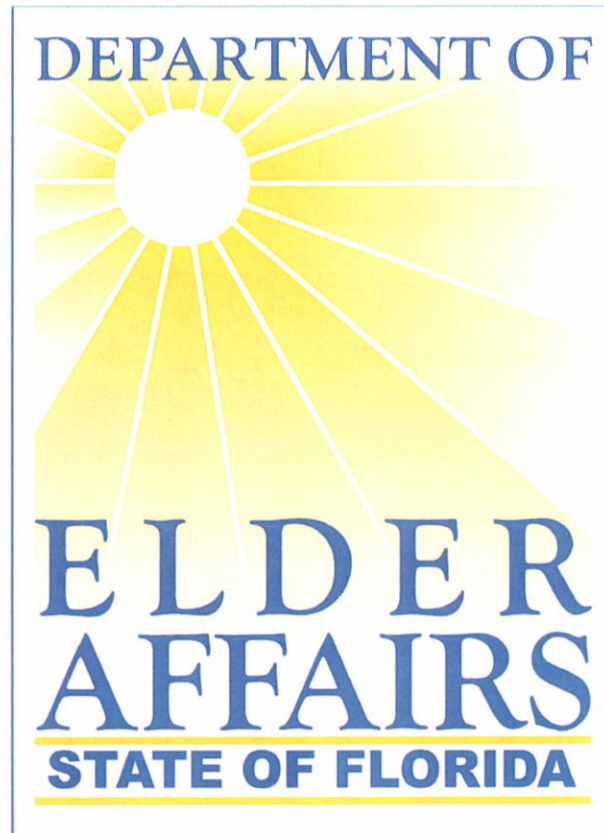


FLORIDA DEPARTMENT OF ELDER AFFAIRS

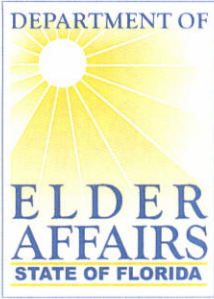


ANNUAL REPORT FISCAL YEAR 2011-2012

TAROUB J. KING
INSPECTOR GENERAL

CHARLES T. CORLEY
SECRETARY

OFFICE OF INSPECTOR GENERAL



September 17, 2012

Charles T. Corley, Secretary
Department of Elder Affairs
4040 Esplanade Way
Tallahassee, Florida 32399-7000

RICK SCOTT
GOVERNOR

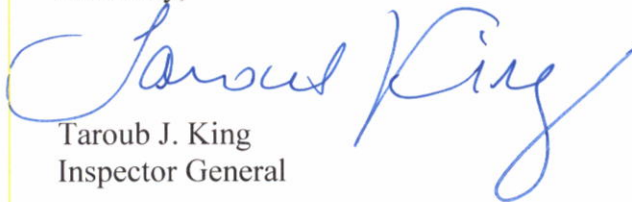
Dear Secretary Corley:

In accordance with Section 20.055(7), Florida Statutes, enclosed is the annual report of the major work efforts and activities in the Office of Inspector General under the direction of former Inspector General Stanley J. Behmke for Fiscal Year 2011-2012.

The Office of Inspector General looks forward to serving you in the future. We will also continue to work with Departmental management and staff to promote our mission of providing independent, objective assurance and consulting services designed to add value and improve the agency's operations. Thank you for your continued support of our efforts.

CHARLES T. CORLEY
SECRETARY

Sincerely,



Taroub J. King
Inspector General

Enclosure

CC: Auditor General
Chief Inspector General

4040 ESPLANADE WAY
TALLAHASSEE, FLORIDA
32399-7000

phone 850-414-2000
fax 850-414-2004
TDD 850-414-2001

<http://elderaffairs.state.fl.us>

TABLE OF CONTENTS

INTRODUCTION

Background.....	1
Office of Inspector General.....	1
Inspector General Responsibilities.....	2

ORGANIZATION PROFILE

Staff Qualifications.....	3
Training.....	3
Organizational Chart.....	4

AUDIT ACTIVITIES

Internal Audits.....	5
External Audits.....	7

PRELIMINARY INQUIRIES AND INVESTIGATIONS

Preliminary Inquiries.....	9
Investigations.....	11

OTHER ACCOUNTABILITY ACTIVITIES

Special Projects.....	12
-----------------------	----

INTRODUCTION

BACKGROUND

The Florida Department of Elder Affairs is the agency constitutionally designated by Florida voters to “serve as the primary state agency responsible for administering human services programs for the elderly...” (Section 430.03 Florida Statutes). Its purpose is to serve elders in every aspect possible to help them keep their self-sufficiency and self-determination.

The agency administers a variety of innovative programs and services that empower elders to age in place with dignity, security, and purpose in an elder-friendly environment.

The majority of programs administered by the Department are privatized. Over 94 percent of its budget goes to services provided primarily by non-profit agencies and local governments under contract through the state’s 11 Area Agencies on Aging (AAAs), which are mandated by the federal Older Americans Act.

OFFICE OF INSPECTOR GENERAL

On October 1, 1994, Chapter 94-235 Laws of Florida took effect and created in all state agencies an Office of Inspector General (OIG). The qualifications for the Inspector General, and the specific duties and responsibilities of the OIG, are mandated and described in Section 20.055, Florida Statutes.

The Office of Inspector General is an essential component of executive direction in the Department of Elder Affairs; it provides independent, objective assurance and consulting activities designed to add value and improve agency operations.

The OIG provides a central point for coordination of, and responsibility for, activities that provide accountability, integrity, and efficiency in government.

The OIG conducts audits, investigations and other accountability activities for the purpose of promoting economy and efficiency to prevent and detect fraud or abuse in programs and operations carried out or financed by the Department.

The OIG ensures effective coordination and cooperation between the Florida Auditor General, the Office of Program Policy Analysis and Government Accountability, and federal auditors to avoid duplication of services.

Pursuant to state statute, the Inspector General reports directly to the agency Secretary. The OIG has full, free, and unrestricted access to all Departmental activities, records, data, and property, and may request any other information it deems necessary to carry out audit assignments or investigations as needed.

OIG employees stay up to date with current trends in internal auditing and maintain professional proficiency through membership in various industry associations, participation in conferences, and attendance in relevant training or continuing professional education programs.

Section 20.055, Florida Statutes, requires that each inspector general submit to the department Secretary an annual report, not later than September 30 of each year, summarizing its activities during the preceding state fiscal year. This report includes, but is not limited to:

- A summary of each audit and investigation completed during the reporting period;
- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period; and,
- A description of recommendations for corrective action made by the OIG during the reporting period with respect to significant problems, abuses, or deficiencies identified.

This report is presented to the Secretary in accordance with the statutory requirements and to describe how the OIG accomplishes its mission as defined by Florida Law.

INSPECTOR GENERAL RESPONSIBILITIES

The specific duties and responsibilities of the Inspector General according to Section 20.055(2), Florida Statutes, include:

- To assess the reliability and validity of the information provided by the department on performance measures and standards, and make recommendations for improvement, if necessary;
- To review actions taken by the department to improve program performance, to meet program standards and, if necessary, make recommendations for improvement;
- To supervise and coordinate audits, investigations and management reviews relating to the programs and operations of the department;
- To conduct, supervise or coordinate other activities carried out or financed by the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- To keep the department head informed concerning fraud, abuses and deficiencies relating to programs and operations administered or financed by the department, recommend corrective action and report on the implementation of the corrective actions;
- To review, as appropriate, rules relating to the programs and operations of the department and make recommendations concerning their impact;

- To maintain an appropriate balance between audit, investigative and other accountability activities;
- To monitor the implementation of the department's response to Auditor General audits; and
- To receive complaints and coordinate department activities as required by the Whistle-blower's Act and/or the Chief Inspector General.

ORGANIZATION PROFILE

STAFF QUALIFICATIONS

OIG staff members have background and experience in a wide variety of disciplines that include accounting, auditing, program evaluation, management, and communications. They have professional certifications and participate in a number of professional organizations to maintain proficiency in the areas of their profession. Below is a summary of the professional affiliations and certifications maintained by OIG staff members:

AFFILIATIONS:

- Association of Inspectors General
- Institute of Internal Auditors
- Florida Chapter, Association of Inspectors General
- Information Systems Audit and Control Association
- Association of Government Accountants

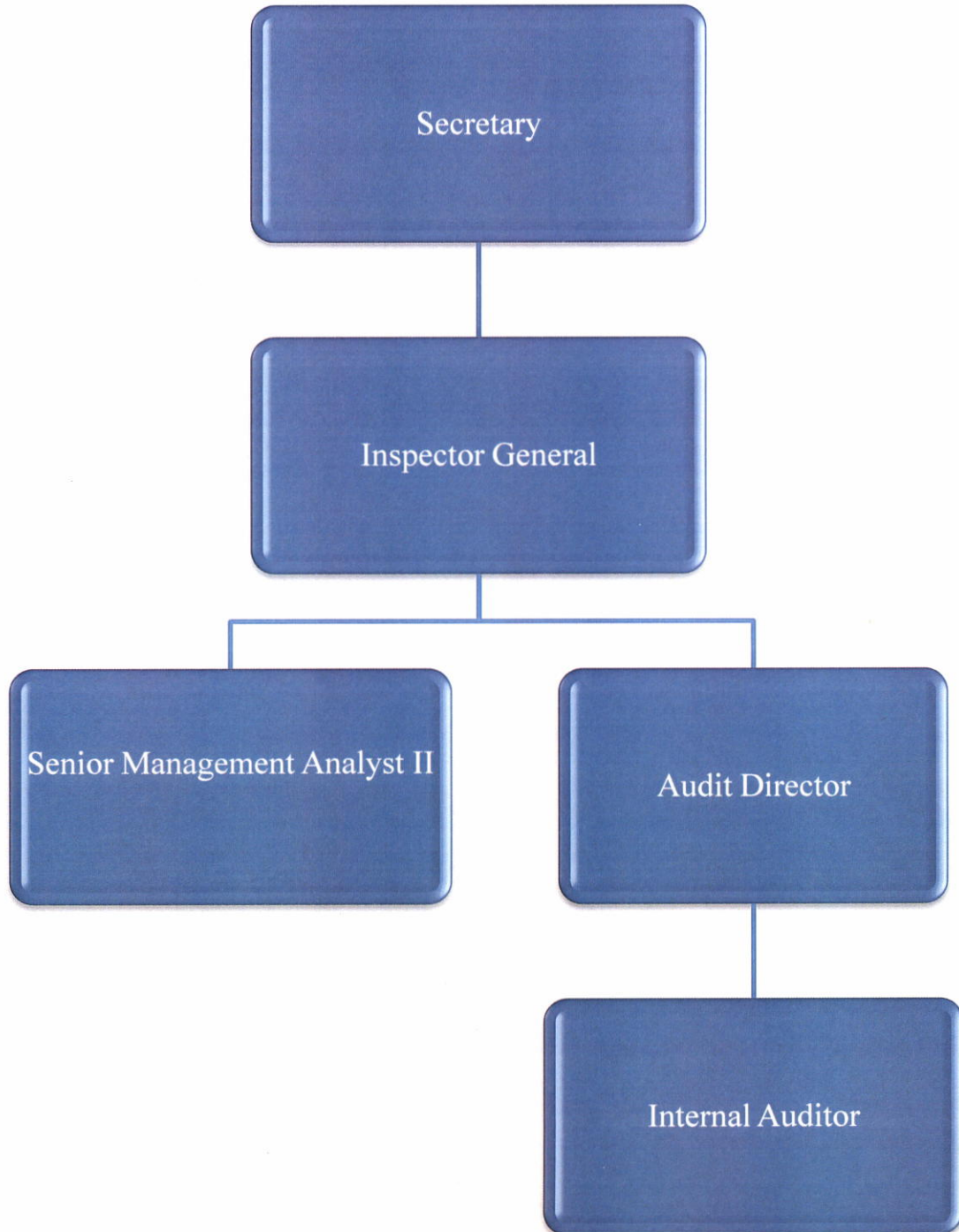
CERTIFICATIONS:

- 2 Certified Internal Auditors
- 1 Certified Inspector General
- 1 Certified Information Systems Auditor

TRAINING

The Association of Inspectors General specifies that each staff member who performs investigations, audits, inspections, evaluations, or reviews shall receive at least 40 hours of continuing professional education every two years that directly enhances the person's professional proficiency. Internal audit staff maintains professional proficiency by completing at least 80 hours of continuing education every two years. Staff members attend courses, webinars, and audio conferences throughout the year to fulfill these training requirements.

**FLORIDA DEPARTMENT OF ELDER AFFAIRS
OFFICE OF INSPECTOR GENERAL
ORGANIZATIONAL CHART
(AS OF JUNE 30, 2012)**



AUDIT ACTIVITIES

The Office of Inspector General maintains an activity tracking system in the “Integrated Internal Audit Management System” housed at the Florida Department of Children and Families in the Northwood Data Center. This database is used to record and manage all OIG activities and has enabled the office to go paperless.

All OIG projects are categorized into three classifications: 1) audits [internal and external], 2) preliminary inquiries and investigations, and 3) other accountability activities [special projects and consulting activities]. In accordance with Section 20.055(2)(i), Florida Statutes, the Inspector General ensures that an appropriate balance is maintained between these three categories.

INTERNAL AUDIT SECTION OVERVIEW

The purpose of the Internal Audit Section is to help the Department accomplish its objectives by providing management with independent and objective reviews and consultation regarding risk management, control and governance processes of financial, operational, information technology, and other relevant areas. Analyses, appraisals, and recommendations related to reviews of program areas and processes are furnished to management and other Department employees to assist them in effectively managing their areas of responsibility.

Internal audit activities are performed in accordance with *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors, and *General Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General. Internal audits completed in Fiscal Year 2011-2012 contained recommendations for improvements in internal controls and offered enhancements to Departmental operational policies and procedures.

INTERNAL AUDITS

LONG-TERM CARE COMMUNITY DIVERSION PROGRAM AUDIT DOEA Report # A-1011DEA-023

The objective of this audit was to evaluate the adequacy and effectiveness of controls surrounding the quality assurance and monitoring processes of the Long-Term Care Community Diversion Program. As part of this evaluation, we examined the Department’s internal controls,

efficient use of resources, and compliance with related laws, regulations, and Department policies and procedures for the Long-Term Care Community Diversion Program.

The scope of this audit focused on the Long-Term Care Community Diversion Program for the period of July 1, 2010 to April 30, 2011. Background work on this engagement was initiated in Fiscal Year 2010-2011, but the audit was not completed until Fiscal Year 2011-2012.

SUMMARY OF FINDINGS

- The Department does not have a process to electronically assemble and analyze all available data when conducting the risk assessment step in the development of its monitoring plan.
- Diversion monitoring needs improvements, better segregation of duties, and additional resources.
- Duplicate enrollee Medicaid payments were made to diversion providers.
- The Department can enhance its fiscal reviews of diversion providers by obtaining and analyzing additional readily available financial information.

RECOMMENDATIONS

- The Department should establish a process to electronically capture and coordinate data analysis between the Client Information & Registration Tracking System (CIRTS), encounter data, care plans, and service provider listings for managed care programs to better assess risks and quality of care to enrollees and the proper delivery of services by providers.
- The Department should take appropriate action to better segregate contract monitoring functions from contract managers to enhance independence and objectivity of the monitoring process.
- The Long-Term Care Diversion Program monitors should increase the number of enrollee visitations to a level that is statistically significant to provide program management with better reliance on this important monitoring tool.
- The diversion program should create a master spreadsheet and/or database for comparing past invoices with current invoices from the Agency for Health Care Administration (AHCA) to provide an edit check for possible duplicate payments by examining the entire population of enrollees, the time period for the payments, and a comparison with past payments to ensure that there are no duplicate payments for the same time period.
- The diversion program should include a review of any publicly traded parent company's 10-K filings as an additional control of any Medicaid-related issues that may affect the diversion program.

CONTRACT MONITORING AUDIT DOEA REPORT # A-1112DEA-013

Contract monitoring is an essential part of the procurement process for the State of Florida. It helps protect taxpayer dollars and ensure that contracted services and goods are delivered in accordance with contract terms. Sound policies and procedures for contract monitoring are necessary to efficiently and effectively manage the billions of dollars spent each year by State of Florida agencies. The OIG examined the Department's current Fiscal Year 2011-2012 policies, procedures, and processes for monitoring contract agreements for services.

During the course of our field work, we determined that the contract policies and procedures complied with state laws, rules, and other regulatory requirements. Furthermore, we noted several risks and areas for improvement which emphasize implementation of best practices for the contracting process.

SUMMARY OF FINDINGS

- Internal policies and procedures for the contracting process need consolidation.
- Contract management training needs improvement.

RECOMMENDATIONS

- The Department should create a central repository on the intranet which contains all the necessary Department policies and procedures, templates, and forms pertaining to contract administration, management, and invoicing and payment processing.
- The Department should establish an annual internal training program for all staff involved in the contracting process. We further recommended that the updating of position descriptions for those related to the contracting process to include at a minimum a requirement to maintain continuing professional education and training in the contracting process, as deemed appropriate by the Department.

EXTERNAL AUDITS

The Office of Inspector General coordinates internal and external audit engagements to ensure adequate audit coverage and to minimize duplication of efforts. In addition, it monitors and assesses any corrective action taken by the Department in response to recommendations made by the Auditor General, the Office of Program Policy Analysis and Government Accountability (OPPAGA), and federal auditors. A summary of significant external audit engagements conducted in Fiscal Year 2011-2012 follows.

AUDITOR GENERAL REPORTS

FEDERAL AWARDS AUDIT REPORT NO. 2012-142, MARCH 2012

As a condition of receiving federal funds, the U.S. Office of Management and Budget (OMB) requires, as described in OMB Circular A-133, an audit of the State's financial statements and major federal awards programs. Pursuant to Section 11.45, Florida Statutes, the Auditor General conducted an audit of the basic financial statements of the State of Florida as of and for the fiscal year ending June 30, 2011.

The objectives of the audit were to express an opinion on the State's compliance with requirements applicable to each major federal program and an opinion on whether the State of Florida, Schedule of Expenditures of Federal Awards is fairly presented in all material respects in relation to the State's basic financial statements taken as a whole.

Numerous state agencies were cited in the report, some for a number of control or compliance issues, but none of the findings contained in the final report related to the Department of Elder Affairs.

CONSUMER-DIRECTED CARE PLUS PROGRAM, AGING RESOURCE CENTERS, AND PRIOR AUDIT FOLLOW-UP OPERATIONAL AUDIT REPORT NO. 2012-135, MARCH 2012

In November 2010, pursuant to Section 11.45, Florida Statutes, the Auditor General initiated an operational audit of the Department of Elder Affairs for the period July 1, 2009 - February 28, 2011.

The general objectives of the audit were to evaluate, for selected topics, management's performance and the effectiveness of established internal controls in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic and efficient operation of the agency; the reliability of records and reports; and the safeguarding of assets.

This operational audit of the Department of Elder Affairs focused on the Consumer-Directed Care Plus (CDC+) Program and the operations of Aging Resource Centers (ARCs) and also included a follow-up on prior audit findings.

SUMMARY OF FINDINGS

- The Department was not always timely in requesting background screenings for CDC+ Program direct service providers. In addition, the Department did not always ensure that background screenings for CDC+ Program direct service providers were free of disqualifying offenses.
- The Department did not always maintain consumer cash purchases documentation to demonstrate that the amounts expended were for authorized purposes. In addition, instances were noted in which cash payments were made to consumer representatives after the consumers had left the program.
- The data captured in the ARCs' call-tracking system lacked the quality and consistency needed to allow the Department to perform meaningful analysis of the data for the purpose of ensuring that consumers were referred in an effective and timely manner.
- The ARCs did not always follow up on consumer contacts within the required timeframes. Also, ARC-subcontracted providers enrolled consumers, which increased the risk for conflicts of interest in the assessment of the need for particular services for consumers.
- Department management of the Client Information and Registration Tracking System (CIRTS) access privileges needed improvement.
- Certain security controls protecting CIRTS data and Department Information Technology (IT) resources needed enhancement.

MULTI-AGENCY OPERATIONAL AUDIT – ELIGIBILITY DETERMINATION

In December 2011, pursuant to Section 11.45, Florida Statutes, the Auditor General initiated a multi-agency operational audit of the State's public assistance eligibility determination process, which included the Department of Elder Affairs for the period July 1, 2012 - January 31, 2012.

At the time of this report, the audit team is still conducting audit testing and no preliminary and tentative findings have been released.

PRELIMINARY INQUIRIES AND INVESTIGATIONS

The Office of Inspector General (OIG) is responsible for conducting investigations regarding violations of laws, policies, procedures, rules, and regulations. The OIG must comply with the provisions of the Whistle-blower's Act and conduct investigations accordingly.

Inquiries may be initiated as a result of information from state employees, private citizens, federal agencies, legislators, the Department Secretary, or any other person with concerns about the integrity of the Department's operations or its employees.

The OIG is responsible for investigating waste and abuse involving employees, vendors, contractors, or consultants, and it monitors complaints against the Department on both the Governor's Whistle-blower Hotline and the Comptroller's Get-Lean Hotline.

PRELIMINARY INQUIRIES

HOPE DAY CARE

#P-1112DEA-009

The Department received a complaint alleging that a subcontracted agency failed to reimburse a provider for services previously rendered. The provider was seeking reimbursement for the periods of December 2010-March 2011. Based on the information obtained from the subcontractor, the provider was reimbursed for the eligible services provided through March 31, 2011.

EMPLOYEE MISCONDUCT

#P-1112DEA-011

The Department received a potential Whistle-blower complaint from a former employee alleging misconduct regarding a former supervisor. The allegations made by the former employee did not meet the requirements for Whistle-blower status, but the allegations were reviewed (See #S1112DEA-014).

PERSONAL HEALTH INFORMATION

#P-1112DEA-024

The Department was notified by the Inspector General at the Agency for Health Care Administration (AHCA) that letters regarding critical changes to the Medicaid laws were being sent to waiver clients' homes. There was speculation that the clients' personal health information (PHI) was misused in order to obtain the clients' mailing addresses.

SERVING HEALTH INSURANCE NEEDS OF ELDERS (SHINE)

#P-1112DEA-029

The Department was forwarded a complaint from the Department of Children and Families (DCF) alleging that Adult Protective Services (APS) reporter data had been improperly released. The complainant received services from one of the Department's Serving Health Insurance Needs of Elders (SHINE) employees. The SHINE employee provided Medicare and health insurance counseling services to the senior via telephone and obtained verbal approval to acquire personal health information as part of this assistance. Over the course of time, the SHINE employee became concerned about the complainant's welfare because the phone conversations suggested the possibility of self-neglect. The SHINE employee properly consulted the Bureau of Elder Right's Office to determine if APS should be contacted. The Bureau of Elder Rights agreed and APS was notified. The complainant had concluded that the SHINE employee had contacted APS and confronted the employee on this matter. Department procedures were followed, and we found no evidence of inappropriate disclosure of APS reporter information.

INVESTIGATIONS

LITTLE HAVANA ACTIVITIES AND NUTRITION CENTERS OF DADE COUNTY, INC. (LHANC)

#I-1112DEA-023

A complainant provided information to the Department alleging possible wrongdoing by individuals at Little Havana Activities and Nutrition Centers of Dade County, Inc. (LHANC). It was determined the complainant did not have direct knowledge of matters alleged, rather, according to the complainant, the complainant relied on information supplied by an anonymous source who refused to come forward or be identified. In consultation with the Executive Office of the Governor's Chief Inspector General, the complainant was granted Whistle-blower designation, and an investigation was initiated by the Department's Office of Inspector General.

The Whistle-blower alleged that LHANC did not follow proper competitive bidding procedures when awarding the building contracts for two fixed capital outlay (FCO) grants; that the winning bidder for both FCO projects was told the amount to bid in order to beat any competing submission; and that the winning bidder was the son-in-law of the President and Director of LHANC.

During the course of the investigation, no evidence was found to indicate that either the architect or construction firms were told what amount to bid at the first senior center. The construction bid for the second senior center had not yet been awarded.

It was determined that LHANC failed to follow a competitive bidding process in awarding the architect contract for the second senior center, as required by Section 287.055, Florida Statutes. The Director of LHANC asserted that he was advised that there was no requirement to bid for the architect. However, no evidence was found that the Department amended the Memorandum of Understanding (MOU) granting any waiver to the requirements of the MOU.

While the son-in-law was awarded a project manager contract as a result of a competitive process, the documentation of the selection/request for approval LHANC sent to the Miami-Dade County Department of Housing and Community Development did not clearly identify the relationship between both individuals.

The matter of LHANC's failure to follow a system of competitive bidding for the award of the architect contract at the second senior center was referred to the Department's Office of General Counsel for consideration and appropriate action.

OTHER ACCOUNTABILITY ACTIVITIES

SPECIAL PROJECTS

The Inspector General provides advisory and consulting services to all areas of the agency. The OIG and Department management agree on the nature and scope of these activities, which are designed to add value and improve agency operations.

The OIG conducted a variety of other accountability activities in Fiscal Year 2011-2012, including but not limited to, continuing self-assessment, legislative monitoring, agency-wide risk assessment, continuous training needs assessment, and numerous other special projects. Following is a summary of some of the higher priority projects.

COMPREHENSIVE ASSESSMENT & REVIEW FOR LONG-TERM CARE SERVICES (CARES)

#S-1112DEA-014

At the request of the Secretary, the Office of Inspector General conducted an independent review to address the number and variety of issues raised regarding CARES staff and management. We opened a special project to identify the areas of conflict between CARES and the Bureau of Human Resources (HR). We endeavored to identify specific disagreements, unveil the risks to the Department that they created, and provide recommendations on how to address some of the most significant problems disclosed in the review. We recommended that senior management conduct a management review of the Bureau Chief of Human Resources position to determine if the span of control is appropriate to effectively and efficiently manage both the HR and General Services Bureaus.

INFORMATION TECHNOLOGY (IT) MOBILE TECHNOLOGY ENTERPRISE PROJECT #S-1112DEA-016

The Information Technology (IT) Mobile Technology Enterprise Project was performed as a result of the Chief Inspector General's Enterprise Project Plan. Due to the potential high risk to the enterprise, the IT mobile technology topic was selected as a project in the plan. Our Office of Inspector General cooperated with the Chief Inspector General in this project. This project covered the current State of Florida information technology governance framework and use of mobile computing with various mobile devices.

The objectives of the project were to identify statewide trends for mobile computing; identify best practices by evaluating mobile computing uses within each agency; determine if the enterprise has defined, established, and maintained a mobile computing framework; and to determine how each Department has implemented this framework.

Two surveys were distributed: one to each Department's Chief Information Officer (CIO) and one to all Department employees. The survey responses revealed that agency-owned mobile computing devices were the devices primarily used within the enterprise, and a trend has begun with the use of personally-owned devices. Mobile devices such as smartphones, tablets, and cellphones are being tested and implemented by CIOs to improve business operations, ensure continuity of operations, and reduce costs.

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FOLLOW-UP REVIEW #S-1112DEA-018

The scope of this review focused on the Department's internal controls to ensure that the funds received were accountable and transparent. The Florida Department of Elder Affairs was awarded four grants that totaled over \$9.6 million. The Department funded four programs with these grants: congregate nutrition services, home-delivered meals, Senior Community Service Employment Program (SCSEP), and ARRA Chronic Disease Self-Management Program (CDSMP). After concluding the review of the funds received from ARRA, there were no significant risks identified. The Office of Inspector General considered ARRA a low risk area for the Department. The Department has adequate controls to ensure that the funds received were accountable and transparent.

2011 IT RISK ASSESSMENT #S-1112DEA-020

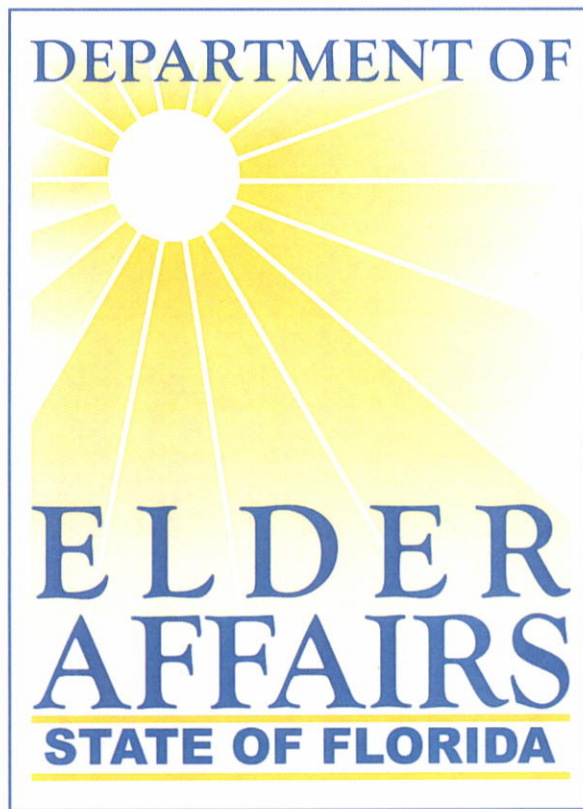
Pursuant to Section 282.318 (4) (c) and (f), Florida Statutes, each agency is required to "conduct, and update every 3 years, a comprehensive risk analysis to determine the security threats to the data, information, and information technology resources of the agency," and to "ensure that periodic internal audits and evaluations of the agency's security program for the data, information, and information technology resources of the agency are conducted." The Department's Information Security Manager coordinated the effort of answering the survey and assembling the supporting documentation. The Department's Inspector General staff reviewed the completed assessments and verified the reasonableness of the responses. The Department head reviewed and signed the assessment that was submitted to the Agency for Enterprise Information Technology (AEIT).

STATEWIDE PUBLIC GUARDIANSHIP OFFICE (SPGO) #S-1112DEA-022

A review was initiated after a complaint was received regarding the quality of the training manual developed for the Statewide Public Guardianship Office (SPGO). The complainant alleged the manual was poorly written, contained incorrect information, and had several typographical errors. The complainant suggested that the Department wasted funds having the manual created. The training manual was reviewed, and interviews were held with SPGO staff and trainers. Overall, the SPGO staff and trainers were satisfied and supported the content of the training manual.

SERVING HEALTH INSURANCE NEEDS OF ELDERS (SHINE)
#S-1112DEA-026

At the request of the Secretary, the Office of Inspector General reviewed the SHINE program to identify options for reducing costs and improving the current model of providing information, counseling, and enrollment assistance to Medicare beneficiaries. Our review was initiated with the primary objective of providing Department management with a range of alternatives for managing the SHINE program, including options from enhancing the current program to a centralized operational model managed by the Department. The options attempted to identify ways to increase efficiency by decreasing both program and administrative costs.



OFFICE OF INSPECTOR GENERAL
4040 ESPLANADE WAY
TALLAHASSEE, FLORIDA 32399
850-414-2000

<http://elderaffairs.state.fl.us>