



**State of Florida
Department of Children and Families**

Rick Scott
Governor

Esther Jacobo
Interim Secretary

DATE: September 19, 2013

TO: Esther Jacobo
Interim Secretary

FROM: Dawn Case
Interim Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2013-161

In accordance with Section 20.055(5)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2013-161, "*State of Florida - Compliance and Internal Controls over Financial Reporting and Federal Awards*" for the Fiscal Year Ended June 30, 2012."

The Office of Internal Audit compiled these up-to-date corrective action representations to resolve findings, as reported by program management.

If I may be of further assistance, please let me know.

Enclosure

cc: Kathy DuBose, Staff Director, Joint Legislative Auditing Committee

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Mission: Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency



OFFICE OF INSPECTOR GENERAL

Esther Jacobo
Interim Secretary

Enhancing Public Trust in Government

Dawn Case
Interim Inspector General

Project #E-1112DCF-154

September 19, 2013

Six-Month Status Report
STATE OF FLORIDA
COMPLIANCE AND INTERNAL CONTROLS OVER
FINANCIAL REPORTING AND FEDERAL AWARDS
For the Fiscal Year Ended
June 30, 2012

PURPOSE

The purpose of this report is to provide a written response to the Secretary on the status of corrective actions taken six months after the Auditor General published Report No. 2013-161, "State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2012."

BACKGROUND

Annually, the Auditor General conducts the Federal Financial Awards (FFA) audit as required by Office of Management and Budget (OMB) Circular A-133. The audit encompasses DCF programs that receive federal funds, such as Supplemental Nutrition Assistance, Temporary Assistance for Needy Families (TANF), Refugee Cash and Medical Assistance, Prevention and Treatment of Substance Abuse (SAPT), and Community Mental Health Services.

Presented below are brief descriptions of the Auditor General's findings and the Department's up-to-date corrective action status and comments for the 14 findings applicable to DCF, as reported by the appropriate program staff. Three additional (disclosure) findings (FA 12-032; FA 12-034; and FA 12-038) that referenced Auditor General Report Nos. 2013-133, 2012-142, and 2012-138, respectively, did not require Department staff to provide a response or update. Unless subsequently updated for this report, these comments and status updates were also reported to Auditor General (AG) staff in the [preliminary] Summary Schedule of Prior Audit Findings (SSPAF) prepared for the Fiscal Year (FY) Ended June 30, 2013 FFA audit. They are subject to verification and, as a result, may change. As part of the current year's FFA audit, the AG publishes the final SSPAF, which identifies findings from the previous year's audit and SSPAF that were fully and/or partially corrected.

REPORT FINDINGS, COMMENTS & STATUS

FINDING FA 12-001: *The FDCF could not demonstrate that adequate security had been maintained over electronic benefit transfer (EBT) cards.*

Status (ACCESS staff): *Fully Corrected*

JPMorgan, the service organization that provides the Department's Electronic Benefits Transfer (EBT) services, subcontracts with Fiserv, a service organization, for EBT card production and management. Fiserv is responsible for physical security over EBT cards. As a service organization, Statement on Standards for Attestation Engagement No. 16 (SSAE 16) audits are conducted on Fiserv. Fiserv's SSAE 16 audit review period ends after JPMorgan's. Therefore, the SSAE 16 on Fiserv was not completed at the time the SSAE 16 on JPMorgan was published, nor was it completed by the time of the Auditor General audit inquiry.

After the exit conference, the SSAE 16 audit report on Fiserv covering the review period 11/1/2011 - 10/31/2012 was provided to the Department on February 20, 2013. The Department provided the SSAE-16 audit report for Fiserv covering the period through 10/31/12. The report provides information regarding the physical security over EBT cards.

Since the Fiserv SSAE 16 audit review period partially covers two state fiscal years, the Department does not anticipate any issues for the next fiscal year. In addition, effective 10/1/13, the EBT vendor will change to Fidelity Investment Solutions /eFunds (FIS/eFunds). This should not be an issue after the transition because FIS/eFunds creates and stores the EBT cards themselves. There will be only one SSAE 16 report to provide.

FINDING FA 12-037: *The FDCF did not report applicable subaward data in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) pursuant to Federal regulations. In addition, the FDCF did not obtain the subrecipient's Dun and Bradstreet Data Universal Numbering System (DUNS) number prior to issuing the subaward.*

Status (per Contracted Client Services staff): Partially Corrected

The Department is currently updating its procurement and contract management procedures and will include additional procedures to assure accuracy of its FFATA reporting.

FINDING FA 12-038: *The FDCF did not always notify subrecipients of required Federal award information.*

Status (per Contracted Client Services Staff): Partially Corrected

The Department is currently updating its procurement and contract management procedures and will include additional procedures to assure that subrecipients are provided all Federal awards information as required.

FINDING FA 12-040: *TANF benefits were not always paid in the correct amount and were made to an individual in excess of the lifetime limit. In addition, Income Eligibility and Verification System (IEVS) data exchange responses received by the FDCF were not always timely processed.*

Status (per ACCESS staff): Partially Corrected

A policy refresher will be provided in the local areas where the errors occurred to address policies' on time limits, shelter screens for vendor and client obligations, child support income, family cap, and standard filing unit.

In the one instance where the client's reported shelter obligation was not properly budgeted, there is no underpayment because the client had already exceeded the 48-month lifetime limit for TANF benefits.

Regarding the relative caregiver (RCG) case where the payment did not increase when the child turned 13 years old, effective 12/2012, a system enhancement was put in place to automatically increase the relative caregiver payment when the child turns six or 13 years old.

A Benefit Recovery referral was made on all relevant cases.

The Department monitors TANF cases through its quality assurance efforts to ensure they are processed timely and accurately and requires corrective action, where necessary. In addition to the Department's regular quality assurance monitoring efforts, effective 11/2012, the Department began statewide targeted TANF reviews.

Regarding the eight cases with IEVS data exchanges (DE) that were not processed timely, the Department concurs. However, due to the increase in the overall public assistance caseloads, the Department has prioritized the processing of DEs via guidance from policy transmittal I-09-05-0014, which establishes the work priorities. Three of the eight cases cited were priority DEs. On December 19, 2012, the Department implemented a system enhancement to filter out duplicates for certain DE types, which significantly reduces the workload and eases the ability for staff to identify and timely process priority DEs.

FINDING FA 12-041: *The FDCF reported incorrect information on the ACF-199 TANF Data Report.*

Status (per ACCESS staff): Partially Corrected

The Department is using another data source file that has been determined to be more complete to calculate the number of months. The new data source file was used for the ACF-TANF Data Report for quarter ending 12/31/12, which was submitted on 2/15/13. New programming utilizing the new data

source file was implemented 2/20/13 for ongoing report submissions. The quality control check has revealed no problems with the new method.

Data files for federal fiscal year 2012 (10/2011 – 9/2012) were updated using the new file and programming in March 2013. The ACF-TANF Data Report for these prior quarters was resubmitted 8/20/13.

FINDING FA 12-042: *The FDCF did not file a revised TANF Emergency Fund Request Form (Form OFA-100) to correct inaccurately reported actual expenditures for basic assistance and non-recurrent short-term benefits.*

Status (per Financial Management staff): Partially Corrected

The Department used estimates in the original OFA 100 report. Expenditures were used in the final report but need to be adjusted for final refunds received and disbursement levels in FLAIR. The Department will submit a revised OFA 100 to report final expenditure balances. Adjustments have already been made to the ACF 196 report when actual actually occurred. The Department was under the impression that there would be a final, close-out agreement OFA-100 report review process. None occurred. The Department will file in September.

FINDING FA 12-43: *The FDOR could not provide complete records identifying TANF clients that should have been referred to the FDCF for Child Support Enforcement (CSE) sanctions. As a result, evidence was not available to demonstrate that the FDCF had timely imposed sanctions for all applicable cases. For those cases that the FDOR had identified as referred to the FDCF for sanctions, the FDCF had failed to always timely impose CSE sanctions on uncooperative TANF recipients.*

Status (per ACCESS Staff): Fully Corrected

Due to findings from prior audit years for the untimely imposition of Child Support Enforcement (CSE) sanctions, the Department entered into a Corrective Compliance Plan (CCP) on 7/31/12 with the Administration for Children and Families. Under the CCP the Department worked with the Florida Department of Revenue (FDOR) regarding the instances where the sanction referrals were sent by FDOR but not received by the Department. Effective 5/14/13, FDOR implemented the programming changes to resolve the issue with CSE sanction requests erring off during the file transmission process, causing the Department not to receive the sanction requests. The programming changes improve the process of applying the child support sanction to the correct custodial parent. The Department has also put the following activities in place:

- The duplication of child support sanction referrals received via DECS data exchanges was corrected December 2011.
- On 12/19/12, the Department implemented a system enhancement to filter out duplicates for certain data exchange (DE) types to help reduce the workload and ease the ability for staff to identify and process priority DEs (per work priorities policy transmittal I-09-05-0014) which includes child support sanction referrals. Since implementation, results from the DE responses received in 12/2012 show 97.49 percent of them were filtered out, representing a dramatic reduction in workload.
- Staff completed by 12/31/12, a mandatory statewide training on timely processing, imposing and lifting child support sanctions as well as monitoring and enforcing compliance.
- Effective 8/2012, the Department began publicizing, monitoring, and enforcing compliance with timely imposing and lifting sanctions through the addition of two CSE sanctions performance indicators on the Department's Assistant Secretary of Operations' Weekly Key Indicators performance report.
- Effective 10/1/2012, Management Evaluation Operational Reviews require regional corrective action plans for CSE noncompliance.
- Effective 10/2012, statewide targeted CSE case reviews began in the statewide electronic case review system (Quality Management System).
- A Benefit Recovery referral was made on all relevant CSE cases from Finding FA 11-049 by 7/13/12.

The CCP was completed effective 5/31/13. Because most of the CCP activities were put in place after the audit period, the Department was aware these cases would not be impacted. It expects to see a vast improvement in the next audit as Department data currently shows 99.67% of CSE sanctions statewide are processed timely.

A Benefit Recovery referral was made on all cases except those where the Department did not receive the sanction request.

FINDING FA 12-44: *The FDCF failed to timely impose sanctions on TANF recipients who did not comply with work activity requirements.*

Status (per ACCESS staff): Partially Corrected

For the instances where the Department timely processed the sanctions but benefits continued, the Department will create a reporting feature to identify cases meeting this criteria so that staff may take action to correct the case and discontinue any benefits for noncompliant members. Target implementation is 5/31/14.

Regarding the instances where sanction requests were sent by the Florida Department of Economic Opportunity (FDEO) but not received by the Department, the cause of this problem has been identified. DEO's Regional Workforce Boards (RWBs) send sanction requests to the Department based on the service site codes in the eligibility system. The closing of service sites affected the receipt of work sanction requests as the service site codes were no longer available in the eligibility system. Effective 2/2013, this problem was corrected so that the sanction request is based on the client zip code, which is used to link the case to the correct service site regardless of service site closures.

In the one instance where the work sanction was not processed timely, on 12/19/12, the Department implemented a system enhancement to filter out duplicates for certain data exchange (DE) types to allow staff to more readily identify and process priority DEs (per work priorities policy transmittal I-09-05-0014) which include work sanction referrals. Statewide, compliance with timely processing work sanctions has improved from 99.47% in 12/2012 to 99.88% in 7/2013.

The Department monitors through its quality assurance efforts work sanctions to ensure they are processed timely and accurately and requires corrective action, where necessary.

The Department has added a work sanctions targeted review to the statewide electronic case review system (QMS) for staff to review and correct cases in error. Targeted case reviews will begin 10/1/13.

The Department currently tracks and publicizes compliance with timely processing work sanctions on its Performance Dashboard. In addition to current efforts, the Department will employ other communication methods to heighten staff awareness.

Policy transmittal I-13-07-0010 on work sanctions was issued 7/1/13 to remind staff to timely process work sanctions, to impose the correct sanction level and to timely discontinue benefits.

A Benefit Recovery referral was made on all cases except those where the Department did not receive the sanction request.

FINDING FA 12-047: *The FDCF was unable to provide sufficient documentation to support the amount of Refugee Cash Assistance (RCA) paid to a REAP client.*

Status (per ACCESS staff): Fully Corrected

In the one instance where a client's benefit was determined based on a homeless status that was not properly documented, a policy refresher on the following was provided on 1/10/13 to staff in the local area where the error occurred:

- Definition of homeless;
- Refugees who meet homeless definition;
- Proper documentation of homeless status.

A Benefit Recovery referral was made.

FINDING FA 11-051: *The FDCF could not provide an accurate detailed listing of Adoption Assistance payments; therefore, the FDCF could not demonstrate that payments were made only on behalf of eligible children. Additionally, the FDCF did not always retain adequate documentation supporting the eligibility of children and, in several instances, made Adoption Assistance payments on behalf of children who were no longer eligible.*

Status (per Child Welfare staff): Partially Corrected

The Department has adjusted the inappropriate payments made on behalf of youth after their 18th birthday. The Department continues to implement changes in the Florida Safe Families Network (FSFN) to help prevent disparities between FSFN and the State's accounting records.

The Department scheduled statewide training sessions for May 2013, but had to postpone them until September 2013 due to conflict.

FINDING FA 12-052: *The FDCF had not sought guidance regarding the applicability of the maintenance of effort (MOE) requirement after being granted a child welfare waiver demonstration project. Absent guidance exempting the FDCF from the MOE requirement, the FDCF could not demonstrate compliance with the MOE requirement regarding State contributions for the 2011-12 fiscal year.*

Status (per Financial Management staff): Partially Corrected

The Department is implementing changes in the Florida Safe Families Network (FSFN) to automate the documentation of savings. Design sessions are scheduled for January 2014.

Florida has continuously increased its investments in child welfare for the last several years. Secondly, the State has increased its MAS appropriations for the last 5 years and there have been no policy changes that would divert savings. To the contrary, each year we are in need of increased appropriations and the Legislature has funded this need.

FINDING FA 12-065: *Income and Eligibility Verification System (IEVS) and non-IEVS data exchange responses received by the FDCF were not always timely processed.*

Status (per ACCESS staff): Fully Corrected

The policy for Data Exchange (DE), IEVS and Non-IEVS includes requirements for prioritizing the alerts to process within the established time standards. Policy Transmittal I-09-05-0014, Work Priorities for the Case Maintenance Unit, provides guidance to staff in processing this workload. The audit reflects 6 cases with DE priority alerts that were not timely processed. The elimination of duplicate alerts occurred in 12/2012 and Transmittal I-12-12-0026 was implemented to prevent certain alerts from posting to the system. These measures were enacted to assist with reducing the workload for staff, therefore improving the time standard for processing DE alerts.

FINDING FA 12-073: *The FDCF did not meet the SAPT maintenance of effort (MOE) requirement for the 2011-12 fiscal year.*

Status (per Substance Abuse and Mental Health Services staff): Partially Corrected

The Florida Department of Children and Families (DCF) submitted a request for an MOE Waiver to the Substance Abuse and Mental Health Services Administration (SAMHSA) on 2/28/13. DCF received notice that the waiver request was received and under review on 4/1/13. DCF contacted SAMHSA to determine the status of this waiver request and as of 8/20/13. SAMHSA is still in the process of reviewing the MOE Waiver. The Department will be notified by SAMHSA once a determination has been made.

FINDING FA 12-074: *The FDCF did not meet the SAPT earmarking requirement for primary prevention programs for individuals who do not require treatment of substance abuse.*

Status (per Substance Abuse and Mental Health Services staff): Partially Corrected

The Department has strengthened current practices which now include the Substance Abuse and Mental Health Program and Revenue Management entering into a Service Level Agreement to ensure correct coding and tracking of expenditures. The Federal Fiscal Year 2010-2011 set-aside requirement has been exceeded.

This follow-up audit was conducted as required by Florida Statutes 20.055(5)(h) and section 2500.A1 of the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors. Elton Jones compiled this follow-up audit from representations provided by program management. Please address inquiries regarding this report to Jerry Chesnutt, Director of Auditing, at (850) 488-8722.