



Florida Department of State

Office of Inspector General
2021-22 ANNUAL REPORT

September 15, 2022

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

Cord Byrd, Secretary of State
Department of State
500 South Bronough Street
Tallahassee, FL 32399

Dear Chief Inspector General Miguel and Secretary Byrd:

I am pleased to present the Office of Inspector General's Annual Report for the 2021-22 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 2021-22 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 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 2021-22 Fiscal Year (FY) and specifically details the activities and reports of the audit and investigative teams that make up the OIG.

OIG RESPONSIBILITIES

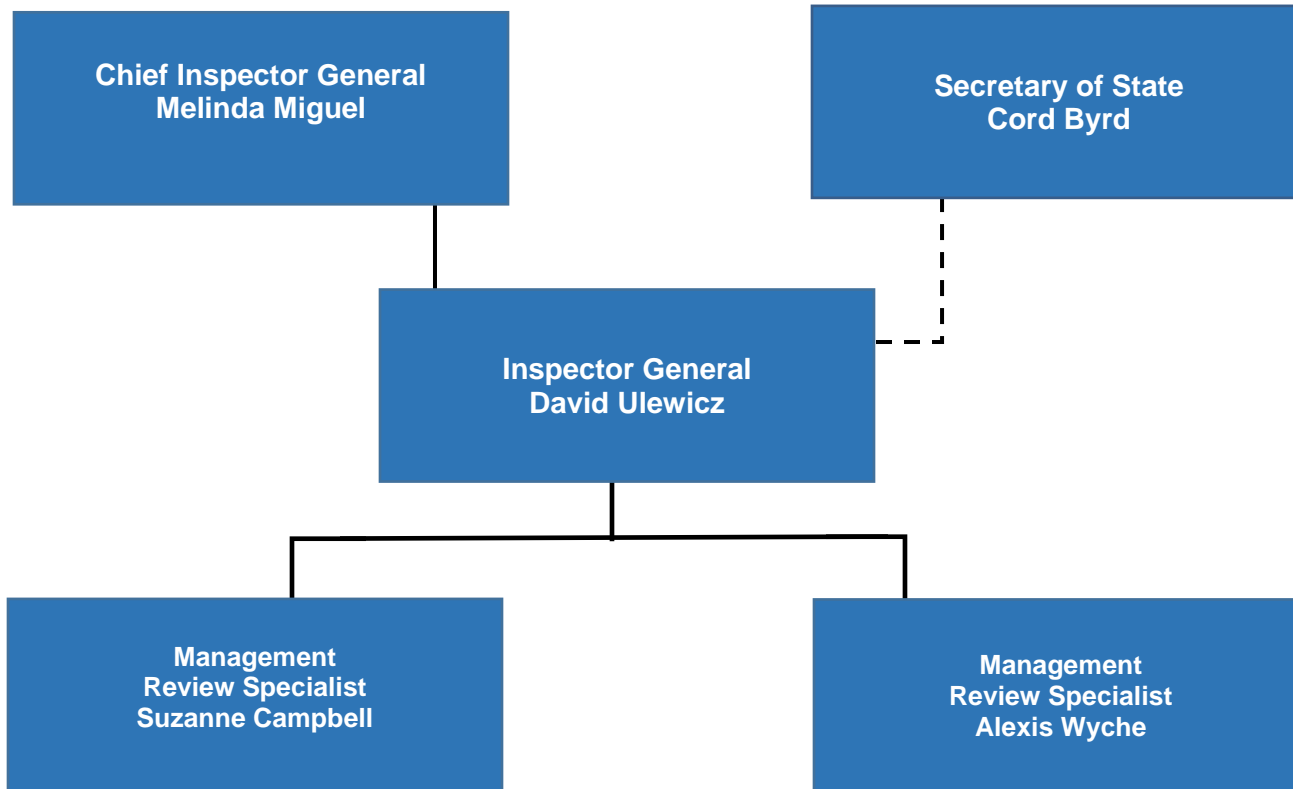
The specific duties and responsibilities of the OIG as defined in Section 20.055(2) include:

- 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, 2022, 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 a Florida Auditor General audit 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 Contract Procurement

Audit Report No. A-2022-DOS-04, issued May 2022

The purpose of this engagement was to conduct a risk-based compliance audit of contracts procured under Chapter 287, F.S., and executed by the Department during the 2018-19 through 2020-21 fiscal years as required by Section 287.136, F.S. This audit satisfies the requirements of House Bill 1079, passed during the 2020-21 Legislative Session, which amended Section 287.136, F.S., to require a periodic risk-based compliance audit of all contracts executed by a state agency to identify any trends in vendor preferences.

The audit found no trends in vendor preference for competitive procurements, but did note 5 of the Department's 12 contracts for legal services were awarded to the same law firm. We

concluded that although the procurement function has implemented internal processes and procedures to ensure compliance with state purchasing laws, we found two instances of non-compliance for the period reviewed. The audit recommended contract data and documents be accurately entered into FACTS within the statutory 30-day deadline and contract procurement documentation is maintained in the contract file as required by Section 287.057, F.S.

Audit of Cybersecurity Continuous Monitoring

Audit Report No. A-2022DOS-003, issued June 2022

The purpose of the audit was to evaluate agency controls and compliance with Chapter 60GG-2.004(2), Florida Administrative Code (F.A.C.), Security Continuous Monitoring, regarding Information Technology (IT) resource monitoring to identify cybersecurity events.

The audit disclosed that certain cybersecurity continuous monitoring controls related to the physical environment, external service providers, vulnerability scans and unauthorized personnel, connections, devices, and software need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Department data and related IT resources. However, we have notified appropriate Department management of the specific issues. The audit recommended improving cybersecurity continuous monitoring controls related to these areas.

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, 2022, there was no reports described in previous OIG annual reports that had significant outstanding audit recommendations requiring corrective actions.

PERFORMANCE MEASURES

In accordance with Section 20.055(2)(b), F.S., the OIG has assessed performance measures for inclusion in the Department's 2022-23 FY Long-Range Program Plan (LRPP). The Department's prior LRPP for the 2021-22 FY included 11 performance measures.

Although, the 2021-22 FY LRPP did not indicate a request to delete or change any of the 11 measures, the 2022-23 FY LRPP included 2 measures for the Division of Elections which were different. Therefore, the measures for the Division of Elections were not included in our assessment. A cursory review of the three measures indicated they were valid in relation to their intended use and supporting documentation appeared to match the results submitted. The measures will be fully assessed during the 2022-23 FY.

Our review of the three measures for the Division of Historical Resources, two measures for the Division of Corporations, two measures for the Division of Library and Information Services,

and the measure for the Division of Arts and Culture, determined the measures were valid and reliable in relation to their intended use.

In our effort to review the Department's measures, we noted errors on two of the exhibits for the 2022-23 FY LRPP. On Exhibit V, two of the Division of Elections measures did not match the measures listed on Exhibits II, III, and IV. Also, the actual performance results for the number of educational/public outreach activities on Exhibit III did not agree with Exhibit II or the Division of Library and Information Services supporting documentation. Based on discussions with the Legislative Affairs director, revisions to the 2022-23 FY LRPP were going to be made before its submission.

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 2021-22 FY, our office reviewed 567 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 2021-22 FY, the OIG closed 2 administrative investigations. Both Investigations were within the Division of Corporations. Additionally, 610 complaint inquiries were performed to assess allegations, of which 7 were referred to the appropriate functional area for handling, 4 were referred to an external agency, and 554 were non-jurisdictional.

CASE SUMMARIES

II-01-06-2021-302: A Department investigation determined the allegation of sexual harassment was sustained.

II-01-06-2021-407: A Department investigation determined the allegations staff violated the Department's outside employment and solicitation policy were sustained and the allegation of sexual harassment 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/>