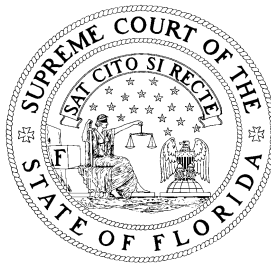


Florida State Courts System

OFFICE OF INSPECTOR GENERAL



ANNUAL REPORT



Fiscal Year 2008-09

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Mission of the Office of Inspector General

“To proactively perform engagements designed to add value and improve the programs and operations of the State Courts System”

Inspector General’s Message

In accordance with Chapter 20.055(7), Florida Statutes, I am pleased to present the Annual Report for the Office of Inspector General (OIG). This report highlights the major activities and accomplishments of the OIG for the 2008-09 fiscal year.

Despite the struggle of continued reduced resources throughout the judicial branch, the OIG remains committed to helping improve the operations and programs of the State Courts System (SCS). Now more than ever, it is important that we direct our attention and resources to the areas where the largest impacts can be made. We believe our Work Plan for the 2009-10 fiscal year will contribute to the Court’s efforts to achieve its goals and objectives. We look forward to be fully staffed once again. It is anticipated that our vacant Internal Auditor position (which has been vacant since March 2009) will be filled by the end of October.

We appreciate all the support we receive from the Chief Justice, and the assistance and cooperation we receive from the State Courts Administrator and Court staff. The OIG team looks forward to an exciting and challenging new year, and remains committed to performing our duties and responsibilities with professionalism, objectivity and high standards.

Sincerely,

Kenneth A. Chambers

Introduction

The OIG is an integral part of the SCS. The SCS consists of the following entities: two appellate courts (the Supreme Court and five district courts of appeal) and two trial level courts (20 circuit and 67 county courts). The Chief Justice presides as the chief administrative officer of the SCS. Additionally, the Office of the State Courts Administrator (OSCA) was created to serve as the liaison between the court system and the legislative branch, the executive branch, the auxiliary agencies of the court, and national court research and planning agencies. The OSCA is also responsible for preparing the operating budget for the SCS, projecting the need for new judges, and maintaining the uniform case reporting system in order to provide information about activities of the judiciary. The SCS currently employs approximately 4325 full time positions with an annual operating budget of approximately \$451 million.

The purpose of the OIG is to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the SCS. The Inspector General is charged with the following duties and responsibilities, while also ensuring that an appropriate balance is maintained between these activities:

- Direct, supervise and coordinate audits, investigations and management reviews relating to the administrative and financial operations of the SCS.
- Conduct or oversee other activities that promote economy and efficiency in the administration of SCS financial operations.
- Keep the Chief Justice informed concerning fraud, abuses and deficiencies relating to SCS administrative and financial operations, and recommend corrective actions.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Review rules relating to the SCS administrative and financial operations and make recommendations concerning their impact.

Audits

Providing the SCS with internal audits is a critical part of the mission of our Office. The audits are planned and carried out in accordance with an annual work plan, which is approved by the Chief Justice. Audits are conducted in accordance with the

International Standards for the Professional Practice of Internal Auditing. In part, these standards require that engagements be performed with proficiency and due professional care, and that staff exhibit an impartial, unbiased attitude and avoid conflicts of interest. Audits are performed to identify, report, and recommend corrective action for control deficiencies or non-compliance with laws, policies and procedures. Additionally, audits are conducted to evaluate and make recommendations to improve the effectiveness and efficiency of SCS administrative functions. During the year, we completed the following audits:

Judicial Circuits:

We completed three judicial circuit audits during 2008-09. The objectives of these operational audits were to determine if: the Circuit complied with the SCS's administrative policies and procedures, and any applicable state statutes, laws and rules; internal controls at the Circuit provided reasonable assurance that state funded assets are safeguarded, and that financial and operational information is reliable; and, current court operations and processes were implemented sufficiently to support management goals and objectives and encourage an economical use of state funds and resources. The results of these audits were as follows:

Second Judicial Circuit:

Our audit covered the period July 1, 2007, through June 30, 2008. We concluded that the Second Circuit's system of internal controls and procedures were found to be satisfactory. We also determined that the Circuit generally complied with SCS policies and procedures, and any applicable state statutes, laws, and rules. We noted, however, that the safeguarding of checks and money orders collected at the Circuit for drug court, mediation, transcripts and CD's could be improved. We also noted a number of instances where travel reimbursement vouchers were either completed improperly or contained minor discrepancies. The Circuit has taken steps to correct these areas.

Twentieth Judicial Circuit:

Our audit covered the period July 1, 2006, through June 30, 2008. We concluded that the Twentieth Circuit's internal controls and procedures were found to be satisfactory and the Circuit generally complied with the SCS policies and procedures, applicable statutes, rules and regulations. We noted that the Circuit needed to improve the monitoring and reconciliation of its expenditures, which resulted in the Circuit paying several expenditures twice for a total of \$1658 in duplicate payments. We also determined that the Circuit needed to update its Continuity of Operations Plan and improve internal controls over access to the automated leave and attendance system. These areas have been addressed by the Circuit, including recovery of the duplicate payments.

Twelfth Judicial Circuit:

Our audit covered the period July 1, 2007, through current operations (March 2009). We concluded that the Twelfth Circuit's internal controls and procedures were found to be satisfactory, and the Circuit generally complied with the SCS policies and procedures, applicable statutes, rules and regulations. However, we noted that the safeguarding of checks and money orders collected at the Circuit for transcripts and CD purchases could be improved. The Circuit took immediate steps to improve the safeguarding of collections.

Fixed Capital Outlay Projects:

We performed an operational audit of the Fixed Capital Outlay Process for the period July 1, 2005, through current operations (August 2008). The objectives of our audit were to determine if:

- Fixed Capital Outlay (FCO) projects were conducted in compliance with all applicable SCS policies and procedures, state statutes, and regulations;
- Internal controls over the FCO process provided reasonable assurance that state-funded assets are safeguarded, and that financial and operational information is reliable;
- Current FCO business processes were implemented sufficiently to support management goals and objectives and encourage an economical use of state funds and resources; and
- Completed FCO projects conformed to the original project scope.

We concluded that the internal controls utilized by the Supreme Court/OSCA provided reasonable assurance that state funded assets were safeguarded, and that financial and operational information was reliable. In general, we determined that current FCO business processes sufficiently supported management goals and objectives and encouraged an economical use of state funds and resources. Additionally, we found that completed FCO projects conformed to the original or adjusted project scope. We noted, however, that procedures used for maintaining financial and other historical data and status information for FCO projects could be improved. We also believe that the Supreme Court could benefit from reinstating a building oversight committee to provide guidance on general maintenance and FCO projects. While most of these areas have been addressed by management, no final action has transpired regarding the formation of a building oversight committee.

Response Coordination and Follow-up:

The OIG coordinates information requests and responses to findings from audits conducted by the Office of the Auditor General. The OIG is also required to assess and report on the status of corrective actions taken by the Court regarding audit recommendations made by the Auditor General. During 2008-09, we reported on the status of corrective actions made by the Court regarding the Auditor General's audit of the State Judicial Agency Administration of Trust Funds (report number 2008-155), and their audit of Selected State Entities' Surplus Information Technology Property Controls (report number 2009-083).

Consulting Activities

Providing consulting services is an efficient, effective, and proactive way the IG function can assist the SCS community by sharing its knowledge, expertise, and insight into a number of issues that the SCS may confront. These services include performing management reviews; advising in the development of rules, policies and procedures; collecting and analyzing data, etc. Some of these services were requested in advance by departmental administrators, while some were requested during the year and others initiated by this Office. The following were some of the more significant consulting service projects performed during 2008-09:

Review of Cellular Phone Service and Usage:

In response to an audit finding by the Office of the Auditor General, we conducted a review of cellular phone service and usage by Supreme Court and OSCA employees. We also reviewed the existing cellular phone policy in order to recommend any necessary changes. Our review resulted in substantial changes to the Court's cell phone policy, especially in the area of personal usage of state-owned cellular phones.

Authority to Audit Clerk of Court Records:

In conjunction with the OSCA General Counsel's Office, we reviewed the authority of various entities to audit financial records of the clerks of court. We analyzed and explained the various options for auditing the clerks of court, and the limitations of each option.

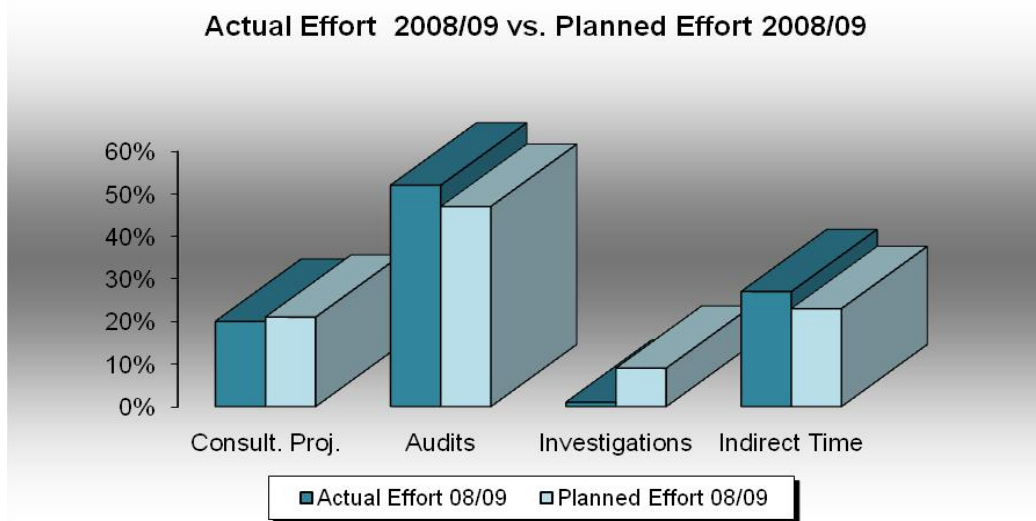
Investigations

Investigations by their very nature are reactive rather than proactive. The Inspector General is required to initiate, conduct, supervise and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in the SCS. The investigations conducted by the OIG are administrative (non-criminal), and generally involve alleged violations of State law or SCS rules and regulations. Any possible violations of criminal law are reported to the Florida Department of Law Enforcement, and the OIG may be requested to assist in the investigation. The following investigative activities were conducted by the OIG during 2008-09:

- Assisted the Inspector General's Office for the Department of Financial Services regarding a complaint against an employee of the State Fire Marshal's Office. The complaint alleged that a Fire Protection Specialist improperly cited a deficiency in a Fire Inspection Report for the Supreme Court Building in exchange for a free lunch provided by a Court employee. The allegation that the Fire Protection Specialist was provided a free lunch was not substantiated; however, the investigation determined that the Fire Inspection Specialist inappropriately cited (in the inspection report) doors to the Supreme Court Justices' offices for failing to have hold open devices when these devices were not required by the fire code.
- Received numerous complaints alleging misconduct by judges and attorneys. The complainants were referred to the Judicial Qualifications Commission and the Florida Bar, respectively. Received numerous other complaints/inquires that either did not warrant an investigation, or were outside the jurisdiction of the OIG and thus referred to the appropriate entities for disposition.

Summary of Direct Services

Based upon a risk assessment process, we prepare an annual work plan that provides a detailed breakdown of our planned audit and consulting projects, and hours allocated for investigations and other activities. During 2008-09, we completed four of the planned audits by fiscal year end. Two other audits were initiated during the year, but will not be completed until sometime during 2009-10. For a comparison of planned effort (hours allotted for each type of activity) versus actual effort, see the chart below.



Note: Indirect time includes leave, training, and administrative activities.

Meet the OIG Staff

Ken Chambers, CIA, CGAP
Inspector General

Frank Funderburk
Senior Internal Auditor

Vacant
Internal Auditor

Other Activities

During 2008-09, the OIG actively participated in the following organizations:

- ❖ Tallahassee Chapter of the Institute of Internal Auditors.
- ❖ Tallahassee Chapter of the Association of Inspectors General.
- ❖ Governor's Council on Integrity and Efficiency.
- ❖ State of Florida Audit Director's Roundtable.

Upcoming Year

During 2009-10, the OIG plans to conduct eight audits (two of these audits were initiated during 2008-09), perform one review, and continue to provide consulting services to SCS management. The consulting services will include reviewing the internal controls in place regarding the monitoring, tracking and expenditure of the Edward Byrne Justice Assistance Grant federal stimulus funding for the expansion of drug courts in Florida. When necessary, we will investigate complaints related to SCS employees and/or program functions. Due to the continued budget constraints, we also plan to be involved in proactive projects that promote greater accountability and efficiency within the administrative and financial operations of the SCS. The Internal Auditor position within the OIG has been vacant since March 2009, and is expected to be filled by the end of October 2009.



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