



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

Rick Scott
Governor

Mike Carroll
Secretary

DATE: February 11, 2016

TO: Mike Carroll
Secretary

FROM: Keith R. Parks
Inspector General

A handwritten signature in blue ink, appearing to read "KRP", is written over the name "Keith R. Parks".

SUBJECT: Six-Month Status Report for Auditor General Report No. 2015-166

In accordance with Section 20.055(6)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2015-166, *Compliance and Internal Controls Over Financial Reporting and Federal Awards*, for the Fiscal Year Ended June 30, 2014.

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-003

February 11, 2016

Six-Month Status Report

COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING AND FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2014

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. 2015-166, *Compliance and Internal Controls Over Financial Reporting and Federal Awards*, for the Fiscal Year Ended June 30, 2014.

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, 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 seven 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 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 Auditor General publishes the final SSPAF, which identifies findings from the previous year's audit and SSPAF that were fully and/or partially corrected.

FINDING NO. 2014-024: TANF benefits were not always paid in the correct amount. In addition, the FDCF did not always timely process Income Eligibility and Verification System (IEVS) data exchange responses.

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 ensure data exchange responses are processed and any related eligibility status adjustments are made within the established time frames.*

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

Refresher training on family cap policy was completed by September 30, 2014, for all eligibility staff and supervisors statewide that process TANF eligibility. Additionally, on April 15, 2015, training on family cap policy with emphasis on ensuring the family cap policy is properly applied to each child added to a case was conducted at the local site where the error occurred. On May 13, 2015, Relative Caregiver (RCG) policy training emphasizing the importance of timely closing and discontinuing benefits for RCG cases when the children leave the household was conducted at the local site where the error occurred. The two cases with a possible overpayment were referred to Benefit Recovery by March 26, 2015.

Regarding the 11 cases with Income Eligibility and Verification System (IEVS) Data Exchanges (DEs) that were not processed timely, the policy for DEs 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 (CMU), provides guidance to staff in processing this workload.

As part of its quality assurance efforts, the Department monitors TANF cases including priority DEs at the state and local levels to ensure they are processed timely and accurately and requires corrective action, where necessary. In addition to the case reviews of the CMU (where the majority of DEs are processed), a DE review element is included in the TANF case reviews in the Quality Management System (QMS), the statewide electronic case review system, so that DEs are reviewed consistently throughout the service delivery process.

FINDING NO. 2014-025: *The FDCF did not always report, or timely report, applicable subaward data in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) pursuant to Federal regulations. In addition, the subaward key data elements reported by the FDCF were not always accurate.*

RECOMMENDATION: *We recommend that the FDCF ensure that all required key data elements are timely and accurately reported in the FSRS for all applicable subawards.*

Status (per Office of Contracted Client Services staff): Partially Corrected

The Office of Contracted Client Services launched a new statewide “Playbook Training” (Contracting/Procurement Manual) to correct the findings in this area. Trainings on contracting processes, including FFATA, will continue throughout the fiscal year for new and veteran employees.

FINDING NO. 2014-026: *The FDCF reported incorrect information on the ACF-199 TANF Data Reports.*

RECOMMENDATION: *We recommend that the FDCF ensure that files used in the Federal reporting process contain all applicable data so that the reported information is accurate.*

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

The December 2013 and March 2014 ACF-199 TANF Data reports were corrected and resubmitted to the Administration for Children and Families (ACF) on December 31, 2014. ACF confirmation emails received on December 31, 2014 show that both reports were successfully transmitted.

The Department's Information Technology Services (ITS) will notify the ESS Data Unit when changes are made to the Florida database. The ESS Data Unit will evaluate the changes for any impact on their work and make adjustments accordingly. This notification/evaluation process was effective April 17, 2015.

FINDING NO. 2014-027: *The FDCF failed to impose Florida Department of Revenue (FDOR) Child Support Enforcement (CSE) sanctions for uncooperative TANF recipients.*

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

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

The Department's ITS has made modifications to the current interface to notify FDOR when sanction alerts have been posted and to which case the alert is posted. This will allow FDOR to research any sanction request sent to the Department to which FDOR did not receive notification of posting and in turn contact the Department for further assistance. The modifications were implemented on April 15, 2015.

The Department continues to work with FDOR to make improvements to the interface as it relates to the posting of sanction requests. As such, the Department has identified the following projects for implementation by December 31, 2015, which should enhance the Department's ability to post child support sanctions appropriately:

- Auto-update of the eligibility system's Child Support Enforcement (CSE) sanction screen, AOIE, and the CSE data exchange, DECS, when a CSE sanction is received and the case is closed.
- Process improvement to ensure the correct linking of custodial parents, non-custodial parents, and dependent children.

FINDING NO. 2014-028: The FDCF failed to timely impose sanctions on TANF recipients who did not comply with work activity requirements.

RECOMMENDATION: We recommend that the FDCF ensure sanctions are properly imposed when participants do not comply with work activity requirements.

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

Regarding the two errors cited, training on imposing work sanctions with emphasis on ensuring that the TANF benefit is properly and timely terminated was conducted at the two local sites where the errors occurred.

The two cases with a possible overpayment were referred to Benefit Recovery on March 26, 2015.

As part of its quality assurance efforts, the Department monitors work sanctions at the state and local levels through a targeted review to ensure they are processed timely and accurately and requires corrective action, where necessary.

FINDING NO. 2014-030: 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 timely received, properly and timely reviewed, and that any related management decisions are timely issued.

Status (per Office of Contracted Client Services staff): Partially Corrected

Status (per Office of Inspector General staff): Fully Corrected

The Department staff is conducting detailed Single Audit Act trainings to ensure Contract Managers know their roles, responsibilities, and obligations.

Effective fiscal year 2014-15, the Single Audit Unit's (SAU) review procedures are now included with each Integrated Internal Audit Management System (IIAMS) project and include a priority determination process to ensure that audits received with Federal Program Findings are given first processing priority.

FINDING NO. 2014-032: 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.

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

The Managing Entity (ME) Monthly Expenditure report, which is Incorporated Document 26 in the current ME contract, now contains a calculation to ensure that the total expenditures to BNet do not exceed the capitated rate of \$1,000 per enrollee.

In addition, the Department has implemented a centralized process for reconciling ME invoices with supporting documentation of expenditures, which includes ME payments to BNet providers. The Department staff reviews the monthly BNet enrollment report posted by BNet staff to check against the total number of enrollees reported on the Monthly Expenditures report to ensure it does not exceed the maximum allowable. The annualized process allows Department staff to determine the total BNet expenditures for each ME and the amount necessary to reduce the final invoice payment amount so that total BNet payments to MEs do not exceed the \$1,000 capitation rate.

The Department will also update ME contract Incorporated Document 12 to include a restatement of the policy clarification issued in December 2013 regarding the limitations of BNet funding. ME contract documentation, most relevantly Attachment 1, Section C. Method of Payment (beginning on page 30), and Incorporated Documents 12, 22, 25, and 26, may be found at the following website: <http://www.myflfamilies.com/service-programs/substance-abuse/managing-entities/2015-contract-docs>.

This follow-up audit was conducted as required by Florida Statutes 20.055(6)(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.