



**FLORIDA**


Executive  
Director

Leon M. Biegalski

September 16, 2016

**MEMORANDUM**

**TO:** Leon M. Biegalski, Executive Director

**FROM:** Sharon Doredant, Inspector General 

**SUBJECT:** Six-Month Update on Auditor General Report No. 2016-159,  
State of Florida - Compliance and Internal Controls over Financial  
Reporting and Federal Awards

As required by *section 20.55(6)(h), Florida Statutes*, attached is the Department's six-month status update for corrective actions taken in response to Auditor General Report No. 2016-159, State of Florida - Compliance and Internal Controls over Financial Reporting and Federal Awards.

If you have any questions, please contact me at 617-8152, or Marie Walker at 717-7598.

SD/ww

Attachment

cc: Andrea Moreland, Deputy Executive Director  
Tajiana Ancora-Brown, Chief of Staff  
Marie Walker, Director of Auditing  
Kathy DuBose, Coordinator, JLAC

## CORRECTIVE ACTION PLAN

Rev. 06/16

Status Date		Report No.	Report Title	
6/30/2016		2016-159	AG Financial Statement and Federal Awards	
Contact Person		Program	Process	Phone No.
Chris Butterworth		CSP	Contract Management	617-8055
Activity		Accountability		Schedule
		Responsible Unit	Coordinating Unit	Repeat Finding
				Anticipated Completion Date
				5/31/16
Finding		<p>The FDOR did not adequately ensure that the service organization's internal controls related to the State Disbursement Unit's (SDU) processing of child support obligation collections and disbursements were appropriately designed and operating effectively.</p> <p>We recommend that the FDOR ensure that service organization internal controls related to the processing of child supporting obligation collections and disbursements are appropriately designed and operating effectively.</p> <p>The new SDU contract, executed on January 8, 2016, requires the SDU contractor to obtain annual Service Operational Controls (SOC) 1 and SOC 2 audits and provide the results to the FDOR. By May 31, 2016, FDOR will develop operating procedures to require a review of the design sufficiency and operating effectiveness of its service organization's internal controls related to processing child support collections and disbursements through the SOC1 and SOC2 audit reports. The procedures will include a contractor corrective action process for any audit findings.</p> <p>The SDU contract, executed on January 8, 2016, requires the SDU contractor to obtain annual SOC 1 and SOC 2 audits and provide the results to the FDOR. Procedures implemented May 10, 2016, require contract managers to review audit reports and ensure timely and appropriate action is taken to correct any deficiencies identified.</p>		
No.	2015-029			
Date	3/30/16			
Recommendation				
Original Response				
Status Updates				
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input checked="" type="checkbox"/> Partially complete <input type="checkbox"/> Complete pending verification by OIG <input type="checkbox"/> Complete				

Status Date		Report No.	Report Title		
6/30/2016		2016-159	AG Financial Statement and Federal Awards		
Contact Person		Program	Process		Phone No.
Chris Butterworth		CSP	Contract Management		617-8055
Activity		Accountability		Schedule	
		Responsible Unit	Coordinating Unit	Repeat Finding	Anticipated Completion Date
					4/30/16
Finding		<p>The FDOR did not ensure that required subrecipient audits were completed and timely received and reviewed and that determinations were timely made regarding whether management decisions and corrective actions were required. Additionally, FDOR procedures were not sufficient to ensure that during-the-award monitoring had been completed, during-the-award monitoring results were reviewed, and follow-up was performed to ensure that the subrecipient had taken timely and appropriate action to address all cited deficiencies.</p>			
No.	2015-030				
Date	3/30/16				
Recommendation		<p>We recommend that FDOR management take necessary actions to ensure that all required subrecipient audit reports are timely received, properly and timely reviewed, and that any related management decisions are timely issued. Additionally, we recommend that FDOR management ensure that during-the-award monitoring activities are performed, the results are reviewed, and follow-up procedures are performed to ensure that the subrecipient corrected all cited deficiencies.</p>			
Original Response		<p>It is FDOR's understanding that the criteria that now governs these audits are found in the 45 CFR Part 75, Subpart F. These regulations implement the uniform guidance provided by OMB at 2 CFR Part 200, which supersedes OMB Circulars A-133, A-87, etc.</p>			
Status Updates		<p>The Department has fully implemented the Auditor General's recommendation. Internal operating procedures have been revised to ensure subrecipient quarterly audit reports, as performed by the CPA firm under contract to the Florida Association of Court Clerks, and other audits required by 45 CFR 75.352 (f) and (g) are timely received, reviewed, and a corrective action process is implemented. Procedures also include requirements related to monitoring activities and remedies for noncompliance.</p>			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially complete <input type="checkbox"/> Complete pending verification by OIG <input checked="" type="checkbox"/> Complete					

<b>Status Date</b> 6/30/2016		<b>Report No.</b> 2016-159	<b>Report Title</b> AG Financial Statement and Federal Awards	
<b>Contact Person</b> Chris Butterworth		<b>Program</b> CSP	<b>Process</b> Contract Management	<b>Phone No.</b> 617-8055
<b>Activity</b>		<b>Accountability</b>		<b>Schedule</b>
		<b>Responsible Unit</b>	<b>Coordinating Unit</b>	<b>Repeat Finding</b>
				<b>Anticipated Completion Date</b> 4/30/16
<b>Finding</b>		<p>The FDOR did not modify subaward agreements to notify subrecipients that, as of January 2015, the terms and conditions of the Federal award had been revised. Additionally, the FDOR did not obtain the Dun and Bradstreet Data Universal Numbering System (DUNS) number from subrecipients prior to issuing the subaward.</p> <p>We recommend that FDOR management ensure that subrecipients are timely notified of changes in Federal award terms and conditions and that the FDOR obtain from all subrecipients a DUNS number prior to issuing a subaward.</p> <p>By March 31, 2016, FDOR will develop internal operating procedures that ensure that subrecipients are timely notified of changes in Federal award terms and conditions. On December 19, 2014, Office of Management and Budget (OMB) regulations were revised to eliminate reference to the DUNS number which is now referred to as "unique entity identifier" (79 FR 75873). FDOR will include in its procedures the process for obtaining the subrecipient's unique entity identifier and verifying the sub-recipient is registered in OMB's System for Award Management.</p> <p>The Department has fully implemented the Auditor General's recommendations. The Department has developed internal operating procedures that ensure that subrecipients are timely notified of changes in Federal award terms and conditions. The procedures include the process for obtaining the subrecipient's unique entity identifier and verifying the sub-recipient is registered in the federal System for Award Management.</p>		
<b>No.</b>	2015-031			
<b>Date</b>	3/30/16			
<b>Recommendation</b>				
<b>Original Response</b>				
<b>Status Updates</b>				
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially complete <input type="checkbox"/> Complete pending verification by OIG <input checked="" type="checkbox"/> Complete				