

Department of

ELDER AFFAIRS

STATE OF FLORIDA



Rick Scott
Governor

Samuel P. Verghese
Secretary

September 2, 2016

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

Ms. Melinda Miguel, Chief Inspector General (CIG)
Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399-0001

Dear Secretary Verghese and CIG Miguel:

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Office of Inspector General's Annual Report for Fiscal Year 2015-2016 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,

A handwritten signature in blue ink that reads "Taroub J. King". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Taroub J. King
Inspector General

Enclosure

TJK/kj

cc: Sherrill F. Norman, Auditor General

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FLORIDA DEPARTMENT OF ELDER AFFAIRS



ANNUAL REPORT FISCAL YEAR 2015-2016

TAROUB J. KING
INSPECTOR GENERAL

SAMUEL P. VERGHESE
SECRETARY

OFFICE OF INSPECTOR GENERAL

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INTRODUCTION

Section 20.055, Florida Statutes, requires that each Governor's Agency Inspector General (IG) submit to the Department Secretary and Chief Inspector General (CIG) an annual report, not later than September 30 of each year, summarizing its activities during the preceding state fiscal year (FY). 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 CIG in accordance with the statutory requirements and to describe how the OIG accomplished its mission during FY 2015-16.

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...." Its mission is to serve elders as they live, contribute, and build legacies in Florida.

The Department administers a variety of innovative programs and services that empower elders to age with dignity, purpose, and independence. The majority of programs administered by the Department are privatized. Ninety-five percent of the budgeted dollars are for contract services provided primarily by non-profit agencies and local governments under contract through 11 Aging and Disability Resource Centers (ADRCs)¹, which are mandated by the federal Older Americans Act.

¹ ADRCs: Operated through 11 Area Agencies on Aging and function as a single, coordinated system for information and access to services for all Floridians seeking long-term care resources. ADRCs provide information and assistance about state and federal benefits, as well as available local programs and services.

OFFICE OF INSPECTOR GENERAL

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

Within the Department, the OIG is an essential component of executive direction that provides independent, objective assurance and consulting services designed to add value and improve agency operations. The OIG also provides a central point for coordination of, and responsibility for, activities that provide accountability, integrity, and efficiency in government. This is accomplished through independent audits, investigations, and other accountability activities conducted by the OIG for the purpose of promoting economy and efficiency to prevent, deter, and detect fraud or abuse in programs and operations carried out or financed by the Department.

The IG is under the general supervision of the Department's Secretary and reports to the CIG in the Executive Office of the Governor. OIG staff have full, free, and unrestricted access to all Departmental activities, records, data, and property, and may request any other information deemed necessary to carry out audits 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.

RESPONSIBILITIES OF THE INSPECTOR GENERAL

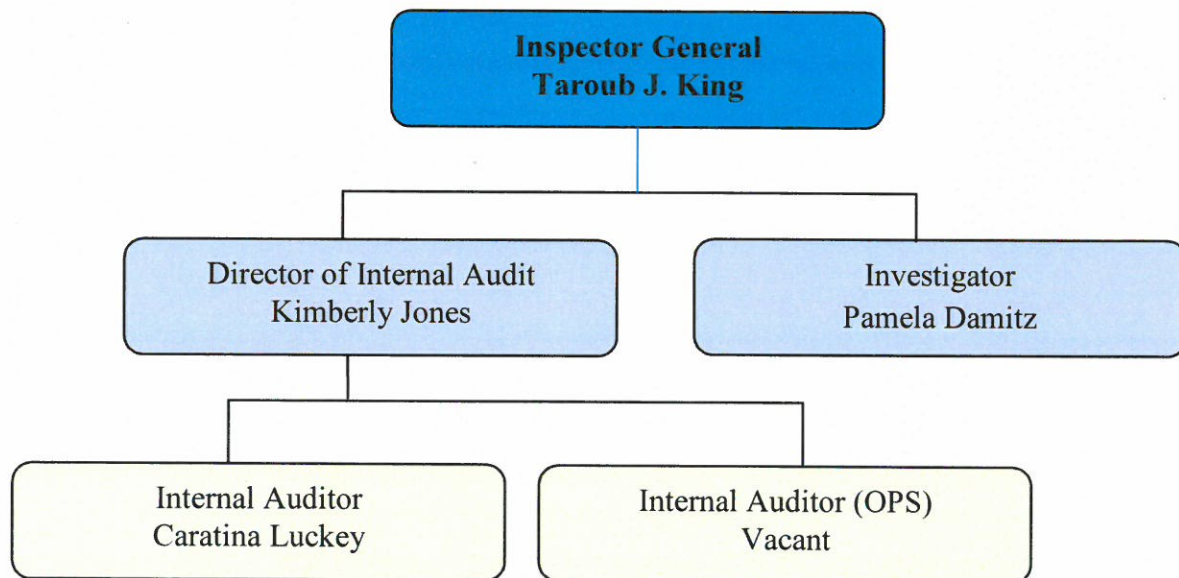
According to Section 20.055, Florida Statutes, it is the duty and responsibility of each IG, with respect to the state agency in which the office is established, to:

- Advise in the development of performance measures, standards, and procedures for the evaluation of the Department's programs;
- Assess the reliability and validity of the information provided by the Department on performance measures and standards and make recommendations for improvement, if necessary;
- Review actions taken by the Department 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 Department;
- 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;

- Keep the Secretary and CIG informed concerning fraud, abuse, and deficiencies relating to programs and operations administered or financed by the Department; recommend corrective action; and report on the progress made in implementing corrective actions;
- Review, as appropriate, rules relating to the programs and operations of the Department and make recommendations concerning their impact;
- Maintain an appropriate balance between audit, investigative, and other accountability activities;
- Monitor the implementation of the Department’s response to external audits;
- Receive complaints and coordinate Department activities as required by the Whistleblower’s Act and/or the CIG; *and*
- Ensure effective coordination and cooperation between the State of Florida Auditor General (AG), other governmental bodies, and federal auditors with a view toward avoiding duplication.

ORGANIZATION PROFILE

To carry out its duties and responsibilities, as of June 30, 2016, the OIG had a staff of five professional/technical positions. The OIG is organized as follows:



STAFF QUALIFICATIONS

Collectively, OIG staff have backgrounds and experiences in a variety of disciplines in the public and private sectors. These disciplines include accounting, auditing, program evaluation, management, law enforcement, and communications. OIG staff possess professional certifications and one staff person has an advanced degree. Additionally, OIG staff participate in a number of professional organizations. Below is a list of the professional certifications and affiliations maintained by OIG staff members:

CERTIFICATIONS

- Certified Inspector General (1)
- Certified Government Auditing Professional (1)
- Certified Inspector General Auditors (2)
- Certified Inspector General Investigators (2)
- Certified Law Enforcement Officers (2)
- Employees who provide Notary Public Services (2)
- Master of Public Administration (1)

PROFESSIONAL ORGANIZATION AFFILIATIONS

- Association of Inspectors General (AIG)
- Institute of Internal Auditors (IIA)
- Florida Chapter, Association of Inspectors General
- Tallahassee Chapter, Institute of Internal Auditors
- Association of Government Accountants (AGA)

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, webinars, and attendance in relevant training or through continued professional education programs.

MAJOR ACTIVITIES

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

INTERNAL AUDIT

The purpose of the Internal Audit Section (IAS) 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 IAS 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.

RESPONSIBILITIES OF THE IAS

- 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 AG, the Office of Program Policy Analysis and Government Accountability (OPPAGA), internal audits, and other oversight units.

Internal audit activities are conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, published by the IIA.

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 Department employees, contractors, and vendors. Investigations are conducted in accordance with the *General Principles and Standards for Offices of Inspector General*, published by the AIG.

Inquiries and complaints regarding Department activity are received from many sources, including the Whistle-blower's Hotline, Chief Financial Officer's Get Lean Hotline, Attorney General's Office, Office of the Chief Inspector General, and 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** – A formal process by which information and evidence is obtained relevant to allegations, complaints, or violations posed or suspected.
- **Management Review** – Formal review of an issue that is possibly systemic in nature or of a specific program area to determine whether it is operating within accepted, written procedures or contract. This may be initiated in response to a complaint or expressed concerns that do 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:

- **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.

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.

SUMMARY OF ACTIVITIES AND ACCOMPLISHMENTS

In accordance with Section 20.055(2)(i), Florida Statutes, the IG ensures that an appropriate balance is maintained between audit, investigations, and other accountable activities. Chart 1 below illustrates how staff resources were used to complete OIG activities for FY 2015-2016.



Chart 1

In addition, Chart 2 below illustrates the types of activities that were completed by OIG staff:

Activities	Number
Complaints Received	60
Internal Audits Completed	1
Management Review	1
Investigations Closed	2
Preliminary Inquiries Completed	29
Follow-up Audits Completed	3
Public Records Requests	2
Performance Measures Reviewed	9
Recommendations Followed-Up On	13

Chart 2

SUMMARY OF ACTIVITIES

The following list includes audit and investigation activities that were completed during FY 2015-16:

AUDIT ENGAGEMENTS

Performance audits are conducted to ensure the effectiveness, efficiency, and economy of the Department's programs. In addition, Compliance audits are conducted to ensure the Department's programs are following prescribed statutes and rules. OIG Internal Audit staff completed the following audit engagements during FY 2015-16:

S-1415DEA-013 Department Performance Measure Assessment

Section 20.055, Florida Statutes, requires the OIG to assess the validity and reliability of agency performance measures and to make recommendations for improvement, if necessary. We reviewed the nine newly requested measures included in the Long-Range Program Plan (LRPP) for FY 2015-16.

Based on the limited documentation available for review, our assessment revealed that the new measures were valid and reliable. The only documentation available for review were *Exhibits II* (Performance Measures and Standards) and *IV* (Performance Measure Validity & Reliability) of the LRPP. We found that although the Office of Strategic Initiatives (OSI) does have the written data scripts to pull the information out of our information systems, it does not have written procedures documenting the process. Additionally, the Long-Term Care Ombudsman Program (LTCOP) does not have written procedures documenting their process for performance measures. We, therefore, recommended the OSI and LTCOP implement written procedures for documenting and gathering the data for the performance measures.

In addition, we found that Division Directors with oversight responsibility for program performance measures did not know the LRPP process well enough to know that the *Exhibit IV* documents contained detailed information regarding the performance measure. Additionally, we noted that they were not reviewing *Exhibit IV* documents prior to submittal in the LRPP. We, therefore, recommended that all Division Directors and/or Bureau Chiefs receive an overview of the LRPP process and be required to review the LRPP exhibits prior to submission.

A-1516DEA-031 Confidential-Audit of Disaster Preparedness and Emergency Operations

The results of this audit are confidential and exempt from the provisions of Section 119.07(1) Florida Statutes, and are not available for public distribution.

COORDINATION OF EXTERNAL AUDITS

The OIG's IAS serves as the central point of contact between the Department and external agencies engaged in audits of Department operations. This liaison role helps ensure effective coordination and cooperation between the AG and other state and federal review entities and minimizes duplication of audit efforts. IAS coordinate information requests and responses, facilitate the scheduling of meetings, and coordinate the Department's response to preliminary and tentative findings issued by the AG and other oversight agencies.

OIG staff provided liaison and coordination services for the following five external projects:

- E-1415DEA-018*** *Department of Financial Services (DFS) Evaluation of Department of Elder Affairs Loss Prevention Program, Report Number SFLPP-20-14/15 DOEA*
- E-1415DEA-026*** *United States Department of Agriculture – Florida Department of Elder Affairs Adult Care Food Program Management Evaluation*
- E-1415DEA-036*** *State of Florida Auditor General – Compliance and Internal Controls over Financial Reporting and Federal Awards, Report Number 2016-159*
- E-1516DEA-023*** *State of Florida Auditor General - Quality Assessment Review for Department of Elder Affairs Office of Inspector General, Internal Audit Activity, Report Number 2016-039*
- S-1516DEA-035*** *OPPAGA Research Memorandum – Health and Human Services Contact Centers/Hotlines*

These reports contained 33 recommendations to the Department.

FOLLOW-UP TO INTERNAL AND EXTERNAL AUDITS

The IAS actively monitor management's actions to correct deficiencies cited in internal and external reports. In accordance with state law and internal auditing standards, the IG provides the Department Secretary with a written report on the status of corrective action. Internal audit staff conducted follow-ups on one internal and two external audits:

A-1314DEA-029 Six- and Twelve-Month Follow-ups to OIG’s Review of Human Resources Function in the Comprehensive Assessment and Review for Long-Term Care Services (CARES) Bureau

Our follow-up audits revealed that Department management had taken corrective action to address 3 of the 4 findings, as well as 5 of 7 recommendations from prior OIG recommendations. The OIG has scheduled an 18-Month Follow-up, final review, in FY 2016-17 to ascertain whether corrective action will be taken on open audit findings.

E-1314DEA-023 Six- and Twelve-Month Follow-ups to AG’s State Long-Term Care Ombudsman Program and Selected Administrative Activities, Operational Audit, Report Number 2015-109

Our follow-up audits revealed that Department management had taken corrective action to address the 13 findings and recommendations.

E-1415DEA-038 Six-Month Follow-up to Department of Financial Services (DFS) Audit of Selected DOEA Contracts and Grant Agreements

Our follow-up audits revealed that Department management had taken corrective action to address the three findings and recommendations.

INVESTIGATIONS

Investigations 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. OIG Investigation’s staff completed the following investigations:

I-1516DEA-040: A complaint was filed by an employee from another state agency who alleged a Department employee obtained non-public information about a family member’s benefits case through one of their agency’s employees and also shared that information with another family member. The investigation concluded that both allegations were sustained. The final report contained 1 recommendation.

I-1516DEA-042: A complaint was filed by a supervisor who alleged an employee conducted a medical assessment of an immediate family member and failed to notify the supervisor about it either before or after it was completed. The investigation concluded that both allegations were sustained. The investigation also concluded that two additional employees were aware of the conflict of interest and failed to notify the supervisor. The final report contained 3 recommendations.

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. OIG Investigation's staff completed eight preliminary inquiries identified as follows:

P-1516DEA-018: There were 13 instances in which internal management requested assistance or advice from the OIG related to personnel and management issues.

P-1516DEA-019: This project number was generated as an umbrella case to document all incidents of theft of state property, currency or other suspicious incidents within the Department during FY 2015-16. There were reports of two thefts from field employee staff and five reports of offices being rummaged through and small items being taken that were reported within Department Headquarters. All Department employees were provided crime prevention tips by the OIG. Additionally, all thefts and incidents of office rummages were reported to the appropriate law enforcement agencies for investigation, as necessary.

P-1516DEA-022: A complaint was filed by an employee from another state agency that alleged a Department employee used work databases to seek information about her and then shared the information with other individuals. The inquiry revealed that the employee did have access to the databases, but did not conduct any inquiries of the complainant.

P-1516DEA-028: A complaint was filed by an employee that alleged a supervisor targeted him or her and accused him or her of copying confidential material for personal reasons. The inquiry also generated a total of three individual complaint intakes related to personality conflicts and management style issues. The inquiry was referred to and handled by the Bureau of Human Resources.

P-1516DEA-033: This project number was generated as an umbrella case to document incidents of Health Insurance Portability and Accountability Act (HIPAA) and Protected Health Information (PHI) violations including computer breaches. There were two incidents: one involved a computer breach which was allowed by an employee due to a Tech Support Scam. This incident was reported to the Department's Office of Information Technology and the Florida Department of Law Enforcement. A second incident involved assessment documents, completed by a subcontractor, that were found on a roadway by a citizen. The information was turned over to the Department and handled by the Bureau of Community and Support Services, the Area Agency on Aging (AAA), and the Office of General Counsel.

P-1516DEA-036: A complaint was filed by a citizen who received services, along with his or her parent, from a subcontractor. The citizen alleged there were issues with the food being served through the Meals on Wheels program and that they were not receiving checks as a part of care being provided. The inquiry was referred to and handled by the Bureau of Community and Support Services and the AAA.

P-1516DEA-037: A complaint was filed by another state agency employee who alleged that a Department employee obtained non-public information about a family member's benefits from one of their employees and shared it with another family member. An investigation was initiated after preliminary information indicated the employee shared the information he or she obtained with a family member via email. (Related investigation #I-1516DEA-040)

P-1516DEA-038: A complaint was filed by a former Long-Term Care Ombudsman volunteer who alleged that he or she was wrongfully de-certified as a volunteer by the State Ombudsman. This information was referred to and handled by applicable Department Management.

OTHER OIG ACTIVITIES

COMPLAINT RESOLUTIONS

Complaint Intakes

During the year, the OIG received 60 complaints or requests for assistance from various sources. Some examples of complaints include:

- Employee Misconduct
- Theft of State-Issued Equipment
- Issues with Subcontractor Services
- Management Request for OIG Assistance

Chart 3 on the following page illustrates the resolution of complaints received by the OIG during FY 2015-16:

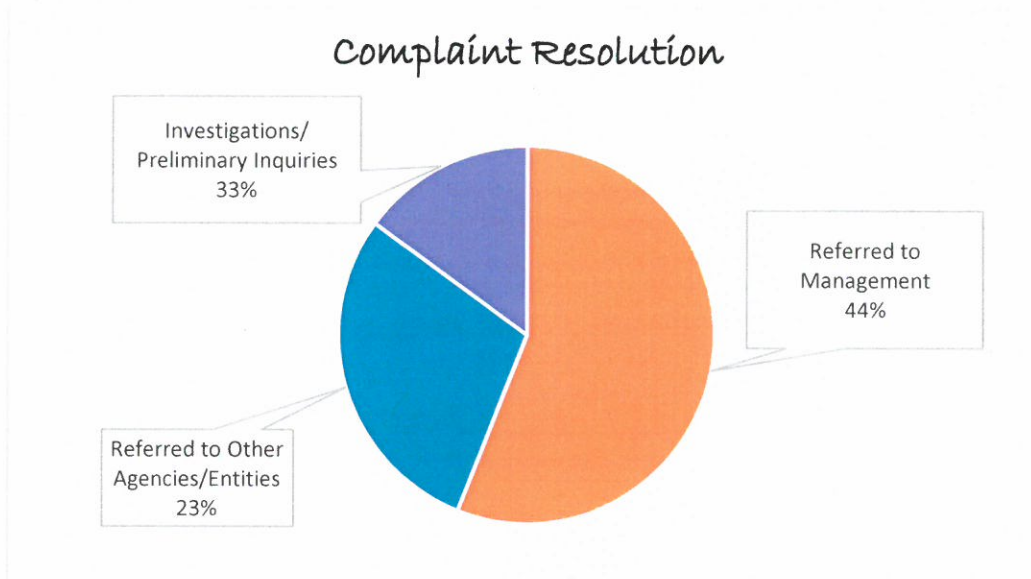


Chart 3

ANNUAL RISK ASSESSMENT

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.

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Internal Audit staff prepare the *Schedule IX: Major Audit Findings and Recommendations* for the Department's Legislative Budget Request on an annual basis. The Schedule IX informs decision-makers about major findings and recommendations made in AG and OIG audit reports issued during the current and prior fiscal years. It also provides information on the status of action taken to correct reported deficiencies.

PRESENTATIONS

During FY 2015-16, OIG staff created and distributed a flyer containing holiday fraud prevention and safety tips for Department staff. In addition, OIG staff presented *Fraud Awareness* training to educate the Department contract managers and other staff. The IG also gave a brief speech and participated in the 3rd Annual Fraud Prevention Seminar, which was presented by the Department, the Big Bend Task Force, and John Wesley United Methodist Church in Tallahassee.

SUMMARY OF ACCOMPLISHMENTS

QUALITY ASSESSMENT REVIEW

Section 11.45(2)(1), Florida Statutes, requires that the AG, once every three years, review a sample of internal audit reports to determine compliance with the Standards. In November 2015, the Department's OIG received a final report from the AG's Quality Assessment Review of the Internal Audit activity for the period July 2014 through June 2015. As published in the November report, the AG found the "quality assurance program related to the Office of Inspector General's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance to applicable professional auditing standards. Also the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies offices of inspectors general internal audit activities." The report did not contain any findings or recommendations for corrective action.



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