



STATE OF FLORIDA
DEPARTMENT OF CITRUS

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July 10, 2018

ANNUAL REPORT FOR THE OFFICE OF INSPECTOR GENERAL FOR FY2017-2018

To: Shannon R. Shepp, Executive Director, Florida Department of Citrus (FDOC)

In accordance with Section 20.055(7), Florida Statutes (F.S.), I am submitting the Annual Report for the Office of Inspector General for FY2017-2018.

The Office of the Inspector General, under the authority of Section 20.055, F.S., is responsible to promote accountability, integrity, and efficiency. Duties include conducting audits, reviews, and investigations; assessing the reliability and validity of performance measures and standards; and the promotion of economy and efficiency and the administration of other activities designed to prevent fraud and abuse within the Department.

Section 20.055, F.S. also requires that an annual report be submitted to the department head not later than September 30 each year, summarizing the activities during the preceding fiscal year.

A handwritten signature in blue ink, appearing to read "Kevin Eaton".

Kevin Eaton
Inspector General

cc: Eric Miller, Chief Inspector General

**Office of Inspector General
Annual Report
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Audits:

Six audits were completed as follows:

FDOC State Purchasing Card Program, was audited for the period July 1, 2015 through June 30, 2017. The objective of the audit was to measure compliance with statutes and policies of the State of Florida and the FDOC pertaining to the state purchasing card program. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. Three recommendations to increase accountability and efficiency were noted.

Lowe Stratus Contracts 16-12, 16-12a, and 16-12b were audited for the period July 1, 2016 through December 31, 2017. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

New Varieties Development and Management Corporation Contracts 15-08, 16-09, and 17-09 were audited for the period July 1, 2015 through December 31, 2017. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

University of Florida – Florida Agricultural Market Research Center Contracts 14-09, 14-09b, and 17-14 were audited for the period July 1, 2014 through December 31, 2017. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

Yamano and Associates Contract 14-07 was audited for the period July 1, 2015 through June 30, 2017. The objectives of the audit were to ensure compliance with Department and State of Florida policies and procedures regarding contracts; review contract manager activities to verify that deliverables were received, comply with contractual requirements, and accessible for follow-up audit; and test the system of internal controls as it relates to Department programs. The Department established and maintained policies and internal controls that were relied upon to meet the audit objectives. No recommendations were noted for this audit.

USDA Foreign Agricultural Service's (FAS), Market Access Program (MAP) Review: In May 2017, the USDA conducted an onsite review of MAP claims for program years 2011 and 2012. After the on-site review, the USDA noted a significant issue regarding the reimbursement of contracting fees. The IG reviewed the results of USDA's compliance review and reviewed all invoices submitted to the USDA from program years 2012 to 2017. FDOC Executive Management provided additional documentation to the USDA that negated the issues regarding the reimbursement of contract fees in program years 2011 and 2012. This matter was resolved with the FDOC reimbursing the USDA \$8.60 for an improperly claimed product sample.

The audit of Midsummer Marketing Contracts 16-13, 16-13a, and 16-13b was pending as of the end of the fiscal year.

Investigations:

In January 2018, FDOC Executive Management alerted the IG regarding suspicious purchases of IT equipment by IT Administrator Matthew McDermott. McDermott utilized his FDOC purchase card and purchase orders to procure approximately \$36,000 of IT equipment, which he installed on the Department's IT network to mine cryptocurrency. In addition to McDermott's misappropriation of funds, his mining operation was responsible for the theft of electricity, theft of wages, and costs associated with recovering the Department's IT network. McDermott was arrested on March 13, 2018, by the Florida Department of Law Enforcement (FDLE) for grand theft and official misconduct. The IG and Executive Management continue to support FDLE and the Office of the State Attorney in the prosecution of McDermott.

Other Activities:

Additional activities included conducting a risk assessment and completing the Audit Plan; conducting follow-up audits; participating in a Quality Assessment Review by the Auditor General; coordinating the USDA compliance review of MAP funding; preparing for and attending Florida Citrus Commission meetings; and other miscellaneous activities.