



September 7, 2017

Mr. Jeffrey S. Bragg, Secretary
Florida Department of Elder Affairs
4040 Esplanade Way
Tallahassee, Florida 32399

Mr. Eric W. Miller, Chief Inspector General (CIG)
Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399-0001

Dear Secretary Bragg and CIG Miller:

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Office of Inspector General's Annual Report for Fiscal Year 2016-2017 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. Faraj
Inspector General

Enclosure

TJF/kj

cc: Sherrill F. Norman, Auditor General

FLORIDA DEPARTMENT OF ELDER AFFAIRS



ANNUAL REPORT FISCAL YEAR 2016-2017

TAROUB J. FARAJ
INSPECTOR GENERAL

JEFFREY S. BRAGG
SECRETARY

OFFICE OF INSPECTOR GENERAL

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INTRODUCTION

Within the Department of Elder Affairs (Department), the Office of Inspector General (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. 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 Department disclosed by investigations, audits, reviews, or other activities during the reporting period; and
- A description of recommendations for corrective action made by the OIG during the reporting period with respect to significant problems, abuses, or deficiencies identified.

This report is presented to the Secretary and CIG in accordance with the statutory requirements to summarize the OIG activities and accomplishments during FY 2016-17.

RESPONSIBILITIES

Through independent audits, investigations, and other accountability activities, the OIG promotes economy and efficiency to prevent, deter, and detect fraud or abuse in programs and operations carried out or financed by the Department. 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:

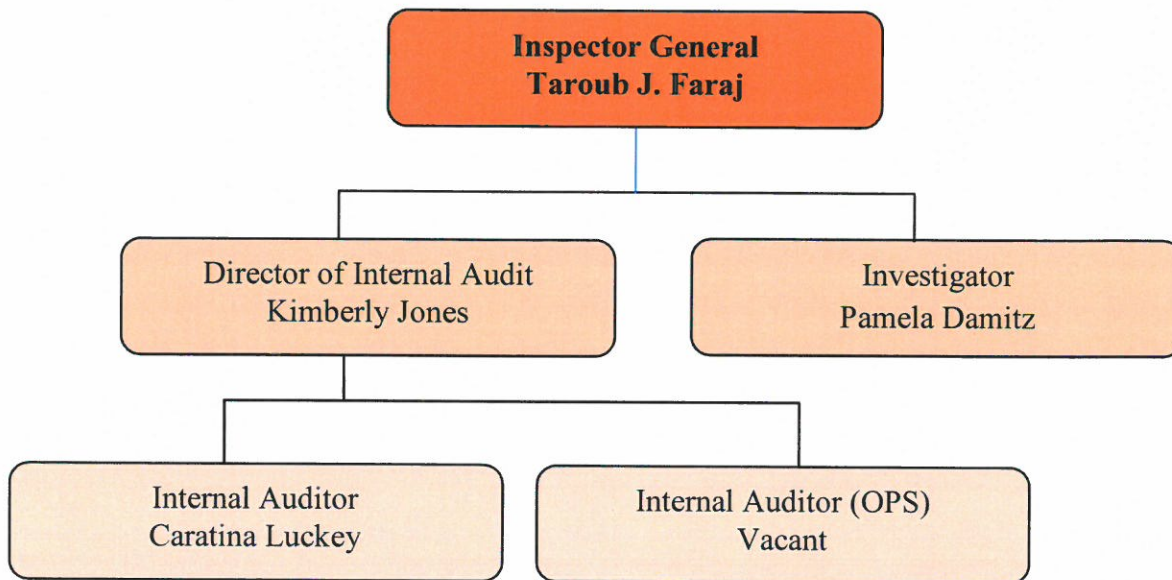
- Advise in the development of performance measures, standards, and procedures for the evaluation of the Department's programs;
- Assess the reliability and validity of the information provided by the Department on performance measures and standards and make recommendations for improvement, if necessary;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

ORGANIZATIONAL STRUCTURE

The IG is under the general supervision of the Department's Secretary, but 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 reporting structure and unrestricted access ensures audits, investigations, and other activities are independent and that results are communicated in accordance with professional standards.

To carry out its duties and responsibilities, as of June 30, 2017, the OIG had a staff of five professional/technical positions 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 (3)
- 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 AUDITS

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 Inspectors General*, published by the AIG, and the *Commission for Florida Law Enforcement Accreditation, Inc.* standards. 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.

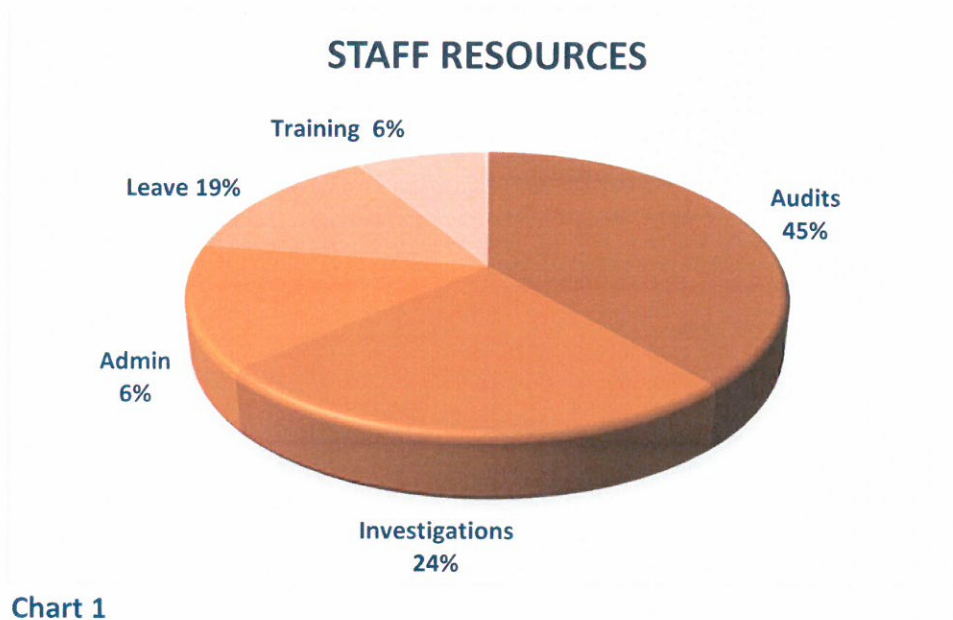
Investigative reports contain the allegations made in the complaint and are classified subsequent to a conclusion of fact, based on a thorough and competent investigation as follows:

- **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 2016-17.



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

ACTIVITIES	NUMBER
Complaints Received	78
Internal Audits Completed	5
Management Reviews	0
Investigations Closed	2
Preliminary Inquiries Completed	23
Follow-up Audits Completed	5
Public Records Requests	6
Performance Measures Reviewed	3
Recommendations Followed-Up On	13

Chart 2

Below are the audit engagements and investigation activities that were completed during FY 2016-17:

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 2016-17:

A-1516DEA-039 Audit of Adult Protective Services High-Risk Performance Measure

Based on our observations and audit test work, we found internal controls exist to ensure the integrity, reliability, and validity of the reported metric. However, we identified two findings that warranted management's attention:

Finding 1: The Office of Strategic Initiatives (OSI) does not have written procedures to document the collection, calculation, and reporting of their processes for the APS High-Risk performance measure.

Recommendation: OSI management develop written procedures to ensure consistency in the steps to be performed in the collection, calculation, and reporting processes and fulfillment of the performance measure's operational objectives.

Finding 2: Statewide Community-Based Services (SCBS) and OSI management were unable to provide documentation to evidence supervisory review and approval for accuracy of the metric prior to reporting in the Long-Range Program Plan.

Recommendation: SCBS and OSI management strengthen their internal controls by implementing a process to verify the accuracy of the performance metric prior to its reporting in the LRPP and maintain sufficient documentation to evidence SCBS' review and approval.

***A-1617DEA-038 Audit of Office of Public and Professional Guardians' (OPPG)
Performance Measure***

Based on our observations and audit test work, we identified one finding that warranted management's attention to ensure the reliability, validity, and integrity of the reported results:

Finding 1: OPPG staff do not verify the dates on referral documentation to ensure service activity on behalf of frail or incapacitated elders is initiated by public guardianship within five (5) days of receipt of request.

Recommendation: OPPG management revise and enhance their monitoring tool and process by incorporating and performing a step to verify the dates of referral information to ensure service activity on behalf of frail or incapacitated elders is initiated by public guardianship within five (5) days of receipt of request thus ensuring the reliability, validity, and integrity of the reported results.

A-1617DEA-044 Review of Automated Systems Used to Manage and Maintain Client Case Records

From the review, we gleaned Area Agencies on Aging (AAAs) neither manage nor maintain client case records; however, they are responsible for providing oversight and monitoring of Lead Agencies (LAs) who manage and maintain case records. We conducted a survey of the AAAs and LAs and the survey results were shared with SCBS management for informational purposes.

A-1617DEA-026 Audit of Senior Legal Helpline

Based on our observations and audit test work, we found services were being rendered in accordance with the contracts; invoice payments were made in accordance with the terms of the contracts; *and* internal controls existed to adequately prevent, deter and detect fraud. Furthermore, we noted the Department's formal monitoring of the delivery of services for Contract XQ558 was conducted throughout the contract period (quarterly), with the annual assessment occurring during the fieldwork phase of our audit. To enhance the effectiveness of the contract monitoring activity, we offered two process improvements to the Contract Manager; however, no findings and recommendations were presented in this audit report.

A-1617DEA-049 Audit of Long Term Care Ombudsman Program Performance Measure

Based on our observations and audit test work, we found internal controls exist to ensure the reliability, validity, and integrity of the reported metric. No findings and recommendations were presented in this report.

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 external projects:

- E-1617DEA-032 US Department of Health and Human Services***
- E-1617DEA-033 USDA FY 2017 Financial Management Review***
- E-1617DEA-034 Corporation for National & Community Service Federal Financial Report for period ending December 31, 2016***
- E-1617DEA-036 Auditor General Statewide Financial Statement Audit for FY 2015-16***
- E-1617DEA-037 Audit of Department of Elder Affairs' Non-Criminal Access to FDLE Criminal History System***
- E-1617DEA-041 Department of Financial Services' Schedule of Expenditures of Federal Awards for FY 2016***
- E-1617DEA-045 Agency for State Technology 2017 Department of Elder Affairs' Compliance Assessment with Rule Chapter 74-1, Florida Administrative Code***

These reports contained 22 recommendations to the Department.

FOLLOW-UPS TO INTERNAL AND EXTERNAL AUDITS

The IAS actively monitors 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 external and three internal audits:

- A-1314DEA-029*** ***18-Month Follow-up to Review of Human Resources Function in the Comprehensive Assessment and Review for Long-Term Care Services Bureau***
- A-1516DEA-031*** ***Six- and Twelve-Month Follow-ups to Confidential Audit of Disaster Preparedness and Emergency Operations***
- A-1516DEA-039*** ***Six-Month Follow-up to Audit of Adult Protective Services High-Risk Performance Measure***
- E-1516DEA-027*** ***Six-Month Follow-up to Auditor General Financial Management Controls and Selected Administrative Activities, Report No. 2017-030***

Our follow-up audits revealed that Department management had taken corrective action to address 11 findings and 21 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-1617DEA-040 – A complaint was filed by a Department employee who alleged that another employee made derogatory comments and disclosed personal health information about a supervisor. There were additional allegations that the employee shared the personal health information of two additional individuals. The investigation concluded the first allegation was sustained and the two additional allegations were not sustained.

I-1617DEA-046 – A complaint was filed by a Department employee who alleged that another employee offered them prescription medication in the workplace. The investigation revealed there were no witnesses to support either statement, therefore the allegation was not sustained.

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 nine preliminary inquiries identified as follows:

P-1617DEA-016 - This project number was created as an umbrella case to document all instances of internal management requests for OIG assistance. There were ten instances in which internal management requested assistance or advice from the OIG related to personnel and management issues.

P-1617DEA-017 - This project number was created as an umbrella case to document all incidents of theft of state property, currency, or other suspicious incidents within the Department during FY 2016-2017. There were three intakes of reported theft, one occurred away from the office, the second incident at Department headquarters, and the third was reported by a field office employee.

P-1617DEA-019 - This project number was created as an umbrella case to document all instances of Health Insurance Portability and Accountability Act (HIPAA) and Protected Health Information (PHI) violations including computer breaches. There were two incidents in which employees responded to a phishing email and allowed unauthorized access to their computers. Two additional incidents involved a subcontractor employee who misused computer program access and a former subcontractor employee who maintained information on clients after leaving employment.

P-1617DEA-029 - An anonymous complaint was received through the CIG which alleged that the Serving Health Insurance Needs of Elders (SHINE) program was inflating contract amounts to monetarily benefit from the program. The inquiry determined that contract amounts are negotiated with the providers and contracts provide the maximum payout if all requirements are met and program money is still available.

P-1617DEA-035 - An anonymous complaint was received in reference to questionable expenditures by a subcontractor. An investigation was initiated and is ongoing.

P-1617DEA-048 - A former employee of the Department's nutrition provider filed a complaint alleging that her supervisor required her to inappropriately bill the Department to receive the maximum compensation amount. The inquiry was referred to the Nutrition Program which conducted an unannounced monitoring visit and found minor documentation issues which were corrected. No billing issues were identified.

P-1617DEA-053 – A complaint was filed by an attorney who alleged that he was working on behalf of families that have issues with the Office of Public and Professional Guardians (OPPG) and how the program is handling their complaints pertaining to the status of wards. The OIG referred the complaint to OPPG management since the OIG has no purview over the OPPG process.

P-1617DEA-054 – A complaint was received in reference to the lack of assistance provided to a homeless senior in Miami. The OIG coordinated with the AAA in Miami to provide resources and services.

P-1617DEA-070 – The OIG received a complaint from Human Resources (HR) in reference to an employee that allegedly falsified travel documentation. The inquiry determined that the employee did not board a flight for work as indicated on their travel documentation. The results were provided to HR.

OTHER OIG ACTIVITIES

COMPLAINT RESOLUTIONS

Complaint Intakes

During the year, the OIG received 78 complaints or requests for assistance from various sources. Some examples of complaints include:

- Employee Misconduct
- 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 2016-17:

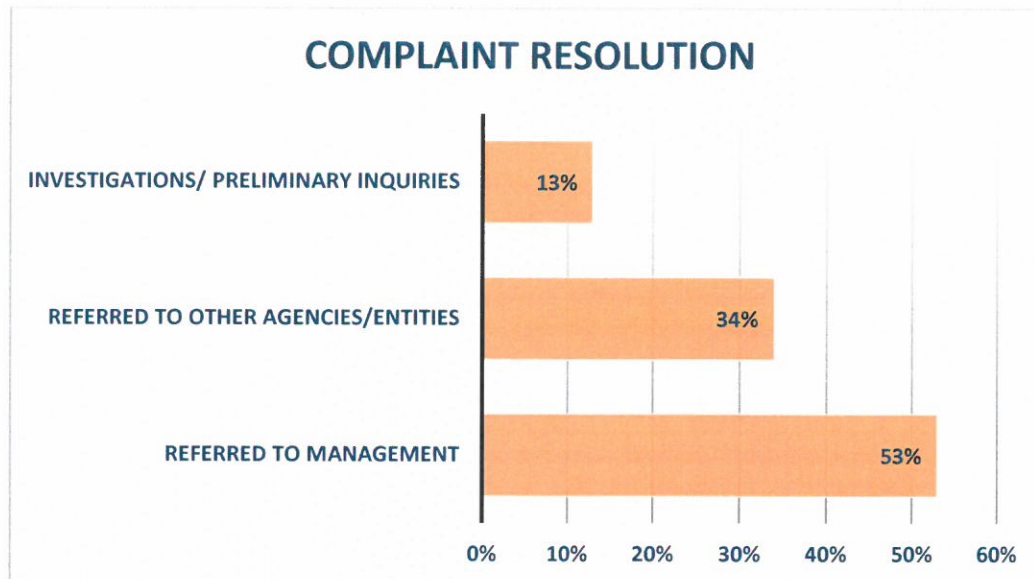


Chart 3

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.

SUMMARY OF ACCOMPLISHMENTS

OFFICE OF INSPECTOR GENERAL RECEIVED ACCREDITED STATUS

On June 21, 2017, the OIG received accreditation from the Commission for Florida Law Enforcement Accreditation, Inc. (CFA). A panel consisting of the executive director, along with three CFA commissioners, reviewed an assessment report from the IG detailing compliance with 46 applicable standards established by the CFA. After review of the assessment, which was compiled by individuals from law enforcement agencies and other IG offices, the panel voted to favorably present the unit to the Commission for accreditation. The Commission ultimately agreed with the recommendation and voted in favor of the IG's investigative office, which consists of the IG and one investigator.



Pictured left to right: Lori Mizell, CFA Executive Director; Taroub J. Faraj, Inspector General; Pamela Damitz, Investigator; Jeffrey S. Bragg, Secretary; and Chief Anthony Holloway, St. Petersburg Police Department/CFA Chair.



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