversight authority, organizational placement, and presence in deterring wrongdoing.

ANNUAL AUDIT PLAN

Audit plans are developed by performing an agency-wide risk assessment, which included the development and distribution of surveys to division and office directors to obtain their input. The Audit Plan was approved by the Commissioner of Agriculture on June 30, 2016.

INTERNAL ASSURANCE & CONSULTING SERVICES

The OIG initiated or completed eight (8) assurance engagements and seven (7) internal consulting services during Fiscal Year 2016-2017, as reflected in the following table. Assurance engagements are based on the OIG’s annual risk assessment, annual Audit Plan, or special request made by department management. Consulting services are based on requests from department management, as well as through joint projects with department personnel, which are designed to enhance internal controls or organizational governance. One of the consulting services we provide include ongoing governance activities to monitor current information technology issues for the department.

Assurance and Consulting Engagements for FY 2016-2017				
Report #	Report Title	Assurance	Consulting	Page #
IA 1617-01	2016 Florida State Fair Attendance and Gate Admission Revenue	Assurance		15
IA 1617-02	Purchasing Cards Charges and Travel Reimbursements	Assurance		17
IC 1617-03	Department’s Utilization of Inmate Services		Consulting	17
IA 1617-04	Audit of User Account Reviews for Mission Critical Applications	Assurance		18
IA 1617-05	Operational and Financial Review Florida Agricultural Center and Horse Park Authority	Assurance		18
IA 1617-06	Performance Measure Accuracy, Office of Agricultural Water Policy Number of Water Policy Assists Provided to Agricultural Interests	Assurance		20
IC 1617-07	Operational Review of the Florida Agricultural Statistics Service, Division of Fruit & Vegetables		Consulting	21
IC 1617-08	Florida Forest Service Air Fleet Mechanic Retention		Consulting	23
IA 1617-09	Department’s Personnel Records Management	Assurance		24
IC 1617-10	Managing the Inspection Process, Bureau of Standards		Consulting	24
IA 1718-01	Department’s Cloud Information Resources	Assurance		24
In Progress	2017 Florida State Fair Attendance and Gate Admission Revenue	Assurance		25
No Report Issued	Performance Measures – Review of Validity and Reliability Statements		Consulting	25
No Report Issued	Performance Measures – Review of the Addition, Deletion, or Modification of Approved Performance Measures, Standards, and Activities		Consulting	25
On-going	Technology Governance Committees		Consulting	25

2016 Florida State Fair Attendance and Gate Admission Revenue

(Report Number: IA 1617-01)

The objectives of the audit were to determine if the reported attendance and gate admission revenue is fairly stated, and to assess the efficiency of the Fair's fiscal activities. The scope of the audit is the attendance and gate admission revenue of the 2016 Fair held during the period of February 4 - 15, 2016, including advance gate admission sales occurring prior to the Fair's opening and refunds or credits made through February 29, 2016.

In our opinion, the attendance of 395,435 and gate admission revenue of \$3,060,730 pertaining to the 2016 Fair, as of February 29, 2016, are fairly stated in all material respects.

FAIR BANK PROCEDURES

Based on our review of training attendance records, we determined that all but one ticket office teller attended the training provided by Fair management prior to the 2016 Fair. According to the Fair's Controller, the training consisted of group sessions and included hands-on experience with actual prior settlements (i.e. closeout of bank bags).

Based on the observations of OIG staff during the 2016 Fair, the ticket office tellers generally appeared to be more proficient in performing their assigned duties.

Recommendation: Fair management should continue to ensure mandatory hands-on training is provided to new ticket office tellers, with training optional for returning tellers.

Management Response: Fair management will continue enhanced training with special sessions in January and the normal group training the weekend before the Fair.

DELAY IN FAIR REPORTS

The OIG's review of training attendance records determined that the majority of the gate and midway sellers attended the training. However, documentation did not exist to substantiate attendance for one midway and 2 gate sellers. According to the Ticket Office Manager, the three sellers did attend training; however, their respective attendance records had been misplaced.

Recommendation: Fair management should ensure mandatory hands-on training is provided to all new sellers, with training optional for returning sellers. In addition, attendance records should be maintained for all training participants.

Management Response: Fair management concurs with the recommendation. In addition, management will run attendance reports after the final training sessions to determine any sellers that missed the training and take corrective action, as needed.

INSUFFICIENT DOCUMENTATION

During last year's Fair, several significant adjustments were made to midway sales revenue and sufficient documentation was not maintained to explain the reason for the adjustment. Therefore, the OIG recommended that Fair management ensure documentation is maintained to substantiate adjustments to sales revenue.

During the 2016 Fair, the OIG determined that sufficient documentation was maintained to substantiate adjustments to sales revenue.

PLACING SELLERS ON NOTICE FOR SHORTAGES

Our review of seller shortages for the 2016 Fair determined that six sellers had combined shortages in excess of \$150, with two of the six sellers having single shortages in excess of \$150. According to the Ticket Office Manager, the sellers were counseled

verbally; however, no written notices were issued.

Recommendation: Fair management should revise Fair policies and procedures to include the requirement that a written notice be provided to a seller that experiences a single shortage or combined shortages that are in excess of \$150. This notice should be acknowledged through signature and a copy maintained.

Management Response: Fair Management concurs, but reserves the right to modify the notice thresholds for next year's fair. The cumulative shortage amount will probably be increased. In addition, the Controller will provide the Bank Manager with daily reports concerning daily or combined shortages that exceed the notice threshold. The Controller will also request the appropriate written notice be submitted to the Controller with the daily closeouts.

SALES PROMOTIONS

During the 2016 Fair, a College Day BOGO sales promotion was utilized. For the promotion, the customer would purchase a full price ride armband and the customer's friend would be given a ride armband for free. During the Fair, it became evident that internal controls were not sufficient to ensure the promotion operated as intended.

Recommendation: Fair management should ensure sufficient controls can be implemented to ensure promotions offered by the Fair operate as intended.

Management Response: The Controller believes that BOGO promotions cannot be sufficiently controlled in the current midway sales system without inordinately consuming the time and resources of management. Thus midway BOGO promotions will no longer be offered unless these issues can be sufficiently mitigated.

PRE-ACTIVATED ARMBANDS

Fair ride armbands are typically sold at ticket booths located throughout the midway. Once the customer pays for the armband, the midway seller activates the armband, making the armband available for use by the customer.

To expedite the sale of armbands during the busiest times of the day, the Fair's Controller pre-activated a number of armbands. The armbands were then signed out and distributed to various Fair personnel who, in turn, went out on the midway and sold the armbands to Fair customers waiting in line. When Fair personnel returned to the bank, they were balanced out.

According to the Fair's Controller, the majority of the pre-activated armbands were not distributed, but remained in the banking area under the responsibility of one individual who kept tabs on the armbands. However, the banking area is accessible to all of the bank tellers and other banking personnel.

Recommendation: Fair management should implement additional physical and accountability controls to ensure all pre-activated armbands are sufficiently safeguarded.

Management Response: Beginning with the 2017 Fair, unused pre-activated armbands will be locked in the small bank vault until needed.

CHANGES THAT WERE IMPLEMENTED FOR THE 2016 FAIR

At the conclusion of the 2015 Fair, the Fair's Controller indicated that the following changes were being considered for 2016 to improve the sellers and ticket office tellers' efficiency and accuracy:

- *Adding barcodes to the Walgreens coupons.*

This change was implemented for the 2016 Fair. The addition of a barcode allowed armband coupons to be scanned into the FunCard system by the midway sellers, eliminating keying errors and the need for manual counts to verify the number of coupons redeemed.

- *Simplifying the armband offerings*
The simplification of armband offerings was implemented for the 2016 Fair. The biggest issue during the 2015 Fair was that multiple price points occurred on weekdays. For instance, a cheaper armband was offered after 5:00 p.m. but was sold for full price before 5:00 p.m., producing two different price points and increasing the potential for midway sellers to mis-key transactions into the FunCard system.

For 2016, only one price was offered all day for armbands sold on weekdays.

Recommendation: Where feasible, Fair management should continue to implement changes to minimize the amount of manual input required by the sellers and reduce the complexity of transactions processed.

Management Response: Fair management is currently exploring a new Gate Admission software that would enable the Fair to add a barcode to gate armband vouchers that can be scanned into the FunCard system by the midway sellers. This would work similar to the implementation of Walgreens' barcodes in 2016 and would further eliminate keying errors and the need for manual counts to verify the number of vouchers redeemed.

Purchasing Card Charges and Travel Reimbursements (Report Number: IA 1617-02)

The objective of this audit was to ensure travel reimbursements were consistent with state laws, rules and the department's

Administrative Policies and Procedures (AP&Ps).

The scope of the audit was travel reimbursement requests containing purchasing card charges that were incurred from November 7, 2014 through February 16, 2016.

The OIG reviewed five travel voucher forms for each of the 115 purchasing card holders selected for the audit.

The OIG examined the employee's travel voucher to determine whether:

- The employee requested reimbursement for charges that were incurred on his/her purchasing card.
- The employee requested reimbursement for charges that were incurred on any purchasing card issued to a department employee.
- The employee was reimbursed for any charges that were incurred on a purchasing card.

We determined that for the travel voucher forms reviewed, no employees requested reimbursement, nor were reimbursements remitted, for charges that were incurred on purchasing cards, which is consistent with state laws, rules and the department's AP&P's.

Management Response: No management response was required.

Department's Utilization of Inmate Services (Report Number: IC 1617-03)

The OIG reviewed the department's contractual agreement with the DOC, the DOC's manuals and training course, and held discussions with inmate supervisors to evaluate the adequacy of the department's policies and procedures regarding the utilization of inmate services.

Our review determined that the DOC has established sufficient governance for the utilization of inmate services, and that supervisors did possess certification cards indicating completion of the DOC training course. Therefore, the department does not have, nor is there a need for, an Administrative Policy and Procedure for inmate services. However, the OIG noted that the department does not provide general guidance to all employees regarding how to interact with inmates. We acknowledge that such guidance is not required contractually, but could be beneficial. This guidance could include, but not limited to, ensuring vehicles are secured (locked) while inmates are on site, and not performing seemingly innocent favors for inmates, such as providing snacks or making phone calls.

Recommendation: The Division of Administration should consider providing general guidance to all employees on how to interact with inmates performing services for the department.

Management Response: The Division of Administration has drafted a guideline document to be posted at department facilities where inmate services are being performed. Upon review and approval of this guideline document, it will be displayed in common areas and shared with staff.

Audit of User Account Reviews for Mission Critical Applications

(IA 1617-04)

The objective of the audit was to determine whether user account reviews for mission critical applications are performed in accordance with the department's Administrative Policies and Procedures.

CONFIDENTIAL

Based on the provisions of Section 282.318, Florida Statutes, Security of Data and Information Technology Resources, the results of this audit are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes.

Operational and Financial Review Florida Agricultural Center and Horse Park Authority, Inc.

(IA 1617-05)

The objective of this review was to evaluate management's performance and the effectiveness of established internal controls in achieving compliance with laws, rules and other guidelines, the economic and efficient operations of the Horse Park, and the safeguarding of assets.

For the Horse Park's operational performance, our review covered the period July 1, 2015, through September 30, 2016, and was limited to assessing compliance with statutory requirements for noticing of the public board meetings, and determining whether a quorum of board members was in attendance. Our financial review was limited to expenditures related to three contracts executed between the department and the Horse Park from July 1, 2013, through October 31, 2016.

Based on our review, we determined that the Horse Park's operations are effective and efficient; however, internal controls could be enhanced to ensure compliance with Florida Statutes, and to adequately safeguard the assets of the Horse Park. The results of our review are described in the following sections.

Bylaws

The purpose of the bylaws is to assist an organization in governing itself by defining key functions and establishing the role of board members and officers. The Horse Park provided the OIG with a copy of its bylaws; however, the Horse Park was unable to locate a signed copy of the bylaws.

Recommendation: The Horse Park should ensure a signed copy of its bylaws is maintained.

Management Response: At the February 1, 2017, meeting of the Executive Committee, members reviewed and signed the bylaws. At the February 8, 2017, meeting of the entire Board of Directors, all members reviewed and signed the bylaws and a copy was placed in the permanent records.

Public Meetings Notice and Meeting Quorum

The Horse Park held seven board meetings during the review period. Only one board meeting, occurring on December 3, 2015, was not noticed in accordance with Section 120.525, Florida Statutes.

The OIG reviewed the board meeting minutes to determine whether a quorum of members was present. According to the board meeting minutes, a quorum was present for all seven meetings.

Recommendation: The Horse Park should ensure all board meetings are properly noticed.

Management Response: The Horse Park has put in place a system of multiple reviews to ensure that future meetings are properly noticed with the dates and location of all meetings to be held by the board or the Executive Committee.

Financial Review

The OIG reviewed the expenditures incurred by the Horse Park for the three aforementioned contracts. This review included a determination of whether the expenditures were consistent with the scope of work and the terms stated in the contract, and if adequate documentation was maintained to substantiate the expenditures.

Contract 20225

The OIG's review concluded that the expenditures were consistent with the scope of work and the terms stated in the contract, and invoices were maintained to substantiate the expenditures.

Contract 21784

The OIG's review concluded that the expenditures were consistent with the scope of work and the terms stated in the contract. However, the OIG identified the following deficiencies in the documentation used to substantiate payroll disbursements.

- Eight of the 54 timesheets were missing to substantiate payroll records for the period, November 2014 to June 2015.
- Three of the 54 timesheets were not signed by the employee.

Recommendation: The Horse Park should ensure timesheets are maintained to support all payroll disbursements. In addition, timesheets should be completed and signed by all employees prior to the distribution of payroll checks.

Management Response: The Horse Park has put in place a system of time sheet submittal that includes the employee's signature on all timesheets submitted for pay. The Horse Park has also reconfigured the employee timesheet filing system to properly maintain the support needed for payroll disbursements.

Contract 23554

As of November 18, 2016, the Horse Park has not submitted any invoices for reimbursement, therefore, the OIG did not perform a review of expenditures for this contract.

**Performance Measure Accuracy
Office of Agricultural Water Policy
Number of Water Policy Assists Provided to
Agricultural Interests**

(Report Number: IA 1617-06)

The objective of the audit was to determine if the number reported for actual performance for Fiscal Year 2015-2016 is fairly stated. The scope of the audit was the Fiscal Year 2015-2016 actual performance number reported in the Final Long Range Program Plan on the state of Florida's Fiscal Portal as of September 30, 2016, for the measure, *Number of Water Policy Assists Provided to Agricultural Interests*.

The OIG determined that the number reported of 2,245 for actual performance for Fiscal Year 2015-2016, for the measure, *Number of Water Policy Assists Provided to Agricultural Interests*, is not fairly stated.

We identified opportunities to improve the accuracy of actual performance reported for the measure, as described in the following sections.

***Revision to Validity and
Reliability Statement***

The Glossary section of the Validity and Reliability statement defines a water policy assist as “a contact with an agricultural interest regarding one or more of the programs that the Office of Agricultural Water Policy (OAWP) provides for the implementation of Best Management Practices (BMPs) adopted by department rule for the purpose of improving water quality and conservation.” Examples include providing information on OAWP programs, BMP development and implementation, on-farm technical assistance, assistance with regulatory exemptions determinations, and inter-agency coordination on water policy development.

The Data Sources and Methodology section of the Validity and Reliability statement

defines “assists” as “visits to agricultural operations for BMP enrollment or implementation assurance.” The definition in the Glossary implies the reported number will include all assists; however, the intent of the OAWP is to count the number of assists based on the definition outlined in the Data Sources and Methodology section of the Validity and Reliability statement.

Recommendation: The OAWP should revise the Validity and Reliability statement to clarify what constitutes an assist for reporting purposes.

Management Response: The OAWP will revise the Validity and Reliability statement to clarify what constitutes an assist for reporting purposes.

***Not All Notice of Intent Signed During the
Fiscal Year Were Reported***

To obtain the number of Notice of Intent (NOI) to report for Fiscal Year 2015-2016, the OAWP performs a query of the Best Management Practice Tracking System (BMPTS2) to capture NOI with a signature date that corresponds to the reporting period.

The OIG determined that 15 NOI's were signed during the fiscal year; however, the NOI's had not been recorded in the BMPTS2 prior to the query being performed.

Recommendation: The OAWP should ensure all NOI signed during the fiscal year are recorded in the BMPTS2 prior to the query being performed.

***Not All Implementation Assurances
Conducted During the
Fiscal Year Were Reported***

During the 3rd quarter of Fiscal Year 2015-2016, the process of entering the Implementation Assurances (IA) into the BMPTS2 was halted due to the system's limited capabilities to efficiently track IA.

To address the system limitations, the OAWP implemented the use of an Excel spreadsheet to track IA.

The OIG determined that 536 IA recorded in the Excel spreadsheet were inadvertently excluded from the number reported.

Recommendation: The OAWP should ensure IAs are reported from all systems used to track IAs.

Duplicate IAs Reported

Based on the OIG's review of supporting documentation and discussions with the OAWP staff, the OIG determined that 10 IA included in the number reported were duplicates.

The OAWP indicated that when more than one technician works on an IA, the OAWP's intention is to give credit to the additional technician(s) for contributing to the assist. This method of giving credit to multiple technicians resulted in 5 duplicate IAs being reported. The remaining 5 duplicates occurred during the transfer of IA data between an Excel tracking sheet and the BMPTS2.

Recommendation: The OAWP should ensure that the numbers reported do not include duplicates.

NOIs and IAs Documented on Technician Activity Logs and Timesheets

The OAWP utilizes a Technician Activity Log and Timesheet Form (log) to track the technician's various activities and to determine the technician's status in achieving minimum performance standards. Since the log includes NOI's and IA's conducted, the OIG reviewed a sample of logs to determine if the assists recorded in the logs were included in the number reported.

Based on the OIG's review of 115 NOI's selected from the logs, we determined all 115 were included in the number reported. Our review of 46 IA visits selected determined that 19 IAs were included in the number reported, however, 14 were not included because they were recorded in the Excel tracking sheet. For the remaining 13 IAs, the entries in the log were insufficient to allow a determination of whether the IAs were recorded in the BMPTS2 or the Excel tracking sheet.

Management Response: The OAWP is currently developing a new system to track enrollments and BMP verifications (previously "Implementation Assurance"). All new enrollments and verifications will be entered directly into the system by field staff and contractors, eliminating the disconnect between the paper versions of forms and the eventual electronic record. Because the staff and contractors will be entering their own records, the system-generated NOI number will be available immediately, which will assist with tracking in technician logs for contract purposes.

Operational Review of the Florida Agricultural Statistics Services Division of Fruit and Vegetables

(Report Number: IC 1617-07)

The objective of this review is to evaluate the operations of the Florida Agricultural Statistics Service (FASS) program in an effort to provide recommendations that would assist the program in operating within budgetary constraints.

Systems Used to Track Field Staff Assignments

Observation: FASS management was unable to provide the OIG with documentation sufficient to assess the completion of assignments by field staff. Therefore, we were unable to identify

efficiencies that, in turn, could reduce the program's operational costs.

Recommendation: Management should consider developing a method to track tasks completed by field staff in sufficient detail to identify opportunities to enhance operational efficiencies and reduce costs. The method should account for the average time a task should take relative to the declining citrus yields, versus the time taken by the staff member to complete the assignment.

Utilization of Staff Resources Given Budgetary Constraints

Tree Inventory

Observation: A goal was established by division management that all commercial citrus acres would be inventoried within a two-year period. However, for Fiscal Years 2013-2014, 2014-2015 and 2015-2016, the actual acres inventoried has exceeded the target goal by 1%, 6%, and 3% respectively.

Any percentage inventoried in excess of the established goal of 100% within two consecutive years indicates that some of the acres were inventoried in both years. Absent sufficient justification, the excess could be viewed as an inefficient use of resources resulting in unnecessary costs being charged to the program.

Recommendation: Management should ensure that field staff performing tree inventories, or any data collection activities, do not exceed established target goals without sufficient justification, which should be documented and maintained.

Use of Plant Industry Staff

Observation: During Fiscal Year 2015-2016, the FASS program utilized six Division of Plant Industry career service employees paid from the Citrus Inspection Trust Fund to inventory 15% of the citrus trees for the tree inventory activity. Division management

indicated that the Division of Fruit and Vegetables' inspectors could possibly perform the tree inventory activity; however, the division has not fully evaluated this opportunity. Currently, the inspectors assist in collecting forecast data, but not specifically in performing the tree inventory.

Recommendation: Management should evaluate the feasibility of using the Division of Fruit and Vegetables' inspectors for all aspects of data collection for the citrus forecast to reduce costs and increase productivity.

Maturity Laboratory Services

Observation: As previously stated, maturity testing is performed in the FASS Citrus Maturity Laboratory as a courtesy to the citrus industry. Testing is performed monthly from September to June, and is usually completed within two days. The laboratory costs the department approximately \$28,129 annually in leased space and equipment. In addition to these costs, the program must allocate salary dollars for field staff to collect, ship, and process the fruit.

OIG audit staff attended both the September 12, 2016, and March 24, 2017, Citrus Crop Estimates Advisory Committee meetings during which the committee discussed the benefits and costs of the laboratory's operations. The committee expressed a general desire for the maturity testing performed by the division to continue, but is willing to seek alternative methods to reduce the associated costs.

Recommendations: The division should evaluate the benefits and costs of producing the citrus maturity data. The costs should include, but not be limited to, the expense associated with equipment and space rentals, and labor. In addition, the division should request that the industry provide a detailed explanation regarding the usefulness of the

test results and, if possible, the months the test results are most valuable to the industry. Lastly, if the laboratory remains functional, the division should evaluate alternatives to reduce the associated costs.

Alternative Methods for Forecasting and Publishing Related Data

Use of a Forecast Model Similar to California

Observation: The state of California, in conjunction with the USDA, compiles its citrus data by surveying growers. A comparison between Florida's and California's citrus programs identified variations between the programs, such as:

- Annually, Florida publishes several statistical reports, such as *Florida Citrus Statistics*, *Florida Agriculture by the Numbers*, *Commercial Citrus Inventory*, *Citrus Summary*, *Citrus Abandoned Acres*, and *Citrus Fruit Size and Drop*, while California only publishes a biennial acreage report.
- From October to July, Florida publishes monthly forecasting reports, while California publishes quarterly reports.
- Florida utilizes 45 positions to compile data for the citrus program, while California has only two; however, the additional personnel could be attributed to the fact that Florida produces more citrus.

Analysis of Costs Associated with Each Forecasting Activity

Observation: According to division personnel, scenarios for reducing the FASS program's operational costs were discussed with members of the industry during a meeting held in January 2016. The division ranked the forecasting activities by expenses incurred for FY 2014-2015, and provided an analysis on actions that could reduce the cost of each activity.

Utilization of a Private Company to Obtain Forecasting Estimates

Observation: During this review, the division informed the OIG of two private companies that provide forecasting estimates to Florida's citrus industry. The division believes that these companies use similar forecasting methods as that of the FASS program, but may achieve their forecast results using fewer resources. These, or similar companies, could be an additional resource for the FASS program.

Recommendations: The division should continue to explore strategies to reduce the cost of the FASS program. The feasibility of utilizing a forecasting method similar to California's, and/or collaborating with private industry, should be considered and discussed with both the USDA and the citrus industry.

Florida Forest Service Aircraft Mechanic Retention Program

(Report Number: IC 1617-08)

The objective of this review is to evaluate current retention strategies and provide recommendations that could increase the retention of aircraft mechanics for the Florida Forest Service.

Our review determined that since Fiscal Year 2004-2005, the FFS has experienced a high vacancy rate in its aircraft mechanic positions. For multiple fiscal years, six of the nine aircraft mechanic positions were vacant for more than 180 days, with some vacancies lasting in excess of 340 days.

We also determined the salary range the FFS offers to aircraft mechanics is discouraging qualified candidates from applying for the position and contributes to the reason former mechanics resigned from their position. The OIG compared the salary range of an FFS aircraft mechanic position to the salary range of four other state forest agencies. We

determined that the FFS has the lowest starting salary and, except for one state agency, the FFS has the lowest salary cap as compared to the other state agencies. In addition, the salaries for commercial aircraft mechanic positions in Ft. Myers and Ocala start significantly higher than the salary offered by the FFS. Lastly, we also determined that three of the states outsource routine maintenance of the aircraft while the FFS performs maintenance activities in-house.

To mitigate staffing inadequacies, we recommend that the FFS continue to identify strategies to enhance recruitment of aircraft mechanics, increase retention of employees, and utilize innovative ways to promote the FFS's career opportunities. We also recommend that the FFS evaluate which, if any, aircraft repair and/or maintenance services could be outsourced.

Department's Personnel Records Management (IA 1617-09)

The objective of the audit was to assess the adequacy of physical controls established to safeguard information contained in employee personnel records. The scope of the audit was the physical security of the files, including accessibility to the hardcopy and electronic files by authorized and non-authorized individuals, and the contents of the personnel files.

CONFIDENTIAL

The results of this audit are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes.

Managing the Inspection Process Bureau of Standards (Report Number: IC 1617-10)

The objective of this review was to assess whether the Bureau of Standards has established sufficient internal controls to provide reasonable assurance inspectors are

performing inspections in accordance with management's expectations and the division's operating procedures.

The OIG concluded that the division has established a process to provide reasonable assurance that inspectors are performing inspections in accordance with the division's expectations and operating procedures. Management has established minimum requirements for supervisors to randomly select and review an inspection report for completeness, clarity, and reasonableness, and to conduct onsite observations of an inspection for each inspector on a quarterly basis.

The bureau's system for managing inspections emphasizes hiring and promoting individuals with a positive attitude and work ethic as well as selecting supervisors that exhibit the ability to instruct and effectively manage inspectors. In addition, the bureau conducts periodic meetings with supervisors and inspectors to encourage a free flow of communication and feedback. Lastly, management has revised its training program and operating procedures to provide inspectors with details sufficient to perform inspections as expected. According to management, the revisions to the bureau's processes have resulted in a higher quality of inspections, an increase in productivity, improvements in customer relations, and an elevation of staff morale.

Audit of the Department's Cloud Information Resources (IA 1718-01)

The objective of the audit is to evaluate the adequacy of controls on data security, user access, and emergency recovery for the department's cloud information resources.

CONFIDENTIAL

Based on the provisions of Section 282.318, Florida Statutes, Security of Data and Information Technology Resources, the results of this audit are confidential and

exempt from the provisions of Section 119.07(1), Florida Statutes.

**Florida State Fair Authority
2017 Florida State Fair Attendance
and Gate Admission Revenue**

(In Progress)

The objectives of the audit are to determine if the reported attendance and gate admission revenue is fairly stated, and to assess the efficiency of the Fair's fiscal activities. The scope of the audit is the attendance and gate admission revenue of the 2017 Fair held during the period of February 9—20, 2017, including advance gate admission sales occurring prior to the Fair's opening and refunds or credits made through February 28, 2017.

**Performance Measures – Review of
Validity and Reliability Statements**

(No Report Issued)

The Audit Section reviewed the addition, deletion, or modification of the Long Range Program Plan Exhibit IV: Performance Measure Validity and Reliability statements, to assess the validity and reliability of the information contained in the Exhibit, and to make recommendations for improvement, if necessary.

**Performance Measures – Review of
the Addition, Deletion, or
Modification of Approved
Performance Measures, Standards,
and Activities**

(No Report Issued)

The Audit Section reviewed the addition, deletion, or modification of approved measures, standards, and activities for the department's Long Range Program Plan for the Fiscal Year 2017-18 through Fiscal Year 2021-22. The purpose of this review was to assess the reliability and validity of information provided by the department on performance measures and standards and to make recommendations for improvement, if

necessary, prior to submission to the Executive Office of the Governor and Florida Legislature.

Technology Governance Committees

The Audit Section takes an active role in advising and consulting with department management in the information technology arena by serving as a member on the Information Technology Life Cycle Review Panel.

As an advisory member, the Director of Auditing attends panel meetings to participate in discussions concerning issues associated with the development and deployment of new applications, including the infrastructure requirements and the necessary security controls.

EXTERNAL AUDIT/REVIEW ACTIVITIES

The OIG is the coordinator for external audits or reviews conducted by the Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), federal auditors, and other governmental entities. As such, the Audit Section also evaluates findings and the department’s responses. In addition, the Audit Section performs follow-up activities to determine the status of corrective action for findings contained in reports issued by the Auditor General or the OPPAGA. The OIG also monitors reviews performed by other external entities, such as the federal auditors, and other governmental entities.

The Audit Section coordinated eleven (11) external audits or reviews conducted by federal or state agencies during Fiscal Year 2016-2017, as reflected below, and made a determination regarding the status of corrective action, where appropriate.

External Review Activities for FY 2016-2017			
Agency	Report #	Report Title/Engagement’s Focus	Page #
Auditor General	N/A	Financial Statements FY Ending 06/30/16	26
Auditor General	2017-180	Federal Awards FY 2015-2016 Child Nutrition	26
Auditor General	In Progress	Federal Awards FY 2016-2017	28
Auditor General	In Progress	2017 Operational Audit – Food Distribution Cluster and Child Nutrition Cluster	28
OPPAGA	N/A	2017 Florida Government Program Summaries	28
DFS	N/A	Financial Statements FY Ending 06/30/16	28
DFS	In Progress	Contract and Grant Review	28
USDA	N/A	Special Nutrition Programs Management Evaluation FY 2017	28
USDA	In Progress	Florida’s Control Over Summer Food Service Program	30
USDA	In Progress	2017 State Technical Assistance Management Evaluation of the Special Nutrition Program for WIC FMNP	31
USFS	In Progress	Grant Review of the Florida Forest Service	31

OFFICE OF THE AUDITOR GENERAL

Financial Statements FY Ending 06/30/16

(Florida’s Comprehensive Annual Financial Report for Fiscal Year Ending 06/30/16)

This project concerned the state of Florida’s Basic Financial Statements to include an annual fraud inquiry, financial noncompliance disclosure, legal representation letter, management representation letter, and a reconciliation of the State Expenditures for Federal Awards.

Federal Awards for FY 2015-2016 Child Nutrition

(Report No. AG 2017-180)

This audit is designed to express an opinion on the department’s compliance with requirements applicable to the Child Nutrition Program.

The Auditor General selected the Child Nutrition Cluster Program as the Federal Awards programs audited for fiscal year ending June 30, 2016. The report contained three findings for the Child Nutrition Cluster. The status of corrective action is highlighted below.

Finding No. FA 16-006: The FDACS did not always correctly report sponsor data in

the U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS), FNS-10 *Report of School Program Operations*.

Recommendation: We recommend that the FDACS enhance procedures to ensure that all amounts are correctly reported in FNS-10 reports.

Corrective Action: Corrected. FDACS has developed enhanced procedures to ensure all amounts in each Part of the FNS-10 are correctly reported.

All information reported in the FNS-10 is subject to revision based on audits, investigations, or management evaluations, and amounts may alter from month to month as Program Operators make administrative adjustments; however, the FNS-777 report, which is submitted to the U.S. Department of Agriculture following the end of the 4th quarter of the fiscal year reconciles the monthly FNS-10 amounts with final financial data for all Child Nutrition Cluster programs.

It is considered the final financial reconciliation and closeout for each fiscal year. Part B of the FNS-10 for October 2015 has been revised to reflect the most up to date information from FANS for that reporting period, including revisions as described above.

Finding No. FA 16-007: FDACS procedures were not adequate to ensure that subrecipient audit reports were obtained and reviewed for all subrecipients and subrecipient deficiencies were timely followed up on.

Recommendation: We recommend that FDACS enhance controls to ensure that all subrecipients obtain and submit to the FDACS audit reports as required by Federal regulations, all applicable findings are followed up on, and management decisions are timely issued.

Corrective Action: Corrected. As identified in the Office of the Chief Inspector General Report 2016-02, Enterprise Assessment of Single Audit Act Activities Across Selected State Agencies, the State of Florida does not maintain a public database of completed Single Audit Reports. In lieu of a central repository, FDACS will continue to utilize Child Nutrition Cluster reimbursement data from the prior fiscal year to identify subrecipients who are most likely to expend \$750,000 or more in Federal awards each fiscal year. FDACS will contact each identified subrecipient to determine whether an audit is required. FDACS will also conduct monthly reviews of the audit tracking log to ensure all subrecipient audit reports are obtained, reviewed, and timely followed up on.

Finding No. FA 16-008: The FDACS did not notify Child Nutrition Cluster sponsors that, as of October 1, 2015, the terms and conditions of the Federal award had been revised.

Recommendation: We recommend that FDACS management establish procedures to ensure that sponsors are timely notified of changes in Federal award terms and conditions.

Corrective Action: Corrected. FDACS has established a temporary procedure to annually notify its subrecipients of the Federal Award Identification Number (FAIN); the Federal Award Date; and the Subaward Period of Performance Start and End Date of each Federal award as specified in 2 CFR 200.331(a). This information is available for Fiscal Year 2016-2017 in the “Download Forms” section of the Florida Automated Nutrition System (FANS) under the “Federal Award Information” tab. Subrecipients were advised of the availability of this information through the FDACS weekly communication. Moving forward, FDACS will notify subrecipients on

November 1st annually using the same procedure until final guidance is received from the U.S. Department of Agriculture.

**Federal Awards for FY 2016-2017
Food Distribution Cluster and
Child Nutrition Cluster**
(In Progress)

This audit is designed to express an opinion on the department's compliance with requirements applicable to federal programs for funds awarded for fiscal year ending June 30, 2016.

2017 Operational Audit
(In Progress)

The Auditor General's operational audit focused on the Department's administration of private investigator, security officer, recovery agent, and concealed weapons licenses; selected administrative issues; and includes a follow-up of the Department's corrective actions for Auditor General Report Nos. 2015-016 and 2015-182.

**OFFICE OF PROGRAM POLICY
ANALYSIS AND GOVERNMENT
ACCOUNTABILITY (OPPAGA)**

**2017 Florida Government
Program Summaries**
(Report maintained electronically)

This was an annual update of the department's information contained on the Office of Program Policy Analysis and Government Accountability's website.

**DEPARTMENT OF
FINANCIAL SERVICES**

**Financial Statements
FY Ending 06/30/16**

(Florida's Comprehensive Annual Financial Report for Fiscal Year Ending 06/30/16)

This was a request for completion of the Consideration of Fraud in Financial

Reporting Certification form by the Commissioner. It acknowledges agency management's responsibility to prevent and detect fraud in regards to its own agency financial information included in the statewide financial statements, and completion of a management representation letter relating to internal controls over statewide financial reporting.

**Contract and Grant Management
Review**
(In Progress)

The Department of Financial Services will perform an audit of selected contract/grant agreements and related contract/grant management activities for the department. The audit will focus on (1) Evaluating selected agreements for compliance with statutory contract/grant provisions. (2) Evaluating the Agency's contract/grant management activities that verify satisfactory receipt of deliverables and compliance with agreement terms and conditions.

**UNITED STATES DEPARTMENT OF
AGRICULTURE (USDA)**

**Special Nutrition Programs
Management Evaluation FY 2017**
(Report Date April 13, 2017)

The Southeast Regional Office of Food and Nutrition Service (FNS) conducted a Management Evaluation (ME) of the department's administration of the National School Lunch Program, School Breakfast Program, Fresh Fruit and Vegetable Program, and Schools/Child Nutrition USDA Foods Program. The review period covered Fiscal Year (FY) 2016 and the first quarter of FY 2017. The ME included areas identified by the Child Nutrition Division of FNS as critical to the Program's operation.

Observation 1.1: The State Agency's (SA) Federal State Child Nutrition Program Agreement was at the Regional Office for

approval at the time of the review. Although the ME team was provided evidence that changes were submitted to the RO for approval, no copy of the submitted changes was on file at the state office. The current agreement is within guidelines listed in 7CFR 210.3(b), 7CFR 210.29(e), and 7 CFR 235.6(i).

Suggestion 1.1: The ME team suggests that the state office retain copies of submitted changes to all Federal State Child Nutrition Program Agreements until the approved documents have been received from the Regional Office.

State Agency Response 1.1: The state agency will ensure that copies of submitted changes to all Federal State Child Nutrition Program Agreements will be retained until the approved documents have been received from the Regional Office.

Finding 2.1: The ME team randomly selected five FSMC contracts for review. One of the contracts selected was for the sponsor Jackson County School District. The contract that was signed and state approved contained an amendment to the original contract to allow for an additional four renewals to a contract that would have exhausted allowable renewal years next school year. The sponsor signed a contract in 2013 for an initial contract term from July 1, 2013 to June 30, 2014 with the option for up to four renewals. If all renewals were agreed to, the maximum length of the contract would have extended to June 30, 2018. An amendment was signed on May 17, 2016, by the sponsor and approved by the state which allows the option to renew an additional four more years without re-soliciting for a new base year contract. According to 7 CFR 210.16(d) the duration of a contract shall be no longer than one year with options for renewal not to exceed four additional years.

Required Correction Action 2.1: Provide this office with documentation that either the sponsor will amend the amendment to remove the unallowable extension of the contract, or that the sponsor will go out for rebid next year to establish a new base year contract.

State Agency Response 2.1: The state agency will ensure that all contract renewal requests sent to the state agency for approval include language that would only allow the duration of a Food Service Management Companies contract for no longer than one year with options for renewal not to exceed four additional years.

Finding 3.1: The SA's current State Administrative Expense (SAE) plan is a draft plan which was not submitted to USDA for approval. According to 7 CFR Part 235.5, the SA must submit a SAE Plan (FY 2016-2017) to substantiate the changes in program activities and budgeted expenses which surpass 20% and pass the \$10,000 threshold. The State Agency submitted an SAE plan to the Regional Office on February 15, 2017, and is currently pending USDA approval.

Required Correction Action 3.1: Submit an SAE plan which reflects the current activities and budget expenses for FY 2016-17, and provide a written assurance that approved SAE plans will be maintained at the state office per 7 CFR Part 235.5. Corrective Action will be considered complete when the plan has been completed and approved. The SA's SAE plan was approved by the Regional Office on March 14, 2017. This finding is now considered closed.

State Agency Response 3.1: The SA's SAE plan was approved by the Regional Office on March 14, 2017. This finding was considered closed prior to the ME report. The SA will submit a SAE Plan to substantiate changes in program activities and budgeted expenses

which surpass 20% or the \$10,000 threshold as required in 7 CFR 235.5.

Finding 4.1: The ME team reviewed the Professional Standards Module of the Off-site and On-site Assessments Tools from eight ARs completed in SY 15-16, including, Citrus County School Board (CSB); Collier CSB; Franklin CSB; Duval CSB, and the Waverly Academy.

1. During the file review of the Waverly Academy and Duval CSB, SA reviewers did not complete the Professional Standards Module of the On-site Assessment Tool. SA reviewers noted that the module did not need to be completed for Sponsors as all food service staff completed training hours.
2. During the file review of Collier CSB and Franklin CSB, SA reviewers did not indicate whether the training hours listed were the current completed training hours or the expected/ planned training hours in the comment sections of question 1216-1218.

If annual training requirements were met, the reviewer should review the tracking tool or records of completed trainings and examine the supporting documentation. The reviewer should then list the completed hours in the comments section. If annual training requirements were not met, the reviewer should review documentation for scheduled and planned trainings and determine if they are expected to meet the requirements. The reviewer should list any completed hours and planned hours in the comments section.

3. During the file review of Citrus CSB, SA reviewers did not list either completed training hours or planned

trainings, just the name of the trainings in the comment section for Question 1216-1218.

If annual training requirements were met, the reviewer should review the tracking tool or records of completed trainings and examine the supporting documentation. The reviewer should then list the completed hours in the comments section. If annual training requirements were not met, the reviewer should review documentation for scheduled and planned trainings and determine if they are expected to meet the requirements. The reviewer should list any completed hours and planned hours in the comments section.

Required Correction Action 4.1: Develop internal second party procedures to ensure that SA reviewers validate supporting documentation for the Professional Standards module of the Off-site Assessment Tool and specifically document their determinations in the comment section of the tool per instructions outlined in the Administrative Review Guidance Manual.

State Agency Response 4.1: The state agency has developed and implemented internal second party procedures to ensure that SA reviewers validate supporting documentation for the Professional Standards module of the Off-site Assessment Tool and specifically document their determinations in the comment section of the tool per instructions outlined in the Administrative Review Guidance Manual.

Florida's Controls Over Summer Food Service Program

(In Progress)

The USDA Office of Inspector General has initiated an audit to determine whether Florida has adequate controls in place to reasonably ensure the Summer Food Service Program (SFSP) is operating under program requirements. Specifically, the objective is to

(1) evaluate the adequacy of the State agency's controls over SFSP sponsors, and (2) determine if selected sponsors and distribution sites are in compliance with program requirements.

**2017 State Technical Assistance
Management Evaluation of the
Special Supplemental Nutrition
Program for Women, Infants and
Children Farmers' Market Nutrition
Program**

(In Progress)

The purpose of the review is to evaluate the State and local agency program operations and performance of established Women, Infants and Children Farmers' Market Nutrition Program policies, regulatory requirements, and quality standards.

UNITED STATES FOREST SERVICE

**Grants Review of the
Florida Forest Service**

(In Progress)

The United States Forest Service, Office of Audit and Assurance conducted a site visit of the Florida Forest Service to assess compliance with Federal grant financial management requirements and applicable regulations. The review covered reimbursements requested from the Florida Forest Service.

The grants review objectives were to (1) Validate the adequacy of the Florida Forest Service's financial management system and determine whether their financial management process is in compliance with applicable rules and regulations; (2) Determine whether the Florida Forest Service maintained adequate and verifiable accounting records and source documentation; (3) Determine whether the Florida Forest Service established and maintained effective internal control over the Federal awards; (4) Determine whether the Florida Forest Service complied with regulatory cost principles; and (5) Determine

whether the Florida Forest Service fulfilled the cost sharing or matching requirement.

**OPEN AUDIT FINDINGS FROM
PRIOR ANNUAL REPORTS**

Timely analysis and appropriate corrective actions should result from any findings and recommendations made in conjunction with internal or external assurance services. Findings and recommendations are communicated to management early in the audit process. This results in corrective actions often being completed prior to the finalization of assurance projects. Additionally, the Audit Section emphasized timeliness in corrective action plans of management and subsequent follow-up activities. As a result of management's responsiveness, many of the significant audit findings previously reported through the Fiscal Year 2015—2016 Annual Report have been resolved.

End of Report



Florida Department of Agriculture and Consumer Services
Office of Inspector General
2601 South Blair Stone Road Tallahassee, Florida 32301
Phone: (850) 245-1360 Fax: (850) 245-1370
Email: OIG@FreshFromFlorida.com
www.FreshFromFlorida.com