

Rick Scott
GOVERNOR



Hunting F. Deutsch
EXECUTIVE DIRECTOR

FLORIDA DEPARTMENT of
ECONOMIC OPPORTUNITY

July 5, 2012

Mr. Hunting F. Deutsch, Executive Director
Department of Economic Opportunity
Suite 212, Caldwell Building
107 East Madison Street
Tallahassee, Florida 32399-4120

Dear Director Deutsch:

As required by Section 20.055(5)(h), Florida Statutes, we have prepared the attached status of corrective actions, as of July 5, 2012, taken by the Department of Economic Opportunity for findings and recommendations contained in Auditor General Audit Report No. 2012-070, *Agency for Workforce Innovation, Labor Market Statistics Center and Welfare Transition Program, Operational Audit*, issued on January 5, 2012.

In accordance with Section 20.055(5)(h), Florida Statutes, I am also copying the Joint Legislative Auditing Committee. If you have any questions, please call me at (850) 245-7141.

Sincerely,

Joseph K. Maleszewski, MBA, CIG, CIA, CISA
Inspector General

JKM/js

Enclosure

cc: Joint Legislative Auditing Committee

**Department of Economic Opportunity (DEO)
Auditor General Audit
Agency for Workforce Innovation (AWI)
Labor Market Statistics Center and Welfare Transition Program
Operational Audit
6-Month Status of Audit Findings**

Labor Market Statistics Center

Finding No. 1: Data Accuracy

AWI did not always ensure that wage data was accurately and timely reported for public usage and in accordance with Federal guidelines.

Auditor Recommendation: To ensure accurate, reliable, and useful information is provided for decision-making purposes, a data reconciliation or verification process should be implemented by management. Management should also ensure that the effectiveness of relevant IT security controls is tested on a regular basis.

DEO Response: In order to ensure that the United States Department of Labor, Employment and Training Administration' Workforce Information Database (WIDb) data is updated as required; Labor Market Statistics (LMS) has created the following process:

- Upon notification from the Information Delivery Team that data has been loaded into the WIDb, the OES program staff will perform verification that all systems that use these data have been updated with the most recent information.

- The data verification will take place quarterly after data are loaded.

DEO will ensure that a reconciliation/verification process will be developed and implemented within the Department in order to provide management with decision making information. The Labor Market Statistics Office and the Information Technology Office will work together to plan and implement these changes by September 30, 2012.

6-Month Status: DEO is verifying the data after it is being loaded. However, DEO should not have concurred with the portion of the finding of the audit related to the development and implementation of the process to provide management with decision making information. As the applications used by LMS were developed and are maintained by the United States Department of Labor, Bureau of Labor Statistics - not AWI - it would not be appropriate (or technically feasible) for the department to carry out a risk assessment on any of these applications. The department would neither be able to accurately describe the applications' security controls nor evaluate whether or not they had been implemented properly.

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Finding No. 2: Service Provider Contract

AWI did not always ensure that contract provisions were sufficient, and that service providers were in compliance with contract terms.

Auditor Recommendation: Management should ensure that contract provisions are sufficient to allow a verification that the desired services have been provided and that subcontractors are subjected to the review and approval of the agency

DEO Response: By April 1, 2012, DEO will implement a modification to its Purchasing and Contracting Policy and its Contract Checklist to include specific guidance to Contract Managers to evaluate whether an Amendment to an existing contract includes a revision to the scope of work, i.e., tasks, timelines, deliverables, payment terms, etc. If these items are evaluated to be changing with the given amendment, the Contract Manager will be required to include those modifications in the Amendment.

Finally, DEO will continue to ensure that once every two years, each Contract Manager attends the accountability in contract and grant management training conducted by the Department of Financial Services, Bureau of Auditing. This training provides clear guidance and expectations for Contract Managers, and since the implementation of the requirement for DEO Contract Managers we believe we have seen an improvement in the quality of contracts and contract management.

6-Month Status: A draft of the revised Purchasing and Contracting Policy has been created but has not been finalized. It is anticipated that a final product will be approved by December 31, 2012.

Welfare Transition Program

Finding No. 3: Monitoring Practices and Procedures – Regional Workforce Boards

AWI did not always ensure that the monitoring of Statewide workforce programs was timely completed.

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Auditor Recommendation: It was recommended that management continue its efforts to ensure that programmatic monitoring reports are issued and that necessary corrective actions are taken by RWBs.

DEO Response: In addition to current monitoring efforts taken to ensure timely preparation of monitoring reports, a timeline has been established which delineates due dates for staff preparation of reports and management review and approval prior to final report dissemination to the Regional Workforce Boards. These steps are taken to ensure timely reports and corrective action measures to make sure programs are operating in compliance with federal guidelines.

It should be noted that the two late reports occurred during the 2009-2010 program year. During that period the size of the monitoring sample was increased and the review tool was expanded to include review of the implementation of the American Recovery and Re-employment Act. This program year was also the first in two years that on-site programmatic monitoring visits were made to all 24 regional boards.

6-Month Status: As noted above, the Department has taken steps to ensure that the programmatic monitoring of the regional boards is being performed timely. Since the issuance of the audit report by the Auditor General, all of the monitoring reports have been issued timely.

Finding No. 4: Fraud, Waste, and Abuse Policies and Procedures

AWI had not established policies and procedures or training providing guidance relating to staff responsibilities relating to the detection of fraud, waste and abuse awareness.

Auditor Recommendation: It was recommended that management develop policies, procedures, and training that will aid staff in identifying instances of suspected fraud, waste, and abuse.

DEO Response: Management is currently developing policies, procedures, and training that will aid staff in identifying or reporting instances of suspected fraud, waste, and abuse. These will be implemented immediately to make sure staff is fully aware of the processes for dealing with potential fraud, waste and abuse. The agency is also working with the Department of Financial Services to establish a process for reporting suspected fraud, waste and abuse directly to the department. This should be corrected by February 2012.

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In addition, the Department of Economic Opportunity (DEO) has prepared a memo distributed to the regional workforce boards with links to two sites with information on where and how to report suspected fraud, waste and abuse. The two links are for the DEO Office of the Inspector General and the Department of Children and Families. These links will also be posted to the Workforce Services site.

The Office of the Inspector General's link:

<http://www.floridajobs.org/office-directory/office-of-the-inspector-general>

Department of Children and Families link:

<http://www.dcf.state.fl.us/access/ReportFraud/MainForm.aspx>

The DEO will make certain that regional workforce boards, vendors and participants are aware of information relative to reporting fraud, waste and abuse.

6-Month Status: As recommended by the auditors, DEO has taken steps make certain that regional workforce boards, vendors and participants are aware of information relative to reporting fraud, waste and abuse.