



Department of Elder Affairs
Office of Inspector General

MEMORANDUM

To: Jeffrey S. Bragg, Secretary

From: Taroub J. Faraj, Inspector General *J.F.*

Date: April 7, 2017

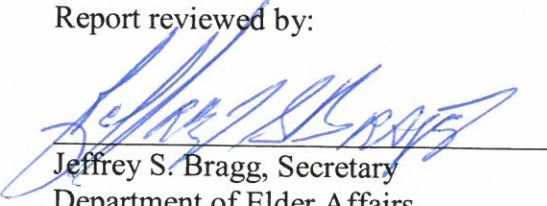
Re: Six-Month Follow-up – Auditor General Report Number 2017-030, *Financial Management Controls and Selected Administrative Activities*

The Office of Inspector General (OIG) conducted a Six-Month Follow-up to Auditor General Report No. 2017-030, *Department of Elder Affairs Financial Management Controls and Selected Administrative Activities*, issued on October 10, 2016.

Attached is the status of corrective actions taken to address the findings and recommendations cited in the original report. The OIG has reviewed the responses and determined that corrective actions taken for Findings 1, 4, 5, 6, and 7 fully address the findings. As a result, no further follow-up will be conducted on those findings. However, actions taken for Findings 2 and 3 partially address the findings; therefore, the OIG will conduct a 12-Month Follow-up on those findings.

If you have any questions, please contact me at (850) 414-2013.

Report reviewed by:



Jeffrey S. Bragg, Secretary
Department of Elder Affairs

Date: 4/4/2017

cc: Richard Prudom, Deputy Secretary & Chief of Staff
Jon Manalo, Chief Financial Officer

**Florida Department of Elder Affairs
Office of Inspector General**

**Six-Month Follow-up to Auditor General Report Number 2017-030
Department of Elder Affairs Financial Management Controls and
Selected Administrative Activities**

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INSTRUCTIONS: WRITE YOUR RESPONSE IN THE HIGHLIGHTED AREA ONLY.

Finding #	1
Finding	Department records did not always evidence that a contractor's status as a subrecipient or vendor had been appropriately determined, as required for purposes related to the Federal and the Florida Single Audit Acts, cost analyses prepared for contracts awarded on a noncompetitive basis were supported, or that contract evaluators were free from conflicts of interest.
Status Date	04/07/17
Report Date	10/10/2016
Contact Person	Jon Manalo
Program/Unit	Division of Financial & Support Services
Phone Number	850-414-2077
Recommendation	Department management ensure that Determination Checklists evidencing the Department's determination of a contractor's status as a subrecipient or vendor are completed prior to contract execution and retained in Department records. We also recommend Department management ensure that, for contracts awarded on a noncompetitive basis, appropriate documentation is retained to support the conclusions reached in completing the cost analyses required by the Department of Financial Services (DFS). Department management should also ensure that <i>Conflict of Interest Questionnaires</i> are completed and maintained for all contract evaluators.
Original Response	In August 2015, the Department enhanced its procedures to implement a Contract Review Checklist to assist in the review of any contract, amendment or renewal. As part of this checklist, staff will verify the completion of the required documents: vendor determination status, cost analysis, and conflict of interest. Additionally, all supporting documentation will be retained in the Department's records.
Six-Month Follow-up Response	The Department continues to utilize the Contract Review Checklist for each contract action that is routing to ensure the required forms are included in the contract files. If proper documentation is not included in the contract action that is pending execution, the Department will not execute the contract until all documentation requirements are met. In addition, random contract files are audited to ensure compliance with this provision.

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OIG Position	<p>The Office of Inspector General (OIG) has reviewed the status response and determined that:</p> <p><input type="checkbox"/> Corrective action taken does not address the finding; therefore, the OIG will follow-up in six months.</p> <p><input type="checkbox"/> Corrective action taken partially addresses the finding; therefore, the OIG will conduct further follow-up in six months.</p> <p><input checked="" type="checkbox"/> Corrective action taken fully addresses the finding; therefore, no further follow-up will be conducted by the OIG.</p>
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Finding #	2
Finding	The Department did not always document that monitoring staff were independent of, and had no conflicts of interest related to, contractors they were assigned to monitor. In addition, Department monitoring records did not always evidence that monitoring reports were subject to supervisory review and approval or that monitoring results were timely communicated to contractors.
Status Date	04/07/17
Report Date	10/10/2016
Contact Person	Jon Manalo
Program/Unit	Division of Financial & Support Services
Phone Number	850-414-2077
Recommendation	Department management establish procedures to require monitoring staff to document that they are independent of, and have no conflicts of interest related to, the contractors they are assigned to monitor. In addition, Department management ensure that supervisory review and approval of all monitoring reports and the timely communication of monitoring results is documented in Department records.
Original Response	The Department has enhanced their procedures to require documentation of employees' independence and no conflict of interest with the contractors they are assigned to monitor. As to the monitoring reports, the Department will document the reviews and approvals by supervisors and evidence that the reports were mailed to the contractors.
Six-Month Follow-up Response	For those employees who monitor their contractors, the Department requires these employees to document their independence and no conflict of interest by signing an attestation document.

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	Also, the Department has implemented the appropriate reviews and approval of monitoring reports and timely submission of those reports to the contractors.
OIG Position	<p>The Office of Inspector General (OIG) has reviewed the status response and determined that:</p> <p><input type="checkbox"/> Corrective action taken does not address the finding; therefore, the OIG will follow-up in six months.</p> <p><input checked="" type="checkbox"/> Corrective action taken partially addresses the finding; therefore, the OIG will conduct further follow-up in six months.</p> <p><input type="checkbox"/> Corrective action taken fully addresses the finding; therefore, no further follow-up will be conducted by the OIG.</p>

Finding #	3
Finding	The Department did not ensure that a complete annual physical inventory of Department property was conducted or that property records were timely updated for the results. In addition, duties related to Department property were not always properly separated as Department property delegates sometimes inventoried property items for which they were responsible.
Status Date	04/07/17
Report Date	10/10/2016
Contact Person	Jon Manalo
Program/Unit	Division of Financial & Support Services
Phone Number	850-414-2077
Recommendation	Department management take steps to ensure that a complete annual physical inventory of Department property is conducted by appropriate staff and that Department property records are timely updated for the inventory results.
Original Response	The Department has already implemented steps to correct these issues by creating a new electronic property system that will allow the property delegates and administrator to communicate and track property more efficiently. The development of the system began in October 2015 and was fully implemented in January 2016 to include additional

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	functionalities like the assignment of property records to appropriate staff and their related timely verification of those records.
Six-Month Follow-up Response	The Department has provided increased training to delegates on the new property system to ensure property is inventoried correctly and by the correct employees. A second inventory for this fiscal year is planned for May 2017 to ensure property is updated correctly in the system. For the missing property, this office is continuing to work with the Department of Financial Services to write-off these items.
OIG Position	<p>The Office of Inspector General (OIG) has reviewed the status response and determined that:</p> <p><input type="checkbox"/> Corrective action taken does not address the finding; therefore, the OIG will follow-up in six months.</p> <p><input checked="" type="checkbox"/> Corrective action taken partially addresses the finding; therefore, the OIG will conduct further follow-up in six months.</p> <p><input type="checkbox"/> Corrective action taken fully addresses the finding; therefore, no further follow-up will be conducted by the OIG.</p>

Finding #	4
Finding	The Department did not always document the proper reporting and investigation of property not located during the annual physical inventory, or ensure that property records were appropriately updated based on the results of the annual physical inventory.
Status Date	04/07/17
Report Date	10/10/2016
Contact Person	Jon Manalo
Program/Unit	Division of Financial & Support Services
Phone Number	850-414-2077
Recommendation	Department management take actions to ensure that property items not located during the annual inventory are properly reported and investigated, that appropriate approvals are obtained for property disposals, and that property records are timely updated when property items are approved for surplus or disposed of and to reflect the results of the annual physical inventory.
Original Response	As stated in the previous response, the new property system will aid in the timely detection of all property items including those records that

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	cannot be located so that immediate action is taken. Also, procedures were enhanced to include a tracking process of the surplus property for every step of the inventory cycle, approval and ultimate disposal.
Six-Month Follow-up Response	See response in Finding #4.
OIG Position	<p>The Office of Inspector General (OIG) has reviewed the status response and determined that:</p> <p><input type="checkbox"/> Corrective action taken does not address the finding; therefore, the OIG will follow-up in six months.</p> <p><input type="checkbox"/> Corrective action taken partially addresses the finding; therefore, the OIG will conduct further follow-up in six months.</p> <p><input checked="" type="checkbox"/> Corrective action taken fully addresses the finding; therefore, no further follow-up will be conducted by the OIG.</p>

Finding #	5
Finding	The Department did not always timely or accurately update Department property records for property dispositions or timely dispose of property that had been approved for disposal.
Status Date	04/07/17
Report Date	10/10/2016
Contact Person	Jon Manalo
Program/Unit	Division of Financial & Support Services
Phone Number	850-414-2077
Recommendation	Department management enhance property controls to ensure that property approved for disposal is timely disposed of and Department property records are appropriately updated to reflect timely property dispositions made in accordance with DFS rules.
Original Response	With the new property system and surplus tracking process, as stated in the previous response, the Department has investigated all records that require disposition to determine if these records are to be removed from the accounting system. The Department will continue to work with DFS to ultimately remove them from state records.

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Six-Month Follow-up Response	See response in Finding #4.
OIG Position	<p>The Office of Inspector General (OIG) has reviewed the status response and determined that:</p> <p><input type="checkbox"/> Corrective action taken does not address the finding; therefore, the OIG will follow-up in six months.</p> <p><input type="checkbox"/> Corrective action taken partially addresses the finding; therefore, the OIG will conduct further follow-up in six months.</p> <p><input checked="" type="checkbox"/> Corrective action taken fully addresses the finding; therefore, no further follow-up will be conducted by the OIG.</p>

Finding #	6
Finding	Department controls did not always ensure that expenditures were appropriately supported or approved, expenditure transactions were appropriately coded, or that supporting documents were properly canceled.
Status Date	04/07/17
Report Date	10/10/2016
Contact Person	Jon Manalo
Program/Unit	Division of Financial & Support Services
Phone Number	850-414-2077
Recommendation	Department management enhance procedures to ensure that all travel expenditures are appropriately supported and approved, the review of travel vouchers is documented, and that expenditure transactions are accurately recorded in Florida Accounting Information Resource (FLAIR). To reduce the risk of duplicate payments, we also recommend that Department management update procedures to require that invoices and other supporting documents be marked when paid.
Original Response	The Department agrees that accurate coding of expenditures, the collection of proper supporting documentation and minimizing the risk of duplicate payments will ensure the appropriateness of expenditures. The Department will continue to train employees as a measure of maintaining internal controls. This ongoing training includes: receiving documentation and approvals prior to payment; utilizing proper

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	accounting codes; and, reviewing voucher summary reports for accuracy, prompt payment compliance rules, and the proper use of transaction dates. And to reduce the risk of duplicate payments, the Department currently requires original invoices for payment and investigates any copy invoice that is submitted for payment. The Department will continue to analyze solutions that may further reduce the potential risk for duplicate payments.
Six-Month Follow-up Response	The Department continues to provide ongoing training for accounting staff, referencing the Department of Financial Services Guide to State Expenditures, and have also scheduled in person training sessions. This office also continues the policy of only processing original invoices for payment, all invoice copies will be researched before any payment is made.
OIG Position	<p>The Office of Inspector General (OIG) has reviewed the status response and determined that:</p> <p><input type="checkbox"/> Corrective action taken does not address the finding; therefore, the OIG will follow-up in six months.</p> <p><input type="checkbox"/> Corrective action taken partially addresses the finding; therefore, the OIG will conduct further follow-up in six months.</p> <p><input checked="" type="checkbox"/> Corrective action taken fully addresses the finding; therefore, no further follow-up will be conducted by the OIG.</p>

Finding #	7
Finding	The Department did not always document the return of state-owned property from employees separating from Department employment.
Status Date	04/07/17
Report Date	10/10/2016
Contact Person	Jon Manalo
Program/Unit	Division of Financial & Support Services
Phone Number	850-414-2077
Recommendation	Department management establish written policies and procedures requiring the timely and accurate completion of Checklists documenting the return of State-owned property by all employees separating from Department employment.

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Original Response	The Department created an off-boarding electronic system for employees who separate their employment with the State of Florida. This new system was developed September 2014 and fully implemented December 2014. The system notifies the supervisor of the separation by automatically creating emails and reports. One of the features of this system is to verify property was returned when employee leaves, is hired or changes positions within the Department.
Six-Month Follow-up Response	The Department has established written procedures requiring the timely and accurate completion of the Employee Separation Property Checklist that will document the return of the State-owned property by employees separating from the Department. In addition, the Department created an off-boarding electronic system that will alert the supervisor of the responsibility to gather the property upon separation of the employee.
OIG Position	The Office of Inspector General (OIG) has reviewed the status response and determined that: <input type="checkbox"/> Corrective action taken does not address the finding; therefore, the OIG will follow-up in six months. <input type="checkbox"/> Corrective action taken partially addresses the finding; therefore, the OIG will conduct further follow-up in six months. <input checked="" type="checkbox"/> Corrective action taken fully addresses the finding; therefore, no further follow-up will be conducted by the OIG.