



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

Rick Scott
Governor

David E. Wilkins
Secretary

DATE: October 2, 2012

TO: David E. Wilkins
Secretary

FROM: Chris Hirst
Inspector General

A handwritten signature in black ink, appearing to read "CHirst", enclosed in a hand-drawn oval.

SUBJECT: Six-Month Status Report for Auditor General Report No. 2012-142

In accordance with Section 20.055(5)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2012-142, "State of Florida - Compliance and Internal Controls over Financial Reporting and Federal Awards" for the Fiscal Year Ended June 30, 2011."

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

Enclosure

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

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

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



OFFICE OF INSPECTOR GENERAL

David E. Watkins
Secretary

Enhancing Public Trust in Government

Chris Hirst
Inspector General

Project #E-1011DCF-292

September 28, 2012

Six-Month Status Report
STATE OF FLORIDA
COMPLIANCE AND INTERNAL CONTROLS OVER
FINANCIAL REPORTING AND FEDERAL AWARDS
For the Fiscal Year Ended
June 30, 2011

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 No. 2012-142, "State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2011."

BACKGROUND

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 Supplemental Nutrition Assistance, Temporary Assistance for Needy Families (TANF), Refugee Cash and Medical Assistance, Prevention and Treatment of Substance Abuse (SAPT), and Community Mental Health Services.

Presented below are brief descriptions of the Auditor General's findings and up-to-date corrective action status and comments for the 12 findings applicable to DCF, as reported by the appropriate program staff. An additional (disclosure) finding (FA 11-038) referenced Auditor General Report No. 2011-167 but did not require Department staff to provide a response or update. Unless subsequently updated for this report, these comments and status updates were 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, 2012 FFA audit. They are subject to verification and, as a result, may change. As part of the current year's 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.

REPORT FINDINGS, COMMENTS & STATUS

FINDING FA 11-043: *The Florida Department of Children and Family Services (FDCFS) did not have a process in place to report Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) data related to subawards subject to reporting under FFATA. In addition, FDCFS did not obtain the subrecipient's Dun and Bradstreet Data Universal Numbering System (DUNS) number prior to issuing the subaward.*

Status (Contracted Client Services staff): Fully Corrected

On April 26, 2011, the Department issued Contract Directive for Administration (CDA) 11-19 and amended Children and Families Operating Procedures (CFOP) 75-2 to reflect FFATA implementation and reporting requirements. These policies and procedures address the requirement that a DUNS number must be obtained prior to issuing any sub awards.

FINDING FA 11-044: During much of the audit period, FDCFS did not have a process to consider subrecipient expenditures from all Federal sources when determining whether subrecipient audit requirements were met. Effective May 6, 2011, appropriate procedures were adopted.

Status (per Internal Audit staff): Fully Corrected

As the auditors stated in the audit report, "effective May 6, 2011, appropriate procedures were adopted," which entailed a revised contract audit attachment. Contract management is incorporating this attachment into new contracts and existing contracts according to their amendment schedule.

FINDING FA 11-046: TANF benefits were not always paid in the correct amount and were made to an individual in excess of the lifetime limit. In addition, data exchange responses received by FDCFS were not always timely processed.

Status (per ACCESS Staff): Partially Corrected

In the two instances where the Relative Caregiver (RCG) payment was incorrect, the Department completed the following: Held in-service trainings on (1) processing expected changes in age for RCG cases and (2) Relative Caregiver (RCG) eligibility criteria with a focus on correctly determining when a RCG child is adjudicated dependent on August 20 and 24, 2012, respectively, at the local service sites where the errors occurred.

The Department is also exploring a system enhancement for RCG cases to auto-update the increase to the payment standard when the child ages into another payment level age group and terminate benefits when the child ages out of the RCG program.

In the one instance where benefits exceeded the 48-month lifetime limit without a hardship approval, training on time limit policy was held on August 9, 2012 at the local site where the error occurred.

Benefit Recovery referrals were made for the two cases with possible overpayments.

The Department has established work priorities for the processing of data exchanges in policy transmittal I-09-05-0014. Not all of the three cases cited had a data exchange that is identified as a priority in this policy transmittal. Periodic reminders via FLORIDA system broadcasts will be provided to staff to process alerts timely according to the work priorities in this policy transmittal. The Department is working on a system enhancement that would filter out duplicates for certain Data Exchanges, which would significantly reduce the workload and ease the ability for staff to identify and process priority Data Exchanges as identified in the work priorities policy transmittal I-09-05-0014. Target completion date is 12/31/12.

FINDING FA 11-048: FDCFS reported incorrect information on the ACF-199 TANF Data Report.

Status (per ACCESS staff): Fully Corrected

The programming has been corrected for the "Number of Months Countable Toward Federal Time Limit" field in the report. The Department performs a quality control check of the report to ensure the accuracy of the information reported. The "Number of Months Countable Toward Federal Time Limit" field was added as a part of the fields in the quality control check effective March 16, 2012.

FINDING FA 11-049: FDCFS failed to timely impose Florida Department of Revenue (FDOR) Child Support Enforcement (CSE) sanctions on uncooperative TANF recipients.

Status (per ACCESS staff): Partially Corrected

Regarding the instances where the sanction referrals were sent by FDOR but not received by the Department, system fix will be put into place to ensure that the Department receives all FDOR sanction referrals. In addition, the Department is working on a system enhancement that would filter out duplicates for certain Data Exchanges, which would significantly reduce the workload and ease the ability for staff to identify and process priority Data Exchanges (per work priorities policy transmittal I-09-05-0014), which include child support sanction referrals. Target completion date is 12/31/12.

A mandatory statewide training on timely processing and imposing child support sanctions including a supervisory component for monitoring and enforcing compliance will be provided to all ACCESS staff up to the supervisory level by 11/30/2012.

The Department will publicize, monitor, and enforce compliance with timely imposing sanctions via the Data and Reports Overdue Data Exchange report effective 8/2012: Two CSE performance indicators were added to the Department's Deputy Secretary's Weekly Key Indicators performance report (scorecard) effective 8/2/12. An informational memo will be provided by 10/2012 to inform the Regional

ACCESS Directors of the Corrective Compliance Plan and the corrective actions that must be taken to come into compliance.

The Department will require regional corrective action plans as part of the Management Evaluation Operational Reviews effective 10/2012.

A child support sanction targeted sample will be uploaded in the statewide electronic case review system (QMS) for staff to review cases and immediately correct those in error. Target implementation is 12/31/2012. Staff will manually add cases in QMS effective 10/2012 until the sample is auto-populated.

A Benefit Recovery referral was made on all relevant cases.

FINDING FA 11-50: FDCFS did not impose on a client who was receiving TANF benefits, the correct sanction for noncompliance with work activity requirements.

Status (per ACCESS staff): Partially Corrected

In the one instance where the Department did not impose the correct sanction level, a training emphasizing its importance was requested for the local site where the error occurred. Target completion date is 9/27/12.

A Benefit Recovery referral was made for the case.

FINDING FA 11-51: FDCFS did not accurately report on the TANF Emergency Fund Request Form, actual expenditures for basic assistance and non-recurrent short-term benefits.

Status (per Financial Management Staff): Partially Corrected

The Department has not received final guidance from the Federal government to date. The Department will submit its final OFA100 close-out amounts upon receipt of final guidance.

FINDING FA 11-055: FDCFS was unable to provide sufficient documentation to support the amount of Refugee Cash Assistance (RCA) paid to a REAP client.

Status (per ACCESS staff): Fully Corrected

In the one instance where the Department could not support the homeless status of a client, in-service training on determining and documenting whether a customer meets the definition of homeless was held on August 29, 2012 at the local site where the error occurred.

A Benefit Recovery referral was made for the case.

FINDING FA 11-056: FDCFS did not prepare the ORR-6 Performance Report for the trimester ending January 31, 2011, in accordance with applicable instructions.

Status (per Refugee Services staff): Fully Corrected

FDCFS has developed procedures that describe the methodology used to produce data for each item on the ORR-6 report. Procedures also require that supervisors use a quality assurance check list to review work papers. This process will identify possible errors or questionable data results.

FINDING FA 11-057: FDCFS did not ensure that adequate information technology security controls had been established for the Refugee Services Database System Application (RSDS).

Status (per Refugee Services staff): Fully Corrected

FDCFS has developed a procedure to document that security access controls are in place so only authorized individuals (both provider and Refugee Services staff) have access to RSDS data. The security controls are based on existing Departmental procedures. The security access request includes a signed Security Agreement form noting completion of the required security awareness training prior to authorizing RSDS access. Procedural language and "Security Access Request Form" are included in our contracts with providers.

FINDING FA 11-068: FDCFS did not terminate eligibility for a Medicaid recipient who was no longer a resident of the State. As a result, Florida Agency for Health Care Administration (FAHCA) made capitation payments on behalf of the recipient during the time the recipient was not a Florida resident.

Status (per ACCESS staff): Partially Corrected

In the one instance where the client was no longer a Florida resident, the client did not report moving out of state nor did the receiving state report that the client was receiving Medicaid there. The Department will

put the following activities in place that will aid in identifying clients who may have left the state without reporting their move so that the Department can take the necessary actions to close the cases.

- Automation of the Public Assistance Reporting Information System (PARIS) match report – Target completion date is 12/31/12.
- Identification Verification Authentication project which would flag questionable addresses – Target implementation date is 1/1/13.
- Employ use of address confirmation software – Target implementation date is 10/1/12.

A Benefit Recovery referral was made for the case.

FINDING FA 11-075: FDCFS did not meet the SAPT maintenance of effort (MOE) requirement for the 2010-11 fiscal year.

Status (per Substance Abuse and Mental Health Services staff): In-Progress

The Department submitted a request for a MOE Waiver on December 27, 2011. On January 26, 2012, the Department forwarded an updated analysis to Substance Abuse and Mental Health Services Administration (SAMHSA), as requested. The Department communicated with SAMHSA on June 7, 2012, and most recently on September 6, 2012, requesting an update on the status of the MOE Waiver. The request is still under review by SAMHSA's Office of General Counsel. The Department will be advised when there is a determination.

This follow-up audit was conducted as required by Florida Statutes 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.