



State of Florida  
Department of Children and Families

Charlie Crist  
Governor

George H. Sheldon  
Secretary

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**DATE:** December 4, 2008

**TO:** George H. Sheldon  
Secretary

**FROM:** Sheryl G. Steckler *SS*  
Inspector General

**SUBJECT:** Six-Month Status Report for Auditor General Report No. 2008-141

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In accordance with Section 20.055(5)(g), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2008-141, *State of Florida, Compliance and Internal Controls over Financial Reporting and Federal Awards For the Fiscal Year Ended June 30, 2007.*

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

Enclosures

cc: Terry Shoffstall, Staff Director, Joint Legislative Auditing Committee ✓

JLAC  
Rec'd 12/4/08

# SIX-MONTH STATUS REPORT: AUDITOR GENERAL REPORT #2008-141

## "State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards For the Fiscal Year Ended June 30, 2007"



Sheryl G. Steckler, Inspector General  
Jerry Chesnutt, Director of Auditing

*Enhancing Public Trust in Government*

Report #E-16-0708-031

December 4, 2008

### PURPOSE

The purpose of this report is to provide a written response to the Secretary on the status of corrective actions taken six months after the Auditor General published Report #2008-141, "State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2007."

### REPORT FINDINGS, COMMENTS & STATUS

Annually, the Auditor General conducts the Federal Financial Awards (FFA) audit as required by Office of Management and Budget (OMB) Circular A-133. The audit encompasses DCF programs that receive federal funds, such as foster care, adoption assistance, refugee cash and medical assistance, food stamps, TANF, and Medicaid (eligibility determinations).

Presented below are up-to-date corrective action status and comments for the eight audit findings applicable to DCF, as reported by the appropriate program staff. The comments and status, also reported to Auditor General (AG) staff in the [preliminary] Summary Schedule of Prior Audit Findings (SSPAF) prepared for the Fiscal Year (FY) Ended June 30, 2008 FFA audit are subject to verification and, as a result, may change. As part of the FFA audit, the AG publishes the final SSPAF, which identifies findings from the previous year's audit and SSPAF that were fully and/or partially corrected.

In 2006 there were ten reported findings. In the 2007 report, there were eight reported findings, five of which were repeat findings from the 2006 report. We have indicated in red after each finding those that are repeat findings from the prior year. In addition, we have attached a chart that tracks repeat findings over the past four years. We recommend that management evaluate these noncompliance issues and implement controls and/or processes necessary to resolve them.

**FINDING FA 07-043:** FDCFS did not always notify subrecipients of all required Federal award information within a reasonable period. (Repeat)

**Status (per Administrative Services staff): Corrected**

The Department provides an automated application on the Provider Audit Unit web site to assist contract managers in the preparation of the Post Award Notice (PAN) for contracts. The application instructions specify when a

notice must be prepared and amended for the contract. The application generates the notice and a transmittal letter. The grand total of the notice is then compared to the contract to ensure all funding sources have been included.

Since contracts are funded and written at the Circuit level, the PANs must be prepared in the Circuits. Preparation of the PAN is a step included on Contract Administration checklists when contracts are executed.

In 2007, we implemented a new PAN process for the Community-Base Care contracts. A completed PAN is sent to the contract manager from an automated system when any change in funding occurs. This automated process has greatly enhanced our compliance rates, as contract managers only have to forward an already completed document to their provider. We continued to conduct quality reviews of this activity during the past Fiscal Year and have seen a continuing increase in our compliance rates.

Central Office emphasized the importance of the PAN process to the Regions during the March and July 2008 Contract Administrators conference call. Emphasis was also placed on the importance of reviewing amendments to the original contracts.

**FINDING FA 07-046:** Fraudulent TANF cash assistance benefit payments may have been made.

**Status (per ACCESS staff): Corrected**

As a result of the final reports issued by the Florida Department of Law Enforcement (FDLE) and the Department's Office of Inspector General, the following measures were taken to ensure program and system integrity:

Several ad hoc reports were developed that are reviewed on a monthly basis by a team comprised of fraud prevention and policy staff. Also, on a monthly basis, an Internal Controls Workgroup meets to discuss the results of the team's findings and any related issues. In addition, on a quarterly basis, the workgroup expands to include staff from FDLE/Public Assistance Fraud (PAF) and the Department's Inspector General's office to share information.

An on-line ACCESS Security Training Package was developed and all ACCESS Florida staff completed this required training by July 11, 2008.

Effective 5/15/08, a FLORIDA system enhancement was implemented to no longer allow the same worker to create and approve a fiat. Fiats still require supervisor approval.

**FINDING FA 07-047:** *TANF cash assistance benefits were not always calculated correctly and eligibility for TANF benefits was not always adequately documented. (Repeat)*

**Status (per ACCESS staff): Corrected**

The Department examines areas affecting accuracy through Quality Management System (QMS) On-line and Management Evaluation (ME) reviews to ensure proper documentation is maintained to support client benefit levels.

In addition, the cases related to this audit finding were corrected, reconstructed, or referred to Benefit Recovery. Claims were established on those cases referred to Benefit Recovery.

**FINDING FA 07-049:** *FDCFS provided REAP benefits to individuals for whom FDCFS could not provide documentation supporting eligibility. (Repeat)*

**Status (per ACCESS staff): Corrected**

The audit findings were isolated incidents. Messages were sent to Circuit 11 about the three errors and staff were reminded about correct policy to follow. Staff located the appropriate documentation. The Office of Quality Management will be reviewing REAP more extensively during the 2009 fiscal year. Quality Assurance staff will conduct quarterly statewide REAP compliance reviews and incorporate the following as review elements: 1) the review of the case records for complete work registration forms, 2) the timely completion of eligibility reviews, and 3) availability of applications.

**FINDING FA 07-050:** *The ORR-6 Quarterly Performance Report was not always accurately prepared in accordance with applicable instructions.*

**Status (per Refugee Services staff): Corrected**

The Office of Refugee Resettlement (ORR) issued State Letter 08-02, dated December 20, 2007 regarding Revisions to the ORR-6 Performance Report. Based on the ORR State Letter, the Department of Children and Families has implemented procedures to comply with the new instructions and discontinued the previous allocation method.

**FINDING FA 07-055:** *FDCFS did not always maintain documentation to support the eligibility of children to receive Federally funded child care services. (Repeat)*

**Status (per Family Safety staff): Partially Corrected**

A document imaging program has been incorporated in the statewide automated child welfare system, Florida Safe Families Network (FSFN), and staff will be required to scan the completed Child Care Application and Authorization forms that are sent to the Agency for Workforce Innovation. Although the document imaging

function was added to FSFN as a part of Release 2a in May 2008, it is not yet available for use by staff due to an identified need to establish additional policy and design features that ensure confidentiality. It is anticipated this capacity will become available to staff within the next 9-12 months. On an ongoing basis, the administrative rules will be reviewed to identify areas of improvement in the requirements for documenting completed subsidized child care referral forms, as needed.

**FINDING FA 07-056:** *FDCFS made payments on behalf of children for which Adoption Assistance eligibility was not properly documented or who were not eligible. (Repeat)*

**Status (per Family Safety staff): Corrected**

Questioned costs paid on behalf of children whose "error" cases were identified during the audit has been recouped. Title IV-E Adoption Subsidy Operating Procedures were reviewed and revised, as necessary. The Adoption Program Manager and Rev Max Specialist conducted three regional trainings (June 2, 4, and 6, 2008) on adoption subsidy eligibility.

A memorandum was sent to the regions requesting local processes for Title IV-E adoption subsidy eligibility determination. A review of local processes was completed and included in the regional training sessions.

Two ad hoc monitorings for children with subsidies and age 18 or older were completed on several counties. Statewide annual monitoring for all children with subsidies and age 18 or older has been established.

Child Welfare Legal Services completed a review of case file court orders and the established model court orders in the statewide automated child welfare system. In addition, during regional trainings completed in June 2008, the Assistant General Counsel trained staff and attorneys regarding model court orders.

**FINDING FA 07-061:** *In some instances, FDCFS was unable to provide documentation that data exchange requests had been performed. In addition, data exchange responses were not timely processed which, in some instances, resulted in ineligible individuals remaining undetected by FDCFS.*

**Status (per ACCESS staff): Partially Corrected**

The cases cited in the audit finding were sent to Benefit Recovery.

The training managers were advised to ensure that Pre-service and In-service trainings include data exchange processing.

A service request to redesign the data exchange archive retrieval process was completed on 2/28/08. It is in the pending programming changes queue.

The table below displays repeat findings, areas of responsibility, and finding numbers for the last four FFA audits.

Finding Statement	Area of Responsibility	Finding No. in Fiscal Year Ended			
		6/30/07	6/30/06	6/30/05	6/30/04
FDCFS did not always notify subrecipients of all required Federal award information within a reasonable period.	Contract Administration	FA 07-043	FA 06-047	FA 05-041	FA 04-040
TANF cash assistance benefits were not always calculated correctly and eligibility for TANF benefits was not always adequately documented.	ACCESS	FA 07-047	FA 06-050	FA 05-063	Intentionally left blank
FDCFS did not adequately review supporting documentation for invoices submitted by the Community-Based Care agencies (CBCs) prior to approving payment.	Contract Administration	Did not Repeat	FA 06-057	FA 05-048	FA 04-062
In some instances, FDCFS was unable to provide sufficient documentation to support that individuals met the Medicaid eligibility criteria.	ACCESS	Did not Repeat	FA 06-064	FA 05-051	Intentionally left blank
FDCFS personnel did not take timely action to discontinue benefits upon notification of CSE sanctions.	ACCESS	Did not Repeat	FA 06-051	FA 05-066	Intentionally left blank
FDCFS districts and contracted Community-Based Care agencies (CBCs) did not properly document the determination of eligibility of children for which Foster Care payments were made on their behalf.	Family Safety	Did not Repeat	FA 06-056	FA 05-070	FA 04-061
FDCFS provided REAP benefits to individuals for whom FDCFS could not provide documentation supporting eligibility.	ACCESS	FA 07-049	FA 06-053	FA 05-069	FA 04-055
FDCFS did not always maintain documentation to support the eligibility of children to receive Federally funded child care services.	Family Safety	FA 07-055	FA 06-054	Intentionally left blank	FA 04-057
FDCFS made payments on behalf of children for which Adoption Assistance eligibility was not properly documented or who were not eligible.	Family Safety	FA 07-056	FA 06-058	FA 05-071	FA 04-063

Blue – Repeat from FY '06  
Red – did not repeat in FY '07

This follow-up audit was conducted as required by Florida Statute 20.055(3)(g) 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.

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