



STATE OF FLORIDA
DEPARTMENT OF CITRUS

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July 10, 2019

ANNUAL REPORT FOR THE OFFICE OF INSPECTOR GENERAL FOR FY2018-2019

To: Shannon R. Shepp, Executive Director, Florida Department of Citrus (FDOC)

In accordance with Section 20.055(7), Florida Statutes (F.S.), I am submitting the Annual Report for the Office of Inspector General for FY2018-2019.

The Office of the Inspector General, under the authority of Section 20.055, F.S., is responsible to promote accountability, integrity, and efficiency. Duties include conducting audits, reviews, and investigations; assessing the reliability and validity of performance measures and standards; and the promotion of economy and efficiency and the administration of other activities designed to prevent fraud and abuse within the Department.

Section 20.055, F.S. also requires that an annual report be submitted to the department head not later than September 30 each year, summarizing the activities during the preceding fiscal year.

A handwritten signature in blue ink, appearing to read "Kevin Eaton".

Kevin Eaton
Inspector General

cc: Melinda Miguel, Chief Inspector General

**Office of Inspector General
Annual Report
FY2018-2019**

Audits:

Eight (8) audits were completed as follows:

Assessments on Imported Products were audited for the 2017 – 2018 citrus season. The audit objective was to evaluate compliance with Chapter 601.155 of the Florida Citrus Code and Rule 20 of the Florida Administrative Code. Overall, the processes and procedures in place at the Department were sufficient to ensure the accurate and timely collection of Equalizing Assessments on imported citrus products. No recommendations were noted for this audit.

Edible Inc. Contract 15-09c was audited for the period July 1, 2017 through June 30, 2018. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

Midsummer Marketing Contracts 16-13, 16-13a, and 16-13b were audited for the period July 1, 2016 through March 31, 2018. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

Nielsen Company Contracts 15-07a, 15-07b, and 15-07c were audited for the period July 1, 2016 through December 31, 2018. The objectives of the audit were to verify compliance with contract terms and document the process in place for managing the contract. Overall, the Department established and maintained adequate internal controls, which were relied upon to meet the objectives of the audit. Department contract managers sufficiently documented activities to verify that contract deliverables were received in compliance with criteria established in the Nielsen contracts. No recommendations were noted for this audit.

Porter Novelli Contracts 15-11, 15-11a, and 15-11b were audited for the period July 1, 2016 through June 30, 2018. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

State Purchasing Card Program was audited for the period January 1, 2018 through December 31, 2018. The objective of the audit was to measure compliance with statutes and policies of the State of Florida and the Department pertaining to the state purchasing card program. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

University of Kansas Contract 16-10 was audited for the period July 1, 2016 through June 30, 2018. The objectives of the audit were to verify compliance with contract terms and document the process in place for managing the contract. Overall, the Department established and maintained adequate internal controls, which were relied upon to meet the objectives of the audit. The contract manager sufficiently documented activities to verify that contract deliverables were received in compliance with criteria established in the contract. No recommendations were noted for this audit.

Weber Shandwick Canada Contract 16-11 was audited for the period July 1, 2016 through June 30, 2018. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

And audit of the Information Technology Department was pending at the end of the fiscal year.

Investigations:

In January 2018, FDOC Executive Management alerted the IG regarding suspicious purchases of IT equipment by IT Administrator Matthew McDermott. McDermott utilized his FDOC purchase card and purchase orders to procure approximately \$36,000 of IT equipment, which he installed on the Department's IT network to mine cryptocurrency. In addition to McDermott's misappropriation of funds, his mining operation was responsible for the theft of electricity, theft of wages, and costs associated with recovering the Department's IT network. McDermott was arrested on March 13, 2018, by the Florida Department of Law Enforcement (FDLE) for grand theft and official misconduct. On November 29, 2018, McDermott pled guilty to one felony count of Grand Theft and on felony count of Official Misconduct. He was sentenced to 90 days incarceration, followed by 24 months of community control, which will then be followed by 120 months of probation. He will also be required to complete 96 hours of community service.

Other Activities:

Additional activities included conducting a risk assessment and completing the Audit Plan; conducting follow-up audits; coordinating an audit of the Department by the Auditor General; coordinating an audit of the Department by the Department of Financial Services; preparing for and attending Florida Citrus Commission meetings; and other miscellaneous activities.