



# **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

## **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

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### **INTRODUCTION**

#### **Staffing**

During this fiscal year the Office of Tourism, Trade & Economic Development was transferred into the Governor's Office and we received two additional positions bringing the total to seven. During this period we borrowed individuals from other Inspector General offices to assist us on a number of projects.

#### **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 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.

The statute also calls for the Chief Inspector General to act as liaison with outside agencies to promote accountability, integrity, and efficiency in state government. To this end, in addition to normal work under the IG Act, we have worked extensively this year to create a Florida Audit Forum to increase communications and exchange ideas among all auditors who work for the state and the local governmental entities in Florida. The first meeting was held August 20, 1997.



#### **Membership**

### **GOVERNOR'S COUNCIL ON INTEGRITY & EFFICIENCY**

The Governor's Council on Integrity & Efficiency (GCIE) was created by Executive Order 95-267, chaired by the Chief Inspector General, consists of all the Governor's Agencies IGs, the Deputy Director of the Office of Planning and Budgeting, and on a voluntary basis, IGs from all other state agencies, the Cabinet, and the Auditor General.

#### **Objective**

The purpose of the GCIE is: (1) to identify, review and discuss areas of government-wide weakness, accountability, performance, and vulnerability to fraud, waste and abuse; and (2) to develop plans for



## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

coordinated government-wide activities that attack fraud and waste and promote economy and efficiency in government programs and operations.

#### **Meetings**

Meetings of the GCIE are held each month and are attended by a majority of the agency IGs, including those from the Governor and Cabinet agencies, the Florida Supreme Court, the universities and Board of Regents, the water management districts, and several independent agencies, as well as the Auditor General. Programs cover subjects of concern to inspector general offices and general information helpful to the performance of their duties.

We had many interesting meetings this year including a one-half day training program on investigative processes. The training was presented by Robert E. Lee, Assistant State Attorney and Ralph F. Cunningham, Chief Investigator, Twentieth Judicial Circuit, State Attorney's Office.

#### **Appointment of IGs**

The IG Act requires that the Governor be involved with the appointment and removal of IGs in the Governor's agencies and that the Governor be notified in writing at least seven days prior to an offer of employment and at least seven days prior to the removal of an IG.

This year we worked to implement effectively the Governor's May 30, 1995 memorandum to all Governor agency heads dealing with the "Selection Process for Agency Inspectors General" under the Governor. This process calls for the Chief IG's Office to be involved with the agency head in screening and interviewing the applicants for an agency's IG position with the final nominee being approved and/or interviewed by the Governor, if necessary, prior to final selection.

During this period, this process was used to select four IGs in the Governor's agencies. The Governor personally interviewed and approved all agency recommended IGs.

### **AUDIT DIRECTORS ROUNDTABLE**

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## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

The Audit Directors Roundtable was established as a sub-unit of the GCIE. This group is comprised of audit directors of the agencies that participate in the GCIE. The roundtable was established as a forum for the exchange of ideas among the audit directors, to promote a more unified approach within state government and to encourage discussion of issues confronting audit management and staff.



### **INVESTIGATORS ROUNDTABLE**

The Investigators Roundtable was established as a second sub-unit of the GCIE. The roundtable is comprised of directors of investigation of the agencies that participate in the GCIE. The roundtable was established as a forum for both sworn and non-sworn investigators for the exchange of ideas, procedures and new rules and changing laws. The roundtable established committees to develop and present training to its members and produce a bi-monthly newsletter.

### **Other Significant IG Responsibilities**

### **WHISTLE-BLOWER'S HOTLINE**



During this year we received 879 calls on the hotline. Of the 879 calls, we were able to provide answers immediately for 605 calls. Even though the remaining 274 calls were sent to 26 different agencies for handling, 106 went to just two agencies - Children & Families (DCF), and Corrections (DOC).

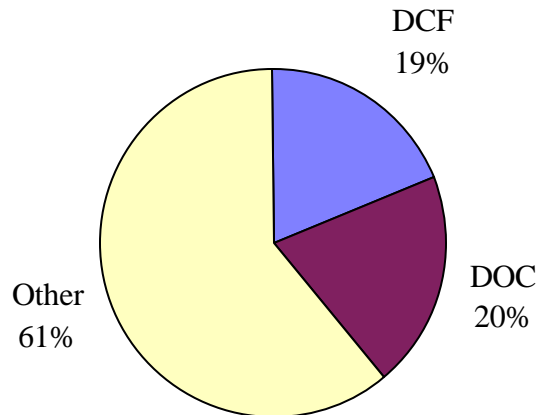
### **Distribution of Referred Calls**



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---



The investigations that are completed during the year will be reported in the report of the agency Inspector General which performed the investigation.

**PERFORMANCE MEASURES**

The Executive Office of the Governor (EOG) is scheduled to submit performance-based program budgets for the 1998-1999 fiscal year. Within the EOG, the only program for which performance measures are to be developed is the Office of Tourism, Trade and Economic Development. Section 20.055, F.S., requires the Inspector General in each agency to advise in the development of performance measures, standards, and procedures for the evaluation of state agency programs. In order to fulfill this responsibility, the Office of Chief Inspector General has begun reviewing and advising the Office of Tourism, Trade and Economic Development in the development of these measures.

**LOCAL GOVERNMENT FINANCIAL EMERGENCIES**

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## OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR

### ANNUAL REPORT FOR FISCAL YEAR 1996-1997

---

#### **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:

- (a) *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.*
- (b) *Failure to transfer at the appropriate time, due to lack of funds:*
  1. *Taxes withheld on the income of employees; or*
  2. *Employer and employee contributions for:*
    - a. *Federal social security; or*
    - b. *Any pension, retirement, or benefit plan of an employee.*
- (c) *Failure for one pay period to pay, due to lack of funds:*
  1. *Wages and salaries owed to employees; or*
  2. *Retirement benefits owed to former employees.*
- (d) *An unreserved or total fund balance or retained earnings deficit for which sufficient resources of the local governmental entity are not available to cover the deficit for 2 successive years.*
- (e) *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:

- (a) *Requiring approval of the local governmental entity's budget by the Governor.*
  - (b) *Authorizing a state loan to the local governmental entity and providing for repayment of same.*
  - (c) *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.*
  - (d) *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.*
  - (e) *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.*
  - (f) *Providing technical assistance to the local governmental entity.*
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## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

(g)1. *Establishing a financial emergencies board to oversee the activities of the local governmental entity.*

#### **New Requirements**

During the 1997 legislative session Chapter 97-255 was passed which amended Section 11.45, F.S. The new law, effective October 1, 1997, 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 new requirement will put governing bodies on notice that if something is not done they could be entering a state of financial emergency.

#### **IG Involvement**

The Chief Inspector General works closely on these issues with the Deputy Director, Office of Planning and Budgeting, and the Staff Director, Joint Legislative Auditing Committee. 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 ten meetings with representatives of local governmental entities who were in a state of financial emergency. As of June 30, 1997 there are 21 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. (*Appendix 2*)

### **ONE PERSON INSPECTOR GENERAL OFFICES**

During this period, we received a review report from the Auditor General on his Quality Control Review of an Inspector General Internal Audit Function. That review points out the failure to perform internal audits and once again demonstrates the futility of having a one person Office of Inspector General or even worse no Inspector General at all.

The Inspector General Act has a list of requirements that each Inspector

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## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

General is supposed to perform, including advising management on a number of issues and performing audits, investigations, and management reviews. It further requires the IG to review and evaluate internal controls necessary to ensure the fiscal accountability of the state agency and to conduct financial, compliance, electronic data processing, and performance audits of the agency. The act also requires that an appropriate balance be maintained between audit, investigation, and other accountability activities. All audits performed must be performed in accordance with applicable audit standards. The IG must follow up on the findings of Auditor General reports and shall develop annual and long term audit plans based on periodic risk assessments.

We believe that in staffing any office which has a specific statutory mandate of required duties, a critical mass is necessary to perform effectively. Otherwise, unrealistic expectations are developed which cannot be fulfilled. Also, a false sense of security may develop just by having an IG position in an agency. We believe that having less than three people in an office is tantamount to not having an office at all. That would be one person to do audit work, one for investigative work, and one for administrative activities.

An alternative might be to provide the IG with sufficient resources so that the IG can retain the skills from outside sources to get audit and investigative work done to provide adequate oversight of the agency's activities and programs and a balanced program of audit and investigative activities.

An equal or greater concern is those stand alone or independent agencies which have no statutory Inspector General. As the legislature looks at making the state government more accountable, it should give consideration to putting inspectors general in independent agencies that

have significant resources for which the agency head is accountable but does not have an inspector general.

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# **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

## **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

### **RISK ASSESSMENT/AUDIT PLAN FISCAL YEARS 1997-2000**

A 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 audit based upon relative risk identified.

An assessment was performed for the Executive Office of the Governor. In this assessment, 36 audit areas were identified and ranked based on interviews with management and a series of risk factors (*Appendix 3*). We then estimated the number of direct audit hours available and the estimated number of hours to complete these audits. Based on these estimates, we developed the audit plan for the 1997-2000 fiscal years. (*Appendix 4*).

### **REPORTS COMPLETED**

#### **The Department Of Children & Families, District Seven and Seminole Community Mental Health Center-Case Number A-9700001, issued March 20, 1997**

#### **Case Synopsis**

This case was initiated by a request from the Office of the Inspector General of the Department of Children & Families to the Governor's Chief Inspector General.

Upon preliminary review, we concluded that the allegations were based on alleged misconduct and/or retaliation on the part of departmental employees toward Seminole Community Mental Health Center, Inc., a contract provider in the District 7 area. Senator John Ostalkiewicz, Chairman of the Joint Legislative Auditing Committee, stated "The Seminole County Delegation is deeply troubled by these



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

allegations of

poor contract evaluation standards, mismanagement and inappropriate conduct. If the allegations are true, they reflect a complete abuse of authority.” The following allegations were the framework for conducting the investigation:

1. Was the Department of Children & Families District 7 Alcohol, Drug Abuse and Mental Health Program Office justified in reducing, by approximately 85%, Seminole Community Mental Health Center’s Crossroads Substance Abuse Treatment Center funding for fiscal year 1996-1997?
2. Were the critical factors used to evaluate the Crossroads’ contract used for other contract providers in the district?
3. Did District 7 use harassment and intimidation against Seminole Community Mental Health Center?
4. Was testimony given in the 1991 Department of Health and Rehabilitative Services Office of Inspector General’s investigation confidential?
5. What was the outcome of the social meeting between the vice-president of the board of directors of Seminole Community Mental Health Center and the executive assistant to the District 7 administrator?
6. Was the removal of ten children from Seminole Community Mental Health Center’s Seminole Children’s Village during July 1995 appropriate?
7. Was certified mail sent to the home of the Seminole Community Mental Health Center’s board president considered harassment?
8. Did District 7 send copies of dated material to the Seminole Community Mental Health Center’s board president with an



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

unreasonable time to respond?

9. Was disciplinary action taken against the District 7 Alcohol, Drug Abuse and Mental Health Program supervisor following the 1991 and 1995 Department of Health and Rehabilitative Services Office of Inspector General's investigations?
10. The Seminole County Legislative Delegation requested that the Joint Legislative Auditing Committee direct the Auditor General to conduct a financial compliance audit of the Department of Children & Families District 7 Alcohol, Drug Abuse and Mental Health Office to examine the procedures and methods used to procure and evaluate contracts.
11. Seminole County Legislative Delegation raised questions about how state funds are spent at Seminole Community Mental Health Center and requested a financial audit of the expenditures of state funds.

**Investigative  
Findings and  
Conclusions**

Based upon this investigation, there was reasonable cause to believe some acts of wrongdoing were committed with regard to allegations 1, 2, 3, 5, 7 and 8. In addition, the investigation found no wrong doing committed with regard to allegations 4, 6 and 9. However, allegations 10 and 11 were found "not within the scope of this investigation".

**Administrative  
Recommendations**

Based upon the findings, we issued the following administrative recommendations to the agency.

1. Re-evaluate the funding decision for Seminole Crossroads' funds for the 1996-1997 budget.
2. Evaluate District 7 staff communication skills relating to providers in their district.
3. Review methods used to make funding decisions within the district.
4. Department of Children & Families should immediately evaluate the management and effectiveness of the District 7 administration.



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

5. At the conclusion of the current financial review by the Department of Children & Families of Seminole Community Mental Health Center, we recommend the Joint Legislative Auditing Committee and department's inspector general evaluate the need for additional review of Seminole Community Mental Health Center.

**Agency Actions  
Taken on  
Findings and  
Recommendations**

**General activities occurring since issuance of the report.**

On March 21, 1997, Deputy Secretary Sam Navarro and department staff met with Seminole Mental Health Center Board President Nancy

Hagerty, Board Vice-President Kathy Moghadas and center staff to discuss re-establishing the working relationship between the department and the center, resolving fiscal issues remaining between the parties, improving communications, and re-establishing a mutual respect and feeling of partnership between the department and the center.

After extensive discussion and evaluation of alternatives, the district has committed in writing to restoring \$195,000 in Crossroads-related funding to Seminole Community Mental Health Center contract for 1997-1998.

District management has asserted that communications with providers and others must be honest, prompt, courteous and respectful, and that all efforts must be made to mutually identify and discuss issues and concerns, and to address and resolve problems, wherever possible, in a fair and expeditious manner.

No significant funding reductions, other than reductions necessary to accomplish mandated legislative reductions and restoration of the Crossroads funding, are contemplated for the 1997-1998 fiscal year.

The department's limited financial review of the Seminole Community Mental Health Center was completed on May 9, 1997. In summary, the center was determined to be in compliance with the department's financial guidelines and no funds were owed to the department.



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

**Department of Elder Affairs - Case Number A- 9600010, issued  
September 11, 1996**

**Case Synopsis**

This report was based on a request by the Secretary of the Department of Elder Affairs to the Executive Office of the Governor's Chief of Staff. The Chief of Staff requested the Chief Inspector General to review allegations that the department had used discriminatory employment practices and whether improprieties of sexual harassment were involved.

Upon preliminary review, we established the following allegations:

1. Whether the application and resume prepared by the Bureau Chief Tanya Jackson resulting in the hiring of the complainant was appropriate?
2. Whether there was any impropriety in the decision to hire the complainant?
3. Whether the alleged relationship between the complainant and the member of the Department of Elder Affairs influenced the hiring and later termination of the complainant?
4. Whether the influence could be considered sexual harassment?

**Investigative  
Findings and  
Conclusions**

Based upon this investigation, we concluded there were inappropriate actions on the part of the Department of Elder Affairs' staff regarding allegation number one and improprieties in the complainant's hiring regarding allegation number two. However, we found no substantiating evidence on allegation number three nor number four.

**Administrative  
Recommendations**

Based upon the above findings, we briefed both the Secretary and Deputy Secretary of the Department of Elder Affairs. The Secretary indicated he would make the appropriate personnel decisions.

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**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

**Actions Taken by  
the Agency**

The Department of Elder Affairs agreed to rescind the dismissal letter dated August 13, 1996. The letter has been rescinded. The letter and related documents were placed in a sealed envelope and marked confidential.

The complainant, as part of the settlement agreement, agreed to resign effective August 26, 1996. The settlement agreement was dated October 2, 1996.

**Department of Business and Professional Regulation Pari-Mutual  
Wagering Laboratory - Report number W9600004, issued August 7,  
1996**

**Case Synopsis**

This report was based upon a whistle-blower complaint alleging problems in the laboratory that could result in violations of the Florida Statutes. Additional allegations include:

1. The use of expired reagents in the ELISA test kits is a danger to the public health, safety or welfare and/or gross mismanagement and/or gross neglect of duty and/or malfeasance or misfeasance;
2. The use of expired kits has compromised the legitimacy of the pari-mutual industry and the integrity of the pari-mutual wagering laboratory services;
3. The use of expired test kits and the resulting impact on purses;
4. The special analysis section failed a National Quality Assurance Program Survey;
5. The in-house quality assurance tests allegedly failed;
6. A million dollar piece of equipment was purchased, personnel was not qualified to use it and it remained unused and later was given



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

away;

7. Allegations of tampering or destroying in-house computer test results.

**Investigative  
Findings and  
Conclusions**

We concluded the allegations appeared to have been the result of miscommunications, lack of training, and poor laboratory management controls. Interviews and documents found the use of expired ELISA test kits does not in and of itself invalidate the tests completed by the laboratory, as long as quality control procedures specified by the manufacturer are met. The allegations associated with the whistleblower complaint are symptomatic of other deficiencies within the Department of Business and Professional Regulation laboratory;

1. The lack of communications between different sections within the laboratory with regard to protocols and goals;
2. The lack of a comprehensive quality assurance program;
3. The absence of the educational benefits at the laboratory industry conference or with laboratory accreditation programs; and
4. The lack of in-house training and industry-sponsored courses.

**Administrative  
Recommendations**

Based upon the findings, we made administrative recommendations to the agency.

1. It is recommended that regular, laboratory-wide staff meetings be held to communicate laboratory policies, goals and objectives to all personnel and in order for supervisors to meet and respond to employee concerns.
2. It is recommended that the laboratory employ a quality assurance person and that clearly defined, objective policies are established for evaluating the performance of laboratory tests. The laboratory should pursue accreditation within the racing laboratory industry and engage in regular internal and external proficiency evaluations.



## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

It is recommended that the laboratory offer training to personnel through participation in appropriate national or state-wide conferences or conventions.

#### **Actions Taken by the Agency**

The Department of Business and Professional Regulation expressed concerns over the deficiencies at the laboratory. The issues were addressed and laboratory services as of July 1, 1997 are under the direction and control of the University of Florida.

#### **Management Communications**

Teamwork and communication are improving. The lab administrator has met with all employees individually so that each could make him aware of unique problems or perspectives. Short planning sessions are conducted twice a week with subordinate managers and insures that they share information and guidance with employees. The lab is also conducting bi-weekly meetings for all personnel that feature project status, goals, strategy, and vision. This meeting is followed by an in-house training session. The lab has begun two employee recognition programs. One is an Employee of the Month program where the winner receives a gift certificate. The other program is employee based where one employee can certify exceptional performance of another employee. Other team building and motivational techniques are planned for future implementation.

#### **Quality Assurance Actions**

As a result of the inspector general report, one chemist administrator was designated as a full-time quality assurance officer. He was scheduled to attend a specialized laboratory quality assurance

qualification course in June 1997. He has completed both drug control and equipment record procedures and is developing several quality assurance initiatives to include an internal proficiency program. The



## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

laboratory is currently processing blind samples as part of an external proficiency program administered by the Association of Racing Chemists (AORC). Since accreditation will cost approximately \$25,000 to complete, the agency is awaiting the outcome of the privatization issue.

#### **Training**

The laboratory has in place a new employee orientation and sponsorship program. They are conducting internal training after the bi-weekly employee communications session. They submitted a well considered training needs forecast for FY 97-98 that included sponsored training and significant non-sponsored technical training from industry vendors. The quality assurance officer and the chemist administrator in charge of the screening section attended the AORC convention on April 18-21, 1997. They went with the guidance to acquire as much expertise as possible, not only from agenda events but also from other attendees. The supervisors of the thin layer chromatography and the immunoassay areas both visited the Illinois Racing Lab on May 12, 1997, where they gleaned information regarding the facility's techniques and expertise.

#### **Summary**

The Pari-Mutual Wagering Laboratories are moving in a positive direction. The laboratories' primary focus must be to process samples quickly and accurately with their records passing the scrutiny of a legal challenge. Accomplishment of the actions outlined above has contributed to their overall proficiency in this area. The improvement is documented by the following figures:

<b>DATES</b>	<b>POSITIVE CALLED</b>	<b>PROCESSING TIME</b>
<b>July 1, 1996 through February 28, 1997</b>	77	31 days

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**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

<b>March 1-31, 1997</b>	21	26 days
<b>April 1-18, 1997</b>	26	22 days

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**Inquiry into the Development, Design and Construction Agreement for the Adam Paine Academy between the Alternative Education Institute, Inc. and the Griff Mill Schools, Inc. - Case Number A9700003, issued June 27, 1997**

**Predicate**

The Governor asked that the Office of Chief Inspector General look into the controversy surrounding the construction of the Adam Paine Academy and provide him the information needed to respond to concerns raised by the Commissioner of Education. The academy, as currently envisioned, will replicate the Glen Mills School, Concordville, Pennsylvania. At Glen Mills, adjudicated juvenile males are educated and trained in a non-secure institution where behavior is normalized through peer pressure.

**Status of Contract  
Funding**

The academy is being built under a Development, Design, Build Agreement (DDBA) between the Alternative Education Institute, Inc. (Alternative Education) and Griff Mills Schools, Inc. (Griff Mills). Thus far, the Department of Education (Education) has transferred \$9.5 million in Public Education Capital Outlay (PECO) funds to Alternative Education for construction of the academy. An additional \$20.5 million is authorized to complete construction. Education suspended PECO fund payments to Alternative Education pending receipt of this report.

**No Attempt to  
Negotiate  
Proposal**

Alternative Education awarded the \$30 million DDDBA to Griff Mills, the only respondent to Alternative Education's request for proposal. Griff Mills was a newly created, thinly capitalized, for-profit corporation. Both Alternative Education's chair and Griff Mills former president told us that the goal was to build as much of an academy as the \$30 million would buy. For this reason there was no attempt to negotiate any reduction to the Griff Mills' proposal. Other than a comparison of the building costs to the square footage costs of schools in Florida, we found no evidence that Alternative Education performed cost or price analysis before it agreed to project costs and budget.



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

**Paid More Than  
Appraised Value  
for Site**

Griff Mills purchased a 359 acre site in Hillsborough County near Ruskin, Florida. While there is local support for the academy, there is also a continuing suit by nearby residents against locating the academy at this site. The price paid for two of three parcels exceeded the appraised value of the property. Additionally, one of the three parcels that make up the Ruskin site may not have been necessary to complete the academy.

**Amounts Paid for  
Consultant Fees  
and Dividends**

Amounts paid to Griff Mills appear to have been paid in accordance with the DDBA between Alternative Education and Griff Mills. Under the DDBA, Griff Mills could earn about \$2 million for consultant fees, corporate management expenses, corporate overhead and profit. Much of the controversy surrounding the project arose when the Alternative Education's accountant issued reports about how Griff Mills spent the \$1.4 million paid to it by Alternative Education for consultant fees, corporate management expenses, corporate overhead and profit from the award of the DDBA through December 31, 1996. As of that date, \$106,261 of this amount were paid as dividends to the seven stockholders of Griff Mills. Another \$1 million had been paid to eight consultants. Four of these consultants were also stockholders. The reported information casts Griff Mills in a poor light and is seen by some as evidence of greed and avarice. Griff Mills has installed a new president but the former president is a Griff Mills consultant and stockholder.

**No Effective  
Oversight**

Alternative Education did not perform effective oversight before or after the contract was signed. At recent meetings, Alternative Education has sought to persuade either the Department of Education or the Department of Management Services to assist in oversight of the construction portion to completion.

**Education  
Department  
Responsibility**

The Department of Education believes it is a "pass through" agency and has no oversight responsibility. There may have been some indications in the paperwork that Alternative Education filed with the Department of Education that Alternative Education was drawing money too fast. However, even if these indications had been noted,



## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

the statute that created Alternative Education provided the Department of Education with no criteria to determine when or if funds should be withheld.



#### **Purpose**

#### **Audit of the Security Program for Data and Information Technology Resources - Report Number 97-1, issued June 27, 1997**

During the 1996-1997 fiscal year, our office conducted an audit of the Security Program for Data and Information Technology Resources. The purpose of this audit was to evaluate the adequacy of security procedures in place to protect data and information technology resources. During this audit, we reviewed logical access controls,

physical security, contingency planning, disaster recovery and compliance with applicable laws and rules.

#### **Conclusion and Recommendation**

We found that the Office of Information Systems generally operates in a manner which provides good controls over logical access and physical security. The office generally complied with the requirements of Section 282.318, F.S., and Chapter 44-4, F.A.C.; however, we made recommendations regarding the administration of security policies, availability of system access, fire prevention and suppression, and prevention of water damage. We also found that procedures are in place for dealing with contingencies and recovery from physical disasters.

Pursuant to Section 282.318(3)(a)5, F.S., the results of internal audits of the security program for data technology resources are confidential; therefore, specific findings are not identified herein.

#### **ESCAMBIA COUNTY DERIVATIVE AND FINANCIAL ISSUE**

Since our last annual report, further developments in this case are that

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## **OFFICE OF THE CHIEF INSPECTOR GENERAL EXECUTIVE OFFICE OF THE GOVERNOR**

### **ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

---

the Honorable Curtis Golden, State Attorney for the First Judicial Circuit of Florida has withdrawn criminal charges against two firms in favor of restitution to Escambia County of \$443,091, costs \$22,196, and cooperation in the prosecution of the co-defendant. In addition, another defendant pled nolo and received five years probation, agreed to cooperate with state's attorney, \$10,000 fine, and \$6,500 costs to the state comptroller. Two additional trial dates have been set in late 1997 and early 1998. Trial dates will be set for four other defendants during August 1997. The case remains open and active.

### **COORDINATION WITH OUTSIDE ORGANIZATIONS**

During the 1996-1997 fiscal year the Auditor General issued three reports which include activities under jurisdiction of the Executive Office of the Governor. These reports are:

Report No. 12869 dated December 19, 1996 - Audit of the State of Florida Oversight of Grants and Aids to Nonprofit Organizations.

Report No. 12870 dated December 19, 1996 - Review of State Governmental Nonprofit Organizations.

Report No. 12983 dated May 19, 1997 - Audit of the Federal Financial Assistance Programs.



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

Appendix 1

**STATISTICAL SUMMARY  
FISCAL YEAR 1996-1997 ACTIVITIES**

	FY 96-97	FY 95-96	FY 94-95
Whistle-blower Hotline Calls	879	763	671
Review and Process Auditor General and Inspector General Internal Audit Reports	373	361	347
Written Complaints Handled	350	253	180
Preliminary Investigations Completed	61	*	*
Active Investigations Tracked	47	47	17
Public Records Request	34	*	*
Local Government with Financial Emergencies Being Tracked at the End of Year	21	18	13
Coordination with Auditor General's Office on Reports Covering Executive Office of the Governor Activities	3	3	5
Management Reviews Completed	0	2	3
Investigations Completed	4	4	0
Audits Completed	1	0	0

\* **Unknown - Not broken down in previous years.**



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

Appendix 2

**LOCAL GOVERNMENTAL ENTITIES  
WITH FINANCIAL EMERGENCIES  
BEING MONITORED AS OF JUNE 30, 1997**

<i>LOCAL GOVERNMENTAL ENTITIES</i>
1. City of Alachua *
2. Baker County Hospital Authority
3. Braden River Fire Control and Rescue *
4. Deer Island Community Development District *
5. Dove Pointe Community Development District
6. East Point Water & Sewer District
7. City of Gretna
8. Town of Horseshoe Beach
9. Lanark Village Water & Sewer District
10. Town of Lee
11. City of Miami
12. City of Midway
13. Town of Noma
14. Ocean Highway & Port Authority - Nassau County *
15. Orange County Research & Development Authority *
16. Parkway Center Community Development District
17. Serenova Community Development District - Pasco County
18. Reserve Community Development District
19. Town of Welaka
20. City of West Miami
21. Town of Zolfo Springs *

**\* These entities were removed from financial emergency after June 30, 1997.**



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

**RISK ASSESSMENT/AUDIT PLAN  
FISCAL YEAR 1997-2000**

Appendix 3

Risk Rank Number	Audit Area	Total	Entity will be audited in:		
			FY 97-98	FY 98-99	FY 99-00
1	OTTED - Contract Monitoring	130	1 audit		
2	OTTED- Incentive Program Administration	111	1 audit		
3	OPB - System Design & Development	97	1 audit		
4	OTTED-Permit Streamlining	97		1 audit	
5	Gov's Coun on Phys Fitns & Sports	87		1 audit	
6	Immigration Policy Office	87		1 audit	
7	OPB - Growth Mgmt/Strat Plan	87			1 audit
8	Domestic Violence Task Force	85			1 audit
9	Office of Information Systems	85			1 audit
10	Fl Comm on Community Service	84			
11	OPB-Env'l Pcly/Comm & Ecnm Dev	84			
12	Comm on Gov'tal Accty to the People	83			
13	Citizen's Services Office	80			
14	OPB-Education	79			
15	OPB-Gen'l Gov't	79			
16	OPB-Public Safety	79			
17	OPB-Revenue & Economic Analysis	79			
18	OPB-Intergov'tal Affairs	78			
19	Administration-Budget Development	77			
20	Administration-Fiscal	77			
21	Administration-Mailroom	77			
22	Administration-Personnel	77			
23	Communications/Press Office	77			
24	OPB-Budget Mgmt	76			
25	OPB-Health & Human Svcs	74			
26	Scheduling Office	72			
27	Juvenile Justice Advisory Board	70			
28	External Affairs Office	69			
29	Florida Washington Office	69			
30	Legal Affairs Office (notary)	69			
31	Administration-Purchasing	68			
32	Cabinet Affairs	68			
33	Legislative Affairs Office	64			
34	Florida Sterling Council	59			



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

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35	Appointment Office	55			
36	Gov's Mansion	0			



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

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**RISK ASSESSMENT/AUDIT PLAN  
FISCAL YEAR 1997-2000**

Appendix 4

**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
Less Estimated Hours for Unplanned Activities	
Special Projects (200)	
Assistance on Investigation (200)	
Direct Hours Available for Audits (per Auditor)	960
x Number of Auditors	2
Total Direct Hours Available for Audit	1,920

**Estimated Hours for Planned Audits**

1997/98 FY		
OTTED - Contract Monitoring	800	
OTTED - Incentive Program Administration		600
OPB - System Design & Development	700	
1998/99 FY		
OTTED - Permit Streamlining	600	
Governor's Council on Physical Fitness & Sports	700	
Immigration Policy Office	600	



**OFFICE OF THE CHIEF INSPECTOR GENERAL  
EXECUTIVE OFFICE OF THE GOVERNOR**

**ANNUAL REPORT FOR FISCAL YEAR 1996-1997**

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1999/00 FY

OPB - Growth Management/Strategic Planning	800
Domestic Violence Task Force	700
Office of Information Systems	400