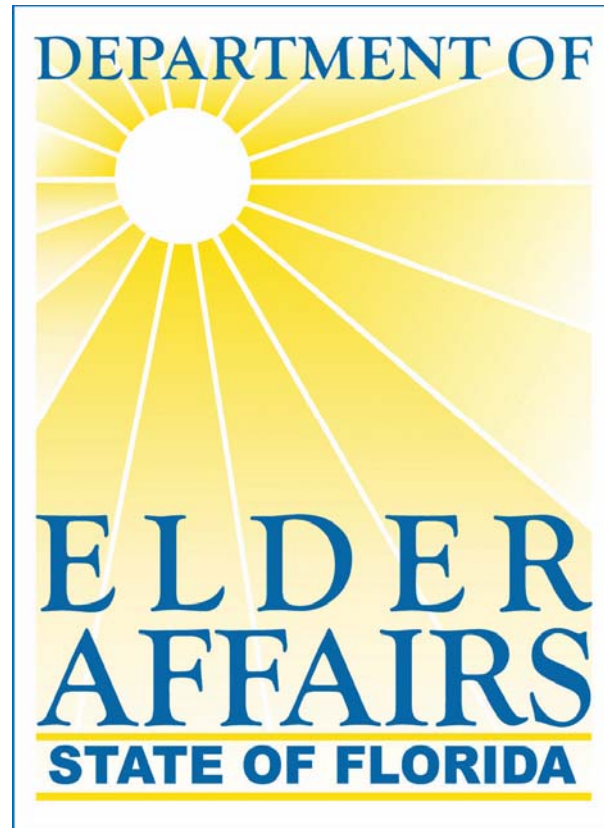


FLORIDA DEPARTMENT OF ELDER AFFAIRS

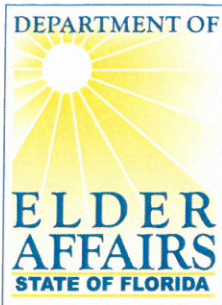


ANNUAL REPORT FISCAL YEAR 2014-2015

TAROUB J. KING
INSPECTOR GENERAL

SAMUEL P. VERGHESE
SECRETARY

OFFICE OF INSPECTOR GENERAL



August 3, 2015

RICK SCOTT
GOVERNOR

Mr. Samuel P. Verghese, Secretary
Florida Department of Elder Affairs
4040 Esplanade Way
Tallahassee, Florida 32399

Ms. Melinda Miguel, Chief Inspector General
Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399

Dear Secretary Verghese and CIG Miguel:

SAMUEL P. VERGHESI
SECRETARY

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Office of Inspector General's Annual Report for the Fiscal Year 2014-2015 to highlight the major work efforts and activities of my office.

We remain committed in our 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 Department's operations. Thank you for your continued support of our efforts.

Sincerely,

Taroub J. King
Inspector General

Enclosure

Pld:TK

cc: Sherrill F. Norman, Auditor General

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INTRODUCTION

Effective July 1, 2014, Section 20.055, Florida Statutes, requires that each Governor’s Agency Inspector General submit to the Department Secretary and Chief Inspector General 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 the following:

- 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 Office of Inspector General (OIG) during the reporting period with respect to significant problems, abuses, or deficiencies identified.

This report is presented to the Secretary and Chief Inspector General in accordance with the statutory requirements and to describe how the OIG accomplished its mission during Fiscal Year 2014-2015.

BACKGROUND

Pursuant to Section 430.03, Florida Statutes, the Department of Elder Affairs (Department) is the agency designated 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 ensure that Floridians age with dignity, purpose, and independence.

The Department 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. Ninety-five percent of the budgeted dollars are contracted for services provided primarily by non-profit agencies and local governments under contract through 11 Aging and Disability Resource Centers (ADRCs), 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; it provides independent, objective assurance and consulting services 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. This is accomplished by the OIG conducting independent 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 (OPPAGA), and federal auditors to avoid duplication of services.

Pursuant to the 2014 statute changes, the Inspector General is under the general supervision of the Department's Secretary and reports to the Chief Inspector General. The OIG has full, free, and unrestricted access to all Departmental activities, records, data, and property, and may request any other information deemed necessary to carry out audit assignments or investigations as needed. This change in reporting structure and unrestricted access ensures audits, investigations, and other activities are independent and that results are communicated in accordance with professional standards.

INSPECTOR GENERAL RESPONSIBILITIES

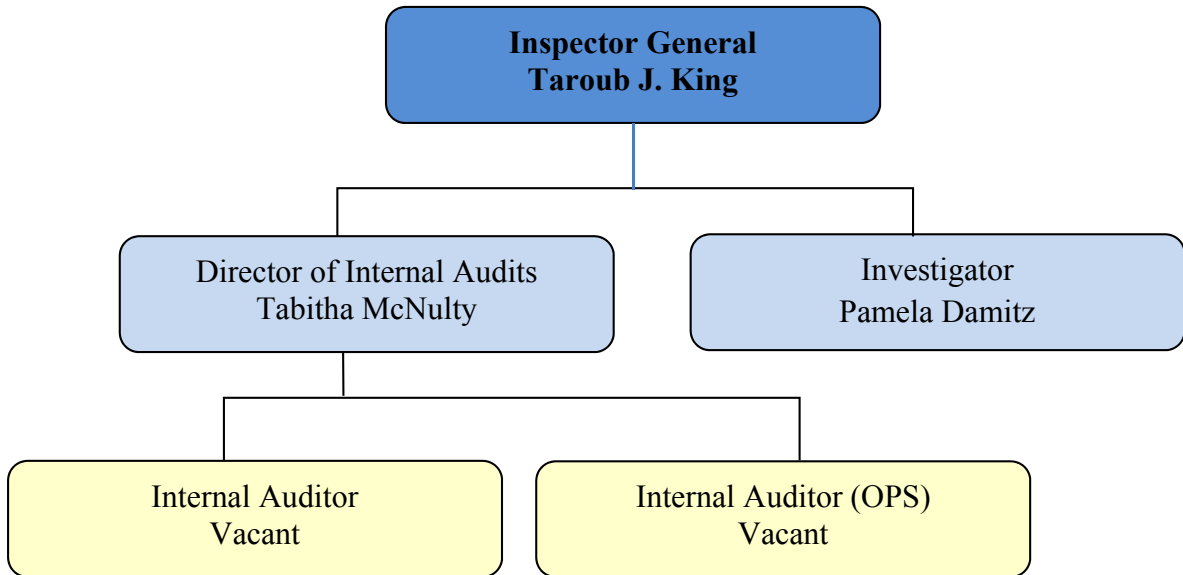
The specific duties and responsibilities of the Inspector General according to Section 20.055, Florida Statutes, include the following:

- 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, meet program standards, and make recommendations for improvement, if necessary;
- 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 Department 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 Secretary and Chief Inspector General informed concerning fraud, abuse, 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 external 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

To carry out our duties and responsibilities, as of June 30, 2015, the OIG had a staff of five professional/technical positions. Our structure was as follows:



STAFF QUALIFICATIONS

OIG staff members have background and experience in a wide variety of disciplines in both the public and private sectors. These disciplines include accounting, auditing, program evaluation, management, law enforcement, and communications. They possess professional certifications

and participate in a number of professional organizations. Below is a summary of the professional certifications and affiliations maintained by OIG staff members:

CERTIFICATIONS

Professional certifications held by the staff include:

- 1 Certified Inspector General
- 1 Certified Inspector General Auditor
- 2 Certified Inspector General Investigators
- 1 Certified Information Systems Auditor
- 2 Notaries Public
- 2 Certified Law Enforcement Officers

PROFESSIONAL ORGANIZATION AFFILIATIONS

OIG employees are affiliated with:

- The Association of Inspectors General
- The Institute of Internal Auditors, Inc.
- ISACA
- Florida Chapter, Association of Inspectors General
- Tallahassee Chapter, The Institute of Internal Auditors, Inc.
- Tallahassee Chapter, ISACA

OIG employees stay current with trends in internal auditing and investigations to maintain professional proficiency through membership in these various professional organizations. The required training hours are met through participation in conferences and webinars and attendance in relevant training or through continued professional education programs.

MAJOR ACTIVITIES AND FUNCTIONS

To carry out its mission, the OIG performs the following activities and functions:

INVESTIGATIONS

The Investigations Section is responsible for management and operation of administrative investigations designed to detect, deter, prevent, and/or eradicate fraud, waste, mismanagement, misconduct, and other abuses involving the Department's employees, contractors, and vendors. Investigations are conducted in accordance with the *General Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

Inquiries and complaints regarding Department activity are received from many sources, including the Whistle-blower's Hotline, the Chief Financial Officer's Get Lean Hotline, the Attorney General's Office, the Office of the Chief Inspector General, and the Executive Office of the Governor. Complaints are also received from clients, family members, others doing business with the Department, senior leadership, and Department employees.

Inquiries and complaints received are reviewed, and a determination is made on each case type. Case types are defined as follows:

- Investigation – Systematic examination conducted in an effort to determine if an employee or contractor has been involved in conduct that would be a violation of agency policy and/or procedure, state or federal contract, or a possible violation of state or federal law that would result in the Department imposing disciplinary action.
- Management Review – Formal review of an issue that is possibly systemic in nature or of a specific program area to determine whether or not it is operating within accepted, written procedures or contract. This may be initiated in response to a complaint or expressed concerns that does not name a specific subject or at the request of management as a tool for program improvement.
- Preliminary Inquiry – An examination conducted based on limited information in an effort to verify the veracity of a complaint or allegation. The inquiry should determine if evidence is available to indicate the need for a complete investigation.
- Referral – The OIG may refer a complaint to management, another agency if the subject is out of the OIG's jurisdiction, or law enforcement for criminal violations.

Investigative reports contain the allegations made in the complaint and are classified subsequent to a conclusion of fact, based on a thorough and competent investigation as follows:

- Exonerated – The allegation is true; however, the action of the Department or the employee was consistent with Department policy.
- Unfounded – The complaint was clearly false, or there is no credible evidence to support the complaint.
- Not Sustained – There is insufficient proof to confirm or refute the allegation.
- Sustained – The allegation is true; the action of the Department or the employee was inconsistent with Departmental policy.
- Policy Failure – The allegation is true. The action of the Department or employee was consistent with Departmental policy; however, the policy was deficient.

Once investigations are completed, case dispositions are reported to the Secretary and appropriate managers. Additionally, when allegations are sustained, the OIG provides the necessary facts to management to assist them in deciding the appropriate disciplinary actions.

INTERNAL AUDIT

The purpose of the Internal Audit Section is to help the Department accomplish its objectives by providing management with independent and objective audits, reviews, and consultations regarding risk management, governance, and control processes. The Internal Audit Section evaluates the reliability and integrity of financial and operational information and information technology, as well as compliance with laws, policies, and procedures. 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 conducted in accordance with *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors, Inc., and *General Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

RESPONSIBILITIES AND FUNCTIONS OF THE INTERNAL AUDIT SECTION

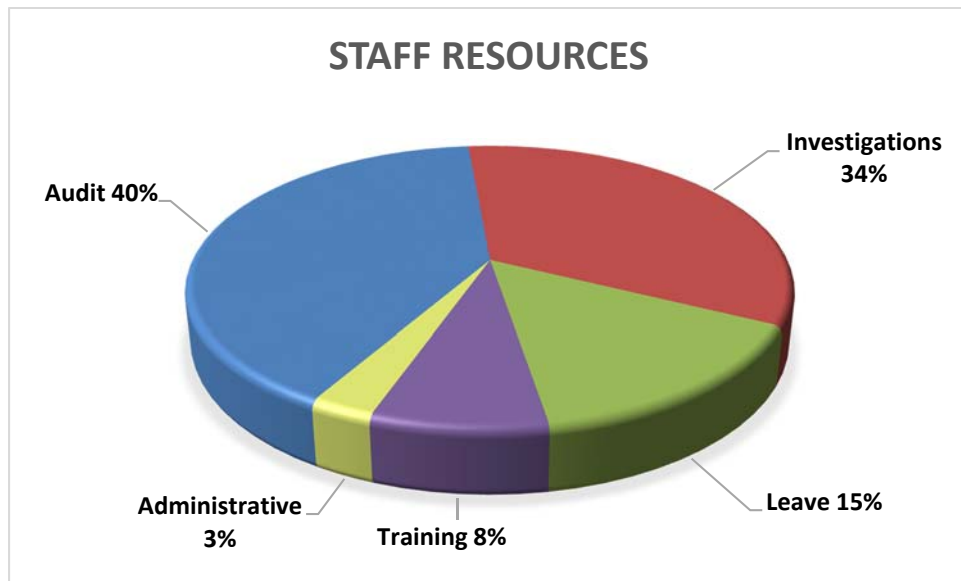
- Conducting **performance audits** to ensure the effectiveness, efficiency, and economy of the Department’s programs;
- Assessing the reliability and validity of information provided by the Department on **performance measurement** and standards;
- Conducting **compliance audits** to ensure that the Department’s programs are following prescribed statutes and rules;
- Providing **management assistance services** that involve consulting and advising management on Departmental policies and procedures and the development of performance measures; and
- Coordinating **audit responses** and conducting **follow-ups** to findings and recommendations made by the Auditor General, Office of Program Policy Analysis and Government Accountability (OPPAGA), internal audits, and other oversight units.

SUMMARY OF ACTIVITIES AND ACCOMPLISHMENTS

The Office of Inspector General maintains an activity tracking system in the “Integrated Internal Audit Management System,” which is 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 our office to operate virtually paperless.

In accordance with Section 20.055(2)(i), Florida Statutes, the Inspector General ensures that an appropriate balance is maintained between audit, investigations, and other accountable activities.

The pie chart below illustrates how personnel resources were used to complete the activities for Fiscal Year 2014-2015.



The OIG completed the following activities during Fiscal Year 2014-2015:

Function	Number	Potential Cost Savings/Recovery/Avoidance Or Question Costs
Complaints Received	52	
Investigations Closed	13	\$986,002.00
Management Reviews Completed	1	
Internal Audits Completed	1	
Public Records Requests	8	
Performance Measures Reviewed	10	
Recommendations Followed-up On	17	

SUMMARY OF ACTIVITIES

The following is a highlight of the reports issued during the past year.

AUDITS

Review of Human Resources Function in the Comprehensive Assessment and Review for Long-Term Care Services (CARES) Bureau - Report # A-1314DEA-029

The OIG received 12 complaints between Fiscal Years 2011-2012 and 2013-2014, that resulted in preliminary inquiries, special projects, and investigations related to the communication and conduct between Comprehensive Assessment and Review for Long-Term Care Services (CARES) and Human Resources (HR) employees. Based on the complaints and the OIG's Annual Risk Assessment, it was determined that an audit would be conducted to evaluate the effectiveness of the Human Resources Function within the Bureau of CARES.

The effectiveness of HR processes within CARES was evaluated by sending surveys to all CARES field staff. Overall results showed that most of the CARES staff found that HR is effective and accurate in their disseminated information.

Our audit found areas in which improvements to Human Resource operational processes and Department Policies and Procedures were needed. The results of our audit are summarized below:

Finding 1: Human Resources does not track disciplinary actions and, therefore, cannot ensure that disciplinary actions are fair, reasonable, consistent, and uniformly applied to all employees. To help supervisors ensure that disciplinary actions are fair, reasonable, consistent, and uniformly applied throughout the Department, we recommended that HR keep a detailed tracking log of all employee discipline and counseling. The log should at a minimum include the following: employee name, violation, and type of action taken.

Finding 2: Supervisors do not have adequate training on the Disciplinary Policy, and we recommended that:

- Mandatory training class be created for supervisors that provides training on the discipline Policy DOEA 550.35, Conduct of Employees & Disciplinary Guidelines, and Rule 60L-36.005, F.A.C, Disciplinary Standards. The training should include supervisor responsibilities for detecting and administering disciplinary action;
- The Department create a new supervisor or supervisor institute to include the new disciplinary training course while incorporating the current week-long training offered to CARES' new supervisors. This institute should be offered at least twice a year and be open to all new supervisors of CARES and headquarters; and
- The Department establish a required deadline for taking new supervisory training.

Finding 3: DOEA's new Discipline Policy should be enhanced to contain conduct violation examples. To be in compliance with Rule 60L-36.005(4), Florida Administrative Code, as well

as HR best practices, we recommended updating DOEA Policy 550.35 to include the instances of unacceptable conduct that could elicit disciplinary action.

Finding 4: We reviewed employee files for hiring and disciplinary documentation and found that documentation related to disciplinary actions were not consistent. We recommended that HR ensure all employee personnel files include backup documentation for all disciplinary actions.

MANAGEMENT REVIEWS

S-1415DEA-029: At the request of the Secretary, the OIG conducted a review of the relationship between the State Long-Term Care Ombudsman Program (LTCOP) and the Department. The review included researching the federal and state law, the Older Americans Act, and the Department of Health and Human Services' Administration for Community Living (ACL). We found that the language contained in sections of law appear ambiguous at best and does not include or preclude information that could clearly define the independence of the LTCOP within the Department, nor does it fully explain the extent of the Department's authority over the LTCOP as the State Unit on Aging.

Therefore, we recommended that both the Department and the LTCOP create working guidelines that meet both the spirit and intent of the federal and state laws.

INVESTIGATIONS

The Investigations Section closed two investigations during the year. The two investigations contained two allegations: One allegation was sustained, and one was not sustained.

I-1415DEA-030: A complaint was filed by a former employee that alleged a supervisor made "racial slurs" toward his/her family. The supervisor denied making any inappropriate comments to the former employee, and there were no witnesses present. The investigation concluded that the allegation was not sustained. (1 recommendation made)

I-1314DEA-025: A complaint was filed by a reporter that alleged a municipality was misusing funds intended for a Senior Center. The OIG procured the services of a forensic audit firm. Based on the findings of the forensic auditors and the OIG's investigation and subsequent audit of prior fiscal years' expenditures, it was determined that the municipality inappropriately charged \$986,002 in federal and state grant funds. No criminal violations were identified during the course of the investigation by the Florida Department of Law Enforcement (FDLE) and OIG. (\$986,002 recovered, \$25,000 administrative costs recovered, and seven recommendations were made)

PRELIMINARY INQUIRIES

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, contractors, or employees.

P-1415DEA-017: A former employee alleged that Department employees did not provide accurate benefit information and interfered with their eligibility for another job by withholding documentation. The inquiry revealed that Department employees properly applied benefits, and information was not withheld from any potential employers.

P-1415DEA-020: The owner of a provider facility alleged that payment was not received for services they provided for a six-month period, and the contractor was only willing to pay a portion of monies owed. The inquiry determined that invoices were not submitted by the provider in a timely manner (after the contract year), which required the contractor to prorate the amount.

P-1415DEA-021: A former employee filed a "Whistle-blower" complaint through an attorney alleging misfeasance and malfeasance within the Department. No specific allegations or examples were provided, and the former employee refused to meet with the Office of Inspector General during the 20-day period allotted in Florida Statute. The inquiry was closed due to insufficient information provided.

P-1415DEA-031: Twelve thefts occurred within DOEA Headquarters, and two thefts occurred at field locations. All DOEA employees were provided crime prevention tips by the OIG. All thefts were referred to the appropriate law enforcement agencies for investigation. As a result, four members of the Department of Management Services' contracted cleaning crew were dismissed from employment at Headquarters.

P-1415DEA-032: There were multiple instances of falsified unemployment documentation for current employees that were submitted to the Department of Economic Opportunity (DEO). Ten DOEA employees had fraudulent documents filed with DEO. DOEA Human Resources completed and filed documentation with DEO, as instructed by the DEO OIG, to dispute all claims as these employees are still actively employed.

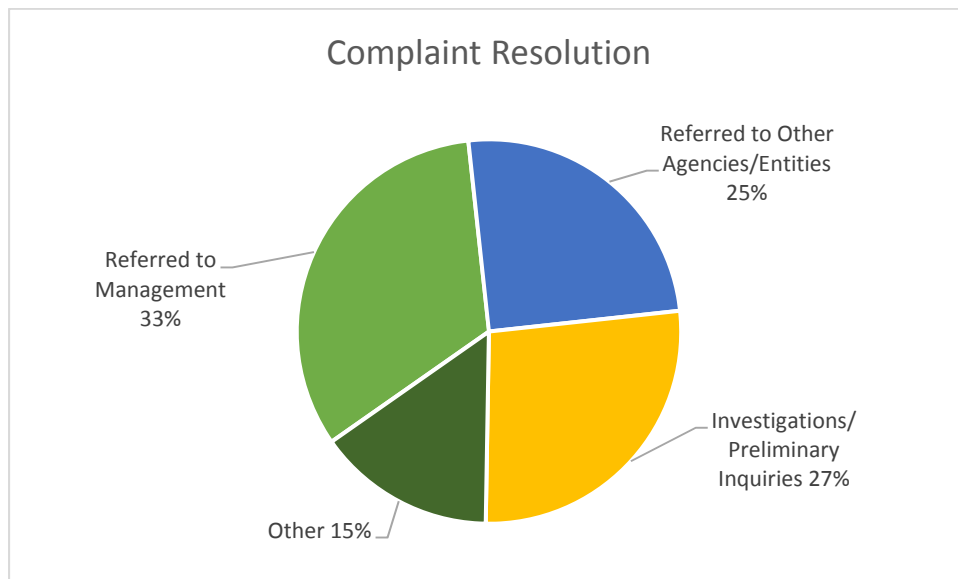
OTHER ACTIVITIES

Complaint Intakes - # P-1415DEA-005

During the year, the OIG received 52 complaints or requests for assistance from various sources. Some examples of complaints are:

- Employee Misconduct
- Provider Reimbursement Assistance
- Theft of State- Issued Equipment
- Professional Guardian Concerns
- Non-compliance with Standards and Procedures

The complaints were reviewed and were resolved as follows:



Response Coordination and Follow-up on External Audits

The OIG is tasked with coordinating external audit engagements to ensure adequate audit coverage and to minimize a 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), federal auditors, and other monitoring entities. The OIG coordinated information and/or responses for two Auditor General audits, one OPPAGA review, and five other monitoring reviews. These reports contained 38 recommendations to the Department.

In addition to the coordination duties, the OIG followed up on 17 recommendations from three previous audits. Of these 17 recommendations, 15 were implemented, one remains open, and management accepted the risk on the remaining one.

Performance Measure Review – # S-1415DEA-013

During the year, the OIG reviewed the 10 new performance measures contained in the Long-Range Program Plan for Fiscal Years 2014-2015 through 2018-2019. The OIG ensured that the measures were valid and reliable and that the requested changes were both supported and justified.

A Risk-Based Program – # S-1415DEA-035

The OIG performs an annual risk assessment of all Department activities to ensure that their services provide the most benefit to the Department. This ensures that the OIG is responsive to management concerns and that those activities with the greatest risks are identified and scheduled for review.

ANNUAL WORK PLAN FOR FISCAL YEAR 2015-2016

Section 20.055(5)(i), Florida Statutes, requires that annual and long-term audit plans be developed based on the findings of periodic risk assessments. The purpose of developing the Annual Work Plan is to identify, select, and plan the allocation of resources for the upcoming year based on the risk assessment. The overriding consideration during the development of our Annual Work Plan is to provide the greatest benefit to the Department with our limited resources.

The Annual Work Plan was submitted and signed by Secretary Verghese on July 9, 2015. The 6,240 hours available are allocated to the following:

Audit Plan for Fiscal Year 2015-2016

Audit/Program Evaluation and Management Assistance Services	Hours
Work in Progress: Contract Compliance Audit	170
Contract Management Function	338
Review Implementation of Risk Assessment Deficiencies	125
Performance Measure Review	119
External Audit Coordination	125
Audit Follow-up Activities	195
Subtotal	1,072

Investigation Activities	Hours
Complaint Intake, Preliminary Inquiries, Investigations, and Management Reviews	1,420

Enterprise Audits	Hours
Requested Hours by the Chief Inspector General for Projects	416
Subtotal	416

Internal Reports	Hours
Annual Risk Assessment and Work Plan	300
Annual Report	90
Quality Assurance Review	200
Schedule IX	20
Subtotal	610

Office Management	Hours
Inspector General Duties	500
Administrative Duties	300
Staff Meetings	208
Personnel Issues	250
Public Records Request	210
Subtotal	1,468

Training	Hours
Professional Training	150
Staff Development	48
Subtotal	198

Holiday and Leave	Hours
Annual Leave	528
Sick Leave	312
Holiday	216
Subtotal	1,056

Total Hours Available	6,240
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