



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

Rick Scott
Governor

David E. Wilkins
Secretary

DATE: October 19, 2011

TO: David E. Wilkins
Secretary

FROM:  Dawn E. Case
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2011-167

In accordance with Section 20.055(5)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2011-167, "State of Florida - Compliance and Internal Controls over Financial Reporting and Federal Awards" for the Fiscal Year Ended June 30, 2010."

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

Florida Department of Children and Families

OFFICE OF THE INSPECTOR GENERAL INTERNAL AUDIT

Project #E-0910-015

Six-Month Status Report

October 19, 2011

STATE OF FLORIDA COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING AND FEDERAL AWARDS *For the Fiscal Year Ended June 30, 2010*

Purpose

The purpose of this report is to provide an update to the Agency Head 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, 2010," (Report No. 2011-167).

Report Findings, Comments and Status

Annually, the State of Florida Auditor General conducts a Federal Financial Awards (FFA) audit as required by Federal Office of Management and Budget (OMB) Circular A-133. The audit covers Department of Children and Families (Department) programs that receive federal funding. These programs include Foster Care – Title IV-E, Adoption Assistance, Refugee and Entrant Assistance, Supplemental Nutrition Assistance, Temporary Assistance for Needy Families (TANF), Prevention and Treatment of Substance Abuse (SAPT), and Community Mental Health Services, among others.

The current status of corrective actions and related comments, as reported by program staff, are presented below for the 12 findings applicable to the Department¹. This information was updated subsequent to reporting to AG staff in the [preliminary] Summary Schedule of Prior Audit Findings (SSPAF) prepared for the Fiscal Year (FY) Ended June 30, 2011 FFA audit, and is subject to verification, which may result in changes.²

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

RECOMMENDATION FA 10-001: *We recommend that FDCFS ensure that certifications are obtained from all employees working solely on SNAP.*

Status (per Administrative Services Staff): Fully Corrected

The Department obtained the appropriate documentation subsequently and has implemented additional procedures to ensure appropriate documentation is received and maintained.

¹A disclosure statement referencing AG Report No. 2010-066 also listed a thirteenth finding (FA 10-037) that did not require Department staff to provide a response or update.

² 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.

RECOMMENDATION FA 10-002: *We recommend that FDCFS take the necessary steps to ensure benefit payments are accurately determined and that caseworkers timely enter information into the FLORIDA System.*

Status (per ACCESS staff): Fully Corrected

1. In the one case cited for child support income, the Benefit Recovery (BR) referral was made and a claim was established.
- 2a. A Hearing job-aid that includes procedures to end the SNAP benefit was provided to the SUNCAP unit July 5, 2011.
- 2b. A BR referral was made for the three SUNCAP cases and claims established where appropriate.

RECOMMENDATION FA 10-38: *We again recommend that FDCFS establish procedures to consider all subrecipient expenditures when determining whether audits are required. Such policies and procedures might include requesting all subrecipients to submit to FDCFS either an A-133 audit or certification that an A-133 audit was not required.*

Status (Internal Audit staff): Partially Corrected

Additional language has been added to our standard contract audit attachment to further ensure subrecipients understand their responsibilities regarding A-133 compliance. Additionally, we are finalizing a certification methodology that will facilitate compliance.

RECOMMENDATION FA 10-41: *We recommend that FDCFS take the necessary steps to ensure benefit payments are accurately determined and that additional verification is obtained when clients provide questionable statements. In addition, we recommend that FDCFS ensure that clients are notified of the requirement to comply with CSE.*

Status (per ACCESS staff): Fully Corrected

In-service training on shelter obligations was held on August 23, 2011 at the local service site where the error occurred.

In-service training on child support cooperation was held on August 10, 2011 at the local service site where the error occurred.

For the case with the shelter obligation error, a Benefit Recovery referral was made and a claim established. For the case with the child support cooperation error, a Benefit Recovery referral was not required nor will a claim be established where the Department failed to ensure that the customer provide a required form for completion, per Policy manual passage 3620.0302.

RECOMMENDATION FA 10-042: *FDCFS should ensure that sanctions are processed timely and benefits are timely discontinued. In addition, FDOR and FDCFS should evaluate the sanction process to determine the cause of the breakdown between the sanction referral and sanction alert.*

Status (per ACCESS staff): Fully Corrected

1. The Department's research did not find any problems with the system communication between the Department and FDOR.
2. To heighten awareness, the timely processing of CSE sanctions was addressed with management on the March 2011 Program, Policy, and Operations conference call as well as with the Case Maintenance Unit (CMU) workgroup.

In-service training on CSE sanctions was held on August 17, 2011 at the CMU where the error occurred.

For all the cases, a Benefit Recovery referral was made and claims established where appropriate.

RECOMMENDATION FA 10-043: *We recommend that FDCFS ensure that actual data is reported in the required submission of final Emergency Fund data on March 31, 2011.*

Status (per Administrative Services staff): Fully Corrected

The Department has corrected this issue completely with the final submission of the final OFA 100 report to DHHS. This report will serve as the instrument to negotiate final, total ARRA TEFC award earnings applicable to the State's various TANF Emergency Contingency Funded activities. All of these programs have prior Federal approval using the OFA 100 process. The prior versions contained some estimates as well as actual information which contributed to some of the variances/issues listed in the findings. However, the final submission translates everything back to actual and gives proper delineation in the work papers to document those costs. Again, prior versions contained a hybrid of actual and estimates which were negotiated with the DHHS' Administration for Children and Families at the time of their (OFA 100) submission knowing a final-actual submission was going to occur in the future.

RECOMMENDATION FA 10-48: *FDCFS should provide additional guidance and training to staff regarding the procedures to timely correct errors detected in RMA benefit payments and timely refer potential third-party liability cases to FAHCA.*

Status (per ACCESS staff): Fully Corrected

1a. On March 15, 2011, an invoice from FAHCA showed a \$43,110.60 credit was issued to the RMA grant and the expenditures for the Medicaid Administration grant was increased by \$43,110.60. The Department paid the invoice on April 13, 2011.

1b. A Benefit Recovery referral was made.

2. The Department fulfilled its obligation to notify FAHCA on December 23, 2010. FAHCA provided the Department with the following status update of their actions on this case: The Medicaid Third Party Liability Vendor has gone as far as they can to recover any payments, as there is no mechanism to bill the organization.

RECOMMENDATION FA 10-064: *We recommend that FDCFS improve staff compliance with established policies and procedures to ensure that eligibility is fully documented. We also recommend that FDCFS bring its policy concerning the verification of a child's identity into compliance with Federal regulations. 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. Web-based training was offered to staff during August 2011. The "Tip of the Week" for souvenir birth certificates was published November 10, 2010.

The on-line manual self-employment verification exceptions policy was revised November 3, 2010.

The on-line manual was updated May 12, 2011 to provide clarification on the use of work calendars and what verifications are required at review.

2. The country of birth will be displayed on the web application Certification of Identity screen effective with the Pick a Benefit programming release scheduled for October 8, 2011.

3. Staff shortages and an increased workload continue to impact staff's ability to work all data exchange alerts timely. To abate the workload impact of these alerts, the Department provided staff with guidance for the work priorities for data exchanges through policy transmittal I-09-05-0014, dated May 5, 2009. In addition, staff now receives a monthly electronic reminder upon entering the eligibility system to timely process the data exchange alerts identified in the work priorities guidance. Through its quality assurance efforts at the state and local levels, the Department monitors the timeliness of processing data exchange alerts as well as other changes that affect eligibility.

4. For the cases cited, a Benefit Recovery referral was made and claims established where appropriate.

RECOMMENDATION FA 10-071: We recommend that FDCFS continue to correspond with SAMHSA regarding the efforts that may be made to comply with the MOE requirements. Additionally, we recommend that FAHCA periodically provide FDCFS with reports of actual expenditures to allow FDCFS to monitor total expenditures incurred and timely identify instances where expenditures may not be sufficient to meet the MOE requirement.

Status (per Substance Abuse and Mental Health staff): Fully Corrected

On November 3, 2010, FDCFS requested a waiver from SAMHSA of the MOE requirement, based on extraordinary economic conditions. FDCFS received approval of this MOE waiver request for the 2009-10 fiscal year from SAMHSA, by letter on April 26, 2011.

RECOMMENDATION FA 10-72: We recommend that FDCFS continue to correspond with SAMHSA regarding the efforts made to comply with the MOE requirements.

Status (per Substance Abuse and Mental Health staff): Fully Corrected

On September 14, 2010, FDCFS requested a waiver from SAMHSA of the MOE requirement, based on extraordinary economic conditions. FDCFS received approval of this MOE waiver request for the 2009-10 fiscal year from SAMHSA, by letter on February 8, 2011. FDCFS will continue to correspond with SAMHSA regarding efforts made to comply with the MOE requirement.

RECOMMENDATION FA 10-73: On August 30, 2010, FDCFS received correspondence from SAMHSA indicating the proposed methodology and FDCFS' current practices would meet the Program's independent peer review requirements. We recommend that FDCFS fully implement the methodology proposed in order to fully comply with the independent peer review requirements.

Status (per Substance Abuse and Mental Health staff): Fully Corrected

During the 2009-10 fiscal year FDCFS was in the process of modifying its independent peer review process into a peer-based fidelity monitoring of evidence-based programs and practices. In March 2010, FDCFS submitted a corrective action plan to SAMHSA identifying its efforts to comply with independent peer review requirements. On August 30, 2010, FDCFS received approval from SAMHSA indicating the proposed methodology and FDCFS' current practices would meet the program's independent peer review requirements. This methodology has been implemented.

RECOMMENDATION FS 10-11: *We recommend that FDCFS enhance its supervisory review procedures to ensure that amounts reported are accurately classified, complete, and in accordance with FDFS instructions. Additionally, FDCFS should ensure that any notes required by the OMB A-133 Compliance Supplement are properly included in the information submitted to FDFS.*

Status (per Administrative Services staff): Ongoing

The SEFA procedures, including the supervisory review procedures, will be enhanced to provide reasonable assurance that the amounts reported are accurately classified, complete, and in accordance with FDFS instructions. Also, the enhanced procedures will include a review of the OMB A-133 Compliance Supplement to identify required disclosures.

This follow-up audit was conducted as required by Florida Statute 20.055(5)(h) 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.