



# AUDITOR GENERAL

## WILLIAM O. MONROE, CPA



### PAROLE COMMISSION

### ADMINISTRATIVE FUNCTIONS

#### Operational Audit

#### SUMMARY

The objectives of our audit of the Parole Commission (Commission) included a follow-up on prior audit findings and a review of general expenditures related to payroll, personnel, and leave; purchasing card transactions; travel; tangible personal property; and cellular telephone usage. Our audit also included a review of the Commission's transfer of administrative functions to the Department of Corrections pursuant to law. As part of our audit, we examined management controls to determine if Commission expenditures were properly authorized and served an authorized public purpose. Our audit disclosed numerous instances in which the Commission had not established the controls necessary to ensure the safeguard of State resources or compliance with applicable legal requirements and had not established adequate records systems to demonstrate compliance with such requirements. In addition, our audit disclosed circumvention of established controls by the former Commission Chair and some Commission employees. These findings are identified below.

Mr. Jimmie L. Henry served as the Commission Chair from December 1998 and during the audit period (July 1, 2001, through February 28, 2003) until his resignation on May 9, 2003. On May 13, 2003, the Governor and Cabinet appointed Ms. Monica David as the Commission Chair. The current Commission Chair is aware of the findings included in this audit report as well as the lack of controls and circumvention of controls and has stated that the necessary corrective actions will be taken to ensure that State resources are properly safeguarded and used only to serve an authorized public purpose.

#### *Current Investigation*

During our audit, we discovered the following significant deficiencies regarding expenditures and actions related to the former Commission Chair:

- Use of the Purchasing Card by the former Commission Chair that was for personal charges at various stores and for private attorney, cellular telephone, and cable television services, etc., that resulted in questionable and improper Purchasing Card expenditures.
- Travel reimbursement vouchers for the former Commission Chair that were inconsistent (points and times of departure and return) with cellular telephone records that resulted in questionable and improper travel expenditures.
- Attendance records for the former Commission Chair that contained discrepancies in work hours reported when compared with travel itineraries (points and times of departure and return) and cellular telephone records that resulted in questionable and improper salary expenditures.
- Personal use by the former Commission Chair of his State-assigned cellular telephone that was not reimbursed that resulted in questionable and improper cellular telephone expenditures.

These questioned and improper expenditures exceeded \$24,000. The improper expenditures noted above relating to travel and salary expenditures only address expenditures incurred between April 2002 and July 2003 because certain records were not available for the entire audit period. Therefore, because of the lack of records, it was not practicable for us to perform those analytical procedures necessary to reasonably identify any additional improper expenditures. Because of the nature of those transactions,

we referred these significant deficiencies to the Department of Law Enforcement (DLE). These matters were investigated by DLE for a determination of whether any criminal violations of law occurred. On August 21, 2003, the former Commission Chair was charged with 21 misdemeanor counts of fraudulent travel expense claims and 3 felony counts of grand theft. Our report findings relating to these improper expenditures do not identify specific transactions and inconsistencies. The details of these improper expenditures are specifically identified in the *SUMMARY OF OFFENSE(S) AND PROBABLE CAUSE AFFIDAVIT* filed by DLE. It should be noted that the lack of controls and circumvention of established controls by the former Commission Chair and some Commission employees contributed to many of the findings noted throughout this report.

#### Commission Vulnerabilities to Fraud

**Finding No. 1:** The Commission had not implemented adequate pre-audit procedures to ensure that expenditures serve an authorized public purpose and are in compliance with applicable legal requirements.

**Finding No. 2:** Although the Commission's organizational structure and assignment of responsibilities appeared to provide for an adequate separation of duties, some employees performing administrative and accounting functions for the former Commission Chair did not properly conduct Commission business to effectively safeguard State resources and did not provide reliable information necessary for oversight. This greatly increased the possibility that illegal acts, fraud, abuse, and other noncompliance could occur and not be timely detected.

#### Payroll, Personnel, and Leave

**Finding No. 3:** The Commission had not established adequate management controls to ensure compliance with Section 112.3135(2)(a), Florida Statutes, and Commission *Procedure Directive 2.02.11* regarding the employment of relatives.

**Finding No. 4:** Commission policies and procedures need to be enhanced to ensure that background investigations are performed as a condition for employment and documentation is retained.

**Finding No. 5:** The Commission reimbursed the Finance and Accounting Administrator for tuition totaling \$1,967.28. However, because the classes taken primarily benefited the employee rather than the Commission and because documentation required by the Department of Financial Services guidelines was not available, it is not

apparent how these payments constituted a proper expenditure of public funds.

**Finding No. 6:** The Finance and Accounting Administrator performed duties for a secondary employer during Commission work hours and used State resources to perform non-Commission activities.

**Finding No. 7:** Commission procedures were not followed for an alleged sexual harassment complaint filed by a former employee with the Commission on Human Relations. The complaint resulted in a settlement payment totaling \$50,000 and attorney fees totaling \$3,964 for representation of the State.

**Finding No. 8:** The propriety of pay increases awarded to some Commission employees by the former Commission Chair were questionable.

#### Purchasing Card

**Finding No. 9:** Controls over the Purchasing Card Program were not adequate to ensure Purchasing Card transactions were properly authorized and recorded. These control deficiencies resulted in the purchase of many goods and services that served no authorized public purpose.

#### Travel

**Finding No. 10:** Mileage claimed on travel reimbursement vouchers was not always adequately documented or claimed in the appropriate amounts and paid in accordance with Florida Statutes.

**Finding No. 11:** The Commission did not timely cancel the Avis credit card assigned to the former Commission Chair.

#### Cellular Telephone Usage

**Finding No. 12:** The Commission did not follow established procedures to ensure that cellular telephone invoices were properly reviewed and reimbursements for personal use were properly and promptly remitted.

#### Tangible Personal Property

**Finding No. 13:** Commission procedures relating to the administration of tangible personal property have not been updated since January 1, 1997.

**Finding No. 14:** Commission property records were not always adequately maintained.

**Finding No. 15:** Commission controls over the disposition of surplus property were not adequate to ensure that property disposals were appropriate and in compliance with applicable legal requirements.

**Finding No. 16:** The Commission did not demonstrate how the practice of providing employees State-owned computer equipment at personal residences

served an authorized public purpose. In addition, back-up copies of Commission electronic records and data were maintained at two of the residences.

**Finding No. 17:** Information technology-related purchases totaling approximately \$17,000 did not appear to be reasonable and necessary.

### Transitional Issues

**Finding No. 18:** The Commission did not fully transfer administrative functions to the Department of Corrections, contrary to law.

### SCOPE, OBJECTIVES, AND METHODOLOGY

We reported in our prior audit (report No. 02-095, dated November 2001) that Commission procedures and records pertaining to various administrative functions did not always ensure that State resources were prudently expended, adequately safeguarded, or properly authorized, and used to serve a public purpose. Specifically, we reported that numerous salary increases and awards were not properly documented, property records were inaccurate and custodial duties were not always performed, some expenditures were not properly recorded in the accounting records, and some employees were inappropriately reimbursed for travel expenditures.

Our current audit objectives were to follow up on prior audit findings by determining the extent to which the Commission had implemented effective management controls in those areas. In addition, our audit included a review of the Commission's general expenditures and the Commission's transfer of administrative functions to the Department of Corrections pursuant to law. Our audit also included an evaluation of the Commission's performance in administering assigned responsibilities and a determination of the extent to which Commission management controls promoted the achievement of management objectives in the categories relating to compliance with applicable legal requirements; efficient and effective operations; reliability of financial records and reports; and safeguarding of assets.

Management controls are the organization, policies, and procedures used by agencies to reasonably ensure that: 1) programs achieve their intended results; 2) resources are used consistent with agency mission; 3) programs and resources are protected from waste, fraud, and mismanagement; 4) laws and regulations are followed; and

5) reliable and timely information is obtained, maintained, reported, and used for decision-making.

The accomplishment of Commission responsibilities requires the establishment of appropriate, cost-effective management controls to ensure that the resources available to the Commission are properly identified, acquired, safeguarded, and utilized. The Commission's stewardship responsibilities associated with such resources, including public funds, carry with them a responsibility to ensure that management controls provide for the effective and efficient use of the resources.

Management and employees must have personal integrity and are obligated to support the agency ethics programs. To create an ethical culture, management must develop and implement effective controls and maintain a level of competence that allows employees to accomplish their assigned duties. Effective communication between employees and management of the agency should be encouraged.

In conducting our audit, we interviewed Commission personnel, observed Commission processes and procedures, performed tests of Commission transactions, and completed various analyses and other procedures as determined necessary. Our audit included examinations of various transactions (as well as events and conditions) occurring during the period July 1, 2001, through February 28, 2003, and selected actions taken from January 1998 through July 2003.

### BACKGROUND

The Commission, authorized by Article IV, Section 8(C) of the State Constitution, operates under the authority of Chapter 947 and Section 20.32, Florida Statutes. The Commission is responsible for determining what persons shall be placed on parole; fixing time and condition of parole; determining parole violations; making investigations as necessary; reporting to the Board of Executive Clemency for persons under consideration for pardon, commutation of sentence, or remission of fine, penalty, or forfeiture; establishing terms and conditions and determining violations of conditional release; determining what persons will be released on control release and establishing time and conditions and violations of control release; and determining what persons shall be

released on conditional medical release and establishing and determining violations of conditional medical release.

The Commission consists of three members who are residents of the State. Commissioners are appointed by the Governor and Cabinet for six-year terms and are certified to the Senate for confirmation. The Governor and Cabinet select a Chair who serves for a period of two years. The Chair is designated by law as the chief administrative officer of the Commission and has the authority and responsibility to plan, direct, coordinate, and execute the powers, duties, and responsibilities assigned to the Commission, except those of granting and revoking parole. The Chair shall establish, execute, and be held accountable for all administrative policy decisions. The Commissioners are directly accountable to the Chair in the execution of their duties as Commissioners, and the Chair has authority to recommend to the Governor the suspension of a Commissioner who fails to perform the duties provided by law.

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## FINDINGS AND RECOMMENDATIONS

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### Commission Vulnerabilities to Fraud

The agency head is responsible for creating a culture of honesty and high ethics. This is done by setting the tone at the top, creating a positive workplace environment, hiring and promoting appropriate employees, providing sufficient training, confirming accountability for the code of conduct, and implementing effective discipline.

We became aware of the following vulnerabilities at the Commission that indicated a heightened risk of fraud: 1) an agency head who failed to enforce and actually overrode some existing management controls; 2) circumvention of controls by employees; 3) transactions that appeared out of the ordinary and not satisfactorily explained; 4) missing documents; 5) false or misleading information; and 6) past audit findings of questionable activity relating to some administrative functions.

These vulnerabilities and other audit findings relating to the Commission are described throughout this report. Many of the significant deficiencies disclosed by our audit related to expenditure transactions by the former Commission Chair and included Purchasing Card, travel, cellular telephone, and salary expenditures with questioned costs exceeding \$24,000. The travel and salary

expenditures only address expenditures incurred between April 2002 and July 2003 because certain records were not available for the entire audit period. Therefore, because of the lack of records, it was not practicable for us to perform those analytical procedures necessary to reasonably identify any additional improper expenditures. Because we referred these significant deficiencies to DLE and an investigation was performed, this report (as described in the **SUMMARY**) does not address the specifics of those matters. Although our audit disclosed these deficiencies and vulnerability to fraud, whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system.

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### Finding No. 1: Pre-Audit Procedures

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As described in the **SUMMARY**, our audit disclosed numerous inadequately supported, personal, and improper State expenditures. Based on the results of our audit, it is apparent that the Commission had not established adequate pre-audit procedures to ensure that State expenditures serve an authorized public purpose and are in compliance with applicable legal requirements. The absence of adequate pre-audit procedures, in addition to the circumvention of controls by employees, allowed the transactions and inconsistencies disclosed by our audit, and referred to DLE, to occur.

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**Recommendation:** We recommend that the Commission implement adequate pre-audit procedures to ensure that expenditures serve an authorized public purpose and are in compliance with applicable legal requirements.

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### Finding No. 2: Circumvention of Controls

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Effective management controls include the adequate separation of duties to reduce the opportunity for any one individual to be in a position to both perpetrate and conceal illegal acts, fraud, abuse, and other noncompliance in the normal course of the individual's duties. Our review of the Commission's organizational structure (see Exhibit A) and assignment of employee responsibilities observed to be in effect at the time of our review, and during the audit period, disclosed that some employees



performing administrative and accounting functions for the former Commission Chair did not properly conduct Commission business to effectively safeguard State resources and did not provide reliable information necessary for oversight. In fact, it was the combined failure of these employees to properly conduct Commission business that greatly increased the possibility that illegal acts, fraud, abuse, and other noncompliance could occur and not be timely detected. Our review of management controls disclosed the following deficiencies in the performance of duties by three Commission employees (see **SUMMARY** for the effect of these deficiencies):

The former Commission Chair's Personal Assistant:

- Made some personal travel arrangements using State resources for the former Commission Chair and his traveling companions with the knowledge that such travel was not business-related.
- Completed at least one travel reimbursement voucher (including reimbursement for vicinity mileage and departure and return times) for the former Commission Chair prior to the travel being performed.
- Informed the Finance and Accounting Administrator when a travel reimbursement voucher would need to be revised to cover the former Commission Chair's personal Purchasing Card charges.
- Prepared some travel reimbursement vouchers with the knowledge that travel as shown on some of the travel reimbursement vouchers was never performed by the former Commission Chair.

The Finance and Accounting Administrator:

- Approved the former Commission Chair's personal Purchasing Card charges.
- Coded the former Commission Chair's personal Purchasing Card charges as State travel expenditures although the expenditures were not travel-related and served no authorized public purpose.
- Processed payment for the former Commission Chair's personal Purchasing Card charges although there were no receipts documenting the purpose of the purchases.
- Maintained a listing for bookkeeping purposes of the former Commission Chair's personal Purchasing Card charges.
- Informed the former Commission Chair's Personal Assistant when funds were needed from a travel reimbursement voucher to cover the former Commission Chair's personal Purchasing Card charges.

- Processed some payments to the Purchasing Card contractor for personal charges made by the former Commission Chair prior to the former Commission Chair reimbursing the Commission for such charges.
- Did not perform reviews of the former Commission Chair's cellular telephone billings.
- Did not require the former Commission Chair to submit personal checks for reimbursement of personal cellular telephone calls pursuant to established Commission procedures.
- Did not collect all reimbursements due to the Commission from the former Commission Chair for personal cellular telephone calls.

The former Director of Administration:

- Approved payments for personal Purchasing Card charges made by the former Commission Chair.
- Approved travel expenditure vouchers that included deductions for personal Purchasing Card charges made by the former Commission Chair.

Specific transactions and inconsistencies discovered during our audit were referred to DLE as noted in the **SUMMARY**. The combined failure of these employees to properly conduct Commission business to effectively safeguard State resources and to provide reliable information necessary for oversight greatly increased the possibility that illegal acts, fraud, abuse, and other noncompliance could occur and not be timely detected. As shown on Exhibit B, the Chair indicated in her response that personnel actions have resulted in all three employees cited in this finding as being no longer with the Commission.

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**Recommendation:** Taking into consideration the matters referred to DLE, we recommend that the current Commission Chair take appropriate actions to ensure that management controls are not circumvented in the future. In instances where the legality or appropriateness of any voucher or requested payment is not readily apparent to the employee preparing, issuing, or approving the voucher, the employee should be instructed to deny the request for payment and request additional or sufficient clarification. The employee preparing, issuing, or approving the voucher for payment is obligated to cast the vouchers in such language as will indicate the legality or appropriateness of all payments.

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**Payroll, Personnel, and Leave**

Our audit included a comparison of the former Commission Chair's travel itineraries (points and times of

departure and return), cellular telephone records, and attendance records. This comparison disclosed discrepancies in work hours reported by the former Commission Chair and resulted in questionable salary expenditures. This matter was referred to DLE as discussed in the **SUMMARY**.

### **Finding No. 3: Employment of Relatives**

The Commission issued *Procedure Directive Number 2.02.11* that states, “In accordance with Section 112.3135, F.S., no Parole Commission official may appoint, employ, promote or advance, or advocate for appointment, employment, promotion or advancement, in or to a position in the Parole Commission in which he/she is serving, or over which he/she exercises jurisdiction or control any individual who is a relative of the official.” This *Directive* defines a public official as “an employee of the Parole Commission in whom is vested the authority by law, rule or regulation, or to whom authority has been delegated, to appoint, employ, promote or advance individuals, or to recommend individuals for appointment, employment, promotion, or advancement in connection with employment in the Parole Commission.” A relative is defined as an individual who is related to the official as a father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister. Section 947.002, Florida Statutes, states, “The chair shall establish, execute, and be held accountable for all administrative policy decisions. The routine administrative decisions are the full responsibility of the chair.” These administrative policy decisions would include the decision to hire or dismiss Commission employees.

Our audit disclosed two employee-relative relationships at the Commission that appear to be contrary to Section 112.3135(2)(a), Florida Statutes, and Commission *Procedure Directive Number 2.02.11*:

- The nephew of the former Commission Chair was hired by the Commission as an Other Personal Services (OPS) employee on October 18, 1999, and

resigned on May 2, 2003. As a result, the Commission did not comply with *Procedure Directive Number 2.02.11* which disallows a Commission official (former Commission Chair) from appointing a relative as an employee of the Commission.

- The daughter-in-law of the Commission Vice Chair is currently employed by the Commission as an Executive Secretary/Administrative Assistant within the Clemency Administration Section. Because the Commission Vice Chair may be required to perform administrative responsibilities in the absence of the Commission Chair, situations could occur that would require the Commission Vice Chair to be in a position to exercise jurisdiction or control over his relative, contrary to *Procedure Directive Number 2.02.11*.

In addition, we noted that:

- The brother-in-law of the former Human Resources Administrator (who resigned effective July 3, 2003) was hired by the Commission as an OPS employee on September 7, 1997. This individual was promoted to a Purchasing Agent I on November 18, 1998. The former Human Resources Administrator was one of two Commission employees serving on the selection committee for this promotion. Although this was not a violation of *Procedure Directive Number 2.02.11*, having a relative on the selection committee in this instance was not a good business practice. Currently, this individual is employed by the Commission as an Operations Analyst I. In response to audit inquiry, the current Commission Chair stated, “From a good business practice perspective, it was not good judgement to have [the former Human Resources Administrator] on the interview panel. Such a practice will not be permitted under my administration.”

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**Recommendation:** We recommend that the Commission discontinue the practice of allowing Commission employees, who have the authority to employ, appoint, promote, advance, or recommend the same from using that authority with respect to his or her own relatives. We also recommend that the Commission modify its management controls to prohibit Commission employees, in instances such as those noted above (i.e., the Commission Vice Chair), from taking any actions affecting another employee to whom they are related.

Furthermore, the current Commission Chair should review all current employee-relative relationships existing at the Commission to ensure compliance with the law and Commission procedures.

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**Finding No. 4:**  
**Background Investigations**


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*Procedure Directive Number 2.02.11* requires that each vacancy announcement include the statement “Successful completion of a background investigation is a condition of employment.” This *Directive* includes a section entitled “Selection Process Steps” that outlines procedures to be followed in selecting candidates for employment with the Commission; however, these procedures do not require or address the completion of background investigations. In response to audit inquiry, Commission staff stated that background investigations are performed. However, the Commission could not provide documentation to demonstrate that background investigations were performed when the individuals listed below were initially employed by the Commission:

- On September 12, 2000, the Commission hired an individual to fill a Parole Technician II position. The application submitted to the Commission by this individual did not fully disclose his criminal history, contrary to the State of Florida application form. Consequently, the Commission hired this individual without knowledge of his extensive criminal history. On July 14, 2003, the Commission terminated this employee.
- An individual submitted an application to the Commission for the position of Purchasing Technician on October 21, 1997, and on October 26, 1998, for a promotion to Purchasing Agent I. On both of these applications, the individual indicated that he had an adjudication of guilt withheld. On April 28, 1999, the employee amended both of these applications in his personnel file at the Commission to state that he had been convicted of a felony or a first-degree misdemeanor and had pled nolo contendere or pled guilty to a crime which is a felony or first-degree misdemeanor. On May 20, 2002, this employee submitted another application for an Operations Analyst I position and stated on that application that he had received a full pardon by the Governor on February 17, 2000. Although the employee amended his original applications, at the time of his initial employment and subsequent promotion, he did not provide the Commission with his complete criminal history, contrary to the State of Florida application form.

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**Recommendation:** We recommend that the Commission enhance its policies and procedures by requiring that background investigations be performed as a condition for selecting an individual for employment. We also recommend the Commission maintain documentation demonstrating that such background investigations were performed.

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**Finding No. 5:**  
**Reimbursement of Tuition Primarily Benefiting the Employee**


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The Commission’s Finance and Accounting Administrator was hired on June 17, 1996, and continues to serve in that position (resigned effective September 19, 2003). The responsibilities and duties of this position are identified in the employee’s position description that has not been revised since July 1, 2001. This employee enrolled in classes at the Florida Gulf Coast University utilizing the “distance learning” method of education while also working as a full-time employee at the Commission. On August 2, 2002, she received a Master’s of Public Administration degree.

The Finance and Accounting Administrator stated that she had utilized tuition waivers pursuant to Section 110.1099(1)(a), Florida Statutes, since January 2000 (Spring 2000 semester). However, because Section 110.1099(1)(b), Florida Statutes, disallowed tuition waivers for the 2001-02 fiscal year, she paid her tuition for the Fall 2001 and Spring 2002 semesters (totaling \$1,967.28) and requested reimbursement from the Commission for these tuition payments. The Commission reimbursed the employee \$983.64 on November 6, 2001, and \$983.64 on November 13, 2001.

The Department of Financial Services (DFS) *Reference Guide for State Expenditures* (previously the *Voucher Processing Handbook* containing the same provision) states, “State agencies may pay for educational training and courses that are designed to improve the efficiency of a qualified employee when the courses are directly related to the employee’s current job duties. Educational courses intended to prepare an employee for a job primarily of benefit to the employee and only indirectly beneficial to the agency, do not constitute a proper expenditure of public funds absent a specific legislative authorization to the contrary.” The *Guide* further states, “The invoice for payment must include the improved efficiency or benefit

to the state derived from the training or course and the position title of the employee.”

Because the Finance and Accounting Administrator has served in the same position since June 1996, it is not apparent how the Commission benefited by this employee taking classes to receive a Master’s of Public Administration degree. Additionally, the documentation supporting the reimbursements to this employee did not identify the improved efficiency or benefit to the Commission nor identify the employee’s position title, contrary to the *DFS Reference Guide for State Expenditures*.

In response to audit inquiry, the current Commission Chair stated that “[The Finance and Accounting Administrator] will be instructed to reimburse the state the \$1,967.28 in tuition costs.”

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**Recommendation:** Because the graduate-level classes taken primarily benefited the employee rather than the Commission and because of the lack of documentation discussed above, it is not apparent how these payments constituted a proper expenditure of public funds. Consequently, we recommend the Commission seek immediate reimbursement totaling \$1,967.28 from the Finance and Accounting Administrator.

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#### **Finding No. 6: Dual Employment**

The Finance and Accounting Administrator was dually employed as a teacher’s assistant for the Florida Gulf Coast University during the period January 1, 2003, through May 15, 2003. Her duties as a teacher’s assistant included grading papers and corresponding with students through a Web board. The “Dual Employment and Compensation Request” form (agreement) was signed by the employee and approved by the former Director of Administration on February 24, 2003. The agreement provided for the following:

- The employee’s work hours at the Commission were 8:00 AM to 5:00 PM, Monday through Friday.
- The employee’s secondary employer was the Florida Gulf Coast University and the employee’s position was a teacher’s assistant.
- The employee’s work hours for her secondary employment were identified as “varied.”

In addition:

- The employee certified in the agreement that the hours to be worked for the secondary employment were outside her normal working hours of the primary employment.
- The former Director of Administration signed a statement in the agreement that the additional duties for the secondary employer would not be performed by the employee during her working hours with the Commission and would not involve the use of any State space, personnel, equipment, or supplies furnished by the Commission.

Our review of the Finance and Accounting Administrator’s e-mails (provided to us by the Commission) during the time period of her secondary employment disclosed the following:

- The Finance and Accounting Administrator instructed her secondary employer, as well as students enrolled in the on-line course, to contact her at her Commission-assigned e-mail address.
- The Finance and Accounting Administrator made postings to the Web board during her assigned Commission work hours.
- The Finance and Accounting Administrator and students e-mailed each other during her assigned Commission work hours.

As a result of the e-mails described above, it is apparent that the Finance and Accounting Administrator performed work for her secondary employer during Commission work hours and used State resources to perform non-Commission activities.

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**Recommendation:** We recommend that the Commission take the necessary steps to ensure that employees comply with the terms of dual-employment agreements.

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#### **Finding No. 7: Alleged Sexual Harassment Complaint**

Commission *Procedure Directive Number 2.02.16*, dated January 23, 1995, and revised on July 1, 2002, outlines the authority, purpose, definitions, and general policies and guidelines for the filing and handling of sexual harassment complaints. Authority for this *Directive* is Rule 60L-36.004, Florida Administrative Code, that states, “Agencies shall develop and implement procedures to investigate and resolve complaints of sexual harassment.” It is the policy of the Commission that each employee is allowed to work in an environment free from any form of discrimination. According to the *Directive*, sexual



harassment is a form of sex discrimination under Title VII of the 1964 Civil Rights Act and is conduct unbecoming a public employee as provided in Section 110.227, Florida Statutes, and applicable Florida Administrative Code Rules.

From our review of pertinent files maintained by the Commission and DFS, Division of Risk Management (formerly Department of Insurance), and interviews with Commission management, we noted that on June 6, 2002, a sexual harassment complaint was filed with the Commission on Human Relations (CHR) against the Commission. The complaint involved a former OPS employee (complainant) and the employee's supervisor (former Human Resources Administrator). On September 14, 2002 (approximately three months after the complaint was filed), the case was settled in mediation. The settlement required a \$50,000 payment (made on September 17, 2002) from the Division of Risk Management to the complainant. In addition, the payment of attorney fees totaling \$3,964 was made on October 11, 2002, for the representation of the State. Total cost to the State for this settlement was \$53,964.

The Commission's *Directive* states that any employee of the Commission who has been found by the Chair to have sexually harassed another employee, applicant for employment, or an independent contractor shall be guilty of conduct unbecoming a public employee and subject to discipline up to and including dismissal as outlined in applicable Florida Administrative Code Rules. In this instance, there was no documentary evidence of interviews or of an investigation performed by the Commission, contrary to *Procedure Directive Number 2.02.16* and applicable Florida Administrative Code Rules, to determine the validity of the complaint. Upon receipt of the complaint from CHR, the Commission's General Counsel referred this matter to the Division of Risk Management. The only investigation of the matter was a limited review by the private attorney assigned to the case by the Division of Risk Management.

Because of the lack of interviews or an investigation, necessary disciplinary action, if determined appropriate, could not be taken against the former Human Resources Administrator by the Commission, and this matter could not be documented, if determined appropriate, in the former Human Resources Administrator's personnel file.

Approximately nine months after the complainant terminated his employment with the Commission and three days prior to the complaint being filed with the CHR, the former Human Resources Administrator was awarded a \$6,500 annual salary increase by the former Commission Chair. The Commission took no action to reduce or revoke this increase nor did the Commission take any action, such as additional training or counseling, to ensure that future actions of the former Human Resources Administrator did not result in additional liability to the State. Effective July 3, 2003, the former Human Resources Administrator resigned his position with the Commission.

The current Commission Chair stated, in response to audit inquiry, on July 17, 2003, that the Commission will be working with the Department of Corrections (DOC) to develop a memorandum of understanding whereby the DOC Inspector General's Office will conduct investigations for the Commission.

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**Recommendation:** We recommend that the Commission follow established *Procedure Directive Number 2.02.16* including investigating and resolving complaints of sexual harassment.

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### **Finding No. 8:** **Employee Compensation**

Because of the findings disclosed in our prior audit of the Commission relating to salary increases that were not properly documented, we examined employee compensation (excluding cost of living increases) given to Commission employees during the period January 1, 1998, through June 30, 2003. Our audit period was extended for this examination due to the discovery of significant deficiencies as discussed in the **SUMMARY**.

Our current examination disclosed that the former Commission Chair granted four employees significant pay increases consisting of Senior Management Services (SMS) and Select Exempt Services (SES) discretionary pay increases, superior performance pay increases, internal pay increases, competitive job offer increases, bonuses, and awards. Commission records disclosed that the reasons for these increases were "exemplary service, innovative approaches to problems, loyalty to the agency, conscientiousness, etc." As noted below, four employees received the following salary increases:

<p><b>Former Director of Administration</b> (Retired Effective June 30, 2003)</p> <p>Salary at 01-01-98 - \$52,953 Salary at 06-30-03 - \$84,196</p>	<p>1997-98 Fiscal Year - Salary Increases totaling \$5,209 within a 4-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$4,209 on 01-30-98 - SMS Discretionary Increase.</li> <li><input type="checkbox"/> \$1,000 on 05-01-98 - Superior Performance Increase.</li> </ul> <p>1999-2000 Fiscal Year - Salary Increase totaling \$3,202 - SMS Discretionary Increase.</p> <p>2000-01 Fiscal Year - Bonus and Award totaling \$4,500 within a 5-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$3,500 Bonus on 07-11-00.</li> <li><input type="checkbox"/> \$1,000 Chairman's Award of Merit on 12-01-00.</li> </ul> <p>2001-02 Fiscal Year - Salary Increases totaling \$11,500 within a 6-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$5,000 on 12-14-01 - SMS Discretionary Increase.</li> <li><input type="checkbox"/> \$6,500 on 06-03-02 - SMS Discretionary Increase.</li> </ul>
<p><b>Finance and Accounting Administrator</b> (Resigned Effective September 19, 2003)</p> <p>Salary at 01-01-98 - \$48,272 Salary at 06-30-03 - \$75,000</p>	<p>1997-98 Fiscal Year - Salary Increase totaling \$2,958 - SES Discretionary Increase.</p> <p>1998-99 Fiscal Year - One-Time Bonus totaling \$1,000.</p> <p>1999-2000 Fiscal Year - Pay Increase and Bonus totaling \$2,805 within a 3-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$2,305 Salary Increase on 03-10-00 - SES Discretionary Increase.</li> <li><input type="checkbox"/> \$500 Bonus on 06-21-00.</li> </ul> <p>2000-01 Fiscal Year - Award and Bonus:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$5,000 Innovative Suggestion Award on 12-19-00 (NOTE: This award was rescinded as a result of Auditor General Report No. 02-095.)</li> <li><input type="checkbox"/> \$1,000 Bonus on 05-21-01.</li> </ul> <p>2001-02 Fiscal Year - Salary Increase and Tuition Reimbursements:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$6,500 Salary Increase on 06-03-02 - SES Discretionary Increase.</li> <li><input type="checkbox"/> As noted in Finding No. 5, in November 2001, the Commission reimbursed this employee a total of \$1,967.28 for tuition paid by this employee to enroll for graduate-level classes at the Florida Gulf Coast University.</li> </ul> <p>2002-03 Fiscal Year - Salary Increase totaling \$3,793 - SES Discretionary Increase. Dually employed by Florida Gulf Coast University.</p>
<p><b>Information Services Administrator</b> (Resigned Effective August 29, 2003)</p> <p>Salary at 01-01-98 - \$50,000 Salary at 06-30-03 - \$75,462</p>	<p>1997-98 Fiscal Year - Salary Increases totaling \$3,988 within a 4-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$2,988 on 01-30-98 - Superior Performance Increase.</li> <li><input type="checkbox"/> \$1,000 on 05-01-98 - SES Discretionary Increase.</li> </ul> <p>2000-01 Fiscal Year - Bonus and Award totaling \$4,500 within a 5-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$3,500 Bonus on 07-11-00.</li> <li><input type="checkbox"/> \$1,000 Chairman's Award of Merit on 12-01-00.</li> </ul> <p>2001-02 Fiscal Year - Salary Increases totaling \$11,500 within a 6-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$5,000 on 12-14-01 - SES Discretionary Increase.</li> <li><input type="checkbox"/> \$6,500 on 06-03-02 - SES Discretionary Increase.</li> </ul>
<p><b>Former Human Resources Administrator</b> (Resigned Effective July 3, 2003)</p> <p>Salary at 01-01-98 - \$46,800 Salary at 06-30-03 - \$75,000</p>	<p>1997-98 Fiscal Year - Salary Increases totaling \$3,958 within a 4-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$2,958 on 01-30-98 - Internal Pay Increase.</li> <li><input type="checkbox"/> \$1,000 on 05-01-98 - SES Discretionary Increase.</li> </ul> <p>1998-99 Fiscal Year - Salary Increase totaling \$4,494 - Competitive Job Offer Increase.</p> <p>2000-01 Fiscal Year - Bonus and Award totaling \$4,500 within a 5-month time period:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> \$3,500 Bonus on 07-11-00.</li> <li><input type="checkbox"/> \$1,000 Chairman's Award of Merit on 12-01-00.</li> </ul> <p>2001-02 Fiscal Year - Salary Increase totaling \$6,500 - SES Discretionary Increase.</p> <p>2002-03 Fiscal Year - Salary Increase totaling \$4,129 - SES Discretionary Increase.</p>

Given the lack of specifics contained in the justifications, the fact that these employees' responsibilities included areas and functions where numerous deficiencies are cited in this report, and the fact that some of these employees contributed to the circumvention of controls, as described in Finding No. 2 and in the **SUMMARY**, the propriety of these increases granted by the former Commission Chair is questionable.

**The Chair stated in her response that, due to the retirement and resignation of these four employees, the salary increase issue has been resolved.**

### Purchasing Card

#### Finding No. 9: Purchasing Card Controls

DFS (formerly Department of Banking and Finance) and the Department of Management Services (DMS), working together with the Bank of America (contractor), created the State's Purchasing Card Program. The Purchasing Card Program is designed to provide the opportunity for State agencies to streamline processes, improve management reporting, and reduce the cost of making small-dollar purchases (defined as purchases under \$1,000). Although the Purchasing Card provides a tool for making small dollar purchases, existing State laws governing purchasing, accounts payable, records retention, and other applicable laws must be followed. The approval and payment of Purchasing Card transactions is accomplished through an automated online approval and payment system within the Florida Accounting Information Resource Subsystem (FLAIR). Employees assigned a Purchasing Card must sign a "Cardholder Agreement" agreeing to use the Purchasing Card for official State business only and acknowledging that any violation of the "Cardholder Agreement" could result in disciplinary action, including termination of employment. The Commission's Finance and Accounting Administrator is responsible for coding and approving Purchasing Card purchases.

Our audit included a detailed examination of the former Commission Chair's Purchasing Card expenditures to determine whether such expenditures were authorized in accordance with State law and other guidelines. Because of the significant deficiencies noted regarding the former

Commission Chair's use of the Purchasing Card for personal charges, we referred this matter to DLE as discussed in the **SUMMARY**. Commission records related to the former Commission Chair's Purchasing Card expenditures generally did not demonstrate the public purpose served and compliance with State law.

During the period July 1, 2001, through February 28, 2003, the Commission reported Purchasing Card expenditures totaling \$357,680 for the former Commission Chair and all other Commission employees. Our examination of the Commission's Purchasing Card transactions disclosed significant deficiencies as described below:

- Payments were made by the Commission for personal items purchased by the former Commission Chair. (See **SUMMARY**.)
- The Finance and Accounting Administrator recorded personal Purchasing Card charges by the former Commission Chair as travel expenditures although the charges were not travel related (such as personal charges at various stores and for private attorney, cellular telephone, and cable television services, etc.). As discussed in the **SUMMARY**, these expenditures were investigated by DLE.
- DFS *Reference Guide for State Expenditures* requires that "Purchasing Card transactions must be supported by itemized merchant/vendor sales receipts (i.e., purchase documentation that identifies items purchased and amount paid for each item)." Our review disclosed that payments made to the Purchasing Card contractor were not always supported with the required documentation:
  - Personal Purchasing Card charges made by the former Commission Chair did not include any supporting documentation (these charges were investigated by DLE as discussed in the **SUMMARY**).
  - Purchasing Card charges made by other Commission employees totaling \$38,300 were not supported by the required documentation. To the extent Purchasing Card documentation was available, purchases made appeared to be related to Commission operations.
- DFS *Reference Guide for State Expenditures* requires that receipts for Purchasing Card transactions must be signed and dated by the cardholder to indicate delivery, inspection, and acceptance of the goods or services. Our review disclosed the following:

- Personal Purchasing Card charges made by the former Commission Chair did not include any of the required documentation (these charges were investigated by DLE as discussed in the **SUMMARY**).
  - Purchasing Card charges made by other Commission employees totaling \$42,600 were not supported by the required documentation. To the extent Purchasing Card documentation was available, purchases made appeared to be related to Commission operations.
- The Finance and Accounting Administrator did not always pay the Purchasing Card contractor within 10 calendar days as required by *DFS Reference Guide for State Expenditures*. Our examination of Purchasing Card disbursements disclosed that payments to the Purchasing Card contractor were made 1 to 66 days beyond the 10-day requirement.
- The Purchasing Card Cardholder Profile was not updated to reflect changes in approved transaction limits. Transaction limits for one card user (Information Services Administrator) were increased from \$1,000 to \$25,000 for single transactions and from \$25,000 to \$125,000 for daily and monthly transactions. Although these increases were approved in the year 2000, the Purchasing Card Cardholder Profile currently available in 2003 had not been updated to reflect these changes.
- Charges were made on the Purchasing Card issued to the Information Services Administrator by two Commission employees who were not authorized cardholders. *Purchasing Card Guidelines* issued by DMS state, “The Purchasing Card may only be used by the person whose name appears on the face of the Purchasing Card and may not be loaned to any other person.”

To take full advantage of the efficiencies and convenience afforded by the Purchasing Card Program, it is essential that controls be in place to ensure the accountability over such purchases.

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**Recommendation:** We recommend that the Commission, in conjunction with DFS, review its current procedures and take the necessary actions to establish adequate controls that ensure the Purchasing Card Program is operating efficiently and in compliance with established guidelines and that the expenditures of Commission funds represent an authorized public purpose.

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### Travel

Our audit included a detailed examination of the former Commission Chair’s travel expenditures, including expenditures incurred through the use of the Purchasing Card and the Avis credit card during the period July 1, 2001, through May 9, 2003, to determine whether such expenditures were authorized in accordance with applicable legal requirements. Because of the nature of the transactions and the inconsistencies discovered by us between the former Commission Chair’s travel itineraries (points and times of departure and return) and cellular telephone records, we referred this matter to DLE as discussed in the **SUMMARY**. Commission records relating to the former Commission Chair’s travel expenditures generally did not demonstrate the public purpose served and compliance with State law.

### Finding No. 10: Mileage Claimed

Our examination of selected travel vouchers, other than those of the former Commission Chair as discussed above and in the **SUMMARY**, disclosed that, generally, expenditures shown on the travel vouchers appeared to relate to official Commission business and were in compliance with governing legal requirements. However, we noted the following instances where pre-audit procedures should be enhanced:

- An employee was reimbursed for mileage totaling \$88.74 for traveling to and from the Capitol. The travel reimbursement voucher did not specifically identify the dates of travel but rather reported travel as a lump sum for a four-month period. As a result, the Commission cannot demonstrate the actual days of travel. In response to audit inquiry, the current Commission Chair stated, “The [Commission] will be revising its travel procedures requiring documentation for each trip in the future.”
- An employee filed a travel reimbursement voucher that included a claim of 556 miles for a round trip from the Martin Correctional Institution to the Everglades Correctional Institution. However, the actual mileage for this round trip should have been 288. As a result, the employee overstated travel expenses by \$77.72 (268 excess miles at \$.29 per mile). In response to audit inquiry, the current Commission Chair stated that this was an error and provided us with documentation to support that this employee had reimbursed the Commission.



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**Recommendation:** We recommend that the Commission implement appropriate procedures to ensure that travel expenditures are accurate and appropriately documented and paid in accordance with Section 112.061, Florida Statutes.

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#### Finding No. 11:

##### Cancellation of Avis Credit Card

The Commission did not timely cancel the Avis credit card assigned to the former Commission Chair. The former Commission Chair resigned effective May 9, 2003. On July 22, 2003, we inquired of the Finance and Accounting Administrator as to the cancellation of the former Commission Chair's Avis credit card. On July 23, 2003, we were notified that the card had been cancelled that day. Absent the timely cancellation of credit cards, there is an increased risk that illegal acts, fraud, abuse, and other noncompliance, should they occur, will not be detected in a timely manner.

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**Recommendation:** We recommend that the Commission establish controls to ensure the timely cancellation of credit cards assigned to individuals separated from the Commission employment.

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#### Cellular Telephone Usage

#### Finding No. 12:

##### Compliance with Established Cellular Telephone Procedures

Commission *Procedure Directive Number 2.01.04* states that cellular telephones are to be used for State business only. This *Directive* requires cellular telephone users to complete a verification form identifying all personal calls and to submit personal checks for the total amounts of any personal calls made. The Commission reported cellular telephone expenditures totaling \$17,854 for the period July 1, 2001, through February 28, 2003.

We reported in our prior audit (report No. 02-095, dated November 2001) that reimbursements for personal cellular telephone calls were being made by deducting amounts from travel reimbursement vouchers, verification forms were not always prepared, and reimbursements for personal cellular telephone calls were not always made. Our current audit included examining cellular telephone expenditures to determine the extent

to which the Commission had corrected the prior audit findings. Our examination disclosed the following:

- Contrary to this *Directive*, field offices are not required to complete verification forms. Field office supervisors are required to review cellular telephone invoices and to note on the invoice the date the invoice was received, the date the goods and services were received, and the date the goods and services were inspected and approved.
- Contrary to this *Directive*, no supervisory review is performed on invoices for cellular telephones assigned to users in the central office (Tallahassee).
- As similarly reported in our prior audit, the former Commission Chair did not complete verification forms for 4 of the 25 invoices included in our examination.
- As similarly reported in our prior audit, the former Commission Chair continued to make reimbursements for personal cellular calls by deducting such costs from his travel reimbursement vouchers. (See **SUMMARY**.) The former Commission Chair was not required to submit personal checks for personal calls, contrary to this *Directive*.
- The former Commission Chair did not reimburse the Commission for all cellular calls identified by the former Commission Chair as personal. We noted 5 invoices with calls totaling 1,568 minutes that had not been reimbursed by the former Commission Chair.
- Our examination of the 25 cellular telephone invoices for the former Commission Chair disclosed a total of 7,403 minutes of cellular calls that did not appear to serve an authorized public purpose and were not identified by the former Commission Chair as personal.

As discussed previously, specific information relating to discrepancies discovered during our audit between the former Commission Chair's travel expenditure vouchers and cellular telephone invoices were reported to DLE as noted in the **SUMMARY**.

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**Recommendation:** We recommend that the Commission take the necessary steps to ensure that established procedures are followed, that cellular telephone invoices are properly reviewed, and that reimbursements are properly and promptly remitted. We also recommend that the Commission discontinue the practice of allowing employees to deduct the costs of personal calls from travel reimbursement vouchers.

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### Tangible Personal Property

The minimum standards necessary to adequately control, safeguard, and account for State tangible personal property are established in law and rule. Property is defined in law as equipment, fixtures, and other tangible personal property of a nonconsumable and nonexpendable nature, the value or cost of which is \$1,000 or more and the normal expected life of which is one year or more, and hardback-covered bound books, the value of which is \$250 or more.

The Commission utilizes FLAIR property records to account for tangible personal property. FLAIR property records are designed to create and maintain a property file that contains detailed records for each property item. The maintenance of adequate and accurate accounting records for tangible personal property is necessary to assign custodial responsibility and protect against theft, misuse, and abuse. According to Commission records, as of February 28, 2003, the total acquisition cost for Commission tangible personal property was approximately \$1 million.

#### Finding No. 13:

#### Tangible Personal Property Procedures

In January 1997, the Commission adopted *Procedure Directive Number 2.01.03 – Tangible Personal Property (Intra Agency Transfer/Disposal)*. This *Directive* states that the authority for this policy was based on Chapter 273, Florida Statutes, and Chapter 10.300, Rules of the Auditor General, dated July 1, 1996. This *Directive* has not been updated since January 1997 and, therefore, does not include revised reporting requirements established in current laws and rules. Specifically, our review identified the following deficiencies:

- The *Directive* has not been updated to include current dollar thresholds provided in Section 273.02, Florida Statutes.
- The *Directive* has not been updated to include revised reporting requirements established by Chapter 10.300, Rules of the Auditor General, dated May 1, 2002.
- The *Directive* addresses surplus property but does not address the requirement of establishing a surplus property review board as required by Section 273.05(2), Florida Statutes.

The *Directive* defines tangible personal property to include property of a sensitive nature. Items of a sensitive nature are defined as cellular telephones, televisions, camcorders, and video cassette recorders and these items are required to be recorded in Commission tangible personal property records. However, during the audit period, we noted that the Commission purchased items with a high risk of loss and costing less than \$1,000 that were not included in the definition of sensitive items. These items included purchases of hand-held computers, electronic organizers, digital cameras, analog cameras, DVD players, printers, scanners, central processing units, and computer monitors.

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**Recommendation:** We recommend that the Commission revise *Procedure Directive Number 2.01.03* to ensure that the administration of tangible personal property is in compliance with applicable legal requirements. We also recommend that the Commission revise its definition of sensitive items to include those items that have a high risk of loss and cost less than \$1,000.

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#### Finding No. 14:

#### Tangible Personal Property Records

Effective controls for the management of tangible personal property require that the acquisition of property items be timely and accurately recorded in the property records. Guidelines for identifying and recording tangible personal property acquired by State agencies are provided in law and DFS *Statewide Financial Statement Capital Asset Policy*. Further, Rules of the Auditor General require that individual property records be maintained that include, among other things, physical location (city, county, address or building name, and room number); name of the custodian or the custodian delegate with assigned responsibility of the item; class code; name, make, or manufacturer; manufacturer's serial number; method of acquisition, and for purchased items, the Statewide document (voucher) number; and the date the item was last physically inventoried and the condition at that date.

Our review of the records and related Commission property management controls disclosed some deficiencies, as noted below, that may affect the Commission's ability to effectively account for and safeguard its investment in tangible personal property.

Our tests of tangible personal property items disclosed the following deficiencies in Commission tangible personal property records:

- Ten items were not recorded in the property records. One item was a shredder that was purchased on October 29, 2002, at a cost of \$1,200. Four items were software and related software licenses with a useful life in excess of one year totaling \$15,450. The remaining five items were items that met the Commission’s definition of sensitive items with acquisition costs totaling \$2,051.93.
- Forty-eight items were recorded in the property records but did not have all the required information recorded (i.e., serial numbers, physical location, custodian, depreciation, etc.).
- Nine items were recorded in the property records with an incorrect serial number.
- A field office provided documentation that a laptop computer (acquisition cost totaling \$1,911) was transferred to the Tallahassee office; however, the Commission could not provide any documentation to demonstrate that this item was received, nor was there any documentation to demonstrate that the Commission had taken any actions to locate this item.
- Sixty-four property items that have a high risk of loss and cost less than \$1,000 were not recorded in the property records (see Finding No. 13).

**Recommendation:** We recommend that the Commission take the necessary steps to ensure that tangible personal property is properly accounted for and records are complete and include all required information.

**Finding No. 15:**  
**Disposition of Tangible Personal Property**

Our review of tangible personal property dispositions disclosed the following deficiencies:

- The *Disposition of Surplus Property* form for two computers, that were less than two years old, did not identify the reason for disposal.
- Three computers were disposed of after having been owned for only 18 months. In response to audit inquiry, Commission staff stated, “All three pieces of equipment could not be fixed under warranty because the damage was caused by Commission staff. Two had shorts on motherboards caused by attempting to upgrade the memory on one and an incompatible interface card. The third one was a laptop accidentally dropped that caused a cracked screen.”

- Chapter 10.380, Rules of the Auditor General, states that removing items from the property records is subject to the approval of DFS. Contrary to this Rule, the Commission deleted a stolen laptop from the property records prior to obtaining approval from DFS.
- DMS sold two vehicles that were owned by the Commission (one in November 1996 and the other in December 2001) and the Commission was due \$254.22 and \$663.88, respectively, in proceeds from the sales. The Commission has not received and has made no documented attempt to obtain the funds from those sales from DMS.

**Recommendation:** We recommend that the Commission implement appropriate controls to ensure that future disposals of tangible personal property are appropriate and made in compliance with applicable legal requirements. The Commission should also take immediate steps to collect proceeds from the sale of the motor vehicles.

**Finding No. 16:**  
**Assignment of Commission Property and Location of Electronic Records**

Commission employees maintained State-owned computer equipment at their personal residences as noted below:

Position	Equipment
Information Services Administrator	Dell Monitor
Systems Programming Consultant	Visor Personal Digital Assistant Dell Monitor Dell 2300 Computer
Systems Project Analyst	Dell 330 Computer Acer Laptop SG Monitor iPAQ 5455 (Hand-Held Computer) iPAQ 3977 (Hand-Held Computer)

The Commission has not demonstrated how the practice of providing employees State-owned equipment at personal residences serves an authorized public purpose. In addition to the computer equipment located at these employees’ personal residences, we were informed that back-up copies of Commission electronic records and data were also maintained at two of the residences. The current Commission Chair has stated that the practice of assigning State-owned computer equipment to employees’ personal residences will be discontinued.

**Recommendation:** We recommend the Commission only assign State-owned equipment to employees' residences when a documented public purpose exists. We also recommend that back-up copies of Commission electronic records and data be maintained in a secure location, such as an official remote off-site facility, and not at employee personal residences.

#### **Finding No. 17:**

##### **Questionable Purchases**

As noted below, purchases made by the Commission did not always appear to be reasonable and necessary and serve an authorized public purpose:

- The Commission purchased approximately \$10,000 in computer and video equipment for taping training courses for Commission staff. The Commission purchased computer parts and built three central processing units to be used to tape and produce training courses for Commission staff. However, the Commission could not provide any documentation demonstrating that any training courses had been produced nor any plans for such production.
- On June 14, 2001, the Commission entered into a contract totaling \$6,000 for the development of an internal system to be used to track computer hardware and software, including sensitive items, and on June 29, 2001, paid the contractor \$1,640. As of June 30, 2003, no further payments had been made to this contractor nor has this system been utilized. The use of this system may have prevented some of the recordkeeping deficiencies disclosed by our audit with regard to Commission-owned property.
- On September 30, 2002, the Commission purchased a one-year subscription totaling \$5,219 to a Web-based service that provides information on the current information technology market. Based on the size, mission, and information technology needs of the Commission, it is not apparent how this expenditure served a necessary and authorized public purpose of the Commission.

**Recommendation:** We recommend that the Commission review its purchasing practices and take the necessary action to ensure that expenditures are reasonable and necessary and serve an authorized public purpose of the Commission.

#### **Transitional Issues**

#### **Finding No. 18:**

##### **Administrative Functions Transferred to the Department of Corrections**

Effective July 1, 2001, and pursuant to Chapter 2001-124, Laws of Florida, the Legislature enacted the Parole Commission Reform Act of 2001 which transferred some Commission functions to the Department of Corrections (DOC). Chapter 2001-367, Laws of Florida, required the Commission "to prepare plans to effectuate the full transfer of accounting, supply, mail room, MIS network administration, and MIS help desk activities by July 1, 2002." However, as discussed below, the Commission did not prepare a detailed plan for the transfer of these functions nor were all the required functions transferred to DOC.

- Commission management drafted a plan to facilitate the transition, *Transition Plan as of July 23, 2002, for the Transfer of Administrative Functions to the Department of Corrections (Plan)*. The *Plan* consisted of a two-page document that discussed in general terms the five areas involved in the transition. However, the *Plan* lacked sufficient detail regarding some issues. For example, the *Plan* stated that "both agencies have varying definitions of what constitutes Help Desk and Network Administration" but did not identify the differences. Further, the *Plan* did not identify the specific tasks required to ensure the timely transfer of the specified functions nor identify who would be responsible for accomplishing the transfer.
- The Commission retained responsibility for some accounting functions including, but not limited to, inputting Purchasing Card transactions into FLAIR, accounting for Commission tangible personal property, reconciling FLAIR departmental accounting records to FLAIR central accounting records, and retaining those records. As noted in the **SUMMARY**, significant deficiencies were identified regarding the former Commission Chair and Purchasing Card expenditures. If the Purchasing Card function had been fully transferred to DOC, such deficiencies may have been prevented or timely detected.
- The responsibility for the purchasing function was never transferred to DOC. The employee who had been in a Purchasing Agent II Coordinator position with the Commission prior to the transition was promoted to an Operations Analyst I position. However, this employee's current responsibilities include, but are not limited to, procurement of



goods and services for the Commission, including all supplies.

- A Commission employee continues to be responsible for network administration-related duties, including, adding and removing network users, maintaining network servers, updating servers, and maintaining anti-virus protection and backup systems. In response to our inquiry, DOC staff stated “The intent was to transfer functions relating to MIS network administration/operation from the Commission to [DOC]. The Commission continues to perform most of their own network administration/operation related functions with [DOC] performing minimal support on their behalf.”

The language included in Chapter 2001-367, Laws of Florida, clearly provides that accounting, supply, mail room, MIS network administration, and MIS help desk activities were to be transferred to DOC by July 1, 2002. However, as noted above, the full transfer of those activities has not occurred.

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**Recommendation:** We recommend that the Commission take the necessary steps to complete the full transfer of functions as provided for in Chapter 2001-367, Laws of Florida. We also recommend the Commission, in conjunction with DOC, prepare a detailed plan to identify the specific tasks that will be transferred, who will be responsible for the transfer, and a timeline identifying when the functions will be transferred.

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## OTHER MATTERS

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During the course of our audit, and subsequent to the completion of audit fieldwork, we became aware of certain activities purported to have been performed by various Commission employees that may not have been in compliance with applicable legal requirements. These questionable activities have been referred to DLE for consideration of investigation and are not addressed in this report.

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## AUTHORITY

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Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

*William O. Monroe*

William O. Monroe, CPA  
Auditor General

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## AUDITEE RESPONSE

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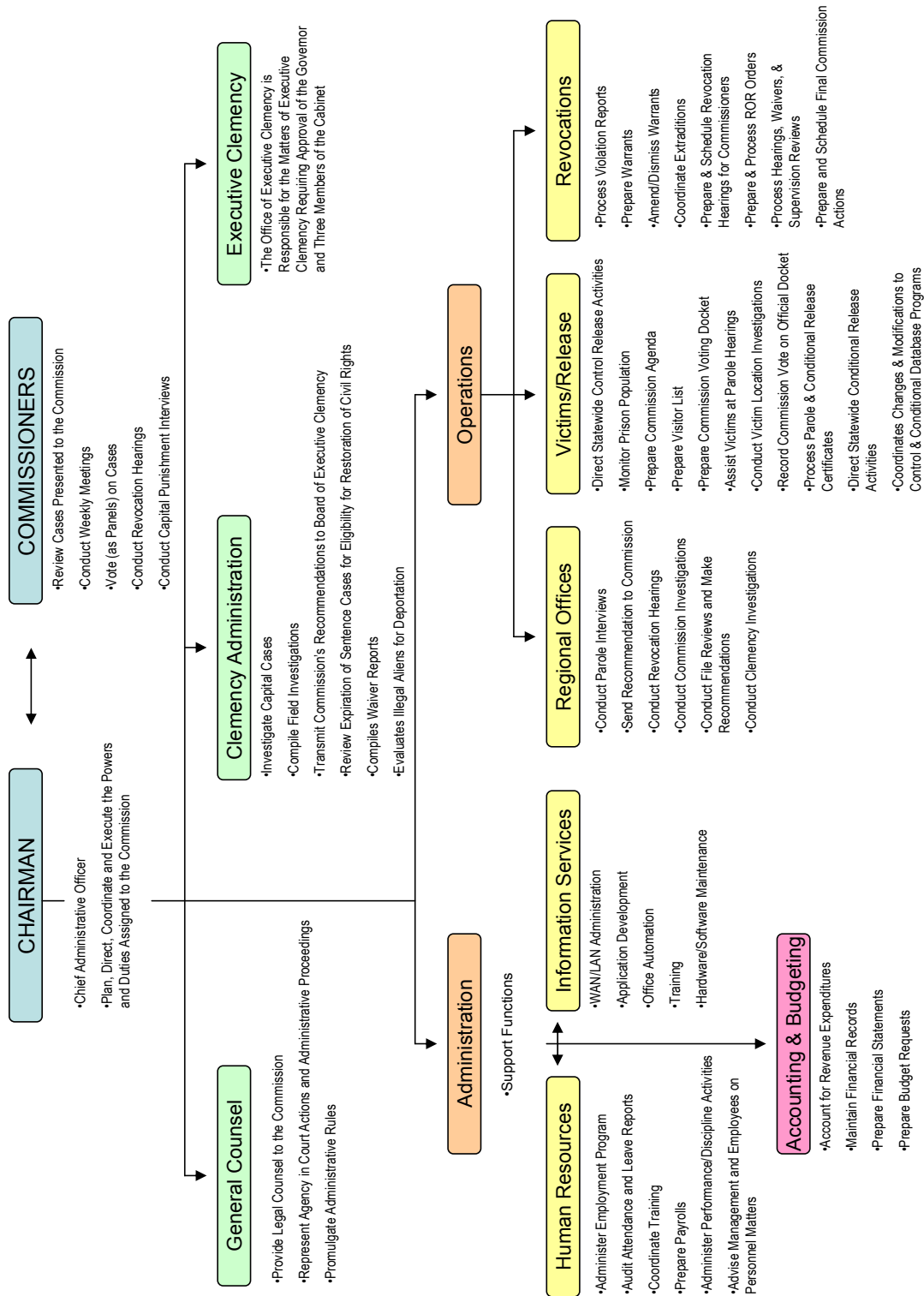
In a response letter dated August 26, 2003, the Parole Commission Chair provided her response to our findings and recommendations. The Chair’s response is included in its entirety as **EXHIBIT B** to this report.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was made in accordance with applicable **Government Auditing Standards** issued by the Comptroller General of the United States. This audit was conducted by Christi Alexander, CPA, and supervised by Jane Johnston, CPA. Please address inquiries regarding this report to Dorothy R. Gilbert, CPA, Audit Manager, via e-mail at [dorothygilbert@aud.state.fl.us](mailto:dorothygilbert@aud.state.fl.us) or by telephone at (850) 488-5444.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone (850 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

EXHIBIT A  
ORGANIZATIONAL CHART

FLORIDA PAROLE COMMISSION



**EXHIBIT B**  
**AUDITEE RESPONSE**



**FLORIDA PAROLE COMMISSION**  
2601 Blair Stone Road, Building C, Tallahassee, Florida 32399-2450

**MONICA DAVID**  
*Commissioner Chairman*

**FREDERICK B. DUNPHY**  
*Commissioner Vice-Chairman*

August 26, 2003

Mr. William O. Monroe, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Monroe:

Enclosed is the Florida Parole Commission's response to the preliminary and tentative findings and recommendations for the operational audit covering the period July 1, 2003 through February 28, 2003. Corrective actions that we have taken or will be taking in the future are delineated for each finding.

Although the entire period of this audit occurred under the prior Chairman, it is my intention to take whatever action is necessary to have all the issues corrected well in advance of the six month follow-up. This includes both procedural and personnel changes, most of which have already taken place. It will be stressed very strongly to both new staff as well as current staff, that everyone in the Commission is expected to follow all rules, laws and procedures, without exception. All staff will be given additional training in the areas cited by the audit including correct completion of travel reimbursement forms, purchasing card requirements, property control and cell phone usage.

I feel this audit, though unfortunate as to many of its more serious findings, has provided our administrative team and myself, a very helpful tool for getting administrative functions back on course and proper controls put in place. Your audit team acted with a great deal of professionalism and objectivity throughout this process and it was very much appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Monica David".

Monica David  
Chairman

Attachment

MD/sd

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**EXHIBIT B (CONTINUED)**  
**AUDITEE RESPONSE**

**Florida Parole Commission**  
**Response to Preliminary and Tentative Audit Findings**

**Finding Number 1: Pre-Audit Procedures:**

We concur that adequate pre-audit checks were not always followed prior to processing expenditures. Additional training will be provided to both new and current staff on proper pre-audit procedures, including both field staff approval for receipt of goods and services and Central Office staff prior to forwarding invoices for payment.

**Finding Number 2: Circumvention of Controls:**

We concur that certain staff did not take adequate steps to ensure that the former Chairman's travel, cell phone and purchasing card expenditures were done within the state rules and guidelines. It is our understanding that all three employees cited did tell the former Chairman that personal p-card purchases were not appropriate. However, he supposedly stated that as long as he made reimbursements, it was allowed. Efforts were made by the cited employees to obtain reimbursement for personal purchases, but it was not handled appropriately in that personal purchases continued to be processed, some prior to receiving reimbursement. In the future, the newly hired Finance and Accounting Administrator will be instructed in instances where the legality or appropriateness of any voucher or requested payment is not readily apparent, the request for payment will be denied until additional information or clarification is obtained.

This has been corrected; all p-card users have been reminded (memo attached) by Chairman David that personal purchases are not allowed. If they should inadvertently occur, immediate reimbursement is required. Additionally, all p-card purchases will require a detailed receipt to be processed and the receipts will be forwarded to the Department of Corrections' p-card unit at month's end for post audit purposes.

Additionally, personnel actions have resulted in all three employees cited in this finding as being no longer with the agency. The former Director of Administration retired June 30, 2003; the Finance and Accounting Administrator resigned August 7, 2003, effective September 19, 2003; and the former Chairman's Personal Assistant has resigned effective September 17, 2003.

**Finding Number 3: Employment of Relatives:**

We concur the nephew of the former Commission Chair should not have been employed as it violated Personnel Directive 2.02.11. This was rectified with his resignation on May 3, 2003.

The daughter-in-law of the Vice-Chair is not in violation of Procedure Directive 2.02.11 since he does not have jurisdiction or control over her since the Vice-Chair does not have supervisory or hiring authority over any organizational unit. In the remote instance that he became Acting Chair, his daughter-in-law would be required to leave the agency



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**EXHIBIT B (CONTINUED)**  
**AUDITEE RESPONSE**

immediately. It should be noted that at the time of her hiring, she was not his daughter-in-law nor was he the Vice-Chair. To avoid any possible conflict in the future, the employee in question has been told to seek employment outside the Commission.

All staff will be reminded of the requirements of Procedure Directive 2.02.11. This Procedure Directive will be modified to include the interview process. The staffing process will also be modified to include verification, by Human Resources, that there are no conflicts regarding the employment of relatives. The Chairman will direct the newly hired Human Resources Administrator to review all of the current employee/relative relationships to ensure compliance with the law as well as Commission procedures.

**Finding Number 4: Background Investigations:**

Background investigations were previously handled by the former Inspector General position, who reported such findings to the former Chairman. The Inspector General position was deleted by the Legislature and criminal background checks were moved to the Office of Operations, but the process was never formally incorporated into Procedure Directive 2.02.11. This procedure will be amended to require criminal background checks on all new hires, which will be processed along with the recommended candidate's job application to ensure any prior convictions are so noted. The background investigation will be documented as part of the hiring package. It is the intent of the Chairman to personally screen individuals with any type of criminal history, in that, the Commission is a Criminal Justice Agency and its employees should be held to a higher standard.

**Finding Number 5: Reimbursement of Tuition:**

The finding of tuition payments was based on the previous Administration's understanding that Section 110.1099, Florida Statutes, gave agencies the authority to fund tuition costs for an employee. This statutory reference should not have been the guide since it pertains to the tuition waiver program only. The Reference Guide for State Expenditures, from the Department of Financial Services, should have been used. Based on these guidelines, it was not an appropriate expenditure and the employee has been instructed, by this Administration, to reimburse the Commission, prior to her resignation date of September 19, 2003.

**Finding Number 6: Dual Employment:**

As part of the dual employment approval process, employees will be reminded, with examples from this audit finding, that the use of state equipment or state time for secondary employment is prohibited. Again, the cited employee will no longer be working for the Commission.

**Finding Number 7: Alleged Sexual Harassment Complaint:**

The formal complaint filed with the FCHR was initially (June 2002) sent to the Department of Corrections (DOC) because the complainant thought he worked for the

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**EXHIBIT B (CONTINUED)**  
**AUDITEE RESPONSE**

DOC when, in fact, he worked for the Florida Parole Commission (FPC). Approximately one month later (July 9, 2002), FCHR faxed the complaint to the Human Resources Administrator even though he was the subject of the complaint. The Human Resources Administrator did take the complaint to his superiors and he was questioned as to the complaint's validity. He denied the allegations. The FPC did not conduct a formal investigation, as they had neither an IG office nor anyone in Human Resources to assign such an investigation, since the subject was the Human Resources Administrator. Subsequently, the former Chairman and the former General Counsel made the decision to refer the matter to the Division of Risk Management for the protection of the agency. This was deemed necessary as sexual harassment complaints can be a precursor to civil action.

The FPC will be working with the DOC to develop a Memorandum of Understanding (MOU) whereby their Inspector General's office would conduct investigations on the part of the FPC. This arrangement had previously been recommended by the Florida Corrections Commission but not acted upon by the previous Chairman.

Additionally, the complaint was taken, upon notification, to the Leon County Sheriff's office by this Administration, as it involved a potentially criminal allegation. The Leon County Sheriff's office closed their case due to the alleged victim's failure to cooperate. In the future, the Commission will follow Procedure Directive 2.02.16 to ensure that all sexual harassment complaints are properly investigated and resolved.

**Finding Number 8: Employee Compensation:**

The salary increase issue has been resolved for all four positions. The former Director of Administration retired on June 30, 2003; the former Human Resources Administrator resigned July 3, 2003; the Information Services Administrator resigned July 24, 2003, effective August 29, 2003; and the Finance and Accounting Administrator resigned August 7, 2003, effective September 19, 2003.

I want to emphasize that the June 1, 2003, salary increases for the former Human Resources Administrator and Finance and Accounting Administrator were made prior to this Chairman's knowledge of the activities uncovered in this audit. They would not have been authorized had I known at the time. The increases were for the purpose of salary equalization. These increases are now mute due to the aforementioned.

**Finding Number 9: Purchasing Card Controls:**

As reflected on the attached memorandum from Chairman David, all p-card users have been provided an update on p-card requirements. Effective July 31, 2003, p-card receipts are now sent to the Department of Corrections at month's end for post audit purposes. In the future, careful monitoring will ensure that the purchase card program is operating efficiently and in compliance with the established guidelines and that the expenditures of the Commission funds represent an authorized public purpose.

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**EXHIBIT B (CONTINUED)**  
**AUDITEE RESPONSE**

**Finding Number 10: Mileage Claimed:**

As stated in your finding, the overpayments were errors and have been reimbursed. Travel procedures will be modified requiring documentation for each trip, versus combining short trips onto one line. The travel was not inappropriate but should have been documented with specific dates. In the future, Commission employees will be trained to ensure that travel expenditures are accurate and appropriately documented and paid in accordance with Section 112.061, Florida Statutes.

**Finding Number 11: Avis Card:**

The only credit cards that remain are purchasing cards and two phone cards as all Avis cards have been cancelled. The employee exit process that is currently in place requires return of any credit cards. Avis cards were inadvertently left off the exit interview process as they were rarely used since p-cards came into being (the former Chairman was the only person assigned an Avis card). This should not be a problem in the future in that the appropriate procedures are now in place.

**Finding Number 12: Cell Phone Usage:**

Procedure Directive 2.01.04 requires all Commission employees that use a cell phone to make reimbursement for any personal calls. The field office supervisors receive the original bill directly and approve it. In the past, using the verification form was seen as unnecessary. However, a copy of the bill is given to Central Office staff and the verification form is required.

The Procedure Directive does not require supervisory review, but Procedure Directive 2.01.04 will be revised so that reimbursement for any personal calls is made via cash or check, and is not offset through travel. Field Office approval will be required by the cell phone user, which will constitute acknowledgement of this requirement.

A tracking system will also be instituted to ensure prompt return of both the verification forms and reimbursement, if applicable. In the future, the Commission will ensure that all cellular telephone invoices are properly reviewed and that reimbursements are properly and promptly remitted.

**Finding Number 13: Tangible Personal Property Procedures:**

Procedure Directive 2.01.03 should have been updated and will be updated to include current dollar thresholds provided for in Section 273.02, Florida Statutes. The State of Florida Statewide Financial Statements Capital Asset Policy requires the establishment of a surplus property review board, which has been done, however, the Procedure Directive was not changed nor was the review of the definition of sensitive items. Since the Department of Corrections will be handling inventory of the Commission's property, we will most likely adopt the Department of Corrections' policies on property.

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**EXHIBIT B (CONTINUED)**  
**AUDITEE RESPONSE**

**Finding Number 14: Property Records:**

Specifically to your findings:

- The shredder should have been recorded and is now on inventory. Three of the four software items do not meet the Capital Assets requirements. However, the one that does has been added to our inventory. The Capital Assets policy on software states that the cost of the software is divided by the number of users and if the resulting amount exceeds \$1,000 it belongs on property inventory.
- The missing information from the property list has been recorded. The deficiencies were not cited in previous audits, therefore, the information was not always recorded. In the future, the property list will be properly maintained to ensure accountability.
- Serial numbers were often taken from invoices, which sometimes differed from the number on the property item. This is being corrected, in that, in the future, the serial numbers will be taken from the property item instead of the invoice. In the future, to ensure proper tracking of computer equipment, an email notification will be made from the field office to the Office of Information Technology section in Central Office to ensure the item is being tracked.
- A re-evaluation of sensitive items will be made in concert with the Department of Corrections' policy and the Florida Parole Commission's directive amended accordingly.

**Finding Number 15: Disposition of Property:**

Procedure Directive 2.01.03 will be amended to add the reason for disposal to the disposition of surplus property form.

The Commission will make a written request to the Department of Management Services (DMS) for reimbursement for the sale of two vehicles, although DMS should have done this already, plus this will only go to General Revenue unallocated since the sales were from prior fiscal years.

**Finding Number 16: Assignment of Commission Property:**

The assignment of state owned computer equipment to employees' residences has been discontinued and this practice will be re-evaluated by the new Chief Information Officer. An alternative site for data backup will be explored by the new Chief Information Officer, with the State Technology Office or a Department of Corrections facility being possible sites.

**Finding Number 17: Questionable Purchases:**

The expenditures cited do serve an authorized public purpose, although their cost-benefit will be re-evaluated by the new CIO. The rationale for each is as follows:



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**EXHIBIT B (CONTINUED)**  
**AUDITEE RESPONSE**

- The \$10,000 for computer and video equipment for taping training was done to research and test emerging technology in the multimedia area. The intent of the research effort was to discover what combination of hardware and software would allow the Commission to produce its own multimedia training DVDs. The research was also used to test and evaluate the validity of DVD backup not only for non-production data and software but also for production activity. The decision to build variable configuration computers appeared reasonable to the previous CIO. It was done not knowing that the FPC would lose the staff, through budget cuts, that was assigned to perform the development of the training. Information Services lost the staff that would have produced any courses. The computers did provide hands-on experience with DVD backup philosophies and provided training for those remaining in Information Services. The equipment is currently being utilized as a multimedia computer for the instructor in the training room, as a DVD burning facility for non-mission critical data and information, and as a graphics computer. These functions are generally not performed on our daily office computers, especially DVD backups. It should be noted that a multimedia COOP training DVD is in the preliminary stages of development (the project scope stage) as well as a multimedia Information Security awareness DVD for Commission managers. Our goal will be to try and identify financial resources to possibly outsource training efforts so that this equipment will be more fully utilized.

- The initial requisition was for \$6,000 but only \$1,640 was actually spent. The plan is for all EDP equipment to be tracked in the Access system.

- The size of the agency is not necessarily the sole determining factor for the need of the web-based services. The Commission has more advanced technology than many state agencies because of its research and technology strategy. Given the limited budget, and its loss of staff in Information Services, the FACCTs provided a beneficial service. The Commission could not afford the Gartner offering from the State Technology Office (STO) and the STO had told the CIO's that Gartner was not going to be available in the future as part of an STO offering. In fact, DMS attempted to collect approximately \$13,000 from the Commission as our share of funding for the Gartner Service. The CIO refused this service and based on research on the internet found that the Faulkner service is one of the best. With the loss of staff to perform market research on current and future software releases, telecommunication trends and security issues, a one-stop service, the one from Faulkner provided a solution. The service keeps us informed of telecommunication trends with networks, wireless infrastructures, and trends with server operating systems and desktop office suites. While some of this information is available in several hundred magazines, emails, documents, and other literature daily, only this service provides it in a condensed format for much the same reason everyone uses "clipping services."

One of the latest benefits from the FACCTs service is the immediate and concise information provided to us about Windows 2003 server operating system – problems with it, when to migrate to it, the cost, the effort. The benefit from having this information in a concise reporting format allows for better, timely decisions. Just recently, based on the FACCTs, we decided to delay the start of a massive migration to Windows 2003 server operating system and only migrate a limited number of the 19 servers. Continuation of this service will be reevaluated by the new CIO from a cost/benefit standpoint.

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**EXHIBIT B (CONTINUED)**  
**AUDITEE RESPONSE**

As to reviewing expenditures for reasonableness, both the Chairman and Director of Administration will be personally involved along with the new CIO in all computer purchases of a significant nature. The prior unilateral approach by the CIO has already been discontinued.

**Finding Number 18: Administrative Functions Transferred to the Department of Corrections:**

The Commission met with the Department of Corrections staff on July 29, 2003, for the purpose of completing the transfer of certain functions to the DOC. The following was agreed to:

1. P-card receipts will now be submitted at month's end to DOC for post audit purposes.
2. DOC will do the monthly reconciliation of Commission accounts to the Department of Financial Services records.
3. DOC will take over sole responsibility for Commission property inventory, including assigning property tags and maintaining the proper inventory system as well as annual property audits.
4. Include the Commission with DOC's transition of its purchasing to the MyFlorida Marketplace (e-procurement). Approximately, December 2003.
5. DOC will do an analysis of the Commission's network administration to determine what network services they should be performing for the Commission and currently are not performing. The new CIO will work with DOC on defining more clearly what each agency should be responsible for.

Once all the foregoing are solidified, a final agreement will be developed and detailed in a complete and final document as recommended by this report. (The July 29, 2003, meeting was based on a preliminary plan only).

EXHIBIT B (CONTINUED)  
AUDITEE RESPONSE



# FLORIDA PAROLE COMMISSION

## Memorandum

**DATE:** August 25, 2003  
**TO:** State Purchasing Card Holder  
**FROM:** Monica David, Chairman *MD*  
**RE:** P-Card Requirements

Attached is your updated Cardholder Profile which reflects new dollar limits. The system is programmed with these limits. You are also being given a laminated Florida tax exemption card. Be sure to show this to hotels, rental cars, etc. to ensure we receive the tax exemption. Additionally, the following are provided as reminders with respect to the use of the state p-card:

- Purchases are for state business only. If a personal purchase should inadvertently be made, immediate reimbursement should be made or offset on the applicable travel voucher if it was related to the travel.
- No one other than the named card holder should use the card.
- A detailed receipt should accompany the charge card receipt. Administration can not process the payment unless they have documentation as to what the charge was for.
- The receipts should be forwarded to Administration (finance administrator) by the next business day or immediately upon your return to the office in case of travel.

Your cooperation is appreciated.

MD/fs

I understand and agree to the aforementioned:

\_\_\_\_\_  
Cardholder

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date