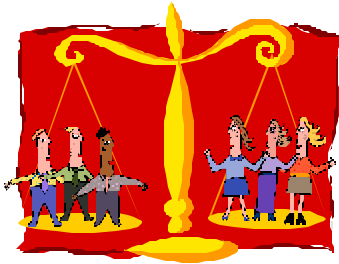




EXECUTIVE OFFICE OF THE GOVERNOR OFFICE OF THE CHIEF INSPECTOR GENERAL ANNUAL REPORT 1998-1999

Introduction

The Office of the Chief Inspector General is required by statute to prepare an annual report. This is the first report in the Bush-Brogan administration and the fifth annual report since the IG statute was enacted in 1994. This report encompasses the first six months of the administration, as well as the last six months of the previous administration.



Earlier this year, the staff of this office, after careful consideration, adopted a three-word mission statement—promote government integrity. This simple phrase captures the role of the Office of Chief Inspector General. Performing audits and investigations, providing audit and investigative expertise and financial advice, as well as providing counsel and assistance on issues related to government integrity.

I am proud to state that over the last twelve months the Office of Chief Inspector General has achieved its mission – to promote responsible government—one of your top priorities. As appropriate, the office has provided financial guidance and audit expertise and investigative aid to the agencies and program areas under the jurisdiction of the Governor. In examining the office, however, I knew a better job could be done to accomplish this important priority. I decided the first goal of the office, to support this mission, was to increase the level and quality of service provided to its constituents: the citizens of the state, the Executive Office of the Governor and the heads of the Governor's agencies and the Inspectors General for those agencies.

To effectuate this goal, staff changes were made. A new Director of Investigations was selected, and a Deputy Director of Investigations position was created, revamping an existing position.

The staff changes caused a bit of a distraction in processing some investigative matters. However, overall the changes improved the quality of service and have vastly enhanced the



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ability of the office to fulfill its mission.



The office has also sought to expand the sense of community among the Governor's agency's Inspectors General. The Inspector General community has in the past worked well on certain initiatives. However, we sought over the past few months to expand and improve this sense of community in light of the mission of this office. The office has worked with the agency Inspectors General to expand the level of service provided within the agency and to the agency's constituents.

The audit staff is working on cataloguing agencies' best practices and establishing joint audit task forces to look at certain programs. The investigative staff has improved the complaint handling and internal tracking program. This will enable us to provide assistance to agency Inspectors General throughout the investigative process. Also, the Whistle-blower complaint mechanism was overhauled. This will permit this office to maintain an accurate record of these investigations and provide agency-wide assistance on recurring issues and challenges. We are also working with the agency Inspectors General to coordinate training initiatives.

The audit staff continues to provide assistance and guidance to the Executive Office of the Governor, primarily the Office of Trade, Tourism, and Economic Development and the public/private partnerships that are part of the Executive Office of the Governor's statewide economic development plan. Accountability is the key to successful public-private partnerships; therefore we will continue to examine the contracts, the terms of the contracts and the program performance of these partnerships. Effective contract monitoring is necessary for successful public private partnerships. Also, the audit staff will continue to provide information and assistance on several programs over the next twelve months.

Through your leadership and guidance the office is involved in other initiatives to promote governmental accountability and integrity. The Chief Inspector General is a member of the Executive Council for the SAFE (Strikeforce Against Fraudulent



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Enterprises) Initiative. Once up and running, this computer database will allow speedy exchange of non-confidential information concerning fraud and financial crimes against the people of the state of Florida. Also, the Chief Inspector General is the chair of the Public Corruption Task Force. In Executive Order 99-237, you created the task force to review and consider the reform and enhancement of Florida's present approach to handling criminal and non-criminal official misconduct and public corruption. These actions will be included in next years report.

Over the past few months I have had an opportunity to work on some very interesting audits, investigation initiatives, programs and projects. The opportunities, issues and challenges raised have been as varied as the unique topography of this state. I relish this opportunity to serve.

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.



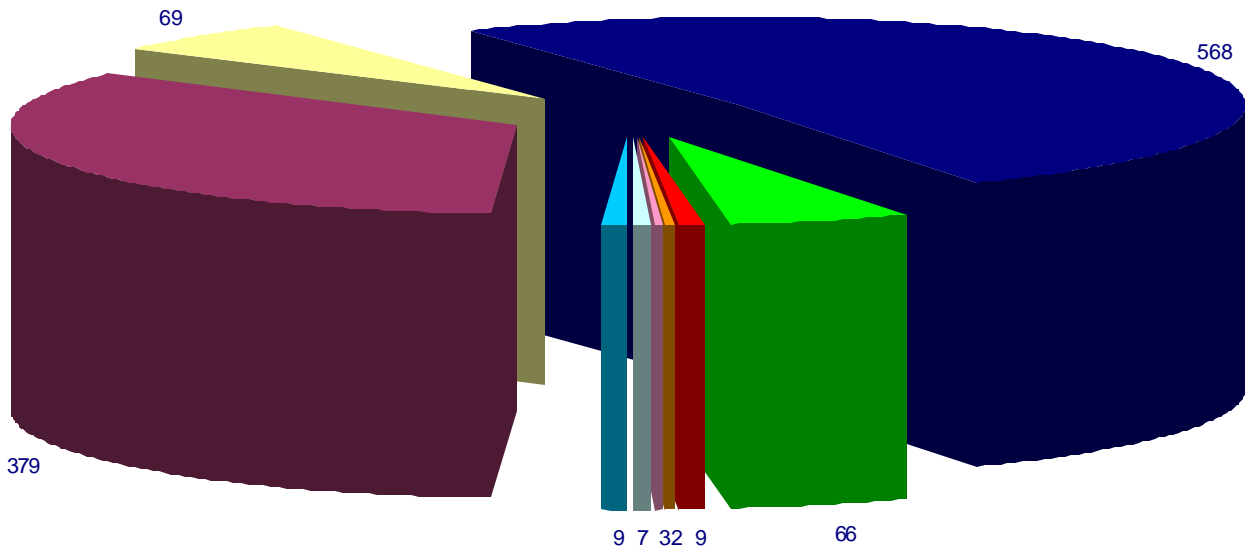
Whistle-blower's Hotline

During this year we received 568 calls on the hotline. The majority of the calls received did not meet the Whistle-blower threshold. Of the 568 calls, we were able to provide assistance or resolve 135 calls. The remaining 433 calls were referred to 34 different agencies/entities for handling.

ANNUAL INVESTIGATIVE PRODUCTIVITY



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■ Number of investigations completed	■ Number of written complaints processed
■ Number of preliminary investigations	■ Number of Whistle-blower hotline calls
■ Number of investigations tracked (other agencies)	■ Number of public record requests
■ Number of special projects *	■ Number of management reviews*
■ Number of liason/training/support activities*	

Local Government Financial Emergencies

When an Emergency Exists

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

- (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.*



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(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*



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compliance with state requirements.

(f) Providing technical assistance to the local governmental entity.

(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 a number of meetings with representatives of local governmental entities who were in a state of financial emergency. As of June 30, 1999 there are 34 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.



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Risk Assessment/Audit Plan Fiscal Years 1999 - 2001

A periodic risk assessment is required by Section 20.055(5)(h), F.S., and based upon that assessment, long term and annual audit plans are prepared. The risk assessment is to identify and catalog all auditable activities, to apply certain risk factors, and to assign priorities for audit based upon relative risk identified. During fiscal year 1999 we updated our earlier risk assessment and prepared our audit plan for fiscal years 1999 – 2001 (Appendix 3).

Reports Completed

During fiscal year 1998 – 1999, we completed seven audit reports, eight management reviews, and four investigative reports.

Enterprise Florida Inc., a public/private partnership Audit - A 9900043, issued 6/30/99

Scope of Review

The audit scope was for fiscal years 97/98 and 98/99 for the contract letting and procurement process. Our scope included both contracts executed or active during the audit period and all procurements made during the audit period.

To perform our audit we requested that Enterprise Florida provide us with a complete list of all contractors and consultants. We also requested they provide us with a complete list of all vendors, which received more than one thousand dollars (\$1,000) in any one fiscal year for both fiscal year 97/98 and 98/99. This resulted in a population of four hundred-ninety-five (495) vendors and a dollar value of approximately \$18.7 million, which excludes Quick Response Training dollars paid to colleges and universities.



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Audit Synopsis

While not a state agency, Enterprise Florida receives ninety-five percent of its funding from the state through a contract with the Office of Trade, Tourism, and Economic Development, which amount to approximately \$25/23 million respectively for the two years. Enterprise Florida is a not-for-profit public/private partnership established to guide the economic development activities of the state.

Through out the audit process we tried to apply the “prudent business person” standard in determining our findings and making our recommendations. Generally we found that Enterprise Florida’s internal control structure as it relates to the contracting/procurement process was significantly flawed. Enterprise Florida did not follow its’ own written policy, which related to the contracting/procurement process. Also, the written policy was flawed. Enterprise Florida’s bid, selection and negotiation process was not well documented or tracked. By not tracking the process Enterprise Florida could not demonstrate that they received the best purchase price, the highest quality of goods or services, or that actual deliverables were received in conformity with the contract.

Conclusion and Recommendations:

In conclusion, we found that the internal control structure as it relates to the contract/procurement process of Enterprise Florida is significantly flawed. The effectiveness and efficiency of the contract/procurement process needs to be evaluated and improved. The contract monitoring and documentation of the deliverables is weak and needs improvement. These deficiencies outlined in this audit report are cause for concern as to the efficiency and effectiveness of Enterprise Florida’s management. Enterprise Florida needs to take steps to correct all deficiencies in its contract/procurement process and its contract monitoring function.

We understand that the public/private partnership process was created to avoid some of the bureaucratic processes found in governmental agencies. However, we do not believe that it was to avoid accountability. When public funds are the primary source of revenue we believe that accountability to the public



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should be just as great as that expected of a government agency. We tried to apply the "prudent business person" standard in making our review since no effective policies and procedures were in place. We believe the management of Enterprise Florida failed this test.

By not having a formalized process in place to solicit, analyze, and compare bids, management had no effective way of knowing whether it was getting the best product or service for the money. Nor does management know whether higher quality products or services could have been obtained in a timelier manner.

In general we recommended that Enterprise Florida completely review and improve the internal control structure as it relates to the contract/procurement process.

**Administration Tangible Personal Property
Audit - A 9800190, issued 11/23/98**

Audit Scope

We audited the tangible personal property (property) of the Executive Office of the Governor. Our audit covered the current fiscal year (1997-1998) through August 31, 1998

Scope Synopsis

We found that the Administration office materially complied with the laws, policies and procedures, which govern tangible personal property. During the audit the office was in the process of conducting the annual inventory. We reviewed and observed the physical inventory process. Our audit objectives were to evaluate the internal control system and to determine whether it is working effectively and efficiently as designed, evaluate compliance with the laws for Florida and the rules of the Auditor General as they relate to property held by the state, and evaluate the accuracy and completeness of the property inventory.

Conclusion:

In our opinion, tangible personal property is effectively and efficiently managed within the Executive Office of the Governor. We had no material findings or recommendations. We did verbally recommend that Administration surplus all property in the



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possession of the partnerships as a clean up process from the Department of Commerce.

**Governor's Cuba Advisory Group
Checking Account Audit - A 9800260, issued
2/23/99**

Audit Scope:

The object of our audit was to review and reconcile the checking account and verify the appropriateness of the transactions. The audit period was May 1990 through May 1998, the date of the last transaction.

Audit Synopsis:

We audited the checking account and related supporting documentation of the Governor's Cuba Advisory Group (Group) formerly the Commission for a Free Cuba (Commission) for the period of May 1990 - May 1998. We found no indication of fraud, waste or abuse of state funds. Executive Order 96-150 created the Group. The order changed the name of the original Commission and limited the number of board members. The Group and the Commission were established to serve as an "information liaison" with Florida's communities, sharing pertinent information on US/Cuba policy. The Group was to focus its attention on the topics of immigration, commerce, and tourism. The Executive Order establishing the Commission required the Commission to publish an annual report, which it did publish and present to the Governor. The Executive Order establishing the Group did not require the Group to publish an annual report. Neither Executive Order provided guidance as to how funds were to be expended.

Conclusion:

The Group/Commission lacked guidelines for appropriated spending. We recommended that the Governor's office should set appropriate guidelines for spending.

**Systems Design And Development Security
Audit - A98-00002, issued 6/24/99**



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Scope of Review: The Office of the Chief Inspector General performed an audit of the Local Area Network (LAN) operated by Systems Design and Development section of the Office of Planning and Budgeting, Executive Office of the Governor. The objective of the audit was to evaluate the adequacy of LAN computer security. The scope of this audit was August 1, 1998 through January 31, 1999.

Audit Synopsis: Pursuant to §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 within this report.

**Florida Entertainment Industry Council
(FEIC) Audit - A 9800253, issued 4/23/99**

Scope of Review: We audited the financial records for the FEIC for fiscal year 97/98 and for July 1, 1998 - December 31, 1998. We reviewed original invoices, billings and bank statements for the audit period. We found that the FEIC is not a going concern. Also, FEIC failed to implement and follow prudent business practices.

Audit Synopsis: FEIC was the public private partnership designated by the state to promote the film and television industry in the state of Florida after the Department of Commerce was abolished in 1996. The FEIC had a yearly contract with the OTTED in the amount of \$200,441. The FEIC was to produce four magazines and a statewide directory each year. The contract was performance measure based.

In February of 1998 the Office of the Chief Inspector General was requested by the OTTED to review the financial position of the FEIC because they were unable to meet their deliverables as required by the contract. In our previous management review of February 1998, we found that FEIC failed to exercise prudent business practices. In March on 1998 FEIC closed it's primary office location. At that time the FEIC had no employees. FEIC still had a contract obligation to the OTTED until June 30, 1998. During the period of March to June 30, 1998 the FEIC contracted



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with Harris Management Company to mail out directories, answer the FEIC's 1-800 number and to handle all mail for the FEIC.

The contract with the OTTED required the FEIC to have an annual audit performed but due to the fact that the previously engaged CPA firm had not been paid they would not issue the audit report for fiscal year 96/97 nor would they audit the financial position for 97/98.

OTTED requested that we perform an audit of the financial information. We were unable to compile a complete balance sheet or profit/loss statement due to the scope limitations.

Conclusion:

FEIC failed to maintain adequate accounting records to promote accountability and reporting. The final total of accounts payable far exceeded their resources. FEIC commingled private and state funds. By not having proper records FEIC issued refunds which appeared to be inappropriate. FEIC paid a board member for services in connection with the FEIC business in front of other creditors and in direct conflict with the corporate by-laws.

FEIC is not a going concern. Currently the FEIC does not employ any staff or an Executive Director. They are not currently engaging in any business activity. It appears they have failed to file the necessary state and federal regulatory reports for the audit period, such as state and federal income tax returns. It also does not appear there is any intention to have the FEIC continue as the state's marketing organization due to current legislation concerning the film industry.

**Audit of the Contract Monitoring of the
Office of Trade, Tourism and Economic
Development (OTTED) – A 98-00146 issued
9/21/98**

Scope of Review: Our audit period covered the first and second quarters of Fiscal



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Year 1998 (July 1, 1997 - December 31, 1997).

Audit Synopsis:

We audited the contract monitoring process of the Office of Trade, Tourism, and Economic Development (OTTED) as it relates to its contract with Enterprise Florida Inc.(EFI), and the Enterprise Florida boards. Our audit objectives were to: evaluate the extent to which contract requirements are structured to promote effective and efficient use of state resources; promote accountability for state funds; promote the legislative intent of each partnership; evaluate the extent of contractor compliance with contract requirements; and, evaluate the effectiveness of procedures in place within OTTED to monitor and enforce compliance with contract requirements.

Our findings reflected that on-site monitoring and validation of results can improve contract monitoring; some EFI information was not always accurate, reliable, or easily validated in a timely manner; the effectiveness and efficiency of the contract monitoring process would benefit from a more coordinated effort within OTTED; there is a need for a functioning independent audit committee.

Conclusion:

In our opinion, the contract monitoring function was carried out in a professional manner. However, we believe there are some areas that would benefit from added coordination and control. We believe that policies and procedures did not provide reasonable assurance that reported performance outcomes were valid. We were unable to determine whether the policies and procedures were not properly designed or where not properly implemented. Further, we believe that the internal control structure for review and evaluation of performance outcomes evidenced weaknesses, which reduce efficiency, effectiveness, and accountability.

**Performance Base Budgeting Review,
issued 3/26/99**

Review Scope:

The scope of our review was the performance



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measures for fiscal year 99/00 for the OTTED. Our objective was to determine reliability, validity and appropriateness of the performance measures as required by Florida Statute 20.055.

Review Synopsis:

We conducted a review of the performance measures within the Executive Office of the Governor. The Office of Trade, Tourism and Economic Development (OTTED) is the only unit which at this time has performance measures. The OTTED has outputs for its office but the outcomes flow from the partnerships they contract with to perform specific economic development activities. We obtained the performance ledgers for OTTED and its partners for fiscal year 99/00. Our review consisted of gathering information on the reliability, validity and appropriateness of the performance measures. We obtained this information through the use of interviews and request for supporting documentation. Our testing of specific measures was very limited. In general we found the performance measures to be appropriate to measure economic development activities with one exception. The performance measures for the Florida Association of Volunteer Agency's for Caribbean Action (FAVACA) measures do not measure their impact on economic development. We also determined that validity and reliability of all the performance measures could be improved.

Conclusion:

We concluded that the performance measures of FAVACA did not measure economic impact and that their mission was not in line with the mission of OTTED. FAVACA measures the satisfaction of the consultants with their trip and the customers' satisfaction with the consultants. There is no attempt to measure the economic impact the consultant has had on the customer they worked with. There is also no follow up performed to measure or evaluate to what extent the training was of long-term benefit. Also, FAVACA's methodology for collection and reporting of performance measures needs improvement. When we attempted to recreate the performance reported based on the information provided by FAVACA we could not document the reported performance.



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We also found that Spaceport Florida Authority needs to improve the methodology for collecting and reporting performance for its program measures. When we request supporting documentation for two measures they were not able to recreate the support for one measure and they lacked supporting documentation for the other. Because of the work of other auditors, discussion with OTTED staff, and our review of the supporting documents of the performance measure in our opinion each performance measure needs improvement as it relates to the reliability of the information reported. When we reviewed supporting documents for the measures we were unable to recreate the performance reported based on the documents provided. It is imperative that the reported performance be reliable. In either instance, an under or over statement of performance results creates the impression that there is a lack of accountability for state resources.

**Review of Complaints Office of the State
Long-Term Care Ombudsman – M9700006,
issued 9/10/98**

Review Synopsis:

Certain of the complaints regarding the State Long-Term Care Ombudsman (State Ombudsman) were related to the conflict in the relationship between the State Ombudsman and the State Long-Term Care Ombudsman Council (State Council). The relationship deteriorated to such a degree that the State Ombudsman requested an opinion from the Attorney General regarding the statutory authority of the position and its relationship to the State Council. The State Ombudsman asked about the position's authority to approve or disapprove policy directives proposed by the State Council and the authority to run the program. The Attorney General's opinion generally did not support the State Ombudsman's position.

A mediator was brought in to work with the parties to try to resolve the situation. The relationship was not salvaged and the State Council removed the State Ombudsman in May 1998. A new State Ombudsman has been appointed.



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The District 1 Ombudsman Council had knowledge of alleged abuse in a long-term care facility. However, the District Council did not report these allegations to Adult Protective Services because the District Council believed it must have written consent from the resident or their legal guardian before it could report to Adult Protective Services. Adult Protective Services believed that the allegations should be reported.

Review Result:

A meeting of all the parties resulted in the decision that ombudsmen are obligated to report all suspected abuse, neglect or exploitation cases unless the Legislature provides the program with a specific exemption. The program's Legal Advocate issued a legal opinion reaffirming the obligation to report. The disputed information was provided to Adult Protective Services.



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**Florida Department of Corrections
Review of Inmate Deaths/Krell & Elmore –
Case number 98-13011, issued 1/29/99**

Scope of Review: The Chief Inspector General's Office was tasked with reviewing both the investigative findings of the Florida Department of Law Enforcement and the Florida Department of Corrections, as it related to the deaths of Florence Krell and Christine Elmore.

Case Synopsis: On January 13, 1999, the Florida Department of Law Enforcement, in coordination with the Chief Inspector General's Office, initiated an investigation into the deaths of inmates Florence Krell and Christine Elmore. Both inmates were housed at Jefferson Correctional Facility in Monticello, Florida.

The investigation was initiated to determine:

1. Whether the deaths of Krell and Elmore were a result of suicide or homicide.
2. Whether criminal violations occurred concerning the use of force against Krell and Elmore prior to their deaths.
3. Whether any other criminal violations were committed, relating to the confinement, death, or the Florida Department of Correction's investigation surrounding the deaths of inmates Krell and Elmore.

The Chief Inspector General's Office and the Florida Department of Law Enforcement reviewed the Florida Department of Corrections, Office of Inspector General's Investigative Report and the department's policies and procedures that were in effect at the time of the deaths.

On February 15, 1999, the Florida Department of Law Enforcement issued a report that concluded:

1. At the time of their deaths both women were incarcerated at the Jefferson Correctional Facility in the confinement area.



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2. There was no evidence of homicide or other foul play contributing to the deaths of inmates Krell and Elmore.
3. The deaths of Krell and Elmore were suicides.
4. There was no evidence of criminal violations relating to inmate brutality or use of force against inmates Krell and Elmore.
5. There was no evidence of criminal violations relating to the confinement, death, or the Florida Department of Corrections investigation of the deaths of inmates Krell and Elmore.

The Florida Department of Corrections reviewed the Inspector General's Office, Investigative Report, the Department's policies and procedures in effect at the time of the deaths and the Florida Department of Law Enforcement's Investigation Report and in conjunction with the Chief Inspector General's Office, instituted the following changes:

1. The creation of a Memorandum of Understanding (MOU) signed by the FDLE, CIG and DOC, which delineates investigation and policy protocols.
2. Reorganization of the DOC, IG.
3. Re-establishment of the Standing Advisory Committee on Female Offender Issues.
4. Revision of the rule on Administrative Confinement (Chapter 33.3.0081).
5. Revision of personnel rules pertaining to the medical credentialing process.
6. Revision of the Correctional Medical Authority process.
7. Creation of a Joint Security and Health Services Directive.

Recommendation for additional training in the areas of suicide, gestures and ideation.

Conclusion:

The evidence reviewed by FDLE supports the findings that the deaths of inmate Krell and Elmore, while regrettable, were the result of suicide, not homicide. In addition, there was no evidence to substantiate any other criminal violations.

New protocols have been issued to aid in the investigative



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process for inmate deaths. The MOU sets up specific investigative protocols upon the suspicious death of an inmate. The MOU presents a unique opportunity for the FDLE and the Office of the Chief Inspector General to become involved in the beginning of an investigation. The MOU also mandates that the DOC and the CIG review changes in DOC policies derived from an investigation.

**Florida Department of Elder Affairs
Misuse of revolving funds – Case number
I9900041, issued 2/23/99**

Scope of Review: To determine whether the Department of Elder Affairs inappropriately used monies from a revolving fund to provide the Deputy Secretary a wage advance.

Case Synopsis: On February 19, 1999, the Director of the Joint Legislative Auditing Committee indicated that a warrant from an account at the Department of Elder Affairs was improperly issued. The warrant was issued to the Deputy Secretary of the Department, Luis Morse.

On February 22, 1999, a staff member of the Joint Legislative Auditing Committee, delivered photographic copies of the following documents:

1. E-mail message from Deputy Secretary, subject: salary advance.
2. Check # 0553, Elder Affairs Revolving Fund.
3. Check Register from Elder Affairs Revolving Fund.
4. Florida Administrative Code, Florida Department of Banking and Finance, 3A-A Accounting and Auditing, 31.226 Wage Payments From Revolving Funds.

On February 22, 1999, the Director of Auditing, James Thomas and Director of Investigations, Roger Fritz went to the Florida Department of Elder Affairs to interview staff members.



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The investigation revealed that the issuance of this warrant violated the above referenced administrative regulation. The warrant issued to him violated the authorized use of the Florida Administrative Code referenced above. The office of the Secretary did not act inappropriately. There is no evidence that the Deputy Secretary engaged in any improper conduct. It should be noted however that subordinates can view the mere request of an agency head, as a directive or order.

Conclusion:

1. The office of the Comptroller needs to review with the appropriate personnel within the agencies the appropriate use of the Revolving Fund Account.
2. The office of the Comptroller needs to assist each agency in developing written policies for the use of the Revolving Fund Account.
3. The Governor should advise his Senior Management, that while encouraging a "can do attitude", they must be mindful of their influence within their agency. Always leave the door open to hear, that despite the best efforts of agency personnel, some things may be bureaucratically inappropriate.

**Office of Planning and Budgeting
Ethics Violation – Case number I9900062**

Scope of Review:

To determine whether two Executive Office of the Governor, Office of Planning and Budgeting, employees committed ethics violations in the course of their employment.

Case Synopsis:

On February 18, 1999, an anonymous letter indicated that Nancy Adams, Project Manager, Florida Financial Management Information Systems, had violated Florida ethics laws by receiving \$200.00 dollars for party expenses associated with her employment. In addition, it was alleged that both Nancy Adams and Edwin Levin (Policy Coordinator, Technology Review Workgroup) were recommending Hewlett Packard equipment and services because a former associate, Joseph Brigham is now employed by Hewlett Packard.



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Conclusion:

There was no evidence to substantiate the allegation that Nancy Adams had violated ethics laws by receiving money for party expenses. The party in question was in fact a team building exercise where by employees from the State of Florida's project team and members from Deloitte Touche participated. Money was collected for food and condiments purchased at a local facility. Deloitte Touche team members did not live in the Tallahassee area and their project leader contributed for all the Deloitte Touche members.

There is no evidence to substantiate the allegation that the two above referenced employees unethically recommended Hewlett Packard equipment and services because of a relationship with a Hewlett Packard employee. The process for selecting software and equipment was and is a continuing team process. The team, after evaluation and consensus, submits their selection to the FFMS Council and a final decision is made at that level. Brigham's project participation was not a substantial participation that would cause him to be in violation of F.S. 112.3185(3). Mr. Levine is no longer involved in the day-to-day operations but is part of the FFMS Council.



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**Florida Department of Children and Families
Inspector General's Office - Investigative
Review – Case number I9900061, issued
4/27/99**

Scope of Review: To determine whether the Florida Department of Children and Families, Inspector General's Office, violated any professional codes, laws, regulations, or malfeasance in their investigation of alleged malfeasance of both state and contract employees.

Case Synopsis: The Florida Department of Children and Families, Office of Inspector General, received several allegations from an individual centered around the procedures and protocol within the Developmental Services office which resulted in both gross mismanagement and double billing. At the conclusion of the investigation, the complainant alleged that a component of an agency (including the Inspector General's Office) could not independently assess the elements of the allegations.

The Florida Department of Children and Families requested that the Chief Inspector General's Office conduct an Investigative Review to ensure quality control in regards to the above referenced investigation.

A review of the case file, interviews with Developmental Services employees, former employees, management personnel, headquarters personnel, clients, and the Children and Families IG'S investigators did not disclose any violation of professional codes, laws, regulations, or malfeasance in conduct of the investigation by the Department of Children and Families' IG's Office.

Six allegations were identified by the IG's original investigation. Four of the six allegations made by the complainant were not supported by the IG's investigation. One allegation is currently being pursued by the Office of the Auditor General and awaiting



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final disposition. The other allegation was sustained and resolved at the Sub district 2A level.

The complainant made eight additional allegations in a separate correspondence to Secretary Kearney. Seven of the allegations were not substantiated and one was not addressed by the IG's investigation, as it was a local management issue.

Conclusion:

The Florida Department of Children and Families, Office of Inspector General, conducted the above referenced investigation in accordance with all applicable policies and procedures.

Coordination with Outside Organizations

During the 1998-1999 fiscal year the Auditor General and OPPAGA issued three reports, which include activities under jurisdiction of the Executive Office of the Governor. These reports are:

Report No. 13285, dated July 1998 – Operational Audit of the Office of the Governor.

Report No. 13364, dated December 1998 – Quality Control Review of the Office of the Chief Inspector General/Internal Audit Function of the Office of the Governor.

Report No. 98-17, dated October 1998 – Review of the Expedited Permitting Process Coordinated by the Governor's Office of Trade, Tourism, and Economic Development.



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Appendix 1

**STATISTICAL SUMMARY
FISCAL YEAR 1995-1999 ACTIVITIES**

	FY 98-99	FY 97-98	FY 96-97	FY 95-96
Whistle-blower Hotline Calls	568	736	879	763
Review and Process Auditor General and Inspector General Internal Audit Reports	364	402	373	361
Written Complaints Handled	379	481	350	253
Preliminary Investigations Completed	69	38	61	*
Active Investigations Tracked	66	42	47	47
Public Records Request	9	34	34	*
Local Government with Financial Emergencies Being Tracked at the End of Year	34	18	21	18
Coordination with Auditor General's Office on Reports Covering Executive Office of the Governor Activities	3	3	3	3
Management Reviews Completed	8	2	0	2
Investigations Completed	4	7	4	4
Audits Completed	7	0	1	0

* Unknown - Not broken down in previous years.



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Appendix 2

**LOCAL GOVERNMENTAL ENTITIES
WITH FINANCIAL EMERGENCIES
BEING MONITORED AS OF JUNE 30, 1999**

LOCAL GOVERNMENTAL ENTITIES
1. City of Alachua
2. Baker County Hospital Authority
3. Town of Baldwin
4. City of Bowling Green
5. Town of Brooker
6. Broward County Performing Arts Center Authority
7. City of Cape Coral
8. City of Crestview
9. DeSoto County
10. Dunes Community Development District
11. Eastpoint Water And Sewer District
12. Enterprise Community Development District
13. Falls Chase Special Taxing District
14. Gateway Services District
15. City of Gretna
16. City of Hampton
17. Village of Highland Park
18. Town of Horseshoe Beach
19. Lanark Village Water And Sewer District
20. Town of Lee
21. City of Miami
22. City of Midway
23. Town of Noma
24. Ocean Highway and Port Authority
25. City of Pahokee
26. Solid Waste Authority of Palm Beach County
27. Town of Ponce de Leon
28. Riverwood Community Development District *
29. Town of Sneads
30. City of South Bay
31. St Lucie West Services District
32. City of Valparaiso
33. Viera East Community Development District
34. Town of Westville



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

APPENDIX 3

Risk Rank Number	Audit Area	Audit Year FY 98 - 99	Audit Year FY 99 - 00	Audit Year FY 00 - 01
1.	OTTED Contract Monitoring – EFI* Contract	09/21/98		
2.	OPB – Security System Design & Development	06/24/99		
3.	Administration – Tangible Personal Property	12/01/98		
4.	Governor’s Cuban Advisory Council	02/23/99		
5.	FEIC Financial Review	05/23/99		
6.	EFI Procurement & Contracting	06/30/99		
7.	Gov's Council/SSGF		9/20/99	
8.	Spaceport Florida (In Progress)		1 audit	
9.	Wages Board (In Progress)		1 audit	
10.	Tobacco Settlement Funds (In Progress)		1 audit	
11.	BBIB/BBICs		1 audit	
12.	Florida First Capital Finance Corporation		1 audit	
13.	Visit Florida			1 audit
14.	EFI - Performance Measure Tracking System (Systems audit and a Validation audit)			2 audits
15.	EFI – Workforce Development (Incentives audit and Validation audit)			2 audits
16.	Grants and Incentives			1 audit
17.	Office of Information Systems			1 audit
18.	Film Commission			1 audit



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**RISK ASSESSMENT/AUDIT PLAN
FISCAL YEAR 1999-2001**

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

1999/00 FY		
Spaceport Florida (In Progress)		690
Wages Board (In Progress)	500	
Tobacco Settlement Funds (In Progress)	150	
BBIB/BBICs		200
Florida First Capital Finance Corporation	280	
Performance Based Budgeting review		100
2000/01 FY		
Visit Florida		600
EFI - Performance Measure Tracking System (Systems audit and a Validation audit)		900
EFI – Workforce Development		
Incentives audit and Validation audit)		420