FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

OIG

RON DESANTIS
Governor

HALSEY BESHEARS
Secretary

MELINDA M. MIGUEL
Chief Inspector General

LYNNE T. WINSTON, Esq., CIG
Inspector General

OFFICE OF INSPECTOR GENERAL
ANNUAL REPORT
FISCAL YEAR 2018-2019

Florida dbpr Department of Business & Professional Regulation

Office of Inspector General
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Halsey Beshears, Secretary

Ron DeSantis, Governor

September 27, 2019

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

Halsey Beshears, Secretary
Department of Business & Professional Regulation
2601 Blair Stone Road
Tallahassee, FL 32399-6506

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 2018-2019. 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 accomplishments, findings, and recommendations of significant audit and investigative activities completed throughout Fiscal Year 2018-2019.

The collaboration, support, and cooperation of your offices, DBPR's executive staff, senior managers, division directors, and employees have been instrumental in facilitating the OIG's efforts to detect, deter, and prevent fraud, waste, abuse, and mismanagement. I must also mention 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 opportunities this new fiscal year will present to us as we continue to move forward with our department partners in ensuring greater accountability, integrity, efficiency, and effectiveness in fulfilling the department's vision, mission, values, and strategic goals.

Sincerely,

Lynne T. Winston

Lynne T. Winston, Esq., CIG
Inspector General

TABLE OF CONTENTS

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 30 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, 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.

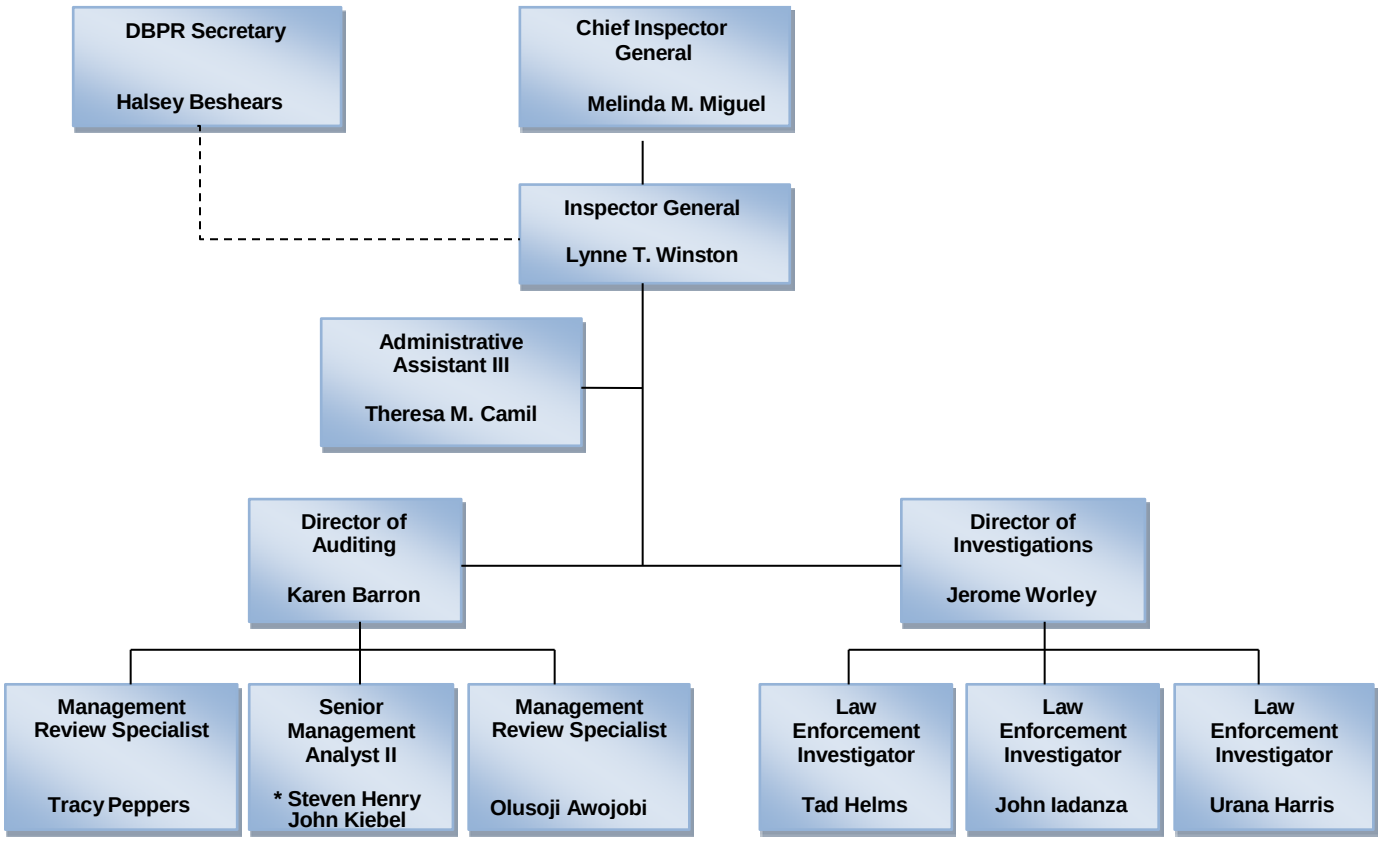
- Receive complaints and coordinate all activities of the department as required by the Whistle-blower's Act pursuant to Sections 112.3187 - 112.31895, Florida Statutes.

- 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 maintained the following professional designations and/or qualifications during Fiscal Year 2018-2019:

- Certified Inspector General (1)
- Certified Inspector General Auditor (1)
- Certified Inspector General Investigator (3)
- Certified Internal Auditor (1)
- Certified Government Auditing Professional (2)

- Certified Internal Control Auditor (1)
- Certified Public Accountant (1)
- Florida Certified Contract Manager (4)
- Certified Law Enforcement Officer (3)
- Florida Crime Information Center/National Crime Information Center certified staff member (2)
- Employees who provide Notary Public services (4)
- Member of the Florida Bar (1)

In addition, members of the OIG hold degrees in criminology, criminal justice, business administration, accounting, political science, finance, and sociology; two staff members also hold juris doctor degrees.

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. Staff are affiliated with the following professional associations:

- 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)

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 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 2018-2019, 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, the Institute of Police Technology and Management, and the Pat Thomas Law Enforcement Academy.

OIG OUTREACH AND EDUCATION

During Fiscal Year 2018-2019, OIG investigative and audit staff provided monthly training at New Employee Orientation. 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 2019-2020.

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 action 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.

Auditor General Quality Assessment Review of Department of Business and Professional Regulation Office of Inspector General's Internal Audit Section
October 30, 2018

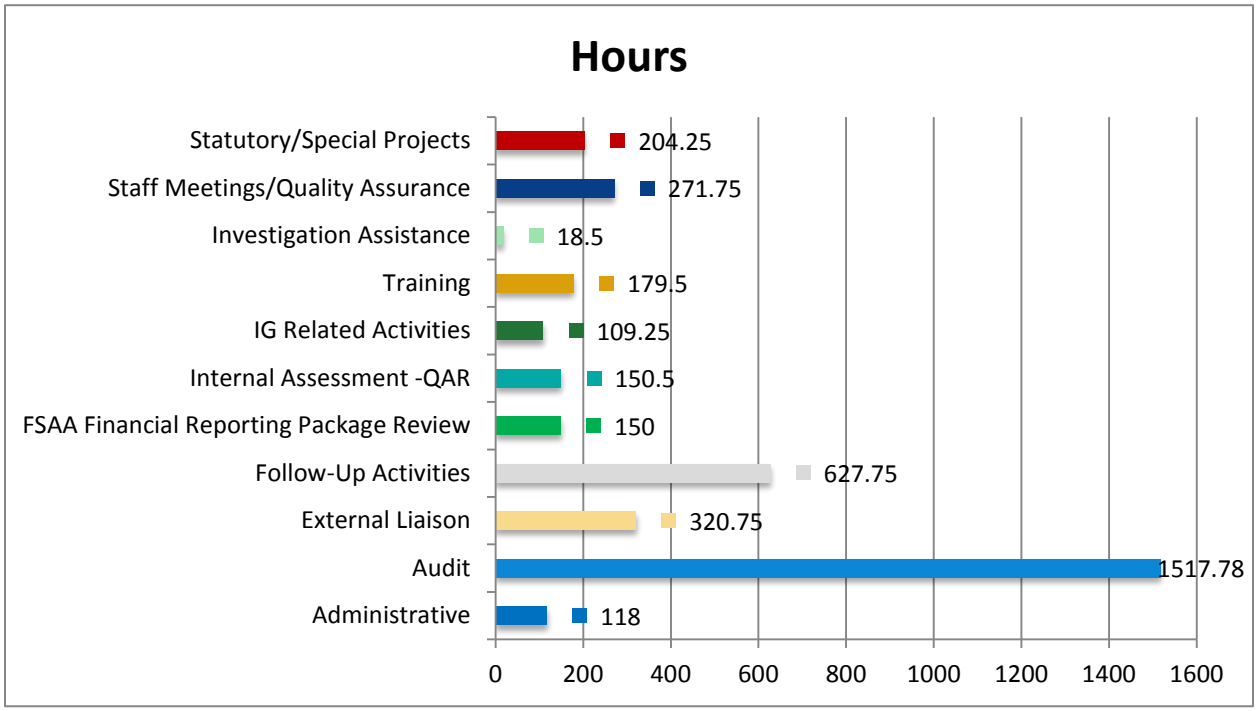
Pursuant to Section 11.45(2)(i), Florida Statutes, the Auditor General conducts quality assessment reviews of the state agencies' Offices of Inspectors General (OIGs) internal audit activities. During the reviews, the Auditor General evaluates the design of the OIG's quality assurance program related to the internal audit activity and whether the program provides reasonable assurance of conformance with applicable professional auditing standards. They also evaluate OIG compliance with those provisions of Section 20.055, Florida Statutes, governing the operation of the state agency's OIG internal audit activity.

The Quality Assessment Review (QAR) of the Office of Inspector General's Internal Audit section focused on the quality assurance and improvement program for the Office of Inspector General's internal audit activity in effect for the period July 2017 through June 2018. The AG's office also reviewed compliance with specific provisions of Section 20.055, Florida Statutes, governing the operation of state agencies' offices of inspectors general internal audit activities.

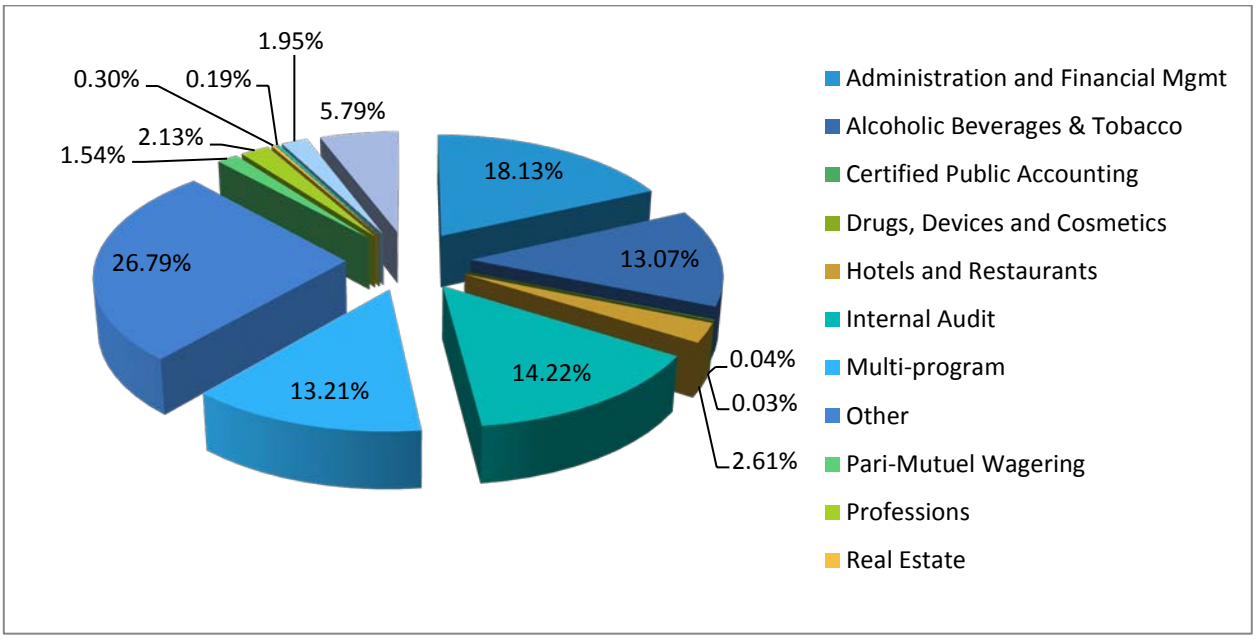
A quality assurance and improvement program for the Office of Inspector General's internal audit activity encompasses the charter, organizational environment, and policies and procedures established to provide management with reasonable assurance that the internal audit activity operates in conformity with applicable auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. The design of the quality assurance and improvement program and compliance with it are the responsibility of the Office of Inspector General.

The Auditor General found that the quality assurance and improvement program related to the Department of Business and Professional Regulation, Office of Inspector General's internal audit activity was adequately designed and complied with during the review period July 2017 through June 2018 to provide reasonable assurance of conformance with applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of state agencies' offices of inspectors general internal audit activities.

In Fiscal Year 2018-2019, the following hours were utilized by the audit staff for the relevant IAS activities:



Further, 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. Internal audit staff conducted a formal, department-wide risk assessment from April 2019 through June 2019. 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 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 director of each division/office and with executive management and the Secretary. 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 judgment, provided the basis for development of the OIG's *Annual Audit Plan for Fiscal Year 2019-20 and Long-Term Audit Plans for Fiscal Years 2020-2022.*

The Fiscal Year 2019-20 Annual Audit Plan includes projects pertaining to:

- Cash management procedures within the Division of Alcoholic Beverages and Tobacco;
- Evaluation of the efficiency and effectiveness of the internal controls governing the department's purchasing card program;
- Internal controls over 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 contract management and the procurement process;

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 24, 2019.

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 2019 Risk Assessment
June 24, 2019

The objective of this project was to present the results of the Office of Inspector General's (OIG) 2019 Risk Assessment. Our office based the OIG's *Annual Audit Plan for Fiscal Year 2019-20 and Long-Term Plans for Fiscal Years 2020-21 through 2021-22* 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 calculated the risk score based upon five factors: operational changes, internal control systems, fraud risks, reputational risks, and time since last audit. The weight assigned to each factor varied based on our internal assessment of the importance of each of these factors. Each of these risk factors was assessed based on risk likelihood and risk impact. This process represented our quantitative analysis of risk for each specific auditable entity.

We also 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.

Potential audit topics were selected for those entities with higher risk rankings. The audit plan thus represents a combination of both quantitative and qualitative analysis.

Summaries of Internal Audits Completed in Fiscal Year 2018-2019

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 Performance Measure Validity and Reliability – Division of Service Operations Customer Contact Center
Internal Audit Report Number A-1718BPR-059
August 6, 2018

The Division of Service Operations (DSO or division) serves as the primary and centralized source of interaction with the department's constituents. The activities of the division are governed by Chapters 20, 23, 116, 120, and 455, Florida Statutes. The main responsibility of the division is to provide operational support to the department's professional boards and business units. This is accomplished through the division's Customer Contact Center (CCC) and Bureau of Central Intake and Licensure (CIU).

Our overall objective for this audit was to evaluate the validity and reliability of the legislatively-approved performance measures reported by the division and to make recommendations for improvement, if necessary. Additionally, our office assessed the accuracy of the division's reported results for Fiscal Years 2016-17 and 2017-18 and trends for Fiscal Year 2018-19. The scope of this audit encompassed those three measures in the department's *Long Range Program Plan (LRPP) for Fiscal Years 2018-19 through 2022-23* that concerned calls transferred before they are abandoned, calls transferred within 5 minutes, and satisfied customers based on survey results.

These LRPP measures were as follows:

- *Measure 4 – Percent of calls transferred to a call agent that are answered before call is abandoned*
- *Measure 5 – Percent of calls transferred to a call agent that are answered within 5 minutes*
- *Measure 6 – Percent of satisfied customers based on survey*

For purposes of our audit, we used the definitions of validity and reliability provided in the LRPP. Validity is defined as the appropriateness of the measuring instrument in relation to the purpose for which it is being used. Reliability is defined as the extent to which the measuring procedure yields the same results on repeated trials and data is complete and sufficiently error free for the intended use.

We found the division's performance measures were valid indicators of the achievement of the Customer Contact Center's program objectives. We also determined the measures were reliable indicators of the division's outcomes. We performed detailed testing to determine whether these measures were reliable indicators of division outcomes. Reliability testing included the accuracy of the data source used to compile performance results, whether the numerical representations of the measures were mathematically and logically correct, and whether the measurement methodology produced replicable results.

Our office determined that in our review of the division's data source for *Measures 4 and 5*, changes and upgrades were made. In the current LRPP Exhibit IV documentation, the system used to track and monitor call data is identified as the UCCX database. Division management noted that this system is now known as the Cisco UCCX Finesse database. The upgrade occurred in November 2017, and consequently, had not yet been adjusted in the LRPP Exhibit IV documentation for this measure.

Our office concluded referencing the specific report used to track performance results and documenting the manner in which report information is received, would present a more complete and accurate narrative within the LRPP Exhibit IV documentation for these measures. Our office recommended the division ensure the data source and relevant reporting mechanisms used for these measures are correctly identified in the LRPP for Fiscal Years 2019-20 through 2023-24.

Furthermore, our office determined that the division struggled to meet the approved standard for calls transferred to a call agent that are answered within 5 minutes. In Fiscal Year 2017-2018, the division did not meet their performance goals. Division management noted that the decline was due to technology issues. Our office recommended the division consult with the Division of Technology regarding the technological issues identified that impacted meeting the performance standard for this measure.

The division concurred with our audit observations and noted that they will continue to work with technology staff to address operational issues to improve their answer rate.

Final Report
Audit of Mail Room Procedures – Division of Administration and Financial Management Bureau of Agency Services
Internal Audit Report Number B-1718BPR-026
August 6, 2018

Mail Services is responsible for collecting and distributing letters, packages, and other mail for the department. It is staffed with five full-time employees, including one full-time supervisor known as the Mail and Printing Services Manager. Regular mail, overnight mail, and packages are processed, handled, and delivered by the Mail Services staff. The Mail Services Unit describes its goal as providing the department with professional and timely mail services.

Although Mail Services (Mail Room) is functionally located within the Bureau of Agency Services, every department division, bureau, and operational office is a functional user of its services and activities. Mail Room employees receive, sort, process, and deliver all incoming packages and mail throughout the department. The Mail Room also processes postage and sends out most outbound mail for all divisions and bureaus located in Tallahassee.

Our office initiated this audit based on a recommendation from the OIG's Bureau of Investigations. OIG investigative staff recommended the OIG Bureau of Auditing initiate a review to evaluate the procedures and controls recently designed and implemented by the Bureau of Agency Services to maintain accountability over package processing within the department Mail Room. Based upon our preliminary assessment of internal controls, this review was converted into an audit engagement.

The primary objectives of this audit were to evaluate the sufficiency and effectiveness of established internal controls to ensure the appropriate handling, logging, and distribution of mail and to ensure appropriate procedures are in place to mitigate the risk of fraud, waste, and abuse. During the course of the audit, our office physically observed the daily tasks of Mail Room staff. This included the processes of retrieving and sorting the mail from the U.S. Post Office, physically transporting the mail back to department headquarters, sorting the mail for each operational division, hand-delivering the mail to relevant department staff within each operational division, processing and logging overnight mail, and delivering overnight mail.

Audit testing determined that approximately $200,000 of overnight mail revenue is processed by Mail Room employees in any given month. Although this revenue is recorded by Mail Room staff, it is not appropriately reconciled and there is an increased risk this revenue could be lost, stolen, or converted. We recommended the Bureau of Agency Services discontinue opening any revenue-bearing overnight mail and instead deliver such mail directly to the Bureau of Central Intake and Licensure (CIU), unopened, after logging.

Our office also reviewed the process in place for the entry and determination of the accuracy of outbound postage charges. Our office concluded that given the high volume of parcels that incur postage charges and the sheer number of department organizational codes, there is an increased likelihood Mail Room employees may incorrectly select the organizational code. Our office also determined there were no quality assurance review processes in place wherein Mail Room supervisors could periodically spot check outbound mail for accuracy. Internal controls to reconcile and ensure the accuracy of outbound postage charges were also not functioning as intended and charges incurred by each division for outbound postage might not have been accurately reflected. We recommended that Mail Room management perform a quality assurance review of the accuracy of outbound postage charges to provide greater assurance regarding the accuracy of postage charges for outbound mail.

Our office also examined security controls for Mail Room physical property and concluded these controls could be improved. Mail Room assets such as packages and other physical property - including revenue with corresponding personal information – were at risk. We recommended the Bureau of Agency Services enhance these physical security controls.

Audit testing also determined that the department does not have a policy on periodic rescreening of department employees without a transfer within the agency. We recommended the Bureau of Agency Services consider performing a risk assessment to identify potential employees throughout the bureau in need of a level 2 background screening and consider rescreening its employees once a departmental policy is executed and a rescreening timeline is established.

The division concurred with the audit findings and submitted plans for corrective action to mitigate the risks associated with these findings.

Summaries of Enterprise Audits/Follow-Up Audits Completed in Fiscal Year 2018-2019

There is currently one pending Executive Office of the Governor, Office of Chief Inspector General (CIG), enterprise audit project that will be carried over to the upcoming fiscal year.

Summaries of Florida Single Audit Act Activities Completed in Fiscal Year 2018-2019

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 Internal Audit Section has a variety of responsibilities with respect to department Single Audit Act activities as outlined below.

Fiscal Year 2017-2018 Florida Single Audit Act Certifications
Internal Project Number S-1819BPR-018
September 6, 2018

DFS 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 2018, 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.

Board of Architecture and Interior Design – Single Audit Act Financial Reporting Package Review – Fiscal Year 2017-2018
Internal Project Number K-1819BPR-038
March 12, 2019

The Fiscal Year 2017-2018 package for the Florida Board of Architecture and Interior Design (BOAID) was completed on December 12, 2018, and forwarded to our office on February 6, 2019. Our office determined that for the Fiscal Year 2017-2018 audited period, BOAID had not expended $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 OIG Checklist and other contract management principles.

Our office recommended that as a future best practice, the BOAID contract manager verify the timely financial reporting package submittal directly to our office. We also recommended the contract manager request that the license number of the independent auditor that completed the audit be included on future financial reporting packages.

Florida Engineers Management Corporation
Single Audit Act Financial Reporting Package Review
Fiscal Year 2017-2018
Internal Project Number K-1819BPR-032
October 25, 2018

The Fiscal Year 2017-2018 package for the Florida Engineers Management Corporation (FEMC) was completed on August 28, 2018, and forwarded to our office on September 5, 2018. Our office determined that FEMC expended $750,000 or more in state financial assistance for Fiscal Year 2017-2018. As such, our office reviewed this package in accordance with our OIG Checklist and other contract management principles. Our office noted there were no findings on the financial reporting checklist directed to FEMC.

Our office recommended that as a future best practice, the FEMC contract manager verify the timely report submittal directly to our office, if possible. Our office also recommended that as a future best practice, the department's Contract Administration team and the Bureau of Finance and Accounting develop and include a standard department-wide final reconciliation report within the contract file. Finally, we recommended the contract manager request that the license number of the independent auditor that completed the report be included on future financial reporting packages.

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Building a Safer Florida
Single Audit Act Financial Reporting Package Review
Fiscal Year 2017-2018
Internal Project Number K-1819BPR-035
June 12, 2019

The Fiscal Year 2017-2018 Building a Safer Florida, Inc. (BASF) financial reporting package was completed and forwarded to our office on March 25, 2019. Our office determined that BASF expended $750,000 or more in state financial assistance for Fiscal Year 2017-18. As such, our office reviewed the package in accordance with the Office of Inspector General (OIG) Checklist and other contract management principles. Our office also determined that there were no findings on the financial reporting checklist directed to BASF.

However, based on this review, 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 2018-2019

The OIG's Internal Audit Section serves as the central point of contact between the department and external agencies engaged in audits of department operations. This liaison role helps ensure effective coordination and cooperation between the Office of the Auditor General and other state and federal review entities and minimizes duplication of audit effort. 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 Florida Auditor General and other oversight agencies. In Fiscal Year 2018-19, internal audit staff provided liaison and coordination services for the following nine external reviews.

FDLE Audit of Selected User Agreements: Division of Alcoholic Beverages and Tobacco - Margate
July 5, 2018

The purpose of this audit by the Florida Department of Law Enforcement (FDLE) was to assess the use of criminal history information and compliance with the Non-Criminal Justice User Agreement between FDLE and selected DBPR divisions – the Division of Alcoholic Beverages and Tobacco – Margate.

The audit indicated that our department is operating in compliance with the FCIC/NCIC rules, regulations and user agreements. No audit findings or recommendations were made to our department.

FDLE Audit of Selected User Agreements: Division of Alcoholic Beverages and Tobacco – Panama City
August 28, 2018

The purpose of this audit by the Florida Department of Law Enforcement (FDLE) was to assess the use of criminal history information and compliance with the Non-Criminal Justice User Agreement between FDLE and selected DBPR divisions – the Division of Alcoholic Beverages and Tobacco – Panama City.

The audit indicated our department is operating in compliance with the FCIC/NCIC rules, regulations and user agreements. No audit findings or recommendations were made to our department.

FBI Audit of National Identity Services – FDLE involving the Division of Real Estate and Division of Professions
September 13, 2018

The purpose of this audit by the Federal Bureau of Investigations was to ensure non-criminal justice agencies were protecting all criminal justice information (CJI) received through the state Criminal Justice Information Services Systems Agency. The Florida Department of Law Enforcement (FDLE) assisted with the review.

The audit contained observations made as a result of working with the department through the audit process. The observations were communicated to FDLE. The audit found no noted exceptions or observations to which the department will need to respond.

Agency for State Technology
2018 Agency Compliance Assessment with Rule Chapter 74-1, Florida Administrative Code, for the
Department of Business and Professional Regulation
January 22, 2019

This compliance assessment was conducted by the Agency for State Technology (AST) 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 AST.

During the inventory phase of the Compliance Assessment process, AST identified and selected one project. AST evaluated our agency with a resulting score of a combined .94 out of 1.00. This indicates High Compliance. AST also indicated, in its review, some noted observations and recommendation to our department. Additionally, AST stated that there was no requirement that the department respond to the observations or conduct a follow-up to determine whether corrective actions have been taken.

Fiscal Year 2018-2019 Auditor General Statewide Financial Statement Audit
February 8, 2019

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 In connection with the Auditor General's audit of the State of Florida's Basic Financial Statements for the fiscal year ended June 30, 2018, the Auditor General requested a list of violations of finance-related compliance requirements that occurred during the 2017-2018 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 against the Department.

The Office of Inspector General facilitated the responses as part of the Auditor General Statewide Financial Statement Audit for the fiscal year ended June 30, 2018. The audit determined that the State of Florida basic financial statement was fairly presented, in all material respects. No findings were directed to the Department of Business and Professional Regulation.

State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2018
Auditor General Report Number 2019-186
March 28, 2019

Pursuant to Section 11.45, Florida Statutes, the Auditor General conducted an audit of the basic financial statements of the State of Florida, as of and for the fiscal year that ended June 30, 2018.

Audit staff coordinated the department's responses to the Auditor General's information requests. No audit findings or recommendations were made to our department.

QUEST Software Compliance Review
Division of Technology
April 11, 2019

Quest Software Inc. conducted a license compliance review of the department. In accordance with agency Software Transaction Agreements, the review focused on the deployment of Quest products within the department. The review found license discrepancies within the software utilized by the department and determined that an end user had exceeded the scope of its licensing. The review noted that the department was not in compliance with the SQL software license programs that were purchased over the past few years.

The department concurred with the findings within the review and submitted plans for corrective action to mitigate the risks associated with the findings.

Federal Appraisal Subcommittee Audit

Division of Real Estate

June 10, 2019

Pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI), the Federal Appraisal Subcommittee (ASC) performed a compliance review of Florida's real estate appraiser regulatory program. The review was an essential part of ASC's ongoing efforts to fulfill the obligation under *§ 1118(a) of Title XI* to ensure state compliance. The ASC monitors each state's appraiser licensing and certification regulatory program to ensure the state:

- Recognizes and enforces the standards, requirements and procedures prescribed by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, (Title XI);
- Has adequate authority to permit it to carry out its Title XI-related functions; and
- Makes decisions concerning appraisal standards, appraiser qualifications and supervision of appraiser practices consistent with Title XI.
- The ASC, in general, satisfies these responsibilities by performing onsite compliance reviews of state agency programs and maintaining close communications with appraisers, state and federal agencies, and users of appraisal services.

At the conclusion of their review, the Appraisal Subcommittee awarded a finding of "Good" to Florida's appraiser regulatory program.

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 Secretary with a written report on the status of corrective action. In Fiscal Year 2018-2019, the Internal Audit Section conducted six follow-up reviews of internal and external 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

Eighteen-Month Follow-up Review: Audit of Agency Access Controls for Separating Users

Report Number F-1819BPR-003
November 1, 2018

The objectives of this audit were to determine whether corrective actions have been taken to mitigate the risks identified in our initial, six-month, and twelve-month follow-up audits. The initial audit objective was to evaluate whether the department's logical access controls for separating users were adequately designed and operating as intended.

Based on the status reports prepared by the Division of Technology and the Division of Administration and Financial Management, our review of supporting documentation, and testing of relevant processes and records, our office concluded that enhanced controls provided reasonable assurance that department employees' network access is timely removed upon separation from the department. Our office found that management's actions were sufficient to close the remaining audit issues and recommendations.

This audit is classified as a confidential report pursuant to Section 282.313, Florida Statutes. The results of this follow-up audit are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and are not available for public dissemination.

Six-Month Follow-up Review: Audit of Performance Measure Validity and Reliability – Division of Hotels and Restaurants-Inspection-Related Measures

Report Number F-1819BPR-004
November 1, 2018

Section 216.013, Florida Statutes, requires state agencies to develop long-range program plans that are policy-based, priority driven, and accountable. The plans provide the framework for the development of budget requests and must include program outcomes and standards to measure progress toward the achievement of program objectives. The objective of this follow-up review was to determine the status of action taken by management of the Division of Hotels and Restaurants in response to the findings and recommendations of the audit.

During the initial audit, our office evaluated the validity and reliability of the legislatively-approved performance measures reported by the Division of Hotels and Restaurants (division) for the *Long Range Program Plan for Fiscal Years 2018-19 through 2022-23*.

We found the division's performance measures were valid indicators of the achievement of division inspection-related program objectives. We also determined the measures were reliable indicators of division outcomes. However, our office determined the division had not met the approved performance standards for their food service and lodging inspection measures.

During our follow-up audit, division management provided updated information on the status of its implementing the corrective action. Our office reviewed the information and supporting documentation and performed relevant testing and analysis of division inspection-related measures and activities for Fiscal Years 2017-2018 and 2018-2019 (through October 2018).

Our office concluded the division continued to struggle meeting their statutorily-required inspection goals for both food and lodging establishments. As such, our office continued to monitor the recommended corrective action.

Six-Month Follow-up Review: Audit of Commuting Use of Agency-Owned Vehicles
Report Number F-1718BPR-055
March 13, 2019

The department maintains state motor vehicles in specified divisions for the purpose of carrying out necessary duties. Department policy and state law require that all department vehicles be used for official state business only. Fleet management within DBPR is decentralized across the operational divisions in possession of state motor vehicles. Each division is required to establish and implement procedures to ensure agency-owned vehicles are appropriately assigned, classified, and utilized.

Our overall initial audit objective was to assess fraud and risk potential for the commuting use of agency-owned vehicles. Additional objectives were to determine whether internal controls were sufficient to mitigate risk and assess whether DBPR divisions were complying with the recommendations set forth in *OIG Advisory Report No. A-1415BPR-021*, published in February 2016.

The follow-up revealed the divisions have implemented quality assurance programs that include monthly and/or quarterly reviews of the vehicle logs. They have also implemented training and guidance for division fleet coordinators relative to their roles and responsibilities. Finally, divisions have ensured their agency-owned vehicles are appropriately classified.

The Division of Administration and Financial Management planned to revise the department's policy regarding FLEET duties, documentation, and procedures once the Department of Management Services rolled out its new FLEET system. The division's

draft policy on telecommuting, *Telework Program (3.8)*, was awaiting review and approval by executive management. Therefore, our office decided to continue to monitor these anticipated corrective actions until their completion.

Eighteen-Month Follow-up Review: Audit of Internal Controls for Driver and Vehicle Information Database (DAVID)
Report Number F-1819BPR-005
March 25, 2019

The Division of Alcoholic Beverages and Tobacco (AB&T), Bureau of Law Enforcement, accesses driver license and motor vehicle information pursuant to a Memorandum of Understanding (MOU) with the Department of Highway Safety and Motor Vehicles (DHSMV). In accordance with the MOU, authorized department employees are permitted to access certain driver license and motor vehicle data and information through the DHSMV's Driver and Vehicle Information Database (DAVID). This agreement provided that user access permissions must be updated within five working days upon employee separation.

During our eighteen-month follow-up review, the division provided our office a listing of all active and inactive DAVID users as of February 2019. From this listing, our office determined that 6 AB&T DAVID users had separated from the department during the period of audit follow-up testing. Our office compared these users' DAVID access removal dates to their dates of separation in PeopleFirst. Our office noted DAVID access was timely removed for these 6 users either on their actual separation dates or within the 5 working day period as required by DHSMV. However, we found that 2 inactive AB&T users with current status dates (based on the DAVID listing) and department separation dates in October 2014 and November 2015, had last signed in to the DAVID system on November 6, 2018 and November 1, 2018, respectively.

The division indicated the department cannot control former employees' attempts to electronically log into the DAVID system after their separation dates and access removal dates. However, the DAVID system has controls in place to deny the user access if the user is still in an inactive status. The division provided our office with the DAVID procedures manual, which describes how this process works.

Our follow-up review indicated that division management had taken corrective action to mitigate the identified risks and improve upon their internal control processes for monitoring inactive users of the DAVID system that have separated from the department. Our office determined that continued monitoring was not required since the corrective actions taken by the Division of Alcoholic Beverages and Tobacco were sufficient to close the audit finding and recommendation.

Six-Month Follow-up Review: Audit of Performance Measure Validity and Reliability – Division of Service Operations: Customer Contact Center
Report Number F-1819BPR-023
April 24, 2019

The objective of this follow-up review was to determine the status of action taken by management of the Division of Service Operations in response to the audit observations and recommendations made in the initial audit. During the initial audit, our office evaluated the validity and reliability of the legislatively-approved performance measures reported by the Division of Service Operations (division) – Customer Contact Center (CCC), for the *Long Range Program Plan for Fiscal Years 2018-19 through 2022-23*.

We found the division's performance measures were valid indicators of the achievement of division inspection-related program objectives. We also determined the measures were reliable indicators of division outcomes. However, our office determined that the division might struggle to meet the approved performance standard with respect to Measure 5 *(Percent of calls transferred to a call agent that are answered within 5 minutes)*. Our office recommended the division consult with the Division of Technology regarding the technological issues identified that might impact meeting the performance standard for this measure.

During our follow-up audit, division management provided documentation to our office notating a total of 396 incidents that were reported to the Division of Technology. Our evaluation determined the division was proactive in their collaboration with DIT to resolve any technical issues encountered during the period of July 2, 2018 through February 19, 2019.

Our office determined that continued monitoring was not required since the corrective action taken by the Division of Service Operations was sufficient to close this observation and recommendation made in the audit.

Twelve-Month Follow-Up Review: Audit of Performance Measure Validity and Reliability –Division of Hotels and Restaurants – Inspection-Related Measures
Report Number F-1819BPR-034
June 17, 2019

In the initial audit, our office determined the measures were valid and reliable indicators of division outcomes. However, our office found that the division had not met the approved performance standards for the food service and lodging inspection measures.

During our six-month follow-up review, division management provided updated information on the status of its corrective action implementation. Our office reviewed the information and supporting documentation and performed relevant testing and analysis of division inspection-related measures and activities for Fiscal Years 2017-2018 and 2018-2019 (through October 2018). Our office concluded that the division continued to struggle to meet their statutorily required inspection goals for both food and lodging establishments.

During our twelve-month follow-up review, the division again provided information on the status of its corrective action implementation. Our office examined the division's updated inspector incentive proposal and their increased staff request for FY 2019-2020. Our office confirmed that the department received 20 inspector FTEs and additional funding for salary rates to help increase both the retention rate of food and lodging inspectors and to help meet statutorily-required inspection rates via specific legislative appropriation.

Our office noted that although the division experienced high staff turnover and increased growth in Florida's hospitality, the division and department had made significant strides in their efforts to implement this office's recommendation and meet their statutorily-required performance measures. Therefore, this audit was closed.

Follow-up Reviews of External Audits

Six-Month Follow-Up to Findings in Auditor General Operational Audit: Division of Pari-Mutuel Wagering and Selected Administrative Activities
Report Number G-1819BPR-001
July 12, 2018

In January 2018, the Auditor General published Report Number 2018-087, *Operational Audit-Division of Pari-Mutuel Wagering and Selected Administrative Activities*. The audit focused on the Division of Pari-Mutuel Wagering (division) and selected administrative activities. The audit also included a follow-up on the findings noted in the Auditor General's Report Number 2015-066. The Auditor General's Findings and Recommendations, as well as the Office of Inspection General's follow-up assessment, are noted below:

Finding One

Division procedures for sampling and testing racing animals for drugs and medications could be enhanced to better align with industry best practices. The Auditor General

recommended division management enhance racing animal testing procedures to ensure:

- Separate and distinct split samples are collected and retained.
- Blood samples are stored upright for at least 30 minutes at room temperature before being centrifuged.
- Sample information is accurately recorded on division chain of custody documentation and chain of custody records are subject to comprehensive supervisory review and approval.
- Blood serum samples are not decanted in test barns.

OIG Assessment

Based upon our analysis of supporting documentation provided by the division and our testing observation of 28 separate horse blood sample collections and centrifuging of these samples, our office determined the division had taken corrective action to ensure separate and distinct blood samples are collected and retained, blood samples are stored upright for at least 30 minutes at room temperature prior to being centrifuged, sample information is accurately recorded on chain of custody documentation, which is subject to comprehensive supervisory review and approval, and blood serum samples are not decanted in detention test barns. Our office determined sufficient corrective action had been taken to close this audit finding and the resulting recommendations.

Finding Two

Pari-mutuel facility inspections were not always conducted using current facility inspection checklists. The Auditor General recommended division management take steps to ensure the results of pari-mutuel facility inspections are documented using correct checklists.

OIG Assessment

Our office concluded that based upon our analysis of supporting documentation provided by the division and our testing observation of 43 completed inspection forms, the division had taken corrective action to ensure the results of pari-mutuel facility, kennel, barn, and cardroom inspections are being documented using correct, updated division checklists. Our office determined sufficient corrective action had been taken to close this audit finding and the resulting recommendation.

Finding Three

The division did not require that all employees with inspection or enforcement-related responsibilities be subject to department conflict of interest policies and procedures. It was recommended that division management take steps to ensure all employees with inspection or enforcement-related responsibilities, including those in the Office of Operations, are subject to department conflict of interest policies and procedures and annually complete conflict of interest forms.

OIG Assessment

Our office concluded that, based upon our analysis of supporting documentation provided by the division and our observation of 176 completed conflict of interest forms and sample testing of these forms, the division had taken corrective action to ensure all PMW employees with inspection or enforcement-related responsibilities have completed annual conflict of interest forms. Our office determined sufficient corrective action had been taken to close this audit finding and the resulting recommendation.

Finding Four

The division could gain greater assurance over the integrity of wagering operations, including the accuracy and completeness of totalisator data used to calculate the applicable fees and taxes due from each pari-mutuel permit holder, by obtaining and reviewing independent service auditor reports on the effectiveness of internal controls established by division-approved totalisator companies. The Auditor General recommended that because of the critical nature of totalisator data, division management should obtain and review service auditor reports on the effectiveness of the totalisator companies' internal controls.

OIG Assessment

Our office concluded that, based upon our analysis of supporting documentation provided by the division and our review and analysis of the service auditor's reports from all 3 totalisator companies currently licensed in Florida, the division had obtained and reviewed these reports and analyzed such reports as to the effectiveness of internal controls established by the division-approved totalisator companies. Our office determined sufficient corrective action had been taken to close this audit finding and the resulting recommendation.

Finding Five

The department did not perform a complete physical inventory of all department property for Fiscal Year 2015-2016 as required by Department of Financial Services (DFS) rules. The Auditor General recommended that department management ensure complete annual physical inventories of department property are conducted in accordance with DFS rules. The Division of Administration and Financial Management concurred with these audit findings and noted plans for corrective actions to address the Auditor General's findings and recommendations.

OIG Assessment

Our office determined that based upon our analysis of supporting documentation provided by the Division of Administration and Financial Management, the division had taken corrective action to ensure that complete annual physical inventories of department property in accordance with DFS rules have been conducted. Our office determined sufficient corrective action had been taken to close this audit finding and the resulting recommendation.

Other IAS Activities

- The IAS prepares the *Schedule IX: Major Audit Findings and Recommendations* for the department's Legislative Budget Request 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.

- Our office updated our Integrated Internal Audit Management System (IIAMS) templates for Internal Audit Follow-Up Testing, Single Audit Act Financial Reporting Package Reviews, and Single Audit Act Catalog Certification updates.

- Section staff represented the OIG and participated in DBPR University – Community of Practice activities.

- Staff represented the OIG and participated in the training of employees that are new to the department.

- Our office revised our Internal Audit Activity Charter to provide greater conformance with the newly revised *International Standards for the Professional Practice of Internal Auditing*. The charter sets forth the authority of our office, our general policy, office responsibilities, the quality assurance and improvement program, the standards of audit practice, core principles, and the Office of Inspector General Code of Ethics.

- Our office also reviewed information submitted by the Division of Technology regarding the 2019 Auditor General IT Survey and the 2018 IT Risk Assessment Survey from the Agency for State Technology.

- Staff provided assistance to investigative staff in regards to the department purchasing card program and department single audit act activities.

- In accordance with the IPPF Standard 2060, staff developed and adopted reporting procedures to communicate internal audit activity's purpose, authority, responsibility, and performance relative to our Audit Plan and our conformance with the Code of Ethics and the *Standards*.

INVESTIGATIONS SECTION

The Investigations Section of the OIG is comprised of one (1) investigations director and three (3) sworn investigators. 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. 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 Principles and Standards for Offices of Inspector General (the "green book"), which is published by the Association of Inspectors General.

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, immediate supervisors, and the Office of the General Counsel. Recommendations for improved processes, policies, or procedures are made when warranted by the findings.

The majority of complaints referred to the Investigations Section are received via the OIG's telephonic and online complaint reporting processes, which are available not only to department employees, but also to the citizens of Florida. Many 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.

Statewide Complaint Intake Process

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 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." Absent the elements of the aforementioned statutes, complaints are typically referred to the appropriate division director for handling. 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 investigations conducted to determine the validity of a complaint prior to the initiation of an internal investigation. The determination as to whether the allegation remains an inquiry or is upgraded or downgraded is dependent on the evidence obtained during the course of the informal investigation.

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.

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).

Referrals – The forwarding of complaints, typically of minor misconduct, poor customer service, or poor performance, to the appropriate division within the department or to the applicable external department for review and response to the complainant.

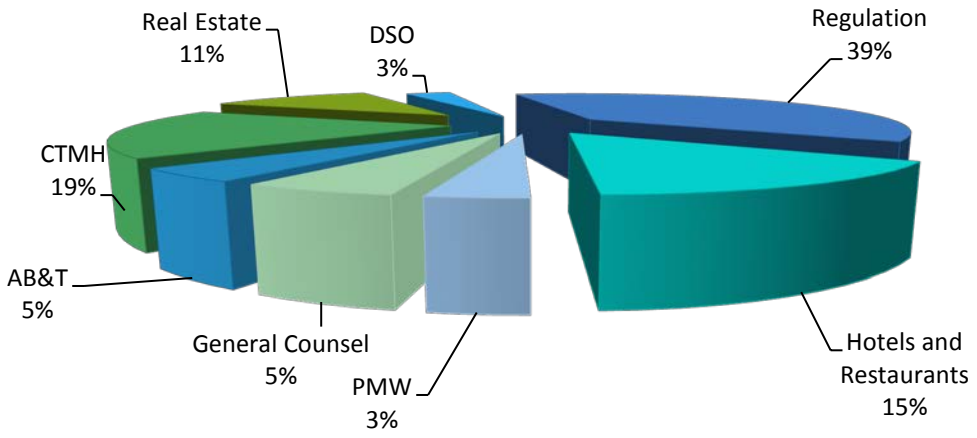
Reviews – Reviews are conducted in order to examine the actions of the department and/or its members and to ensure that the actions were adequate, accurate, or correct.

Use of Force – Reviews into the circumstances surrounding a law enforcement officer's use of force when performing his or her duties.

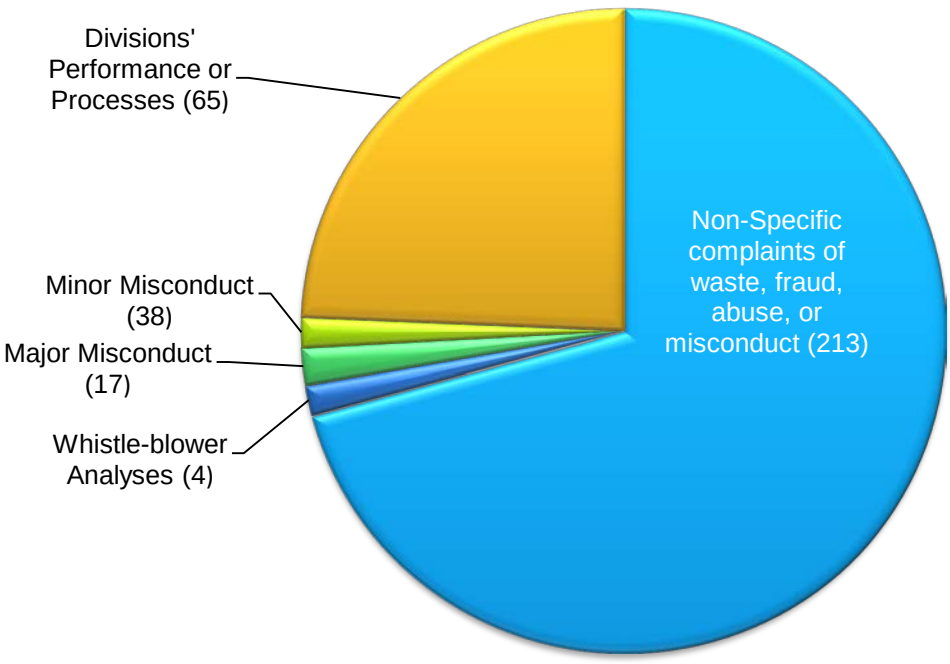
Whistle-blower Analysis – Receipt and review of complaints filed by a state agency employee/contractor, former state agency employee/contractor, or applicant for state agency/contractor employment, containing serious allegations of wrongdoing on the part of a public employer or independent contractor 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.

Get Lean Hotline – Suggestions to improve the efficiency and effectiveness of departmental operations offered by citizens via the Hotline.

Percentage of Referrals by Division in Fiscal Year 2018-2019



Complaints Addressed By Type



Summaries of Investigative Inquiries Completed in Fiscal Year 2018-2019

Case Number 2018-166-INQ

The executive director of an alcoholic beverage association reported that he had received two complaints alleging that a Division of Alcoholic Beverages & Tobacco Investigations Specialist told vendors she "did not like a distributor" and that she will "do whatever she can to get them." The OIG interviewed the vendors, who stated that the Investigations Specialist's comments were made to retail account holders and neither of the vendors were direct witnesses. The OIG requested the vendors provide the names of the retail account holders. The vendors reported to the OIG that the retail account holders do not wish to "get involved."

The OIG was unable to determine the existence of independent, corroborating, or exculpatory evidence. The complaint was referred to the division for action deemed appropriate.

Case Number 2018-215-INQ

The DBPR Chief of Staff requested the OIG investigate a complaint on behalf of the Bureau of Human Resources (HR). The complainant, who is in a protected class, initially reported to HR that her supervisor treated her differently than other employees, creating a hostile work environment. The OIG interviewed the employee and determined, based on the employee's own admission, that the supervisor's treatment of the employee was caused by differing opinions on work matters, not race or gender. The complainant withdrew her complaint prior to any additional investigative activities and the OIG closed the case.

Case Number 2018-239-INQ

The OIG received a written complaint from a department manager alleging that she had experienced intimidating, hostile, and discriminatory actions directed towards her by members of another division. Approximately one week after the OIG initiated an inquiry, the department manager submitted a written withdrawal of her complaint.

Case Number 2018-259-INQ

A concerned citizen filed a written complaint with the Office of the Chief Inspector General requesting a review of the DBPR's handling of an unlicensed contractor investigation and subsequent board decision. The complainant met with this office, in person, and presented his complaint in detail. Subsequently, the complainant wrote to this office and specifically alleged that the DBPR's Office of General Counsel had

previously reported to him that their position of having a "consistent policy" regarding the prosecution of cases was in his opinion, a contravention of Florida Statutes. The complainant alleged this practice was misconduct on behalf of the Office of General Counsel. The OIG's inquiry determined that the complaint hinged on differing interpretations, not misconduct, and the OIG referred the complaint to the General Counsel for review and any action he deemed appropriate.

Case Number 2018-273-INQ

This inquiry was initiated based on a motor vehicle traffic crash report and subsequent request for reimbursement to the Department of Financial Services, Division of Risk Management, by a citizen who alleged that a DBPR employee, operating a state-owned vehicle, rolled backwards into their vehicle and then drove away. The citizen reported that the employee was aware they collided into his (citizen's) vehicle. The employee reported that while rolling backwards, they slammed on the brakes and stopped the vehicle before impact. Law enforcement did not cite nor criminally charge the employee. The OIG determined insufficient evidence existed to conduct a formal investigation. The OIG closed the case.

Case Number 2018-293-INQ

In his letter of resignation, a Division of Alcoholic Beverages & Tobacco Law Enforcement Investigator II alleged that his former lieutenant used inappropriate language in the office and in public where citizens may have heard him. The OIG interviewed the former employee, who provided details and potential witnesses to support his allegation. The OIG's interviews of four witnesses did not reveal any evidence to support the former employee's allegation and the OIG closed the inquiry and referred the alleged use of inappropriate language in front of staff to the division.

Case Number 2018-309-INQ

The owner of a south Florida convenience store alleged that a Division of Alcoholic Beverages & Tobacco Law Enforcement Investigator II (Investigator) inspected his store after business hours and was threatening, loud, and used ethnic slurs. The OIG initiated an inquiry into the complaint that included interviewing the store employees, a non-employee witness, and reviewing video footage of the investigator's visit. The OIG determined that insufficient evidence existed to escalate the complaint to an Internal Affairs Investigation. The OIG determined that the Investigator did not document the inspection as required by the Bureau of Law Enforcement's policies and procedures. Additionally, the OIG determined that some terms used by the investigator to identify persons from certain foreign countries could be offensive; the OIG referred this matter to Human Resources for review and action deemed appropriate. The policy violation related to the investigator not documenting the inspection was forwarded to the Division of Alcoholic Beverages & Tobacco as a performance issue.

Case Number 2019-010-INQ

The OIG initiated this inquiry based on an anonymous complaint that alleged a Labor, Employment & Training Specialist in the Division of Regulation had a conflict of interest in her position as a farm labor inspector. According to the complaint, the inspector conducts inspections of a harvesting company that employs her husband as a crew leader. The complaint further alleged that the inspector creates problems for competing companies and puts them out of
business for her husband's benefit. The OIG's inquiry determined that sufficient independent evidence existed to escalate the complaint to an Internal Affairs Investigation. (See 2019-026-IA)

Case Number 2019-029-INQ

A licensed barber complained that during an inspection of his place of employment, the inspector was rude and made threatening gestures toward him. The barbershop's owner declined the OIG's request for a copy of the security video that correlated with the inspection. The owner told the OIG that in actuality the licensed barber did not want to cooperate with the inspector, who was very professional. Subsequently, the licensed barber and owner never returned OIG telephone calls to further discuss the complaint. The division reviewed the correlating inspection report at the OIG's request and verified that the inspection was routine. The inquiry was closed.

Case Number 2019-035-INQ

The OIG initiated this inquiry based upon a complaint received by the Chief Inspector General's Office that alleged the chair of a regulatory board participated in a probable cause panel responsible for determining if probable cause existed to take administrative actions against the chair's friend. The OIG determined that the chair did not serve as a panel member for the case. The OIG interviewed the participating panel members, who confirmed they never discussed the case prior to the panel meeting and never discussed the complaint with the chair. The OIG closed this inquiry with no further action.

Case Number 2019-060-INQ

A licensed contractor alleged that a Division of Regulation (REG) Regional Program Administrator (RPA) unlawfully disclosed confidential information regarding closed DBPR administrative complaints against him to a county Special Magistrate. Specifically, the Special Magistrate cited three REG cases numbers in a local code violation hearing against the Licensed Contractor, which the contractor believed were confidential.

An OIG review of the RPA's work email, desk telephone, and DBPR-issued cellular telephone records did not reveal any contact between the RPA and the Special Magistrate.

The Special Magistrate declined to speak to the OIG regarding this matter. The RPA testified that he never communicated with the Special Magistrate. The RPA testified that the Special Magistrate likely obtained the case numbers from two county building department's personnel, who were involved in the complaint investigations associated with REG's referrals. The RPA explained that when the complaints were received from the two county personnel, REG, as a business practice, sent a letter acknowledging receipt, which included REG's assigned case numbers for tracking purposes.

The two county building department employees testified to the OIG that they both testified before the Special Magistrate on cases related to the Licensed Contractor. Neither specifically recalled mentioning REG's three case numbers to the Special Magistrate.

Based upon the lack of supporting evidence and the probability that the case numbers were disclosed to external entities, who have the authority to investigate complaints against the Licensed Contractor, the OIG found insufficient evidence to proceed with an Internal Affairs Investigation.

Summaries of Internal Investigations Completed in Fiscal Year 2018-2019

Case Number 2018-145-IA

The adult son of a Division of Hotels and Restaurants Sanitation and Safety Specialist (Inspector) reported that during the past seventeen years, his mother (Inspector) had accepted reduced-price and/or free food from restaurant establishments that she inspects and that she goes to work late and returns home prior to the end of her scheduled shift. The OIG reviewed and analyzed the inspector's reports. The OIG then either called or made personal visits to twenty restaurants randomly selected from the inspector's previous inspections and restaurants identified by the inspector's son. There were no independent statements or documents that supported the allegations. During her interview, the inspector denied all of the allegations and the complaint was determined to be not sustained.

Case Number 2018-157-IA

This investigation was predicated upon the complaint of a restaurant owner, who called the Department of Business and Professional Regulation's Division of Service

Operations' Customer Contact Center (CCC) and requested to speak to a specific Inspector Specialist in the Bureau of Elevator Safety, Tampa Office.

According to the complainant, during an inspection of her restaurant's elevator, the employee recommended an elevator company for her repairs due to the elevator being older and requiring difficult-to-locate parts. The complainant stated the employee called an elevator repair company while onsite and provided the complainant with its contact information. The complainant stated that she now needed the employee to contact the elevator company and "get them out here and complete the work" because she had been without an elevator for almost a year. The complainant informed the OIG that she subsequently paid the elevator company a 65% down payment of approximately $22,900.00. The elevator company employee removed the existing elevator and did not return to complete the installation of the new elevator. The complainant stated that since the aforementioned inspection, she had requested that the employee contact the elevator company on her behalf, to request the completion of the work, on two separate occasions.

The OIG's scope of investigation was limited to the employee's conduct and did not include the civil dispute between the complainant and the elevator company.

During his sworn interview, the employee stated that he had never recommended a repair person to any licensee, including the complainant. The employee stated that on the date of his inspection, he recalled an elevator repair service present at the restaurant. He could not recall the company's name. Further, through an inspection report history, the employee identified another repair service that was at the restaurant two days prior to his inspection. The employee speculated that the repair persons representing these companies could have recommended the elevator company. In a follow-up interview, the complainant confirmed that it was possible she misunderstood to whom she was speaking when the elevator company was referred to her.

The OIG determined that insufficient evidence existed to demonstrate whether or not the employee recommended and contacted the elevator company to repair the complainant's elevator. The allegation against the employee of *Conduct Unbecoming a Public Employee was Not Sustained*.

Case Number 2018-214-IA

The Department's Human Relations Manager (HRM) reported that while interviewing a DBPR Regulatory Program Administrator (RPA), who was the subject of a discrimination complaint, he became loud, failed to answer questions, cracked his knuckles, slapped his fist into his palm, and called the HRM a liar. The HRM complained that the RPA's behavior made her fearful of him. The OIG interviewed the HRM, RPA,

and all known witnesses who either participated in the interview or were in close proximity and overheard the interview. The OIG determined that sufficient evidence existed to sustain that the RPA failed to fully cooperate with the HRM, raised his voice at her, and called her a liar in violation of

department policies addressing *Insubordination and Conduct Unbecoming a Public Employee.* During the Inquiry, the OIG discovered that the discrimination complaint had been shared with the complainant's division management prior to the conclusion of the investigation. The OIG recommended that department staff adhere to the confidentiality of discrimination complaints as required by policy.

Case Number 2018-216-IA

The owner of a private vehicle towing company in south Florida complained that a Labor, Employment & Training Specialist (Inspector) in the Division of Regulation used her position for personal gain. The OIG determined that the inspector illegally parked her assigned state vehicle in a clearly identified private (tow-away) parking lot during her lunch break. Minutes later, after the vehicle was secured for towing, the inspector ran to and got inside the state vehicle, waving her inspector's badge and credentials at the tow company employee while the vehicle was lifted off the ground.

Independent witnesses testified the inspector became loud as she screamed, yelled, and flashed her badge from inside the vehicle, directing the tow service driver to release the vehicle. The inspector paid the tow service a drop fee at the scene and the tow company employee released the vehicle.

The following day, the inspector returned to the local business representing herself as a DBPR employee; she displayed her badge and credentials, but refused to give her name. She complained to the manager about having the state-issued vehicle towed.

Several days later, the business received a letter from the inspector, which included her DBPR telephone number and address, that inaccurately cited laws that prohibit the towing of certain government vehicles. The inspector also alleged that the contracted towing company's staff were unprofessional with her. The private business, in a written notice, stated that they intended to terminate their contract with the towing service.

The OIG determined that the inspector used state time, stationery, and resources to research and then write the letter that caused the contractual conflict between the businesses. The OIG also determined that her conduct and use of the state vehicle were not compliant with DBPR policies addressing *Department Identification Credentials & Badges, Misconduct, Conduct Unbecoming a Public Employee, and State Motor Vehicle Usage - Safety.*

Case Number 2019-026-IA

The OIG initiated this investigation after receiving an anonymous complaint alleging that a Labor, Employment & Training Specialist (Inspector) in the Division of Regulation had a conflict of interest in her position as a farm labor inspector. Specifically, the complainant alleged the inspector's husband was a crew leader for a local harvesting

company and the inspector created problems for competing companies, putting them out of business for her husband's benefit.

The OIG determined that the inspector's supervisors were aware her husband is a licensed farm labor supervisor; however, the inspector had never inspected her husband's operation, but had told other inspectors of his location so they could inspect him. The OIG did not find evidence to support the allegation that the inspector used her position to benefit her husband. The OIG determined the inspector and her supervisor never reported the conflict of interest to the department's chief ethics officer for review, as required by policy. The OIG sustained violations of department policies addressing *Conflicting Employment or Contractual Relationship, Conflict of Interest, and Violation of Agency Rule or Law* in this case.

Case Number 2019-077-IA

The OIG initiated this investigation after a central Florida restaurant manager alleged that a DBPR Sanitation & Safety Specialist (Inspector) made sexually charged comments to her during the inspection of her restaurant. According to the complainant, there were no witnesses to the incident. The inspector testified that he did not make inappropriate comments during the inspection and did not say what the complainant alleged he said. The OIG closed the case with no findings.

Case Number 2019-114-IA

This investigation was initiated after a central Florida hotel manager reported to local law enforcement that during an inspection of the hotel's restaurant, a DBPR Sanitation & Safety Specialist (Inspector) requested sexual favors from her in exchange for a favorable inspection and sexually assaulted her. The OIG conducted a parallel investigation to the criminal complaint. Two witnesses provided testimony that supported part of the complainant's allegations. The inspector refused to cooperate with the OIG and department management terminated his employment.

The OIG continued its investigation, absent the inspector's cooperation, and determined that sufficient evidence existed to sustain the agency's policies addressing *Insubordination* and *Conduct Unbecoming a Public Employee.*

Follow-Up on Law Enforcement Referrals

Case Number 2018-167-LER

During the previous fiscal year, the OIG presented a criminal referral to the Florida Department of Law Enforcement (FDLE) regarding an Administrative Assistant II's (AAII) misuse of a state-owned Visa Purchasing Card (P-Card).

The OIG's presentation included its review and analysis of relevant reports, including P-Card reports, electronic mail, and surveillance videos that supported the crimes of fraudulent purchases of fuel, rental cars, lodging reimbursements, purchasing criminal histories for personal purposes, and suspected purchase of alcohol or tobacco products. Management terminated the AAII.

In March of 2019, FDLE arrested the former AAII for the crimes of Defrauding Property Under 20K Dollars and Making a False Statement on an Official Document by a Public Servant.

The OIG investigator was commended by FDLE for her case preparation and presentation.

Proactive Reviews Completed in Fiscal Year 2018-2019

Case Numbers 2018-190-PR, 2018-191-PR, and 2018-192-PR

This Proactive Review was initiated to determine if any Division of Real Estate (DRE) employees, whose duties include the regulation of real estate appraisers and/or real estate brokers in Florida, also maintain an active license to appraise and/or sell real estate in Florida. DBPR Administrative Policy Number 1.14, Conflict of Interest/Employment Outside State Government, K, 1, states in part that an applicant or current employee who holds or acquires an occupational license issued by DBPR must disclose the existence of the license to the department. If the license is related to the regulatory responsibilities of the applicant's or employee's agency, the applicant or employee will be required to complete a written statement indicating that he/she will not use the license while employed with the department.

The OIG identified all persons employed in DRE who have regulatory authority over licensed real estate brokers and/or licensed real estate appraisers and determined that three DRE employees had not completed the annual reporting requirements described

in the DBPR Administrative Policy Number 1.14. The OIG randomly selected thirty employees for further review. The OIG was pleased to report it discovered no DRE employees working in a real estate-related field outside of their DBPR positions.

Case Numbers 2018-205-PR, 2018-206-PR, and 2018-207-PR

In July 2018, the Florida Department of Law Enforcement accepted a criminal referral from this office concerning an employee's use of her agency-issued purchasing card on multiple occasions. The referral resulted in the criminal prosecution of the now former employee. The OIG determined during the investigation that the potential for supervisory oversight weaknesses existed related to the monitoring and approval of purchasing card expenditures, as well as reimbursements to the employee. The OIG initiated this 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.

The OIG identified all 1622 department purchasing cardholders. The OIG then randomly selected and reviewed sixty cardholders' recent purchasing history to identify purchases that might require further scrutiny.

The OIG's review did not identify actual fraudulent activity, but did discover issues and discrepancies that could result in employees being reimbursed for unearned expenditures and other violations of DBPR purchasing policies.

The following are examples of the OIG's findings:

- On four occasions, an employee did not receive purchasing pre-approval from her supervisor.
- Another employee did not receive purchasing pre-approval on two occasions.
- An employee submitted a reimbursement for lodging that included sales tax.
- An employee traveled without written approval.
- An employee was reimbursed for travel without the supervisor's approval signature.
- DBPR reimbursed an employee for travel that listed the incorrect hotel.

The OIG recommended management ensure these issues and deficiencies were timely addressed to deter potential waste, fraud, and abuse in the purchasing card program.

Additional Assistance to the Agency in Fiscal Year 2018-2019

During the fiscal year, sworn members of the investigative team provided their expertise to the Bureau of Law Enforcement by serving as firearms training instructors during firearms re-certification classes held at a local law enforcement training academy.

The Inspector General and Director of Investigations participated in recurring bi-weekly meetings with representatives of the Office of General Counsel and Human Resources. The meetings eliminated duplicative efforts by the represented offices and ensured that no matters had lapsed.

In October 2018, sworn members served 74 collective hours at Florida's Emergency Operations Center in response to Hurricane Michael. The members coordinated incoming service calls for law enforcement assistance. These services included facility and resource security, public safety security, and support to access, traffic, and crowd control.

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.

Members also co-presented monthly with members of the audit team during new employee orientation for department employees in the headquarters office. The members, through a PowerPoint demonstration, educated new employees on the role of the Inspector General, the laws governing the Office of Inspector General, and the types of complaints accepted by the office.

Investigative Plan of Supplementary Activities for Fiscal Year 2019-2020

Training/Outreach Initiative – Continue assisting with the new employee orientation program to familiarize new employees with the role and responsibilities of the Office of Inspector General. Additionally, this program will continue to familiarize department supervisors and managers with the role 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 fraud detection and fraud deterrence.

Accreditation – During this reporting period, the Investigations Section successfully completed its Mock Assessment. The OIG looks forward to its Initial Accreditation Assessment in October 2019. The OIG will then appear before the Florida Law Enforcement Accreditation Commission to receive official accreditation in early 2020.

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