

OFFICE OF INSPECTOR GENERAL

Department of Veterans' Affairs



FLORIDA DEPARTMENT OF VETERANS' AFFAIRS

Honoring those who served U.S.

Office of Inspector General Annual Report Fiscal Year 2015 - 2016

Mission Statement

The Office of Inspector General's mission is to promote integrity, accountability, and process improvement. This is accomplished by providing objective, timely, value-added audit and investigative services that examine and evaluate the adequacy and effectiveness of the Florida Department of Veterans' Affairs' internal controls and risk management systems.

Core Values

- **Integrity** – we govern ourselves honestly and ethically.
- **Impartiality** – we conduct our work objectively and independently.
- **Professionalism** – we maintain a staff of skilled professionals.
- **Accountability** – we take responsibility for providing thorough and fair findings and recommendations.

Responsibilities

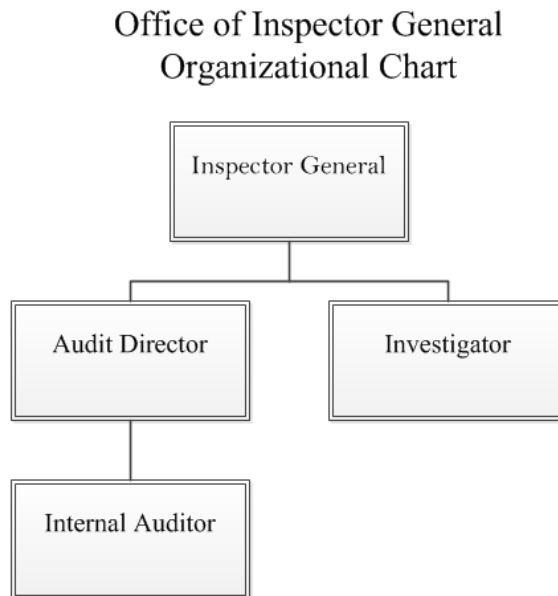
The specific duties and responsibilities of the Inspector General, according to Section 20.055(2), F.S., include:

- Advise the agency on 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, if necessary, prior to submission of those measures and standards to the Executive Office of the Governor.
- Review the actions taken by the Agency to improve program performance, meet program standards and make recommendations for improvement, if necessary.
- Provide direction for, supervision, and coordination of audits, investigations and management reviews relating to the programs and operations of the state agency.
- Conduct, supervise and/or coordinate other activities carried out or financed by the Agency for the purpose of promoting economy and efficiency in the administration of its programs and operations while preventing and detecting potential fraud and abuse.
- Keep the agency Director informed of fraud, abuses, and deficiencies relating to programs and operations administered or financed by the state agency, recommend corrective action for 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.
- Review rules relating to the programs and operations of such state agency and make recommendations concerning their impact.
- Ensure that an appropriate balance maintains between audit, investigative, and other accountability activities.

Organization and Staff

The Executive Director of the Florida Department of Veterans' Affairs (FDVA) appoints the Inspector General with the concurrence of the Governor's Office of the Chief Inspector General. The Executive Director has the ultimate responsibility for the operation of the Department and for ensuring its goals are met. The Inspector General reports directly to the Executive Director of FDVA.

To carry out its duties and responsibilities, the Office of Inspector General (OIG) is organized into two sections: Audit and Investigation. The OIG has a staff of four professional positions. The current organizational structure is:



Certifications

- Certifications held by the Inspector General and staffs include:
- Certified Inspector General - 1
- Certified Inspector General Investigator - 1
- Certified Inspector General Auditor - 1
- Florida Department of Law Enforcement Certification – 1

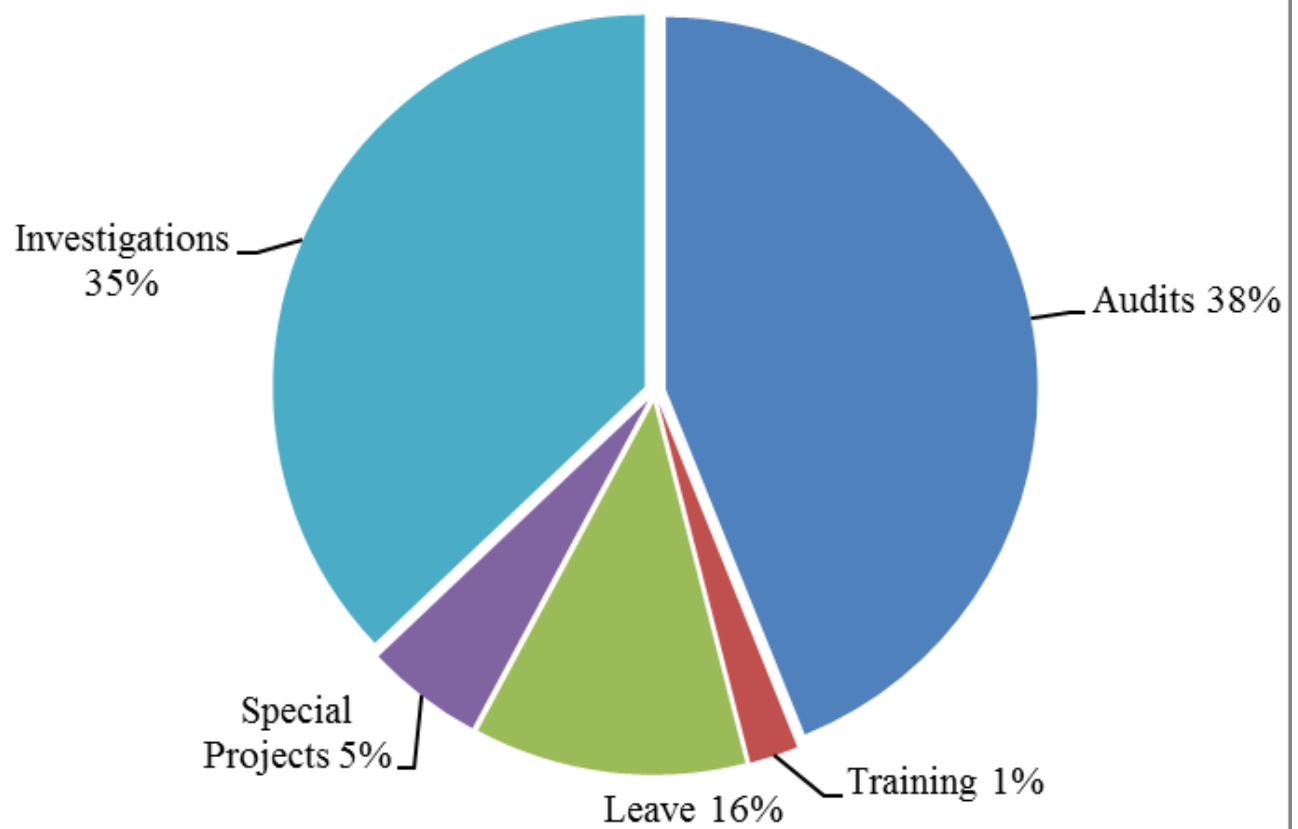
Professional Affiliations

OIG employees are affiliated with:

- Association of Inspectors General
- Institute of Internal Auditors
- International Association of Chiefs of Police

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

Staff Resources



Summary of Audit Activities

Internal Audits

The Internal Audit section conducts independent, objective audits and consulting engagements to promote economy and efficiency in administration and operations, and prevent and detect fraud, waste and abuse. Findings and recommendations were communicated to management at reasonable times throughout the audit process. This action resulted in management being able to take corrective action prior to the completion of the audit. Additionally, updates on the status of recommendations were obtained from management at three-month intervals for all open findings. Internal audit activities are conducted in accordance to International Standards for the Professional Practice of Internal Auditing.

Fiscal Year 2015 – 2016 Audits

IA-1504: Resident Trust Fund, Sandy Nininger, Pembroke Pines

Objective: To evaluate the administration of the Resident Trust Fund at the Emory Bennett State Veterans' Nursing Home in accordance to applicable Florida Statutes, Federal Regulations, accounting records, and internal policies.

Finding #1: Conveyance of funds for discharged/expired residents was not always completed within 30 days.

Recommendation: The accountant or designee will complete an audit on all discharged or expired residents' Resident Trust Fund account and any refund due will be issued within thirty days by the facility, according to FDVA SOP 2206-F, Death and Discharge.

Finding #2: Inadequate segregation of duties in the check withdrawal process.

Recommendation: While there are controls for the check withdrawal process (two authorized personnel sign the checks), segregation of duties between authorizing payments on behalf of the residents, having custody of checks, and recording the transactions in MATRIXCare should be implemented.

Finding #3: Inadequate administration on receipt of funds for Resident Trust Fund.

Recommendations:

- Ensure all funds received in person and by mail are recorded in the Cash Receipt Register according to FDVA SOP #2207, Funds Receipt.
- All checks received in person and by mail must be immediately restrictively endorsed with a stamp stating "For Deposit Only."
- Funds received must be deposited within one business day according to FDVA SOP #2205, Safeguarding Facility and Resident Funds.
- Chain of custody on all transfers of funds between employees must be documented.

IA-1601: Donation Trust Fund, Clyde Lassen, St. Augustine

Objective: To evaluate the effectiveness of the administration of the Donation Trust Fund, the adequacy of related internal controls, and the appropriateness of Donation Trust Fund reporting. This audit was performed as a follow up to IA-1405 Donation Trust Fund.

Finding #1: Ineffective administration of the Donation Trust Fund.

Recommendations:

- Document chain of custody on all transfers of funds between employees.
- Maintain documentation for the use and status of donation funds that the benefactor requests be used for a specific purpose in order to ensure funds are used appropriately.

IA-1602: Contract Monitoring Follow-Up

Objective: To follow-up of the Department of Financial Services Contract Management audit published 28 August 2014, were to provide assurance that the administration of contract monitoring is in place and in accordance to Florida Statute 287.057(14), Procurement of Commodities or Contractual Services; Chief Financial Officer Memorandum #2 (2012-2013); Contract and Grant Reviews and Related Payment Processing Requirements. Selected for the audit was the contract with Heritage Healthcare, who provides all physical, occupational, and speech therapy related services, and a senior wellness program for six Florida Department of Veterans Affairs (FDVA) Nursing Homes.

Finding #1: FDVA State Nursing Homes lack a complete, formal contract monitoring plan for the Heritage Healthcare contract.

Recommendations:

- FDVA Homes Program should develop and implement a formal monitoring plan that is part of the action plan to manage the risk of non-performance for the services required by the contract and/or noncompliance with applicable laws.
- As part of the formal monitoring plan, FDVA State Nursing Homes should implement programmatic monitoring activities which focus on the delivery of services and apply to all agreements. Formal Rounds activity or other Agency independent verification of services activity should be part of the Monthly Performance Standard for physical therapy. The Home Administrator or Quality Assurance Management may conduct such monitoring. Written notes should be taken to document the delivery of services and any discovered deficiency supported with documentation and activity needed to facilitate resolution.
- As part of the formal monitoring plan, FDVA State Nursing Homes should implement a monitoring system for the claims in question beginning when an Additional Document Request (ADR) is received through the final decision.

IA- 1603: Resident Trust Fund, Emory Bennett, Daytona Beach

Objective: To evaluate the administration of the Resident Trust Fund at the Emory Bennett State Veterans' Nursing Home in accordance to applicable Florida Statutes, Federal Regulations, accounting records, and internal policies.

Finding #1: Conveyance of funds for discharged/expired residents was not always completed within 30 days.

Recommendation: The accountant or designee should conduct an audit on all discharged or expired residents' "Resident Trust Fund" account and any refund due should be issued within 30 days.

Finding #2: Inadequate administration on receipt of funds for Resident Trust Fund.

Recommendations:

- Ensure all funds received in person and by mail are recorded in the Check/Cash Receipt Register journal upon receipt in accordance to FDVA SOP #2207, Funds Receipt, with sufficient data to provide an audit trail.
- Funds, cash and checks, received should be deposited within 24 business hours in accordance to FDVA SOP #2205, Safeguarding Facility and Resident Funds and FDVA SOP #2207, Funds Receipt.

IA-1605: Resident Trust Fund, Baldomero Lopez, Land O'Lakes

Objective: To evaluate the administration of the Resident Trust Fund at the Baldomero Lopez State Veterans' Nursing Home in accordance to applicable Florida Statutes, Federal Regulations, accounting records, and internal policies.

Finding: Inadequate administration on receipt of funds for Resident Trust Fund.

Recommendation: Ensure all funds received in person and by mail are recorded in the Check/Cash Receipt Register journal upon receipt in accordance to FDVA SOP #2207, Funds Receipt, with sufficient data to provide an audit trail for the administration of the funds.

IA-1606: Donation Trust Fund Follow-Up, Clyde Lassen, St. Augustine

Objective: Follow up to prior audit IA-1601 to assess the effectiveness of the administration of the Donation Trust Fund, the adequacy of related internal controls, and the appropriateness of Donation Trust Fund reporting.

Finding: The follow-up audit identified that Clyde Lassen has implemented the following recommendations that were made during the IA-1601 Donation Trust Fund audit at Clyde Lassen.

Recommendations:

- Document chain of custody on all transfers of funds between employees.
- Maintain documentation for the use and status of donation funds that the benefactor requests be used for a specific purpose in order to ensure funds are used appropriately.
- All checks received in person and by mail must be immediately restrictively endorsed with a stamp stating "For Deposit Only."

Fiscal Year 2015 – 2016 Special Project

IA-1604: Employee Survey

The survey measured employees' perceptions of whether, and to what extent, conditions that characterize successful organizations were present in the FDVA. The purpose of this survey was to assess changes since fiscal year 2014-15.

The sixty-three (63) item survey included four (4) demographic questions and fifty-nine (59) items that measured FDVA employees' perceptions about how effectively FDVA managed their workforce. The sixty-three (63) items in the questionnaire were grouped into six (6) topic areas: (1) Work Experiences, (2) Work Unit, (3) Agency, (4) Supervisor/Team Leader, (5) Leadership and (6) Satisfaction. The survey was anonymous and participation was voluntary. FDVA had 1,104 employees as of December 2015 and 534 employees took the opportunity to respond for a 48 percent response rate. The results from the survey indicated that four of the five indices, Leadership and Knowledge Management, Results-Oriented Performance Culture, Job Satisfaction, and Global Satisfaction, have increased from 2014; while Talent Management stayed the same. The most significant area of employee satisfaction related to "The Work I do is Important" while the most significant area of employee dissatisfaction related to "Satisfaction of Pay."

Fiscal Year 2015 – 2016, External Audit Liaison Activities

In accordance with 20.055(1), Florida Statutes, the FDVA OIG served as liaison to:

- Auditor General Operational Audit #2016-027

Fiscal Year 2015 – 2016 Audit Plan

Section 20.055(5) (h), Florida Statutes, requires that annual and long-term audit plans be developed based on the findings of periodic risk assessments. This ensures that the OIG is responsive to management concerns and that those activities with the greatest risks are identified and scheduled for review. The top priorities for audits have been identified based on the results of a risk assessment and are included in the audit plan. The Executive Director approved the audit plan for Fiscal Year 2016 – 2017 on August 15, 2016. Planned audits include:

Hiring and Retention of Employees

FDVA is in an almost constant state of hiring, particularly for direct-care positions; and has an unusually high turnover rate, particularly with new employees. The audit will focus on potential issues related to hiring and retention; turnover costs to the agency; the exit interview process; and the effectiveness of HR Techs in the Homes.

Donation Trust Fund

The State Veterans' Homes and Domiciliary may receive and accept gifts, grants, and endowments in the name of the Homes and Domiciliary. The Administrator and the Director determine how the donation could best benefit the Homes, Domiciliary, and its residents unless the benefactor requests or instructs usage for a specific purpose. The audit will continue to evaluate overall internal controls on the processes for accepting, distributing, and accounting of the donation.

Information Technology – Quality of Service

FDVA makes extensive use of IT, not only as an administrative tool, but also to maintain protected health care information for nursing home residents. The audit will attempt to measure the quality of service provided by the IT department within the confines of available manpower and budget in support of the FDVA mission.

Purchase Card (P-Card) Management

The audit will focus on the overall management of FDVA's P-Cards including, but not limited to, established internal controls, purchasing procedures, and documentation to ensure compliance with established policies and standard best practices.

Capital Improvement Program

FDVA is committed to making capital improvements to the Veterans Nursing Homes yearly. The audit will ensure that capital improvements activities such as budgeting, bidding, contract compliance and maintenance tracking are being conducted in such a manner as to maximize the use of funding received by FDVA for capital improvements.

Travel Program

FDVA employees engage in a fairly significant amount of travel throughout Florida, and occasionally outside of Florida. In FY-2016, Florida Law Chapter 2016-62 imposed new travel restrictions for State of Florida employees, which were incorporated into FDVA Policy 5030.200. The audit will ensure FDVA is in compliance with the most recent state travel procedures.

Contract Management – Housekeeping and Laundry

FDVA contracted with Healthcare Services Group to provide housekeeping and laundry services. The contract amount is approximately \$16 million. The audit will evaluate the effectiveness of contract activities including contract monitoring, reporting, certify all services were rendered, invoices were correct, and other contract related duties.

Summary of Investigative Activities

Investigations

Investigations are initiated to deter, prevent and eradicate fraud, waste, mismanagement, misconduct, and other abuses. The FDVA Office of the Inspector General (OIG) intakes and logs every inquiry, complaint, and referral which are received in many forms including email, telephone, letter, walk-in, the Chief Inspector General's Office, and other Federal, State, and City agencies. The OIG evaluates the provided information and makes a determination to initiate an investigation, or opt for an alternate form of resolution described as follows:

- **Inspector General Investigation:** When the information received indicates that an FDVA employee or contractor may have violated FDVA policies; or has potentially committed a violation of law. Results of investigated allegations are reported to the FDVA Executive Director, Deputy Executive Director and the affected areas top manager. All allegations result in one of the following findings:
 - ✓ **Sustained** - by the preponderance of the evidence (>50%) the complaint occurred as alleged.
 - ✓ **Unfounded** - by the preponderance of the evidence (>50%) the complaint did not occur as alleged.
 - ✓ **Not Sustained** - there is insufficient evidence to determine if the complaint occurred as alleged.
 - ✓ **Exonerated** – the complaint occurred as alleged and was justified.
- **Referral to Management:** When the information received indicates some type of misconduct, malfeasance, misfeasance or conflict on the part of, or between, FDVA employees or contractors where an initial determination has been made that a violation of FDVA policies was not committed and an Inspector General investigation is not warranted. The OIG may assist in the resolution if necessary.
- **Referral to Another Agency:** When the information received regards an agency other than the FDVA, the OIG refers the information to that agency OIG.
- **External Assistance or Monitor:** When another agency is conducting an investigation into activities affecting the FDVA, or its employees or residents and requests assistance from the FDVA OIG to facilitate their investigation; or when the FDVA OIG requests assistance from another agency (including law enforcement) regarding activities affecting the FDVA, its employees or residents.
- **No Action:** When the OIG is able to come to a resolution with a complainant, or satisfactorily solve a particular issue without any further action.

Fiscal Year 2015 – 2016 Investigations

During the fiscal year the OIG received one-hundred and twenty-two (122) inquiries, complaints, and referrals resulting in eighteen (18) investigations. Some investigations involved a single allegation while others involved multiple allegations. The overall findings of the eighteen (18) investigations were as follows:

- ✓ Sustained – Six (6)
- ✓ Unfounded – Six (6)
- ✓ Not Sustained – Six (6)
- ✓ Exonerated – Zero (0)

The following is a summary of investigations resulting in a sustained finding:

OIG-2016-001

An FDVA manager intentionally charged a subordinate with “Unauthorized Leave Without Pay” without justification. It was further determined that the manager used the threat of “Unauthorized Leave Without Pay” to intimidate employees into not calling in sick.

OIG-2016-004

An FDVA manager yelled at a subordinate in the presence of other employees regarding that employee’s violation of an FDVA policy regarding water bottles in a specific work area; and subsequently physically grabbed the water bottle from the employee’s hand.

OIG-2016-005

An FDVA employee failed to use a file protection program to send protected health information outside the FDVA network. It was determined that there was no actual breach of protected health information, or that any medical information was compromised in this incident.

OIG-2016-006

An FDVA employee was alleged to have used disrespectful and abusive language towards a fellow FDVA employee.

OIG-2016-013

An FDVA employee engaged in discrimination by making derogatory statements to another FDVA employee regarding that employee’s sexual orientation.

OIG-2016-017

An FDVA employee was wrongly issued a disciplinary action for calling 9-1-1 during a serious altercation between two residents in an FDVA nursing home.

Other Significant Investigative Activities

OIG-2016-012

An FDVA employee (a supervisor) alleged that their manager created a hostile work environment and bullied and harassed them. The investigation determined that the allegations were unfounded and the employee was motivated to file the allegations because they did not receive a merit pay raise in 2015. Furthermore, the investigation revealed that the complaining employee had created a hostile work environment leading to the resignation of several employees within the work unit. Upon the issuance of the investigative report identifying the complaining employee as creating a hostile work environment the complaining employee resigned their position.

OIG-2016-017


A Florida State Representative received a citizen concern regarding the quality of care, and questioning the usage of donations at one of the FDVA resident care facilities. The OIG conducted an investigative review of the facility and determined that the citizens' concerns were unfounded. The facilities quality of care of the residents is exceptional, which was confirmed by the OIG through observation, interviews with residents and review of various oversight agencies reports regarding the facility. Additionally, the process for receiving and utilizing donations (which had been previously audited) employs a transparent system of checks and balances and donations are being properly segregated and appropriated and utilization is fully documented. The results of the OIG investigative review was reported to the Florida State Representative with whom the citizen registered their concern.

Contacting the Office of Inspectors General

Contact us when you believe ...


- As an FDVA employee, you believe you are being harassed, discriminated against, retaliated against, or working in a hostile work environment.
- Someone may be engaging in wasteful, inefficient or the illegal use of FDVA resources.
- Someone may be using FDVA property for personal gain.
- Someone may be intentionally misleading FDVA for financial gain.
- Someone at FDVA may be receiving a benefit to “look the other way.”

How to Contact Us

 **Telephone** - (727) 518-3202, Extension 5570

 **Mail/Walk In** - 11351 Ulmerton Rd, Suite 311-K, Largo, FL 33778

 **E-Mail** - MarzulloD@fdva.state.fl.us

 **Fax** - (727) 518-3403



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