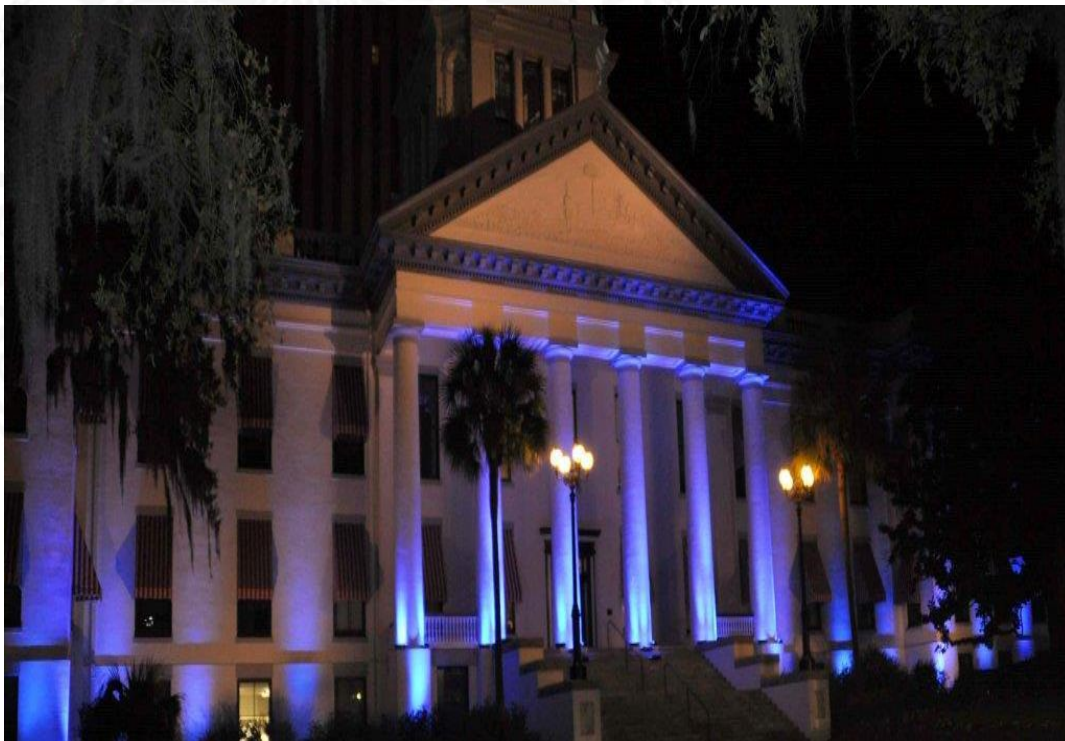


AGENCY FOR PERSONS WITH DISABILITIES

OFFICE OF INSPECTOR GENERAL

ANNUAL REPORT

JULY 1, 2013 – JUNE 30, 2014



FLORIDA CAPTIAL, APRIL 2, 2014, AUTISM AWARENESS CAMPAIGN

Promoting accountability, integrity and efficiency in government


agency for persons with disabilities
State of Florida

Rick Scott
Governor

September 24, 2014

■ ■
Barbara Palmer
Director

Barbara Palmer, Director
The Agency for Persons with Disabilities
4030 Esplanade Way, Suite 380
Tallahassee, FL 32399-0950

■ ■
State Office
■ ■
4030 Esplanade Way
Suite 380
Tallahassee
Florida
32399-0950

RE: OIG Annual Report for FY 2013-14

Dear Director Palmer:

■ ■
(850) 488-4257

Enclosed is a copy of the Office of Inspector General's Annual Report for Fiscal Year 2013-14.

Fax:

(850) 922-6456

Feel free to contact me should you have any comments, questions or concerns.

■ ■
Toll Free:

(866) APD-CARES

(866-273-2273)

Sincerely,



Carol Sullivan, MBA, CIA, CIGA, CIG
Inspector General

CS:ma

Enclosure

cc: Melinda Miquel, CIG

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INTRODUCTION

The Office of the Inspector General (OIG) is an integral part of the Agency for Persons with Disabilities (Agency). The purpose of the OIG is to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government. Section 20.055, Florida Statutes, requires the OIG to submit to the agency head an annual report, no later than September 30 of each year. This report includes, but is not limited to:

- A description of activities relating to the development, assessment, and validation of performance measures;
- 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;
- A description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified;
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed; and
- A summary of each audit and investigation completed during the reporting period.

This annual report, presented to the Agency Director, summarizes the activities and accomplishments of the OIG for the 12-month period beginning July 1, 2013 and ending June 30, 2014.

MISSION AND RESPONSIBILITIES

The Agency's mission is to support persons with developmental disabilities in living, learning, and working in their communities. To achieve this mission, the Agency focuses on four priorities:

1. Fiscal Accountability – to operate within its appropriations.
2. Quality Services – to measure and track performance to ensure the highest quality care.
3. Employment – to assist persons with developmental disabilities who desire work to become competitively employed.
4. Waiting List – to adopt national and local best practices to serve people on the Agency waiting list efficiently and effectively.

The mission of the OIG is to protect and promote integrity, efficiency, and accountability within the Agency through audits and investigations that detect fraud, waste, and abuse, and ultimately assist the Agency to achieve its overall mission. The OIG provides an independent appraisal function within the Agency. We perform and report objective analyses of Agency operations thereby increasing assurances that Agency assets are

safeguarded; operating efficiency is promoted; and compliance is maintained with prescribed laws and regulations. Section 20.055, Florida Statutes, defines the duties and responsibilities of each Inspector General with respect to the state agency or department in which the office is established. The duties and responsibilities of the Inspector General include:

- Advise in the development of performance measures, standards, and procedures for the evaluation of state agency programs.
- Assess the reliability and validity of the information provided by the agency on performance measures and standards, and make recommendations for improvement.
- Review the actions taken by the agency to improve program performance and meet program standards and make recommendations for improvement, if necessary.
- Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to the programs and operations of the state agency.
- Conduct, supervise, or coordinate other activities carried out or financed by that state 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.
- Keep agency head informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the agency, recommend corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Monitor the implementation of the agency's response to any report issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability no later than six months after report issuance.
- Review agency rules and make recommendations concerning their impact.
- Recommend corrective action concerning fraud, abuse, and deficiencies in Agency controls and reporting on progress made in implementing corrective actions; and
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.
- Receive complaints and coordinate Agency activities as required by the Whistle-blower's Act and/or the Chief Inspector General.

In order to address areas of significant risks and be responsive to the concerns of management, the OIG performs a periodic risk assessment of Agency activities to identify and rank those activities to be included in the OIG Annual Work Plan and considered for in future work plans.

To fulfill the responsibilities of the OIG, our priorities are to:

- Promote employee awareness and cooperation to identify fraud, waste, and abuse within the Agency;
- Respond to validated emergencies (these could be any type of serious situation that might arise but could also include requests by the Governor, Chief Inspector General or other parties);
- Execute approved individual assignments which are designed to answer questions about the effective, efficient, economical and legal operation of the Agency;
- Evaluate the internal controls over Agency assets and liabilities, core operations, and information systems to promote effectiveness, efficiency, economy, and compliance.

These priorities are interrelated and doing any one of them provides information useful in doing the others.

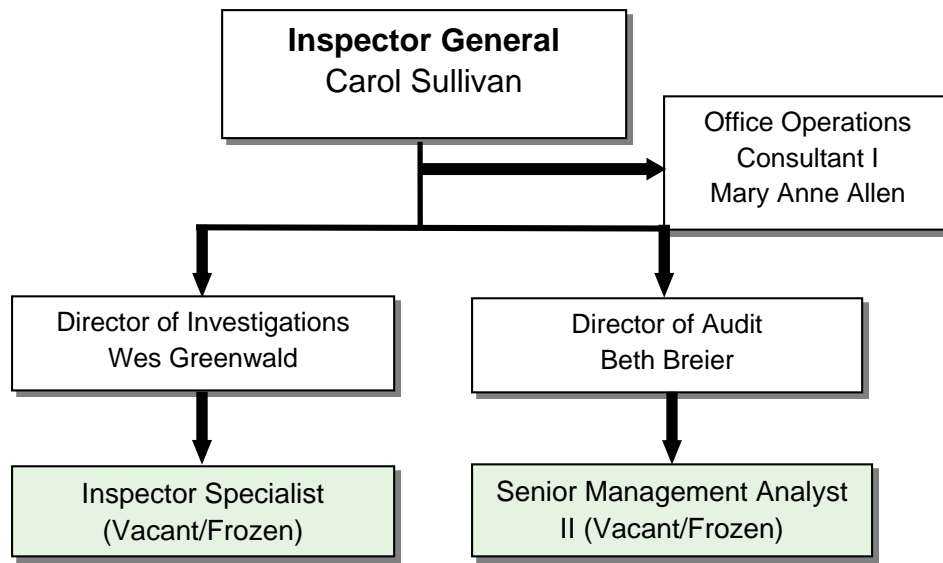
ORGANIZATIONAL STRUCTURE AND STAFF QUALIFICATIONS

Section 20.055, Florida Statutes, requires the OIG's activities to be independent of agency operations and the OIG staff to be objective in performing their work. The OIG reports to the Agency Director and the Executive Office of the Governor Chief Inspector General on APD investigative and audit policy, investigative and audit findings, internal control issues, guidance issues, and other matters as directed. The OIG staff refrains from participating in any Agency operational activities that could compromise the independence and objectivity.

The OIG is organized into two sections: Internal Audit and Investigations. However, due to the small size of the organization, audit staff assists in investigations and investigative staff assists on audits. The OIG staff is highly qualified with a range of expertise and backgrounds that enhance the ability of the office to effectively audit, investigate, and review the complex programs within the Agency. Currently, the OIG has a staff of four professional/technical positions with two professional positions currently vacant. Due to Agency budget constraints, one position (Management Review Specialist) was eliminated in fiscal year 2013-2014 and two current vacant professional positions are being held frozen. Plans are to hire for these positions during fiscal year 2014-2015.

As of August 31, 2014, our organizational structure is provided in **Figure 1**.

Figure 1
OIG Organizational Structure



OIG staff members hold specialty certifications that relate to specific job functions within the OIG. These certifications include:

- Certified Inspector General (1)
- Certified Internal Auditor (2)
- Certified Inspector General Auditors (1)
- Certified Public Accountants (1)
- Certified Information Systems Auditor (1)
- Certified Inspector General Investigator (1)
- Certified Fraud Examiners (1)

In addition to maintaining professional certifications, OIG personnel are active in professional organizations that support audits and investigations. This participation assists staff in maintaining a high level of proficiency in their profession and areas of certification.

OIG personnel are affiliated with the following professional organizations:

- The Association of Inspectors General (National and Local Chapters);
- The Institute of Internal Auditors (National and Local Chapters);
- ISACA (National and Local Chapters);
- The Association of Certified Fraud Examiners;
- The Association of Government Accountants (National and Local Chapters); and
- The American (and Florida) Institute of Certified Public Accountants.

MAJOR ACTIVITIES AND FUNCTIONS

In performing its internal audits and investigations, the OIG follows the Association of Inspectors General's *Principals and Standards for Offices of Inspector General*, the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and the Comptroller General's *Generally Accepted Government Auditing Standards* as applicable.

Table 1 provides a summary of "cases" (cases include audits, investigations, complaints and liaison activities) addressed by the OIG during the fiscal year. The completed audits and internal audit activities and significant completed investigations are discussed on the following pages.

Table 1
Summary of OIG Cases for FY 2013-2014

| Cases | Count |
|--|-------|
| Cases open at beginning of fiscal year | 73 |
| Plus cases opened during the year | 83 |
| Less cases closed during the year | (124) |
| Cases open at end of fiscal year | 32 |

INTERNAL AUDIT

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."
(International Standards for the Professional Practice of Internal Auditing)

Pursuant to Section 20.055(5), Florida Statutes, the OIG prepared an annual work plan for fiscal year 2013-2014 based on an agency-wide risk assessment. Additionally, during the year, the OIG provided formal and informal information to assist agency personnel in their operational capacities.

The following are summaries of completed internal audits; follow up audit activities; special projects; review of performance measures; and the description of significant outstanding recommendations described in prior annual reports on which corrective action has not been completed.

COMPLETED INTERNAL AUDITS

FAMILY CARE COUNCIL AUDITS

Family Care Councils were created in 1993 through the implementation of Section 393.502, Florida Statutes. Local Family Care Councils (FCC) are located within each of the Agency's six regions and are organized within those regions by area (there are 15 areas). Council members serve on a voluntary basis without payment for their services but are reimbursed for per diem and travel expenses as provided for in Section 112.061, Florida Statutes. Section 393.502(9), Florida Statutes, requires a financial review of expenditures of the Family Care Councils. During Fiscal Year 2013-14, the Internal Audit Section selected four Family Care Councils to audit. These audits were conducted to determine whether the Family Care Council expenditures were in compliance with Florida Statutes, and other applicable state laws and rules. The results of the four FCC audits performed in fiscal year 2013-2014 are presented below.

131010-01 AUDIT OF CENTRAL REGION FCCs – AREAS 7, 13, AND 14

AREA 7 FCC

Release Date: January 2014

In the 2012-2013 Fiscal Year, APD allocated \$6,406 of General Revenue to Area 7 FCC. Based on our review of expenditures and applicable procedures, the Central Region Area 7 FCC expenditures complied with Florida Statutes, were allowable, and were properly coded and recorded in the Florida Accounting Information Resource (FLAIR).

AREA 13 FCC

Release Date: January 2014

In the 2012-2013 Fiscal Year, APD allocated \$9,000 of General Revenue to Area 13 FCC. Based on our review of expenditures and applicable procedures, the Central Region Area 13 FCC expenditures complied with Florida Statutes, were allowable, and were properly coded and recorded in FLAIR.

AREA 14 FCC

Release Date: March 2014

In the 2012-2013 Fiscal Year, APD allocated \$6,914 of General Revenue to Area 14 FCC. Based on our review of the expenditures and applicable procedures, we noted four instances where travel reimbursement vouchers were not properly completed and three instances where travel expenditures were recorded to the wrong accounts in FLAIR. Recommendations were made for: (1) Central Region staff to conduct a more thorough pre-audit of the Area 14 travel expenditures to ensure they are in accordance with statutes, rules, and policies prior to payment and are coded correctly; and (2) Agency staff to provide additional training to Area 14 FCC and Central Region staff on the policies and procedures of completing and requesting travel authorizations and reimbursements.

130408-01 AUDIT OF SOUTHEAST REGION FCC AREA 9

Release Date: July 2013

In the 2012-2013 Fiscal Year, APD allocated \$9,000 of General Revenue to Area 9 FCC. The FCCs must operate in accordance with Florida's Sunshine Law.¹ One of the three basic requirements of Section 286.011, Florida Statutes, is that "minutes of the meetings must be taken and available to everyone". Such meeting minutes record the decisions made by the FCC council members and documents compliance with Florida's Sunshine Law. FCC meeting minutes were requested but were not made available, therefore there was no evidence to support that any of the 26 expenditures tested (\$3,054.73) were approved. Types of expenditures not supported with minutes included travel expenditures of Area 9 FCC members and a conference grant. Additionally, our review of 24 travel expenditures showed minor errors were made on the travel documentation submitted for reimbursement. Recommendations were made for: (1) Southeast Region staff to develop a process to ensure that the Area 9 FCC submits minutes for each meeting; (2) Southeast Region staff to conduct a more thorough pre-audit of the Area 9 expenditures to ensure they are authorized and documented in accordance with statutes, rules, and policies prior to payment; and (3) Agency staff to provide additional training to Area 9 FCC and Southeast Region staff on the policies and procedures of completing and requesting travel authorizations and reimbursements.

110801-01 ACCOUNTING FOR CLIENT FUNDS: BEST PRACTICES AND TEST RESULTS

Release Date: February 2014

This audit was performed to determine how group home providers manage client funds and whether the practices were sound and complied with Agency requirements, applicable laws, rules and regulations, Agency procedures, and best practices. We reviewed current Agency policies and procedures and evaluated how three group home providers managed Agency client funds during the period of July 1, 2011 through June 30, 2013.

To provide better assurances that Agency clients are not financially exploited, we recommended the Agency staff: (1) work with stakeholders to develop a series of best practices as they relate to Client Funds, defining the expectations of, and providing better guidance for the Agency and its providers who are accountable for client funds; provide detailed guidance to group home monitors to allow for a more thorough review of client fund records; (2) make recommendations to the Agency for Health Care Administration that Waiver Support Coordinator duties defined in the Florida Medicaid Developmental Disabilities Waiver Handbook include the review and testing of client fund management; and (3) create teams of those responsible for monitoring client trust funds to identify the root causes of issues and recommend solutions to management.

¹ Page 13 of the Family Care Council Orientation Manual

FOLLOW-UP AUDIT ACTIVITIES

130725-01 AUDITOR GENERAL REPORT 2013-161, STATE OF FLORIDA – COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING AND FEDERAL AWARDS (MARCH 2013)

Release Date: August 2013

This report provided the current status on recommendations originally presented in Auditor General Report No. 2013-161, as required by Section 20.055(5)(h), Florida Statutes. The Auditor General reported findings related to annual recertifications and continued stay reviews for Medicaid recipients residing in intermediate care facilities for the developmentally disabled. This follow-up was performed and it was determined that acceptable corrective actions were taken for these findings.

130725-02 AUDITOR GENERAL REPORT 2013-133, PUBLIC ASSISTANCE ELIGIBILITY DETERMINATION PROCESSES AT SELECTED STATE AGENCIES (MARCH 2013)

Release Date: August 2013

This report provided the current status on recommendations originally presented in Auditor General Report No. 2013-133, as required by Section 20.055(5)(h), Florida Statutes. The Auditor General reported findings related to process improvement opportunities and state records integrity. This follow-up was performed and it was determined that acceptable corrective actions were taken for these findings.

140619-01 AUDITOR GENERAL REPORT 2014-056, AGENCY FOR PERSONS WITH DISABILITIES-IBUDGET FLORIDA AND PRIOR AUDIT FOLLOW-UP (DECEMBER 2013)

Release Date: June 2014

This report provided the current status on recommendations originally presented in Auditor General Report No. 2014-056, as required by Section 20.055(5)(h), Florida Statutes. The Auditor General reported nine findings in this report. This follow-up was performed and it was determined that acceptable corrective actions had been taken for six of the nine findings and initiated but not completed for one finding. The remaining two corrective actions were delayed due to pending litigation. [Note: the litigation was resolved July 2014 and the Agency is in the process of addressing the remaining two corrective actions.]

SPECIAL PROJECTS

130614-02 RECOMMENDATION FOR COOPERATIVE AUDIT RESOLUTION OF FINDINGS FROM THE AUDITS OF FCCs [AREAS 1, 3, 4, 7, 8, 9, 11, 12, AND 15, AND FCC FLORIDA]

Release Date: January 2014

The purpose of this report was to discuss common concerns that were identified in each of the more recent audit reports of the FCC areas and state office (identified in the report title) to provide guidance for the remaining councils and for the Agency Liaisons to the councils. When taken as a whole, the results from these ten reports demonstrated a need for the Agency to focus on two key issues that impact the efficient and effective operation of the FCCs. First, FCCs need to record minutes of their meetings in accordance with Section 286.011, Florida Statutes (Florida Sunshine Act) and assure that purchases and

travel are authorized by the FCCs. Second, the Agency staff needs to better audit and evaluate the expenditures made by FCCs and assure that expenditures meet the requirements of law and rule and are authorized by the FCCs (as noted in the FCC meeting minutes) before approving expenditures for payment.

140604-01 WHY INFORMATION TECHNOLOGY IMPLEMENTATION PROJECTS FAIL, PITFALLS TO AVOID, AND STRATEGIES AND BEST PRACTICES

Release Date: June 2014

The Agency was in the process of procuring and implementing a major information technology (IT) system to automate the collection and maintenance of client related data. To assist Agency management and increase its likelihood of a successful IT implementation project, the OIG prepared this report to share the top reasons IT implementation projects fail, examples of IT implementation project pitfalls to avoid, and strategies and best practices for successful IT implementations.

REVIEW OF PERFORMANCE MEASURES

The OIG was involved in the review of the performance measures and related supporting documentation as reported in the Agency's Long Range Program Plan. The measures appeared to be both reliable and valid with the exception of preparation errors resulting in the wrong numbers and/or percentages reported for three measures. The errors were communicated to Agency management for their correction.

SIGNIFICANT OUTSTANDING RECOMMENDATIONS FROM PRIOR ANNUAL REPORTS

There were no significant OIG audit recommendations identified in the fiscal year 2012-2013 OIG Annual Report that management has not addressed.

INVESTIGATIONS

The OIG is dedicated to conduct timely and efficient internal investigations of alleged administrative and employee misconduct in matters relating to the Agency. Initial complaints serve as grounds for investigations and can be received from any number of sources such as Agency managers and employees, whistle-blowers, providers, the general public, and other state agencies and business entities.

Below are summaries of significant OIG investigative reports completed during fiscal year 2013-2014. Because some allegations and complaints are untrue, and others are not substantiated, we do not comment on all complaints received.

120731-01 INTRODUCTION OF CONTRABAND INTO A FORENSIC FACILITY

Release Date: February 5, 2014

The Developmentally Disabled Defendants Program (DDDP) Superintendent informed the OIG of a concern that DDDP staff may be involved in the introduction of contraband

into the DDDP facility. A source alleged that DDDP staff members used money orders provided by a resident's family and friends to purchase cellular phones and smuggled the cellular phones into the DDDP facility. During the year-long investigation, we established that DDDP employees did cash money orders purchased by a resident's family and friends. When confronted, some employees resigned and others who were suspected have since left the facility. While we were unable to develop sufficient credible proof that an organized scheme existed, we did identify other issues during our investigation, including:

- One DDDP resident was found to have in his possession a money order summary for dates prior to the current investigative time frame.
- One DDDP resident had been repeatedly making phone calls and sending harassing and obnoxious pictures and text messages.

Since the initiation of the investigation, DDDP security staff increased their detection strategies and vigilance resulting in the identification of more contraband violations.

130618-01 INVESTIGATION INTO ALLEGATIONS OF SHREDDING DOCUMENTS

Release Date: November 18, 2013

On June 18, 2013, the OIG received a complaint alleging that an employee of the Consumer Directed Care Plus (CDC+) Program had entered a supervisor's office after work hours and shredded documents related to the employee's performance. The supporting witness, concerned about retaliation, had not come forward with her allegation until almost one year after the event. Based on all available evidence, we concluded the allegations were not supported. The evidence showed the employee's badge was used to gain access to the building on the night in question and the phone logs showed a call was received lasting approximately nine minutes; however, the supervisor was unable to confirm that the office door and file cabinets were locked and determine any documents were missing. Additionally, (1) we did not believe the supporting witness or the CDC+ employee were forthcoming when interviewed; (2) the reasons why the supporting witness delayed almost a year in reporting the incident were unclear; and (3) the CDC+ employee's memory surrounding the event was highly suspect.

OTHER OIG ACTIVITIES

In addition to performing internal audits and investigations, the OIG also performs the following services and activities.

COORDINATION WITH EXTERNAL AUDITING ENTITIES

The OIG Director of Audit acts as the Agency's liaison on audits and reviews conducted by outside organizations such as the Office of the Auditor General, the Office of Program Policy Analysis and Government Accountability, the Federal Department of Health and Human Services, and other state and federal agencies. For these engagements, the OIG is copied on engagement letters, coordinates entrance conferences, and facilitates all

relevant communication between the auditors and Agency program staff. At the conclusion of the audit, the OIG coordinates the exit conference and the Agency's response to the preliminary and tentative findings; and tracks progress on corrective action at the required intervals.

OIG REFERENCE CHECKS

A little-known time-consuming duty of the OIG is to perform personnel reference checks against OIG case files and documents for current and former employees. In fiscal year 2013-2014, the OIG performed 266 reference checks for re-hires, promotions, and other personnel actions. This duty will continue to grow as the Agency and OIG case files continue to grow.

REFERRALS

Some complaints and issues that come before the OIG are determined to be intended for or within the purview of another office, agency or department. When a complaint or correspondence needs to be referred or redirected elsewhere, OIG staff directs the matter to the proper governmental office and follows-up to ensure it is appropriately addressed.

INCIDENT REPORTS

The OIG receives copies of major incident reports from the Deputy Director of Operations. All major incident reports are reviewed by OIG staff to ascertain if further OIG action is necessary.

ANTI-FRAUD ACTIVITIES

The OIG is responsible for coordinating the Agency's anti-fraud activities. The OIG is a member of and attends bimonthly Inter-Agency Medicaid Fraud and Abuse Meetings hosted by the Agency for Healthcare Administration. Other attendees include the Office of the Attorney General, the Department of Health, Medicaid Program Integrity, the Department of Financial Services and the Department of Children and Families.

PUBLIC RECORDS REQUESTS

The OIG responded to four public records requests under Chapter 119, Florida Statutes.

OTHER ONGOING OVERSIGHT

The OIG staff proactively monitors certain Agency activities and reviews patterns to determine if additional actions are warranted.

OIG CONTACT INFORMATION

Mail

Office of the Inspector General
c/o Agency for Persons with Disabilities
4030 Esplanade Way, Suite 380
Tallahassee, FL 32399-0950

Phone

(850) 414-7008

FAX

(850) 921-4182