



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

Rick Scott
Governor

Mike Carroll
Interim Secretary

DATE: January 14, 2016

TO: Mike Carroll
Secretary

FROM: Keith R. Parks
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2015-156

In accordance with Section 20.055(6)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2015-156, *Department of Children and Families And Selected Community-Based Care Lead Agencies Oversight of Foster Care and Related Services*, Operational Audit.

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

Enclosure

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

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Work in Partnership with Local Communities to Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency



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Mike Carroll
Secretary

DEPARTMENT OF CHILDREN AND FAMILIES
OFFICE OF INSPECTOR GENERAL

Enhancing Public Trust in Government



Keith R. Parks
Inspector General

Project #E-1415DCF-001

January 14, 2016

Six-Month Status Report

*Department of Children and Families
And Selected Community-Based Care Lead Agencies
Oversight of Foster Care and Related Services
Operational Audit*

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. 2015-156, *Department of Children and Families And Selected Community-Based Care Lead Agencies Oversight of Foster Care and Related Services, Operational Audit*.

REPORT FINDINGS, RECOMMENDATIONS, STATUS & COMMENTS

The audit report included 17 findings and related recommendations. The Auditor General informed the Department and the six selected Community-Based Care Lead Agencies (CBCs) of the findings they were required to respond to, as listed below. Each entity was responsible for providing updated status and corrective action comments to findings and recommendations as follows:

Department of Children and Families Financial Management Contracted Client Services	Findings 1, 2, 5, 6, 7
Big Bend Community-Based Care, Inc. (BBCBC)	Findings 3, 4, 6, 7, 9, 10, 11, 13, 15, 16, 17
ChildNet, Inc. Eckerd Community Alternatives (ECA)	Findings 4, 9, 10, 15, 17
Family Support Services of North Florida, Inc. (FSSNF)	Findings 3, 7, 9, 11, 13, 15, 16, and 17
Our Kids of Miami-Dade/Monroe, Inc. (OKI)	Findings 3, 5, 7, 8, 9, 10, 12, 13, 17
St. Johns County Board of County Commissioners (SJCBC)	Findings 3, 9, 10, 11, 14, 16, 17

Although the Department responded to all 17 findings included in the audit report, management only provided updated status and corrective actions for the findings identified above and findings 8, 11, and 13.

Presented below are the full text of the Auditor General's finding statements and recommendations, and up-to-date corrective action comments and status, as reported by the management staff of the Department and CBCs.

Department of Children and Families (DCF)

FINDING NO. 1: The Department did not always adequately conduct, document, review, and report the results of CBC monitoring.

RECOMMENDATION: We recommend that Department management update the Contract Oversight Unit (COU) monitoring tools to ensure that all contractual requirements are addressed. Additionally, to ensure the adequacy and timeliness of the fiscal monitoring, we recommend that Department management ensure fiscal monitoring procedures are established to address, among other things, the sampling procedures to be used, the appropriate completion of monitoring tools, and an independent review of monitoring documentation and reports.

***Status (per Office of Contracted Client Services staff) No Action Taken
Status (per Office of Financial Management staff) In Progress***

Contracted Client Services: At this time, the Office of Child Welfare has reviewed the scope of monitoring performed but has not chosen to make any changes to the 2015-2016 programmatic core scope from the scope that was in place in the prior fiscal year. The program continues to evaluate the information provided by Contract Oversight and other sources of information, and may make changes to the core scope by adding topics or removing topics at any time.

Financial Management: Fiscal monitoring procedures that include sampling procedures to be used, the appropriate completion of monitoring tools, and an independent review of monitoring documentation and reports have been drafted and are undergoing review.

FINDING NO. 2: The Department did not conduct overall reconciliations between the expenditure data maintained in the Florida Safe Families Network (FSFN), Florida Accounting Information Resource Subsystem (FLAIR), and Grants and Other Revenue Allocation and Tracking System (GRANTS). Such reconciliations are important to ensure that the data used for budgeting, tracking client services, and the determination of Federal reimbursement amounts is accurate and complete. Additionally, Department procedures for reconciling amounts reported on the CBCs' Monthly Actual Expenditure Reports to FSFN client payment data need enhancement to ensure that payments made to the CBCs and recorded in FLAIR are complete, accurate, and valid.

RECOMMENDATION: We recommend that Department management establish procedures requiring periodic reconciliations of FSFN, FLAIR, and GRANTS data. We

also recommend that Department management enhance the FSFN to CBC Monthly Actual Expenditure Reports reconciliation procedures to ensure that payments made to the CBCs and recorded in FLAIR are complete, accurate, and valid. Department management should ensure that documentation of the supervisory review of all reconciliations performed is appropriately maintained.

Status (per Office of Financial Management staff): Ongoing

The Department is in the process of creating a new FSFN Other Cost Accumulator (OCA) payment report that will accurately reflect all payments and adjustments created in FSFN. This report will improve the ability of CBCs to accurately report and reconcile payments to the Department. Fiscal Monitoring procedures have been drafted and tools developed to enhance monitoring of CBC reconciliations. The Department is also providing on-going technical assistance to CBCs and Department contract managers on proper use of the FSFN Financial Module and reconciliation processes.

FINDING NO. 3: *The CBCs could not always demonstrate that contract payments were properly supported by adequate documentation or made in accordance with applicable contract terms.*

RECOMMENDATION: *We recommend that CBC management ensure that contract payments are adequately supported and made in accordance with applicable contract terms.*

Status (per Office of Financial Management staff): Ongoing

Fiscal monitoring procedures that include monitoring compliance with contract payments to providers based on the terms of the contracts and verification of service delivery have been drafted and are undergoing review.

FINDING NO. 5: *Our audit identified expenditures for food and entertainment made by Our Kids and reimbursed by the Department that were not permitted by State law and Department policy.*

RECOMMENDATION: *We recommend that Our Kids management ensure State funds are used only for expenditures that are necessary, reasonable, and allowable under State law and Department policy. In addition, we recommend that Our Kids, in consultation with the Department, make appropriate funding source adjustments for the unallowable costs related to the graduation event.*

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

The \$522.00 refund was received by the Department in November 2015 and the Department will make the necessary funding source adjustments.

FINDING NO. 6: *The BBCBC used Department funds to pay mortgage interest related to the purchase of real property, contrary to Department guidelines.*

RECOMMENDATION: We recommend that the BBCBC discontinue allocating mortgage interest expense to the funds provided by the Department. We also recommend that the BBCBC, in consultation with the Department, make appropriate funding source adjustments for costs, other than allowable depreciation expense, related to the real property purchased.

Status (per Office of Financial Management staff): Ongoing

The Department is requesting additional information regarding the BBCBC's land/building purchases. The review of these transactions is estimated to be complete by March 31, 2016.

FINDING NO. 7: CBC salary payments and leave balances were not always supported or calculated in accordance with established CBC policies or State law.

RECOMMENDATION: We recommend that CBC management enhance controls to ensure that salary payments, including payments for leave and bonuses, are properly authorized, accurately calculated, adequately supported, and made in accordance with State law. We also recommend that BBCBC management establish procedures related to bonuses and severance pay, ensure that leave records are accurately maintained, and require that management involved in personnel evaluations, including merit pay decisions, be independent of, and have no conflicts of interest related to, the personnel subject to review. In consultation with the Department, BBCBC management should also make appropriate funding source adjustments for bonuses paid to the CEO.

Status (per Office of Financial Management staff): Ongoing

The Department is requesting additional information regarding the bonuses paid and will work with BBCBC to ensure payments are made from appropriate funding sources. Estimated completion date is March 30, 2016.

FINDING NO. 8: The CBCs did not always document that individuals employed in management positions met minimum education or licensure requirements or, alternatively, adequately document the basis for waiving such requirements.

RECOMMENDATION: We recommend that CBC management ensure that, prior to hire, an applicant for employment meets the education requirements applicable to the position. When other qualifications and experience are considered acceptable in lieu of education requirements, the CBCs should adequately document this consideration in the personnel file as justification for waiving the requirements. Additionally, given that contingent criteria are established to ensure employees have the qualifications necessary to effectively perform their jobs, Our Kids should ensure that employees timely meet the established criteria and limit the number of extensions granted.

Status (per Office of Child Welfare staff): Ongoing

The proposed draft of Florida Administrative Rule, Chapter 65C-15, Child Placing Agencies published in the Florida Administrative Register on February 18, 2015 is not yet promulgated. While the updated version of the rule contains educational and experience requirements for child placing agency personnel that must be met as prescribed in section 402.402(1), Florida Statutes, the Office of Child Welfare continues to refine other aspects of the rule. Work remains ongoing as to the successful promulgation of the proposed rule, which will eliminate the current exemption/waiver variance allowable under current administrative rule Chapter 65C-15.017, Florida Administrative Code.

FINDING NO. 11: *The CBCs and the Department did not always ensure that client data was entered in FSFN accurately or timely.*

RECOMMENDATION: *We recommend that CBC and Department management strengthen controls over FSFN data entry to ensure all basic client information is entered accurately and timely.*

Status (per Office of Child Welfare staff): Ongoing

The Department of Children and Families continuously partners with Community-Based Care (CBC) Lead Agencies to ensure current controls are in place to promote accurate and timely entry of information into Florida Safe Families Network (FSFN) to support data integrity. This month, November 2015, the Department kicked off its FSFN System Adoption Initiative to further direct timely and consistent use of FSFN by all CBCs and their case management organizations.

FINDING NO. 13: *The CBCs did not always ensure that differences identified during reconciliations between FSFN data and CBC accounting records were researched and timely resolved.*

RECOMMENDATION: *We recommend that the CBCs ensure that differences identified during FSFN to accounting records reconciliations are researched and resolved timely.*

Status (per Office of Financial Management staff): Partially Corrected

A modification of the FSFN report used to perform reconciliations has been requested and is still outstanding.

Big Bend Community-Based Care, Inc. (BBCBC)

To provide a more complete understanding of actions taken by BBCBC related to findings/recommendations numbers 3, 6, 11, 13, and 15, it is recommended the following updates be read in conjunction with the responses provided in Auditor General Report No. 2015-156.

FINDING NO. 3: *The CBCs could not always demonstrate that contract payments were properly supported by adequate documentation or made in accordance with applicable contract terms.*

RECOMMENDATION: *We recommend that CBC management ensure that contract payments are adequately supported and made in accordance with applicable contract terms.*

Status (per Big Bend Community-Based Care staff): Fully Corrected

BBCBC's amended contract is on file.

FINDING NO. 4: *CBC payments for travel and food were not always adequately supported or made in accordance with State law and rules.*

RECOMMENDATION: *We recommend that CBC management ensure that administrative payments are adequately supported and made in accordance with applicable State laws and rules.*

Status (per Big Bend Community-Based Care staff): Ongoing

BBCBC is in the process of amending its employee travel policy and procedure to ensure the policy is in accordance with applicable laws and rules. In addition, BBCBC is in the process of amending travel forms and educating employees on the completion of travel forms, to ensure that there is a full detailed explanation, justification and supporting documentation for any exceptions to travel policies. BBCBC anticipates having the policies amended and approved during the December 10, 2015 Board of Directors meeting and training of employees on updated processes and procedures to occur in January 2016.

FINDING NO. 6: *The BBCBC used Department funds to pay mortgage interest related to the purchase of real property, contrary to Department guidelines.*

RECOMMENDATION: *We recommend that the BBCBC discontinue allocating mortgage interest expense to the funds provided by the Department. We also recommend that the BBCBC, in consultation with the Department, make appropriate funding source adjustments for costs, other than allowable depreciation expense, related to the real property purchased.*

Status (per Big Bend Community-Based Care staff): BBCBC disagreed with the recommendation and corrective action is not anticipated

BBCBC referenced its March 18, 2015 letter to the Auditor General, which states "BBCBC respectfully disagrees with this preliminary and tentative finding...."

FINDING NO. 7: *CBC salary payments and leave balances were not always supported or calculated in accordance with established CBC policies or State law.*

RECOMMENDATION: We recommend that CBC management enhance controls to ensure that salary payments, including payments for leave and bonuses, are properly authorized, accurately calculated, adequately supported, and made in accordance with State law. We also recommend that BBCBC management establish procedures related to bonuses and severance pay, ensure that leave records are accurately maintained, and require that management involved in personnel evaluations, including merit pay decisions, be independent of, and have no conflicts of interest related to, the personnel subject to review. In consultation with the Department, BBCBC management should also make appropriate funding source adjustments for bonuses paid to the CEO.

Status (per Big Bend Community-Based Care staff): Item 1 - Fully Corrected; Items 2 and 3 - BBCBC disagreed with the recommendations and corrective action is not anticipated; Item 4 - Ongoing

(1): BBCBC has enhanced internal controls over the supervision of employees to ensure that no immediate family member hires, supervises, or signs payroll action forms for an immediate family member defined as a spouse, child, parent, brother or sister of the individual.

(2): BBCBC referenced its March 18, 2015 letter to the Auditor General, which states "...BBCBC disagrees with this finding because Section 215.425 [F.S.] does not apply to compensation paid by BBCBC...."

(3): BBCBC referenced its March 18, 2015 to the Auditor General, which states "...BBCBC disagrees with this finding because Section 215.425 [F.S.] does not apply to compensation paid by BBCBC...."

(4): BBCBC is in the process of updating the operating policy and procedure related to Employee Time Sheets to reflect the method of recording leave on an employee's timesheet. Employees will also be trained on the appropriate completion of these forms and required supporting documentation. BBCBC anticipates having the policies amended and approved during the December 10, 2015 Board of Directors meeting and training of employees on updated processes and procedures to occur in January 2016.

BBCBC is converting the recording, tracking and reconciliation of employee leave to the payroll software system maintained with Vision HR, scheduled to begin in October 2015. The software will generate monthly and year-end leave reports that will be reconciled to the general ledger accounting system on a monthly and annual basis. In addition, the semi-monthly timesheets maintained by BBCBC will be reconciled on a monthly basis to the leave utilized per the monthly reports. Following conversion to this tracking method, leave balances will be included on the semi-monthly pay stubs provided to employees for review.

FINDING NO. 9: Controls over access to FSFN need improvement.

RECOMMENDATION: We recommend that the CBCs limit FSFN user access privileges to only those access privileges necessary for the user's assigned job responsibilities. Additionally, we recommend that the CBCs maintain documentation supporting the user access privileges authorized by management and perform, and

document, periodic reviews of the continued appropriateness of assigned FSFN access privileges. Additionally, the Department should ensure that FSFN security profiles are designed to promote an appropriate separation of duties and that the approval of assigned security profiles be documented on FSFN Forms.

Status (per Big Bend Community-Based Care staff): Ongoing

BBCBC is in the process of redesigning the System Change Request Form to ensure that upon hire, reclassification, or termination of an employee, access privileges are adequately changed and there is supporting documentation for the change. BBCBC is also in the process of redesigning the process by which this form is disseminated to the appropriate staff member responsible for changing access rights. Part of the process change will result in a copy of this System Change Request form with appropriate authorization signatures being reviewed by the HR department and filed in the employee's personnel file.

FINDING NO. 10: *FSFN user access privileges were not always timely deactivated upon a CBC employee's separation from employment.*

RECOMMENDATION: *To minimize the risk of compromising FSFN data and IT resources, we recommend that CBC management enhance procedures to timely request the Department to deactivate FSFN access privileges upon a user's CBC employment termination. In addition, we recommend that the Department consider revising the CBC Information Systems Requirements to require notification of all employment terminations within 1 business day.*

Status (per Big Bend Community-Based Care staff): Ongoing

BBCBC is in the process of redesigning the System Change Request Form to ensure that upon hire, reclassification, or termination of an employee, access privileges are adequately changed and there is supporting documentation for the change. BBCBC is also in the process of redesigning the process by which this form is disseminated to the appropriate staff member responsible for changing access rights. Part of the process change will result in a copy of this System Change Request form with appropriate authorization signatures being reviewed by the HR department and filed in the employee's personnel file.

FINDING NO. 11: *The CBCs and the Department did not always ensure that client data was entered in FSFN accurately or timely.*

RECOMMENDATION: *We recommend that CBC and Department management strengthen controls over FSFN data entry to ensure all basic client information is entered accurately and timely.*

Status (per Big Bend Community-Based Care staff): Fully Corrected

Subcontracts require FSFN data entry within two working days per 65C-30.009 [F.A.C.] and are monitored according to agency subcontract monitoring and quality review schedules.

FINDING NO. 13: *The CBCs did not always ensure that differences identified during reconciliations between FSFN data and CBC accounting records were researched and timely resolved.*

RECOMMENDATION: *We recommend that the CBCs ensure that differences identified during FSFN to accounting records reconciliations are researched and resolved timely.*

Status (per Big Bend Community-Based Care staff): Fully Corrected

BBCBC utilizes the DCF-provided reconciliation process.

FINDING NO. 15: *The CBCs did not always ensure that contract monitoring activities were appropriately performed, reviewed, and documented in accordance with applicable guidelines.*

RECOMMENDATION: *We recommend that CBC management ensure that contract monitoring activities are appropriately performed, reviewed, and documented in accordance with applicable guidelines.*

Status (per Big Bend Community-Based Care staff): Fully Corrected

Contract monitoring reviews are completed in accordance with applicable guidelines. (Exhibit QDS Process Flow 5.3.6 *Monitor Service Provider Contracts* is available upon request.)

Quality reviews are completed in accordance with DCF *Windows into Practice* guidelines. (Exhibit QDS Process Flow 16.2.2 *Child Welfare Practice & Quality Reviews* is available upon request.)

FINDING NO. 16: *The CBCs did not always timely and accurately record property acquisitions in CBC tangible personal property records.*

RECOMMENDATION: *We recommend that CBC management enhance controls to ensure that all required property information is timely and accurately recorded for all applicable property items.*

Status (per Big Bend Community-Based Care staff): Ongoing

BBCBC is in the process of conducting inventory observations of tangible personal property, ensuring that each item is appropriately tagged and all required information related to the property acquired with Department provided funds is recorded in

BBCBC's property records. These records will be reconciled to information recorded in BBCBC's general ledger accounting system. Subsequent to the update and reconciliation of property records to the information in the general ledger accounting system, BBCBC will conduct a physical inventory observation on an annual basis.

FINDING NO. 17: *The CBCs did not always ensure that the results of annual physical inventories were reconciled to CBC accounting and property records. In addition, the CBCs did not always properly conduct and document annual physical inventories in accordance with Department requirements or ensure that such inventories were conducted by persons independent of the property record-keeping function.*

RECOMMENDATION: *We recommend that CBC management ensure that the results of annual physical inventories are properly reconciled to CBC accounting and property records. We also recommend that annual physical inventories be properly conducted and documented in accordance with Department requirements and by persons independent of the property record-keeping function.*

Status (per Big Bend Community-Based Care staff): Ongoing

BBCBC is in process of conducting inventory observations of tangible personal property, ensuring that each item is appropriately tagged and all required information related to the property acquired with Department provided funds is recorded in BBCBC's property records. These records will be reconciled to information recorded in BBCBC's general ledger accounting system. Subsequent to the update and reconciliation of property records to the information in the general ledger accounting system, BBCBC will conduct a physical inventory observation on an annual basis.

ChildNet, Inc. (CNI)

FINDING NO. 4: *CBC payments for travel and food were not always adequately supported or made in accordance with State law and rules.*

RECOMMENDATION: *We recommend that CBC management ensure that administrative payments are adequately supported and made in accordance with applicable State laws and rules.*

Status (per ChildNet staff): Fully Corrected

Effective November 1, 2015, ChildNet will be utilizing a revised mileage form that includes a selection of map or vicinity mileage.

FINDING NO. 9: *Controls over access to FSFN need improvement.*

RECOMMENDATION: *We recommend that the CBCs limit FSFN user access privileges to only those access privileges necessary for the user's assigned job responsibilities. Additionally, we recommend that the CBCs maintain documentation supporting the user access privileges authorized by management and perform, and*

document, periodic reviews of the continued appropriateness of assigned FSFN access privileges. Additionally, the Department should ensure that FSFN security profiles are designed to promote an appropriate separation of duties and that the approval of assigned security profiles be documented on FSFN Forms.

Status (per ChildNet staff): Fully Corrected

ChildNet has always had one point of contact for ensuring access to FSFN is completed as required. This point person works very closely with the Department of Children and Families to ensure that the proper paperwork is submitted to DCF at which time they provide access to FSFN for employees and contractors as allowed. The Palm Beach personnel that were hired during the transition have all been trained and a change of staff was made. There are employee categories that have multiple profiles in order to complete their assigned duties. ChildNet has precautions in place to ensure that these folks are not able to impact FSFN finances in that each request for payment is reviewed for accuracy including review of provider census forms, and contingency form requests.

FINDING NO. 10: *FSFN user access privileges were not always timely deactivated upon a CBC employee's separation from employment.*

RECOMMENDATION: *To minimize the risk of compromising FSFN data and IT resources, we recommend that CBC management enhance procedures to timely request the Department to deactivate FSFN access privileges upon a user's CBC employment termination. In addition, we recommend that the Department consider revising the CBC Information Systems Requirements to require notification of all employment terminations within 1 business day.*

Status (per ChildNet staff): Fully Corrected

The period reviewed was just as ChildNet transitioned to be the Lead Agency for Palm Beach. While again the transition plan was robust, there were a few 'bumps along the road.' ChildNet brought to Palm Beach the process used in Broward whereby Talent Management personnel send the list of staff members leaving the agency to the Data Specialist Supervisor (Security Officer) who locks the former employee from FSFN on their last day. There are two (2) back-up Security Officers that can do this if the primary is out-of-the-office.

FINDING NO. 15: *The CBCs did not always ensure that contract monitoring activities were appropriately performed, reviewed, and documented in accordance with applicable guidelines.*

RECOMMENDATION: *We recommend that CBC management ensure that contract monitoring activities are appropriately performed, reviewed, and documented in accordance with applicable guidelines.*

Status (per ChildNet staff): Fully Corrected

A monitoring outline was included in the ChildNet Policy and Procedure in 2003. Through continuous review and learning, this outline was determined to be duplicative of the monitoring schedule and was eliminated, as it was not a requirement of DCF. The policy and procedure; however, was not updated at the time of this review to reflect those changes. The policy and procedure has now been updated.

In addition, the review found that one (1) item in one (1) contract reviewed contained a deficient item which was determined by the ChildNet monitoring team to be 'conditionally acceptable' and not require a performance improvement plan. The rationale was not included in the report to the provider. As noted before, ChildNet was transitioning as the new Lead Agency in Palm Beach County during the review period for this audit. This was an oversight of the team and has been corrected.

FINDING NO. 17: *The CBCs did not always ensure that the results of annual physical inventories were reconciled to CBC accounting and property records. In addition, the CBCs did not always properly conduct and document annual physical inventories in accordance with Department requirements or ensure that such inventories were conducted by persons independent of the property record-keeping function.*

RECOMMENDATION: *We recommend that CBC management ensure that the results of annual physical inventories are properly reconciled to CBC accounting and property records. We also recommend that annual physical inventories be properly conducted and documented in accordance with Department requirements and by persons independent of the property record-keeping function.*

Status (per ChildNet staff): Fully Corrected

ChildNet performs annual physical inventory reviews at the end of the fiscal period. The inventory reconciliation in June 2014 and June 2015 presented a physical inventory that matched the inventory recorded in Great Plains (ChildNet's accounting software).

Eckerd Community Alternatives (ECA)

FINDING NO. 4: *CBC payments for travel and food were not always adequately supported or made in accordance with State law and rules.*

RECOMMENDATION: *We recommend that CBC management ensure that administrative payments are adequately supported and made in accordance with applicable State laws and rules.*

Status (per Eckerd Community Alternatives staff): Fully Corrected

Eckerd has implemented a new purchasing card system that requires a receipt be uploaded for each purchase. This will allow for proper documentation of each purchase and review to ensure it is appropriate.

FINDING NO. 8: *The CBCs did not always document that individuals employed in management positions met minimum education or licensure requirements or, alternatively, adequately document the basis for waiving such requirements.*

RECOMMENDATION: *We recommend that CBC management ensure that, prior to hire, an applicant for employment meets the education requirements applicable to the position. When other qualifications and experience are considered acceptable in lieu of education requirements, the CBCs should adequately document this consideration in the personnel file as justification for waiving the requirements. Additionally, given that contingent criteria are established to ensure employees have the qualifications necessary to effectively perform their jobs, Our Kids should ensure that employees timely meet the established criteria and limit the number of extensions granted.*

Status (per Eckerd Community Alternatives staff): Fully Corrected

Our current practice is to ensure each employee meets the minimum qualifications per our internal job description and contracts. If the candidate does not meet the qualifications and it's an internal requirement, but not a contractual requirement, we complete an internal exception form. If the requirement is from a contract, we would then follow the protocol provided by DCF for obtaining a waiver. Once these documents are completed, they are placed in the personnel file for record purposes.

FINDING NO. 9: *Controls over access to FSFN need improvement.*

RECOMMENDATION: *We recommend that the CBCs limit FSFN user access privileges to only those access privileges necessary for the user's assigned job responsibilities. Additionally, we recommend that the CBCs maintain documentation supporting the user access privileges authorized by management and perform, and document, periodic reviews of the continued appropriateness of assigned FSFN access privileges. Additionally, the Department should ensure that FSFN security profiles are designed to promote an appropriate separation of duties and that the approval of assigned security profiles be documented on FSFN Forms.*

Status (per Eckerd Community Alternatives staff): Ongoing

All FSFN requests for access and profile changes are tracked and documented within a secured site and within the FSFN person management login notes section. All access and profile change requests require submission of the FSFN Security Form and the Security Agreement Form. These forms are reviewed by our Security representative to ensure they are complete and include all required signatures. The types of access provided are specific to the individuals' job title, the DCF FSFN Security Profile Matrix and FSFN Job Class Approval Level. Each time an individual submits for a change within their profile their current access is fully reviewed to ensure it is the most appropriate for their current position.

FINDING NO. 10: *FSFN user access privileges were not always timely deactivated upon a CBC employee's separation from employment.*

RECOMMENDATION: *To minimize the risk of compromising FSFN data and IT resources, we recommend that CBC management enhance procedures to timely request the Department to deactivate FSFN access privileges upon a user's CBC employment termination. In addition, we recommend that the Department consider revising the CBC Information Systems Requirements to require notification of all employment terminations within 1 business day.*

Status (per Eckerd Community Alternatives staff): Ongoing

Eckerd requires that all internal and contracted staff notify the security team prior to the same day that an individual has been terminated. For all contracted staff, this is written within the contract, monitored, and reviewed each time notification is received that an individual has been terminated. The security team locks the access to FSFN the same business day the notification is received and relays this information to the DCF Security Officer.

FINDING NO. 17: *The CBCs did not always ensure that the results of annual physical inventories were reconciled to CBC accounting and property records. In addition, the CBCs did not always properly conduct and document annual physical inventories in accordance with Department requirements or ensure that such inventories were conducted by persons independent of the property record-keeping function.*

RECOMMENDATION: *We recommend that CBC management ensure that the results of annual physical inventories are properly reconciled to CBC accounting and property records. We also recommend that annual physical inventories be properly conducted and documented in accordance with Department requirements and by persons independent of the property record-keeping function.*

Status (per Eckerd Community Alternatives staff): Ongoing

Eckerd will work to get all CBC assets recorded in the accounting records to allow for reconciliation to the annual physical inventory provided to the Department. Eckerd will also ensure the audit is conducted in a timely manner by someone independent of the recordkeeping functions.

Family Support Services of North Florida, Inc. (FSSNF)

FINDING NO. 3: *The CBCs could not always demonstrate that contract payments were properly supported by adequate documentation or made in accordance with applicable contract terms.*

RECOMMENDATION: *We recommend that CBC management ensure that contract payments are adequately supported and made in accordance with applicable contract terms.*

Status (per Family Support Services of North Florida staff): Fully Corrected

The CMO contract template with all subcontracted case management providers was updated and amended to better define the specific FTE position rate by which payments were to be reduced for each vacancy extending past 30 days.

FINDING-NO. 7: *CBC salary payments and leave balances were not always supported or calculated in accordance with established CBC policies or State law.*

RECOMMENDATION: *We recommend that CBC management enhance controls to ensure that salary payments, including payments for leave and bonuses, are properly authorized, accurately calculated, adequately supported, and made in accordance with State law. We also recommend that BBCBC management establish procedures related to bonuses and severance pay, ensure that leave records are accurately maintained, and require that management involved in personnel evaluations, including merit pay decisions, be independent of, and have no conflicts of interest related to, the personnel subject to review. In consultation with the Department, BBCBC management should also make appropriate funding source adjustments for bonuses paid to the CEO.*

Status (per Family Support Services of North Florida staff): Fully corrected

FSSNF has streamlined its process for all senior management pay raises to be in accordance with the same process used for all other staff payroll increases. FSSNF now uses a spreadsheet template with locked formulas that automatically calculates the dollar amount of a percentage raise so that arithmetical errors will not occur.

FINDING NO. 9: *Controls over access to FSN need improvement.*

RECOMMENDATION: *We recommend that the CBCs limit FSN user access privileges to only those access privileges necessary for the user's assigned job responsibilities. Additionally, we recommend that the CBCs maintain documentation supporting the user access privileges authorized by management and perform, and document, periodic reviews of the continued appropriateness of assigned FSN access privileges. Additionally, the Department should ensure that FSN security profiles are designed to promote an appropriate separation of duties and that the approval of assigned security profiles be documented on FSN Forms.*

Status (per Family Support Services of North Florida staff): Fully corrected

FSSNF only allows one staff member to control database access so as to limit the opportunities for inappropriate access privileges to be granted. As a result of this audit, this staff member has begun quarterly checks of a random sampling to ensure granted FSN access privileges match the level of access granted per their FSN Access Request Form.

FINDING NO. 11: *The CBCs and the Department did not always ensure that client data was entered in FSN accurately or timely.*

RECOMMENDATION: *We recommend that CBC and Department management strengthen controls over FSFN data entry to ensure all basic client information is entered accurately and timely.*

Status (per Family Support Services of North Florida staff): Ongoing

FSSNF relies almost exclusively on subcontracted case management organization staff to keep case file data uploaded into FSFN current and accurate. The importance of FSFN accuracy has been stressed in monthly meetings held with the agencies (at the director, associate director, and quality assurance levels) and pursuant to corrective action in response to last year's DCF Contract Oversight Unit audit.

FINDING NO. 13: *The CBCs did not always ensure that differences identified during reconciliations between FSFN data and CBC accounting records were researched and timely resolved.*

RECOMMENDATION: *We recommend that the CBCs ensure that differences identified during FSFN to accounting records reconciliations are researched and resolved timely.*

Status (per Family Support Services of North Florida staff): Fully Corrected

The OCA reconciliation program within FSFN has changed with the addition of additional OCA codes since the time period reviewed for this audit. It is now enhanced and continues to be tracked monthly and submitted to DCF with backup documentation. There are transaction cross dates every month: 90% clear out the next month, 10% usually clears out within three months.

FINDING NO. 15: *The CBCs did not always ensure that contract monitoring activities were appropriately performed, reviewed, and documented in accordance with applicable guidelines.*

RECOMMENDATION: *We recommend that CBC management ensure that contract monitoring activities are appropriately performed, reviewed, and documented in accordance with applicable guidelines.*

Status (per Family Support Services of North Florida staff): Fully Corrected

The Contracts Department has implemented a formal contract monitoring plan. The policy specifies that the number of items being reviewed are to be listed on the monitoring plan. The plan was also updated to reflect relevant and updated practices.

The Contracts Department has implemented a two-step review process prior to audit report finalization. Step One: The draft is thoroughly reviewed by the contracts manager to identify any deficiencies; corrections are made. Step Two: The monitoring lead sends the draft report to the audited subcontractor providing them five days to review the report. The subcontractor is instructed to provide comments and/or

documentation regarding reviewed items within the five-day period. After the five-day period, the subcontractor will receive a final report.

All signed reports are maintained in the monitoring file and a copy of the final report with signatures is emailed to the subcontractor.

FINDING NO. 16: *The CBCs did not always timely and accurately record property acquisitions in CBC tangible personal property records.*

RECOMMENDATION: *We recommend that CBC management enhance controls to ensure that all required property information is timely and accurately recorded for all applicable property items.*

Status (per Family Support Services of North Florida staff): Ongoing

All property items purchased now go through the designated point of contact in Finance to record it in the property records and affix an FSSNF property tag. Only then is the item delivered to the staff member who ordered the item.

FINDING NO. 17: *The CBCs did not always ensure that the results of annual physical inventories were reconciled to CBC accounting and property records. In addition, the CBCs did not always properly conduct and document annual physical inventories in accordance with Department requirements or ensure that such inventories were conducted by persons independent of the property record-keeping function.*

RECOMMENDATION: *We recommend that CBC management ensure that the results of annual physical inventories are properly reconciled to CBC accounting and property records. We also recommend that annual physical inventories be properly conducted and documented in accordance with Department requirements and by persons independent of the property record-keeping function.*

Status (per Family Support Services of North Florida staff): Fully Corrected

The physical inventory system now reconciles to the accounting system. This reconciliation is done on a monthly basis. The Finance department ensures that an annual physical inventory is conducted by an individual(s) not responsible for keeping the inventory records (separation of duties). The DCF Contract Manager continues to conduct a physical inventory check annually in June and this is now a component of the annual Contract Oversight Unit audit.

Our Kids of Miami-Dade/Monroe, Inc. (OKI)

FINDING NO. 3: *The CBCs could not always demonstrate that contract payments were properly supported by adequate documentation or made in accordance with applicable contract terms.*

RECOMMENDATION: *We recommend that CBC management ensure that contract payments are adequately supported and made in accordance with applicable contract terms.*

Status (per Our Kids staff): Fully Corrected

Our Kids has a new CFO who has restructured the Finance Department. This includes changing to a fixed priced model for our full case management agency (FCMA) contracts. Because of the fixed priced payment model, variables in payments are reduced. Additionally, Our Kids will be upgrading the accounting software to include a Contracts Module, which will be used to ensure contract payment terms are in compliance.

FINDING NO. 5: *Our audit identified expenditures for food and entertainment made by Our Kids and reimbursed by the Department that were not permitted by State law and Department policy.*

RECOMMENDATION: *We recommend that Our Kids management ensure State funds are used only for expenditures that are necessary, reasonable, and allowable under State law and Department policy. In addition, we recommend that Our Kids, in consultation with the Department, make appropriate funding source adjustments for the unallowable costs related to the graduation event.*

Status (per Our Kids staff): Fully Corrected

This event celebrates the tremendous accomplishment of graduation from High School/GED/Vocational Program or College by our independent living (IL) clients.

Beginning 2015, Our Kids will provide a modest graduation celebration adhering to Florida Statutes §409.1671, which allows for the use of funds for food and refreshments for clients in care of the agency and to Foster and Adoptive Parents. Our Kids acknowledges that the \$522.00 used for decorations was not allowable and it will be refunded to DCF in October 2015.

FINDING NO. 7: *CBC salary payments and leave balances were not always supported or calculated in accordance with established CBC policies or State law.*

RECOMMENDATION: *We recommend that CBC management enhance controls to ensure that salary payments, including payments for leave and bonuses, are properly authorized, accurately calculated, adequately supported, and made in accordance with State law. We also recommend that BBCBC management establish procedures related to bonuses and severance pay, ensure that leave records are accurately maintained, and require that management involved in personnel evaluations, including merit pay decisions, be independent of, and have no conflicts of interest related to, the personnel subject to review. In consultation with the Department, BBCBC management should also make appropriate funding source adjustments for bonuses paid to the CEO.*

Status (per Our Kids staff): Fully Corrected

The Human Resource Department has modified the termination process by adding the step of verifying any unprocessed but approved paid time off prior to issuing any payments to the departing employee.

FINDING NO. 8: *The CBCs did not always document that individuals employed in management positions met minimum education or licensure requirements or, alternatively, adequately document the basis for waiving such requirements.*

RECOMMENDATION: *We recommend that CBC management ensure that, prior to hire, an applicant for employment meets the education requirements applicable to the position. When other qualifications and experience are considered acceptable in lieu of education requirements, the CBCs should adequately document this consideration in the personnel file as justification for waiving the requirements. Additionally, given that contingent criteria are established to ensure employees have the qualifications necessary to effectively perform their jobs, Our Kids should ensure that employees timely meet the established criteria and limit the number of extensions granted.*

Status (per Our Kids staff): Fully Corrected

Our Kids' hiring process requires proof of educational requirements being met prior to hiring. Educational exceptions will need to be approved by the CEO. If requirements are stipulated, they will be strict and limited in time. Furthermore, any extension to the completion of a requirement will need CEO approval. A policy outlining the new process has been implemented.

FINDING NO. 9: *Controls over access to FSFN need improvement.*

RECOMMENDATION: *We recommend that the CBCs limit FSFN user access privileges to only those access privileges necessary for the user's assigned job responsibilities. Additionally, we recommend that the CBCs maintain documentation supporting the user access privileges authorized by management and perform, and document, periodic reviews of the continued appropriateness of assigned FSFN access privileges. Additionally, the Department should ensure that FSFN security profiles are designed to promote an appropriate separation of duties and that the approval of assigned security profiles be documented on FSFN Forms.*

Status (per Our Kids staff): Fully Corrected

Initial FSFN Access is requested by the Security Officer via the FSFN Access Request form, which is signed and approved by the employee's supervisor. This FSFN Access Request is then sent to DCF and they set up the initial profile. Likewise, if there is a need for a profile change, then a FSFN Access Request form is filled out requiring Supervisor approval and signature along with the approval and signature of the Security Officer. A helpdesk ticket is created at the time of the request and archived for future reference.

FINDING NO. 10: *FSFN user access privileges were not always timely deactivated upon a CBC employee's separation from employment.*

RECOMMENDATION: *To minimize the risk of compromising FSFN data and IT resources, we recommend that CBC management enhance procedures to timely request the Department to deactivate FSFN access privileges upon a user's CBC employment termination. In addition, we recommend that the Department consider revising the CBC Information Systems Requirements to require notification of all employment terminations within 1 business day.*

Status (per Our Kids staff): Fully Corrected

The IT department at Our Kids is now using a recently developed DCF report that identifies all FSFN users and their last login date, which will facilitate the review of any inactive users.

FINDING NO. 12: *Payments recorded in FSFN by Our Kids and its subcontractors were not always accurate, or were made for services that were not actually received, and Our Kids did not always timely detect the payment errors or make necessary corrections.*

RECOMMENDATION: *We recommend that Our Kids management ensure that FSFN client payment data is accurate and that payments only be made for services actually provided.*

Status (per Our Kids staff): Fully Corrected

As of July 2015, Our Kids has implemented a new payment methodology with our FCMAAs that will not include board payments. Our Kids has assumed room and board payments for all children. This enables Our Kids to be the fiscal agent and to perform the reconciliation for the entire population. This has significantly reduced the number of reconciling items and allowed for expeditious corrections when needed.

FINDING NO. 13: *The CBCs did not always ensure that differences identified during reconciliations between FSFN data and CBC accounting records were researched and timely resolved.*

RECOMMENDATION: *We recommend that the CBCs ensure that differences identified during FSFN to accounting records reconciliations are researched and resolved timely.*

Status (per Our Kids staff): Fully Corrected

Our Kids Accounting Department reconciles Adoption and IL payments on a daily basis. Furthermore, FSFN is reconciled to the general ledger (GL) on a monthly basis and will be moving to a daily reconciliation in the near future. Any reconciling items are identified and resolved immediately.

FINDING NO. 14: *The CBCs' subcontractor monitoring efforts need improvement.*

RECOMMENDATION: *We recommend that CBC management ensure that monitoring activities, including appropriate follow-up activities, are appropriately conducted and documented. Effective monitoring activities should evaluate subcontractor compliance with all the contract terms; determine whether foster care and related services were provided to individuals in accordance with applicable laws, regulations, and contract terms; and include a follow-up on noted deficiencies to ensure timely corrective actions are taken. If timely corrective actions are not taken for persistent noncompliance, the CBCs should assess appropriate penalties.*

Status (per Our Kids staff): Fully Corrected

Since the audit, we have restructured our Quality Assurance Department along with significant staff changes focused on Performance Management. CAPs are being issued for non-compliance and weekly meetings are mandated to convey progress. Strict due dates are implemented as part of the CAP and extensions are only provided if progress is being made toward the task goal. If progress is not made by the maturity date of the CAP, then Our Kids will take the necessary measures pursuant to the contract terms.

St. Johns County Board of County Commissioners (SJCBC)

FINDING NO. 3: *The CBCs could not always demonstrate that contract payments were properly supported by adequate documentation or made in accordance with applicable contract terms.*

RECOMMENDATION: *We recommend that CBC management ensure that contract payments are adequately supported and made in accordance with applicable contract terms.*

Status (per St. Johns County Board of County Commissioners staff): Ongoing

Contract staff have continued to inspect invoices and reconcile invoices with actual payments and FSFN. Contract staff will inquire with the appropriate person if any discrepancies are found.

FINDING NO. 9: *Controls over access to FSFN need improvement.*

RECOMMENDATION: *We recommend that the CBCs limit FSFN user access privileges to only those access privileges necessary for the user's assigned job responsibilities. Additionally, we recommend that the CBCs maintain documentation supporting the user access privileges authorized by management and perform, and document, periodic reviews of the continued appropriateness of assigned FSFN access privileges. Additionally, the Department should ensure that FSFN security profiles are designed to promote an appropriate separation of duties and that the approval of assigned security profiles be documented on FSFN Forms.*

Status (per St. Johns County Board of County Commissioners staff): Ongoing

All FSFN updates and changes are filtered through one individual – St. Johns County's Security Representative. All changes in FSFN are monitored and excess profiles have been eliminated.

FINDING NO. 10: *FSFN user access privileges were not always timely deactivated upon a CBC employee's separation from employment.*

RECOMMENDATION: *To minimize the risk of compromising FSFN data and IT resources, we recommend that CBC management enhance procedures to timely request the Department to deactivate FSFN access privileges upon a user's CBC employment termination. In addition, we recommend that the Department consider revising the CBC Information Systems Requirements to require notification of all employment terminations within 1 business day.*

Status (per St. Johns County Board of County Commissioners staff): Ongoing

St. Johns County's Security Representative is responsible for ensuring timely paperwork is provided to DCF to terminate access to FSFN for terminated employees. The Security Representative works closely with management staff to ensure all terminations are reported to the Security Representative in a timely manner.

FINDING NO. 11: *The CBCs and the Department did not always ensure that client data was entered in FSFN accurately or timely.*

RECOMMENDATION: *We recommend that CBC and Department management strengthen controls over FSFN data entry to ensure all basic client information is entered accurately and timely.*

Status (per St. Johns County Board of County Commissioners staff): Ongoing

A new internal policy has been written concerning the timeliness of data entry into FSFN, which has been shared with staff and signed off on by the staff. During QA file reviews, timeliness of notes is also reviewed and monitored. FIP continues to work with MindShare to develop a report in regard to this area.

FINDING NO. 14: *The CBCs' subcontractor monitoring efforts need improvement.*

RECOMMENDATION: *We recommend that CBC management ensure that monitoring activities, including appropriate follow-up activities, are appropriately conducted and documented. Effective monitoring activities should evaluate subcontractor compliance with all the contract terms; determine whether foster care and related services were provided to individuals in accordance with applicable laws, regulations, and contract terms; and include a follow-up on noted deficiencies to ensure timely corrective actions are taken. If timely corrective actions are not taken for persistent noncompliance, the CBCs should assess appropriate penalties.*

Status (per St. Johns County Board of County Commissioners staff): Partially Corrected

Contract policies and procedures are being updated and monitoring efforts have been enhanced.

FINDING NO. 16: *The CBCs did not always timely and accurately record property acquisitions in CBC tangible personal property records.*

RECOMMENDATION: *We recommend that CBC management enhance controls to ensure that all required property information is timely and accurately recorded for all applicable property items.*

Status (per St. Johns County Board of County Commissioners staff): Ongoing

Property records have been continuously updated and validated by the Administrative Assistance and then validated periodically by a second party.

FINDING NO. 17: *The CBCs did not always ensure that the results of annual physical inventories were reconciled to CBC accounting and property records. In addition, the CBCs did not always properly conduct and document annual physical inventories in accordance with Department requirements or ensure that such inventories were conducted by persons independent of the property record-keeping function.*

RECOMMENDATION: *We recommend that CBC management ensure that the results of annual physical inventories are properly reconciled to CBC accounting and property records. We also recommend that annual physical inventories be properly conducted and documented in accordance with Department requirements and by persons independent of the property record-keeping function.*

Status (per St. Johns County Board of County Commissioners staff): Ongoing

Inventory reports are being checked at a minimum twice a year by the Administrative Specialist and then validated by a second party.

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 (350) 438-8722.