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**LAW OFFICES OF
ITA M. NEYMOTIN
CRIMINAL CONFLICT AND CIVIL REGIONAL COUNSEL SECOND DISTRICT**

October 30, 2012

The Honorable Debbie Mayfield, Chair
Join Legislative Auditing Committee
111 West Madison Street, Room 876
Tallahassee, FL 32399-1400

Dear Chair Mayfield:

Please accept the following herein as my six month status report to the findings applicable to the Regional Counsel, Second District, in the Auditor General's Operational Audit, Number 2012-176.

Responses:

Finding No. 1: Fraud Policies

Recommendation: Those judicial-related agencies that have not done so should develop and implement fraud policies to aid in the detection and prevention of fraud.

Response: I concur with Finding No. 1 and agree with the corresponding recommendation. I take the issue of fraud very seriously and have implemented a fraud policy that requires the signature of every employee of Regional Counsel, Second District.

Follow-up Action Taken: As noted within our response to the preliminary and tentative findings, our policy against fraudulent, unethical, and other dishonest acts has been implemented. Every employee of Regional Counsel, Second District, is required to read and sign a copy of the policy and the signed policy is placed in their personnel file.

Finding No. 3: Internal Audit Function

Recommendation: The Legislature should consider requiring JAC and the agencies it administratively supports to jointly employ an internal auditor, or provide for internal audit services by interagency agreement with a State agency. An internal auditor should have the same qualifications and perform the applicable duties of State agency directors of auditing, as provided in Section 20.055, Florida Statutes.

Response: I defer to the Justice Administrative Commission's (JAC) response on this finding.

Follow-up Action Taken: Please defer to JAC's response on this finding.

Finding No. 4: Business Office Management System

Recommendation: JAC and the agencies it administratively supports should evaluate the cost-benefit of continuing to expend moneys for BOMS versus purchasing the system or developing an in-house system. Additionally, to improve efficiency, JAC should expedite its efforts to automate the transmission of BOMS data to FLAIR and reevaluate staffing needs when the automation is accomplished. Also, formal contingency plans should be developed to protect JAC and the agencies it administratively supports in the event the contractor ceases operation or the system becomes inoperable.

Response: I understand the importance of being a good steward of taxpayers' money, and therefore, will work with JAC and the other Regional Counsels regarding Finding No. 4 and the corresponding recommendation related to BOMS.

Follow-up Action Taken: Regional Counsel, Second District, will continue to work with JAC and the other Regional Counsels regarding any changes or enhancements made in relation to BOMS.

Finding No. 6: Purchasing Cards

Recommendation: JAC and the agencies it administratively supports should ensure that p-card program controls provide for physical security of p-cards by the individual cardholders, appropriate supporting documentation for transactions, separation of incompatible duties among p-card approvers, routine dissemination of p-card activity reports to each cardholder, and periodic management reviews.

Response: I concur with Finding No. 6 and agree with the corresponding recommendation. I am taking steps to closely monitor my offices' utilization of P-Cards. P-Cards have only been allocated to two individuals: the Regional Counsel and the Administrative Director. Controls have been implemented to ensure that transactions are timely reconciled. To ensure proper checks and balances, each P-Card transaction will be reviewed by multiple employees within the agency. Furthermore, routine P-Card activity reports will be distributed to cardholders.

Follow-up Action Taken: Procedures have been established for the approval of P-card purchases as well as separation of approvals among P-card approvers. P-card transactions are monitored daily and approval for a transaction given only after a thorough vetting of the charges made.

Finding No. 7: Administrative Duties and Responsibilities of the Bartow and Tallahassee Offices

Recommendation: RC2 management should provide for adequate separation of duties to the extent possible with existing personnel or implement adequate compensating controls.

Response: I concur with Finding No. 7 and the corresponding recommendation. As noted, the prior administration closed the Tallahassee office. In analyzing the issues, a review of prior events was conducted in order to determine controls that are warranted. Duties have been separated to ensure necessary checks and balances. No longer does any one person have unfettered control over all aspects of accounting.

Follow-up Action Taken: Regional Counsel, Second District, has continued the separation of duties to safeguard against possible errors or fraud. As such, one individual does not have full control of accounting, billing, budget, or other administrative functions. These duties are now divided among three employees who have been cross-trained in these areas to ensure that all transactions are scrutinized to the fullest extent. These three employees are all based in the Fort Myers office.

Finding No. 8: Related Party Transactions

Recommendation: RC2 management should establish policies and procedures to ensure that applicable employees comply with the requirements of Section 112.313(3), Florida Statutes, and maintain adequate documentation to support payments for goods or services.

Response: I concur with Finding No. 8 and agree with the corresponding recommendation. As such, I have made changes to mitigate the likelihood that related party transactions will occur in the future. Current contracts are being reviewed to ensure compliance with s. 112.313(3), F.S. Contracts executed by the office will state that neither the contracting party nor its affiliates are related to any employee of Regional Counsel, Second District.

The Appellate Division Director referenced in the finding is no longer employed by the Regional Counsel, Second District. Additionally, Regional Counsel, Second District no longer utilizes his spouse's company.

Follow-up Action Taken: Regional Counsel, Second District, has procedures in place to ensure that contracts are in compliance with s. 112.313 (3), F.S., and maintains proper documentation to substantiate payments made for goods and services.

Finding No. 9: Employment of Relatives

Recommendation: RC2 management should establish policies and procedures to prevent the employment of relatives.

Response: I concur with Finding No. 9 and agree with the corresponding recommendation. I am implementing changes to ensure this issue will not arise in the future.

Follow-up Action Taken: Regional Counsel, Second District established a policy, included in our employee handbook that has been provided to all employees of this office prohibiting the employment of relatives, as defined by s. 112.3135 (1)(d), F.S.

Finding No. 10: Tangible Personal Property

Recommendation: RC2 management should continue to establish its property records through physical observation of property items on hand, but should also identify property items purchased since its inception and determine the disposition of any such items not located during the physical inventory. Additionally, RC2 management should establish policies and procedures for maintaining property records and the taking of an annual physical inventory, as well as the handling of missing property items, as provided for in the Department of Financial Services' Rule.

Response: I concur with Finding No. 10 and agree with the corresponding recommendation. I am establishing procedures to properly account for all Regional Counsel, Second District's tangible personal property. The office is in the process of conducting a physical inventory. Staff will be trained to use the BOMS Inventory Module, which will account for tangible personal property belonging to this office.

Follow-up Action Taken: Regional Counsel, Second District, is in the process of creating policies for identifying property items, taking inventory, and maintaining property inventory lists.

Finding No. 11: Purchasing Card Charges

Recommendation: RC2 management should establish policies and procedures to ensure that the accounting of p-card purchases is independent of the cardholder, or implement compensating controls.

Response: Please refer to my response to Finding No. 6.

Follow-up Action Taken: Please refer to my response to Finding No. 6.

Finding No. 12: Court Reporting Services

Recommendation: RC2 management should establish policies and procedures requiring utilization of the State contract where available and, for areas not covered by the State contract, utilization of a well documented, competitive procurement process, for the acquisition of court

reporting services. Such policies and procedures should also require the use of written agreements when the State contract is not used.

Response: I concur with Finding No. 12 and am considering the corresponding recommendation. My office is in the process of reviewing current court reporting contracts. It is my intent to follow the purchasing practice recommended in Florida law to ensure competitive requirements are being satisfied. Ultimately, my goal is to obtain quality court reporting services while being good stewards of taxpayer funds.

Follow-up Action Taken: Regional Counsel, Second District, has established policies and procedures to procure goods and services in the most efficient and effective manner, including the utilization of State contracts, where appropriate.

Please know that I remain committed to the implementation of policies and procedures to ensure the Regional Counsel, Second District, meets its statutory duties while being responsible stewards of taxpayer resources.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Ita Neymotin". The signature is fluid and cursive, with a large initial "I" and a long, sweeping underline.

Ita Neymotin
Regional Counsel, Second District