



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

*Charlie Crist
Governor*

George H. Sheldon
Secretary

DATE: November 22, 2010

TO: George H. Sheldon
Secretary

FROM: Dawn E. Case
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2010-165

In accordance with Section 20.055(5)(g), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2010-165, "*State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2009.*" The report shows the Auditor General's recommendations and the Department's status and comments, taken from representations made by management.

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

Enclosure

cc: Kathy DuBose, Staff Director, Joint Legislative Auditing Committee

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Mission: Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency



OFFICE OF INSPECTOR GENERAL

George H. Sheldon
Secretary

Enhancing Public Trust in Government

Dawn E. Case
Inspector General

Project #E-0910-015

November 22, 2010

Six-Month Status Report
STATE OF FLORIDA
COMPLIANCE AND INTERNAL CONTROLS OVER
FINANCIAL REPORTING AND FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

PURPOSE

The purpose of this report is to provide a response to the Secretary regarding the status of corrective actions taken six months after the Auditor General (AG) published "State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2009," (Report No. 2010-165).¹

REPORT FINDINGS, COMMENTS & STATUS

Annually, the AG conducts a Federal Financial Awards (FFA) audit as required by Office of Management and Budget (OMB) Circular A-133. The audit covers Department of Children and Families (Department) programs that receive federal funding. These areas include foster care, adoption assistance, refugee cash and medical assistance, Supplemental Nutrition Assistance, Temporary Assistance for Needy Families (TANF), Prevention and Treatment of Substance Abuse (SAPT), and Community Mental Health Services.

The current status of corrective actions and related comments, as reported by program staff, are presented below for the eight findings applicable to the Department². This information was reported to AG staff in the [preliminary] Summary Schedule of Prior Audit Findings (SSPAF) prepared for the Fiscal Year (FY) Ended June 30, 2010 FFA audit, and is subject to verification, which may result in changes.³

The full text of the AG's recommendations and corrective actions to date, as reported by program staff, are presented below.

RECOMMENDATION FA 09-038: *We recommend that Florida Department of Children and Family Services (FDCFS) establish procedures to consider all subrecipient expenditures when determining whether audits were required. Such policies and procedures might include requesting all subrecipients to submit to FDCFS either an A-133 audit or a certification that an A-133 audit was not required.*

Status (Internal Audit staff): *Partially Corrected*

The Department concurs that there is a necessity to ensure A-133 audit requirements are met. To that, Internal Audit staff has extensively tested subrecipient funding and found 3 instances out of the 350 tested where A-133 audits have not been provided. The funding, by DCF, to these three local governmental entities, totaled \$253,800.⁴ Contract managers were able to quickly download these three reports from the Auditor General and counties' web sites and found DCF funding was not specifically addressed in the reports and no control issues were disclosed by the auditors. Going forward, DCF is

¹ Auditor General Report No. 2010-165 was released March 26, 2010.

² A disclosure statement referencing AG Report No. 2010-066 also listed a ninth finding (FA 09-037) that did not require Department staff to provide a response or update.

³ 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.

⁴ Internal Audit will publish the results of this study as a stand-alone follow-up audit.

planning a redesign of the single audit submission process and accountability routines will be built into the system. Programming for the application is scheduled to begin within the next nine months.

RECOMMENDATION FA 09-039: *FDCFS should implement policies and procedures to require contract managers to document follow-up on corrective actions and specify a time frame for completion of corrective actions by the contractor.*

Status (per Administrative Services staff): Finding Does Not Warrant Further Action

The Department does not concur with the finding. The auditor's comment stated: "The procedures do not include a provision requiring the contract manager to document the timely follow-up on the provider's execution of the planned corrective actions."

While not included in the initial response, the Contract Evaluations Reporting System (CERS) procedures require contract managers to continually update the system to ensure timely follow-up is completed. The Office of Contracted Client Services conducts monthly quality assurance activities to ensure contract managers are keeping the updates current. The Department does not intend to create a timeframe for corrective actions as each noncompliance event merits its own assessment.

RECOMMENDATION FA 09-041: *Supervisors should recalculate the mileage reported on Vicinity Mileage Trip Logs prior to approving them and such logs should be retained. In addition, supervisors should encourage employees to request travel reimbursements in a timely manner.*

Status (per Administrative Services Staff): Fully Corrected

The Department conducted training on the preparation of travel vouchers at several locations in the field during the months of August and September 2010. This training should improve the accuracy of submitted travel reimbursement requests.

RECOMMENDATION FA 09-042: *We recommend that FDCFS take the necessary steps to ensure benefit payments are accurately determined and adjustments to the benefit amounts are made timely.*

Status (per ACCESS staff): Fully Corrected

Effective August 2010, the Department began issuing periodic reminders to staff regarding changes in age for relative caregiver cases and shelter obligations.

On July 22, 2010, the responsible circuit restored benefits to the recipient. In-service training on expected changes in relative caregiver cases was held on August 27, 2010 at the local service site where the error occurred.

In the one case cited for shelter obligation, the Benefit Recovery (BR) referral was made and the review was completed. No overpayment occurred.

The Department includes reviewing for timely and accurate benefit payments as part of its quality assurance monitoring of the Temporary Assistance to Needy Families (TANF) program.

RECOMMENDATION FA 09-044: *FDCFS should ensure that sanctions are processed timely.*

Status (per ACCESS staff): Fully Corrected

The Department agrees staff need to timely process sanctions and it monitors timeliness through its quality assurance efforts at the state and local levels. Staff shortages and an increase in workload contributed to this issue.

Effective August 2010, ACCESS staff will receive monthly reminders through FLORIDA system broadcasts to process child support sanctions timely.

The Department has established BR claims for two of the three cases cited. For the third case, a BR referral for the overpayment was completed, but a claim has not been established.

RECOMMENDATION FA 09-059: *We recommend that FDCFS improve staff compliance with established policies and procedures to ensure that eligibility is fully documented. We also recommend that FDCFS examine (Simplified Eligibility for Pregnant Women (SEPW) eligibility policies and related provisions of the Florida Administrative Code and take steps to ensure clear communication of income verification requirements. In addition, we recommend that FDCFS process data exchange responses and any related eligibility status adjustments within the established time frames.*

Status (per ACCESS staff): Partially Corrected

1. Training Issues: Training on the correct verification and case record documentation requirements for all Medicaid programs will be provided for eligibility staff.
2. Technical Issues: The on-line manual provides examples of some of the acceptable business records and forms of verification allowable for use in verification of self employment income. Staff will be directed via memo and conference calls to document in CLRC what information is used for verification of self employment income. The on-line manual will be updated to align verifications for the Simplified Eligibility for Pregnant Woman (SEPW) program with the requirements in 65A-1.704 FAC.
3. Procedural Issues: Instructions (policy transmittal C-10-07-0007) have been issued to staff regarding income verification subsequent to approval for SEPW cases when no verification is received via data matching processes.
4. The eight cases cited were referred to Benefit Recovery for review for possible overpayment.
5. This is a repeat finding and the Department agrees staff need to timely review data exchange alerts and process any related eligibility status adjustments within the established timeframes. Staff shortages and an increase in workload continue to contribute to this issue. On May 5, 2009, the Department issued policy transmittal I-09-05-0014 providing additional guidance for the work priorities for data exchanges. ACCESS staff will be provided periodic reminders to process alerts timely.

RECOMMENDATION FA 09-067: *We recommend that FDCFS ensure that amounts expended are sufficient to meet the CMHS MOE requirement. Additionally, FAHCA should periodically provide FDCFS with reports of actual expenditures to allow FDCFS to monitor total expenditures incurred to identify instances where expenditures may not be sufficient to meet the MOE requirement. In the event the MOE requirement is not met, FDCFS should timely request waivers, if appropriate, from USDHHS.*

Status (per Mental Health staff): Fully Corrected

The Department's Office of Revenue Management (ASFMR), in consultation with the Mental Health Program Office, has developed a review process for maintenance of effort (MOE). Regularly scheduled bimonthly Medicaid policy meetings with the Agency for Health Care Administration (AHCA) and the Department's Mental Health staff will include representatives from ASFMR. A discussion of the MOE will become part of the standing agenda. ASFMR will be taking initial steps to work with AHCA to establish this process over the next few weeks.

The waiver for 2009's MOE was applied for and approved on February 2, 2010, by the Substance Abuse and Mental Health Services Administration (SAMHSA). A waiver for 2010 will also be requested.

DCF and AHCA met on July 29, 2010 and began the process of developing a way of work with respect to ongoing block grant MOE projection processes, etc. Our next joint meeting is planned for December 2010.

RECOMMENDATION FA 09-068: *We recommend FDCFS ensure that independent peer reviews are completed as required by Federal regulations.*

Status (per Substance Abuse staff): Fully Corrected

A Corrective Action Plan and explanation of procedures, including activities with regard to program accreditation, was submitted to the US Department of Health & Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA). SAMHSA found our proposed methodology and procedures to be in compliance with the Independent Peer Review (IPR) requirements in statute and regulation under 42 U.S.Cx-53 and 45 C.F.R. 96.136 respectively. The letter of finding is available for review in the Substance Abuse Program Office.

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.