



State of Florida
Department of Children and Families

Rick Scott
Governor

Mike Carroll
Secretary

DATE: January 26, 2017

TO: Mike Carroll
Secretary

FROM: Keith R. Parks
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2016-159

In accordance with Section 20.055(6)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2016-159, *Compliance and Internal Controls Over Financial Reporting and Federal Awards*, for the Fiscal Year Ended June 30, 2015.

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

Enclosure

cc: Melinda Miguel, Chief Inspector General, Executive Office of the Governor
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
INTERNAL AUDIT

Enhancing Public Trust in Government



Keith R. Parks
Inspector General

Project #E-1415DCF-174

January 26, 2017

Six-Month Status Report

**COMPLIANCE AND INTERNAL CONTROLS OVER
FINANCIAL REPORTING AND FEDERAL AWARDS**

For the Fiscal Year Ended June 30, 2015

PURPOSE

The purpose of this report is to provide a written response on the status of corrective actions taken six months after the Auditor General published Report No. 2016-159, *Compliance and Internal Controls Over Financial Reporting and Federal Awards*, for the Fiscal Year Ended June 30, 2015.

REPORT FINDINGS, RECOMMENDATIONS, STATUS & COMMENTS

As a condition of receiving federal funds, the Office of Management and Budget (OMB) requires, as described in OMB Circular A-133, an audit of the state's financial statements and major federal awards programs. Annually, as part of the annual financial audit of state government, the Auditor General performs an audit of the State of Florida's Federal Awards (FA) in accordance with *Government Auditing Standards*, the Single Audit Act Amendments of 1996, and OMB-133 circular. The audit encompasses the Department of Children and Families' (Department's) major programs that receive federal funds, such as Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Adoption Assistance, Foster Care, Refugee and Entrant Assistance, and Community Mental Health Services.

Presented below are the full text of the Auditor General's finding statements and recommendations, and the Department's required 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 Summary Schedule of Prior Audit Findings (SSPAF) prepared for the Fiscal Year (FY) Ended June 30, 2015 FA audit. They are subject to verification and, as a result, may be revised. As part of the current year's FA audit, the Auditor General publishes the final SSPAF, which identifies findings from the previous year's audit and SSPAF as fully or partially corrected.

FINDING NO. 2015-021: *FDCF procedures were not adequate to ensure that management decisions on audit findings were issued within six months after receipt of the subrecipient's audit report and that subrecipients took appropriate and timely corrective action on all audit findings.*

RECOMMENDATION: *We recommend that the FDCF enhance procedures to ensure that all required management decisions are timely issued, and that any related plans for corrective action are timely initiated.*

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

The Single Audit Unit will continue to copy Contracted Client Services on all e-mails to contract managers that include the Single Audit Findings.

All Regions are compliant with the requirement stated in the response to the preliminary and tentative findings. For the contracts that fall under the Regions, Regional Managing Directors will be asked to follow up on the findings identified by the Single Audit Unit in the Audit Status Reports, as part of their ongoing contractual compliance activities, and progress towards correcting findings in the Audit Status.

FINDING NO. 2015-022: *The FDCF did not modify subaward agreements to notify subrecipients that as of January 2015, the terms and conditions of the Federal award had been revised.*

RECOMMENDATION: *We recommend that FDCF management ensure that subrecipients are timely notified of changes in Federal award terms and conditions.*

Status (per Office of Contracted Client Services and Financial Management staff): Fully Corrected

The Department did not have the updated guidance in the contracts and was utilizing the old OMB citations. The Department has since updated the contracts this fiscal year to the new OMB guidance.

FINDING NO. 2015-024: *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 amount. In addition, we recommend that the FDCF process data exchange responses and any related eligibility status adjustments within established time frames.*

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

Regarding the family cap error, training on family cap emphasizing the importance of properly and timely applying the family cap policy to each child added to a case was provided to eligibility staff and supervisors statewide by June 24, 2016.

The system controls and automation to prevent eligibility staff from authorizing benefits prior to processing unreviewed (data exchanges) DEs were implemented on September 26, 2016. Additionally, refresher training on processing DEs timely was completed by eligibility staff and supervisors statewide by June 24, 2016.

FINDING NO. 2015-025: *The FDCF reported incorrect information on the ACF-199 TANF Data Reports.*

RECOMMENDATION: *We recommend that the FDCF ensure that the programming code used to compile the files for Federal Data Reports is updated to ensure that required information is reported accurately.*

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

The program code modifications were implemented September 26, 2016.

The September 2014 and March 2015 ACF-199 TANF Data Reports were corrected and resubmitted to the Administration for Children and Families (ACF) on October 11, 2016 and October 21, 2016, respectively. ACF transmission reports confirm that both reports were successfully transmitted.

FINDING NO. 2015-028: *The FDCF could not always demonstrate that the Florida Department of Revenue (FDOR) Child Support Enforcement sanction requests for uncooperative TANF recipients were reviewed or that sanctions were appropriately imposed.*

RECOMMENDATION: *We recommend that the FDCF ensure that all sanction requests are processed and benefits promptly discontinued, if necessary. We also recommend that the FDCF strengthen procedures to ensure that identifying data elements are correctly entered.*

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

All corrective actions have been implemented:

- In April 2015, the Department implemented major system programming modifications that included enhancements to the interface to notify FDOR when sanction alerts have been posted and to which case the alert posted. These modifications 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 with resolution. All three-sanction requests occurred prior to the Department's April 2015 system modifications.
- Regarding the one case where the sanction request was sent but not received and reviewed, and the one case where the sanction request was not imposed appropriately but no overpayment occurred, the TANF eligibility for both cases was closed before FDOR sent the sanction requests. Effective September 17, 2015, the eligibility system automatically reviews and imposes the child support sanction when a sanction request is received on a closed case.
- Regarding the one case where a sanction request was inappropriately imposed and resulted in a potential overpayment, the sanction request was screened out as a duplicate. As part of the April 15, 2015 system modifications, programming changes were made to the data exchange posting process to prevent certain sanction requests from screening out as duplicates. A manual process was also implemented between the Department and FDOR staff to research and resolve sanction requests that screen out as duplicates when the sanction requests are

not duplicates and should be imposed. This case was referred to Benefit Recovery for possible overpayment on February 22, 2016.

FINDING NO. 2015-034: *The FDCF did not always correctly report the number of children receiving adoption assistance as required by Federal Program instructions.*

RECOMMENDATION: *We recommend that the FDCF ensure that all required Report information is accurately reported.*

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

The process to include an additional peer review has been documented.

FINDING NO. 2015-042: *The FDCF did not meet the Federal maintenance of effort (MOE) requirement for the 2013-14 fiscal year.*

RECOMMENDATION: *We recommend that the FDCF ensure that amounts expended are sufficient to meet the Federal MOE requirement.*

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

Please note this issue was in regard to the Federal Community Mental Health Block Grant (CMHBG) Children's Mental Health Set-Aside, not the CMHBG maintenance of effort. Since the reported amount for the previous year was part of a Substance Abuse and Mental Health Services Administration (SAMHSA) approved rebase, the Department was not required to take any action with regard to requesting a waiver for state fiscal year (SFY) 2014. In SFY 2015, the Department reported \$40,691,610 toward the Children's Mental Health Set-Aside, therefore exceeding the required minimum expenditure total of \$39,659,772, thus making the Department compliant with federal requirements.

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.