



State of Florida
Department of Children and Families

Rick Scott
Governor

Mike Carroll
Interim Secretary

DATE: October 8, 2014

TO: Mike Carroll
Interim Secretary

FROM: Keith R. Parks *KRP*
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2014-173

In accordance with Section 20.055(5)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2014-173, *Compliance and Internal Controls Over Financial Reporting and Federal Awards, for the Fiscal Year Ended June 30, 2013*.

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

Enclosure

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



DEPARTMENT OF CHILDREN AND FAMILIES



OFFICE OF INSPECTOR GENERAL

Mike Carroll
Interim Secretary

Enhancing Public Trust in Government

Keith R. Parks
Inspector General

Project #E-1213DCF-067

October 8, 2014

Six-Month Status Report
COMPLIANCE AND INTERNAL CONTROLS OVER
FINANCIAL REPORTING AND FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

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. 2014-173, *Compliance and Internal Controls Over Financial Reporting and Federal Awards, for the Fiscal Year Ended June 30, 2013*.

REPORT FINDINGS, RECOMMENDATIONS, STATUS & COMMENTS

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 the Department's 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 the full text of the Auditor General's finding statements and recommendations, and the Department's status and corrective action comments for the 13 findings applicable to the Department, as reported by the appropriate program staff. 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, 2014 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.

FINDING NO. 2013-011: *The FDCF could not demonstrate that adequate security had been maintained over electronic benefit transfer (EBT) cards.*

RECOMMENDATION: *We recommend that the FDCF take appropriate actions to ensure that the service organization's and provider's internal controls related to the physical security of EBT cards are suitably designed and operating effectively.*

Status (per Office of Economic Self-Sufficiency staff): Fully Corrected

The Statement on Standards for Attestation Engagement No. 16 (SSAE 16) audit report on Fiserv, Inc. that was provided to the Department was made available to the Auditor General on February 14, 2014. However, the Auditor General determined that the report did not address EBT card security. The correct SSAE 16 audit report on Fiserv, Inc. that addresses EBT card physical security was made available to the Department on April 7, 2014. The report covers the period November 1, 2012 - October 31, 2013, which covers the remaining eight months (November 1, 2012 - June 30, 2013) of the 2012-13 state fiscal year. On June 23, 2014, the Department made this SSAE 16 audit report available to the Auditor General in response to the Records and Information Request for the 2013-14 fiscal year Federal Awards Audit.

FINDING NO. 2013-034: *The FDCF did not appropriately allocate dependency case management costs to multiple Federal programs.*

RECOMMENDATION: *We recommend that the FDCF correct the data count posting errors and make the appropriate allocation adjustments. We also recommend the FDCF implement procedures to perform a review of data accuracy before child welfare costs are allocated to Federal programs.*

Status (per Office of Child Welfare staff): Fully Corrected

The Department's Lead Agency Fiscal Accountability staff reviews each report for accuracy. Once the review is completed, the statistical report is posted to the website for use.

FINDING NO. 2013-035: *The FDCF did not always follow established procedures to demonstrate that, prior to entering into a covered transaction with a provider, a determination was made that the provider was not suspended or debarred by the Federal Government.*

RECOMMENDATION: *We recommend that the FDCF ensure compliance with procedures requiring a signed Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Contracts/Subcontracts form be obtained for all applicable contracts prior to contract execution.*

Status (per Office of Contracted Client Services staff): In Progress

The Office of Contracted Client Services provides training on contracting procedures and continues to highlight this issue.

FINDING NO. 2013-036: *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.*

RECOMMENDATION: *We recommend that the FDCF ensure that all required key data elements are timely reported in the FSRS. We also recommend that the FDCF ensure compliance with its procedures for obtaining DUNS numbers prior to issuing subawards.*

Status (per Office of Contracted Client Services staff): In Progress

The Office of Contracted Client Services provides training on FFATA and DUNS numbers and continues to highlight this issue.

FINDING NO. 2013-037: *FDCF procedures were not adequate to ensure that subrecipient audit reports were reviewed and that determinations were timely made regarding whether management decisions and corrective actions were required.*

RECOMMENDATION: *We recommend that the FDCF develop written procedures and take other appropriate actions to ensure that all required subrecipient audit reports are received and properly and timely reviewed and that related management decisions are timely issued.*

Status (per Office of Contracted Client Services staff): In Progress

The Office of Contracted Client Services provides training on the Single Audit Act and continues to highlight the issue to improve procedures.

Status (per Office of Internal Audit staff): Fully Corrected

The vacant position in the Single Audit Unit (SAU) was filled in January 2014, after being vacant for six months. Desk review activity is now current and reviews are being done in a timely manner. Review procedures are included in each project in the Integrated Internal Audit Management System (IIAMS), an automated work paper system.

FINDING NO. 2013-038: *The FDCF did not always follow established policies and procedures for its monitoring activities and the policies and procedures need enhancement.*

RECOMMENDATION: *We recommend that the FDCF enhance policies and procedures to require that conclusions made during desk reviews be supported by sufficient documentation and to better ensure that appropriate and sufficient documentation is maintained to support the review, conclusions, findings, and proper reporting for all on-site monitoring conducted.*

Status (per Office of Contracted Client Services staff): *In Progress*

Policies and procedures are improved and in draft form. A statewide meeting was held to train staff on the draft policy and expectations.

FINDING NO. 2016-039: *TANF benefits were not always paid in the correct amount. In addition, Income Eligibility and Verification System (IEVS) data exchange responses received by the FDCF were not always timely processed.*

RECOMMENDATION: *We recommend that the FDCF take the necessary steps to ensure that TANF cash assistance payments are made in the correct amounts. In addition, we recommend that the FDCF process data exchange responses and any related eligibility status adjustments within the established time frame.*

Status (per Office of Economic Self-Sufficiency staff): *Partially Corrected*

- A refresher TANF Family Cap training session was provided to the regional trainers on May 28, 2014. The refresher training was provided by September 30, 2014, to eligibility workers and supervisors statewide that process TANF eligibility. The Department also updated the Pre-Service training materials on Family Cap policy on May 28, 2014.
- Due to additional programming for the Medicaid program, the re-implementation of the Relative Caregiver (RCG) automation has been postponed until the completion of the Medicaid programming. The estimated completion of the RCG automation is March 31, 2015.
- The two cases with a possible overpayment were referred to Benefit Recovery. On October 30, 2013, the Department restored benefits for the one case with a \$98 underpayment.
- Regarding the 10 cases with Income Eligibility and Verification System (IEVS) data exchanges (DE) that were not processed timely, the Department concurs. However, the Department has prioritized the processing of DEs via guidance from Policy Transmittal I-09-05-0014, which establishes work priorities. Five of the 10 cases cited were priority DEs.
- As part of its quality assurance efforts, the Department monitors TANF cases, including priority DEs, to ensure they are processed timely and accurately and requires corrective action, where necessary. Effective November 2012, the Department began statewide targeted TANF reviews.

FINDING NO. 2013-040: *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.*

RECOMMENDATION: *We recommend that the FDCF submit a final Form OFA-100 with accurate expenditure amounts.*

Status (per Office of Financial Management staff): *Fully Corrected*

The negotiations with the federal government have been completed and the Department has sent them a final OFA-100, which is being reviewed now.

FINDING NO. 2013-041: *The FDCF reported incorrect information on the ACF-199 TANF Data Reports.*

RECOMMENDATION: *We recommend that the FDCF ensure that system programming accurately summarizes the required report data.*

Status (per Office of Economic Self-Sufficiency staff): *Fully Corrected*

The ACF-199 TANF Data Reports for December 2012 and March 2013 were corrected and resubmitted on December 11, 2013. The Department has received confirmation that the reports were successfully transmitted.

Regarding the Number of Months Countable toward Federal Time Limit, measures taken to incorporate the correct code into ongoing programming were completed on December 10, 2013.

FINDING NO. 2013-042: *The FDCF failed to impose FDOR Child Support Enforcement (CSE) sanctions on uncooperative TANF recipients.*

RECOMMENDATION: *We recommend that the FDCF and the FDOR collaborate to ensure that all sanction requests are properly transmitted and received.*

Status (per Offices of Economic Self-Sufficiency and Information Technology Services staff): *Partially Corrected*

Changes to the interface to correct the finding are scheduled to be implemented on or before December 31, 2014.

FINDING NO. 2013-043: *The FDCF did not always properly impose sanctions on TANF recipients who did not comply with work activity requirements.*

RECOMMENDATION: *We recommend that the FDCF ensure that case workers accurately record sanction information in FDCF records.*

Status (per Office of Economic Self-Sufficiency staff): *Fully Corrected*

Regarding the three cases cited in error, the Department took the following actions:

- To remind staff of the correct process to timely and properly impose and lift work sanctions, the Department issued Policy Transmittal I-13-07-0010 on July 1, 2013.
- To enhance its quality assurance efforts to ensure work sanctions are processed timely and accurately, effective February 5, 2014, the Department added a work sanctions targeted review to the Quality Management System (QMS), the statewide electronic case review system, for staff to review cases and make corrections where applicable.
- The one case with a possible overpayment was referred to Benefit Recovery. Benefits for the two cases with an underpayment were restored by September 30, 2014.

FINDING NO. 2013-048: *The FDCF did not ensure that capitation payments made to managing entities (MEs) for the Behavioral Health Network (BNET) program were accurate.*

RECOMMENDATION: *We recommend that the FDCF ensure that BNET capitation payments do not exceed established capitation rates and that reconciliations of the payments are periodically performed.*

Status (per Office of Substance Abuse and Mental Health staff): *Fully Corrected*

The FDCF has taken the following actions to ensure capitation payment accuracy:

- Trained all FDCF contract managers who oversee managing entity contracts on how to process invoices for payment.

- Centralized the managing entity payment reconciliation process in the FDCF Lead Agency Fiscal Accountability Unit housed in the Office of Budget Services. Errors found through reconciliation are returned to the contract manager for resolution.
- Notified managing entities in writing that capitation payments per client are limited to the appropriated \$1,000 per enrollee per month, and that no additional funds are available for the program.
- Augmented the above by limiting payments chargeable to Title XXI funding to \$1,000 per enrollee per month for both services and any allowable managing entity operational costs.

FINDING NO. 2013-053: *Income and Eligibility Verification System (IEVS) and non-IEVS data exchange responses received by the FDCF were not always timely processed.*

RECOMMENDATION: *We recommend that the FDCF process data exchange responses within the established time frames.*

Status (per Office of Economic Self-Sufficiency staff): Fully Corrected

Regarding the 14 cases where the data exchange (DE) response was not processed timely, the Department enhanced its quality assurance efforts to ensure the timely and accurate processing of DEs by adding a DE review element to the Medicaid case reviews in the statewide electronic case review system. All Medicaid case reviews were updated with the DE review element.

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 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.