



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

September 26, 2000

Honorable Jeb Bush
Governor of Florida
The Capitol
Tallahassee, FL 32399-0001

Dear Governor Bush:

I am pleased to submit to you our annual report, which is required by the Inspector General Act of 1994, Section 20.055(7), Florida Statutes. This is our sixth annual report since passage of the Act.

The work of the Office of the Chief Inspector General this period dealt largely with issues raised by you, the Whistle-blower's Hotline, and concerned citizens throughout the state.

Our efforts have identified important areas for improvement, and have recommended or suggested corrective action to address them. During the year ended June 30, 2000, we issued five audit reports and thirty-three investigative reports.

We appreciate the support you, the Lt. Governor and other senior staff members have given to us.

Sincerely,

Marcia G. Cooke
Chief Inspector General



EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000

TABLE OF CONTENTS

INTRODUCTION

Technology	2
Audit Initiatives	3
Investigative Initiatives	3
Liaison Activities	4
Public Private Partnerships	5
IG Responsibilities	5

INVESTIGATIVE ACTIVITY

Whistle-Blower's Hotline	6
Annual Investigative Productivity	7
Selected Investigation Summaries	9
Individual Case Headings	9 - 18

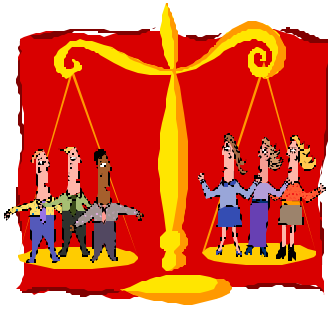
AUDIT ACTIVITY

Reports Completed	18
Individual Audit Headings	18 - 26
Coordination with Outside Organizations	26
Local Government Financial Emergencies	27
Risk Assessment/Audit Plan	30
Appendix 1	32



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

INTRODUCTION



The Office of Chief Inspector General is required by statute to prepare an annual report. This is the sixth annual report since the IG statute was enacted in 1994 and the second of the Bush-Brogan administration.

A year ago, we adopted a three-word mission statement — “promote government integrity.” Over the past year we worked hard to carry out our mission. I am pleased to report that over the last twelve months this office has achieved its mission to promote responsible government.

Technology

We continue to provide audit and investigative assistance to the Office of the Governor as well as the agencies and programs under the jurisdiction of the Governor. This office, in conjunction with Inspectors General at other agencies under the jurisdiction of the Governor, worked and developed a number of technological initiatives and strategies that will enable the Inspector General community to expand the level of service provided within each agency and to operate more effectively in today’s workplace environment.

The audit staff catalogued the agencies’ best practices. All of the agencies under the jurisdiction of the Governor contributed to this product. The audit best practices page can be accessed through the web page for the Office of the Chief Inspector General. In the last year, the investigative teams also began to catalogue their best practices. The investigative best practices page will be completed and become part of the web page during this year.

With the assistance of a group of cyber-savvy volunteers from several agencies, the web page for the Office of Chief Inspector General is up and running. The web page is accessed through the



EXECUTIVE OFFICE OF THE GOVERNOR OFFICE OF THE CHIEF INSPECTOR GENERAL ANNUAL REPORT 1999-2000

home page for the Executive Office of the Governor <www.myflorida.com> or directly at <www.flgov.com/eog/inspector_general/>. This page provides periodic news and updates from the Inspector General community, access to the best practices page, links to completed audits, investigations and other documents available for public review. Also, with one click of the mouse, from the web page, a citizen, state employee or another IG can send an email message to the Office of Chief Inspector General to voice concerns, make comments or ask questions. This cyber-portal allows access to the Inspector General community within the state and across the nation.



Audit Initiatives

The Office of Chief Inspector General in conjunction with seven other agencies under the jurisdiction of the Governor formed an interagency team to audit information technology consultant contracts. The audit was part of the continuing effort to assist state agencies contracting with private enterprises. The audit, however, was not completed until after June 30, 2000. I believe that this methodology will serve the state well in the future. It allows us to look at the way systems are implemented on a statewide basis instead of how it works in a particular agency. Recommendations can then be made that will benefit the entire state system and not just those agencies reviewed.

Investigative Initiatives

We developed an investigative extern program. Experienced investigators from the other state agencies provide investigative support. This program allowed the investigative staff to promptly address investigative issues and concerns.

The investigative staff team also began a college internship program. Their eager assistance was helpful as we began to



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

revamp the complaint intake hotline last fall. College students worked in the office and provided much needed support to the investigative staff in exchange for college credits. The program attracted students from Florida State University and Tallahassee Community College. The students represented a variety of fields -- criminal justice, political science, law and public administration. All of the interns have either returned to classes at Tallahassee Community College or Florida State University, or have successfully completed their degree requirements and moved into the full time job market with the experience they gained from us.

We faced some challenges as well as personnel changes within the office. However, each of these challenges enabled the office to grow in a positive manner.

The Director of Investigations became the Director of Security for the Department of the Lottery. Although a loss to the Office of the Governor, the Department of the Lottery gained an experienced member of law enforcement. Since then, we have appointed a new Director of Investigations with outstanding credentials from the federal government. He brings a wealth of knowledge and experience and we welcome him to our office.

Also, two Whistle-blower Coordinators, in succession, left to return to school and to pursue other career opportunities. This allowed the office to assess the mission of the hotline and to begin a plan to effectively promote the hotline to state employees. These changes caused some distractions in the processing of investigative matters.

Liaison Activities

We also hosted the Inspector General Institute last spring for the Association of Inspectors General. The weeklong course trained over thirty Inspectors General and senior staff from Florida, as well as a number of other states. As a result of our activism in the Association, most of the Inspectors General of agencies under the jurisdiction of the Governor are certified.



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Under the guidance and direction of the Governor, this office continues to be involved in other initiatives to promote government integrity. The Chief Inspector General continues to be a member of the SAFE (Strikeforce Against Fraudulent Enterprises) Initiative. The computer database, that will allow speedy exchange of non-confidential information concerning fraud and financial crimes against the people of the state of Florida, is now in the beta testing phase.

Public Private Partnerships

As the state moves to adopting a more enterprise approach in providing services to the citizens, public/private partnerships have become an increasingly accepted method of getting much of the government's work done. The concept is sound, however, the government sector has limited experience working with private enterprise. While performing audits, this office has determined that the contracting government agency needs to obtain meaningful, measurable, and reliable performance measures and perform adequate monitoring of program accomplishments. In addition, more effective guidance on the appropriate uses of state funds must be given to private enterprise. An appropriate balance needs to be reached between "government hands off" and "adequate accountability" through "guidance and adequate monitoring." We continue to learn with each new exposure and entity with which we come in contact.

IG Responsibilities

The IG Act has a broad range of responsibilities for the Chief Inspector General. In addition to being Inspector General for the Executive Office of the Governor, we also have additional responsibilities dealing with all the agencies, which come under the direct supervision of the Governor. These responsibilities include: providing leadership on preventing and detecting fraud



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

and abuse; investigating and auditing; coordinating Whistle-blower's Hotline activities; monitoring Inspectors General activities; and conducting special investigations and management reviews at the request of the Governor.

INVESTIGATIVE ACTIVITY

Many of our investigations begin with allegations received on our Whistle-blower Hotline. These allegations take the form of telephone calls to our Whistle-blower Hotline coordinator, letters, faxes, and electronic messages sent to our website. All allegations are evaluated, and a determination is made whether to refer the matter to another agency's Office of Inspector General, an outside entity, or to initiate an investigation by our office. A summary of our Whistle-blower's Hotline activity for the year follows:



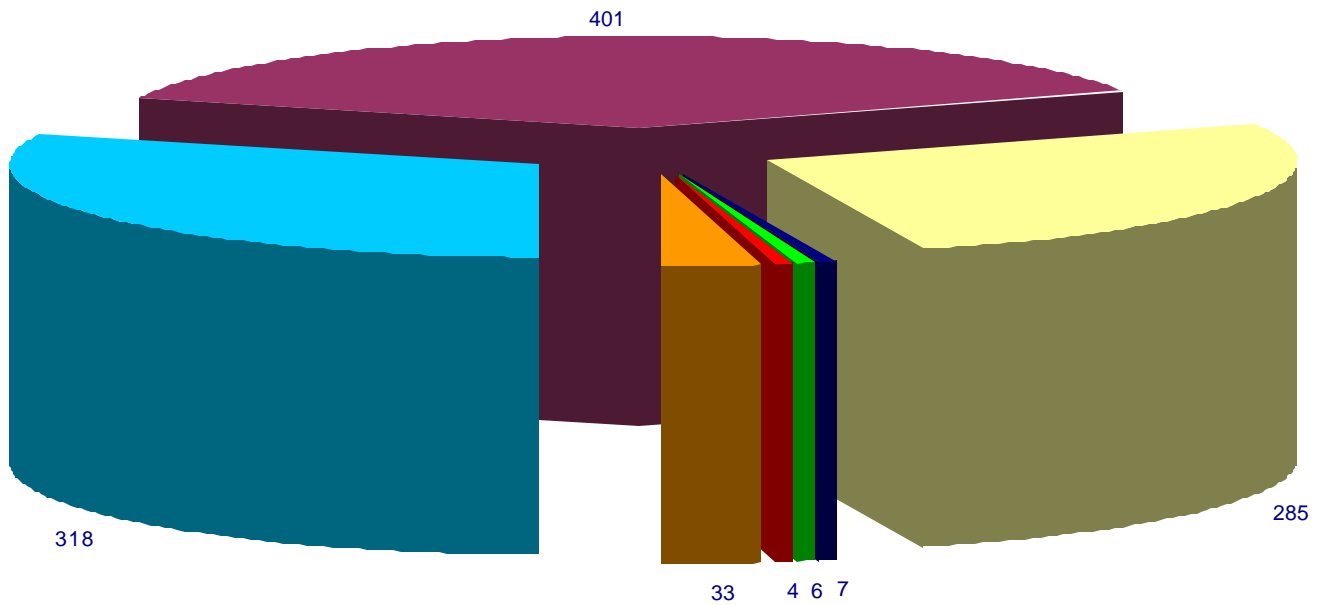
Whistle-blower's Hotline

During this year we received 285 calls on the hotline, and also processed 318 written complaints. The majority of these complaints did not meet the Whistle-blower threshold. Of the 603 complaints, we were able to provide assistance or resolve 202 of them. The remaining 401 complaints were referred to 37 different agencies/entities for handling.



EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000

Annual Investigative Productivity





**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Our office completed 33 investigations during the year. The following chart summarizes the allegations and investigative findings.

CASE NUMBER	ALLEGATIONS	FINDINGS
9900066	Mismanagement	Substantiated
9900067	Bribery	Unsubstantiated
9900145	Abuse of Position	Substantiated
9900166	Retaliation	Unsubstantiated
9900167	Mismanagement	Unsubstantiated
9900180	Retaliation	Unsubstantiated
9900188	Acceptance of Gratuities	Substantiated
9900190	Mismanagement	Unsubstantiated
9900250	Harassment	Unsubstantiated
9900320	Mismanagement	Unsubstantiated
9900336	Mismanagement	Substantiated
9900339	Management Issue	Unsubstantiated
9900361	Misuse of State Equipment	Unsubstantiated
9900381	Bribery	Unsubstantiated
9900383	Conflict of Interest	Unsubstantiated
9900407	Abuse of Position	Unsubstantiated
9900415	Misuse of Position	Unsubstantiated
9900419	Abuse of Authority	Substantiated
9900435	Bribery	Unsubstantiated
9900509	Abuse of Authority	Unsubstantiated
9900568	Mismanagement	Unsubstantiated
9900571	Falsification of Travel Vouchers	Unsubstantiated
9900577	Improper Investigation	Unsubstantiated
9900606	Improper Investigation	Unsubstantiated
9900621	Gross Neglect of Duty	Unsubstantiated
200001120007	Improper Investigations	Unsubstantiated
200001190007	Mismanagement	Unsubstantiated
200002210001	Mismanagement	Unsubstantiated
200004070001	Misuse of State Funds	Unsubstantiated
200005050001	Abuse of Position	Unsubstantiated
200005050002	Abuse of Position	Unsubstantiated
200005240004	Conflict of Interest	Unsubstantiated
200005310002	Improper Conduct	Unsubstantiated



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Selected Investigation Summaries

The following case summaries provide a snapshot of the various investigative activity conducted by our office. They also show the findings and program recommendations made as a result of our investigations.

*Department of Health
Americans With Disabilities Act Violations
Case Number C9900145*

Allegations:

On April 27, 1999, the Office of the Chief Inspector General, Executive Office of the Governor, received a complaint from a Management Review Specialist in the Office of Inspector General, Department of Health. The specialist alleged that the Inspector General, Department of Health ignored reasonable accommodations that were requested by him under the Americans with Disabilities Act (ADA). Specifically, it was alleged that two ADA requests for telecommuting and an ADA request for a footstool were ignored.

Investigative Findings:

Our investigation substantiated the allegations and determined that the Inspector General ignored two verbal requests for telecommuting. The specialist stated he had been partially disabled for at least eight years with mobility impairment and chronic intractable pain as a result of degenerative disk disease. During the course of the investigation the Inspector General admitted she made an uninformed decision in that she stated that she did not know anything about ADA issues and was unaware of the Department of Health's telecommuting policy. Further, the Inspector General admitted she denied a written ADA request for a footstool and questioned if the employee could "buy anything on his own."

In the course of the investigation, it became apparent that ADA procedures already in place were either not followed or ignored.



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

It appeared that the ADA requests were not evaluated on their own merit but were instead improperly evaluated in conjunction with the specialist's work performance.

**Program
Recommendation:**

As a result of our investigation, we recommended the Department of Health provide all management staff training in ADA procedures and that the managers within the Office of Inspector General continue to receive professional development on managerial styles, communication and conflict resolution techniques.

*Lower Florida Keys Health District
Case Number C9900066*

Allegations:

On March 2, 1999, an attorney wrote a letter to the Policy Coordinator for the Office of Planning and Budgeting. In that letter, the attorney enclosed some documents that described issues with the Lower Florida Keys Health District. The letter stated that nearly all of the District Board members, who are appointed by the Governor's Office, were not acting in the public's best interest to include inappropriately receiving hospital profits and violating the Sunshine Law.

**Investigative
Findings:**

Our investigation did not substantiate the allegation that certain Lower Keys Health District Board members were inappropriately receiving hospital profits, however, it was determined the Board was holding meetings in violation of the Sunshine Law.

*Florida State Boxing Commission
Unethical Conduct
Case Number 9900188*

Allegations:

On July 9, 1999, the Office of the Chief Inspector General,



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Executive Office of the Governor, received a complaint from the Florida State Boxing Commission, which alleged that the Chairman of the Medical Advisory Board to the Florida State Boxing Commission, had participated in unethical conduct. It was alleged that the doctor committed unethical conduct by providing false testimony, misrepresenting himself as the Chief Physician for the Florida State Boxing Commission and taking gratuities in the form of boxing tickets, airfare, and accommodations.

**Investigative
Findings:**

Our investigation did not substantiate the allegation concerning the doctor providing false testimony in a civil suit filed in a U.S. District Court. However, our investigation did determine that the doctor accepted and solicited gratuities in the form of boxing tickets, airfare, and accommodations.

Two individuals observed the doctor soliciting free tickets at boxing events. When asked if he solicited free boxing tickets, he stated, "I don't know, maybe at the backdoor of an event, maybe I asked for one for an official who was not working the event that night, or maybe one for my son or wife."

A boxing official stated that the World Boxing Council, a restricted source, paid for the doctor's hotel and food expenses to attend a seminar on boxing sports medicine in Aruba. The doctor admitted the World Boxing Council paid for his hotel accommodations and per diem and this statement was supported by his travel records.

Further, our investigation substantiated that the doctor accepted expenses from another restricted source to Atlantic City, New Jersey. Without being subpoenaed, he appeared in a federal lawsuit on behalf of the International Boxing Federation in the United States District Court for the District of New Jersey. He stated that an attorney for the International Boxing Federation, paid for the expenses for his attendance at the trial in Atlantic City, New Jersey.

Our investigation substantiated that the doctor misrepresented himself as the Chief Medical Advisor for the Florida State Boxing



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Commission in U.S. District Court and in business cards even though no such position exists.

**Program
Recommendation:**

As a result of our investigation we made the following recommendations:

1. All ring-side fight physicians should be certified by one oversight body such as the Florida Boxing Commission. The certification process will serve to ensure certain controls are in place over the persons providing these services and their credentials.

Further, this would serve as a tool for regulation should disciplinary action be required, standards of conduct imposed and a common body of knowledge required for all physicians involved in this high liability sport.

1. A list of all certified ring-side fight physicians should be maintained by the Florida Boxing Commission. This list should be made available to all promoters. The list of certified physicians would indicate all ring-side physicians available for hire and in good standing with the Florida Boxing Commission.
2. The Florida Boxing Commission should set a standard fee for ring-side fight physicians and operationally participate in the disbursement of these fees. This should eliminate any unnecessary negotiating at fights between physicians and promoters while supporting an appropriate separation of duties and arm's length transaction.

*Department of Health
Contracting Irregularities
Case Number 9900336*



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Allegations:

On August 20, 1999, the Office of the Chief Inspector General, Office of the Governor, received an anonymous complaint, which alleged mismanagement at the Department of Health. It was alleged that a Deputy Secretary of the Department of Health, authorized payment of approximately \$60,000.00 to the University of South Florida after he was fully advised that there were no appropriate deliverables (expected work that is supposed to be completed) for the contract.

Investigative Findings:

Our investigation revealed the contract was intended to provide technical assistance and consultation to the Department of Health, State Health Office Programs relating to brain development and to the Department of Children and Families relating to TEAM Florida and brain development training for child protection and public assistance workers. An official from the Department of Children and Families, who monitored the contract before it was transferred to the Department of Health, described the deliverables provided by the contracted individual as minimal at best. Once the contract management was assumed by the Department of Health, no deliverables were received.

Our investigation showed that the Deputy Secretary of the Department of Health, authorized payment of about \$60,000.00 to the University of South Florida when he had knowledge of the contract not meeting the appropriate deliverables outlined in the contract agreement. According to the Deputy Secretary, he attempted to, "cut our [the department's] losses" and "get rid of a bad contract."

Program Recommendation:

In the course of the investigation, it became apparent that senior managers of the Department of Health and the Department of Children and Families did not subject this contract to normal processes and procedures for approval and execution. Further, it appeared that the contract dispute and resolution practices were handled unilaterally without seeking appropriate resolution through administrative or legal processes.

We recommended the departments involved review the internal control structure related to the contract process to ensure appropriate review,



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

oversight and payment authorization, to ensure that no one person has contract resolution authority. Also, the departments should review their contract resolution procedures.

*Statewide Human Rights Advocacy Committee
Case Number 9900361*

Allegations:

On August 27, 1999, the Executive Director of the Statewide Human Rights Advocacy Committee (SHRAC), called the Governor's Whistle-blower Hotline and alleged that a District Six Human Rights Advocacy Committee (HRAC) Member, had used his HRAC telephone credit card for non-business purposes.

**Investigative
Findings:**

Our investigation determined that the individual made several phone calls using the state issued calling card to private residences. However, our interviews revealed the calls were related to official business.

**Program
Recommendation:**

As a result of the investigation, we recommended that written policies and procedures pertaining to the use and authorization of HRAC property should be implemented.

*Department of Business and Professional
Regulation Management Hiring Practices
Case Number C9900419*

Allegations:

On September 15, 1999, the Chief Inspector General's Office, Office of Investigations, received a complaint from an official in the Office of the Inspector General, Department of Business and Professional Regulation (DBPR). The official alleged that a Regulatory Specialist I, had been assigned to the DBPR IG's office without having gone through the proper background investigation. The official continued to say that the individual did not possess the necessary law enforcement background or



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

experience required to work in the IG's office in a law enforcement capacity. The official added that the Division of Alcoholic Beverages and Tobacco (ABT) paid for the individual's law enforcement academy training, which is an uncommon practice, since the individual was not hired under a law enforcement trainee status. The official believed that management had gone to extremes to influence the hiring and placement of the individual in a capacity that violated internal policies in the DBPR, as well as in the DBPR IG's office. The official also stated that the individual had also been observed driving a state owned vehicle from the Division of Alcoholic Beverages and Tobacco (ABT) without authorization.

Investigative Findings:

Our investigation substantiated that the DBPR senior management used inappropriate influence to hire and compensate this individual. Personnel records indicated that he was the highest paid Regulatory Specialist, with other Regulatory Specialists with more experience earning substantially less. He was placed in a permanent position in spite of the concerns of several staff members about his education, experience, and his ability to qualify for a high-level career service position. Further, our investigation determined the specialist was assigned to the DBPR's Office of the Inspector General without the appropriate background investigation. Our investigation also revealed the Division of Alcoholic Beverages and Tobacco (ABT) inappropriately paid for his law enforcement training at the Pat Thomas Law Enforcement Training Academy. ABT paid for the tuition in spite of the fact that he was not an ABT employee and at the time his application was processed there was no entry-level law enforcement positions open. The investigation also determined that he, on at least one occasion, inaccurately filled out his time sheets and also inappropriately misused a state owned vehicle.

Program Recommendation:

As a result of our investigation, we recommended DBPR develop clear and precise parameters for the recruiting, selection, and payment of career service employees. Also, it was recommended that DBPR develop a policy consistent with Florida Statutes, concerning eligibility for agency-sponsored



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

tuition to attend a law enforcement academy. We recommended DBPR evaluate the use of ABT vehicles, and if necessary, establish appropriate policies, which address the use of state government property.

*Florida Department of Health
Escambia County Health Department
Case Number C9900606*

Allegations:

On November 19, 1999, the Office of the Chief Inspector General (CIG), Executive Office of the Governor (EOG), Office of Investigations, received a complaint from a doctor. In a letter, the doctor alleged that an investigation conducted by the Florida Department of Health (FDOH), Office of the Inspector General (OIG), revealed criminal acts and employee misconduct at the Escambia County Health Department (ECHD). The doctor felt that the disciplinary actions taken were not very strict.

The complainant further alleged that the Director of the ECHD reduced the qualifications of a supervisory position so that an employee/friend of the Director, would be qualified to fill the position.

Investigative Findings:

Our investigation did not substantiate the complainant's allegation regarding the FDOH covering up problems at the ECHD, however, there was evidence to substantiate that the FDOH did not take proper disciplinary action. Our review determined that employees of the ECHD received dental services for which they did not pay. The ECHD doctors who were involved in the treatment were given written reprimands and counseling. Given the severity of the case, it appeared that stronger disciplinary action was warranted.

Our investigation did not substantiate the allegation that the qualifications for the supervisory position were lowered to accommodate an employee friend of the ECHD Director.



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

**Program
Recommendation:**

As a result of our investigation, we recommended the ECHD Director and his management staff be trained and counseled regarding the responsibility in monitoring the operation of their facility, supervision and monitoring of proper record keeping and filing, and the ethical conduct of their employees.

We also recommended the Office of Performance Improvement conduct a review of the ECHD immediately to prevent recurring incidents from taking place.

*Florida Department of Labor and Employment
Security Division of Vocational Rehabilitation
Case Number 200002210001*

Allegations:

On March 3, 2000, a citizen from Panama City, met with the Chief Inspector General (CIG), Marcia Cooke, and made allegations regarding false accusations made against him by the Florida Department of Labor and Employment Security's (FDLES's), Division of Vocational Rehabilitation (DVR). The individual alleged that the FDLES's Office of the Inspector General (OIG) did not investigate his previous allegation that the DVR falsified medical records about him.

**Investigative
Findings:**

Our investigation determined the individual had requested assistance in gaining employment through the DVR. On April 16, 1997, the individual's DVR Counselor submitted the individual's application for a Private Investigator's license to the Florida Department of State. The Department of State issued the individual a Class C Private Investigator's license and a Class G firearm permit on May 2, 1997. According to the FDLES case documentation, the individual's Private Investigator's license and firearm permit were revoked on July 2, 1998, because he was not truthful in answering a question on the application that pertained to his past psychological problems. On his license application, the individual answered "no" to a question that asked whether he



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

had ever received psychological counseling, when he actually had.

During our investigation, he admitted to answering "no" to the question on his application and he also admitted that a psychologist had treated him in the past. He, however, adamantly denied that he had any mental disability. He alleged that the DVR falsified the medical records and illegally forwarded them to the Department of State so they would think he was mentally incompetent.

**Program
Recommendation:**

No program recommendation necessary.

AUDIT ACTIVITY

Reports Completed

During fiscal year 1999-2000, we completed 5 audit reports.

*SUNSHINE STATE GAMES FOUNDATION,
INC. AUDIT - Report Number A9900093,
issued 9/20/99*

Summary:

The Office of the Chief Inspector General was asked by the management of the Office of Trade, Tourism and Economic Development to conduct an audit of Sunshine State Games Foundation, Inc. (SSGF). This audit evaluated the current financial position of the SSGF. The scope of the audit included the period July 1, 1998 through April 30, 1999. The audit was performed at SSGF offices in Gainesville and Kissimmee. Our audit disclosed no deficiencies.



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

*WAGES State Board and Local Coalition Audit
Report - 2000-01, issued 2/21/00*

Summary:

The WAGES State Board was created in statute in 1996. The WAGES State Board is administratively housed within the Executive Office of the Governor. Our findings depict an agency that has made great strides towards its goal of reducing the welfare role. The agency however, needs to strengthen its internal control structure through oversight and monitoring of local coalitions and their service providers; strengthen its information processing structure through an enhanced data base system which would bring together all agencies involved in the WAGES program; and, strengthen the contracting process statewide through bringing together the varied contracting policies, procedures and service providers of each of the local coalitions.

**Improvement
Needed:**

**Appropriate
Fund Uses:**

During our audit, it was brought to our attention that certain "WAGES Employment Projects" were not performing as they should be. As we reviewed the information within the contracts, federal regulations and federal rules, it became apparent that a legal opinion was necessary to clarify whether or not TANF (Temporary Assistance for Needy Families) moneys could be used to purchase fixed assets or renovate facilities. The legal opinion clearly states that payments can only be made for participants hired. Therefore, payments made to finance the purchase of equipment or to facilitate a business plan should not have been made. Money expended for this purpose should be repaid.

Also, based on legal opinion the funding for the WAGES State Board should not come from TANF monies if it is to remain within the Executive Office of the Governor. TANF regulations prohibit the use of TANF monies for salaries and expenses within the Executive Office of the Governor. Consideration should be given to determine if the approximately \$2,589,166 already expended



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

should be repaid to the TANF Block grant.

*SPACEPORT FLORIDA AUTHORITY Audit
Report Number 2000-02, issued 3/8/00*

Objective:

The Office of the Chief Inspector General performed an audit of Spaceport Florida Authority (SFA). The objective of the audit was to evaluate statutory compliance and the internal controls structure. The scope of this audit was October 1, 1998 through September 30, 1999.

Conclusion:

We concluded SFA was generally complying with the statutory provisions covered by our review.

During the year, SFA had \$28 million of construction in progress. All but the smallest project was competitively bid and managed by Florida Department of Management Services. As such, over 90% of SFA purchasing was subject to another state agency's controls which we did not review. We focused on SFA's daily operations which were appropriated \$480,000 and \$720,000 in Fiscal Year '99 and '00, respectively. The findings below involve SFA's daily operations, not project construction. We concluded the internal control structure as designed was adequate, but found the controls' application and execution were ineffective.

Summary of Findings

Findings:

1. Asset accounting and control procedures were not consistently being performed which resulted in some assets not being recorded.
1. Travel reimbursement control procedures as applied were inadequate. Consequently, some duplicate payments were made.
2. Purchasing and payment documents were processed



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

without proper approval. Therefore, some invoices were paid before approval.

1. Competitive bid and quote requirements were not followed. The result was purchases made without a record containing evidence the best prices and conditions were obtained.

*Florida Tobacco Settlement Funds Audit Report
- 2000-03, issued 3/21/00*

Background:

During 1997, the State of Florida reached a settlement with the Tobacco companies as a result of the civil action, *State of Florida et al. v. American Tobacco Company et al.* stipulating the Tobacco companies remunerate the State of Florida certain sums, which may be adjusted pursuant to an amended agreement, as follows:

Initial payments:

1. \$550 Million deposited in an escrow account on or before Sept. 15, 1997.
2. \$200 Million deposited in a second escrow account on or before Sept. 15, 1997, for a Pilot Program in support of Florida's demonstrated commitment to the meaningful and immediate reduction of the use of tobacco products by children under the age of 18.

Annual payments on September 15, 1998, and annually thereafter on December 31, each of the settling defendants agrees severally and not jointly that it shall cause to be paid into a special account for the benefit of the State of Florida pro rata in proportion equal to its respective market share, its share of 5.5% of the following amounts:

1. yr. 1 (09/15/98) \$4.0 billion
2. yr. 2 (12/31/99) \$4.5 billion



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

3. yr. 3 (12/31/00) \$5.0 billion
4. yr. 4 (12/31/01) \$6.5 billion
5. yr. 5 (12/31/02) \$6.5 billion
6. yr. 6 (12/31/03) \$8.0 billion
7. Thereafter \$8.0 billion

The agreement states that the funds will be used for:

Fund Uses:

1. Children's health care coverage and other health-related services,
2. To reimburse the State of Florida for medical expenses incurred by the State,
3. For mandated improvements in State enforcement efforts regarding the reduction of sales of tobacco products to minors, and
4. To ensure the Proposed Resolution's Performance targets.
5. Funds may also be used as the State match required to draw down from Federal funds for:
 6. Enhancement of children's and adolescents' substance abuse services,
 7. Substance abuse prevention and intervention, and
 8. Children's mental health services.

The Tobacco settlement provided a new source of funds for the State and new and innovative programs and projects were to be started under the terms of the Agreement. Consequently, we initiated an audit in the Governors office and chose the four State agencies (Agency for Health Care Administration, Department of Children & Families, Department of Elder Affairs, and Department of Health) that were appropriated the greatest amounts of the tobacco settlement proceeds to participate. The audit staff of each of these agencies conducted the audit of their respective agency.

Scope:

Large portions of the proceeds were used to supplement existing programs which the Agency Inspectors General audit as part of their routine audit coverage. We limited our scope to those



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

contracts that were with new entities or contained new services or activities. The following table shows the number of audited contracts and the dollar amount of tobacco funds included therein:

- | | |
|--|--------------|
| 1. Agency for Health Care Administration | |
| 1 Contract | \$ 6,694,525 |
| 1. Department of Children & Families | |
| 8 Contracts | \$ 6,494,400 |
| 1. Department of Elder Affairs | |
| 10 Contracts | \$ 3,539,498 |
| 1. Department of Health | |
| 23 Contracts | \$96,521,527 |

Specifically, the objectives of our audit were to determine if:

Objectives:

1. The contracting process provides reasonable assurance that contracts are executed in accordance with State laws and regulations.
2. Tobacco proceeds are expended in accordance with the contracts and the contracts are monitored.
3. The subcontracting process provides reasonable assurance that contracts are executed using prudent business practices.
4. Proper internal controls are in place to reasonably ensure prudent use of state funds by both contractors and subcontractors to accomplish the objectives of the contracts.

Our review was early in the process of using the tobacco funds. Consequently, not all agencies have disbursed tobacco proceeds or performed monitoring procedures.

**Conclusion and
Recommendations**

The findings and recommendations for each audit are included in each agency's section of this report.

:

In summary, the agencies' audits revealed no material instances



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

of improper expenditures of tobacco funds; however, improvements are needed in various areas surrounding the agencies' contracting and monitoring procedures.

This audit was conducted in accordance with the *Standards for the Professional Practice of Internal Auditing* or *Generally Accepted Government Auditing Standards*. For a more comprehensive understanding of the results of the audits, each of the four agency reports should be reviewed in detail. The reports are as prepared by the individual agencies except for some format changes for consistency.

Enterprise Florida Inc., a public/private partnership Follow-up to Audit Report #A9900043, — Report Number - 2000-04, issued 6/19/00.

The Executive Office of the Governor with staff assistance of the Department of Revenue recently performed a six-month follow-up review of the Enterprise Florida Inc. (EFI) audit completed June 30, 1999.

EFI has made a notable effort to rectify the findings and comply with the recommendations in the original audit report; however, there are still some opportunities for improvement.

The follow-up disclosed the following:

**Improvements
Made:**

1. EFI implemented a policy and procedure related to the contract/procurement process which was signed and dated by the President. EFI received an electronic acknowledgement from all employees indicating they have received the policy and procedure. EFI also received feedback from some employees indicating the employees have read and/or understood the policy and procedure.



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

procedure.

1. EFI posted all policies and procedures on its Intranet site to facilitate employee access.
1. All sole source contract files documented the basis for sole source classification and were approved by the President. However, we were unable to determine which of these contracts should have been classified as sole source.
1. All contract files included a Contract Authorization Form.
2. All contracts reviewed contained adequate documentation indicating the need for services and the benefits to EFI.
3. We noted that Contract Authorization Forms were not used effectively.
4. The contract files reviewed contained sufficient documentation of contract deliverables. It appears that EFI has adequate controls in place to ensure that payments to contractors are not made before deliverables are received.
1. Contract files did not contain documentation of all contract expenditures. EFI did not have documentation in the file to reconcile the differences between actual contract expenditures and contracted amounts.
2. EFI maintains a Private Sector Sponsorship Report recording all restricted donations. However, separate general ledger accounts for the receipts and expenditures of restricted donations are not maintained.

**Further
Improvements
Needed:**



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Coordination with Outside Organizations

During the 1999-2000 fiscal year the Auditor General issued three reports, which included activities under jurisdiction of the Executive Office of the Governor. These reports are:

Report No. 13520, dated July 20, 1999 – Review of Local Government Audit Reports.

Report No. 13612, dated March 22, 2000 – Florida Seaport Transportation and Economic Development Program.

Report No. 13690, dated June 16, 2000 – State of Florida – Federal Awards Program.

Local Government Financial Emergencies

When an Emergency Exists

A local governmental entity is in a state of financial emergency when any of the following conditions set forth in Section 218.503, F. S., is met:

1. *Failure within the same fiscal year in which due to pay short-term loans from banks or failure to make bond debt service payments when due.*
2. *Failure to transfer at the appropriate time, due to lack of funds:*
 3. *Taxes withheld on the income of employees; or*
 4. *Employer and employee contributions for:*
 - a. *Federal social security; or*
 - b. *Any pension, retirement, or benefit plan of an employee.*
- i. *Failure for one pay period to pay, due to lack of funds:*
 5. *Wages and salaries owed to employees; or*
 6. *Retirement benefits owed to former employees.*
7. *An unreserved or total fund balance or retained earnings deficit for which sufficient resources of the local*



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

governmental entity are not available to cover the deficit for 2 successive years.

8. *Noncompliance of the local government retirement system with actuarial conditions provided by law.*

**Governor's
Authority**

The statute calls for the Governor to be notified when one or more such conditions exist and gives the Governor authority to implement such measures as:

1. *Requiring approval of the local governmental entity's budget by the Governor.*
2. *Authorizing a state loan to the local governmental entity and providing for repayment of same.*
3. *Prohibiting a local governmental entity from issuing bonds, notes, certificates of indebtedness or any other form of debt until such time as it is no longer subject to this section.*
4. *Making such inspections and reviews of records, information, reports, and assets of the local governmental entity, in which inspections and reviews the appropriate local officials shall cooperate.*
5. *Consulting with the officials of the local governmental entity and the appropriate state agency regarding any steps necessary to bring the books of account, accounting systems, financial procedures, and reports into compliance with state requirements.*
6. *Providing technical assistance to the local governmental entity.*
7. *1. Establishing a financial emergencies board to oversee the activities of the local governmental entity.*

Section 11.45, F.S., requires that "The auditor shall notify each member of the governing body of a local governmental entity for which deteriorating financial conditions exist which may cause a condition described in Section 218.503(1), F.S., to occur if actions are not taken to address such conditions." This requirement will put governing bodies on notice that if something is not done they could be entering a state of financial emergency.



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

IG Involvement

The Chief Inspector General works closely on these issues with the Staff Director, Joint Legislative Auditing Committee, and the Auditor General's Office. We obtain audit reports and other financial information and provide advice and assistance to local governments to help overcome their financial problems. During this period we participated in a number of meetings and phone contacts with representatives of local governmental entities who were in a state of financial emergency. As of June 30, 2000, there were 30 local governmental entities that we are monitoring under the requirements of Section 218.503, F.S., out of the approximately 1000 local governmental entities in Florida. (See following chart)

**Local Governmental Entities
With Financial Emergencies
Being Monitored as of June 30, 2000**

LOCAL GOVERNMENTAL ENTITIES

1. City of Bowling Green
2. City of Crestview
3. Crossings at Fleming Island Community Development District
4. Deer Island Community Development District
5. Dunes Community Development District
6. Eastpoint Water and Sewer District
7. Fallschase Special Taxing District
8. Gateway Services District
9. City of Hampton
10. City of Hawthorne
11. Town of Horseshoe Beach
12. Town of Jennings
13. Lanark Village Water and Sewer District
14. Leon County Educational Facilities Authority
15. City of Miami
16. City of Midway
17. City of Mulberry
18. Town of Noma
19. Ocean Highway and Port Authority



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

20. City of Pahokee
21. Performing Arts Center Authority, Broward
22. Town of Ponce de Leon
23. Reserve Community Development District
24. Town of Sneads
25. City of South Bay
26. St. Lucie West Services District
27. Suwannee Valley Transit Authority
28. Union School District
29. Viera East Community Development District
30. Town of Westville

**Risk Assessment/Audit Plan
Fiscal Years 2000 - 2002**



A periodic risk assessment is required by Section 20.055(5)(h), F.S., and based upon that assessment, long term and annual audit plans are prepared. The risk assessment is to identify and catalog all auditable activities, to apply certain risk factors, and to assign priorities for audits based upon relative risk identified. During fiscal year 2000 we updated our earlier risk assessment and prepared our audit plan for fiscal years 2000 – 2002.

**RISK ASSESSMENT/AUDIT PLAN
FISCAL YEARS 2000-2002**

Risk Rank Number	Audit Area	Audit Year FY 00 - 01	Audit Year FY 01 – 02
1.	Information Technology Contracting – Joint Project	9/5/00	
2.	Trade Data Center	1 audit	
3.	EFI [Selected Areas]	1 audit	
4.	BBIB/BBIC	1 audit	



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

5.	Follow-up – OTTED Contract Monitoring, issued 9/21/98	1 audit	
6.	Follow-up – OPB Security, issued 6/24/99		1 audit
7.	Follow-up – Spaceport Florida, issued 3/8/00		1 audit
8.	Statewide Contract Joint Project		1 audit
9.	Visit Florida		1 audit
10.	EFI – Performance Measure Tracking System [Systems Audit and Validation Audit]		2 audits



EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000

**Risk Assessment/Audit Plan
FISCAL YEARS 2000-2002**

Resources Available

Total Direct & Indirect Hours Available per Auditor (52 weeks x 5 days x 8 hours per day)		2,080
Less Indirect Time		
Holidays	(80)	
Vacations	(120)	
Sick Leave	(80)	
Training	(40)	
Administrative	(400)	
Total Indirect Time		(720)
Total Direct Hours Available (per Auditor)	1,360	
x Number of Auditors	x	<u>2</u>
Total Direct Hours Available for Audit		2,720

Estimated Hours for Planned Audits

2000-01 FY		
Information Technology Contracting – Joint Project	200	
Trade Data Center	420	
EFI [Selected Areas]	900	
BBIB/BBICs	200	
Follow-up – OTTED Contract Monitoring, Issued 9/21/98	400	
Special Projects	300	
Assistance on Investigation	300	
2001/02 FY		
Follow-up – OPB Security, Issued 6/24/99	80	
Follow-up – Spaceport Florida, issued 3/8/00	80	
Statewide Contract Joint Project	260	



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**

Visit Florida	700
EFI – Performance Measure Tracking System [Systems Audit and Validation Audit]	1000
Special Projects	300
Assistance on Investigation	300

Appendix 1

**STATISTICAL SUMMARY
FISCAL YEAR 1996-2000 ACTIVITIES**

	FY 99-00	FY 98-99	FY 97-98	FY 96-97
Whistle-blower Hotline Calls	285	568	736	879
Review and Process Auditor General and Inspector General Internal Audit Reports	334	364	402	373
Written Complaints Handled	318	379	481	350
Preliminary Investigations Completed	-	69	38	61
Active Investigations Tracked	401	66	42	47
Public Records Requests	6	9	34	34
Local Government Entities with Financial Emergencies Being Monitored at the End of Year	30	34	18	21
Coordination with Auditor General's Office on Reports Covering Executive Office of the Governor Activities	3	3	3	3
Management Reviews Completed	-	8	2	0
Investigations Completed	33	4	7	4
Audits Completed	5	7	0	1



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**



**EXECUTIVE OFFICE OF THE GOVERNOR
OFFICE OF THE CHIEF INSPECTOR GENERAL
ANNUAL REPORT 1999-2000**
