



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

Rick Scott
Governor

Mike Carroll
Secretary

DATE: July 26, 2016

TO: Mike Carroll
Secretary

FROM: Keith R. Parks 
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2016-046

In accordance with Section 20.055(6)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2016-046, *Department of Children and Families, Public Assistance Fraud Prevention, Detection, and Recovery Efforts, 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



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-136

July 26, 2016

Six-Month Status Report

*Department of Children and Families
Public Assistance Fraud Prevention,
Detection, and Recovery Efforts
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. 2016-046, *Department of Children and Families, Public Assistance Fraud Prevention, Detection, and Recovery Efforts*, Operational Audit.

REPORT FINDINGS, RECOMMENDATIONS, STATUS & COMMENTS

The Offices of Public Benefits Integrity (OPBI) and Economic Self-Sufficiency (ESS) collectively provided updated status and corrective action comments to the findings and recommendations. 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 submitted by the management staff of OPBI.

FINDING NO. 1: *Office policies and procedures did not always reflect current operating processes and employee responsibilities. Additionally, by providing a comprehensive staff training program specific to public assistance fraud prevention, detection, and recovery efforts, Office investigative and benefits recovery processes could be enhanced.*

RECOMMENDATION: *We recommend that Office management continue to update policies and procedures to reflect current operations and employee responsibilities. In addition, to enhance the Office's public assistance fraud prevention, detection, and benefit recovery processes, we recommend that Office management establish policies and procedures specific to training. Training policies and procedures should address the maintenance of training documentation; require the development of a comprehensive training plan; and provide for a training program specific to public assistance fraud prevention and detection and benefit recovery activities.*

Status (per Office of Public Benefits Integrity, Benefit Recovery staff): Partially Corrected

Office Policies and Procedures:

- Instituted policy/procedure clearance process on January 1, 2016.
- Workgroups continue to work on updating OPBI's policy and procedures. A project manager has been assigned to help facilitate the process, with a targeted completion date of December 31, 2016.

Training:

- The training manual for the ACCESS Integrity (AI) investigators was completed on December 15, 2015.
- A draft Benefit Recovery (BR) training manual was developed and is currently being tested with new staff. Targeted completion date is August 31, 2016.
- All trainings continue to be tracked by training date, topic, intended audience, and method of delivery.
- A training plan for 2016 was completed on December 31, 2015.
- Between December 2015 and June 2016, several trainings were held to include:
 - AI/BR new employee training;
 - Monthly policy and procedure trainings with BR/AI staff;
 - New investigator training with the Division of Public Assistance Fraud (DPAF);
 - ACCESS processing training on proper DPAF/BR/AI referrals, identification of error-prone cases, and Medicaid policy.
- OPBI is creating a FTE position dedicated to training AI investigators and anticipates filling by August 31, 2016.

FINDING NO. 2: *The Department established the Automated Community Connection to Economic Self-Sufficiency (ACCESS) Integrity Online System (AIO) to store and track information needed to aid in fraud prevention. However, AIO application controls were not sufficient to ensure the completeness, accuracy, and validity of AIO data. In addition, the Department was unable to demonstrate that user access privileges to the AIO were timely deactivated upon an employee's separation from Department employment.*

RECOMMENDATION: *We recommend that Department management enhance data input controls to ensure the completeness, accuracy, and validity of AIO data and require that monitoring of the interface process between the FLORIDA System and the AIO be appropriately documented. We also recommend that Department management ensure that the timely deactivation of AIO access privileges upon an employee's separation from Department employment is appropriately documented.*

Status (per Office of Public Benefits Integrity, ACCESS Integrity staff): Partially Corrected

OPBI is in the process of exploring alternatives for a new data collection/case management system. The Office of Information and Technology Services (OITS), OPBI, and ESS are seeking to develop and implement an enhancement plan for the AIO system to address the concerns raised in the operational audit. Enhanced technology for OPBI has become a Priority of Effort for the Department. Once requirements are finalized and the project is scheduled, a firm cost estimate and timeline will be provided for implementation. Completion status on this recommendation is dependent on budgetary funding for this technological improvement.

Until system enhancements can be made, measures are still in place to improve the collection of fraud prevention and detection data. To ensure the completeness, accuracy, and validity of AIO entries, additional quality assurance elements were added to "The 2015-16 ACCESS Integrity Monitoring Guide."

As of May 2015, a dedicated staff member monitors AIO on a monthly basis to ensure the completeness, accuracy, and validity of AIO data. Any inconsistencies are forwarded to the appropriate AI field manager to ensure that AIO accurately reflects the Department's public assistance fraud prevention and detection investigation activities. In addition, field managers have been instructed to have access terminated for all persons who separate from Department employment or transfer to other program areas where access to this system is not necessary. The new FTE position, mentioned in Findings No. 1 Comments, will be responsible for appropriately documenting the separation.

FINDING NO. 3: Certain security controls related to logging and monitoring AIO activity need improvement to ensure the continued confidentiality, integrity, and availability of AIO data.

RECOMMENDATION: We recommend that Department management establish appropriate security controls related to logging and monitoring to ensure the continued confidentiality, integrity, and availability of AIO data and related IT resources.

Status (per Office of Public Benefits Integrity, ACCESS Integrity staff): In Progress

The OITS, OPBI, and ESS Program Office are working to develop and implement an enhancement/replacement plan for the AIO system to address the concerns raised in the operational audit. Once requirements are finalized and the project is scheduled, a firm cost estimate and timeline will be provided for implementation. Completion status on this recommendation is dependent on budgetary funding for this technological improvement.

FINDING NO. 4: The information necessary to accurately analyze the timeliness of referrals of public assistance cases to the Department of Financial Services, Division of Public Assistance Fraud (DPAF), for investigation of possible fraudulent activity was not readily available due to Department system limitations.

RECOMMENDATION: We recommend that Department management establish a method to document in the IBRS the actual date referrals are sent to DPAF.

Status (per Office of Public Benefits Integrity staff): Fully Corrected

As stated in our initial response, we do not think this recommendation provides efficiency or process improvements. Potential fraud referrals to DPAF are completed electronically via the BVBR screen in the FLORIDA system and do not go to the IBRS system before being sent to DPAF. Furthermore, the BVBR referrals are sent directly to DPAF. OPBI staff are not involved until the case is investigated and an overpayment claim is requested, or the referral is dropped by DPAF and returned to OPBI for overpayment recovery as an Inadvertent Household Error. The date the referral was generated and the date the referral was sent to DPAF are captured in FLORIDA's data history for the BVBR screen. Documenting the date in IBRS does not provide programmatic efficiencies and will incur unnecessary technology expenses without a return on investment.

FINDING NO. 5: Department referrals to DPAF were not always appropriate.

RECOMMENDATION: *To better ensure that cases of suspected public assistance fraud are appropriately referred to DPAF, we recommend that Department management provide continued training to eligibility staff, update procedures to provide for monitoring of selected cases referred to DPAF, and work with DPAF to establish an appropriate minimum overpayment amount for referrals.*

Status (per Office of Public Benefits Integrity staff and Office of Economic Self-Sufficiency staff): Partially Corrected/Ongoing

Between December 2015 and June 2016, OPBI, ESS and its eligibility staff have attended several trainings regarding when it is appropriate to refer a case to DPAF for investigation.

Effective Federal Fiscal Year 2017, a targeted review of the appropriateness of suspected fraud referrals to DPAF from ESS eligibility staff will be conducted quarterly. As error trends are identified from the targeted review, training refreshers will be provided to eligibility staff, where applicable.

As stated in our response to the preliminary and tentative findings, while we agree that an appropriate minimum overpayment amount for referrals may be a more efficient way to process referrals to DPAF, § 414.411, Florida Statutes, and 7 CFR 273.18, indicate overpayment claims are a federal debt and subject to regulations. The amount of the overpayment due to fraud is not known until after DPAF has completed its investigation and requests a calculation of the overpayment from OPBI. While DPAF currently is unable to process 92% of the fraud referrals from the Department, implementing the last portion of the recommendation for this finding would require legislative changes and an operational overhaul that would require significant additional FTE. To implement such a policy, the OPBI staff would need to investigate all fraud referrals and compute the amount of the overpayment to determine which referrals should be sent to DPAF, creating duplicative efforts and process inefficiencies. We think DPAF is capable of best determining which fraud referrals meet their investigative priorities. We will continue to comply with current Florida Statutes.

FINDING NO. 6: *The Office did not always timely complete investigations of referrals received regarding suspected public assistance fraud, or document the causes for delays, as required by Office policies and procedures.*

RECOMMENDATION: *We recommend that Office management ensure that ACCESS Integrity referral investigations are completed in the time frame established by Office policies and procedures and that, if delays should occur, investigators document the reasons for such delays in the FLORIDA System case notes.*

Status (per Office of Public Benefits Integrity staff): Fully Corrected

The AI Investigator Training Manual was updated to reflect that investigators are required to document in CLRC any reasons for a delay in completion of an investigation. This requirement also has been added as an element in the AI monitoring process.

Field managers are responsible for ensuring that investigations are completed timely and are monitoring for timeliness when they perform their case readings.

FINDING NO. 7: *The Office did not always ensure that benefit recovery referrals were processed in priority order or that claims were established within required time frames.*

RECOMMENDATION: *We recommend that Office management establish a process for assigning all referrals to Benefit Recovery unit claims managers in accordance with the priorities specified by Office policies and procedures. Additionally, we recommend that Office management actively monitor benefit recovery referrals to ensure that at least 90 percent of claims are established within required time frames.*

Status (per Office of Public Benefits Integrity, Benefit Recovery staff): Partially Corrected

As noted in our response to the preliminary and tentative findings, a Workload Management Tool (WMT) was created internally and deployed into production on May 18, 2015. This tool allows claims managers to organize, sort, and view their daily BR assignments according to a variety of priority parameters, including days in process (time standards), type of error, and program priority for collection. Each day, the WMT is generated and distributed to claims managers throughout the state, giving them more control and flexibility to accomplish their work assignments. The tool also provides claims supervisors with unprecedented visibility into the workload and productivity of their staff, including daily, weekly, and monthly measurement of staff performance. Initially, the deployment of this tool realized a 50% decrease in the number of referrals going beyond time standard into the backlog, resulting in OPBI receiving a Prudential Davis Productivity Award. However, the impact of increased staffing at the DPAF and a 200% increase in state attorney claims required additional modifications to the WMT.

On July 13, 2016, WMT 2.0 was deployed into production. It is anticipated that the improvements to the WMT will help ensure claims are established timely and in proper priority levels as staffing levels permit. OPBI will continue to monitor and make additional improvements as necessary.

FINDING NO. 8: *The Office did not always ensure that ACCESS Integrity unit investigations were appropriately documented in accordance with established policies and procedures.*

RECOMMENDATION: *We recommend that Office management ensure that ACCESS Integrity unit employees appropriately document investigations in accordance with established policies and procedures.*

Status (per Office of Public Benefits Integrity, ACCESS Integrity staff): Fully Corrected

To ensure appropriate documentation of AI investigations, additional quality assurance elements were added in "The 2015-2016 ACCESS Integrity Monitoring Guide."

In addition, as of May 2015, a dedicated staff member monitors AIO on a monthly basis to ensure the completeness, accuracy, and validity of AIO data. Any inconsistencies are forwarded to the appropriate AI supervisors to ensure that AIO accurately reflects the Department's public assistance fraud prevention and detection investigation activities.

FINDING NO. 9: *Department procedures for identifying and appropriately and timely writing off eligible public assistance claims need enhancement.*

RECOMMENDATION: *We recommend that Department management enhance the IBRS to identify all claims eligible for write-off and take appropriate actions to write off claims as specified by the Resource Guide. To further facilitate the appropriate write off of claims, we also recommend that Department management enhance procedures to ensure that all write-offs are supported by appropriate documentation, client deaths are timely recorded in the IBRS, and closed cases with outstanding claims balances are reviewed to determine whether the client was deceased and the claim was potentially eligible for write-off.*

Status (per Office of Public Benefits Integrity, Benefit Recovery staff): Partially Corrected

The automated write-off process enhancement is currently #4 on the OPBI IT priority list. A federal change in the Treasure Offset Program has taken precedence over several enhancements and maintenance items. However, in June 2016, we completed a manual process to write off identity theft and claims less than \$25.00. We will continue to use the manual process to capture the various write-off types until the system enhancement is complete.

As indicated in the update for Finding No. 1, workgroups continue to work on updating OPBI's policy and procedures. As of July 1, 2016, a project manager has been assigned to help facilitate the process with a target completion date of December 31, 2016.

The Accounting staff continue to work the July 2015 deceased file that identified 13,907 potential deceased individuals with outstanding claims. We will conduct a second match to identify all the liable and responsible individuals in IBRS who are deceased in July 2016 as a follow-up to the write-off process.