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**Clerk of the Circuit Court
and Comptroller**

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Office of Inspector General

Annual Report for the Year Ending 2020

March 2021

Background

By authority of the Constitution of the State of Florida, Article VIII, Section 1. (d), the Clerk of the Circuit Court shall be “ex-officio clerk of the Board of County Commissioners (BCC), auditor, recorder, and custodian of all county funds.” This includes the determination of the legality of payments, whether past, present or future.

In support of that role, the **mission** of the Office of Inspector General is to improve the effectiveness of internal controls, and preserve the public trust by providing independent, objective audits, reviews and investigations designed to add value and improve Collier County government.



The Clerk of the Circuit Court (Clerk) employed an Internal Audit department for over twenty years. In 2020, we joined ten other counties who had transitioned to an Office of Inspector General (OIG). Our goals of this evolution were:

Credibility	Enhance public trust and accountability to stakeholders and citizens
Standardization	Increase uniformity with state, federal and international processes and procedures
Independence	Reinforce the office's independence in structure and through specific requirements
Education	Additional training and certification opportunities through Association of Inspector General national, state and local chapters
Promote Awareness	Share the work we do, and help prevent and identify fraud, waste and abuse

Independence

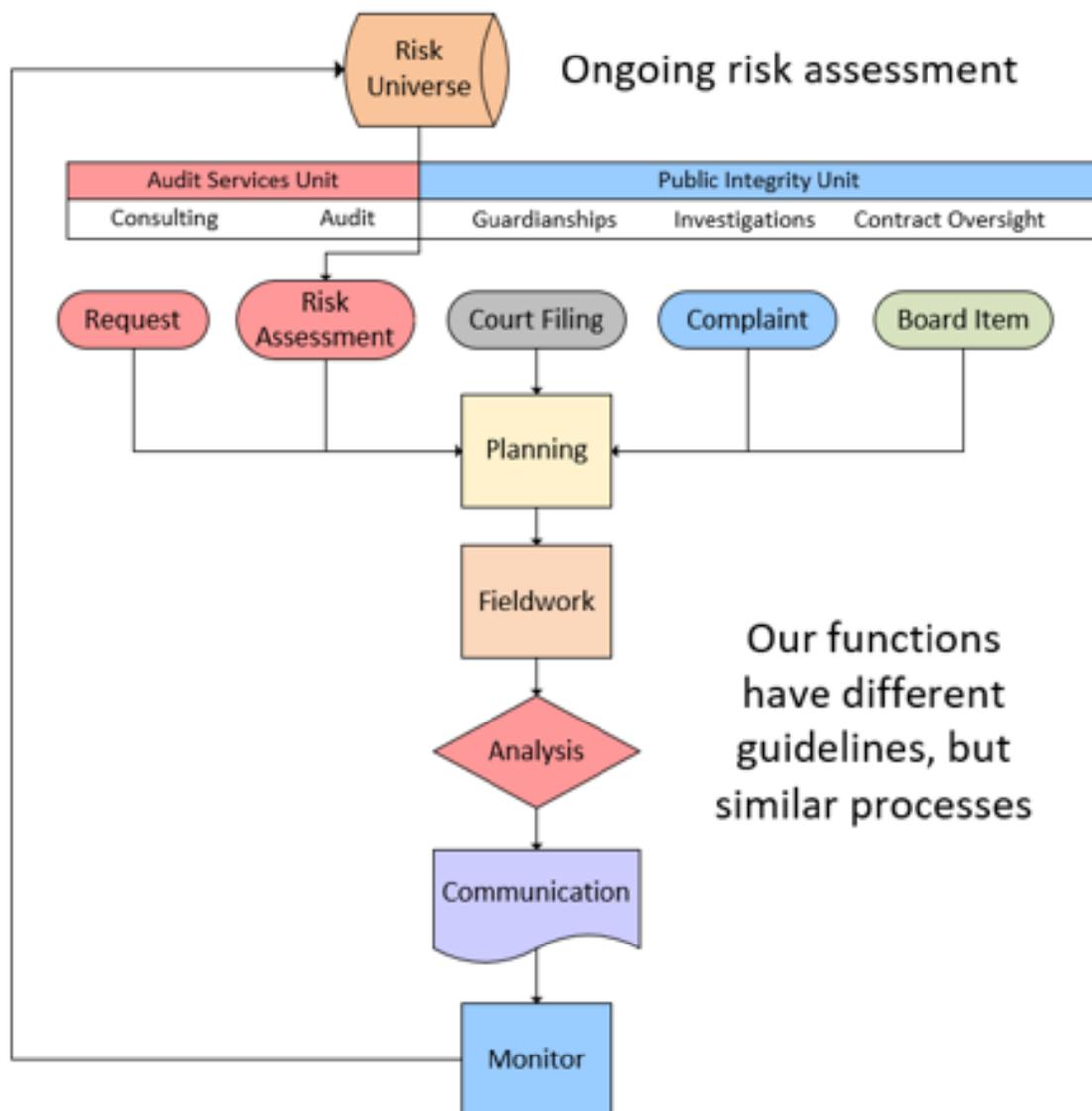
To provide for the independence of the Division, the Inspector General reports functionally and administratively to the Elected Clerk & Comptroller, and all staff are sworn deputy clerks. As an independently elected official, the Clerk & Comptroller is directly responsible to the citizens and taxpayers of Collier County. The Division has no direct responsibility or authority over any area subject to its audit, review and investigation. Therefore, the Division is organizationally independent from those areas within the Clerk & Comptroller's office.

Structure

The newly-formed Office of Inspector General is subdivided into an **Audit Services Unit** (encompassing internal auditing and consulting), and a **Public Integrity Unit** (which performs investigations, contract oversight, and guardianship audit and investigation activities).

Our **Audit Services Unit** continually assesses the risks throughout the BCC and Clerk entities (the overall Risk Universe), and prioritizes the review and testing of their processes and controls. The results of any OIG activities can impact and feed into our overall Risk Universe, which is continually updated. This risk assessment is the basis for our Annual Risk Assessment and Work Plan, which is produced each Spring in preparation for the upcoming budget process.

The work of our **Public Integrity Unit** is in response to complaints, guardianship filings and contractual or program activities of the BCC and Clerk entities.



• Audit Services Unit (ASU)

Audits performed provide an independent appraisal of the risk of our operations, and whether desired results and objectives are achieved in accordance with prescribed laws, regulations and policies and procedures. In the last year, we have transitioned much of our audit work from traditional sampling methods to data analytics, which is specifically addressed by the Institute of Internal Auditors (IIA) in Standard 1220.A2. This methodology allows us to have a more comprehensive view of the entire population being tested.

The IG recognizes that an overall strategy and annual plan are critical to meet the goals, objectives, and mission of the office. Annually, projects are selected and prioritized using a dynamic risk-based approach. Risk factors include:

- Budgeted dollar volume and related variances
- Complexity and sensitivity of departmental operations
- Economic factors such as the amount of financial impact, volume of transactions, number of personnel, generation of revenue, and the alignment of responsibility
- Changes in organization, management, key personnel, and information systems
- Environmental factors such as controls, regulations, and public perception

We have created a Risk Universe in our new audit software, which addresses the level of risk and applicable controls associated with each entity and process. The risk universe is always evolving and being updated, and it forms the basis for our annual plan. The Annual Risk Assessment and Work Plan describes each engagement scheduled, including the objectives and the scope. Engagements may be initiated based on management's request, prior audit history, or the annual risk assessment. The annual risk assessment is composed of a review of risks at the office, department, and process levels. This involves considering all applicable financial, operational, technological, compliance, and strategic risks (e.g. the risk universe, or the individual components to be assessed with a resulting plan for risk mitigation). In the upcoming year, we plan to incorporate a survey of the board, management and other stakeholders. We also plan to supplement our risk assessment with the work of the BCC Budget and Internal Controls teams, to increase our efficiency and achieve a combined level of assurance.

Some of the impacts of these Audit initiatives are:

- New Software –
 - Purchased AutoAudit software, which assists in risk assessment, scheduling, review, and reporting
 - Purchased IDEA software, an industry standard for performing data analytics that is also used by our external auditors
- Experienced Senior Auditor –
 - In October 2019, we swore in a new deputy clerk as our Senior Auditor. She has extensive experience with IIA standards, with internal controls/SOX testing, and with IDEA and audit software. She is also a Certified IDEA Data Analyst (CIDA) and a Health-Care Anti-Fraud Associate.

- Additional Training and Materials –
 - All audit and contract oversight deputy clerks have participated in our Certified Internal Auditor (CIA) study groups, and four have taken or passed parts of the CIA exam.
 - All audit and contract oversight deputy clerks have had at least 16 hours of training in AutoAudit, with an additional 16 hours scheduled for 2021.
 - Five of our deputy clerks engage in approximately 40 hours of IDEA training annually, and three either have or are pursuing certification in IDEA.
- Professional Guidance –
 - Obtained Institute of Internal Auditors membership for all audit staff.
 - Joined Association of Local Government Auditors in August 2019.
 - Joined Information Systems Audit and Control Association (ISACA) in September 2020.

Effective July 1, 2019, Florida Statute 218.33 required that each local governmental entity establish and maintain internal controls designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets. Accordingly, the Audit Services Unit provides the Clerk's office with compliance and quality control reviews on the work of the following Clerk's Office functions: Courts, Recording, Information Technology, Human Resource, Administration, Accounting, and Board Minutes & Records departments.

We provide **consulting** services as agreed upon by management, to provide insight and awareness of best practices and internal controls. Upon request, the Clerk's or BCC's management has the option to employ our services to assist with process and control reviews, system implementation reviews, advice, training and other non-audit services.

• Public Integrity Unit (PIU)

The **Guardianship Section** conducts varying levels of assessments, audits and financial investigations of Guardianship proceedings. This program supplements the Clerk of the Circuit Court's oversight role over the assets of the County's most vulnerable residents: elderly, minor children and incapacitated individuals who are served by Florida Guardianship Law. There are approximately 700 open guardianship cases in Collier County, overseen by a deputy clerk who functions as our Senior Guardianship Auditor.

We joined the Florida State Guardianship Association in April 2020, and two staff have attended these conferences and/or trainings. For 2021, we plan to have our Senior Guardianship Auditor certified as a Certified Inspector General Investigator (CIGI). This will give him additional tools to enhance his oversight of the finances of our wards, and ensure we are prepared to participate in the Clerk's Statewide Investigative Alliance.

The **Contract Oversight Section** conducts varying levels of assessments, inspections and evaluations of our public contracts, grants, programs and procurements. This section supports the overall mission of the OIG through the real-time monitoring of selected County contracting and program activities, and through contemporaneous feedback to County stakeholders. Our

contract oversight is meant to support transparency and accountability in the County's expenditure of monies, and to help detect and prevent fraud, waste, and abuse of public resources.

The Contract Oversight section is led by a deputy clerk who functions as our Senior Inspector. He has over 30 years of experience in Florida governmental finance, and a Master's Degree in Public Administration. We joined the Association of Inspectors General in July 2019, and our staff has had additional training in the AIG standards for inspections, evaluations and reviews in association with this transition. We plan to have an additional deputy clerk certified as a Certified Inspector General Inspector / Evaluator in fiscal year 2021.

The **Investigative Section** conducts administrative investigations into BCC and Clerk affairs as necessary. The objective is to determine whether allegations of fraud, waste, abuse and ethical misconduct can be substantiated. Projects that uncover administrative wrongdoing typically identify violations of law, policy or regulations. They also identify the individuals responsible for the violations and make recommendations for action.

The investigation disposition falls into one of three categories:

1. Substantiated: There is sufficient evidence to justify a reasonable conclusion that the allegation is true.
2. Unsubstantiated: There is insufficient evidence to either prove or disprove the allegation.
3. Unfounded: The allegation proved to be false or there is no credible evidence to support the allegation.

Equally important to the investigative process is the identification of:

- Internal control weaknesses
- Contracting irregularities
- Other issues that place County government at risk for liability, fraud, waste, and abuse.

Therefore, the investigative reports frequently make specific recommendations to:

- Correct the identified deficiencies
- Provide guidance on the applicable laws and regulations
- Suggest employee training where appropriate.

When investigative findings suggest signs of criminal conduct, they are presented to the appropriate law enforcement authorities for further action.

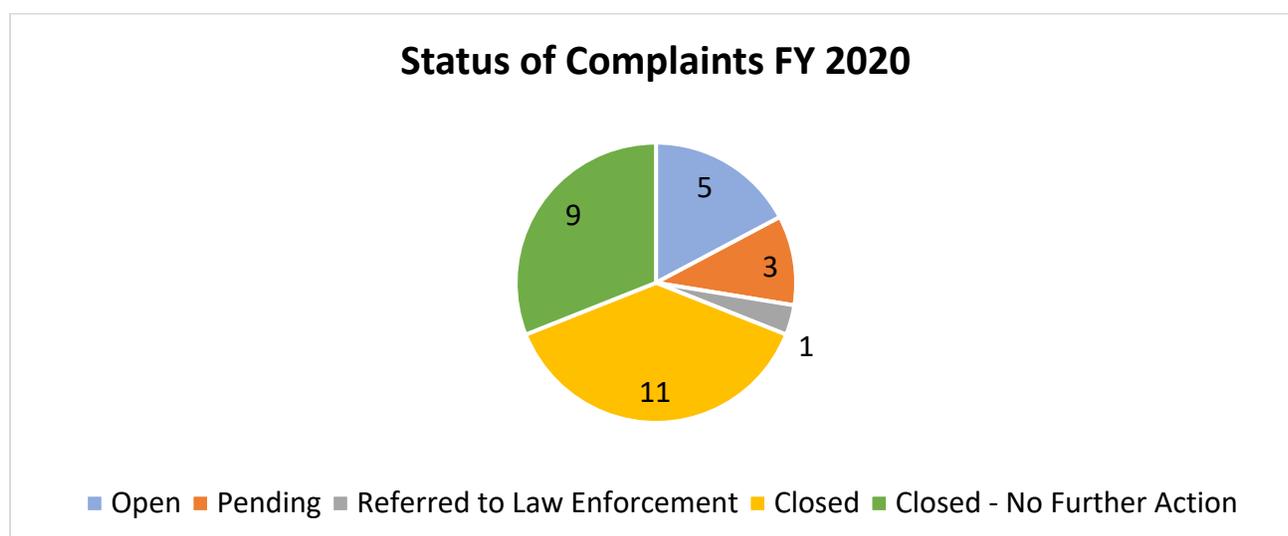
Some of the impacts of the Investigations initiatives are:

- New Software –
 - Lighthouse Hotline and Case Management System, a third-party, confidential service which assists us in responding to and tracking the status of all complaints.
 - Power DMS, a software required by the FDLE Commission for Accreditation (CFA) for assessment of our compliance with the accreditation standards.

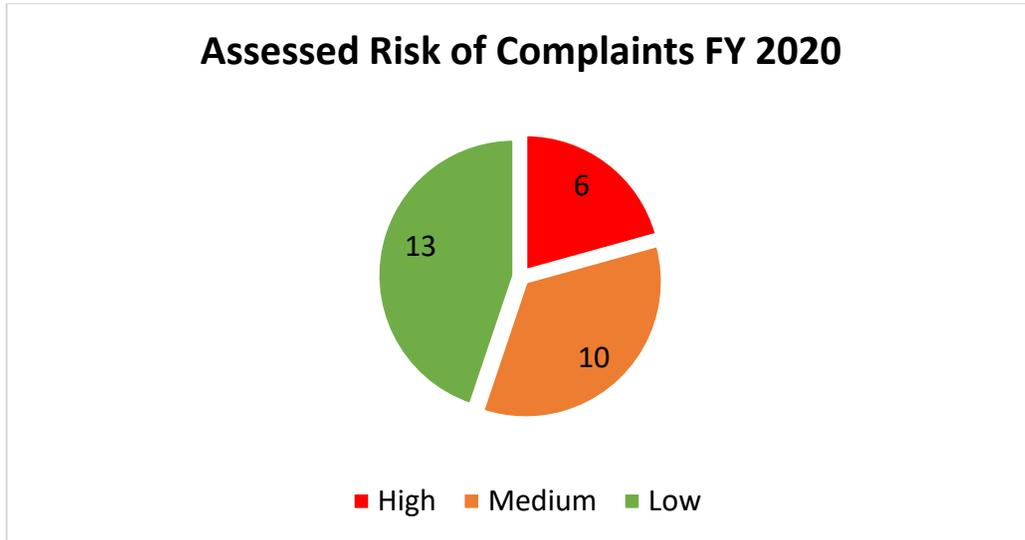
- Experienced Senior Investigator/OIG Accreditation Manager –
 - In September 2020, we hired a new deputy clerk to function as our Senior Investigator. He has over 20 years investigative experience, and he served as a CFA Accreditation Manager for another Florida OIG. He has a degree in Criminal Justice/Political Science, and he is certified by the Association of Inspectors General as a Certified Inspector General Investigator (CIGI).
- Additional Training and Materials –
 - The Inspector General became a Certified Inspector General (CIG), as required by the CFA.
 - Investigative staff have been trained in the newly developed Investigative policies and procedures, which were created to be compliant with CFA standards.
 - Many deputy clerks have participated in our Certified Fraud Examiner (CFE) study group.
- Professional Guidance –
 - Our Office of Inspector General was accepted into the FDLE Commission for Accreditation (CFA) program in April 2020.
 - We joined the Association of Certified Financial Examiners (ACFE), as well as their Law Enforcement and Government Alliance (LEGA) in 2020.

The Fraud Hotline administered by our Investigations section, promotes honesty and efficiency in government, and enhances the public’s trust in government. In 2020, we supplemented our existing local Fraud Hotline, with a 24/7 English/Spanish toll-free hotline. This new hotline is managed by an independent third-party reporting agency, with all contacts forwarded immediately to the Division. Management, deputy clerks, employees and the public are urged to report, anonymously if desired, any suspected instance of fraud, waste, abuse or ethical misconduct. Reports can be made via phone, email, mail or in person.

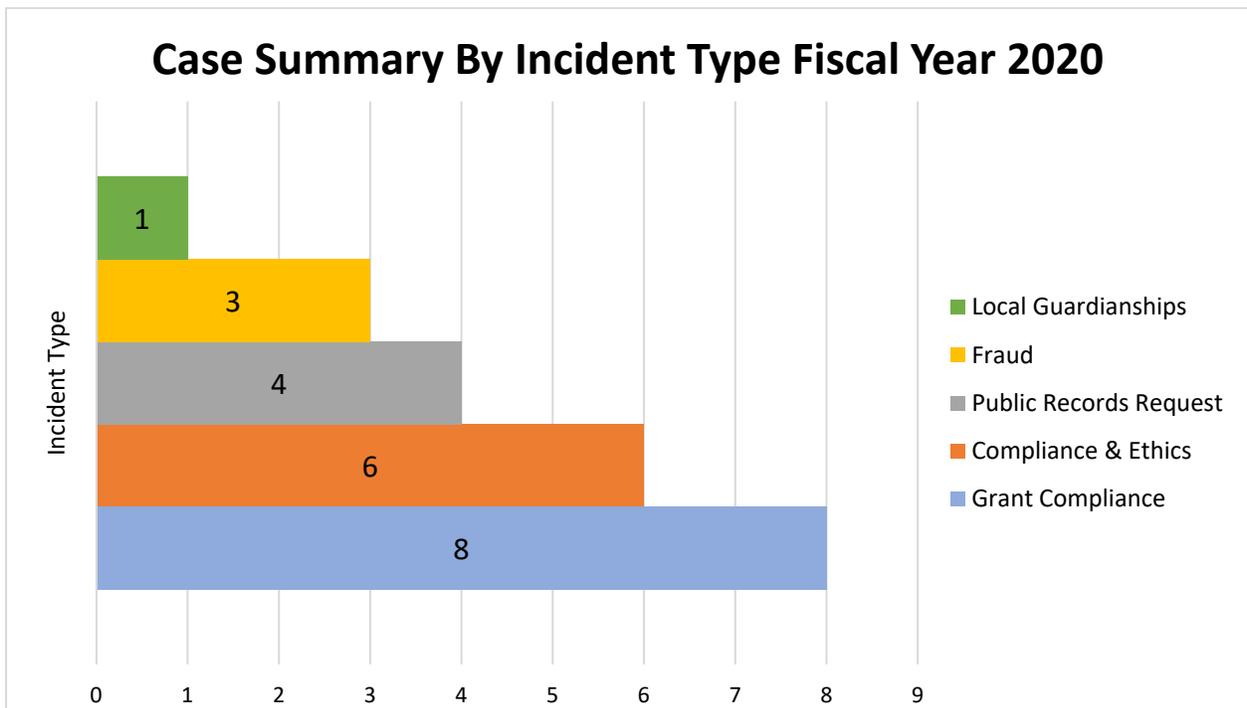
The following chart from our Case Management System shows the status of the complaints for fiscal year 2020.



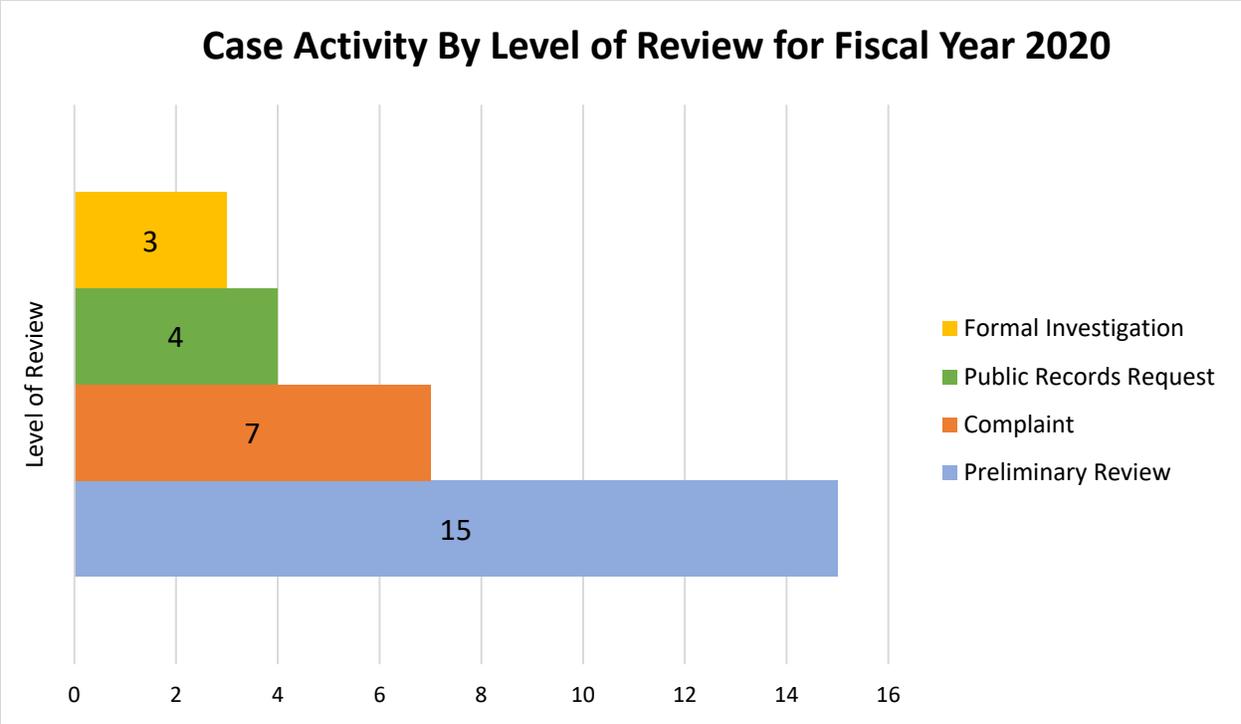
We have one pending case from 2020, which was referred to the State Attorney's Office. Another case that was referred to the Collier County Sheriff's Office in 2019, currently remains open.



Our hotline activity by type of case, is summarized below. This does not include complaints which were disregarded as being out of our scope.



Each case is subject to a different level of review. If the complaint appears to have merit, it is subject to a preliminary review, after which it may progress to a formal investigation.



Quality Assurance

Each of the sections of the OIG has a different set of governing standards and best practices, many of which are subject to peer or accreditation review. Our reasons for adhering to these standards include:

- Allows us to measure our **standards** of performance against **best practices**
- Ensures a comprehensive, professionally reviewed set of **written policies and procedures**
- Holds auditors, inspectors and investigators **accountable**
- Helps us **identify** information needed to support or refute complaints

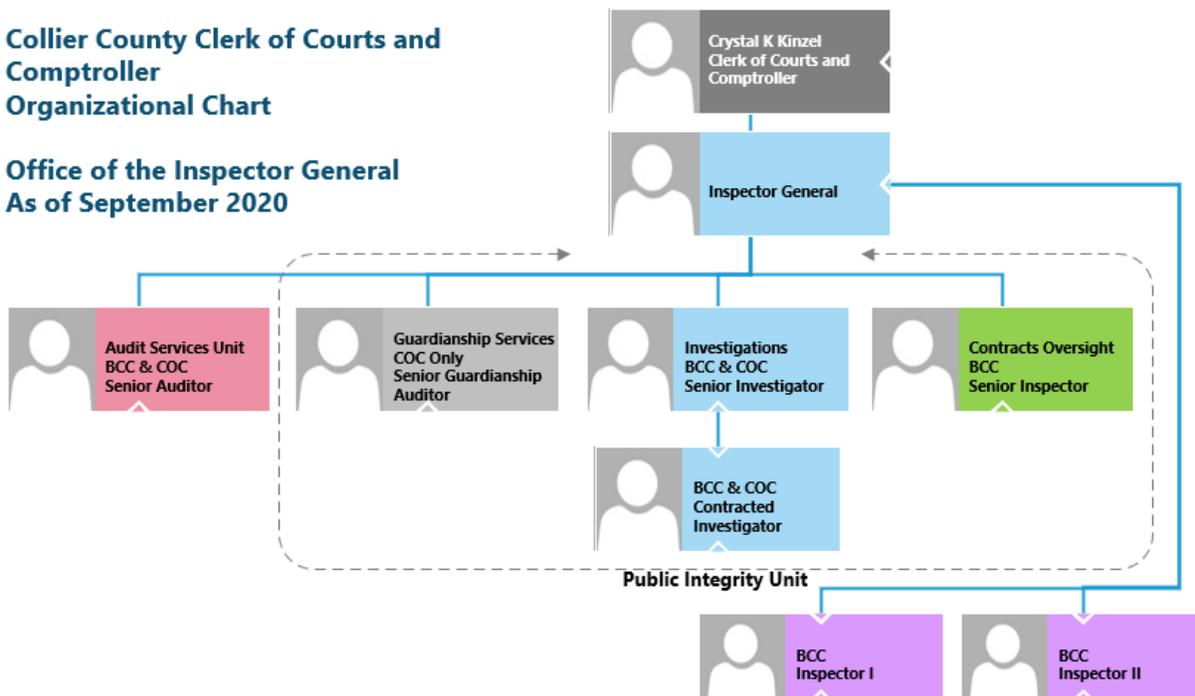
Personnel

The Office of Inspector General deputy clerks are highly qualified and experienced professional auditors, investigators and inspectors with various certifications, including but not limited to Certified Inspector General, Certified Inspector General Investigator, Certified Internal Auditor, Certified Fraud Examiner, Certified IDEA Data Analyst, Certified Management Accountant, Certified Financial Manager, Certificate in Actuarial Science, and Health Care Anti-Fraud Associate. Additionally, our staff hold degrees in specialties such as accounting, finance, criminal justice, and mathematics, and graduate degrees in Public Administration and Finance.

Internal Audit / Office of Inspector General			
Position Count Analysis			
	FY 2019	FY 2020	FY 2021
Director of Internal Audit	1		
Inspector General		1	1
Senior Internal Auditor	2	3	
Senior Inspector			1
Senior Investigator			1
Senior Guardianship Auditor			1
Senior Auditor			1
Internal Auditor II	2	2	
Inspector General II			1
Internal Auditor I	1	1	
Inspector General I			1
Contracted Internal Auditor	.4	.4	
Contracted Inspector			.4
Total	6.4	7.4	7.4

**Collier County Clerk of Courts and
Comptroller
Organizational Chart**

**Office of the Inspector General
As of September 2020**



Summary of 2020 Performance

In 2020, we experienced some staffing fluctuations as shown in the preceding Position Count Analysis. Rather than audit generalists, we restructured to have an experienced Senior staff member be responsible for their assigned section, software and related set of standards. We began updating all our policies and procedures to be consistent and compliant with the standards of the related governing bodies.

The past year was marked by a reprioritization of projects to accommodate unplanned audits, and the review and monitoring of Collier County's \$67 million allocation of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, and the related disbursements. This included a temporary reassignment of some OIG staff to assist the Clerk's Finance department in auditing the numerous CARES grant applications. Our Investigations staff also provided additional insight into irregularities observed in these CARES grant applications by Finance, which resulted in approximately 20 memorandums detailing these findings.

These CARES activities and related COVID issues, as well as delays in finding and hiring the appropriate new staff members as previously described, delayed our progress in restructuring into an Office of Inspector General. Our current organizational structure (shown on the previous page) and the associated staff were not in place until September 2020.

The Contract Oversight function includes a review of all upcoming Board of County Commissioner (BCC) agenda items, to preclude any compliance issues prior to BCC action, and ensure that the Clerk can legally pay the expenditures authorized by the Board. In 2020, we prepared 21 detailed agenda review background discussions for the Clerk. This included a comprehensive contract oversight review of all change orders and after-the-fact notifications of procurement irregularities, for a total of 112 transactions which totaled \$4,810,033.30.

Our Contract Oversight function also extends to any grants received by the County, such as FEMA or CARES grants, which are essentially a contract with the granting agency. The County receives funding from the State Housing Initiative Partnership (SHIP) program, and the County is statutorily required to have an Affordable Housing Advisory Committee (AHAC). The AHAC generally meets on the first Monday of each month, in order to advise the BCC on housing strategies to incentivize the production of affordable housing. The AHAC is required to review implementation of previously adopted incentive strategies and submit a report to the BCC annually. We regularly attend these meetings to review compliance with the statutory requirement, which provides assurance to the Clerk, as she pays these grant remittances.

On an ongoing basis in 2020, the OIG:

- Attended all Sales Tax Oversight Committee meetings, and reviewed these agendas.
- Initiated or attended meetings regarding new processes or grant programs.
- Attended meetings with Clerk's AP staff, BCC Procurement staff, department staff and/or vendors regarding procure-to-pay issues.
- Attended meetings regarding operating systems, such as changes, upgrades, and proposed new implementations.

- Reviewed changes to the Pay plan, and monitored Human Resources and Payroll issues.
- Queried the Clerk’s departments, and assisted with assessments and implementation of the Clerk’s remodeling and layout of space plans.
- Monitored open items from prior audits.
- Contributed to the development of the revised Florida Court Clerks and Comptroller Best Practices for Guardianship Audits.

Further results for 2020 are shown below:

Internal Audit / Office of Inspector General			
Analysis of Results			
	Internal Audit		Office of Inspector General
	FY 2018	FY 2019	FY 2020
Reports Issued	4	9	24
Transactions Audited/Reviewed	*	2,341	10,000
Amounts Audited/Reviewed	*	\$ 3,894,336	\$ 242,326,238
Questioned Costs	*	\$ 300,479	\$ 1,684,183
Taxpayer Savings/Potential Recoveries	*	\$ 136,156	\$ 826,432
Guardianship Audits	625	530	564
Guardianship Assets Audited	*	*	\$ 118,968,203
Audit Fees Generated	\$ 31,500	\$ 29,840	\$ 30,075
Observations	31	21	54
Complaints	*	19	29
Referrals to Law Enforcement	1	1	1
<i>* Not tracked</i>			

Audit



Evaluate



Investigate



The Division prepares written summary reports for our website, detailing the results of audits, reviews, inspections and investigations performed.

- For audits and contract oversight engagements, these posted reports are the only official reports on the engagements. Tests of internal controls may contain sensitive information that could compromise operations.
- We prepare public summaries of select closed investigative reviews or formal investigations. To comply with the investigation standards of the Association of Inspectors General and the FDLE Commission for Accreditation, we also prepare Investigative Reports, Referrals to Law Enforcement, and Referrals to Management, which may contain private or sensitive information.
- Guardianship Audits are for private, not public, funds. No specific audit results or confidential information will be disclosed to those who are not a party to the case.

Certain reports or reviews will not be posted, or will be posted in a limited fashion, if they contain privileged, confidential or legally protected information, or details which may compromise data security or internal controls.

We include the following statistics in our reports:

Total # Transactions: This is the total number of transactions reviewed in our examination.

Questioned Costs: These can include the following:

- Costs incurred pursuant to a potential violation of a provision of law, regulation, contract, grant, cooperative agreement, or other document governing the expenditure.
- Costs which are not supported by adequate documentation.
- Expenditures of funds for which the intended purpose is unnecessary or unreasonable in amount.
- Costs which are non-compliant with policy.
- Costs which are indicative of potential fraud, waste or abuse.
- Costs which do not comply with the stated public purpose of the expenditure.
- Costs which may be recoverable, to be pursued by management (or as directed by the courts in guardianships).

Taxpayer Savings: These indicate the dollars that the entity did not or would not have to spend, and/or the projected increase in revenue over the next year if the recommendations are implemented. This may also reflect assets now available to be used for their intended public purpose.

Findings/Recommendations: These are issues of non-compliance or action items in our report.

2020 Results Table for Audits, Reviews and Investigations						
Report	Description	Total Transactions	Total Amount of Transactions	Questioned Costs	Taxpayer Savings	Findings or Recommendations
2020.24	Administrative Report Items Reviewed as Per Annual Report	112	\$4,810,033.30	N/A	N/A	N/A
2020.23	Annual Guardianship Report	564	\$118,968,202.59	N/A	N/A	8
2020.22	ACH Fraud Attempts	6	\$514,924.94	\$ 184,543.85	N/A	1
2020.21	Review of Hurricane IRMA Shelter Expenses	7,075	\$3,038,486.72	\$ 880,410.49	\$ 770,931.77	6
2020.20	What is TIF and How Does it Fund CRAs and Innovation Zones?	27	N/A	N/A	N/A	N/A
2020.19	Update on Collier County's One-Cent Sales Surtax	12	\$81,735,267.00	N/A	N/A	N/A
2020.18	Contribution Agreement with Uline Inc.	1	\$1,440,000.00	N/A	N/A	N/A
2020.17	CARES Grant Audit Procedures	731	\$2,510,147.83	\$ 34.29	N/A	1
2020.16	CARES Grant Results of Investigative Reviews	13	\$63,378.16	\$ 6,000.00	\$ 6,000.00	1
2020.15	Payment Delays Related to Newspaper Vendor	71	\$94,132.33	N/A	N/A	4
2020.14	Private Citizen Complaint Regarding Collier Contractor	6	\$68,000.00	N/A	N/A	N/A
2020.13	Compliant Regarding Late Payments to Subcontractors	20	\$28,000,000.00	N/A	N/A	N/A
2020.12	ACI Worldwide Incentive Claims Paid to DEO	3	\$39,260.41	N/A	N/A	N/A
2020.11	Comments to 2020 Comprehensive Emergency Management Plan (CEMP)	1	N/A	N/A	N/A	8
2020.10	Vendor Complaint Regarding Late Payments	40	\$400,000.00	N/A	N/A	3
2020.09	Unannounced Audit of Cash Imprest Funds	26	\$23,000.00	\$ 39.65	N/A	7
2020.08	Review of Bariatric Ambulance Purchase	1	\$233,932.00	\$ 233,932.00	N/A	1
2020.07	Clerk's IT Change Management	1	N/A	N/A	N/A	2
2020.06	Check Fraud Attempts / Positive Pay (POSPAY)	6	\$8,250.00	N/A	N/A	4
2020.05	Audit of Clerk's Evidence Vault Inventory	243	N/A	N/A	N/A	1
2020.04	Complaint Regarding Grant Application	1	\$49,500.00	\$ 49,500.00	\$ 49,500.00	1
2020.03	Review of Initial Year of PACE Program	127	\$329,722.44	\$ 329,722.44	N/A	4
2020.02	Driver And Vehicle Information Database (DAVID) Controls	773	\$-	N/A	N/A	1
2020.01	Florida HSMV User Access Audit	140	N/A	N/A	N/A	1
24	Total 2020 Reports Issued	10,000	\$242,326,237.72	\$1,684,182.72	\$826,431.77	54

A running table of the statistics of our reports since 2019 is included on our website. The number displayed at the far left in that online table, is linked to a copy of the actual reports.

Our communications with Management may take place in any of the following ways, depending on the type of engagement, such as:

- Verbal meetings or discussions
- Interim Management Alerts, memos or emails
- Preliminary reports
- A summary of findings supported by relevant workpapers

Management may provide oral or written responses to our recommendations. These responses include corrective actions to be taken by management and target completion dates by which the actions will be implemented. These responses may also contain privileged, confidential or legally protected information, or details which may compromise data security or internal controls. The OIG follows up on corrective actions indicated in the management responses to monitor successful completion, and we publish an annual report of open findings or recommendations.

Upcoming Priorities and Plans

In order to improve the effectiveness of internal controls, and preserve the public trust by providing independent, objective audits, reviews and investigations designed to add value and improve Collier County government, we have established the following priorities and action plans for 2021.

Priorities

- Issue an Annual Report for the Office of Inspector General, detailing the results of our 2020 operations.
- Issue a comprehensive Annual Work Plan, incorporating budgeted dollars, historical results, and other risk factors.
- Begin the process to become a member of the Clerk's Statewide Investigative Alliance for guardianship investigations.
- Appraise the economy, efficiency and effectiveness with which Clerk & Comptroller's office resources are employed.
- Ensure audit, inspection, review and investigative processes are performed in compliance with appropriate professional standards and departmental procedures.
- Report results and recommendations, and follow up on management's resolution of corrective actions.
- Develop a best-in-class team of certified professionals that demonstrate superior audit, review and investigative skills.

Action Plans

- Develop a standardized template in AutoAudit to help generate our Annual Audit Plan, including budgeted dollars for each area and the results of our risk universe assessment.

- Apply for membership in the Clerk’s Statewide Investigative Alliance, and evaluate the impact of pursuing a Memorandum of Understanding with the Office of Public & Professional Guardians for guardianship investigations.
- Develop reporting checklists in AutoAudit for audit, consulting, inspection and investigative reports.
- Provide high-quality training to employees on auditing, investigations, and inspections procedures, and the related professional standards and processes, including:
 - One deputy clerk newly certified as a Certified Inspector General Investigator by September 2021.
 - One deputy clerk newly certified as a Certified Inspector General Inspector/Evaluator by September 2021.
 - One deputy clerk newly certified as a Certified Inspector General Auditor by September 2021.

Additional Metrics

Additional items reviewed as described on page 11, not published separately in another report:

Total # Transactions	Total Amount of Transactions	Questioned Costs	Taxpayer Savings	Description	Total # Observations
112	\$ 4,810,033.30	N/A	N/A	Administrative Reports on 2020 BCC Agendas	N/A

