



Office of Inspector General
Annual Report

September 27, 2022

Ron DeSantis
GOVERNOR



Dane Eagle
SECRETARY

September 27, 2022

Mr. Dane Eagle
The Caldwell Building, Suite 212
107 East Madison Street
Tallahassee, Florida 32399

Ms. Melinda Miguel, Chief Inspector General
Executive Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399

Dear Secretary Eagle and CIG Miguel:

I am pleased to submit the Office of Inspector General's Annual Report for Fiscal Year 2021-2022, as required by section 20.055, Florida Statutes.

We remain committed in our work with the Department's management and staff to promote efficiency, accountability, and integrity. Thank you for your continued support.

Sincerely,

A handwritten signature in blue ink that reads "James E. Landsberg".

James E. Landsberg
Inspector General

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HIGHLIGHTS

The Department of Economic Opportunity's Office of Inspector General (DEO OIG) completed the projects below during the 2021-2022 fiscal year.

Investigative Activity

- Closed four investigations;
- Completed five inquiries;
- Coordinated the resolution of four complaints with DEO management and nine complaints with other parties having appropriate jurisdiction; and
- Responded to approximately 7,800 requests for management resolution or general assistance, including over 7,300 Reemployment Assistance Program referrals.

Audit Activity

- Conducted three operational audits, two management reviews, and one consulting engagement resulting in 15 findings and recommendations;
- Performed liaison and coordination activities for seven external audits/reviews;
- Coordinated two external engagements with 27 findings and recommendations; and
- Facilitated corrective action for all significant recommendations in prior audits and reviews.

Other Activity

- Conducted a Department-wide risk assessment;
- Prepared the annual and long-term audit work plan;
- Provided technical assistance to Department managers as needed; and
- Conducted management-requested reviews to improve efficiencies in program services.

INTRODUCTION

Purpose of this Report

Section 20.055, Florida Statutes (F.S.), requires each Office of Inspector General to prepare an annual report describing its activities during the preceding state fiscal year. This report includes the following:

- A description of activities relating to the development, assessment, and validation of performance measures;
- A description of significant deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities;
- A description of the recommendations for corrective action made by the inspector general during the reporting period with respect to significant problems, abuses, or deficiencies identified;
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed; and
- A summary of each investigation and audit completed during the reporting period.

This document is presented to the Secretary of the Florida Department of Economic Opportunity and to Florida's Chief Inspector General.

Summary of the Department

Section 20.60, F.S., states that the mission of the Department of Economic Opportunity is to assist the Governor in working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement coherent and consistent policies and strategies designed to promote economic opportunities for all Floridians. The divisions of the Department are as follows:

1. Strategic Business Development
2. Workforce Services
3. Community Development
4. Information Technology
5. Finance and Administration

The Division of Strategic Business Development provides support for attracting out-of-state businesses to Florida, promoting the creation and expansion of Florida businesses, and facilitating the state's economic development partnerships. The primary initiatives and activities of the Division of Strategic Business Development are carried out in the Bureau of Business and Economic Incentives, the Bureau of Compliance and Accountability, and the Office of Film and Entertainment.

The Division of Workforce Services partners with CareerSource Florida and the state's 24 Local Workforce Development Boards to strengthen Florida's business climate by supporting employers

and helping Floridians gain employment, remain employed, and advance in their careers. The primary initiatives and activities of the Division of Workforce Services are carried out in the Bureaus of Workforce Statistics and Economic Research, One-Stop and Program Support, and Reemployment Assistance.

The Division of Community Development fosters economic development in the state's rural and urban communities through opportunities, assistance, and partnerships with entities such as the Florida Housing Finance Corporation that balance local and state growth management needs. The primary initiatives and activities of the Division are carried out in the Bureaus of Small Cities and Rural Communities, Community Planning and Growth, Economic Self Sufficiency, and the Office of Long-Term Resiliency.

The Division of Information Technology seeks out opportunities where information technology can help support the creation of jobs in Florida's economy. The primary initiatives and activities of the Division are designed to align everything information technology does with DEO needs. The goals of the Division are to eliminate duplicative services, improve the governance model, and leverage third party verifiable sources for efficiency improvements while enhancing accountability and mission integrity.

The Division of Finance and Administration provides support through management of activities related to budget, finance, general services, and human resources. The primary initiatives and activities of the Division are carried out within the Bureaus of Budget Management, Financial Management, Financial Monitoring & Accountability, General Services, and Human Resource Management.

MISSION AND ORGANIZATION

As stated in section 20.055, F.S., the role of the OIG is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency in the Department.

The OIG has established the following priorities to help ensure success in fulfilling our mission:

- **Sufficiency** – Provide quality audits, investigations, reviews, and other services in accordance with professional standards and, where applicable, federal and state regulations.
- **Timeliness** – Perform audits, audit resolution, investigations, and reviews in a timely manner.
- **Added Value** – Perform activities designed to add value and improve the Department's operations.
- **Awareness** – Promote awareness regarding OIG roles and responsibilities as well as awareness regarding the duty to report fraud, waste, and abuse.

The primary goal of OIG is to provide independent and objective information in a timely manner to assist the Department's Secretary and management team in fulfilling their duties and responsibilities.

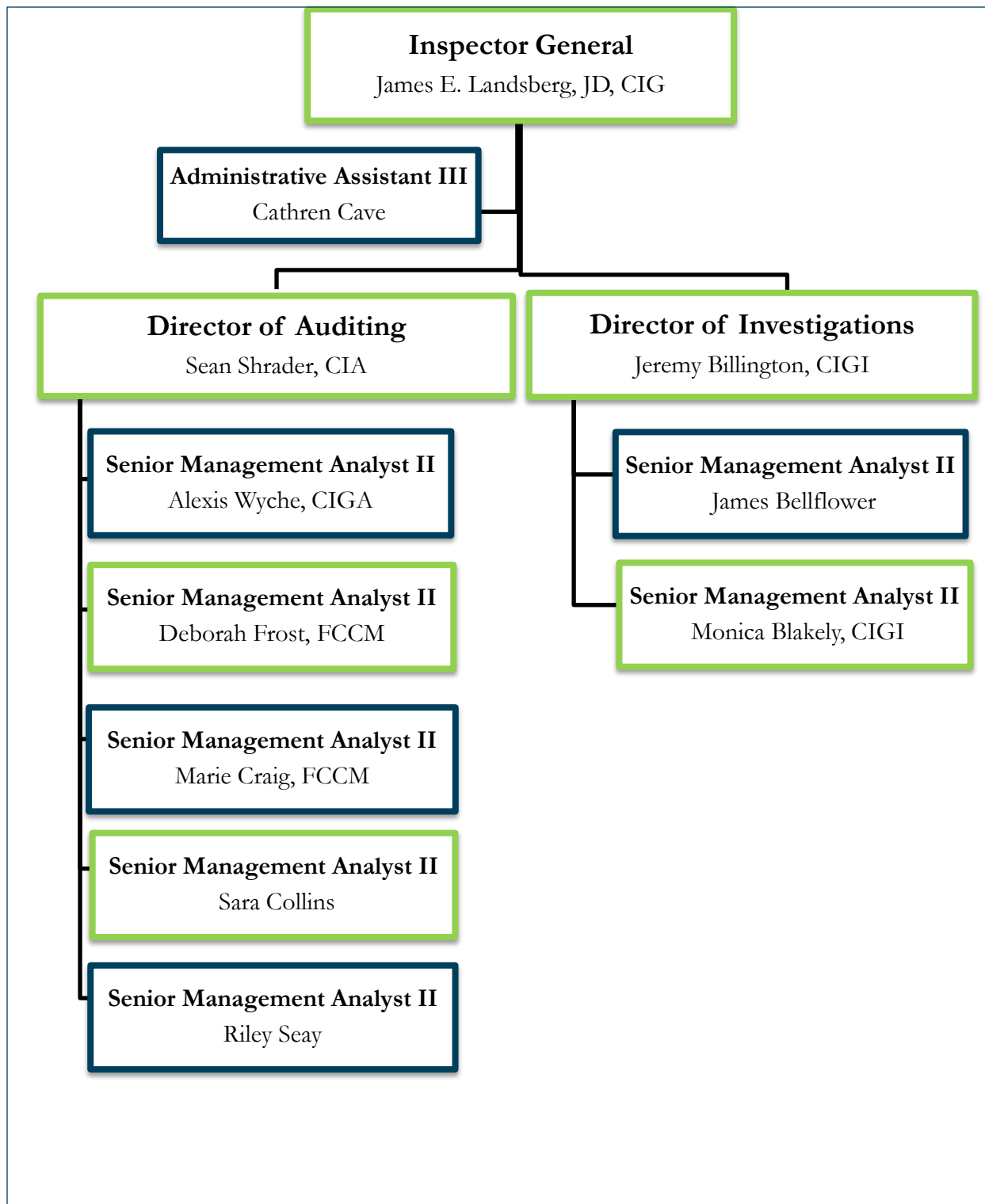
Commission for Florida Law Enforcement Accreditation

As part of OIG's continuing effort to better accomplish its mission, the Investigations Section pursued credentials through the Commission for Florida Law Enforcement Accreditation. This Commission accredits law enforcement agencies and Offices of Inspectors General within the State of Florida that attain specific standards for operations, investigations, and other activities. The OIG's Investigations Section achieved reaccreditation on June 16, 2022, after establishing compliance with 48 standards.



Organizational Profile

The OIG had a staff of 11 positions during the fiscal year. Our structure was as follows:



Professional Certifications

Certifications held by the staff include:

- One Certified Inspector General (CIG);
- One Certified Inspector General Auditor (CIGA);
- One Certified Internal Auditor (CIA);
- Two Certified Inspector General Investigators (CIGI);
- Two Certified Florida Contract Managers (FCCM);
- One Florida Bar Member (JD)

Professional Affiliations

OIG staff members are affiliated with:

- National Association of Inspectors General (AIG);
- Florida Chapter of the Association of Inspector General (FCAIG);
- Institute of Internal Auditors (IIA);
- Tallahassee Chapter IIA (TCIIA);
- The Florida Bar;
- Information Systems Audit and Control Association (ISACA);
- Tallahassee Chapter ISACA (TCISACA);
- Association of Government Accountants (AGA);
- Tallahassee Chapter AGA (TCAGA);
- Association of Certified Fraud Examiners (ACFE);
- The Florida Commission for Law Enforcement Accreditation (CFA)

INVESTIGATIONS SECTION

The Investigations Section conducts and coordinates activities designed to detect, deter, and prevent fraud, waste, mismanagement, misconduct, and other abuses. These activities include investigations, inquiries, management referrals, and coordination with law enforcement.

Investigations

The OIG conducts investigations designed to provide Department management with objective, fact-based assessments to help ensure the integrity and efficiency of both management and operations. Topics of investigation may include contract procurement violations, conflicts of interest, gross mismanagement, disruptive behavior, falsification of records, and data manipulation. Investigations also encompass misconduct by workforce service providers and other vendors who offer products and services under contract with the Department.

Inquiries

Inquiry cases are opened when it is unclear whether a full investigation is warranted. In these types of cases, fact-gathering is conducted and a determination is made whether to proceed with a substantive investigation. Inquiries are used to report findings related to complaints or other issues to the Secretary and Department managers where no specific wrongdoing by any one person is implied. Inquiries concentrate on Department and/or partner processes rather than allegations against a specific subject. An inquiry can result in a written report which summarizes the issues and provides recommendations for correction, if necessary.

Management Reviews

Management Reviews are prompted for a variety of reasons. Primarily, management will request that OIG review a program for inefficiencies or vulnerabilities and make recommendations for improved delivery of programmatic services.

Management Referrals

Management Referral cases are opened when OIG receives complaints which do not rise to the level of significance that warrant a substantive investigation. These complaints are referred to management and are monitored until an outcome report is received and reviewed by OIG.

Law Enforcement Referrals

Law Enforcement Referral cases are those reported to the Florida Department of Law Enforcement (FDLE) or other law enforcement agencies, as appropriate, when the Inspector General has reasonable grounds to believe there has been a violation of criminal law.

Summary of Investigative Activity

The Investigations Section completed 21 projects and received approximately 7,800 requests for management resolution or general assistance. The table below summarizes significant investigative projects completed during the fiscal year.

Closed Investigative Projects July 1, 2021 – June 30, 2022	
Project	Summary
2021/22-0025	An employee of a Local Workforce Development Board alleged a toxic work environment, discrimination in hiring and compensation, deceptive salary range postings, violations of public meeting requirements, retaliation, and failure to address safety concerns. The allegations regarding public meeting requirements were unsubstantiated. The safety concerns were either resolved or were being addressed. OIG provided appropriate resources to the complaint to address the remaining allegations.
2021/22-0029	A complaint alleged that a DEO employee attempted to sell products in the workplace. OIG gathered information, provided it to management, and the employee was terminated.
2021/22-0030	A complainant alleged that a Local Workforce Development Board engaged in nepotism and hired a felon as a security guard. The allegations of nepotism were unsubstantiated. OIG provided information regarding the security guard to the Florida Department of Corrections to determine whether a probation violation occurred. The individual is no longer employed by the Board.
2021/22-0036	A complainant alleged that an employee used marijuana at a Local Workforce Development Board. OIG found that a medical prescription existed and provided the information to management.

**Attachment I includes a summary of additional investigative activity.*

AUDIT SECTION

The Internal Audit function is designed to be an independent, objective assurance and consulting activity which adds value and improves the Department's operations. Its objective is to help the Department accomplish its goals by bringing a systematic, disciplined approach to the evaluation of internal controls and governance processes. Although conducting internal audits is the primary mission of the Audit Section, support is also provided to the Department through several other functions. These include consulting engagements, coordination with external auditors, resolution of audits with federal grantors, tracking audit findings, and risk analysis.

During Fiscal Year 2021-22, the Internal Audit unit performed three audits, two reviews, and one consulting engagement summarized later in this report. First, we will address the development of our annual and long-term audit work plan.

Work Plan Development

Section 20.055(6)(i), F.S., requires OIG to develop risk-based annual and long-term audit plans which consider resource requirements and input from senior management. In April and May 2022, OIG sent a Risk Assessment Survey to executive management and DEO managers from all divisions and performed in-person interviews with selected senior managers. The risk assessment process had two purposes: (1) To help ensure that Department risk exposures are understood and managed; (2) To assist in identifying OIG work plan assignments. We considered the results of these surveys and interviews in the development of our annual audit plan.

Significant Audit Projects

One annually required project involves the development, assessment, and validation of performance measures. In Project No. 2021/22-0032, we assessed the reliability and validity of information provided for performance measures and standards related to the Long-Range Program Plan, and we evaluated the accuracy of information reported for one contract deliverable in the agreement between DEO and Enterprise Florida, Inc.

- We made the following observations:
 - Data provided by EFI was accurate and the deliverable evaluated was met.
 - Data collected by the Bureau of Economic Self Sufficiency (BESS) for one performance measure was not reliable.
- We recommended the following:
 - That BESS create and implement a method for collecting data in accordance with the LRPP.
 - That BESS communicate and provide training on data collection requirements and reporting processes to all necessary staff members.

Florida Housing Finance Corporation Performance Measures – Project No. 2020/21-0021

This review was performed on a quarterly basis to ensure that Florida Housing Finance Corporation had appropriately met and reported the results of their quarterly performance measures. Each of the quarterly reports reviewed by OIG correctly reported their performance measures as met.

Internal Controls regarding Confidential Data – Project No. 2021/22-0021 and 0027

As part of DEO's Memorandum of Understanding with the Department of Highway Safety and Motor Vehicles (HSMV), we performed one audit and one review to ensure controls are in place for the protection of confidential information. These projects reviewed controls related to the Driver and Vehicle Information Database (DAVID) System and the data exchange provided through HSMV. The findings and recommendations are summarized below.

- DEO's access controls for DAVID could be improved by ensuring user accounts are timely disabled when the access is no longer required.
- DEO could improve compliance by completing and submitting all reports required by the HSMV MOU.
- DEO could improve internal controls by enhancing policies related to external information security, such as password requirements.
- DEO should establish a periodic quality assurance review of ISU-27E forms to ensure access controls are in compliance with the HSMV MOU.

Audit of Contract Management – Project No. 2021/22-0020

This audit focused on internal controls used by DEO to manage contracts and the procurement process.

We made the following findings and recommendations:

- DEO could improve compliance with section 215.985(14), F.S., by ensuring all contract documentation and information are correctly uploaded into the Florida Accountability Contract Tracking System (FACTS).
- DEO could improve compliance with contract manager requirements established in Chapter 287, F.S., by ensuring contract managers complete training and contract manager certification.
- DEO could improve compliance with section 287.057, F.S., by updating the "Contracts and Grants Guidelines" document.

Audit of Continuous Security Monitoring – Project 2021/22-0023

This audit evaluated DEO controls and compliance with Chapter 60GG-2.004(2), Florida Administrative Code, which relates to Information Technology resource monitoring and the identification of cybersecurity events. The results of this audit are confidential pursuant to section 282.318(4), F.S.

Consulting Engagement – Project No. 2021/22-0021

Finally, OIG collaborated with the Reemployment Assistance Program to identify best practices for preventing internal fraud. This consulting engagement resulted in recommendations involving training, monitoring, access authorization, and updates to operational manuals.

Management concurred with each of the findings summarized above and is planning corrective action to address the issues as necessary.

**Attachment II includes a summary of additional audit-related activity.*

ATTACHMENT I

Additional Investigative Activity July 1, 2021 – June 30, 2022	
Project	Summary
2021/22-0004	OIG received an anonymous complaint regarding building conditions in DEO's Fort Lauderdale location. OIG coordinated with General Services for resolution.
2021/22-0007	A Reemployment Assistance (RA) claimant made threats against DEO employees. OIG coordinated with law enforcement and the threats were addressed.
2021/22-0008	An RA claimant threatened to damage DEO buildings. OIG coordinated with law enforcement and the threat was addressed.
2021/22-0011	A detective contacted OIG about a stolen check printing machine being used to produce fraudulent DEO checks. OIG assisted with the investigation and the subject was arrested.
2021/22-0013	A complainant alleged improper conduct by a Florida Department of Corrections (DOC) employee. OIG referred the allegations to DOC OIG.
2021/22-0015	A complaint alleged that an employee of a Local Workforce Development Board was subjected to discrimination. OIG referred the complaint to the DEO Office for Civil Rights.
2021/22-0017	A complainant alleged that a company was offering services to RA claimants for a fee. OIG found no violations of law or rule.
2021/22-0018	DEO staff notified OIG that an RA claimant submitted a vulgar photo during the identification process. OIG coordinated with local law enforcement.
2021/22-0028	A DEO employee complained that she had received inadequate training. OIG referred the complaint to DEO management.
2021/22-0031	A DEO employee made inappropriate social media posts. OIG notified management and the issue was addressed.
2021/22-0034	OIG received an anonymous complaint regarding permitting processes and land zoning issues. OIG referred the complaint to law enforcement.
2021/22-0035	A complainant alleged retaliation by a Local Workforce Development Board and that he was terminated due to a complaint submitted by his spouse. The complainant also alleged he did not receive adequate training. OIG provided the complainant with appropriate resources and notified management regarding the training concerns.
2021/22-0039	An employee of a Local Workforce Development Board alleged there was a toxic and hostile work environment. OIG provided appropriate resources to the complainant.

ATTACHMENT II

Additional Audit-Related Activity July 1, 2021 - June 30, 2022	
Project	Summary
2021/22-0005	Coordinated an update of the Catalog of State Financial Assistance.
2021/22-0014	Performed liaison activities related to state and federal audit projects. Specific projects were: <ul style="list-style-type: none">• Auditor General Federal Awards Audit for Fiscal Year 2020-21• OPPAGA Review of Economic Development Programs• Six-month follow-up on the Auditor General Federal Awards Audit, Report No. 2021-182
2021/22-0033	Performed the 2021-22 risk assessment and developed the annual work plan.

— End of Report —

