



Office of Inspector General

Annual Report

September 27, 2023

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Tallahassee, Florida 32399

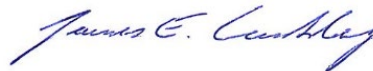
Ms. Melinda Miguel, Chief Inspector General
Executive Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399

Dear Secretary Kelly and CIG Miguel:

I am pleased to submit the Office of Inspector General's Annual Report for fiscal year 2022 - 2023, 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,



James E. Landsberg
Inspector General

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HIGHLIGHTS

The Office of Inspector General (OIG) completed the projects below during the 2022 - 2023 fiscal year.

Investigative Activity

- Completed eight inquiries and one formal investigation;
- Responded to approximately 1,850 requests for management resolution or general assistance, including over 1,200 Reemployment Assistance Program referrals; and
- Coordinated the resolution of complaints with Department management and with other parties having appropriate jurisdiction.

Audit Activity

- Conducted three operational audits and three management reviews, resulting in 17 findings and 38 recommendations;
- Performed liaison activities for five external audits;
- Coordinated two external engagements with 16 findings and 17 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; and
- Provided technical assistance to Department managers as needed.

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 Commerce and the Chief Inspector General.

Summary of the Department

Section 20.60, F.S., states the mission of the Department of Commerce 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. Economic Development
2. Workforce Services
3. Community Development
4. Information Technology
5. Finance and Administration

The Division of Economic 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 Division of Workforce Services partners with CareerSource Florida and the state's 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 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 opportunities where 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 the Department's 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.

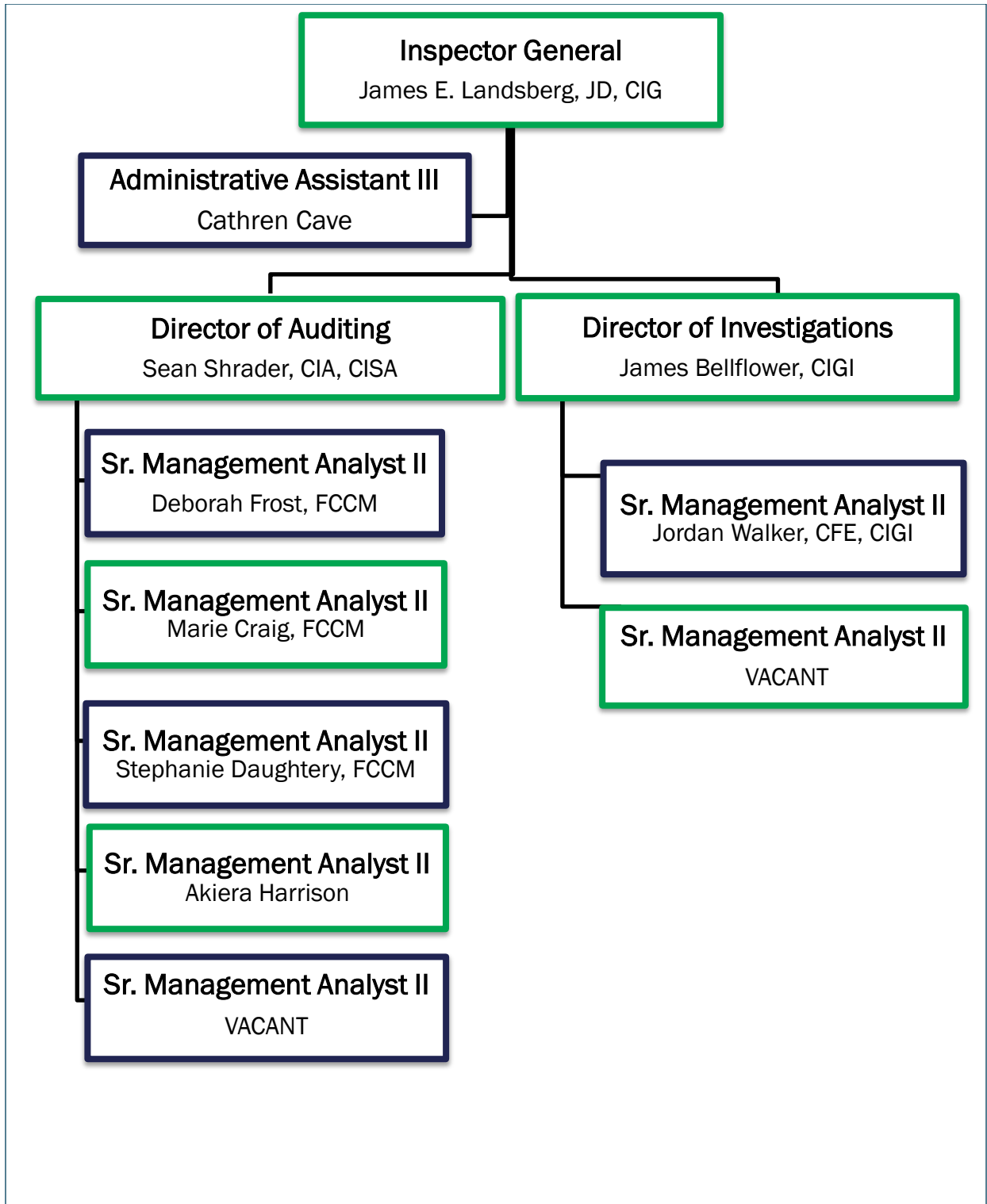
The primary goal of OIG is to provide independent and objective information in a timely manner to assist the Department's Secretary and management team in fulfilling their duties and responsibilities.

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 Internal Auditor (CIA);
- One Certified Information Systems Auditor (CISA);
- Two Certified Inspector General Investigators (CIGI);
- Three Certified Florida Contract Managers (FCCM);
- One Certified Fraud Examiner (CFE);
- Two Notaries Public;
- Two Accreditation Assessors (CFA);
- 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 such cases, facts are gathered 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 13 projects and received approximately 1,850 requests for management resolution or general assistance. The table below summarizes significant projects completed during the fiscal year.

Closed Investigative Projects July 1, 2022 – June 30, 2023	
Project	Summary
2022/23 - 0006 Investigation	A complainant alleged: (1) A Community Action Agency was not verifying income of applicants seeking Low-Income Home Energy Assistance Program benefits, and (2) A caseworker was requesting cash payments to process applications for Community Service Block Grant funding for rental assistance. OIG investigated and found both allegations to be unsubstantiated.
2022/23 - 0011 Referral to Law Enforcement	A former employee of the Division of Workforce Services, Reemployment Assistance program resigned and did not return a state-issued laptop. The Division and OIG made unsuccessful attempts to obtain the equipment from the former employee, which resulted in a referral to law enforcement. The former employee was arrested and the property was recovered.
2022/23 - 0012 Inquiry	A participant in the Division of Community Development’s Housing Repair and Replacement Program (HRRP) alleged mismanagement of the contractors assigned to repair his home. OIG found the participant was not in compliance with all requirements of the program. These issues resulted in “Notices of Failure to Comply” being sent from HRRP to the participant. The project was closed.
2022/23 - 0037 Management Review	A Reemployment Assistance (RA) claimant alleged the RA program was improperly withholding benefits. OIG found the claimant filed two benefit claims using two social security numbers and that the claimant had not provided all required documents to verify identity. OIG informed the claimant about the requirements and the project was closed.

**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, substantial benefit is 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 2022 - 2023, the Internal Audit unit performed three formal audits and three reviews 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 the Office of Inspector General to develop risk-based annual and long-term audit plans which consider resource requirements and input from senior management.

In May 2023, 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

During fiscal year 2022 - 2023, OIG performed the tasks below related to the development, assessment, and validation of performance measures.

In June 2023, we assessed the reliability and validity of information provided by the Department for performance measures and standards related to the Long-Range Program Plan (LRPP). We also evaluated the accuracy of information reported for one contract deliverable specified in the Department's agreement with Enterprise Florida, Inc.

- We made the following observations:
 - A performance measure applicable to the Bureau of Economic Self Sufficiency was valid, but the data used by the Bureau was incomplete and the reporting was therefore not reliable or accurate.

- We recommended the following:
 - Follow procedures to collect and track data in accordance with the LRPP.
 - Officially communicate and provide training on data collection requirements and reporting processes to all necessary members.

Audit of Hurricane Michael Funding – Project No. 2020/21-0017

This compliance audit focused on internal controls used by the Department's Office of Long-Term Resiliency (OLTR) to administer the Community Development Block Grant for Hurricane Michael.

The findings and recommendations are summarized below.

- Subrecipient documentation could be improved by enhancing records management reviews;
- OLTR employee travel approval and documentation could be improved through oversight;
- Payment processing for OLTR employees could be improved by ensuring the accuracy of grant codes and transaction details.

Audit of Hurricane Irma Funding – Project No. 2020/21-0040

This compliance audit focused on internal controls used by the Office of Long-Term Resiliency to administer the Community Development Block Grant for Hurricane Irma.

The findings and recommendations are summarized below.

- Travel-related transactions could be improved by enhancing the reporting and approval requirements related to the Statewide Travel Management System (STMS) and WORKS;
- The Temporary Housing Assistance Benefits (THAB) approval process could be improved by ensuring required documentation is submitted;
- OLTR could enhance Purchasing Card efficiency by ensuring sales tax is not being paid on hotel rooms for THAB recipients;
- OLTR could improve compliance with federal guidelines by ensuring hotel chain membership rewards accumulated through the THAB program are applied to the program;
- OLTR could enhance compliance with Information Technology (IT) standards by ensuring access privileges are disabled timely after employee separations;
- The Department could enhance employee compliance with IT policies and procedures by ensuring all employees complete written verification stating they acknowledge the obligation to comply.

Management Review of Florida Housing Performance Measures – Project No. 2022/23-0018

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

Review of Internal Controls regarding Confidential Data – Project No. 2022/23-0013 and 0014

As part of the Department’s Memorandum of Understanding with the Department of Highway Safety and Motor Vehicles (HSMV), we performed two reviews to ensure controls are in place for the protection of confidential information. We 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.

- Compliance with reporting requirements could be improved by ensuring reports are submitted timely and accurately to HSMV;
- Compliance with the HSMV MOU could be improved by ensuring timely deactivation of member access;
- The Department should update data security and IT policies to ensure compliance with the HSMV MOU;
- The Department should improve HSMV data user authentication controls to protect the confidentiality, integrity, and availability of the HSMV data.

Audit of Space Florida – Project No. 2022/23-0020

This audit evaluated whether Space Florida designed and implemented controls necessary to ensure its contractual services are performed and documented in accordance with applicable requirements. The OIG made no negative findings or observations during this project.

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

ATTACHMENT I

Additional Investigative Activity July 1, 2022 – June 30, 2023	
Project	Summary
2022/23 – 0002 Management Review	Former employees of a Homeowners Assistance Fund contractor and its subcontractors alleged: (1) the contractor did not follow Center for Disease Control guidelines; (2) the contractor mismanaged personally identifiable information; (3) the contractor falsified Homeowner's Assistance Fund documentation to maintain contract funding. OIG found the complainants were unable to provide specific details and that some complainants were unwilling to participate in interviews related to the allegations. The contractor stated the complaints were in retaliation for recent terminations. The project was closed pending receipt of any additional information.
2022/23 – 0007 Inquiry	A program manager with the Suwanee River Economic Council contacted the Division of Community Development to verify legitimacy of individuals visiting the Madison Senior Center who claimed they were representatives for the Low-Income Water Assistance Program and Homeowners Assistance Fund. OIG found the representatives were legitimate, contracted staff. The project was closed.
2022/23 – 0025 Referral – Law Enforcement	A partner of the Department encountered a potentially fraudulent scheme involving an individual who received financial assistance. OIG coordinated the referral of the issue to the Department of Financial Services.
2022/23 – 0026 Inquiry	A former employee assigned to a Local Workforce Development Board alleged wrongful termination and a hostile, discriminatory work environment. OIG found the employee was terminated due to unsatisfactory work performance during the probationary period. OIG also provided information to the complainant about the Department's Office for Civil Rights to address concerns regarding discrimination and a hostile work environment.
2022/23 – 0027 Inquiry	The Department of Management Services Office of Inspector General received a complaint regarding possible non-compliance with a State Term Contract that affected multiple agencies, including the Department of Commerce. OIG completed an inquiry related only to the Department of Commerce; the review as a whole remains open.
2022/23 – 0032 Inquiry	A complainant alleged a family member was receiving Low-Income Home Energy Assistance Program (LIHEAP) benefits which the family member was not entitled to receive. OIG found the family member was not receiving LIHEAP benefits. OIG made multiple attempts to contact the complainant for additional information, but no response was received. The project was closed.

2022/23 - 0034 Inquiry	OIG received a referral from the Office of the Chief Inspector General for whistle-blower assessment. The case involved a complaint to the Florida Commission on Human Relations. Through legal counsel, the complainant declined to participate in a whistle-blower assessment interview. The project was closed.
2022/23 - 0038 Inquiry	OIG received a referral from the Office of the Chief Inspector General. The complainant, a former employee in the Division of Workforce Services, alleged mismanagement in the Department's Jacksonville location. OIG contacted the complainant to arrange an interview, but the complainant declined to proceed. The project was closed.
2022/23 - 0039 Inquiry	A former employee in the Division of Information Technology alleged a violation of state hiring practices. OIG consulted with the Office of Human Resources and found no violations occurred.

ATTACHMENT II

Additional Audit-Related Activity July 1, 2022 - June 30, 2023	
Project	Summary
2022/23-0008	Performed liaison activities related to the following state and federal audit projects: <ul style="list-style-type: none">• Auditor General Federal Awards Audit for fiscal year 2021 – 2022;• Office of Program Policy Analysis and Government Accountability (OPPAGA) Review of Economic Development Program;• Six-month follow-up on the Auditor General Federal Awards Audit for 2021, Report No. 2022 – 189.
2022/23-0015	Coordinated an update of the Catalog of State Financial Assistance.
2022/23-0031	Performed the 2023 - 2024 risk assessment and developed the annual work plan.

— End of Report —