

Halsey Beshears, Secretary

Ron DeSantis, Governor

September 29, 2020

Melinda M. Miguel, Chief Inspector General
Office of the Chief Inspector General
Room 1902 – The Capitol
Tallahassee, FL 32399-0001

Halsey Beshears, Secretary
Dept. of Business and Professional Regulation
2601 Blair Stone Road
Tallahassee, FL 32399-1027

Re: OIG Annual Report – Fiscal Year 2019-2020

Dear Chief Inspector General Miguel and Secretary Beshears:

It is with tremendous pride and pleasure that I present the Office of Inspector General's *Annual Report for Fiscal Year 2019-2020*. This report has been prepared in accordance with Section 20.055(8)(a), Florida Statutes. It describes and summarizes the activities carried out and performed by the Office of Inspector General (OIG) based on its statutory obligations and responsibilities. This report highlights the findings, conclusions, and recommendations of significant audit, investigative, and proactive activities completed by the OIG during Fiscal Year 2019-2020. This report also notes that on February 20, 2020, the OIG was accredited by the Commission for Florida Law Enforcement Accreditation based on having met the required accreditation standards for Offices of Inspectors General.

The OIG's efforts to detect, deter, and prevent fraud, waste, abuse, and mismanagement have been facilitated through the collaboration, support, and cooperation of your offices, DBPR's executive staff, senior managers, division directors, and employees. It is also noted that the OIG could not have successfully accomplished its goals during the previous fiscal year without its dedicated and diligent staff members, who are to be commended for their professionalism, teamwork, expertise, and vigilance.

We are excited about the opportunity to move forward this fiscal year with our department partners in ensuring greater accountability, integrity, efficiency, and effectiveness in fulfilling the department's vision, mission, values, and strategic goals.

Sincerely,

“/s/” Lynne T. Winston

Lynne T. Winston, Esq., CIG
Inspector General

**FLORIDA
DEPARTMENT OF
BUSINESS
AND
PROFESSIONAL
REGULATION**



**OFFICE OF INSPECTOR GENERAL
ANNUAL REPORT
FISCAL YEAR 2019-2020**

RON DESANTIS
Governor

HALSEY BESHEARS
Secretary

MELINDA M. MIGUEL
Chief Inspector General

LYNNE T. WINSTON, Esq., CIG
Inspector General



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OVERVIEW

Section 20.055, Florida Statutes, established the Office of Inspector General (OIG) to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency within the Department of Business and Professional Regulation. The section defines the duties and responsibilities of agency inspectors general and requires inspectors general to submit an annual report to the Chief Inspector General by September 30th of each year. The purpose of this report is to provide the Chief Inspector General, the Secretary of the department, and other interested parties with a summary of the accountability activities of the Office of Inspector General during the preceding fiscal year.

OIG MISSION STATEMENT

The mission of the Office of Inspector General is to be a valuable partner in conducting independent and objective internal audits, reviews, and investigations of department activities and programs. Our services add value to department management by assisting the department in providing greater accountability, integrity, efficiency, and effectiveness in fulfilling the department's overall vision, mission, values, and strategic goals.

EMPLOYEE CODE OF ETHICS

Office of Inspector General staff function as a team. We succeed by assisting each other to raise the level of our performance every day. Each of us has an obligation to make known our observations and suggestions for improving how we carry out our tasks and procedures. Our performance of duty, our dedication to our mission, and our daily attitude reflect upon how we are perceived by the other members of our department.

Every day we represent the Chief Inspector General, the Secretary, and our department in each task. We are guided in the ethical performance of our duty not only by Florida's ethics laws, but also most especially by our adherence to the ethical standards enunciated by the Governor of Florida. As such, we are held to a higher standard for moral behavior, faithful obedience to the law, and the principles of integrity, objectivity, and independence.



Office of Inspector General internal audit staff are also governed by the *Code of Ethics* of The Institute of Internal Auditors, Inc. This code establishes the values and expectations governing the behavior of individuals and organizations in the conduct of internal auditing. The *Code of Ethics* requires internal auditors to apply and uphold the principles of integrity, objectivity, confidentiality, and competency.

RESPONSIBILITIES OF THE INSPECTOR GENERAL

Section 20.055, Florida Statutes, directs the Inspector General to accomplish the following duties and responsibilities:

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

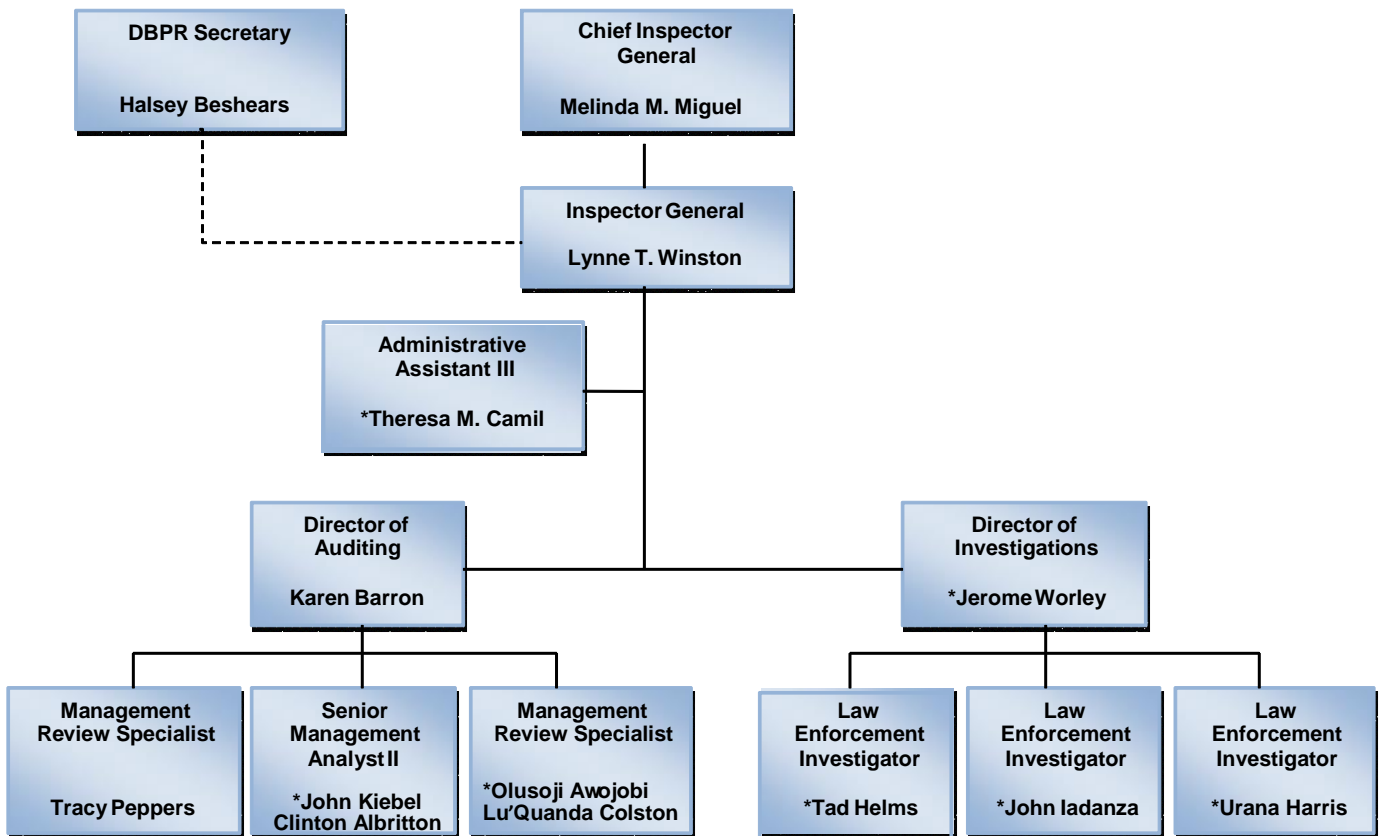


- Maintain an appropriate balance between audit, investigative, and other accountability activities.
- Comply with the *General Principles and Standards for Offices of Inspector General*, as published and revised by the Association of Inspectors General.
- Initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in state government.
- Receive complaints and coordinate all activities of the department as required by the Whistle-blower's Act pursuant to Sections 112.3187 - 112.31895, Florida Statutes.
- Receive and consider the complaints that do not meet the criteria for an investigation under the Whistle-blower's Act and conduct such inquiries, investigations, or reviews, as the Inspector General deems appropriate.
- Conduct investigations and other inquiries free of actual or perceived impairment to the independence of the Inspector General's office. This shall include freedom from any interference with investigations and timely access to records and other sources of information.



ORGANIZATION, STAFFING, AND TRAINING

The Inspector General is appointed by the Chief Inspector General and is under the general supervision of the department Secretary for administrative purposes. The Office of Inspector General (OIG) is organized as shown on the following chart:



* Former employee

Professional Designations

Collectively, OIG staff possessed and maintained the following professional designations and/or qualifications during Fiscal Year 2019-2020:

- Certified Inspector General (1)
- Certified Inspector General Investigator (3)
- Certified Internal Auditor (1)



- Certified Government Auditing Professional (1)
- Certified Public Accountant (1)
- Florida Certified Contract Manager (5)
- Certified Law Enforcement Officer (3)
- Florida Crime Information Center/National Crime Information Center certified staff member (2)
- Notaries Public (4)
- Member of the Florida Bar (1)

In addition, members of the OIG held degrees in criminology, criminal justice, business administration, accounting, political science, finance, and sociology, as well as a Juris Doctor degree.

Professional Affiliations

OIG staff members belong to a variety of professional associations to maintain professional competence, establish and advance professional networks, and participate in professional community activities. OIG staff members are affiliated with the following professional organizations:

- Association of Inspectors General (AIG)
- Florida Chapter of the AIG (FCAIG)
- The Institute of Internal Auditors (IIA)
- Tallahassee Chapter of the IIA (TCIIA)
- Association of Government Accountants (AGA)
- Commission for Florida Law Enforcement Accreditation

Continuing Professional Education and Staff Development

Each OIG staff member has a personal responsibility to achieve and maintain the level of competence required to perform their respective duties and responsibilities. The OIG encourages staff members to remain informed about improvements and current developments in internal auditing and investigations.

Staff members certified as an inspector general, investigator, or auditor through the Association of Inspectors General are required to complete 40 continuing professional education credits every two years.

As required by statute, the OIG performs internal audits in accordance with the *International Standards for the Professional Practice of Internal Auditing* published by The Institute of Internal Auditors, Inc., or government auditing standards, as appropriate. These standards require internal audit staff to maintain proficiency through continuing professional education and training. Pursuant to these standards, each internal auditor must receive at least 80 hours of continuing professional education every two years.



In Fiscal Year 2019-2020, OIG staff participated in training sponsored by the Association of Inspectors General, Institute of Internal Auditors, Association of Government Accountants, the Florida Chapter of the Association of Inspectors General, the Tallahassee Chapter of the Institute of Internal Auditors, the Tallahassee Chapter of the Association of Certified Fraud Examiners, the Chief Inspector General's Office, and i-Sight.

OIG OUTREACH AND EDUCATION

During Fiscal Year 2019-2020, OIG investigative and audit staff provided monthly training during the department's New Employee Orientation sessions. This training outlines the OIG's role in audits and investigations. Other topics discussed include fraud awareness and employee misconduct. OIG staff will continue to participate in this program in Fiscal Year 2020-2021.



INTERNAL AUDIT SECTION

Overview of the Internal Audit Section

The goal of the Internal Audit Section (IAS) is to bring a systematic, disciplined, approach to evaluating and improving the adequacy and effectiveness of the department's governance, risk management, and control processes. To accomplish this goal, the IAS conducts internal audits of department programs, activities, and functions. These audits evaluate the department's exposure to fraud, risk, and the adequacy and effectiveness of internal controls established to:

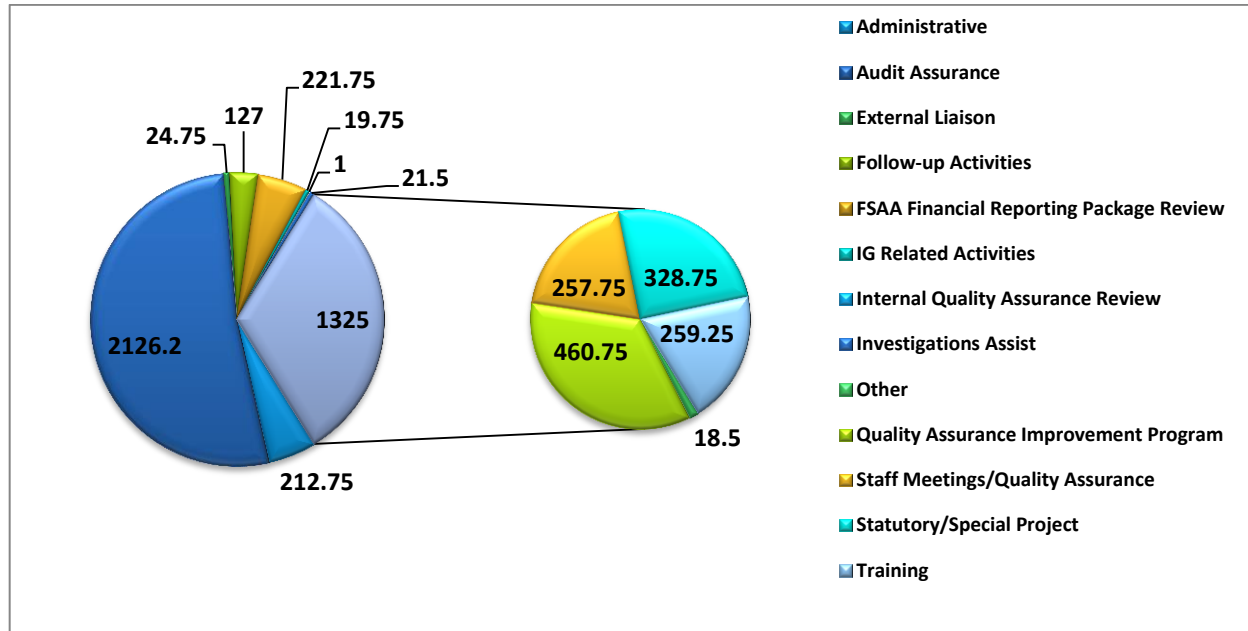
- Achieve the department's strategic objectives.
- Maintain the reliability and integrity of financial and operational data and information.
- Optimize operational effectiveness and efficiency.
- Safeguard assets, including information and information technology resources.
- Ensure compliance with laws, rules, regulations, policies, procedures, and contracts.

The IAS also conducts consulting engagements at management's request and provides advisory/technical assistance services to management on issues that do not require more extensive audit or consulting services. The IAS serves as the liaison between the department and external review entities and monitors and reports to the Secretary, via the Inspector General, on the status of actions taken to correct deficiencies reported in external and internal audits. The IAS carries out the OIG's statutory responsibilities regarding performance measure development and assessment and provides technical assistance and administrative guidance on state single audit act matters.

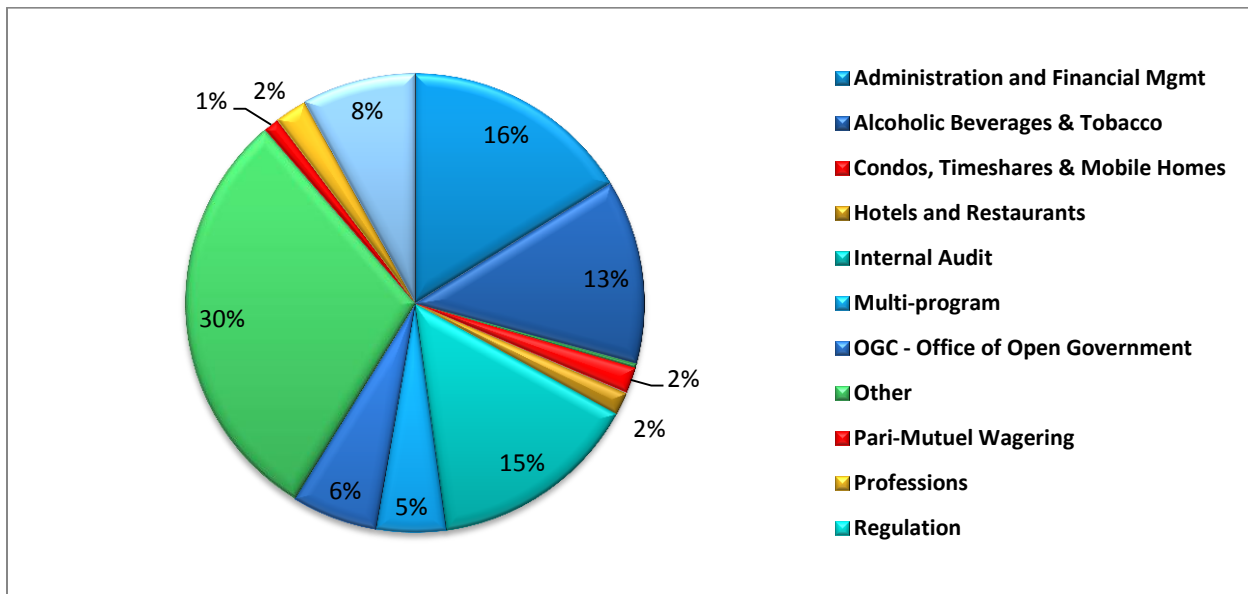
The IAS performs audits and consulting engagements in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, as published by The Institute of Internal Auditors, Inc. Follow-up reviews, management advisory services, and other projects are conducted in accordance with the *Standards* or other applicable professional internal auditing standards. These standards provide a framework for ensuring independence, objectivity, and due professional care in the performance of internal audit work.



In Fiscal Year 2019-2020, the following hours were utilized by the audit staff for the relevant IAS activities:



Additionally, the following percentages of time were utilized for the assigned programs by IAS staff:





Risk-Based Audit Planning

Section 20.055, Florida Statutes, requires the Inspector General to develop annual and long-term audit plans based on findings of periodic risk assessments. Due to the impact of changes occurring with our department (primarily related to COVID-19), internal audit staff conducted a formal, modified, department-wide risk assessment from May 2020 through June 2020. The risk assessment was designed to identify areas of higher risk and to obtain input on issues of concern from senior and executive management. The risk assessment included internal audit staff review and evaluation of the department's long-range plans, operational goals and objectives, budget and staff resources, performance measure results, and other relevant data and information.

Staff conducted risk assessment interviews with the directors of selected divisions/offices and with executive management. Areas of focus during these interviews included risks pertaining to fraud, operational changes, information technology, proper financial and performance reporting, and other governance issues. Results of the risk assessment surveys and interviews, coupled with internal auditors' professional knowledge and judgment, provided the basis for development of the *OIG's Annual Audit Plan for Fiscal Year 2020-2021 and Long-Term Audit Plans for Fiscal Years 2021-2022 through 2022-2023*.

The *Fiscal Year 2020-2021 Annual Audit Plan* includes projects pertaining to:

- Evaluation of the efficiency and effectiveness of the internal controls governing the department's purchasing card program;
- Internal controls governing the usage of the Driver and Vehicle Information Database (DAVID);
- Evaluation of the efficiency and effectiveness of internal controls over payroll-related processes and procedures;
- Evaluation of the efficiency and effectiveness of internal controls over the dissemination of information to the public;
- Assessment of performance measure validity and reliability;
- Evaluation of the efficiency and effectiveness of internal controls over the department's infrastructure for the prevention of data loss and IT resources;

The *Annual Audit Plan* also includes participation in multi-agency enterprise-wide audit projects established by the Chief Inspector General. The Secretary approved the annual and long-term plans on June 29, 2020.

The IAS also carries out ongoing risk assessment activities during the fiscal year to identify and evaluate emerging issues associated with risk. The *Annual Audit Plan* is revised as needed to address changes in the department's risk exposure.



Final Report
Results of the Office of Inspector General's
2020 Risk Assessment
June 30, 2020

The objective of this project was to present the results of the Office of Inspector General's (OIG) 2020 Risk Assessment. Our office based the OIG's *Annual Audit Plan for Fiscal Year 2020-2021 and Long-Term Audit Plans for Fiscal Years 2021-2022 through 2022-2023* on the results of this assessment.

Our office noted that our risk assessment process included an initial evaluation of the department's inherent operational risks. This included an evaluation of funding and staffing levels within the department's operational entities, program and division annual reports, and upcoming legislation.

Our office then noted that the annual risk assessment consisted of five separate, yet interrelated, steps. This encompassed the identification of the risk universe, survey design and dissemination, evaluation of survey responses, interviews with senior and executive management, and an evaluation of information technology risk. Our office detailed the specific elements set forth in each of these areas. We further noted the specific issues identified during our risk assessment surveys and discussions with department management.

Our office compiled a list of potential audit topics from our analysis of the risk assessment surveys, interviews with senior and executive management, and issues previously identified by internal audit staff. This process represented our qualitative analysis of the specific auditable entities whereas potential audit topics were selected for those entities with moderate to higher risk.

Summaries of Internal Audits Completed in Fiscal Year 2019-2020

Internal audits provide management with an objective source of information regarding department risks, control environment, operational effectiveness, and compliance with applicable laws and regulations. Internal audits are designed to give management an independent, objective assessment of department programs, activities, or functions. Internal audits evaluate whether desired results and objectives are achieved efficiently and effectively; operations comply with laws, policies, procedures, and regulations; financial and operating information is accurate, complete, and reliable; and assets are adequately safeguarded against waste, loss, and abuse.



Final Report
***Audit of Internal Controls over Driver and Vehicle
Information Database (DAVID) – Divisions of
Technology, Regulation, Real Estate, Certified Public
Accounting, and Administration***
Internal Audit Report Number: A-1819BPR-048
August 23, 2019

Description/Scope

The DAVID system allows authorized department personnel access to Florida driver, motor vehicle, and traffic crash information. This can include driver history, driver information, vehicle co-owners, driver insurance, crash reports, make and model of vehicles, title information, vehicle lienholders, and information on previous vehicles. DBPR's Memorandum of Understanding (MOU) with the Department of Highway Safety and Motor Vehicles (DHSMV) requires that this information be used for investigative, regulatory, and administrative functions of the department. The use of DAVID may also be contingent on the business needs of the divisions.

Technology and authorized department personnel are responsible for ensuring the confidentiality and security of information obtained through the electronic data exchange. Information obtained through the DAVID system may not be shared, provided, or released to any law enforcement, other governmental agency, person, or entity that is not a party or otherwise subject to the terms and conditions of the MOU.

The overall audit objective was to ensure DBPR's internal controls over data obtained from DAVID are adequate to protect the personal data from unauthorized access, distribution, use, modification, or disclosure, as well as to assess overall compliance with the MOU. The scope encompassed a review of Technology's and the involved divisions' operations, policies, procedures, records, and activities with respect to the DAVID system. There was also a limited review of activities outside the identified time period. The internal controls reviewed dealt with access, security and confidentiality of DAVID data, and use of DAVID data.

Results

The review identified the following internal control issues surrounding the integrity and security of the data obtained through DAVID:

- Quarterly quality control reviews were not properly or timely completed.
- User access permissions were not timely inactivated or updated upon termination or reassignment.
- IT security access forms were not always timely completed and submitted.
- Departmental operating procedures needed to be revised or developed.



Recommendations

The OIG recommended the following:

- Technology should revise its operational procedure and its processes to ensure that quarterly quality control reviews were being conducted and completed per the MOU.
- Technology should begin using the DHSMV's *Quarterly Quality Control Review Report* referenced in the MOU to document the results of the quarterly reviews.
- Divisions should enhance their administrative and internal controls to ensure that user access is inactivated immediately upon termination or misuse and within five (5) working days upon reassignment.
- Divisions should perform a more stringent review of active DAVID users, who have a period of inactivity in the system of more than one year.
- Divisions should ensure user access permissions are updated on a timely basis.
- Divisions should ensure the Information Security Request Form is completed by a division staff member's supervisor before user access to DAVID is approved.
- Technology should verify the completion and submission of the Information Security Request Form prior to initiating the process of granting access to DAVID.
- Divisions with active DAVID users should revise any existing internal procedures or develop internal procedures specific to their business needs and protocols.

Management's Response

Technology and the impacted divisions took sufficient corrective action prior to the finalization of the audit based on the OIG's recommendations and implemented sufficient measures to prevent recurrence, thereby satisfying the terms of the MOU.

Final Report
Audit of Cash Management - Division of Alcoholic
Beverages and Tobacco
Bureau of Licensing
Internal Audit Report Number: A-1718BPR-015
March 10, 2020

Description/Scope

The Florida Division of Alcoholic Beverages and Tobacco licenses the manufacture, distribution, sale, and service of alcoholic beverage and tobacco products in the state of Florida. The Bureau of Licensing receives and processes applications for all licenses and permits authorizing the manufacture, distribution, and retail sale of alcoholic beverages and tobacco products in Florida.



Our overall audit objective was to evaluate the sufficiency and effectiveness of internal controls established to ensure appropriate cash management procedures are in place within the division to mitigate the risk of fraud. Special attention was directed to the appropriateness of segregation of duties for cash intake and licensing functions. This audit evaluated the processes within the Bureau of Licensing's district offices to determine if there was appropriate segregation of duties, supervisory protocols, safeguarding of assets, and compliance with established policies and procedures.

Results

The audit revealed the following issues and concerns:

- There were no specific policies or procedures in place to address internal controls relative to the collection, accounting for, and receipting of cash and cash equivalents. One district office had developed its own internal procedures for cash intake and receipting.
- Segregation of duties, an essential element of internal control, was not being adhered to with respect to cash intake and receipting. In at least one or more instances, one employee was responsible for the application process, intake of application fees, receipting of those fees, conducting the reconciliation process, and inputting information into the department's single licensing system.
- There was no process in place wherein regional supervisors periodically reviewed the cash intake and receipting processes performed by staff to ensure appropriate oversight for cash intake and receipting.
- Cash was not always maintained in a secured area and safes were not available to secure cash during non-business hours. In one instance, audit staff physically observed cash and cash equivalents stored in an unsecured lock box.

Recommendations

The OIG recommended the following:

- The development and implementation of a bureau-wide and bureau-specific policy to establish effective internal controls for cash handling (collection and receipting) and safeguarding cash; the policy and resulting procedures should also clearly define staff responsibilities in the handling of cash.
- The Bureau of Licensing should incorporate procedures that ensure adequate segregation of duties for cash intake and receipting. The procedures should include, but not be limited to, separating the responsibilities in the cash receipting process, recording transactions, and reconciling transactions.
- The Bureau of Licensing should perform a periodic quality assurance review to ensure the accuracy of applications for licensure processed by staff, the accuracy and completion of information presented, the receipting of fee



payments, and the recording of information by staff into the single licensing system.

- The Bureau of Licensing should implement stringent procedures regarding securing cash receipts. Cash and cash equivalents should be kept in a locked or combination vault or safe during non-business hours. Access to areas where cash is stored should be limited to staff with designated access to the cash office.

Furthermore, the OIG provided the following observations and suggested enhancements to the division:

- There were inconsistencies in the check/deposit logs used for recording information obtained from applications, which could be reduced by the development of a more uniform check log for use by all district offices.
- Business procedures dictate that checks be restrictively endorsed immediately upon receipt. Guidelines should be provided to all staff regarding restrictive endorsement of checks received to ensure they have a clear understanding of the process.
- A verification process should be completed by 2 staff members for all district offices prior to deposits being made. One employee should complete the deposit process; a second employee should verify the totals by counting the cash receipts and comparing the deposits to the cash listing reports.
- A deposit custody log should be completed for all district offices; this process was not being completed in 3 district offices.

Management's Response

The division concurred with the audit findings and submitted plans for corrective action to mitigate the risks associated with these findings based on the OIG's recommendations.

Summaries of Florida Single Audit Act Activities Completed in Fiscal Year 2019-2020

The Florida Single Audit Act, Section 215.97, Florida Statutes, establishes state audit and accountability requirements for state financial assistance provided to non-state entities. The OIG's Internal Audit Section has a variety of responsibilities with respect to department Single Audit Act activities as outlined below.



Fiscal Year 2019-2020 Florida Single Audit Act Certifications

Internal Audit Report Number: S-1920BPR-011

August 28, 2019

Rule 69I-5.005(4), Florida Administrative Code, requires state agencies to annually certify the accuracy and completeness of their state projects included in the Catalog of State Financial Assistance. Agencies must complete the Catalog of State Financial Assistance Certification Form and identify any applicable additions, deletions, or changes.

In August 2019, OIG staff submitted the relevant certifications for all five current DBPR Florida Single Audit Act projects. This information was timely submitted to the Department of Financial Services (DFS) in accordance with the relevant DFS instructions.

***Florida Council on Compulsive Gambling, Inc.
Single Audit Act Financial Reporting Package Review
Fiscal Year 2017-2018***

Internal Audit Report Number: K-1819BPR-036

September 20, 2019

The Fiscal Year 2017-2018 package for the Florida Council on Compulsive Gambling (FCCG) was completed on January 30, 2019 and forwarded to the OIG on February 8, 2019. Our office determined that FCCG expended \$750,000 or more in state financial assistance for Fiscal Year 2017-2018.

Section 10.654(1)(e), *Rules of the Auditor General*, states that the independent auditor must communicate noncompliance with provisions of the contract or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance.

The independent auditor's report found that although the organization had developed some written policies and procedures, it was recommended that internal control policies and procedures be further developed. As such, our office determined that although this finding is less than material, it will be noted as part of our financial reporting package review. Our office recommended that the FCCG contract manager monitor implementation of the recommendations of the independent auditor. Our office also recommended that as a best practice, the contract manager request that the license number of the independent auditor that completed the report be included on future financial reporting packages.



***Florida Restaurant and Lodging Association Education Foundation
Single Audit Act Financial Reporting Package Review
Calendar Year 2018***

Internal Project Number: K-1819BPR-037
September 18, 2019

The Calendar Year 2018 package for the Florida Restaurant and Lodging Association Education Foundation (FRLAEF) was completed on June 7, 2019, and forwarded to the OIG on June 18, 2019. Our office determined that for Calendar Year 2018, FRLAEF did not expend \$750,000 or more in federal or state financial assistance. As such, a single audit was not required. Our office recommended that the contract manager request that the license number of the independent auditor that completed the report be included on future financial reporting packages.

***Florida Engineers Management Corporation
Fiscal Year 2018-2019***

Internal Project Number: K-1920BPR-022
October 22, 2019

The Fiscal Year 2018-2019 Florida Engineers Management Corporation (FEMC) financial reporting package was completed on August 27, 2019, and forwarded to the OIG on October 11, 2019. Our office determined that for Fiscal Year 2018-2019, FEMC expended \$750,000 or more in federal or state financial assistance. Our office noted that there were no findings on the financial reporting package checklist directed to FEMC. Our office recommended that the contract manager request that the license number of the independent auditor that completed the report be included on future financial reporting packages.

***Building a Safer Florida, Inc.
Single Audit Act Financial Reporting Package Review
Fiscal Year 2018-2019***

Internal Project Number: K-1920BPR-033
April 14, 2020

The Fiscal Year 2018-2019 Building a Safer Florida (BASF) financial reporting package was completed on November 5, 2019, and forwarded to the OIG on March 16, 2020. Our



office determined that for Fiscal Year 2018-2019, BASF did not expend \$750,000 or more in federal or state financial assistance. As such, a single audit was not required. However, since a financial reporting package was prepared, our office reviewed this package in accordance with our Office of Inspector General (OIG) Checklist and other contract management principles. Our office noted no findings on the financial reporting checklist directed to BASF. Our office recommended that the contract manager request the license number of the independent auditor that completed the audit be included on future financial reporting packages.

Florida Council on Compulsive Gambling, Inc.
Single Audit Act Financial Reporting Package Review
Fiscal Year 2018-2019
Internal Project Number: K-1920BPR-034
March 23, 2020

The Fiscal Year 2018-2019 Florida Council on Compulsive Gambling, Inc. financial reporting package was completed on November 5, 2019, and forwarded to the OIG on March 16, 2020. Our office determined that FCCG expended \$750,000 or more in state financial assistance for Fiscal Year 2018-2019. As such, our office reviewed the package in accordance with our Office of Inspector General (OIG) Checklist and other contract management principles. Our office noted that there were no findings on the financial reporting checklist directed to FCCG. As a best practice, our office recommended the contract manager request that the license number of the independent auditor that completed the report be included on future financial reporting packages.

Summaries of External Audits Coordinated in Fiscal Year 2019-2020

The OIG's Internal Audit Section serves as the central point of contact and coordination between the department and external agencies engaged in audits of department operations. This liaison role helps ensure effective coordination and cooperation between the department and state (e.g., the Auditor General's office) and federal review entities and minimizes duplication of audit efforts. Internal audit staff coordinates information requests and responses, facilitates the scheduling of meetings, and coordinates the department's responses to preliminary and tentative findings issued by the Auditor General and other oversight agencies. In Fiscal Year 2019-2020, internal audit staff provided liaison and coordination services for the following three external reviews.



*Division of State Technology
2019 Agency Compliance Assessment with Rule 74-1, Florida
Administrative Code, for the
Department of Business and Professional Regulation
Project No.: E1819BPR-049
September 11, 2019*

This compliance assessment was conducted by the Division of State Technology (DST) pursuant to Section 282.0051(10), Florida Statutes, which requires an annual assessment of state agencies to determine compliance with information technology standards and guidelines developed and published by DST. During the inventory phase of the Compliance Assessment process, DST identified and selected two projects. DST then evaluated these projects for compliance with resulting scores of 97% and 95%.

*2019 Auditor General Statewide Financial Statement Audit
Project No.: E1920BPR-013
February 21, 2020*

The Auditor General conducts financial audits of the accounts and records of state agencies, state universities, state colleges, district school boards, and, as directed by the Legislative Auditing Committee, local governments. In connection with the Auditor General's audit of the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019, the Auditor General requested a list of violations of finance-related compliance requirements that occurred during the 2018-2019 fiscal year and that may have had a monetary impact of \$2 million or more on our agency, including, if applicable, all predecessor agencies. They later requested a listing of all litigation which could result in a judgment of \$25,000,000 or more against the department.

The OIG facilitated the department's responses as part of the Auditor General Statewide Financial Statement Audit for the fiscal year ended June 30, 2019. The audit determined that the State of Florida's CAFR was fairly presented, in all material respects. No findings were directed to the department.



*OPPAGA Review of Department of Lottery
In Consultation with Division of Alcoholic Beverages and Tobacco
PROJECT No.: E1920BPR-023
January 1, 2020*

The Bureau of Law Enforcement, under the Division of Alcoholic Beverages and Tobacco (AB&T), is responsible for the management of the division's law enforcement and investigation programs. These responsibilities include conducting license discipline investigations, providing guidance, direction, and leadership to licensees, conducting criminal investigations pursuant to beverage and cigarette laws and statutes, and determining the need for using extraordinary emergency suspension powers when a business licensed by AB&T has become an immediate danger to the health, safety, and welfare of the citizens of Florida.

The Office of Program Policy Analysis and Government Accountability (OPPAGA) is an office of the Legislature. OPPAGA provides data, evaluative research, and objective analyses to assist legislative budget and policy deliberations. OPPAGA conducts research as directed by state law, the presiding officers, or the Joint Legislative Auditing Committee.

OPPAGA conducted its annual review of the Florida Department of Lottery. As part of their review, OPPAGA engaged the Division of Alcoholic Beverages and Tobacco to discuss the use of underage operatives to determine whether clerks are checking identification before the sale of tobacco products to persons who look underage. Upon release of their final audit report, no findings were directed to the Division of Alcoholic Beverages and Tobacco.

**Monitoring of Corrective Action &
Status of Audit Recommendations
Reported in Prior Annual Reports**

The Internal Audit Section actively monitors management's actions to correct deficiencies cited in internal audit reports and in reports issued by external review entities. In accordance with state law and internal auditing standards, the Inspector General provides the department's Secretary with a written report on the status of corrective action. In Fiscal Year 2019-2020, the Internal Audit Section conducted two follow-up reviews of internal audits, including reviews of outstanding corrective actions



from prior annual reports. The results of these follow-up reviews are summarized below.

Follow-up Reviews of Internal Audits

***Initial Follow-up Review: Audit of Mail Room
Procedures
Division of Administration and Financial
Management – Bureau of Agency Services
Internal Report Number: F-1819BPR-022
September 16, 2019***

The objectives of this review were to determine whether corrective actions had been taken to mitigate the risks identified in our initial audit. Our review noted that the Division of Administration and Financial Management's Bureau of Agency Services (bureau) had been proactive in resolving the issues encountered within the mail room. The bureau noted that in collaboration with the Division of Service Operations, a new mail service process had been implemented. The new process discontinued the opening of revenue-bearing mail by the bureau. The unopened mail would be delivered to the specific division to which it was addressed. The new process also required that each division now electronically sign for all packages received. The Division of Service Operations would also open all of its overnight mail, which includes the majority of revenue-bearing mail.

The bureau indicated they had validated all existing organizational codes and developed new postage allocation forms for internal use only. These codes were corrected and updated for input into the Pitney Bowes equipment. The bureau also provided our office with a listing of the dates verifying that division staff received training on this process.

Furthermore, the bureau noted they had made the OIG's recommended changes to the security controls for mail room physical property. Our office identified these changes through visual observations. Additionally, the bureau indicated the department did not currently designate mail room employees to have a level two background screening and noted no disciplinary actions taken against mail room employees within the past 15 years.

Based on our review of the responses provided by the bureau, our office determined that sufficient corrective action had been taken by the Division of Administration and Financial Management, Bureau of Agency Services, to close all audit findings and recommendations.



***Second Follow-up Review: Audit of Commuting
Use of Agency-Owned Vehicles
Multiple Divisions***

Internal Report Number: F-1920BPR-020

January 3, 2020

The objectives of this review were to determine whether corrective actions had been taken to mitigate the risks identified in our initial audit and initial follow-up review. The initial audit objective was to assess fraud and risk potential for the commuting use of agency-owned vehicles.

The Division of Administration and Financial Management (the division) noted that the department's *State Motor Vehicle Usage* policy (#1.11) had been reviewed and updated. Also noted by the division was the replacement of the Florida Equipment Electronic Tracking system (FLEET) by the new Florida Information Management System (FIMS). The language in the policy was revised to reflect this change. The policy was awaiting approval by executive management. Additionally, the division provided our office supporting documentation, noting that all department vehicle coordinators had received training on the usage of FIMS. Furthermore, the department's *Telework Program* policy (#3.8) had been implemented. Our review noted that the policy included adequate internal controls for the effective operation of the department's telework program.

Based on the OIG's review of the responses provided by the division, our office determined that sufficient corrective actions had been taken by the Division of Administration and Financial Management to close all audit findings and recommendations.

Other IAS Activities

- The IAS prepared the *Schedule IX: Major Audit Findings and Recommendations* for the department's Legislative Budget Request, which is required on an annual basis. The *Schedule IX* informs decision-makers about major findings and recommendations made in Auditor General and OIG audit reports issued during the current and previous fiscal years. The *Schedule IX* also provides information on the status of action taken to correct reported deficiencies and is cross-referenced to any legislative budget requests to help implement audit findings and recommendations.
- Staff participated in the interview and selection of a new Senior Management Analyst II (Senior Auditor) candidate and a Management Review Specialist (Auditor) candidate.



- The IAS updated the Integrated Internal Audit Management System templates for the OIG's annual risk assessment and audit projects.
- Staff represented the OIG and participated in the training of new department employees.
- The IAS reviewed information submitted by the Division of Technology regarding the 2019 Auditor General IT Survey and the 2019 IT Risk Assessment Survey from the Division of State Technology.
- Staff provided assistance to investigative staff regarding AB&T's cash management procedures.
- Staff monitored the DAVID Quarterly Quality Control Reviews conducted by the Division of Technology and the Division of Alcoholic Beverages and Tobacco.
- Staff monitored the Quarterly Contractor Access Reviews for contracted entities for Versa: Regulation conducted by the Division of Technology.
- Staff provided guidance to executive management regarding all internal and external audits engagements for Fiscal Year 2019-2020.
- Staff updated the Internal Audit Activity Charter for Fiscal Year 2019-2020.



INVESTIGATIONS SECTION

**ACCREDITATION BY THE COMMISSION FOR FLORIDA LAW ENFORCEMENT
ACCREDITATION, INC.
EFFECTIVE FEBRUARY 20, 2020**



On February 20, 2020, the Commission for Florida Law Enforcement Accreditation accredited the Office of Inspector General (OIG), Department of Business and Professional Regulation, based on a determination that the OIG had met all of the required accreditation standards applicable to OIGs in order to attain accredited status. This accreditation remains in effect for three years at which time the OIG will go through the reaccreditation process. The Commission commended the OIG for its continued diligence, professionalism, and commitment in maintaining this highest recognition among Florida's law enforcement community.



Overview of the Investigations Section

The Investigations Section of the OIG is comprised of one (1) investigations director and three (3) sworn investigators (lieutenants). Staff within this section are primarily responsible for conducting internal investigations and inquiries into allegations of employee misconduct and allegations that department employees have violated law, rule, policy, procedure, or regulation, as well as Whistle-blower Act complaints. This unit accomplishes its mission through both reactive and proactive investigative efforts based on the authority specified in Section 20.055, Florida Statutes, and in accordance with the Commission for Florida Law Enforcement Accreditation's standards for OIG's and the Association of Inspectors General's Principles and Standards for Offices of Inspector General (the "green book"). Pursuant to Section 20.055(7)(b), Florida Statutes, the Inspector General has the authority and discretion to conduct investigations and inquiries as the Inspector General deems appropriate with the exception of Whistle-blower Act investigations.

Internal investigations help identify deficiencies in policies and procedures, other internal controls, or business processes that caused or contributed to the situation requiring investigation. By reporting these deficiencies to management, the department has the opportunity to address them and thereby reduce the likelihood of future occurrences of fraud, waste, mismanagement, misconduct, or other abuses. OIG findings are reported to the department's Secretary, Chief of Staff, Deputy Secretaries, Human Resources, and, as appropriate, to the respective division directors, and the Office of the General Counsel. Recommendations for improved processes, policies, or procedures are made when warranted by the findings.

Statewide Complaint Intake Process

The majority of complaints referred to the Investigations Section are received via the OIG's online complaint reporting process. Complaints are also forwarded to the OIG by the Chief Inspector General's office, the Attorney General's Office, and other state agencies. A majority of the complaints reported to the OIG are referred to the department's various division directors, since the complaints are more appropriate for management review and response, rather than OIG investigation or inquiry.

Recognizing that not all citizens have access to electronic communication, the Office of Inspector General maintains multi-portal intake capabilities. Citizens may file a complaint by telephone, facsimile, standard mail, electronic mail, in person, or through the department's website. These reporting options ensure that no complainant is deterred from voicing their concerns.



Each complaint is thoroughly reviewed and vetted by the Inspector General and Director of Investigations to identify allegations of misconduct, waste, fraud, or abuse by department staff. Each complaint is also analyzed to determine if the complaint describes activities as defined in Section 112.3187, Florida Statutes, also known as the “Whistle-blower’s Act.” Capturing and classifying each complaint enables the OIG to analyze and provide feedback to management when consistent public miscommunication, policy failure, or poor performance may exist within a division.

Description of Cases Typically Handled by the Investigations Section

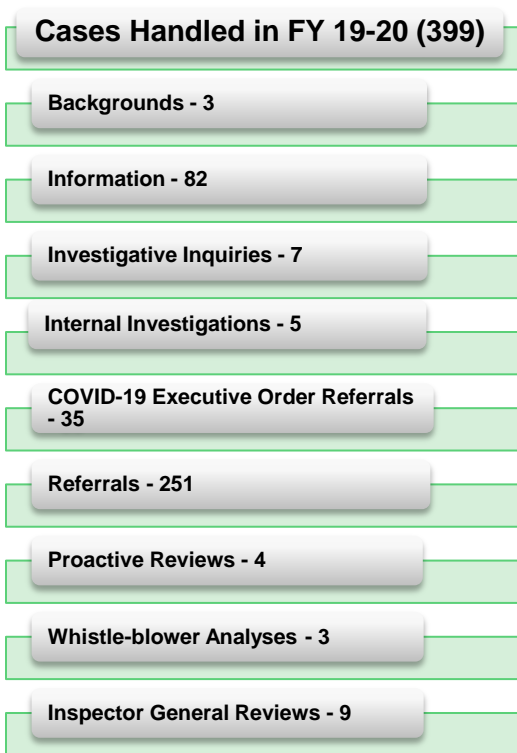
Backgrounds - Investigations and criminal history reviews of individuals who are being considered to fill positions within the department designated as sensitive. This includes Career Service, Senior Management, Selected Exempt Service, and Other Personal Services positions.

Information – Information cases are completed in order to document information and/or actions that otherwise do not meet the criteria for investigative inquiries, investigations, or management referrals.

Investigative Inquiries - Informal reviews conducted to determine the validity of a complaint prior to the initiation of an internal investigation. The determination as to whether the review remains an inquiry or is upgraded or closed out is dependent on the evidence obtained during the course of the informal review.

Internal Investigations - Investigations conducted by the Office of Inspector General in response to a complaint received by the office, and sometimes from the evidence obtained during an inquiry, that warrants a full and formal investigation into the facts surrounding the allegation(s).

COVID-19 Executive Order Referrals – An expedited referral system that was developed by the OIG to more expeditiously refer complaints alleging violations of the Governor’s Executive Orders with respect to restaurants, hotels, bars, salons, and barbershops to the responsible divisions.





Referrals – The forwarding of complaints, typically of minor misconduct, poor customer service, dissatisfaction with divisions’ resolution of complaints, the correctness of legal decisions or interpretations, or poor staff performance, to the appropriate division within the department or to the applicable external department for review and response to the complainant.

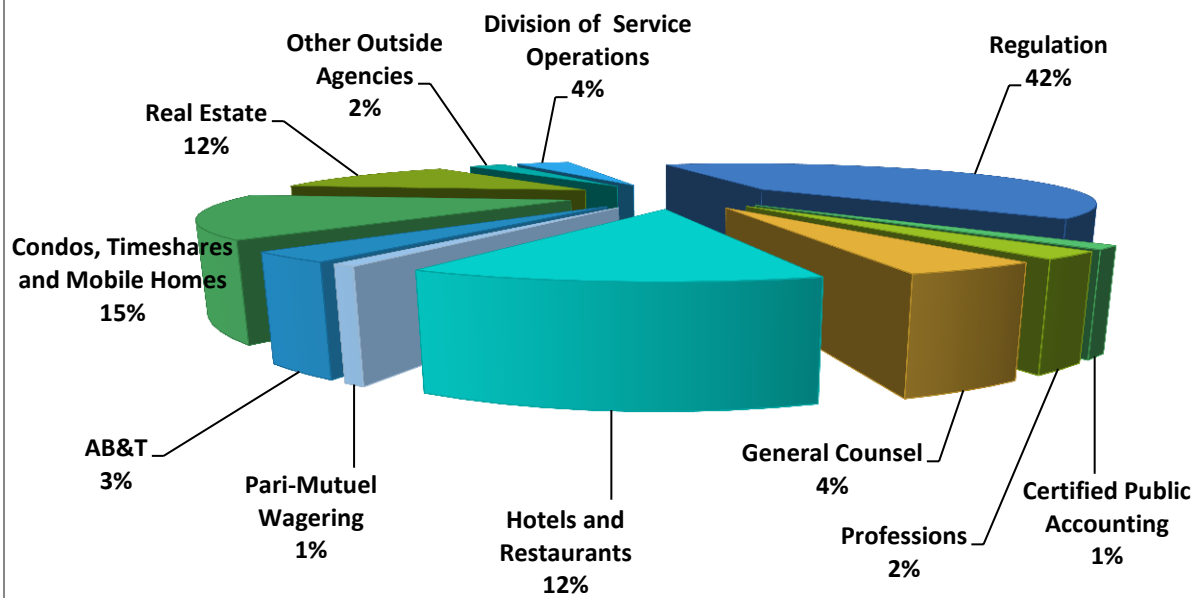
Proactive Reviews – Reviews initiated by the Office of Inspector General as mandated by statute and the Chief Inspector General to eradicate waste, fraud, and abuse in state government. While limited in scope, each review is tailored to encompass a majority of the agency’s employees within a program, whose responsibilities require independent accountability in accurately reporting time, purchasing card activities, mileage, onsite inspections, and approved outside employment. The findings are reported in writing to management for corrective action, policy changes, or discipline. These reviews are one of several fraud detection and deterrence activities engaged in by the Office of Inspector General.

Whistle-blower Analyses – Receipt and review of complaints filed by a state agency employee/contractor, former state agency employee/contractor, or applicant for state agency/contractor employment, containing serious allegations of wrongdoing on the part of a public employer or independent contractor and coordination of all activities of the agency as required by the Whistle-blower’s Act pursuant to Sections 112.3187-112.31895, Florida Statutes. The primary purpose of the analysis is to determine the appropriateness of awarding whistle-blower status to the complainant.

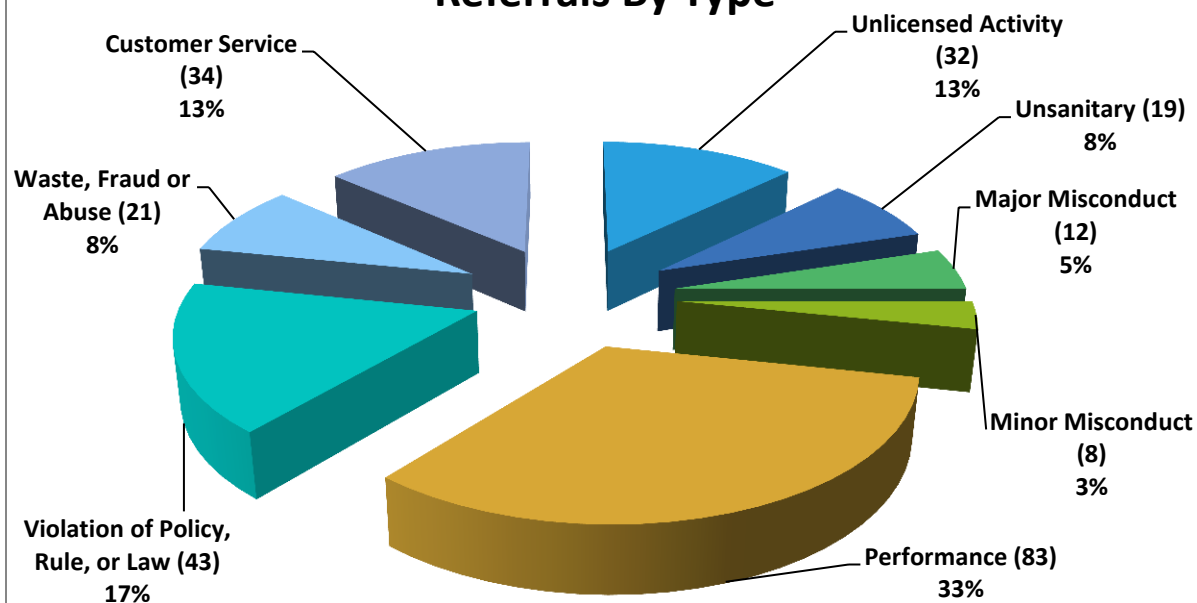
Inspector General Reviews – Special complaint reviews conducted by the Inspector General or Director of Investigations to assess and address the issues either to provide final resolution to the complainant or determine whether further management action is required. The majority of Inspector General Reviews are initiated in response to requests made by the Chief Inspector General’s office.



Percentage of Referrals by Division in Fiscal Year 2019-2020



Referrals By Type





Summaries of Investigative Inquiries Completed in Fiscal Year 2019-2020

Case Number 2019-178-INQ

On June 10, 2019 the OIG received a complaint from the Division of Hotels & Restaurants (H&R) regarding the theft of an H&R employee's assigned department vehicle. The vehicle was taken from that employee's residence after working hours.

The inquiry found no evidence that the employee's actions or inactions contributed to the theft of the DBPR-issued vehicle.

Case Number 2019-205-INQ

On June 25, 2019, the OIG received a walk-in citizen complaint regarding a Division of Service Operations (DSO) Regulatory Specialist allegedly posting derogatory material, including "revenge porn", on social media platforms during work hours. The complainant was asked to provide evidence of the alleged posts. The complainant also stated she was filing a criminal complaint with the Leon County Sheriff's Office.

As of this report the complainant has not provided any requested evidence regarding her allegations. The Leon County Sheriff's Office did not report any complaints against the accused. No compelling evidence was found regarding the employee posting to social media during work hours. No further investigative action was taken.

Case Number 2019-232-INQ

On July 11, 2019, the OIG received a forwarded email from the Division of Hotels and Restaurants (H&R), Bureau of Elevator Safety Department (BES). The email was sent from a private elevator inspection company to BES complaining about the behavior and actions of a BES Elevator Inspector. The complaint alleged that the BES Inspector made derogatory and damaging statements to the Elevator Inspection Company's employees and customers.

The OIG office conducted an inquiry and found sufficient evidence to initiate a formal Internal Investigation. (See case #2019-256-IA).

Case Number 2019-243-INQ

On July 29, 2019, the OIG received a telephone complaint from the manager of a condominium complex in South Florida. The manager alleged she had a conversation at the condominium office on July 29, 2019, with a resident of the condominium who claimed to be an Investigation Specialist II with DBPR. According to the manager, the



resident became verbally threatening, raised her voice, and became irate during a conversation with condominium employees. After being asked to leave, the manager stated that the DBPR employee “used her position to force the conversation to continue”.

On July 30, 2019, the OIG determined that the DBPR employee resigned her position effective July 26, 2019. Due to this information the inquiry did not warrant further investigative activity.

Case Number 2019-257-INQ

On August 15, 2019, the OIG received an incident report from the Deputy Director of DBPR’s Division of Alcoholic Beverages & Tobacco (AB&T). The incident report was completed on August 13, 2019, by an AB&T Special Agent and included allegations that another AB&T Special Agent had falsified documentation for an evidence destruction that occurred on August 9, 2019.

The OIG determined the incident report did not describe the falsification of documents and instead concerned a lack of communication between staff, poor staff performance, and unclear policies and procedures regarding evidence destruction. The incident was referred to AB&T management to address.

Case Number 2019-307-INQ

A web-based complaint was submitted to the OIG on October 1, 2019. The complainant alleged that a DBPR, Division of Regulation, Labor, Employment & Training Specialist employee had interfered with and delayed investigative actions concerning complaints lodged against a homeowners’ association for a condominium. The complaint also alleged that the employee received money from the association to not report and to delay investigative actions.

An inquiry into the information and facts related to this complaint revealed no substantial, corroborating evidence suggesting employee misconduct, criminal predicate, or non-conformance with agency practice, policy, rule, or regulation. This inquiry was closed with no further OIG action required.

Case Number 2019-320-INQ

On October 9, 2019 the OIG received an online complaint that a DBPR, Division of Regulation, Environmental Health Specialist acted unprofessionally by arguing with and inappropriately touching an employee at a veterinary clinic he was inspecting. Based on an analysis of the facts and information related to this allegation, the OIG found sufficient evidence to escalate this inquiry to an Internal Investigation. (See Case #2019-386-IA).



Case Number 2019-338-INQ

On October 24, 2019, the OIG received an online complaint stating that an employee's properly parked personal vehicle was hit by another vehicle in the DBPR parking lot, which then left the scene. The OIG investigated and determined that an OIG internal investigation was not warranted because the witness did not recognize the driver of the other vehicle and stated that she would not be able to identify the driver or the vehicle in the future. No one came forward or took responsibility for the crash. It is unknown if the driver of the other vehicle was an employee or visitor.

Case Number 2019-370-INQ

On November 14, 2019, the OIG received a forwarded complaint from the Division of Hotels and Restaurant's (H&R) online complaint registry. The complainant alleged unsanitary and unsafe food handling practices at a Florida restaurant and also stated that "the health inspector that normally does the restaurant is their friend and overlooks everything because they give him free food".

The OIG attempted to telephone the complainant at the number provided in an attempt to gather further information surrounding the allegations. Several voicemail messages were left but with no return call. An inspection was also conducted at the subject restaurant by an H&R supervisor. The restaurant operator indicated they had no personal relations with the inspector, nor had they ever provided or fed him a meal. The OIG determined that the inquiry did not warrant further investigative activity and the complaint was referred back to the division for further review as deemed appropriate.

Summaries of Internal Investigations Completed in Fiscal Year 2019-2020

Case Number 2019-114-IA

On March 15, 2019, it was reported to the OIG by the Director of DBPR's Division of Hotels and Restaurants (H&R) that on March 14, 2019, a General Manager for an Orlando hotel and restaurant had filed a criminal incident report with the Orlando Police Department. This report alleged that a Sanitation and Safety Inspector with H&R, by unlawful touching, committed battery against the General Manager during an inspection of the restaurant on the same date.

During the subsequent Internal Investigation conducted by the OIG it was determined that:



- The allegation that the Inspector refused to cooperate and submit to a requested interview by the OIG, which was in violation of department policy, was Sustained.
- The allegation that the Inspector informed the General Manager she was facing an emergency shutdown of her restaurant when no evidence existed for such action by the department, which was in violation of department policy, was Sustained.
- The allegation that the Inspector made inappropriate comments to the General Manager, allegedly asked for sexual favors from her, or committed battery by inappropriately touching her against her will was not Sustained.

Case Number 2019-217-IA

On July 11, 2019, the OIG received an online complaint in which the complainant alleged that a Sanitation & Safety Specialist with the Division of Hotels & Restaurants conducted business as a real estate sales associate on state time, gave satisfactory ratings to a restaurant during food service inspections in return for discounted remodeling work at her residence, discouraged and attempted to prevent the complainant from opening a competing restaurant, and engaged in discriminatory acts while conducting business as a realtor.

During the subsequent Internal Investigation conducted by the OIG it was determined that:

- The allegation that the Inspector conducted business as a realtor while also working as an Inspector on July 10, 2019, was Unfounded.
- The allegation that the Inspector received discounted remodeling services at her residence in return for satisfactory food service inspection ratings for a restaurant was Unfounded.
- The allegation that the Inspector poorly performed a food service inspection at the restaurant on July 25, 2019, which was in violation of department policy, was Sustained.
- The allegation that the Inspector discouraged the interested party from leasing the commercial property she represented in order to prevent the party from competing with another restaurant was Not Sustained.
- The allegation of a conflict of interest on the Inspector's part when she showed a commercial vacant restaurant available for lease and represented the property owner, which was in violation of department policy, was Sustained.

Case Number 2019-256-IA

This investigation originated from Case #2019-232-INQ. On July 22, 2019, the OIG, through the Chief of the Bureau of Elevator Safety (BES), received an email complaint from the Director of Operations of a private elevator inspections company. The



complainant expressed concerns over the conduct of a BES Inspection Specialist. Specifically, the complainant alleged that on several occasions, the Inspector discussed the company's business in the presence of their customers. The complainant stated that the conversations involved the company's inspection, procedural, and billing practices and that the Inspector's comments disparaged their business reputation and could negatively impact their business. This complainant further explained that he felt billing practices are between the business and their customers and do not fall within the purview of DBPR; therefore, the Inspector should refrain from commenting about these matters.

During the subsequent Internal Investigation conducted by the OIG it was determined that:

- The allegation that the Inspector made derogatory comments about a private inspection company to that company's clients and employees, which was in violation of department policy, was Sustained.
- The allegation that the Inspector questioned the inspection company's billing practices, which was in violation of department policy, was Sustained.

Case Number 2019-305-IA

On September 27, 2019, a citizen and employee of a licensed establishment filed an online complaint with the OIG. The complainant alleged that on September 21, 2019, a Sanitation & Safety Specialist with the Division of Hotels and Restaurants (H&R) was rude, disruptive, and unprofessional while performing an inspection of the restaurant where she was employed. The complaint also alleged that during the September 21, 2019 inspection, the Inspector physically grabbed her wrist and led her to an oven to question her about the contents' temperature and the time since preparation. The complainant further alleged that the Inspector continued the same behavior during a follow-up inspection he conducted on September 23, 2019.

During the subsequent Internal Investigation conducted by the OIG it was determined that:

- The allegation that the Inspector was rude, loud, and disruptive during two inspections of the restaurant on September 21, 2019, and September 23, 2019, which was in violation of department policy, was Sustained.
- The allegation that the Inspector physically grabbed the complainant by the arm and pulled her with him into the restaurant's kitchen, which was in violation of department policy, was Sustained.



Case Number 2019-386-IA

On October 9, 2019, the OIG received a written complaint from a Safety & Security Specialist Employee at an emergency pet hospital. The complainant alleged that on October 9, 2019, a DBPR, Division of Regulation, Environmental Health Specialist attempted to conduct an inspection during which he was discourteous, unprofessional, and rude. The Complainant also alleged the Inspector grabbed her left arm in a non-threatening manner during this encounter.

During the subsequent Internal Investigation conducted by the OIG it was determined that:

- The allegation that the Inspector was rude, discourteous, and unprofessional, which was in violation of department policy, was Sustained.
- The allegation that the Inspector acted inappropriately by touching a female employee on the arm, which was in violation of department policy, was Not Sustained.

Proactive Reviews Completed in Fiscal Year 2019-2020

Case Number 2019-209-PR

On July 1, 2019, the OIG initiated a Proactive Review of the Division of Administration's mail room staff's use of the transport van. The OIG Investigator used a GPS Tracker attached to the van to track the route and time of the van's usage by the assigned mail room drivers.

Conclusions and Recommendations:

- The OIG determined that only one of the three mail delivery drivers had acknowledged reading DBPR Policy #1.11, State Vehicle Motor Usage. This same employee was the only driver to deviate from a normal driving route and admit to using the van to "waste time" or avoid returning to the office in a reasonable amount of time.
- The OIG recommended management ensure current mail room employees electronically acknowledge they have read DBPR Policy #1.11, State Motor Vehicle Usage, and also ensure all new mail room employees acknowledge reading the policy upon initial employment.



- The OIG recommended the division either create a new mail van log system or reinstate the previous mail van log system to document the activities of the mail room vehicles and the drivers' activities.
- Finally, the OIG recommended division management take action deemed appropriate after reviewing the proactive review.

Case Numbers 2019-069-PR, 2019-070-PR, and 2019-071-PR

In July 2018, the Florida Department of Law Enforcement accepted a criminal referral from the OIG concerning a former employee's misuse of her agency-issued purchasing card on multiple occasions. The referral resulted in the criminal prosecution of the former employee. In light of this referral, the OIG determined that the potential for supervisory oversight weaknesses existed relative to the monitoring and approval of purchasing card expenditures, as well as reimbursements to employees. The OIG initiated a Proactive Review to identify any other employees involved in purchasing card fraud and to determine if the lack of oversight was isolated to the employee's supervisor or systemic.

In 2018 a Proactive Review of purchasing cards was conducted by the OIG. The OIG randomly selected and reviewed sixty department cardholders' recent purchasing histories to identify purchases that might require further scrutiny. The findings of this Proactive Review can be found in the OIG's 2018-2019 Annual Report. Because of the issues that were reported during the first review (2018-205-PR, 206-PR & 207-PR), a further review was initiated on March 12, 2019. A second list of sixty cardholders was generated from the original list and OIG inspectors were each assigned twenty of the sixty identified employees' purchasing histories to review.

OIG Conclusions and Recommendations:

- As with the last purchasing card Proactive Review, information obtained from the Florida Accounting Information Resource (FLAIR) system verifies that a purchase did, in fact, take place. It identifies the merchant where the purchase occurred, the total amount spent by the cardholder, and what was purchased. However, neither the FLAIR system nor the department's own OnBase system capture the invoice issued to correspond with a purchase, other than for official travel. The availability of a digital or online copy of the invoice would allow a closer and more detailed opportunity to identify possible improper or unauthorized purchases by cardholders.
- According to the DBPR Purchasing Card Program Manual, invoices are retained by the local purchasing liaisons. The OIG did not find any written guidance for liaisons regarding maintaining and organizing invoices.
- It should be noted that upon requesting the receipts and invoices from the different DBPR divisions, there was no uniformity as each person tasked with this



responsibility had their own way of processing them. The OIG recommended, for accountability purposes, that a uniform procedure for the retention of purchasing card invoices and receipts be written and included in the DBPR purchasing card policy to ensure standardization.

Additional Assistance to the Agency in Fiscal Year 2019-2020

The Inspector General and Director of Investigations participated in recurring bi-weekly meetings with representatives of the Office of General Counsel and Bureau of Human Resources. These meetings eliminated duplicative efforts by the represented offices and ensured that all significant investigative, legal, or employment matters were addressed by the appropriate parties.

Sworn members provided additional services by conducting backgrounds on senior level applicants for positions within the Bureau of Law Enforcement. Background investigations for sworn law enforcement must meet the strict standards of Florida's Criminal Justice Standards and Training Commission.

Investigative staff also co-presented monthly with members of the internal audit team during new employee orientation for department employees in the headquarters office. The investigative staff, through the use of a PowerPoint presentation, educated new employees on the role of the Inspector General, the laws governing the Office of Inspector General, fraud detection and deterrence, the types of complaints accepted by the office, and how to file complaints with the OIG.

Investigative Plan of Supplementary Activities for Fiscal Year 2020-2021

Training/Outreach Initiative – Continue assisting with the new employee orientation program to familiarize new employees with the roles and responsibilities of the Office of Inspector General. Additionally, this program will continue to familiarize department supervisors and managers with the roles and responsibilities of the Office of Inspector General, as well as the importance of their positions relative to prompt and appropriate supervisory intervention regarding employee performance issues and non-investigative customer complaints.

Proactive Reviews – Continue conducting Proactive Reviews as a mechanism for enhancing the OIG's and the department's fraud detection and fraud deterrence capabilities.



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Complaint Form:

http://www.bpr.state.fl.us/apps/oig_complaint/complaint_form.asp