

# EXECUTIVE OFFICE OF THE GOVERNOR

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OFFICE OF THE CHIEF INSPECTOR GENERAL



## 2006-2007 Annual Report

Presented

September 28, 2007

The Honorable Charlie Crist  
Governor of Florida

Melinda M. Miguel  
Chief Inspector General

September 28, 2007

The Honorable Charlie Crist  
Governor of Florida  
The Capitol  
Tallahassee, FL 32399-0001

Dear Governor Crist:

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Office of the Chief Inspector General's Annual Report of accomplishments for the 2006-2007 fiscal year. This report highlights our efforts and activities for the year.

The Office of the Chief Inspector General remains committed to providing independent auditing, investigative and consultive services with recommendations for improvement of state programs, operations and services to the citizens of Florida. We will continue to provide leadership in the promotion of accountability and integrity during the current fiscal year with an enhanced focus on quality improvement initiatives.

I sincerely appreciate your support and it is a privilege to serve the People with you in our efforts to enhance public trust in state government.

Sincerely,

Melinda M. Miguel  
Chief Inspector General

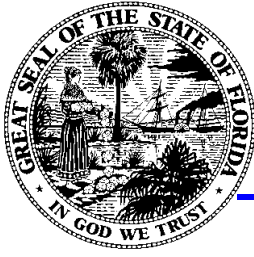


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Office of the  
**CHIEF INSPECTOR GENERAL**

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## EXECUTIVE SUMMARY

In accordance with Section 14.32, Florida Statutes, (F.S.), the Office of the Chief Inspector General is responsible for promoting accountability, integrity, and efficiency in the Executive Office of the Governor and in agencies under the jurisdiction of the Governor.



Consistent with these responsibilities, the Office of the Chief Inspector General completed the following activities during fiscal year 2006-2007:

- Received and processed 851 complaints by Florida's citizens and government employees and reviewed each one for appropriate action and disposition.
- Completed three investigations and one audit that resulted in recommendations for improvement of efficiency, effectiveness and accountability in state programs.
- Provided in-depth investigative assistance to Agency Inspectors General on six cases when allegations involved either Office of Inspector General employees or Department managers.
- Reviewed a significant number of investigative reports for sufficiency and accuracy at the request of Agency Inspectors General.
- Provided oversight for 19 whistle-blower investigations completed by Agency Inspectors General including review of final reports of investigation for compliance with Sections 112.3187-112.31895, F.S., the Whistle-blower's Act.
- Reviewed 119 Whistle-blower recommendations made by Agency Inspectors General for compliance with statutes. Determined that 14 of the 119 recommendations merited whistle-blower designation.
- Conducted Whistle-blower's Act training on multiple occasions for an estimated 100 participants, with assistance from the Inspector General for the Department of Children and Families and the Director of Investigations for the Department of Transportation.
- Monitored 54 local governmental entities declared to be in a state of financial emergency and reviewed 65 other local governmental entities



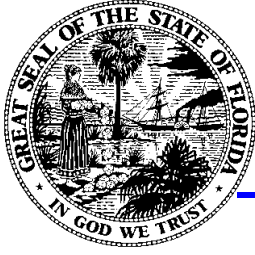
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to determine if their financial status warranted state assistance.



- Served as a liaison between the Executive Office of the Governor and external auditors and provided guidance to Agency Inspectors General on audit-related issues.
- Conducted a self-assessment of our internal audit function in preparation for the quality assurance review conducted by the Auditor General as outlined in Section 11.45, F.S.
- Provided supervisory audit oversight of the Department of Juvenile Justice's 25 audits of detention facilities and provided audit assistance to the Inspectors General with the Department of State and the Department of Community Affairs.
- Made presentations to various professional organizations which included topics such as Governor's Initiatives and Executive Orders, the Florida Whistle-blower's Act, Leadership Skills for Auditors, and Quality Standards as published by the National Association of Inspectors General.
- Met with Agency Inspectors General to: 1) begin an accreditation program of the Inspector General investigative function; 2) implement a self-assessment and peer review process to ensure compliance with *Principles and Standards for Offices of Inspector General*; 3) develop a strategic plan for Florida's Inspectors General; and 4) coordinate legislative initiatives impacting Inspectors General in the State of Florida.
- Met with the Florida Accreditation Commission and staff and prepared a feasibility study on the benefits of accrediting the Inspector General investigative function.
- Formed a taskforce of Agency Inspectors General and representatives of the Florida Department of Law Enforcement to develop protocol when referring matters to the Florida Department of Law Enforcement.
- Established a partnership with the Florida Commission on Human Relations to simplify and streamline the Whistle-blower's Act in accordance with the Governor's *Plain Language Initiative*.



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- Completed a review of all correspondence as outlined in the Governor's *Plain Language Initiative*.
- Coordinated activities for the Council on Agency Inspectors General created under Section 14.325, F.S., resulting in a report of recommendations to the Governor, President of the Senate, and Speaker of the House of Representatives.
- Served on the State Board of Administration Audit Committee which exists to assist the Board Trustees in fulfilling its oversight responsibilities.

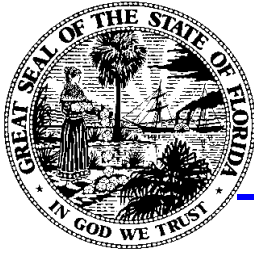
## INTRODUCTION

In accordance with Section 20.055, F.S., the Inspector General Act of 1994, the Office of the Chief Inspector General prepared this annual report.

During the past year, the office has worked diligently to meet the statutory mandates and has significantly focused on implementing a quality assurance program to ensure standards of excellence are applied consistently across the agencies.

Our vision is "Enhancing Public Trust" in state government. Our mission is to "Provide Leadership in the Promotion of Accountability and Integrity of State Government".

This report details our efforts toward achieving our vision and mission.



## INDEPENDENCE AND OBJECTIVITY

According to Section 20.055(3)(b), F.S., the Chief Inspector General, who serves as the Inspector General for the Executive Office of the Governor, reports directly to the Governor and serves at his discretion. As such, the Chief Inspector General is not subject to supervision by any other employee within the Executive Office of the Governor in order that audit, investigative and other activities remain free from interference in the determination of the scope of activities, performance of work, and communication of results which is also consistent with professional standards for internal audits and investigations.



Professional standards specify that an Inspector General and staff must refrain from assuming managerial responsibilities for, or participating in, any operational activities that it might be expected to review, appraise, or render an independent opinion upon except under specific situations defined by auditing standards.

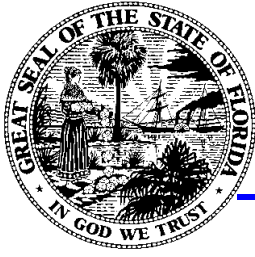
To ensure compliance with these standards, the Office of the Chief Inspector General does not engage in activities that could be construed to compromise its independence and objectivity.

## CODE OF ETHICS AND STANDARDS

The Office of the Chief Inspector General abides by the *Principles and Standards for Offices of Inspectors General* published by the Association of Inspectors General. All Office of the Chief Inspector General staff abide by the Florida Code of Ethics for Public Officers and Employees as codified in Sections 112.311-112.326, F.S. Also, all staff abide by Executive Order #07-001 and have completed and submitted a Conflict of Interest Statement to the Governor.

Internal audits are conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* published by The Institute of Internal Auditors.

Finally, those with certifications or licenses are held to standards by the various governing authorities such as the American Institute of Certified Public Accountants, The Institute of Internal Auditors, Inc., and the Association of Inspectors General.



## CHIEF INSPECTOR GENERAL INITIATIVES



The Chief Inspector General has a broad range of responsibilities as outlined in Sections 14.32 and 20.055, F.S., that include serving as the Inspector General for the Executive Office of the Governor. The office has responsibilities relating to the agencies under the jurisdiction of the Governor. These responsibilities include: providing leadership on preventing and detecting fraud, waste and abuse; investigating; coordinating Whistle-blower's Hotline activities; internal auditing; monitoring Inspectors General activities; and conducting reviews at the request of the Governor. The Chief Inspector General also assists with the selection of Agency Inspectors General.

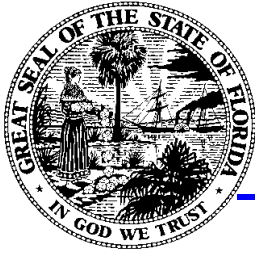
### Council Activities

With the 2006 enactment of Section 14.325, F.S., the Council on State Agency Inspectors General was formed. The Chief Inspector General served as the Chair of the Council with four Agency Inspectors General appointed by the Governor. The Council was tasked by the Legislature to report by January 1, 2007, to the Governor, the President of the Senate, and the Speaker of the House, to create an independent review process of Agency Inspectors General [to be conducted by the Chief Inspector General]; that offers entities contracting with the state and individuals substantially affected by findings, conclusions, or recommendations, a meaningful opportunity to challenge the final report.

The Council estimated a significant fiscal impact on the Executive Office of the Governor, Office of the Chief Inspector General, or other hearing officer(s), but identified that certain improvements could be made.

The Council recommended that the investigations conducted by Agency Inspectors General comply with *Principles and Standards for Offices of Inspector General*. The Council also noted that the work product of Agency Inspectors General is public record during the course of an investigation; and Agency Inspectors General did not have administrative or criminal subpoena authority to compel production of records by those entities contracting with the state during the course of an investigation. The Council Report included an estimate of the number of cases potentially subject to the hearing process and independent review by the Chief Inspector General and identified that additional staff would be required to accomplish the statutory mandate adopted by the Legislature.

Although, the Legislation did not pass in the 2007 Legislative Session, staff of the Office of the Chief Inspector General and other Agency Inspectors



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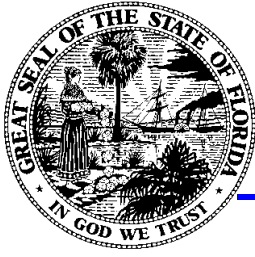
General provided substantial contributions to the Council during fiscal year 2006-2007 and, with their help, the Council issued its report on December 19, 2006. Similar legislation has been filed for the 2008 Legislative Session.

**Quality  
Improvement  
Initiatives**

To address the underlying causes or concerns behind the legislation, the Chief Inspector General's Office, Agency Inspectors General and staff have completed the following to enhance the professionalism of investigations conducted by Agency Inspectors General:



- Formally adopted the *Principles and Standards for Offices of Inspector General* as published by the Association of Inspectors General.
- Begun a self-assessment of each office of Inspectors General to determine compliance with those standards and identify any improvements.
- Prepared and submitted a feasibility study to the Florida Accreditation Commission to begin accrediting the Florida Inspector General investigative function across state agencies.
- Implemented a Standards Committee chaired by the Governor's Deputy Inspector General tasked with adopting specific elements of evidence to demonstrate compliance with each of the Standards as published by the Association of Inspectors General.
- Submitted an analysis to the Governor's Office of Policy and Budget expressing concerns about how the proposed legislation constitutes an impairment to a state agency's ability to audit or investigate matters with entities contracting with the state.
- Met with other entities including the United States Government Accountability Office, the Association of Government Accountants, the Association of Local Government Auditors, and The Institute of Internal Auditors to discuss their position about the legislation as it relates to the internal auditing profession.



## STAFFING, TRAINING, AND ORGANIZATION

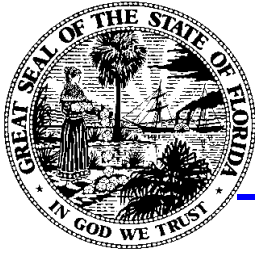
The office is comprised of the Chief Inspector General, a Deputy Inspector General, a Director of Auditing, two Senior Management Analysts, an Inspector Specialist, two administrative support positions, a Whistle-blower's Hotline Coordinator, and a consultant for financial emergencies.

### Professional Certifications



Staff of the Chief Inspector General's Office hold the following professional certifications:

- Certified Inspector General; (3)
- Certified Inspector General Investigator; (1)
- Certified Internal Auditor; (1)
- Certified Government Auditing Professional; (1)
- Certified Public Accountant; (1)
- Certified Fraud Examiner; (1)
- Certified Financial Services Auditor; (1)
- Certified Government Financial Manager; (2)
- Certified Business Manager; (1) and
- Notary Public (4).



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**Professional Affiliations**



Members of the Chief Inspector General's Office are affiliated with the following professional organizations:

- National Association of Inspectors General;
- Tallahassee Chapter of the Association of Inspectors General;
- The Institute of Internal Auditor, Inc.;
- Tallahassee Chapter of The Institute of Internal Auditors, Inc.;
- Florida Government Finance Officers Association;
- American Institute of Certified Public Accountants;
- Florida Institute of Certified Public Accountants;
- National Association of Social Workers;
- Audit Directors' Roundtable;
- Tallahassee Chapter of Certified Fraud Examiners;
- Association of Government Accountants; and the
- Florida Audit Forum.

**Training**

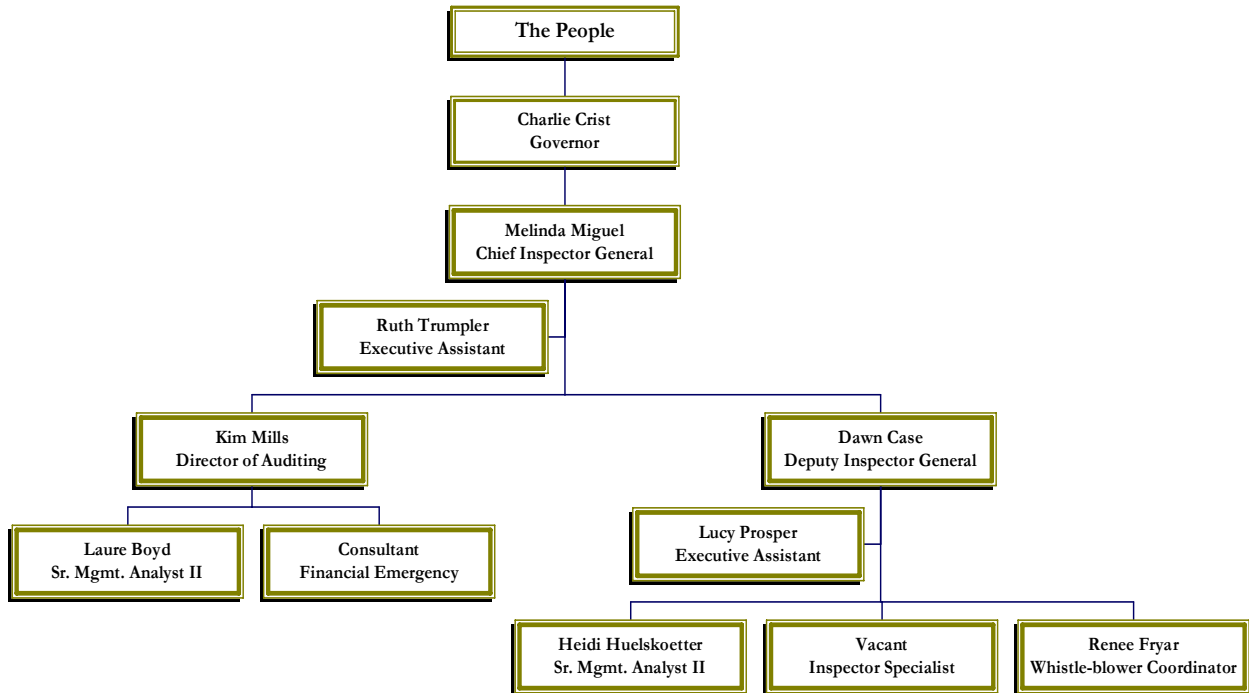
In accordance with Florida Statutes and professional standards, this office has the responsibility to ensure staff achieve and maintain the level of competence required to perform their assigned duties by attending continuing professional education courses each year. Staff participated in training offered by various professional organizations and associations to meet the office's training requirements.

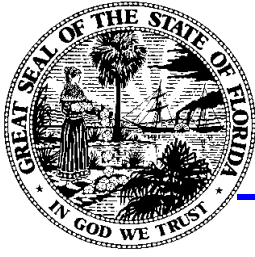
During fiscal year 2006-2007, staff completed 232 hours of training in fraud, ethics, internal auditing standards and practices, preparing for a peer review, Florida's Whistle-blower's Act, and auditing information system controls.



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Office Organizational Chart





## INVESTIGATIVE ACTIVITY

### Summary of Investigative Activity



Many of the investigations begin with allegations which are received by letter, fax, e-mail or calls. Additionally, in accordance with the Whistle-blower's Act (Act), this office maintains a Whistle-blower's Hotline whereby callers may disclose allegations of serious misconduct or other activities prohibited by the Act. This office received 525 Whistle-blower Hotline calls and over 230 main line calls during the fiscal year from individuals requesting to file a complaint, inquiring about the Act, or requesting general information. In instances where callers presented issues within the jurisdiction of state government, they were either provided with appropriate contact information at the time of their call, or their information was entered into this office's case management tracking system for further review and disposition by investigative staff.

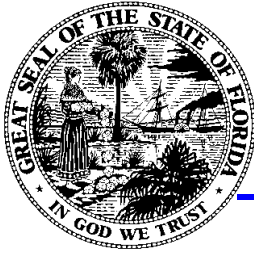
Overall, we received 851 complaints or requests for assistance via letter, telephone, or website which were entered into the case management tracking system. Of those, 716 (84%) were referred to Agency Inspectors General offices for review. Complaints which required a response to this office were tracked and reviewed for investigative sufficiency before closure. If this office determined additional investigative activity was warranted or questions remained unanswered, complaints were referred back to the investigating agency for follow-up. The remaining 135 (16%) complaints or requests were resolved by this office or referred to other outside entities for action deemed appropriate.

A total of 722 complaints or requests were closed in the case management tracking system during the fiscal year.

### Summary of Whistle-blower Activity

During the fiscal year, this office played a vital role in processing requests for whistle-blower protection in accordance with the Act. This office, in cooperation with Agency Inspectors General, operated a protocol authorizing this office to make the final whistle-blower determination. The protocol was implemented to establish a more accurate recording of whistle-blower cases, ensure a consistent assessment process for applying statutory requirements by all Agency Inspectors General, and provide management and oversight of investigative activities involving the most serious allegations of gross mismanagement and public safety violations.

As outlined in the Act, information of a specific nature must be reported by certain individuals to one of several entities including the Chief Inspector General, an Agency Inspector General, the Florida Commission on Human



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Relations, or the Whistle-blower's Hotline. To help ensure compliance with the Act, the office conducts a preliminary assessment of all complaints received to determine if there is sufficient information for whistle-blower designation and investigation.

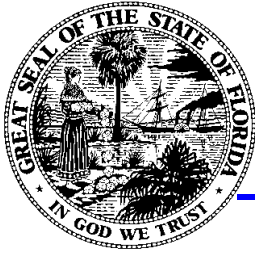
The 851 complaints or requests received were screened for compliance with the provisions of the Act. Of those complaints, 119 warranted a more in-depth review resulting in 14 individuals being designated this year as whistle-blowers by this office. Allegations made by the complainants included serious law violations or gross mismanagement of agency resources or funds.



During the fiscal year, 19<sup>1</sup> cases were closed by Agency Inspectors General that included allegations made by 20 individuals designated as whistle-blowers. Each case was closely monitored for timely completion and extensions to statutory timeframes were granted by this office when circumstances warranted. Upon submission of investigative reports to this office, all reports were independently reviewed for investigative sufficiency prior to final release.

The 19 cases involved allegations of inadequate staffing and security at juvenile facilities; abuse of nursing facility clients; resident care issues; unnecessary and improper force used against juveniles; inadequate equipment resulting in medical safety concerns at medical facilities; and, agency contract violations and non-compliance of contract provisions. Whistle-blower cases which produced evidence of criminal violations were referred, as required in statute, to the Florida Department of Law Enforcement.

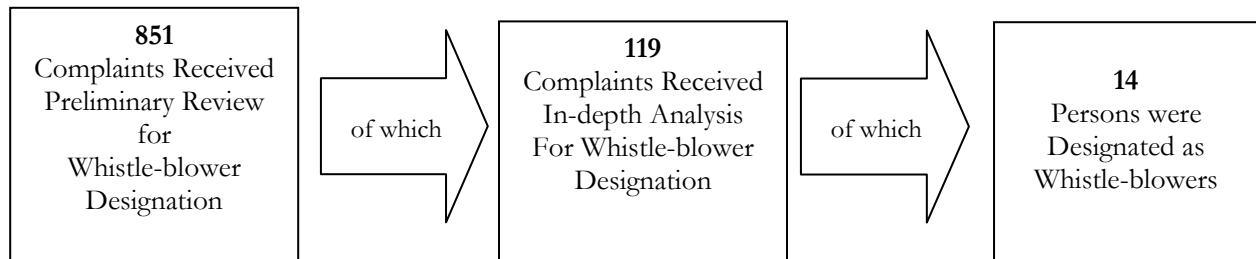
<sup>1</sup> Eleven of these cases involved individuals designated as whistle-blowers by this Office but whistle-blower investigations were determined to be unnecessary for reasons outlined in statute. Allegations made by these individuals were addressed by entities determined to be more appropriate than Agency Inspectors General based on the specific nature of the allegations. Agency Inspectors General and this Office monitored these cases to completion.



**Quarterly Summary of Complaint Activity  
Fiscal Year 2006-2007**

	Q1	Q2	Q3	Q4	TOTAL
Number of Complaints or Requests Opened	170	209	252	220	851
Number of Complaints or Requests Closed	179	117	230	196	722
Number of Whistle-blower Hotline Calls Received	105	132	152	136	525
Number of Complaints Referred for Handling or Review	153	179	204	180	716

**Summary of Whistle-blower Designations  
FY 2006-2007**



**Whistle-blower Case Highlights**

The following two case summaries represent examples of the types of investigations conducted in accordance with the Chief Inspector General protocol and in accordance with the Whistle-blower's Act.



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**Whistle-blower Case  
Summary #1**



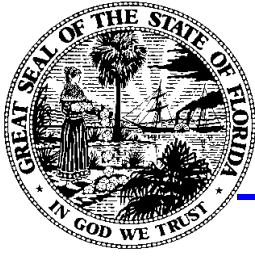
On November 30, 2005, the Office of Inspector General for the Department of Children and Families (Department) initiated an investigation in accordance with the Act in response to allegations of the Department's Substance Abuse and Mental Health Program Office employees' mismanagement of Temporary Assistance for Needy Families (TANF) funding. The Department's Inspector General's investigation supported the allegation that, despite knowledge of a provider's non-compliance with TANF State Plan requirements since 1999, a Department Manager increased TANF funding to the contracted agency. Additionally, the investigation revealed other concerns including provider compliance violations with other state agencies and concerns regarding the provider's employees' Level 2 background screenings and validation of qualifications. The final report contained recommendations to management for appropriate action.

**Whistle-blower Case  
Summary #2**

On February 16, 2006, the Office of Inspector General for the Department of Juvenile Justice (Department) initiated an investigation in accordance with the Act in response to allegations of misconduct by staff of a juvenile residential facility. The Department's Inspector General's office found sufficient evidence to substantiate that there were drugs at the facility and that facility administration failed to act. Sufficient evidence was also found to substantiate that at various times and in various parts of the facility, staff members were not in control of youth or activities. Evidence did not support allegations of frequent gang or racial beatings, lack of security staff at the facility during the day, or that staff members were discouraged from filing law enforcement reports during their work hours when they were assaulted by youth. The final report contained recommendations to management for appropriate action.

**Investigation  
Summaries**

The following case summaries provide an overview of investigations completed by this office as well as requests for investigative assistance by Offices of Inspectors General in which we played a significant role.



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**Case Number  
200602100004**



On February 2, 2007, the Office of the Chief Inspector General received a complaint regarding a contract provider to the Department of Juvenile Justice (Department). The complaint further alleged various discrepancies regarding a subcontractor of the provider.

This investigation was conducted in accordance with the Florida Whistleblower's Act. The Department of Children and Families' Office of Inspector General provided investigative assistance.

Evidence obtained in this investigation supported allegations of billing for services not rendered; however, the amount of money involved was undeterminable. Evidence further supported allegations of falsification of training records by employees of the provider and inappropriate use of youths at the provider's facility. Allegations of falsifying insurance enrollment forms were referred to the Florida Department of Law Enforcement. Arrests were made as a result of the criminal investigation. Appropriate recommendations were made to address the findings.

**Case Number  
200602170001**

On February 17, 2006, the Office of the Chief Inspector General received a complaint alleging several instances of possible Sunshine Law violations by members of the Statewide Advocacy Council (Council).<sup>2</sup>

With investigative assistance provided to the Office of the Chief Inspector General by the Department of Transportation and Agency for Workforce Innovation Offices of Inspector General, three allegations and one issue were reviewed.

Evidence obtained in the investigation supported that between March 2005 and February 2006, the Council misapplied its statutory exemption 13 times when it met to discuss member grievances and 3 times when it met to discuss petitions for access warrants. Further, evidence obtained supported that the Council Chair expended State funds contrary to the Executive Office of the Governor directives. Appropriate recommendations were made to address the findings.

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<sup>2</sup> The Council was created under the authority of Section 402.164, F.S., which states in pertinent part that the Council and local advocacy councils are authorized to "discover, monitor, investigate, and determine the presence of conditions or individuals that constitute a threat to the rights, health, safety, or welfare of persons who receive services from state agencies." Further, the Council "shall be located in the Executive Office of the Governor but may be assigned by the Governor for administrative support purposes to any Governor's agency."



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**Case Number**  
**200606050011**



On June 5, 2006, the Department of Transportation (Department) requested assistance from the Office of the Chief Inspector General regarding a complaint alleging sexual harassment, religious discrimination, and retaliation against a Department employee. It was further alleged that a Department employee was allowed to inappropriately use state resources. Other issues developed during the investigation were also addressed. This office conducted this investigation with investigative assistance from the Department of Children and Families' Office of Civil Rights.

Testimonial evidence supported that an employee was allowed to use state resources to check personal email and that another employee used computer software to conduct a review of a different employee's hard drive after that employee filed a complaint. Evidence obtained did not support allegations of sexual harassment, religious discrimination, retaliation or a hostile work environment. The final report contained recommendations to management for appropriate action.

**Case Number**  
**200611090005**

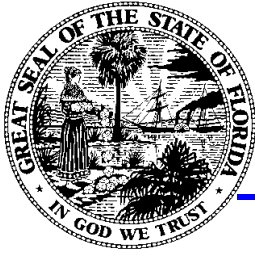
On November 9, 2006, the Inspector General for the Florida Fish and Wildlife Conservation Commission (Commission) requested this office conduct an independent review of allegations that a Commission's Office of Inspector General investigation was not conducted properly.

With assistance provided by the Department of Business and Professional Regulation, office of Inspector General, our review found that the Commission's Inspector General investigated the allegations thoroughly and properly. Further, we found that the conclusions made in the report of investigation were supported by the facts.

**Case Number**  
**200612180004**

On December 20, 2006, the Inspector General for the Department of Business and Professional Regulation (Department) requested that this office assist in a review of allegations involving Department managers.

This office participated in the interviews of the named subjects and assisted with a review of the investigative report. We found no evidence to indicate that the investigation was not conducted objectively.



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**Case Number**  
**200612050006**



On December 5, 2006, the Inspector General for the Department of Revenue requested that this office oversee an investigation of alleged unauthorized disclosure of information.

This office reviewed investigative documentation, including taped statements, assisted with an interview of the subject employee, and completed a closure memorandum. We found that the Office of Inspector General handled the matter thoroughly and professionally.

**Case Number**  
**200701260001**

On January 26, 2007, the Inspector General for the Department of Health (Department) requested that this office independently review the Department's Office of Inspector General final report of investigation, Case #06-106. The investigation involved allegations that the Florida Council Against Sexual Violence (Council) unfairly denied certifications to certain programs and committed a conflict of interest offense. The Council's executive director expressed concerns that the final report contained factual and legal inaccuracies.

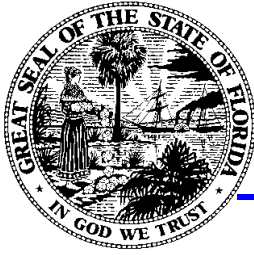
We examined the case file; met with the Office of Inspector General investigator assigned to Case #06-106 to discuss details of the investigation and the evidence obtained; met with program office staff to obtain background information about the Council and their contractual relationship to the Department; and met with the Council's executive director and attorney to ensure a complete understanding of their concerns with the final report of investigation.

Based on this review, we found no factual or legal inaccuracies with the final report. However, the review found that the wording of some statements in the report was unclear and could lead to a misinterpretation of the findings. This office completed a summary memorandum that served as a mechanism for clarifying those statements.

**Case Number**  
**200701310002**

On January 31, 2007, the Inspector General for the Agency for Health Care Administration (Agency) requested independent oversight in reviewing allegations of misconduct by two Office of Inspector General Medicaid Program Integrity employees.

This office provided oversight of these investigations through participation in subject interviews and reviews of the investigative reports. We found that the investigations were conducted thoroughly and objectively.



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**Case Number**  
**200702280004**

On February 28, 2007, the Secretary of the Department of Corrections (Department) requested that the Office of the Chief Inspector General review a complaint for appropriate disposition since it involved the Department's Inspector General.

Based upon a review of the complaint and information contained in the Department's Office of Inspector General's files, we found no evidence to suggest that the Inspector General or his staff acted outside the parameters of Section 20.055, F.S. The Inspector General appropriately initiated action upon receipt of allegations of employee misconduct and timely responded to the complainant.

## AUDIT ACTIVITY

### Activity Summaries



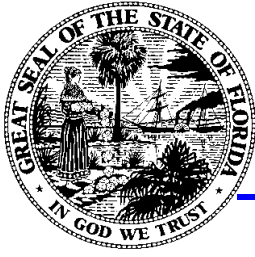
During fiscal year 2006-2007, this office completed one audit, provided oversight of 27 audits with other Agency Inspectors General, and coordinated audit communications between the Executive Office of the Governor and the Auditor General. We also monitored 119 local governmental entities, of which 54 were in a state of financial emergency and 65 were reviewed to determine if their financial status warranted state assistance. We are currently evaluating 18 of the 54 entities for release from financial emergency. Also, based on the results of the annual assessment, top priorities for audits, reviews, and special projects were identified and the audit plan for fiscal year 2007-2008 and Long Range Plan were developed.

### Florida Commission on Tourism – Performance Measures

The Florida Commission on Tourism, a public-private partnership, was created in accordance with Chapter 288, F.S., within the Office of Tourism, Trade, and Economic Development, in the Executive Office of the Governor. The Commission contracts with VISIT FLORIDA, a direct-support organization, to promote tourism for the State of Florida. VISIT FLORIDA measures and reports their impact on tourism in Florida using diverse tourism-related and economic indices.

The objectives of the audit were to determine the validity and reliability of eight of eighteen legislatively approved performance measures and actual data submitted by VISIT FLORIDA on behalf of the Commission.

We found, and the Commission and VISIT FLORIDA concurred, that 6 of the performance measures reviewed were not exclusively influenced by VISIT FLORIDA's efforts to increase tourism in Florida. We also found



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that documentation was not available to support the data reported for one of the measures reviewed.

We recommended that VISIT FLORIDA use data from supplemental surveys and studies to develop measures that specifically gauge VISIT FLORIDA's performance. We also recommended VISIT FLORIDA implement procedures to ensure that adequate documentation is obtained to support all reported data.

**Review of Corrective  
Actions for Prior  
Audits**



In accordance with Florida Statutes and office policies and procedures, monitoring was performed on the following audits:

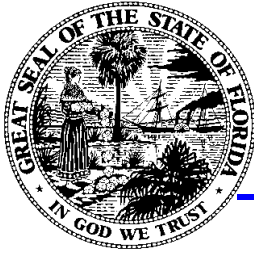
- Audit of the Contract Between the Office of Tourism, Trade and Economic Development and Enterprise Florida, Inc. Report No. 2005-9 was issued by the Chief Inspector General;
- Audit of the Office of Film and Entertainment Performance Measures and Standards. Report No. 2006-7 was issued by the Chief Inspector General;
- Multi-Agency Operational Audit of the Florida Single Audit Act. was Report No. 2005-097 was issued by the Auditor General; and
- Audit of State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2005. Report No. 2006-152 was issued by the Auditor General.

We did not identify any significant findings reported in the prior annual report for which the Executive Office of the Governor has not completed corrective action.

**Audit Assistance to  
Agency Inspectors  
General**

This office with assistance from internal audit staff of six other state agencies provided supervisory oversight to the Department of Juvenile Justice (Department) Office of Inspector General in their audits of 25 detention facilities. The Department issued audit reports for each of the 25 facilities in October 2006, and a Department-wide audit report, Number A-20605, was issued on November 17, 2006.

This office provided supervisory oversight to the Department of State Office of the Inspector General in their audit of the Division of Historical Resources, Historic Preservation, Acquisition, and Restoration Special Category Grants Program. Audit Report No. 2007-004 was issued May 10, 2007.



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This office provided guidance to the Department of Community Affairs Office of the Inspector General in their audit of the Florida Housing Finance Corporation State Housing Initiatives Partnership. The audit report will be issued in October 2007.

**External Audit  
Liaison Activities**



In accordance with 20.055(1), F.S., staff of the Office of the Chief Inspector General served as liaison between the Executive Office of the Governor and external auditors on the following projects:

MyFloridaMarketPlace System at the Department of Management Services and Other Selected State Agencies. Report No. 2007-076 was issued by the Auditor General in January 2007.

Audit of the People First System at the Department of Management Services and Other Selected State Agencies. Report No. 2007-087 was issued by the Auditor General in January 2007.

Audit of State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year ended June 30, 2006. Report No. 2007-146 was issued by the Auditor General in March 2007.

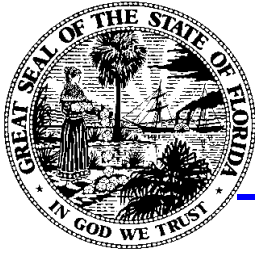
Review of the Office of Tourism, Trade, and Economic Development and the Scripps Florida Funding Corporation's Compliance with Statutory and Contractual Requirements. Report No. 06-61 was issued by the Office of Program Policy Analysis and Government Accountability in September 2006.

**State Board of  
Administration  
Audit Committee**



The State Board of Administration is a constitutional entity of Florida state government, which manages 30 investment funds, comprising over \$184 billion in assets under management as of June 30, 2007. Effective January 2003, the State Board of Administration Audit Committee was established.

The Audit Committee exists to assist the Board Trustees (the Governor, the Chief Financial Officer and the Attorney General) in fulfilling their oversight responsibilities. The Audit Committee serves as an independent and objective party to monitor the Board's processes for financial reporting, internal controls, and compliance with laws, rules and regulations.



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The Audit Committee has the authority to direct the Board's Chief Internal Audit or staff to conduct an audit, review, or a special investigation into any matters within the scope of the Committee's responsibilities. The Committee is also responsible for the review and appraisal of the audit efforts of the Board's independent auditors and Office of Internal Audit. Effective January 1, 2007, the Chief Inspector General was selected to serve as the Committee Chairperson.

**Financial  
Emergency  
Responsibilities**



Sections 218.50–218.504, F.S., referred to as the Local Governmental Entity Financial Emergencies Act, describes the process whereby a local governmental entity (i.e. county, municipality, or special district) may be considered in financial emergency.

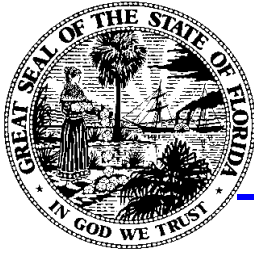
If an entity meets one or more of the conditions specified in Section 218.503(1), F.S., the Governor has assigned responsibility to the Chief Inspector General for determining if state assistance is needed to resolve the condition. If state assistance is needed, the entity is considered to be in a state of financial emergency. Section 218.504, F.S., provides the Governor the authority to terminate all state actions and to release an entity from financial emergency status.

This office established a Financial Emergency Oversight Committee to assist in the review of financial reports and records for entities in a state of financial emergency. The Committee consists of representatives from state agencies, including the Departments of Environmental Protection, Community Affairs, Revenue and Financial Services. Staff members from the Office of Policy and Budget; Office of Tourism, Trade, and Economic Development; and this office also serve on the Committee. Representatives from the Legislative Audit Committee and the Auditor General are advisors to the Committee.

**Eatonville**

The Executive Office of the Governor entered into a State and Local Agreement of Cooperation with the Town of Eatonville, Florida in July 2004, to provide the state assistance necessary to address the Town's financial emergency condition. The Agreement requires the Town to submit monthly financial statements and the annual proposed budget to this office for review and approval.

Through the efforts of the Town's officials and staff, along with technical assistance provided by this office and the Oversight Committee, Eatonville's financial condition has strengthened. This office will continue to provide



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technical assistance, financial review, and other assistance as we monitor their financial situation.

**Local Governmental Entities in Financial Emergency  
Monitored as of June 30, 2007**

There are 1900 local government entities in Florida, 54 of which were in financial emergency status as of June 30, 2007, and are being monitored. The 21 cities and towns and 33 special districts are as follows:

<b>LOCAL GOVERNMENTAL ENTITIES</b>	
1.	Bowling Green, City of
2.	Braden River Fire Control and Rescue District
3.	Caryville, Town of
4.	Crossings at Fleming Island Community Development District
5.	Cypress Cove Community Development District
6.	Deer Island Community Development District
7.	Disston Island Conservancy District
8.	Eastpoint Sewer and Water District
9.	Eatonville, Town of
10.	Escambia-Pensacola Human Relations Commission
11.	Falls Chase Community Development District
12.	Gateway Services District
13.	Gretna, City of
14.	Hamilton County Development Authority
15.	Hampton, City of
16.	Hawthorne, City of
17.	Hendry County Hospital Authority
18.	Hendry-Hilliard Water Control District
19.	Heritage Harbor Community Development District
20.	Heritage Isles Community Development District
21.	Horseshoe Beach, Town of
22.	Indian Creek Village
23.	Indian River County Hospital District
24.	Lake Bernadette Community Development District
25.	Lanark Village Water and Sewer District
26.	Laurel Hill, City of
27.	Leon County Educational Facilities Authority
28.	Minneola, City of



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**LOCAL GOVERNMENTAL ENTITIES (Continued)**

29. Noma, Town of
30. Ocean Highway and Port Authority of Nassau County
31. Pahokee, City of
32. Paxton, City of
33. Performing Arts Center Authority of Broward County
34. Ponce de Leon, Town of
35. Port of the Islands Community Improvement District
36. Reserve Community Development District
37. Sebastian River Water Control District
38. Sneads, Town of
39. South Bay, City of
40. St. John's Water Control District
41. St. Lucie County Expressway and Bridge Authority
42. St. Lucie West Services District
43. Stoneybrooke West Community Development District
44. Stoneybrooke Community Development District
45. Suwannee Valley Transit Authority
46. Suwannee Water and Sewer District
47. Tampa-Hillsborough Expressway Authority
48. Viera East Community Development District
49. Wausau, Town of
50. Webster, City of
51. Welaka, Town of
52. West Palm Beach Downtown Development Authority
53. Westville, Town of
54. Yankeetown, Town of



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**Audit Plan for Fiscal Year 2007-2008**

Section 20.055(5)(h), F.S., requires that annual and long-term audit plans be developed based on the findings of periodic assessments. As a part of our assessment process, we interviewed managers and staff and examined relevant documents. Based on the results of the assessment, top priorities for audits, reviews and special projects were identified and the audit plan for fiscal year 2007-2008 was developed. The 3215 staff hours available for audits and audit activities have been allocated as follows:

**Schedule of Internal Audits for Fiscal Year 2007-2008**



900 staff hours allocated to audits of:

- Florida Developmental Disabilities Council - Selected Federal Award Expenditures
- Office of Tourism, Trade and Economic Development and Enterprise Florida, Inc. - Grants Management Process
- Information Technology within the Executive Office of the Governor - Data Security

420 staff hours allocated to complete:

- 2007-2008 Annual Audit Risk Assessment
- Quality Assurance Self-Assessment for Compliance with Professional Auditing Standards

**Follow-Up on Internal Audits**

48 staff hours allocated to follow up on:

- Audit of the Office of Tourism, Trade, and Economic Development and Enterprise Florida, Inc. Contract. Report Number 2005-9 was issued by the Chief Inspector General.
- Audit of the Florida Commission on Tourism – Selected Performance Measures and Date Reported for Fiscal Year 2005-2006. Report Number 2007-7 was issued by the Chief Inspector General.



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**Coordination and Follow-Up on External Audits**



52 staff hours allocated to:

- Coordination: Auditor General Operational Audit of the Executive Office of the Governor (scheduled for 2008).
- Follow-up: Operational Audit of the Executive Office of the Governor. Report Number 2007-025 was issued by the Auditor General.
- Follow-up: Audit of State of Florida, Compliance and Internal Controls over Financial Reporting and Federal Awards. Report Number 2007-146 was issued by the Auditor General.

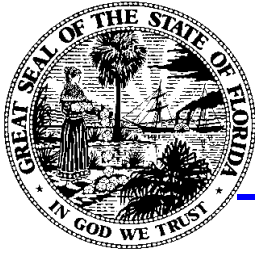
**Local Governmental Entity Financial Emergency**

725 staff hours allocated to performing duties related to financial emergencies (Sections 218.50 – 218-504, F.S.).

**Other Assignments**

850 staff hours allocated to:

- Annual Assessment
- Preparation of Audit Plans
- Updating Office of the Chief Inspector General Policies and Procedures
- Preparation of the Office of the Chief Inspector General Annual Report
- Preparation of the Florida Inspectors General Annual Report
- Quality Assurance Self-Assessment of the Investigative Section
- Other duties as required by Section 14.32, F.S.



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