

# OFFICE OF INSPECTOR GENERAL

## ANNUAL REPORT

JULY 1, 2011 – JUNE 30, 2012

SEPTEMBER 2012



MARVIN DOYAL, INSPECTOR GENERAL

*Promoting accountability, integrity and efficiency in government*

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# INTRODUCTION

## MISSION

The mission of the Office of Inspector General (OIG) is to protect and promote integrity, efficiency and accountability by providing an independent appraisal function within APD. We perform and report objective analyses of APD operations thereby increasing assurances that APD assets are safeguarded; operating efficiency is promoted; and compliance is maintained with prescribed laws and regulations.

## GOALS

Our goals are to:

- Excel in auditing and investigations;
- Demonstrate high levels of professional competence; and
- Accurately report observations and findings.

## PRIORITIES

The priorities of the OIG are to:

- Respond to true emergencies (these could be any type of serious situation that might arise but could also include requests by the Governor, Chief Inspector General or other parties);
- Execute approved individual assignments which are designed to answer questions about the effective, efficient, economical and legal operation of APD;
- Study and evaluate the system of internal controls over APD's assets and liabilities; and
- Develop the information and databases necessary to respond to questions that are raised about whether APD is operating in an effective, efficient, economical and legal manner.

These priorities are interrelated and doing any one of them provides information useful in doing the others. All four are important and continuing tasks.

## THE OIG'S RESPONSIBILITIES INCLUDE:

- Promoting economy and efficiency in agency programs and operations, and to prevent and detect fraud and abuse;
- Conducting audits, management reviews, and investigations including background screening, review of incident reports and reports of death;
- Advising in the development of performance measures, standards, and procedures for the evaluation of agency programs; reviewing actions taken by the agency to improve program performance and meet program standards;

- Recommending corrective action concerning fraud, abuse, and deficiencies in agency controls and reporting on progress made in implementing corrective actions; and
- Coordinating engagements and reviewing actions by the Agency in response to recommendations made by: the Office of the Auditor General, the Office of Program Policy Analysis and Government Accountability, the Florida Department of Financial Services, and other external agencies during the course of their audits or reviews.

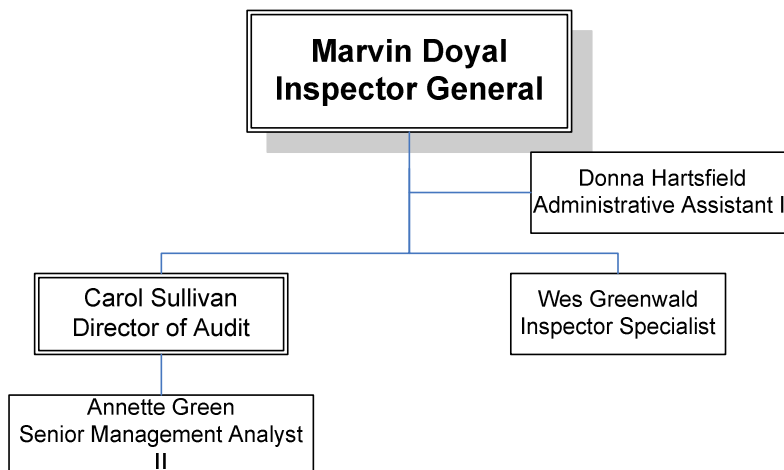
## A RISK BASED PROGRAM

The OIG, to be responsive to management concerns, performs an annual risk assessment of Agency activities to identify and rank those activities to be reviewed each year.

## ORGANIZATION AND STAFF

The OIG, pursuant to Section 20.055, Florida Statutes, provides a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government. The OIG reports to the Director of APD on APD investigative and audit policy, investigative and audit findings, internal control issues, guidance issues, and other matters as directed. The OIG also reports to and cooperates with the Chief Inspector General in the Executive Office of the Governor.

The OIG is organized into two sections: one stresses Internal Audit and the other stresses Investigations. However, because of the small size of the organization, audit staff assists in investigations and investigative staff assists on audits. The OIG has a staff of five professional/technical positions. Our organizational structure during the period July 1, 2011 – June 30, 2012 was as follows:



Darlene Johnson retired and was replaced by Donna Hartsfield effective August 5, 2011. Donna Hartsfield retired June 29, 2012.

## PROFESSIONAL CERTIFICATIONS

Staff members in the OIG hold the following professional certifications:

- Certified Inspector General (1)
- Certified Internal Control Auditor (1)
- Certified Internal Auditor (1)
- Certified Inspector General Auditors (2)
- Certified Public Accountants (2)
- Certified in Financial Forensics (1)
- Certified Inspector General Investigator (1)
- Certified Fraud Examiners (2)

## MAJOR ACTIVITIES AND FUNCTIONS

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

## OIG WORKLOAD

The following chart lists all cases (audits, investigations, complaints and liaison activities) considered by the OIG. Because some allegations and complaints are untrue, and others are not substantiated we do not comment on all complaints received. However the more significant audits and investigations are discussed below.

|  |     |
|--|-----|
| Cases open at beginning of fiscal year | 21  |
| Cases opened during the year           | 153 |
| Cases closed during the year           | 103 |
| Cases open at end of fiscal year       | 71  |

## INTERNAL AUDIT

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

Pursuant to Section 20.055(5)(h), Florida Statutes, the OIG prepared an annual audit plan for fiscal-year 2011/2012 based on a generally accepted risk assessment process. Additionally, the OIG has provided formal and informal information to assist agency personnel in their operational capacities.

## **100802-01 CONTRACT MANAGEMENT**

*Release Date: January 2012*

The purpose of this audit was to determine whether contracts were prepared, executed, managed, and monitored in accordance with established policies and procedures; whether contractual expenditures were in accordance with state expenditure guidelines and in compliance with contractual provisions; whether contractual financial reporting was accurate and complete; and whether the deliverables required in the contracts were received by APD, its clients or persons on the wait list.

We found that the contract administration and management are generally adequate. However, our audit disclosed missing documentation, misclassification of provider status, ineffective conflict of interest forms, conflicting instructions concerning civil rights forms, verbal change to a contract that deleted a deliverable, inappropriate funding sources selected late in the procurement process, and procurements for ineligible persons.

We recommended the following:

- APD ensure contract managers are properly trained in contractual procurement documentation requirements and contract files are retained in accordance with law, rule, regulation and policy.
- Contract managers receive instruction on the proper completion of the *Recipient/Subrecipient vs. Vendor Determination Checklist*.
- APD provide appropriate training to contract managers to ensure the *Conflict of Interest Forms* are completed in their entirety by the individuals signing the form and do not contain pre-populated answers.
- APD's standard contract language regarding the completion of the *Civil Rights Checklist* to be changed to correctly reflect the checklist's completion instructions.
- APD follow correct contract amendment provisions to ensure contractual compliance and to ensure that all applicable members of APD management are made aware of such contract modifications.
- APD management follow established procedures and determine funding sources for contracts prior to contract negotiations. In addition, we recommend APD management ensure that all expenditure transactions are recorded in FLAIR.
- APD management develop and reduce to writing policies and procedures addressing APD's involvement in situations with non-U.S. citizens for non-resident aliens who are not Medicaid eligible and according to APD's *Application for Services*, not eligible for APD Services.

## **111005-01 ETHICS AND ETHICAL CLIMATE FOLLOW-UP**

*Release Date: January 2012*

The objective of this follow-up audit was to determine if appropriate corrective action was taken to address the recommendations made in the *Audit of Ethics and Ethical Climate at the Agency for Persons with Disabilities*.

We determined original audit findings related to the *Agency Pledge form related to Ethics* and the *Ethics Officer Contact Information* were sufficiently resolved. Further corrective action was needed for *Dual Compensation Approval*.

Corrective Actions taken for *Dual Compensation Approval* were as follows:

- APD adopted *Additional Employment Outside State Government* operating procedure, APD OP 01-021, on April 1, 2011. APD also drafted the *Dual Compensation and Employment* operating procedure which is currently undergoing review by APD legal counsel. Implementation was pending.
- An email was sent on April 20, 2011, requiring all APD employees engaged in dual employment or compensation or outside employment to resubmit their request for such employment.
- The Human Resource office is maintaining a current listing of all APD employees dually employed or dually compensated inside or outside of State Government.

Additional recommendations were:

- APD OP 01-021 be amended to include the provisions of Section 393.0654, Florida Statutes.
- Amending APD OP 01-021 to include better internal controls which place the decision of whether outside employment is or is not a conflict of interest with the Ethics Officer, whose final review should include the approval or disapproval of outside employment.

## **FAMILY CARE COUNCIL AUDITS**

Section 393.502(9), Florida Statutes, requires a financial review of expenditures of the Family Care Councils. The Internal Audit Section selects five Family Care Councils per year for audit. These audits were conducted to determine whether the Family Care Council expenditures were in compliance with Florida Statutes, and other applicable state laws and rules. The five audits are presented below:

## **111213-01 FAMILY CARE COUNCIL FLORIDA**

*Release Date: April 2012*

Based on our review of expenditures and applicable procedures we did note that meeting minutes did not discuss, authorize or approve the purchase of computer

equipment. In addition, there were several concerns regarding per diem and travel expenses.

We recommended the following:

- The FCCF discuss, authorize and approve purchases after due consideration of their necessity and purpose. In addition, we recommend that the FCCF document the discussion, authorization and approval in their minutes prior to purchase.
- APD conduct a more thorough preaudit process of FCCF expenditures prior to payment. In addition, we also recommend that APD provide additional training to the Family Care Council Florida on the policies and procedures of completing and requesting travel reimbursements.

#### **120123-01 AREA 4**

*Release Date: May 2012*

Based on our review of expenditures and applicable procedures we did note that for meetings held on January 13, 2011, February 10, 2011, March 10, 2011 and June 16, 2011 there were no minutes prepared. For eight of our sample items we noted an APD employee's purchasing card was used to purchase hotel rooms for FCC members at conferences and meetings. One sample item was for the purchase of sympathy cards for the Area 4 FCC. In addition, there were several concerns regarding travel expenditures.

We recommended the following:

- Area 4 FCC prepare minutes for all council meetings in accordance with Section 286.011, Florida Statutes and the *Family Care Council Orientation Manual*.
- Area 4 FCC and APD employees follow state expenditure guidelines in the conduct of Family Care Council business.
- APD conduct a more thorough preaudit process of the Area 4 FCC expenditures prior to payment. In addition, we also recommend that APD provide additional training to the Area 4 FCC and Area 4 APD staff on the policies and procedures of completing and requesting travel reimbursements.

#### **120123-02 AREA 7**

*Release Date: June 2012*

Based on our review of expenditures and applicable procedures we did note that FCC members were incorrectly reimbursed the meal allowance instead of receiving per diem in two instances. In addition, an FCC member was reimbursed for vicinity mileage when no *Vicinity/Map Mileage Log* was included in the voucher package.

We recommended the following:

- APD conduct a more thorough preaudit process of the Area 7 FCC expenditures prior to payment. In addition, we recommend that APD provide additional training



to the Area 7 FCC, Area 7 and Central Office APD staff on the policies and procedures of competing and requesting travel reimbursements.

### **120123-03 AREA 12**

*Release Date: June 2012*

Based on our review of the expenditures and applicable procedures we did note that the purchases related to three sample items were not supported by the meeting minutes. The total for these purchases was \$1,037.62. In addition, we noted 3 sample items where the travel vouchers did not contain the *Authorization to Incur Travel Expense* forms.

We recommended the following:

- Area 12 FCC prepare complete minutes for all council meetings in accordance with Section 286.011, Florida Statutes and the *Family Care Council Orientation Manual*.
- APD conduct a more thorough preaudit process of the Area 12 FCC expenditures prior to payment. In addition, we also recommend that APD provide additional training to the Area 12 Family Care Council and Area 12 APD staff on the policies and procedures of completing and requesting travel reimbursement.

### **120123-04 AREA 15**

*Release Date: June 2012*

Based on our review of expenditures and applicable procedures it appears that the Area 15 Family Care Council expenditures were in compliance with Florida Statutes, were allowable, and were properly coded and recorded in FLAIR.

## **INVESTIGATIONS**

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

### **110331-01 – REVIEW OF AREA 14 OPERATIONS**

*Release Date: July 2011*

There were reports of employee dissention, charges of insubordination and a number of grievances in the APD office in Lakeland, Florida (Area 14). At the request of the APD Acting Director the OIG initiated a review of the operations in Area 14. There were a number of situations that were found to underlie and influence the operations of Area 14 during the period covered by the review.

- The departure of the long time Area Administrator and the selection and appointment of a relatively new Area 14 employee as the Area Administrator.
- The selection and appointment of one of the applicants from outside the Agency for the Area Administrator position as Deputy Area Administrator without advertising the position.
- A dramatic change in management style, office management and increased use of counseling and discipline.

### **110331-02 – RESPONSE TO CIG REPORT (CASE NO. 200910050004)**

*Release Date: August 2011*

The Office of Chief Inspector General (CIG) investigative report on Case No. 200910050004 dated December 14, 2010, concerned possible misconduct by the Chairman and other members of the staff of the Commission for the Transportation Disadvantaged. The Chairman of the Commission was an employee of the Agency for Persons with Disabilities (APD), and certain of the report recommendations were directed to this Agency. The APD Office of Inspector General conducted a review to update the information in the Chief Inspector General's report and to describe APD's response to recommendations that were addressed to the agency.

### **110830-02 & 110916-01 – DATA MATCH: SELECTED APD CLIENTS VS. DCF PUBLIC BENEFITS DATABASES**

*Release Date: March 2012*

This matter involved allegations made by a number of residents of the Mentally Retarded Defendant Program (MRDP) that a staff member had used their respective Social Security numbers when filing tax returns and possibly claiming them as dependents. This employee was placed on administrative leave pending the outcome of the investigation. The Chattahoochee Police Department issued each of the complainants a packet containing the necessary forms for them to file with the Internal Revenue Service in order to obtain a summary of activity utilizing their Social Security numbers. The residents making the original allegations have not submitted the required forms to permit the investigation. The IRS delay has further impeded any attempts either by the police or this office to resolve the allegations. This office has determined that this matter is closed and management should proceed as though the allegations are unsubstantiated.

### **120127-03 – ALLEGATIONS OF OVERSPENDING BY CDC+ CONSUMERS**

*Release Date: May 2012*

We received a complaint from an individual requesting an audit of the CDC+ budgets and accounting of two accounts for which she serves as CDC+ Representative. The CDC + Representative stated that she was told she allowed overspending to occur in

the two consumer's budgets that she managed; the consumer's accounts were overspent by thousands of dollars and were to be paid back through *Corrective Action Plans*; and the *Corrective Action Plans* (CAP's) would not allow these customers to receive any services or over a year.

Our objective was to assess the validity of the assertions made by the CDC+ Representative.

The CDC+ Representative was sent appropriate notice of the responsibilities of a CDC+ Representative, of the recurring balances, and of the CAP's for the two consumers she represents. Our review of the CAP's for these two consumers showed that the two consumers continued to receive services while accommodating the CDC+ Representative's request for an extended repayment period.

Our review also disclosed that both the CDC+ Consultant (who provides assistance and training to the Representative) and APD need to take a more proactive role in preventing and addressing deficits in consumer accounts. We recommended that APD return these consumers to the Home and Community Based Waiver.

#### **120223-02 – INVESTIGATIVE REPORT OF GROUP HOME MONITORING**

*Release Date: June 2012*

While conducting a desk audit of Area 11 group home monitoring, Operations staff members identified group home monitoring checklists prepared by an employee that reported he was in two group homes at the same time.

The OIG analyzed data for the month of November 2011 prepared by this employee to ascertain whether the data was accurate, complete and properly demonstrated that group home monitoring was properly executed. We found that the data was not reliable and as a result, we have no confidence that this employee performed the duties he was assigned. Additionally, APD has reduced level of assurance that the health and safety of its clients were timely tested. We recommended that Area 11 and APD establish a process for assuring that group home monitoring is properly performed and appropriately documented.

#### **120517-01 – INVESTIGATIVE REPORT REGARDING AN AREA 13 SUPPORT COORDINATOR**

*Release Date: June 2012*

The OIG received a number of complaints concerning the handling of a client by an employee. The primary complaint was a failure to keep other staff appropriately informed of actions that could have a long term impact on APD. As a result of this employees actions, APD could have been committed (and may still be committed) to the

long term care of a client through a process that short cut the judicial system and denied APD an opportunity to have an independent party determine whether or not the client committed a sexual act and whether that client will be an acceptable risk to the safety of others if placed in a group home.

We believe that the Area Administrator, in consultation with the Deputy Director of Operations should address this employee's poor exercise of judgment and his decision to operate outside his authority. We also believe that the Deputy Director of Operations, in cooperation with the General Counsel, should establish a procedure that requires communications with outside attorneys be directed through the Office of the General Counsel.

## **OTHER OIG ACTIVITIES**

### **OIG BACKGROUND INVESTIGATION CHECKS**

A little-known but time-consuming duty of the OIG is to perform personnel background checks against OIG case files and documents. In fiscal year 2011/2012, the OIG performed over 300 background checks for new hires, promotions and other personnel actions. This duty will continue to grow as the agency and OIG case files continue to grow.

### **REFERRALS**

Some complaints and issues that come before the OIG are found to be actually intended for or within the purview of another office, agency or department. When a complaint or correspondence needs to be referred or redirected elsewhere, OIG staff insures the matter is directed to the proper governmental office and follow-up as required.

### **INCIDENT REPORTS**

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

### **REPORTS OF DEATH**

As a final management check on the reported deaths of agency clients, the OIG receives and reviews all agency Reports of Death. If required, OIG employees follow up with medical case management staff to obtain autopsy results, abuse data and other information. The OIG review of Reports of Death focuses on detecting any possible

sign of abuse or neglect in a client's death and examines other issues relating to a client's death as needed.

**ANTI-FRAUD ACTIVITIES**

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