



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

Ron DeSantis
Governor

Chad Poppell
Secretary

September 25, 2020

Sherrill F. Norman, Auditor General
State of Florida Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Sherrill Norman:

In accordance with Section 20.55(6)(h), Florida Statutes, enclosed is our six-month corrective action status report on Auditor General Report No. 2020-170, *Department of Children and Families, Compliance and Internal Controls over Financial Reporting and Federal Awards*.

The Office of Revenue Management provided updates to findings #20, #28, and #29 indicating that corrective actions to these findings are partially-implemented. The Office of Economic Self-Sufficiency provided an update to finding #30 and indicated that corrective action to this finding is partially-implemented.

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

Sincerely,

Chad Poppell
Secretary

cc: Melinda Miguel, Chief Inspector General, Executive Office of the Governor
David Mica, Chief of Staff
Keith R. Parks, Inspector General
Steven Meredith, Director of Auditing
Taylor Hatch, Assistance Secretary for Economic Self-Sufficiency
Richard Ray, Deputy CFO, Revenue Management
Samantha Perry, Audit Manager, Florida Auditor General
Kathy Dubose, Staff Director, Joint Legislative Committee

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

**OIG – Internal Audit Section
Six-Month Corrective Action Status Report
Department of Children and Families - *Compliance and Internal Controls
over Financial Reporting and Federal Awards*
Auditor General Report No. 2020-170, Issued March 25, 2020
As of September 25, 2020**

Findings	Recommendation	Agency Response	Corrective Action Status
<p>Finding 2019-020: The FDCF did not ensure that the service organization's internal controls related to the allocation of costs for FDCF employees performing functions directly related to certain Federal programs were appropriately designed and operating effectively.</p>	<p>We recommend that the FDCF ensure that the service organization's internal controls related to the WebRMS Application are appropriately designed and operating effectively either internally or by obtaining and reviewing an independent service auditor's report.</p>	<p>FDCF concurs with this recommendation and will either require the vendor to provide an independent service auditor's report or perform internally an evaluation of the internal controls related to the WebRMS Application to ensure internal controls are appropriately designed and operating effectively. The service organization is a for-profit organization that specializes in the provision of cost allocation services. FDCF has used this vendor for the past 20 plus years to provide its RMS and webRMS services, which are used by other states and is known by the U.S. Department of Health and Human Services, Division of Cost Allocation.</p>	<p>Partially-Implemented</p> <p>Revenue Management requested that the Department's Inspector General's Office perform an internal evaluation of the internal controls related to the WebRMS Application to ensure internal controls are appropriately designed and operating effectively. The Department's Inspector General's Office responded to Revenue Management's request indicating that they would recommend that the vendor hire an independent firm to conduct this review.</p> <p>Estimated Completion by 9/30/21</p>

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Findings	Recommendation	Agency Response	Corrective Action Status
<p>Finding 2019-028: The FDCF used incorrect allocation percentages for a protective investigations cost objective, resulting in costs being charged to the incorrect Federal program.</p>	<p>We recommend that the FDCF enhance supervisory review procedures to ensure that accurate allocation percentages are entered into GRANTS and used as the basis to allocate protective investigations costs to Federal programs.</p>	<p>FDCF concurs with this recommendation and is currently in the process of transitioning from a quarterly manual input of cost allocation statistics to an automated quarterly cost allocation statistical upload into the GRANTS system to eliminate the risk of error. In the interim, FDCF will enhance supervisory review procedures to ensure that accurate allocation percentages are input to the GRANTS system.</p>	<p>Partially-Implemented</p> <p>Cost allocation statistic templates have been created. We are currently in the process of determining the best application to use that will populate the templates and produce the file for upload into the GRANTS system.</p> <p>Estimated completion by June 30, 2021</p>

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<p>Finding 2019-029: FDCF expenditures charged to various Federal program grants were not always incurred during the authorized period of performance.</p>	<p>Recommendation 1: We recommend that the FDCF establish a monitoring process to ensure that costs are attributable to the authorized period of performance and are charged to the correct grant. We also recommend that the FDCF review expenditure data and records to determine the total costs that were charged to the grants in error.</p>	<p>FDCF concurs with this recommendation. FDCF will work with our various Federal agencies to discuss challenges with respect to period of performance. In addition, FDCF is taking steps to ensure expenditures are identified in the appropriate period where the benefit to the state was realized.</p>	<p>Partially-Implemented</p> <p>FDCF is currently developing processes to address period of performance issues by identifying expenditure types and developing accounting procedures for posting payroll and invoice information into FLAIR that will facilitate in identifying the period of service so that adjustments can be made in the GRANTS system to correct grant year associated with the service. Several meetings have been held to discuss and identify processes needed to appropriately code expenditures in FLAIR to be able to readily identify the period of performance. This includes processes for the following items:</p> <p>All activities that cross September 30 into October of every state fiscal year.</p> <ul style="list-style-type: none"> • Payroll • Grant Agreements/Contracts • Procurement arrangements in the context of deliverables • Direct assistance payments tied to benefit period <p>Will necessitate accrual entries and systematic GRANTS subsystem Federal Grant claim adjustments.</p> <p>Department will incorporate this into their Florida PALM planning.</p> <p>Estimated completion by June 30, 2021</p>
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Findings	Recommendation	Agency Response	Corrective Action Status
<p>Finding 2019-030: The FDCF did not always timely review and process Income Eligibility and Verification System (IEVS) data exchange responses.</p>	<p>Recommendation 2: We recommend that the FDCF take appropriate actions to improve controls, including evaluating staffing resources and necessary system enhancements, to ensure that data exchange responses are reviewed and processed within established time frames.</p>	<p>Regarding the identified cases where the Income Eligibility and Verification System data exchanges were not processed timely, the department concurs. Due to the overall volume of data exchanges for the Economic Self-Sufficiency Program, and the inability of the FLORIDA System to integrate data, the department will establish an extensive project management component to determine system enhancements and identify process improvements to ensure data exchanges are processed timely. Furthermore, the department is actively working a request for funds from the Florida Legislature to improve system and data integration and the overall functionality of the department's information technology systems.</p>	<p>Partially-Implemented</p> <p>As the department has been fully invested in its response to the COVID-19 public health emergency, the project management efforts to correct this finding will continue once normal business operations are resumed. Simultaneously, the department continues to seek funding and is currently pursuing Federal grants to incorporate robotics automation to improve system and data integration.</p> <p>Estimated completion by September 30, 2021</p>