



Glenn Sutphin
Executive Director

State of Florida
DEPARTMENT OF VETERANS' AFFAIRS
Office of the Inspector General

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26 September 2018

Colonel Glenn Sutphin
Executive Director
Florida Department of Veterans' Affairs

Dear Colonel Sutphin:

Subject: Florida Department of Veterans Affairs Office of Inspector General Annual Report for Fiscal Year 2017 - 2018.

In accordance with section 20.055(7) Florida Statutes, I am pleased to submit the activities of the Office of Inspector General for the State Fiscal Year 2016 - 2017. This is a continuing effort to provide the agency a central point for the promotion of accountability, integrity, and efficiency.

The Office of Inspector General will continue to work with Senior Management to identify major areas of concern that require review, analysis, and evaluation to arrive at workable solutions for improved effectiveness. I wish to express my thanks for all the support from staff personnel and I look forward to continued efforts to support the Department in fulfilling its mission.

Sincerely,

David M. Marzullo
Inspector General

cc: Auditor General
Chief Inspector General
Legislative Auditing Committee

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 2017 - 2018**

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 Florida Statute 20.055, Section (2) include:

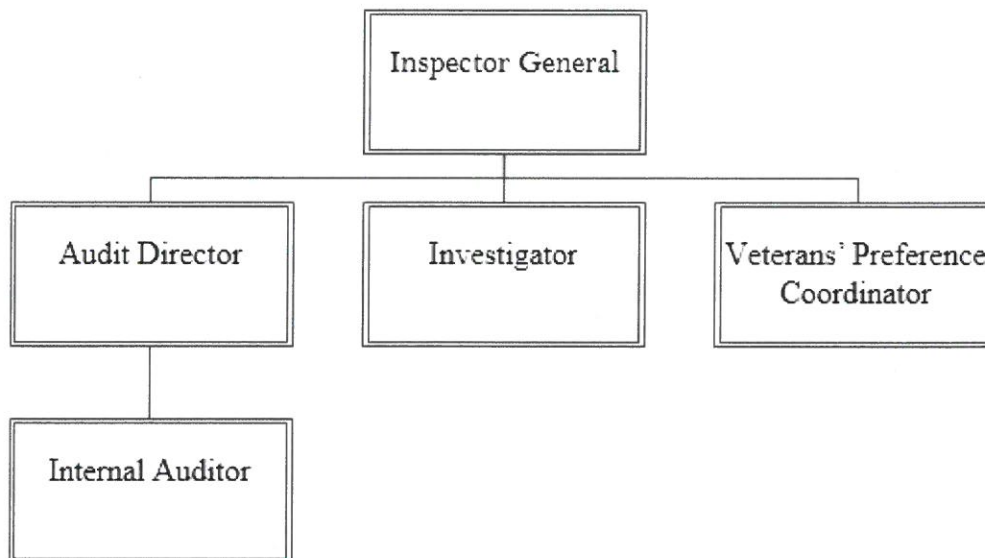
- Advise the agency on the development of performance measures, standards and procedures for the evaluation of state agency programs.
- Assess the reliability and validity of the information provided by the Agency on performance measures and standards and make recommendations for improvement, if necessary, 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 the goal of 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 is maintained 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 three sections: Audit, Investigation and Veterans Preference. The OIG has a staff of five professional positions. The organizational structure is:

Office of Inspector General Organizational Chart



Certifications

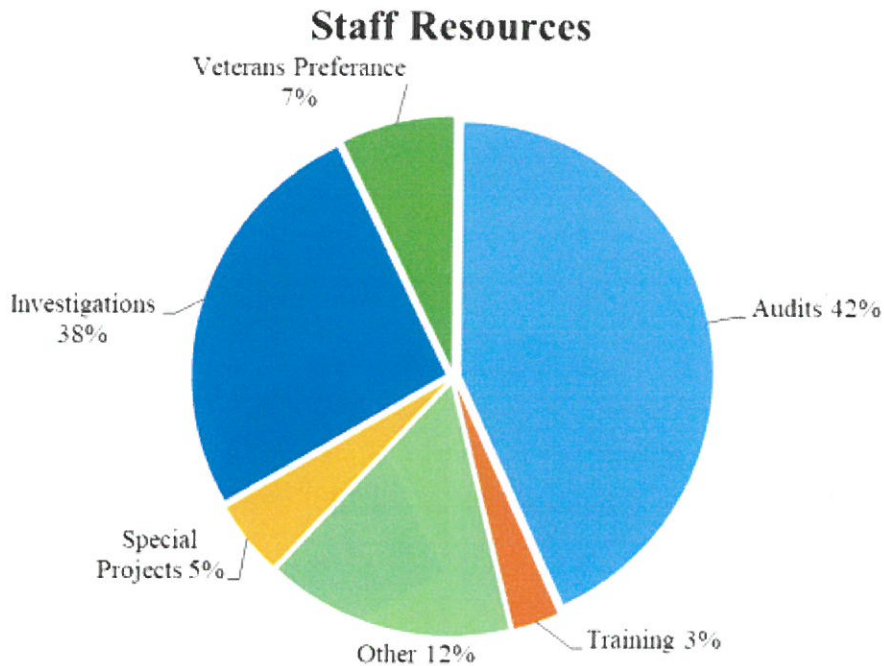
- Certifications held by the Inspector General and staffs include:
- Certified Inspector General - 1
- Certified Inspector General Auditor - 3

Professional Affiliations

OIG employees are affiliated with:

- Association of Inspectors General
- Institute of Internal Auditors
- Federal Law Enforcement Officers Association

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.



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 2017 – 2018 Audits

IA-1705: Housekeeping and Laundry Services

Objective: The objective of this audit was to provide assurance that contract-monitoring activities are in place and are effective in facilitating compliance with Florida Statutes and CFO memorandums, and to ensure that the Contract Manager is effectively enabling a monitoring action plan.

Findings: There were no reportable findings.

IA-1706: Pharmacy Follow-up

Objective: The objectives of the Pharmacy Follow-up audit were to evaluate the adequacy of FDVA's governance, risk management, and control processes in providing reasonable assurance for the proper use of controlled substances, including their physical safeguard and accountability, and to evaluate compliance with contracts related to Pharmacy services provided by the U.S. Department of Veteran Affairs (USDVA). The audit focused on areas previously recommended for improvement from the IA-1607 Pharmacy Audit.

Finding #1: Reconciliation of total amounts billed to aggregate invoices is not performed for pharmaceuticals purchased.

Recommendation #1.1: FDVA should request and maintain itemized invoices to support the payment of pharmaceutical services and products. Those invoices should be reconciled to the amounts billed to FDVA in order to provide sufficient back up documentation prior to authorization of payment by the Contract Manager.

Recommendation #1.2: The Contract Manager should ensure that the Panama City SVNH is properly billed based on the needs of FDVA and that credits are applied when appropriate.

Finding #2: Compliance and management for Individual Controlled Substance Records needs improvement.

Recommendation #2.1: Panama City, St. Augustine, and Lake City Homes should improve upon its current records retention management for controlled substance records to ensure compliance with State of Florida retention policies, GS4 for Public Hospital, Health Care Facilities, and Medical Providers: Patient Medical Records, and to ensure the maintenance of an audit trail for controlled substances during their life-cycle.

Finding #3: FDVA State Veterans' Nursing Homes and Domiciliary did not provide complete, accurate, and detailed records to support the Eight (8) Hour Shift Reconciliation of Controlled Substances.

Recommendation #3.1: Daytona Beach, Lake City, Panama City, and Port Charlotte, should implement their supervisory review processes as detailed in FDVA SOP 4905.

Recommendation #3.2: Panama City and Port Charlotte should work to reduce their error/omission rate during daily shift to shift reconciliation with the cooperation of the designated supervisory reviewer.

Recommendation #3.3: Panama City should improve upon its current records retention management for controlled substance reconciliation records to ensure compliance with State of Florida retention policies, GS4 for Public Hospital, Health Care Facilities, and Medical Providers: Patient Medical Records, and to ensure the maintenance of an audit trail for controlled substances during their life-cycle.

Finding #4: Electronic access to Med Carts is not adequately maintained.

Recommendation #4.1: Panama City should ensure the timely removal of access privileges for newly separated employees. In addition, audits should be carried out to ensure that only active employees have passcode entry, and that identifying information for each active user correctly identifies the employee that it belongs to, such as an accurate PeopleFirst ID number, which is the current method.

Finding #5: Accountability for the handling and management of medications at the Robert Jenkins Lake City Domiciliary needs improvement.

Recommendation #5.1: Lake City Domiciliary should implement procedures to maintain the chain of custody and accountability of controlled substances from arrival to the facility through their life-cycle.

Lake City Domiciliary should consider implementing a Medications Receipt Register (MRR) that will document all incoming controlled substances at the time of arrival from sources including Hospice, the VA, or other third parties due to the Medication Tracking Log being shown as not effective in recording all incoming controlled substances. The MRR would be initiated anytime medications were delivered to the home that the facility has a responsibility to manage. If a Domiciliary employee was to courier the items, the Narc-lock would be recorded upon leaving, and the number verified when returning.

The MRR should have sufficient attributes to be able to uniquely identify each item listed such as fill date listed on the packaging prescription label, prescription number, resident name, strength and quantity, etc.

At this time, each medication should be recorded on the resident's Medication Tracking Log, and a complete Individual Resident Controlled Substance Record created for item in accordance with FDVA SOP 5040-30-15 Storage and Transport of Medications. Both forms should include the same identifying information that is present on the MRR.

Recommendation #5.2: In response to the IA1607 Pharmacy audit, an Audit Tool was created for controlled substances at the Domiciliary; the Controlled Substance Tracking Audit form. Lake City Domiciliary should implement the Controlled Substance Tracking Audit form as part of its review process intended to identify and correct issues in the medication lifecycle.

IA-1802: Medicaid Bed Hold Billing

Objective: The objectives of the Medicaid Bed Hold Billing audit were to evaluate the adequacy of FDVA's governance, risk management, and control processes in providing reasonable assurance for the proper billing, resident accounting and collections of Medicaid funding including the fiscal accountability, and to evaluate compliance with contracts related state and federal regulations and FDVA policies and standard operating procedures. The audit focused on areas previously discussed and recommended for improvement through the 2017 Auditor General Operational Audit; however, this audit was expanded to cover a broader area of compliance components.

Finding #1: Compliance with Medicaid Bed Hold billing policies regarding census requirements needs improvement.

Recommendation #1.1: FDVA Homes Program should implement controls to prevent or detect error in the billing of Medicaid Bed Holds when facilities do not meet the 95% occupancy rate based on the rolling quarter average.

Recommendation #1.2: FDVA should notify Medicaid of the amounts overcharged for Bed Holds during months that their census did not meet the 95% required amount and take necessary steps to reimburse Medicaid and make resident account adjustments.

Finding #2: Compliance with Bed Hold policies regarding written notification and documentation upon commencement of Bed Hold leave needs improvement.

Recommendation #1.1: FDVA should ensure Bed Hold policies are given in writing that satisfy all the requirements of 38 CFR 51.80 (b) and that phone authorizations are documented as detailed in SOP 1606 in the appropriate section of the provided Bed Hold Form.

Finding #3: FDVA State Veterans' Nursing Homes did not update the Document Scanning Standard Operating Procedure in a timely manner to ensure compliance with system changes.

Recommendation #3.1: The Homes Program should ensure that Standard Operating Procedures are updated to account for changes in the industry, FDVA standards, system changes, and as required by FDVA procedures and state and federal laws.

Report Number IA-1804: Information Technology – Hardware Governance

Objective: The objectives of the Information Technology Hardware Governance audit were to evaluate the adequacy of the Florida Department of Veterans' Affairs' (FDVA) governance, risk management, and control processes in providing reasonable assurance for processes related to IT hardware device management.

The audit evaluated if the governance in place through policies and standard operating procedures follows the guidelines of the Critical Security Controls established by the Council on Cyber Security and supported by the guidelines set forth by the National Institute of Standards and Technology in order to reduce risk associated with hardware devices that interact with the FDVA network. In particular, the audit focused on Critical Security Control #1, inventory of authorized and unauthorized devices.

Finding #1: Alert monitoring and monitoring policies for unauthorized device connection and McAfee e-policy could use improvement.

Recommendation #1.1: FDVA IT department should consider options to either make the process more efficient or grant the necessary resources needed to implement and make effective monitoring procedures relating to McAfee Rogue Alert.

Recommendation #1.2: FDVA IT department should develop standard operating procedures that contain responsible parties and benchmarks for the monitoring activities related to McAfee Rogue Alert and McAfee e-Policy software.

Finding #2: Policies and documentation for change management and disposal procedures are lacking for the IT department and IT hardware.

Recommendation #2.1: FDVA IT department should 1) ensure current documentation for logical network configurations is maintained, 2) develop policies regarding IT hardware sanitization that outline processes, responsible parties, and applicable control processes in place, and 3) create change management policies that include responsible parties and procedures for tracking changes over time, and back-out plans.

IA-1806: Travel Audit

Objective: The objectives of the Travel audit were to evaluate the policy and procedures of the Florida Department of Veterans' Affairs (FDVA) governance, risk management, and control processes in providing accuracy for purpose of travel and reconciliation of those travel vouchers.

The audit evaluated if the governance in place through policies and standard operating procedures follows the guidelines set forth in Chapter 2017-071, Laws of Florida, revising Section 112.061, Florida Statutes.

Findings: There were no reportable findings.

IA-1807: Contract Management Audit - Tampa Crisis Center

Objective: The objectives of the Contract Management audit for the Tampa Crisis Center contract dated September 2017, were to determine if FDVA is in compliance with applicable contract laws and regulations as it relates to the Crisis Center Services contract and to evaluate if the responsibilities set forth in the contract are upheld for compliance, deliverables, objectives, and effectiveness.

The audit included the examination of methods to identify deliverables, evaluation of the payment vouchers with supporting documentation to support the deliverables as required by the contract, and reconciliation of invoice payments in coordination with contract specifics. The audit included employee interviews and the review of FDVA policies in relation to contract management.

Findings: There were no reportable findings.

Fiscal Year 2017 – 2018 Special Project

IA-1801: 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 2016 - 2017.

The sixty-two (62) item survey included three (3) demographic questions and fifty-nine (59) items that measured FDVA employees' perceptions about how effectively the agency manages its workforce. The questionnaires were grouped into seven topic areas: Work Experiences, Work Unit, Agency, Supervisor/Team Leader, Leadership, Satisfaction and Demographics. The survey was anonymous and participation was voluntary. There were an estimated 1,113 employees as of December 2017 and 399 employees took the opportunity to complete the survey, a 35% response rate. The response rate was nearly 3% less than the prior year.

The results from the survey indicated that four of the five indices, Talent Management, Job Satisfaction, Results-Oriented Performance Culture, and Global Satisfaction, stayed nearly the same as have increased from 2016 - 2017; while Leadership and Knowledge Management, fell by 3%. Like prior years, the most significant areas of employee satisfaction is related to "The Work I do is Important" and "I Like the Kind of Work I do," while the most significant area of employee dissatisfaction is related to "Satisfaction of Pay."

Remaining Open Audit Findings since Prior Year Annual Report

IA-1607: Pharmacy Audit

Objective: To evaluate the adequacy of FDVA’s governance, risk management, and control processes in providing reasonable assurance for the proper use of controlled substances including their physical safeguard and accountability, and to evaluate compliance with contracts related to Pharmacy services provided by the U.S. Department of Veteran Affairs (USDVA).

Finding #6: Disposal procedures for Controlled Substances needs improvement.

Recommendation #6.3: SVNH’s should consider utilizing their local law enforcement take-back initiative, or some other contract company for the destruction of all controlled substances to replace the current “flush method” for the purpose of reducing potential environmental hazards.

Fiscal Year 2017 – 2018, External Audit Liaison Activities

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

- *Auditor General Operational Audit, 2017, (continued)*
- *Auditor General FDVA Expenditures Review, 2018*
- *Auditor General IG Quality Assessment Review, 2018*

Fiscal Year 2018 – 2019 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 2017 – 2018 on August 21, 2017. Planned audits include:

Contracts For New Buildings

FDVA is committed to making capital improvements to the Veterans Nursing Homes yearly and opening new long-term care facilities within the State of Florida. The audit will ensure that capital 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 such use.

IT Audit

The Florida Department of Veterans' Affairs (FDVA) has an Agency wide network to facilitate its operations. The network uses various features including virtual protocol networks for offsite work, servers for the storage and backup of Agency data, various hardware including printers and mobile devices, and various system configurations to provide security and integrity of data. The objective of the audit would be to evaluate if controls are in place to monitor, record, safeguard, and maintain only authorized software that are used within Agency network.

Competitive Pay Adjustment

Recent legislation for the previous fiscal year was passed to include raises for eligible employees. Effective October 1, 2017, all eligible unit and non-unit Career Service employees, all eligible unit and non-unit employees of the Selected Exempt Service, and all eligible Senior Management Service employees received a competitive pay adjustment. The audit will determine the effectiveness of the implementation of the Competitive Pay Adjustments memorandum for October 1, 2017, salary increases, specifically eligibility, tracking, and processing.

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.

Resident Trust

Given the vulnerability of residents in FDVA Homes and Domiciliary, it is important that those residents have adequate assurance of proper accountability of funds collected and the management of their funds. We propose to continue to evaluate overall internal controls on the processes for accepting, distributing, and accounting of the Resident Trust Fund.

Physical Therapy Contract

FDVA contracted with Heritage Healthcare to provide physical, occupational, and speech therapy related services. We propose to evaluate the effectiveness of contract activities including contract monitoring, reporting, certify all services were rendered, invoices were correct, and other contract related duties.

Security of Homes

The Office of Inspector General will conduct a visit of the Homes long-term care facilities. The visit is meant to provide assistance and good practices in administration and safety of functional areas.

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 2017 – 2018 Investigations

During the fiscal year the OIG received ninety-eight (98) inquiries. Of the ninety-eight inquiries thirty-four (34) were referred to management, ten (10) were referred to another agency and forty-three (43) were resolved at the initial complaint stage and did not require any further action. Eleven (11) inquiries resulted in investigations. Some investigations involved a single allegation, while others involved multiple allegations for a total of twenty (20) allegations. Each allegation results in one of the following investigative 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.

The findings of the twenty (20) investigations were as follows:

- ✓ Sustained – Fifteen (15)
- ✓ Unfounded – Zero (0)
- ✓ Not Sustained – Five (5)
- ✓ Exonerated – Zero (0)

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

OIG-2018-001

An FDVA employee harassed, bullied and demeaned co-workers. Additionally, the employee utilized discriminatory and abusive language, including profanity toward, and in the presence of co-workers.

OIG-2018-003

An FDVA employee requested a loan from a Veteran client after learning, through their position at FDVA, the Veteran would be receiving monies from the Veterans Administration. Additionally, during the course of the OIG investigation, the employee lied to their supervisor and refused to cooperate with the OIG.

OIG-2018-004

An FDVA manager yelled at a potential vendor. Additional allegations that were not sustained, including the manager using profanity and attempting to physically intimidate the potential vendor.

OIG-2018-006

An FDVA supervisor made inappropriate comments that were sexual in nature to other employees. Additionally, the supervisor inappropriately touched several employees and grabbed the arm of their supervisor.

OIG-2018-007

An FDVA employee made comments that were inappropriate and sexual in nature to another FDVA employee.

OIG-2018-009

An FDVA manager and supervisor selectively targeted an employee for unwarranted disciplinary action and created a hostile work environment.

OIG-2018-010

An FDVA employee created a hostile work environment, including taunting and forcibly touching another FDVA employee.

Other Significant Investigative Activities

OIG-2018-005

A CSIRT investigation was instituted when it was discovered by the Information Technology (IT) group that several FDVA employees were utilizing the FDVA medical carts in some nursing facilities as a “hotspot” to utilize their personnel cellular devices to access the internet potentially jeopardizing the security of the FDVA information system. Through the investigation by the OIG and the IT group it was determined that the FDVA information system was not negatively impacted and no information was compromised. The IT group successfully terminated the ability to for FDVA medical carts to be utilized as a “hotspot.”

Summary of Veterans' Preference Activities

FDVA is charged with investigating complaints from Veterans who believe that they were not properly afforded their Veterans' Preference benefit during the application and hiring process for eligible Florida state agencies and political subdivisions positions as authorized by Florida Statute Chapter 295.

The OIG Veteran Preference Coordinator evaluates information provided to them by the complainant and makes a determination to initiate an investigation, or opt for an alternate form of resolution. If an investigation is necessary, the Veterans' Preference Coordinator issues an opinion as whether the complaint has or lacks merit.


During the fiscal year the OIG received eighty-one (81) Veterans' Preference complaints. Of the eighty-one complaints thirty-eight (38) were resolved without investigation. The remaining forty-three (43) complaints were investigated resulting in ten (10) that had merit and thirty-three (33) that lacked merit. Additionally, the Veterans' Preference Coordinator conducted fifteen (15) trainings to Florida state agencies and political subdivisions.

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

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