



Florida Department of State

Office of Inspector General
2020-21 ANNUAL REPORT

September 29, 2021

Melinda Miguel, Chief Inspector General
Executive Office of the Governor
The Capital
Tallahassee, FL 32399

Laurel M. Lee, Secretary of State
Department of State
500 South Bronough Street
Tallahassee, FL 32399

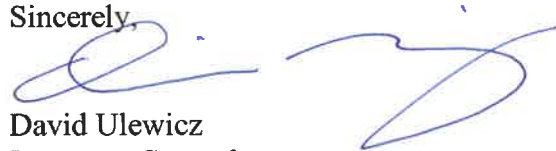
Dear Chief Inspector General Miguel and Secretary Lee:

I am pleased to present the Office of Inspector General's Annual Report for the 2020-21 Fiscal Year. This report, which was prepared in accordance with Section 20.055(8), Florida Statutes, summarizes the activities performed by the Office of Inspector General based on its statutory responsibilities. This report highlights the accomplishments, findings, and recommendations of significant audit and investigative activities completed during the 2020-21 Fiscal Year.

On behalf of the Office of Inspector General staff, I would like to thank you for your continued support, as well as all Department Managers and staff for their assistance and cooperation.

The Office of Inspector General remains committed to promoting efficiency, accountability, and integrity and in our efforts to detect fraud, waste, abuse, and mismanagement in Department programs.

Sincerely,



David Ulewicz
Inspector General

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BACKGROUND

The role of the Office of Inspector General (OIG) is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency within the Department of State (Department). Section 20.055, Florida Statutes (F.S.), requires the Inspector General to submit an annual report summarizing its activities during the preceding fiscal year to the Secretary of State and the Chief Inspector General. This report includes the activities and accomplishments of the OIG during the 2020-21 Fiscal Year (FY) and specifically details the activities and reports of the audit and investigative teams that make up the OIG.

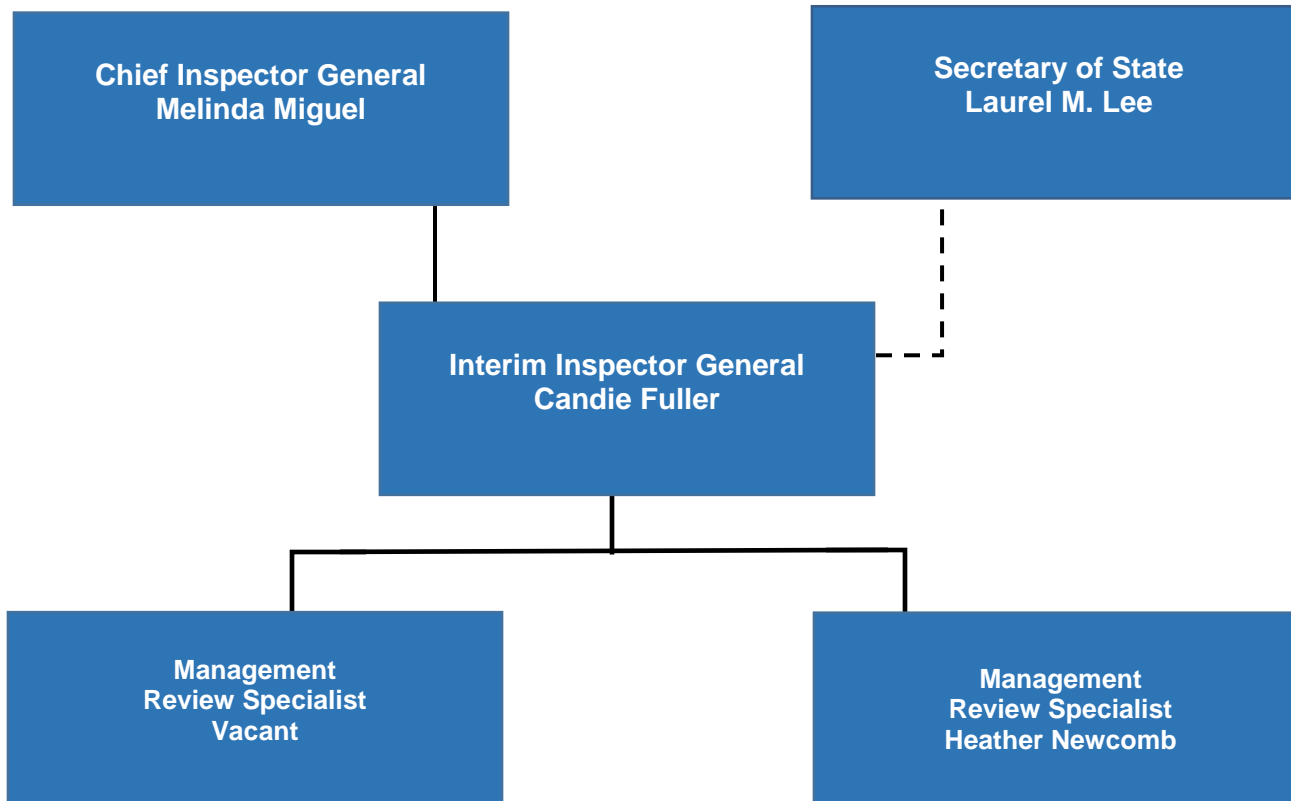
OIG RESPONSIBILITIES

The specific duties and responsibilities of the OIG as defined in Section 20.055(2) include:

- Conduct audits, investigations, and management reviews relating to program areas in the Department.
- Advise in the development of performance measures, standards, and procedures to improve program performance.
- Keep the Secretary of State and Chief Inspector General informed concerning fraud, waste, abuse, and deficiencies in programs and operations, recommend corrective action, and provide progress reports.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other government bodies.
- Review the actions taken by the Department to improve program performance and make recommendations for improvement.
- Conduct, supervise, and coordinate other activities to promote economy and efficiency and activities designed to prevent and detect fraud and abuse in the Department.

ORGANIZATION

The Inspector General reports to the Chief Inspector General and is under the general supervision of the Secretary of State, as prescribed by statute, and has unrestricted access to all Department activities and records. As of June 30, 2021, the OIG consisted of the following:



INTERNAL AUDIT

Internal Audit provides management with independent and objective assurance reviews and consultation regarding risk management, control, and governance processes. Audit work is performed in accordance with International Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors and General Principles and Standards for Offices of Inspector General published by the Association of Inspectors General.

Audit projects performed during the FY were based on the results of a risk assessment. An annual risk assessment is conducted by the Internal Audit Section and aids in developing the OIG Annual Work Plan. The Work Plan was based on the results of the risk assessment, prior OIG audit and investigative findings, external audits, and requests from management.

EXTERNAL AUDIT COORDINATION

Internal Audit serves as a liaison to external agencies that audit the Department and monitors and tracks findings and recommendations that result from these external audits as well as monitors and tracks management efforts to correct audit findings. During the FY, the OIG coordinated two audits performed by the Florida Auditor General and two federal audits.

QUALITY ASSURANCE REVIEW

Section 11.45(2)(i), F. S., requires that the Auditor General, once every three years, review a sample of internal audit reports

to determine compliance by the OIG with the current International Standards for the Professional Practice of Internal Auditing or, if appropriate, Government Auditing Standards.

The Auditor General completed their review of the OIG in October 2019 and reported the quality assurance and improvement program related to the office's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance with applicable professional auditing standards and the Code of Ethics issued by The Institute of Internal Auditors.

INTERNAL AUDIT PROJECTS COMPLETED

The following summaries describe the audit engagements completed by the Internal Audit Section during the FY.

Audit of Grant with Henry Nehrling Society, Inc

Audit Report No. A-1920DOS-05, issued March 2021

The scope of this audit included Program activities and financial records for the



Grant beginning July 1, 2019.

Results

The Division of Historical Resources (Division) Special Categories (Program) had obtained documents and deliverables required under the Grant. However, we noted control weaknesses in oversight of the Grant in the areas of Grantee invoices, subcontracts and inconsistent direction within the Grant.

We recommended the Division work with the Program to increase oversight of Grantee subcontracts. The Program should ensure submitted subcontracts contain required provisions in accordance with the Grant. This increased oversight should also include addressing circumstances, which indicate a potential conflict of interest between the Grantee and subcontractors. In addition, we recommended the Division review required Deliverables included in Program Grants to ensure that sufficient documents are required to support the Grantee's adherence to requirements for maximum open competition.

We also recommended the Division ensure that invoices are approved in a timely manner in accordance with Department Grants Policies and Procedures and as required under Section 215.422, F.S. Additionally, we recommended the Department

take steps to address current processes regarding request for release of funds to ensure funds are available for prompt payment of all Department financial obligations in accordance with Section 215.422, F.S. Further, we recommended the Department address the current practice of processing Grant payments as advance payments to discontinue the inappropriate means of payment for cost-reimbursement Grants.



***Audit of Grant
18.c.cf.200.529 with The
Chiselers, Inc.***

**Audit Report No. A-
2021DOS-01, issued May
2021**

The scope of the audit included Program activities and financial records for the Grant beginning July 1, 2020.

Results

Based on our audit, the Project was completed consistent with the Scope of Work. The Grantee provided documented support for Grant expenditures demonstrating deliverable completion prior to the Program's approval for payment. However, we noted weaknesses in Grantee compliance with several

provisions of the Grant and the informal transfer of funds to the University of Tampa (University).

If the Division awards funding to the Grantee for future projects, we recommended the Division ensure that the Grantee is responsible for all work performed and all expenses incurred in connection with the grant. Specifically, the Division should ensure the Grantee:

- submits the architectural services contract and the construction contract to the Department for review and approval
- executes a binding contract for at least a part of the Scope of Work by September 30
- includes provisions regarding discrimination in all its subcontracts for services under the Grant
- complies with the Florida Single Audit Act Requirements under Section 215.97, F.S.
- maintains accounting records that classify and identify Grant funds by using the same budget categories that were approved in the Grant application
- maintain a bank account that includes the Grant number

In future awards, if the Grantee elects to assign, sublicense or otherwise transfer its rights, duties, or obligations under the

Grant to the University, this transfer should be formally established and approved in writing by the Division. Alternatively, if the University is responsible for implementing future Historic Preservation Special Category Grant projects, the Division should consider executing the Grant agreement directly with the University, as Universities are considered eligible applicants under the Program.

STATUS OF PRIOR RECOMMENDATIONS

Section 20.055(8)(c)(4), F.S., requires the identification of each significant recommendation described in previous annual reports on which corrective action has not yet been completed. As of June 30, 2021, there was 1 report described in previous OIG annual reports that had significant outstanding audit recommendations requiring corrective actions.

Management Review of Department Hiring Practices Report MR-1920DOS-002

The outstanding recommendations relate to providing training for hiring managers to ensure compliance with Department policies and procedures related to hiring and recruitment and developing policies and procedures for consistent recruitment and selection.

PERFORMANCE MEASURES

In accordance with Section 20.055(2)(b), F.S., the OIG has assessed performance measures for inclusion in the Department's 2021-22 FY Long-Range Program Plan (LRPP). The Department's prior LRPP for the 2020-21 FY included 17 performance measures.

A follow up review was performed based on the previous year conclusions for the Division of Cultural Affairs, the Division of Library and Information Services, and the Division of Elections. The Division of Library and Information Services and the Division of Cultural Affairs are in the process of updating the methodology for reporting their measures. The preliminary information provided for calculation of these three measures appears to reflect a valid and reliable process. These measures will be assessed once the methodology is established. For the Division of Elections, requested documentation necessary to assess the Division's three measures currently reported was not provided. Given this lack of information, the validity and reliability of the measures could not be assessed.

FEDERAL AND STATE SINGLE AUDIT ACT RESPONSIBILITIES

The Department provides funding and resources from State and Federal funding sources to Florida Counties, Cities, Towns, Districts, and many other non-profit organizations within the State. Because of the Department's relationship with these entities, the OIG provided technical assistance to support and improve the operations of those entities. Section 215.97, F.S., requires, each non-State entity that expends a total amount of State financial assistance equal to or in excess of \$750,000 in any fiscal year, of such non-State entity shall be required to have a State single audit, or a project-specific audit, for such fiscal year in accordance with the requirements of this Section. The Catalog of State Financial Assistance includes for each listed State project the responsible State agency, standard State project number identifier, official title, legal authorization, and description of the State project, including objectives, restrictions, application, and awarding procedures, and other relevant information determined necessary. Federal pass through grants administered by the Department are subject to Office of Management and Budget 2 CFR 200 Uniform Guidance requirements, provided the entity has expended \$750,000 in Federal financial assistance in its FY.

Each year, the OIG reviews audit reports submitted by entities that meet the requirements listed in F. S., as well as the audit requirements listed in the 2 CFR 200 Uniform Guidance. During

the 2020-21 FY, our office reviewed 893 single audit reports and certifications.

INTERNAL INVESTIGATIONS

The Investigations Unit is responsible for receiving complaints and coordinating activities of the Department in accordance with the Whistle-blower's Act pursuant to Section 112.3187, and 112.31895, F.S. Additionally, the Unit receives and considers complaints that do not meet the criteria for an investigation under the Whistle-blower's Act and conducts, supervises, or coordinates such inquiries, investigations, or reviews as deemed necessary. Investigations are conducted in accordance with the Association of Inspectors General Quality Standards for Investigations. Once an investigation report is completed, case disposition is reported to the appropriate management.

REACCREDITATION

In July 2021, the Investigations Unit went through its first reaccreditation assessment with the Commission for Florida Law Enforcement Accreditation, Inc. (CFA). Established in 1995, the CFA is a council of law enforcement and criminal justice professionals that establish standards for staffing, training, conducting, and documenting the investigative

function. In 2008, the CFA introduced an accreditation profession for offices of inspectors general, and in 2018 the OIG went through an initial accreditation assessment. The July 2021 assessment resulted in the Investigations Unit receiving a recommendation for reaccreditation with conditions.

INVESTIGATIVE REPORT ACTIVITIES

Complaints are received through many sources by the OIG and are reviewed to determine an appropriate course of action. During the 2020-21 FY, the OIG closed 2 administrative investigations. Both Investigations were within the Division of Historical Resources. Additionally, 447 complaint inquiries were performed to assess allegations, of which 2 were referred to the appropriate functional area for handling, 5 were referred to an external agency, and 440 were non-jurisdictional.

CASE SUMMARIES

II-01-09-2020-233: A Department investigation determined the allegation an employee allowed another employee to ignore the Amended Bylaws of Friends of Florida History Inc. requiring a second signature on checks over \$1,500 was not sustained.

II-01-09-2021-101: A Department investigation determined the allegation staff misused their public position was not sustained.



**Office of Inspector General
R.A. Gray Building
500 S. Bronough Street
Tallahassee, Florida 32399-0250
(850)245-6195**

<http://dos.myflorida.com/offices/inspector-general/>