

**DEPARTMENT OF CHILDREN AND FAMILIES
OFFICE OF INSPECTOR GENERAL**



**Internal Audit Work Plan
Fiscal Year 2017- 2018**



July 1, 2017

1317 Winewood Boulevard, Building 5, Second Floor • Tallahassee, FL 32399-0700
(850) 488-8722 • <http://myflfamilies.com/about-us/office-inspector-general>

INTRODUCTION

The Office of Inspector General (OIG) was established, within each state agency, by Florida Statute¹ in 1994. The OIG provides a central point for coordination and responsibility for activities that promote accountability, integrity, and efficiency in government. Section 20.055(6)(i), Florida Statutes (F.S.), directs the inspector general to develop annual and long-term audit plans based on the findings of periodic risk assessments.²

The risk assessment process facilitates the identification and relative priority of audit projects to be conducted during the upcoming year.

The Internal Audit projects conducted by the OIG are guided by the *International Standards for the Professional Practice of Internal Auditing* (Standards) as promulgated by the Institute of Internal Auditors, Inc.

METHODOLOGY

Internal Audit employs a continuous risk assessment model to reflect the ever-changing Department environment to ensure the assignment and completion of high-risk projects. Project priority may be modified as Department conditions and associated risks change.

To develop our proposed work plan, we solicited input from Department leadership, regional directors, and program and administrative managers. In addition, we evaluated data related to findings in recent Auditor General Reports and our prior year work plan.³

Internal Audit staff interviewed Department leadership, and program and administrative managers to gauge risk through the eyes of those closely involved in operations. Information gathered was further analyzed and evaluated using several risk factors, including impact on citizens and stakeholders, management priority, operational stability, public disclosure, resources, and prior audits.

As potential audit topics were examined, the impact of each of the risk factors was assessed. The calculation for each factor was aggregated resulting in an overall risk score. Those topics with the highest scores were deemed priority and are included in the current year's plan. Finally, audit standards⁴ require sufficient resources to achieve the approved plan. The proposed work plan is based on 6,800⁵ direct audit hours.

¹ § 20.055(2), F.S.

² A risk assessment is a quantification and compilation of factors that might influence the operational success of a component or activity within an organization.

³ The plans of external auditors are often not available. As these plans become known, they may influence our work schedule.

⁴ According to Resource Management Performance Standard 2030, the chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan. *International Standards for the Professional Practice of Internal Auditing*, Revised October 2016.

⁵ 1,400 direct hours = 2,080 hours per full time equivalent position minus leave, holidays, training, and administrative time. Hours may fluctuate depending on available staff. Internal Audit has five authorized audit positions. One of the five positions is allocated 700 hours due to external audit activity. The two Single Audit positions are allocated 250 direct audit hours each.

ANNUAL WORK PLAN

Based on the results of our risk assessment, the following table depicts our projected annual work plan for fiscal year (FY) 2017-2018. This plan incorporates management's current priorities as identified during the risk assessment process. A brief description of topics follows.⁶ Additionally, our long-term work plan is included as Attachment A.

| FISCAL YEAR 2017-2018 WORK PLAN | | | | |
|---------------------------------|------------------------------------------------------------------|-------|--------------|---------------------------------------|
| Risk ID | Topic | Score | Hours | Program |
| DCF-17 | Carryforward Projects from Fiscal Year 2016-2017 | 21.25 | 600 | Office of Inspector General |
| DCF-205 | Enterprise Projects | 21.25 | 400 | Office of Internal Audit |
| DCF-102 | Post audit samplings of payments | 20.62 | 600 | Administration - Financial Management |
| DCF-105 | Performance Measures | 20.62 | 600 | Operations |
| DCF-198 | Information Technology Services Database and Technology Security | 16.25 | 600 | Information Technology Services |
| DCF-77 | Disaster Recovery/Business Continuity Planning | 15.88 | 400 | Information Technology Services |
| DCF-206 | Client Trust Funds | 15.12 | 800 | Child Welfare |
| DCF-199 | Confidential Information Transmission | 15.00 | 400 | Information Technology Services |
| DCF-204 | Community Action Teams Contract Expenditures and Performance | 14.75 | 800 | Substance Abuse and Mental Health |
| DCF-209 | Records Falsification | 14.50 | 400 | Child Welfare |
| DCF-22 | Substance Abuse Licensing and Regulation | 14.12 | 400 | Substance Abuse and Mental Health |
| DCF-180 | Welfare Trust Funds at Florida State Hospital | 13.88 | 400 | Substance Abuse and Mental Health |
| DCF-184 | Lead Agency Accountability – CBC Deficits | 13.50 | 400 | Child Welfare |
| | Total Hours | | 6,800 | |

⁶ Project scope and audit objectives for each proposed project will be finalized during the preliminary survey phase of each project, where an expanded control assessment will be conducted. This expanded control assessment will determine the highest risk areas within the proposed topic that might affect the Department's mission.

CARRY-FORWARD PROJECTS

The following projects were in progress at the end of FY 2016-2017.

Compliance with Federal Subrecipient Monitoring Requirements

The objective of this audit is to determine whether the Department, its community-based care lead agencies (CBCs) and managing entities (MEs), in their capacity as pass-through entities, are complying with federal subrecipient monitoring requirements. Section 200.331, Subpart D, Post Federal Award Requirements, requires pass-through entities to evaluate each subrecipient's risk of noncompliance to determine the appropriate monitoring level. This section also requires pass-through entities to monitor the activities of subrecipient organizations to ensure compliance with applicable federal statutes, regulations, and terms of the subaward, and verify that subrecipients are audited as required by Subpart F of the Uniform Guidance.

Welfare Trust Funds at Northeast Florida State Hospital

The objective of this audit is to determine whether controls are adequate over cash receipts and whether proceeds were used for the benefit, education, and general welfare of clients at Northeast Florida State Hospital. Pursuant to § 402.18(1), F.S., the Department operates welfare trust funds in the regions and institutions. The Department Accounting Procedures Manual defines a welfare trust fund as a demand deposit or interest bearing account, or a combination thereof, outside the State Treasury for accumulating and disbursing funds generated by donations and client activities. All monies held in any state institution auxiliary, canteen, welfare, donated, or similar fund shall be deposited in a welfare trust fund.

Audit of the Departmental Process for Administering and Removing Employee Access to the Department of Highway Safety and Motor Vehicles (DHSMV) Driver and Vehicle Information Database (DAVID)

The purpose of this audit is to determine whether Driver and Vehicle Information Database (DAVID) user access permissions are updated upon termination, reassignment, or discovery of improper usage by Department employees. DHSMV owns and maintains driver license, motor vehicle, and traffic crash information in DAVID. Under the terms of its memorandum of understanding (MOU) with the DHSMV, the Department provides DAVID access to Department users in administrative offices and program areas.

Enterprise and Other Projects Resource Allocation

Enterprise projects are initiated and coordinated by the Executive Office of the Governor, Office of the Chief Inspector General and generally involve the participation of some or all Governor's agencies. The resources allocated will allow Internal Audit staff to participate in enterprise projects as they are initiated.

CURRENT YEAR PLAN

Post-Audit Samplings of Payments

Pursuant to § 20.055(6)(i), F.S., the audit plan should include post-audit samplings of payments and accounts. To comply with this requirement, we will perform audits examining Department expenditures. Examples include payroll, purchasing card, travel, mileage reimbursement, and other general administrative expenditures. Objectives of these audits will include:

- Evaluating internal controls over accounts payable processes;
- Verifying that payments were properly authorized, accurately accounted for, and properly supported;
- Examining expenditures for duplicate payments; and
- Evaluating compliance with laws, statutes, policies, and procedures.

Performance Measures

Section 20.055(2)(b), F.S., directs the inspector general to “assess the reliability and validity of the information provided by the state agency on performance measures and standards, and make recommendations for improvement, if necessary.” To comply with this requirement, we will conduct projects that examine reported performance measurement data.

Information Technology Services Database and Technology Security

Information security is an integral part of all information technology (IT) controls. Information security applies to both infrastructure and data and is the foundation for the reliability of most other IT controls. Universally accepted elements of information security include:

- Confidentiality – Confidential information must be protected from unauthorized disclosure or access;
- Integrity – Integrity refers to the state of data being correct and complete; and
- Availability – Information must be available to the organization, its customers and partners when, where, and in the manner needed. Availability also includes the ability to recover from losses, disruption, or corruption of data and IT services.

This project will evaluate current security controls at the Department relating to detecting and preventing data theft.

Business Continuity Planning and Disaster Recovery

Business continuity planning refers to the process of developing advance arrangements and procedures that enable an organization to respond to future incidents that could interrupt its critical functions. Such incidents include cyberattacks, building fires, power outages, and natural disasters such as tornadoes, hurricanes, and pandemic illnesses. Business continuity planning includes provisions for recovery after a disaster occurs. Disaster recovery of information technology components supports restoring operations critical to the resumption of business, including regaining access to data,

communications, workspaces, and business processes after a disaster. This audit will evaluate the appropriateness of the Department business continuity planning and disaster recovery for mission critical processes.

Client Trust Funds

Pursuant to § 402.17, F.S., the Department, as trustee, is required to hold in trust and administer money of clients and property designated for the personal benefit of clients. Under contract with the Department, CBCs coordinate and manage a comprehensive array of foster care and related services for eligible clients, including administering client trust funds. Client trust funds comprise resources such as Supplemental Security Income (SSI), other types of Social Security Administration (SSA) benefits, and other third party contributions. CBCs are subject to the same rules and regulations followed by the Department and must provide to SSA an accounting of its use of benefits and savings when requested. This project will consist of separate audits of client trust funds at two CBCs. These audits will examine internal controls over client trust funds and administration of fund expenditures.

Transmission of Confidential Information

The Department has established policies and procedures to ensure the security of confidential data. Improper transmission of confidential data risks data interception by unauthorized parties. In addition, certain data breaches may subject the Department to financial liability. The purpose of this project is to determine whether confidential data are appropriately secured during transmission through the Department's network.

Community Action Treatment (CAT) Teams

Specific Appropriation 382 of the 2016–2017 General Appropriations Act (GAA) directed the Department to "...contract directly with each of the following providers for the operation of CAT teams that provide community-based services to children ages 11 to 21 with a mental health diagnosis or co-occurring substance abuse diagnosis with accompanying characteristics such as: being at-risk for out-of-home placement as demonstrated by repeated failures at less intensive levels of care; having two or more hospitalizations or repeated failures; involvement with the Department of Juvenile Justice or multiple episodes involving law enforcement; or, poor academic performance and/or suspensions. Children younger than 11 may be candidates if they meet two or more of the aforementioned characteristics." This project will encompass audits of CAT teams to determine if contract program requirements are being followed and if funds are being expended in accordance with contract requirements and expenditure rules.

Records Falsification

Falsification of records can negatively impact the Department's mission to protect vulnerable citizens, prevent child deaths, and prevent other types of abuse. From 7/1/2011 – 6/19/2017, the Office of Inspector General closed 723 cases, of which 489 (or 67.6%) involved allegations of *falsification*, *omission*, or *misrepresentation*. Of the 489 cases cited, 171 (or 34.9%) were allegations against providers. This project will examine

case management practices and controls to ensure accurate data are reported to the Department.

Substance Abuse Licensing and Regulation

Pursuant to § 397.321, F.S., the Department shall assume responsibility for licensing and regulating substance abuse service providers. The Department is required to ensure that each licensed service provider develops a system and procedures for clinical assessment, treatment planning, referral, progress reviews, and follow-up. In addition, the Department must ensure service provider personnel have background checks and meet minimum standards. This project will review the oversight of licensed substance abuse services providers in the Substance Abuse and Mental Health Program.

Welfare Trust Funds at Florida State Hospital

The Department operates three mental health treatment facilities that provide services to individuals experiencing severe and persistent mental illnesses. This project will determine whether controls were adequate over cash receipts and whether welfare trust fund proceeds were used for the benefit, education, and general welfare of clients at Florida State Hospital.

Lead Agency Accountability – CBC Deficits

Should factors outside the control of a CBC cause costs to rise, potentially impeding the ability of the organization to provide ongoing quality services for all children and families served, § 409.990(7), F.S., provides eligible CBCs with access to petition for relief from the risk pool, to avoid lead agency failure. Factors impacting CBC financial viability include:

- Shifts in the number of children in care;
- Increases in the number of very difficult populations; and
- Changes in the characteristics of the children and families served.

For the second consecutive year, the Department has had to provide risk pool funds to CBCs with financial viability concerns. To minimize overlap and duplication, this audit will focus on areas not covered by the Department's Community-Based Care/Managing Entity Financial Accountability and Contract Monitoring Units.

WORK PLAN APPROVAL

Please indicate approval of the Fiscal Year 2017-2018 Internal Audit Work Plan for the Office of Inspector General below.

Concur ✓

Do Not Concur

Comments:

[Handwritten Signature]
Secretary

6/28/17
Date

Attachment A

| WORK PLAN-AFTER ONE YEAR | | | | |
|--------------------------|-------------------------------------------------------------------|-------|-------|-----------------------------------|
| Risk ID | Topic | Score | Hours | Program |
| DCF-211 | Transitioning Services to the Cloud | 13.25 | 300 | Information Technology Services |
| DCF-222 | Pharmacy Controls and Medication Record Reconciliation | 13.12 | 400 | Substance Abuse and Mental Health |
| DCF-189 | ACCESS FLORIDA Identification Verification and Fraud Concerns | 12.57 | 400 | ACCESS |
| DCF-213 | FSFN Access Control and Administration | 11.75 | 600 | Child Welfare |
| DCF-210 | ESS Internal Controls over Eligibility Process | 11.00 | 400 | Northeast Region |
| DCF-146 | CBCs IT Security Standards | 10.88 | 600 | Information Technology Services |
| DCF-142 | Expenditure Refunds | 10.00 | 400 | Admin - Financial Management |
| DCF-225 | Inappropriate Storage/Access of Confidential Data | 9.88 | 350 | Admin - Human Resources |
| DCF-207 | Data requirements for Managing Entities | 9.75 | 400 | Substance Abuse/Mental Health |
| DCF-224 | Cost of Care | 9.75 | 600 | Substance Abuse/Mental Health |
| DCF-44 | ACCESS - Out of state EBT usage for more than 30 consecutive days | 9.50 | 400 | ACCESS |
| DCF-218 | Insurance Coverage and Claims Experience | 9.25 | 400 | Admin - General Services |
| DCF-219 | Restoring Residents to Competence within 125 Days | 9.25 | 400 | Florida State Hospital |
| DCF-49 | Outsourced Children's Legal Services | 9.12 | 300 | Children's Legal Services |
| DCF-215 | Department Services to APD Clients | 9.12 | 400 | Child Welfare |
| DCF-76 | Refugee Services – Benefits Payments | 8.88 | 300 | Refugee Services |
| DCF-185 | Data integrity regarding facility names in FSFN | 8.38 | 400 | Adult Protective Services |
| DCF-145 | State Hospitals - Disaster Recovery and Business Continuity Plan | 8.25 | 400 | Information Technology Services |
| DCF-188 | Effectiveness of Overtime | 8.00 | 400 | Child Welfare |

WORK PLAN-AFTER ONE YEAR

| Risk ID | Topic | Score | Hours | Program |
|-------------------------|-----------------------------------------------------------|-------|-------|------------------------|
| DCF-208 | One Church One Child | 7.88 | 300 | Child Welfare |
| DCF-131 | Seclusion and Restraint | 7.75 | 400 | Florida State Hospital |
| DCF-183 | Florida Abuse Hotline: Staff Turnover and Retention Study | 6.38 | 400 | Florida Abuse Hotline |
| DCF-83 | Incorrect benefit payment & untimely data exchanges | 5.88 | 400 | ACCESS |