

Florida Department Of Highway Safety And Motor Vehicles

Office Of Inspector General

Building Public Confidence through Integrity, Accountability, and Efficiency

2008-09 Annual Report

September 28, 2009



Larry Ringers
Interim Inspector General

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Executive Director

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INTRODUCTION

Department Overview

The Department of Highway Safety and Motor Vehicles comes into contact with nearly every Floridian as well as many visitors to the State of Florida. The Department's mission is providing highway safety and security through excellence in service, education, and enforcement. More than 4,500 Department members around the State accomplish this mission by developing, maintaining, and supporting a safe driving environment through law enforcement, public education and service, reduction of traffic crashes, titling and registering of vessels and motor vehicles, and licensing motor vehicle operators. An organizational chart is provided on page 10 which also describes convenient on-line services. The combination of walk-in offices and web-based services helps the Department provide customer services efficiently and effectively.

Office of Inspector General Mission Statement

The mission of the Office of the Inspector General is to strengthen public confidence in government by promoting integrity, accountability, and efficiency in the Department's service areas described above and among its employees. The Department is one of several that are headed by the Governor and Cabinet, with the majority of the Departments reporting directly to the Governor. Irrespective of this difference in governance structure, the Department's Inspector General participates in and supports the principles underlying the Florida Inspectors General.

Office of Inspector General Goal

One of our goals is to continue to enhance staff core competencies in order to provide the Department's Executive Leadership assurance and consulting services, and investigative conclusions that are clear, objective, constructive, and timely.

Inspector General Responsibilities

The duties and responsibilities of each Inspector General in State government are specified in Section 20.055, Florida Statutes.

Key auditing responsibilities are to:

- Assess the validity and reliability of the information provided by the Department on performance measures and standards, and make recommendations for improvement, if necessary.
- Provide direction for, supervise, and coordinate audits and management reviews relating to the programs and operations of the Department.
- Submit findings to the subject of the audit when it is a specific entity contracting with the state or an individual substantially affected. Such action provides them an opportunity to respond in writing.
- Keep the Executive Director informed, recommend corrective action, and report on progress of corrective action concerning fraud, abuses, and deficiencies relating to the programs and operations administered or financed by the Department.
- Conduct, supervise, or coordinate other activities carried out or financed by the Department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in programs and operations.

Key investigative responsibilities are to:

- Initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses within the Department.
- Receive complaints and coordinate all activities of the Department required by the Whistle-blower's Act pursuant to Sections 112.3187-112.31895, Florida Statutes.
- Receive and consider all other complaints and conduct, supervise, or coordinate 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 or the Inspector General's office. This shall include freedom from any interference with investigations and timely access to records and other sources of information.
- Submit findings to the investigative subject when it is a specific entity contracting with the state or an individual substantially affected. Such action provides them an opportunity to respond in writing.
- Submit in a timely fashion final reports on investigations authorized by the Inspector General to the Executive Director, with the exception of Whistle-blower investigations, which shall be conducted and reported pursuant to Section 112.3189, Florida Statutes.

Organizational Chart

To carry out our duties and responsibilities, the OIG has a staff of six professional and one technical positions. Our staff and associated organizational structure is as follows:



Laurence Noda, the Department's Inspector General for almost four years, retired July 31, 2009. Larry Ringers, the Department's Chief of Staff, was appointed Interim Inspector General.

Staff Qualifications

OIG employees have a wide range of experience in both the public and private sectors. Staff members have supervised and conducted audits or investigations at the State and local levels. They bring backgrounds and experiences in accounting, auditing, law enforcement, fraud and financial investigations, program evaluation, and management.

Professional certifications held by the staff include:

- | | |
|--|---|
| 1 – Certified Inspector General and
Certified Public Accountant | 1 – Certified Law Enforcement Officer, Certified
Inspector General Investigator, and Notary Public |
|--|---|

Staff Affiliations

OIG staff is affiliated with the following professional organizations:

- American Institute of Certified Public Accountants
- National Association of State and Local Inspectors General
- Institute of Internal Auditors
- Tallahassee Chapter of the Association of Inspectors General
- Florida Inspectors General

Staff Development

OIG staff participates in a variety of professional training. Auditors periodically attend accounting, auditing, technical and behavioral classes, or seminars. Such education and training improves job performance, improves and expands work products offered, and ensures high quality service to our customers within and outside of the Department. Additionally, in-service training allows our investigator to maintain her certification as a sworn law enforcement officer while specialty training helps maintain and enhance investigative skills necessary to keep pace with a changing work environment.

SUMMARY OF MAJOR ACTIVITIES

The OIG workload, in those instances where it could be quantified for the current and prior year, is summarized by activity or organization as shown below:

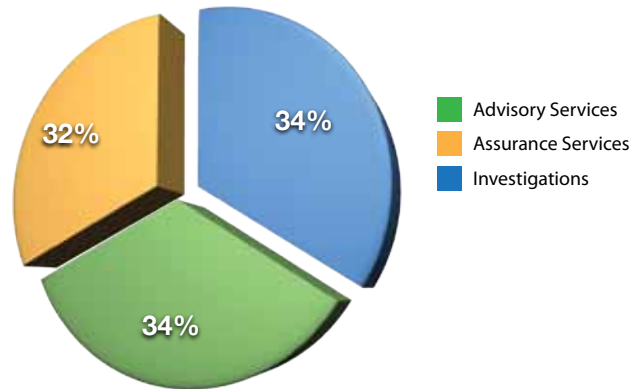
Activities	2008-09	2007-08
• Internal Audits Released	0	2
• Studies/Reviews(1)	6	3
• Consultation and Technical Assistance(2)	2	4
• External: Auditor General	7	4
• External: OPPAGA	0	0
• Review of Specialty Plate Affidavits and Audited Financial Statements	247	278
• Review of Audited DUI School Financial Statements	22	27
• Review of Voluntary Contributions	17	7
• Investigations	5	8
• Non-investigative Phone/Email/Written Complaints (including Executive Office of the Governor and Attorney General referrals)	31	46
• Public Record Requests	2	3

Notes: (1) Represents 1 assurance services project and 5 advisory services projects.
 (2) Referred to as advisory services elsewhere in this report.

The work product was communicated to appropriate parties in a number of ways including, but not limited to, internal audit and investigative case reports, memoranda, letters, phone calls, or emails.

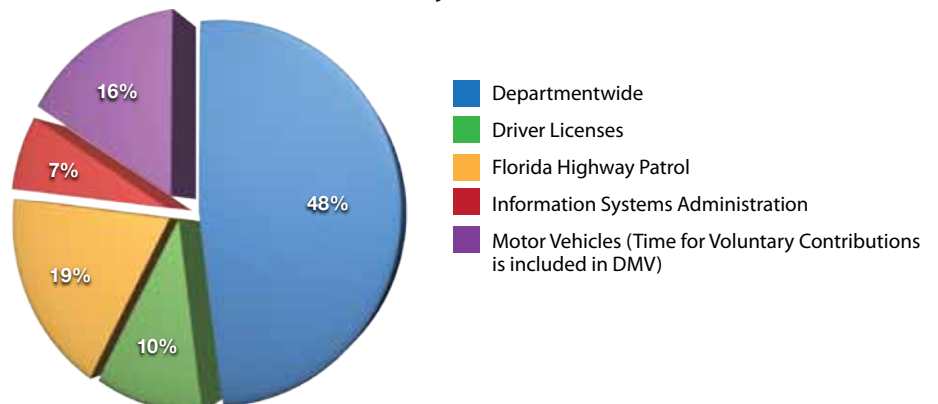
The charts below show the application of staff resources by activity or Department division.

Direct Time by Activity



Description	Division	Hours
Advisory Services		
• FHP Employee Benefit Fund Review	FHP	286
• FHP Employee Salary Overpayment Reviews	FHP	634
• FHP Procedures Review	FHP	241
• Field Office Wait Timings	DDL	441
• Florida Tax Collector Service Corporation Review	ISA	94
• Heavy Vehicle Use Tax Review	DMV	309
Assurance Services		
• Agency of Enterprise Information Technology Risk Assessment Survey	Agency	162
• Internal Audit - Accountability Over Office Collections Follow-up	DDL	39
• Internal Audit - Dual and Secondary Employment	ISA	345
• Internal Audit - Accountability Over Revenue Collection and Receivables	Agency	652
Compliance Reviews		
• Specialty License Plates/Voluntary Contributions	DMV/DDL	615
• DUI Schools	DDL	91
Investigations		Agency 2,043
Total		5,952

Direct Time by Division



INTERNAL AUDIT ACTIVITIES

The objective of the internal audit group is to provide an independent appraisal of the adequacy and effectiveness of Department operations, processes, and control systems. Executive Leadership is provided analysis, recommendations, counsel, and information concerning the activities reviewed. When audits are conducted, they are done in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

The internal audit group's work product is organized according to the type of audit services provided. A summary of the audit group's activities is shown below. Further information regarding the services areas and the audits/reviews performed is detailed on the following pages.

Audit Service Type	Product Counts
• Assurance Services	4
• Compliance Reviews	286
• Advisory Services	7

Assurance Services

Assurance services encompasses traditional audits that test control processes designed by management to assure the reliability and integrity of information, compliance with policies and procedures, safeguarding of assets, economical and efficient use of resources, and achievement of operational goals and objectives. Based on information obtained during the course of performing compliance reviews of specialty license plate affidavits submitted to the Department by recipient organizations, limited scope audits may be performed of these organizations over which the Department has no management responsibility.

Audit Topic or Organizational Unit	Product
• Statutorily Mandated Risk Analysis	Survey submitted December 23, 2008
• Accountability Over Driver License Office Collections Follow-up	Memo issued August 15, 2008
• Internal Audit - Accountability Over Revenue Collection and Receivables	In review
• Information Systems Administration Dual and Secondary Employment (OPS)	In review Audit Alert issued August 5, 2008

Statutorily Mandated Risk Analysis Survey

Section 282.318, Florida Statutes, requires each agency to conduct and update every three years, a comprehensive risk analysis to determine the security threats to the agency's data, information, and information technology resources. The OIG reviewed the 2008 Florida Risk Assessment Survey and supporting documentation prior to submitting the survey to The Agency of Enterprise Information Technology to satisfy the statutory requirement.

IA2007/08-02 Accountability Over Driver License Office Collections Follow-up

To ensure that revised procedures were in place and were effectively providing better and timelier accountability over cash management we performed a follow-up review. We determined that controls were in place and operating as intended.

Compliance Reviews

Recipients of State and federal financial assistance may be required to have independent CPA audits conducted to ensure that program funds are spent as intended. The following two program areas were primarily responsible for the audit reports and affidavits reviewed by OIG staff:

- Section 320.08062, Florida Statutes, requires that all organizations that receive specialty license plate annual use fee proceeds from the Department shall annually attest or submit an annual report pursuant to Section 215.97, Florida Statutes, that the proceeds were used in accordance with governing statutes. Failure to comply with the requirement to submit audits or attestations or to use the revenues appropriately would result in the discontinuance of distributions until compliance was demonstrated.
- Rule 15A-10.012, Florida Administrative Code, requires that each DUI program submit an annual independent CPA conducted financial audit and a report on compliance with laws, regulations, contracts, and grants. It also requires that these audits be reviewed by the Department's internal auditor.

The Department distributed annual use fees to specified organizations linked to over 100 different specialty license plates. Desk reviews of CPA audit reports or organization-prepared affidavits of financial activity were conducted by internal audit staff. Clarification of reported activity was obtained when necessary. Distribution of use fees was suspended (for all or a portion of the year) by the Department for failure to submit the required affidavits or audit reports or when unresolved noncompliance with allowable expenditure requirements existed. Similar desk review procedures were applied to DUI program audit reports received.

Advisory services occur prior to, or concurrent with, an activity and provide independent and objective information to management to better evaluate decisions made or to be made. The process for performing advisory services includes a number of elements also present in an audit. It often reveals gaps in the Department's internal controls, processes that are not working as intended, or potential statutory non-compliance.

Advisory Services

The following table summarizes advisory services provided by specific topic.

Subject Matter	Product
• FHP Employee Benefit Fund	Review
• FHP Employee Salary Overpayments	Reviews (2)
• FHP Procedures	Review and letter
• Field Office Wait Timings	Reports
• Florida Tax Collector Service Corporation	Review and verbal discussion
• Heavy Vehicle Use Tax	Review and verbal discussion

Quality Assessment Review

The Auditor General's Office conducted a quality assessment review of the Office of Inspector General and the internal audit activities for the period July 2007 through June 2008. In audit report No. 2009-075 the Auditor General determined the quality assurance program of the OIG's internal audit activity provided reasonable assurance of conformance to professional auditing standards and Section 20.055, Florida Statutes.

Other - Coordination Follow-up Activities with AG and OPPAGA

The OIG performed activities to assess the corrective actions taken by Department management in response to recommendations made by the Auditor General and the Office of Program Policy Analysis and Government Accountability (OPPAGA). We also coordinated information requests and audit responses and scheduled audit conferences for these oversight organizations. During the 2008-09 fiscal year, OIG resources were involved in seven Auditor General projects.

INVESTIGATIONS

The Department works to deter and detect fraud and investigate crimes or misconduct impacting the Department allegedly involving employees or the public. The investigative activities of the Department as a whole are impacted by the significant fraud potential associated with the need in society for government issued driver licenses; identification cards; license plates; and vehicle title and registration documents. The Divisions of Driver Licenses and Motor Vehicles have implemented quality assurance and fraud detection activities. Suspected criminal activity, whether external or internal to the Department, is generally referred to the Bureau of Investigations within the Florida Highway Patrol.

As it relates to the OIG, inquiries or complaints regarding Department activity are received from many sources, including the Whistle-blower's Hotline, the Chief Financial Officer's Get Lean Hotline, the Attorney General's Office, the Chief Inspector General's Office, and the Governor's Office. Complaints are also received from people who do business with the Department and from Executive Leadership or line personnel within the Department. Some complaints are broad and address entire programs while others may have a more limited scope.

Each complaint or concern is reviewed in order to determine how it should be addressed. Who is generally responsible for the investigation is described in Department Policy 11.07, Internal Audits, Complaints, and Investigations. Each allegation of misconduct in a complaint is classified subsequent to a conclusion of fact, based on a thorough and competent investigation using one or more of the following classifications:

- Exonerated – The allegation is true; however, the action of the agency or the employee was consistent with agency policy.
- Unfounded – The complaint was clearly false or there is no credible evidence to support the complaint.
- Not Sustained – There is insufficient proof to confirm or to refute the allegation.
- Sustained – The allegation is true; the action of the agency or the employee was inconsistent with agency policy.
- Policy Failure – The allegation is true. The action of the agency or employee was consistent with agency policy; however, the policy was deficient.

For those investigations handled by the OIG:

- Case dispositions are reported to the Executive Director and appropriate managers.
- When allegations are sustained involving possible disciplinary action, the OIG provides the necessary facts to the Department's Office of Workforce Programs, the Office of the General Counsel, and Division Managers to assist them in taking the appropriate disciplinary actions.

Significant Case Summaries

The following summaries illustrate the issues investigated as well as the case dispositions:

INV2007/08-02

A complaint was received and determined to meet the statutory requirements of the “Whistle-blower Act,” Sections 112.3187 – 112.31895, Florida Statutes. The complainant alleged a possible violation of Florida law protecting certain insurance company records and the Department’s method for handling restricted-use insurance information. We determined there was no credible evidence that insurance company records were accessed for any reason other than a lawful purpose. The allegation that one public access provider was given an advantage over other providers was not sustained; however, the allegation that inappropriate direction was given to provide information to this provider was sustained. Additionally, the allegation concerning the Department’s method for providing records to towing companies was sustained.

INV2007/08-07

An anonymous complaint was filed alleging campaign violations by a Department member. The member was seeking election in a Florida county and was subsequently elected to the position. The allegation that the member began campaigning and accepting contributions prior to receiving final approval from the Department of Management Services was sustained. The allegation that the member solicited or accepted campaign contributions from persons/entities doing business with the Department was sustained on one count and unfounded on the other. The allegation that the member accepted campaign contributions from persons/entities regulated by the Department was unfounded.

INV2008/09-01

We were notified by another Inspector General that Department members were recipients of inappropriate email from their employee. We subsequently determined that two members had sent emails that were inappropriate and prohibited uses of the department email system. The allegation that Department members may have violated Management Policy 8.03 by receiving and sending email containing inappropriate and prohibited content was sustained.

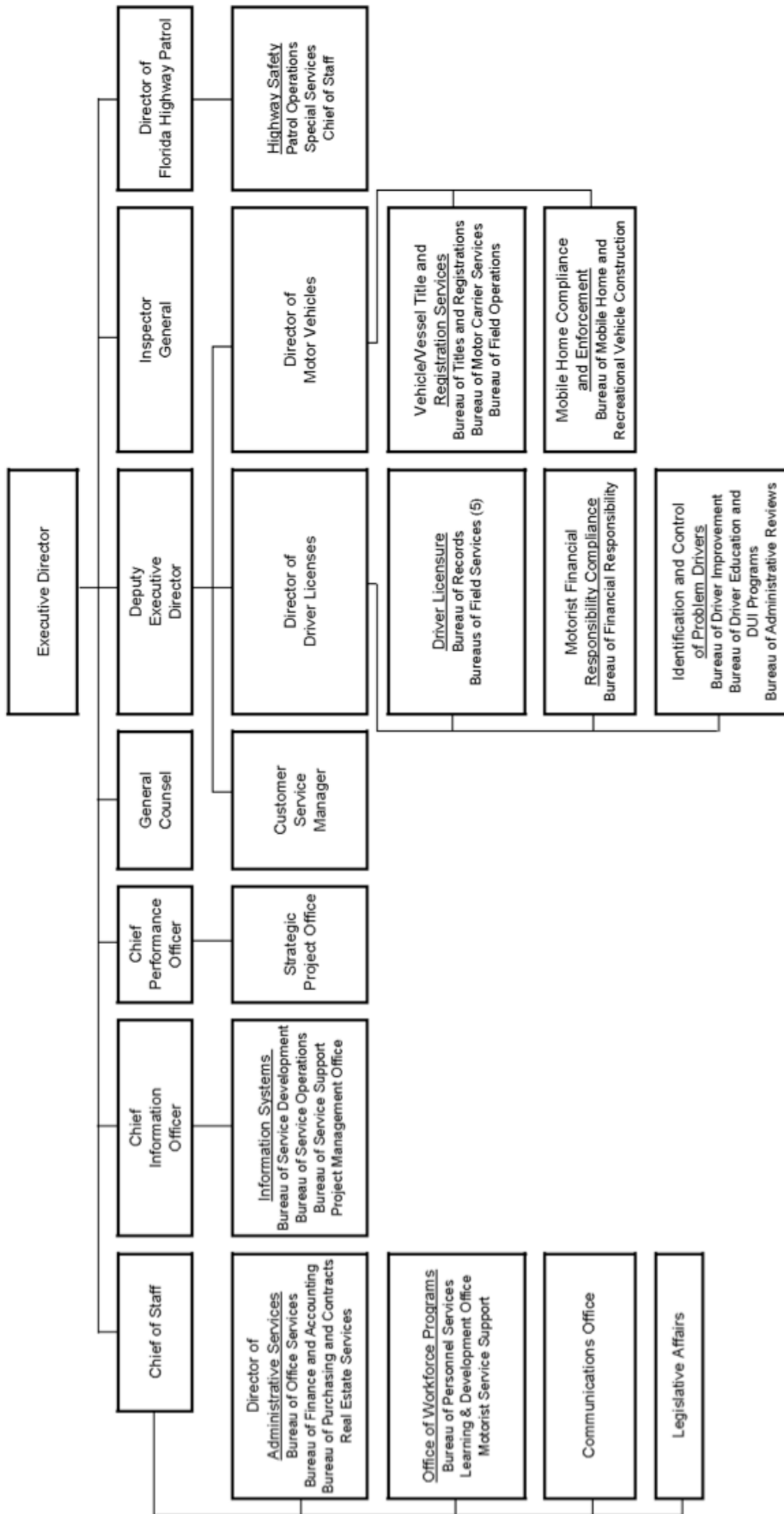
INV2008/09-02

A Department member filed a complaint alleging that two members were sending inappropriate email to other employees. We determined the members had sent the inappropriate email and the allegation that Department employees may have violated Management Policy 8.03 by receiving and sending email containing inappropriate and prohibited content was sustained against one member as the other member had retired. The allegation that the employee violated the Standards of Conduct Guidelines was also sustained.

INV2008/09-05

We received a complaint from a customer regarding the service and treatment he received from a Department member at a Drivers License office. The customer alleged the office supervisor used threatening, profane or abusive language toward him. There was insufficient proof to confirm or refute the allegation; therefore, the allegation was not sustained.

Department of Highway Safety and Motor Vehicles



Should you choose to look through the website, you will see all the information and services we provide. Whether you need to check your driver license or vehicle registration, get live traffic and crash reports or find a convenient office, it's all there. The Department's GoRenew.com site offers you many online services - saving you a trip to an office. Should you need to visit an office, we have an online appointment system which allows you to schedule a time convenient to you.