

DEPARTMENT OF CHILDREN AND FAMILIES  
OFFICE OF INSPECTOR GENERAL



Internal Audit Work Plan  
Fiscal Year 2018-2019



July 1, 2018



## INTRODUCTION

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The Office of Inspector General (OIG) was established, within each state agency, by Florida Statute<sup>1</sup> 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), F.S., directs the inspector general to develop annual and long-term audit plans based on the findings of periodic risk assessments.<sup>2</sup>

The risk assessment process facilitates the identification and relative priority of audit projects to be conducted during the upcoming year. Internal Audit projects conducted by the OIG are conducted in accordance with *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 both Department leadership and employees to gauge risk through the eyes of those closely involved in operations. We interviewed senior management and conducted an anonymous survey of all Department employees. In addition, we evaluated data related to findings in recent Auditor General Reports and our prior year work plan.<sup>3</sup>

The OIG Internal Audit Fiscal Year 2018-2019 Risk Assessment Survey was delivered to 11,937 Department employees. We received 1,758 survey responses representing a 14.7% response rate. Internal Audit staff completed 88 telephone interviews of the 128 survey respondents who requested to be contacted for additional information.<sup>4</sup> In addition, we analyzed 697 survey comments provided by survey participants.

Information obtained 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, Standards<sup>5</sup> require

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<sup>1</sup> § 20.055(2), Florida Statutes (F.S.).

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

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

<sup>4</sup> Internal Audit staff attempted to contact all survey respondents who requested to be contacted.

<sup>5</sup> 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*, Institute of Internal Auditors, Inc., revised October 2016).



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## **ANNUAL WORK PLAN**

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Based on the results of our risk assessment, the following table depicts our projected annual work plan for fiscal year (FY) 2018-2019. This plan incorporates management's current priorities as identified during the risk assessment process. A brief description of topics follows.<sup>7</sup> Additionally, our long-term work plan is included as Attachment A.

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<sup>6</sup> 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, internal audit positions. One of the five positions is allocated 700 hours for liaison activities related to external audits. Two Single Audit positions are allocated 250 direct audit hours each.

<sup>7</sup> 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.



### FISCAL YEAR 2018-2019 WORK PLAN

Risk ID	Project Topic	Score	Hours	Program
N/A	Post-Audit Samplings of Payments	N/A	400	Administration - Financial Management
N/A	Performance Measures - Substance Abuse and Mental Health	N/A	400	Substance Abuse and Mental Health
N/A	Enterprise Project	N/A	400	Chief Inspector General
DCF-120	Child Care Background Screening Requirements	17.00	400	Office of Child Welfare
DCF-232	Alternative Contracting Methods for Community-Based Care Services	16.86	400	Office of Child Welfare
DCF-111	Child Protective Investigator Turnover	16.86	600	Office of Child Welfare
DCF-231	Contractor Related Parties in Child Welfare	16.57	400	Office of Child Welfare
DCF-233	Community-Based Care Lead Agency and Managing Entity Website Information Disclosure Compliance	16.14	400	Office of Child Welfare Substance Abuse and Mental Health
DCF-229	Caseload Impact upon Records Falsification Incidents in Child Welfare	16.14	400	Office of Child Welfare
DCF-236	CIS Critical Security Controls – Controls #1 and #2	15.67	800	Administration – Information Technology Services
DCF-228	Inter-Regional Pay Equity	15.57	400	Operations
DCF-230	Direct Service Limitation Compliance by Community-Based Care Lead Agencies	15.00	800	Office of Child Welfare
DCF-8	Contract and Grant Monitoring Processes	14.57	600	Administration - Office of Contracted Client Services
DCF-222	Pharmacy Controls and Prescription Medication Administration	13.12	400	Substance Abuse and Mental Health
	Total Hours		6,800	



## **CURRENT YEAR PLAN**

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### **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, rules, policies, and procedures.

### **Performance Measures – Substance Abuse and Mental Health**

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 examine reported performance measurement data for the Substance Abuse and Mental Health Program Office.

### **Enterprise Project**

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 state agency inspectors general under the purview of the Governor. The resources allocated will allow Internal Audit staff to participate in enterprise projects as they are initiated.

### **Child Care Background Screening Requirements**

In 2016, the Legislature amended § 435.07, F.S., to make the new Child Care and Development Block Grant (CCDBG) background screening requirements apply to all child care personnel regardless of whether their employer receives federal CCDBG funding. As amended, § 435.07, F.S., prohibits the Department from granting exemptions to individuals for employment as child care personnel for certain offenses, and child care personnel who currently have exemptions allowing employment are now prohibited from such employment. The audit would determine whether the Department has taken adequate steps to ensure compliance with the background screening requirements of the CCDBG funding.

### **Alternative Contracting Methods for Community-Based Care Services**

Historically, the Department has procured Community-Based Care lead agency (CBC) services with five-year contracts, renewable for an additional five years. This consulting project would review how other states procure lead agency services, pay for outcomes,



and address related contract issues. Objectives of this project would include identifying how the Department can improve source selection and compensation processes for lead agency services.

### **Child Protective Investigator Turnover**

Child protective investigators (CPIs) play a pivotal role in accomplishing the Department's mission of protecting the vulnerable. Retention of experienced CPIs "allow[s] the [D]epartment to respond to reports of child abuse, abandonment, or neglect in the most efficient and effective manner that ensures the health and safety of children and the integrity of families."<sup>8</sup> The Department faces an on-going challenge of retaining well-trained, qualified, and experienced CPI staff. According to the *Child Welfare Key Indicators Monthly Report*, as of May 1, 2018, 73.4% of Department CPI positions were either vacant or held by CPIs with less than two years of experience.<sup>9</sup> The difficulty in maintaining experienced CPIs impacts the Department's ability to efficiently and effectively respond to child abuse and neglect allegations. The purpose of this audit is to determine the root cause(s) contributing to high CPI turnover rates and ways to improve CPI retention.

### **Contractor Related Parties in Child Welfare**

In recent years, some CBCs and managing entities (MEs) have created and affiliated with holding companies and other related parties for administrative support in which their roles and functions are unclear and may present a risk to the Department. Unauthorized payments to related parties are contrary to contracted scopes of services and may divert funding budgeted for direct care to clients to non-direct care services or unauthorized purposes. Objectives of this audit include determining:

- Roles and functions of contractor related parties;
- How these organizations are structured and registered with the Department of State;
- How contractor related parties are funded; and
- Identifying governance issues that these organizations create.

### **Community-Based Care Lead Agency and Managing Entity Website Information Disclosure Compliance**

Both CBCs and MEs must provide certain information on their websites. Pursuant to § 409.988(1)(d), F.S., a lead agency shall post on its website the current budget for the lead agency, including salaries, bonuses, and other compensation paid, by position, for the chief executive officer, chief financial officer, and chief operating officer, or their equivalents. Objectives of this audit include determining whether CBCs and MEs are complying with statutory requirements to post specified information on their publicly accessible websites.

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<sup>8</sup> § 39.001(1)(e), F.S.

<sup>9</sup> *Child Welfare Key Indicators Monthly Report*, Department of Children and Families, May 2018, page 25.



## **Caseload Impact upon Records Falsification Incidents in Child Welfare**

Falsifying child welfare records, such as documenting in Florida Safe Families Network (FSFN) that a face-to-face visit took place with a child, even though it did not occur, jeopardizes the safety of vulnerable children and places them at risk of further abuse and neglect. During FY 2017-2018, the OIG conducted an audit of Child Welfare Records Falsification to identify actions by the Department that may reduce or timely detect occurrences of falsifying child welfare records. As a follow-up to that audit, this project will determine what, if any, impact CPI caseloads had on falsifications.

## **CIS Critical Security Controls – Controls #1 and #2**

The Center for Internet Security, Inc. (CIS) Critical Security Controls are a prioritized list of 20 best practices representing actions organizations can take to assess and improve information technology security. These controls and their priority were developed by industry professionals and represent, at a minimum, what all organizations should be doing to protect and defend their information technology assets. Critical Security Controls 1 through 6 are referred to as "Cyber Hygiene" and represent basic steps an organization must take to create a strong foundation for defending information technology assets. These projects will determine whether the following controls are in place and operating effectively.

- Critical Security Control #1: Inventory and Control of Hardware Assets  
Actively manage (inventory, track, and correct) all hardware devices on the network so that only authorized devices are given access, and unauthorized and unmanaged devices are found and prevented from gaining access.
- Critical Security Control #2: Inventory and Control of Software Assets  
Actively manage (inventory, track, and correct) all software on the network so that only authorized software is installed and can execute, and that unauthorized and unmanaged software is found and prevented from installation or execution.

## **Inter-Regional Pay Equity**

Respondents to the OIG Internal Audit Fiscal Year 2018-2019 Risk Assessment Survey most frequently identified non-competitive pay, lack of qualified staff, and excessive workload as issues impacting their units' ability to achieve their potential. This project will review compensation among similar positions throughout the Department's seven regions. Objectives of this audit include identifying whether significant compensation differences exist between regions and, where significant differences are identified, whether original appointments and/or salary changes were properly authorized.

## **Direct Service Limitation Compliance by Community-Based Care Lead Agencies**

CBCs are charged with serving children who are subjects of child abuse, neglect, or abandonment reports. These services are also extended to children "who have not been the subject of abuse, neglect, or abandonment, but who are at moderate to extremely high risk of abuse, neglect, or abandonment, to prevent their entry into the child protection



and child welfare system.”<sup>10</sup> Pursuant to § 409.988(1)(j), F.S., a lead agency “may subcontract for the provision of services required by the contract with the lead agency and the [D]epartment; however, the subcontracts must specify how the provider will contribute to the lead agency meeting the performance standards established pursuant to the child welfare results-oriented accountability system required by § 409.997. The lead agency shall directly provide no more than 35 percent of all child welfare services provided.” Objectives for this audit will include:

- Determining whether CBCs and MEs are complying with this measure;
- Determining how CBCs define administrative overhead compared with industry standards;
- Examining organizational structures, including the number of management layers between chief executive officers and case workers; and
- Examining the level of services that organizations provide.

### **Contract and Grant Monitoring Processes**

Within the Department, contract monitoring functions are performed by regional contract managers under the Assistant Secretary for Operations, the Offices of Contracted Client Services (Contract Oversight Unit) and CBC/ME Financial Accountability under the Assistant Secretary for Administration, and program contract managers reporting to Headquarters program offices. Management expressed concerns regarding duplication of efforts and unclear lines of responsibility. Objectives of this audit include determining whether contract and grant monitoring procedures and practices are adequate, effective, and non-duplicative.

### **Pharmacy Controls and Prescription Medication Administration**

Each Mental Health Treatment Facility maintains a licensed pharmacy that is responsible for purchasing and dispensing drugs, including controlled substances, to facility residents. Pharmacies that dispense controlled substances are required to maintain inventory records in accordance with federal regulations. Prescription administration has been identified as one of the treatment facilities program components most susceptible to fraud. Preliminary audit objectives would include determining:

- Whether controls are adequate to prevent and detect the loss or theft of pharmaceuticals; and
- The adequacy and accuracy of periodic physical inventory counts and related reconciliations to records documenting pharmaceutical purchases and distribution.

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<sup>10</sup> § 409.988(1)(a), F.S.







## Attachment A

WORK PLAN-AFTER ONE YEAR				
Risk ID	Topic	Score	Hours	Program
DCF-149	FSFN Role Based Access and Onboard Offboard Access Controls	12.86	600	Information Technology Services
DCF-189	ACCESS FLORIDA Identification Verification and Fraud Concerns	12.57	600	Economic Self-Sufficiency
DCF-221	Florida State Hospital Abuse Incidents	12.29	600	Florida State Hospital
DCF-127	Worker Compensation Claims at Institutions	12.29	400	Administration - General Services
DCF-180	Mental Health Treatment Facility Welfare Trust Funds	12.29	400	Substance Abuse and Mental Health
DCF-213	FSFN Access Control and Administration	11.75	600	Child Welfare
DCF-27	Asset and Inventory Management	11.43	400	Administration - General Services
DCF-223	HIPAA Compliance in State Hospitals	11.00	600	Substance Abuse and Mental Health
DCF-146	Community-Based Care Lead Agency Information Technology Security Standards	10.86	600	Information Technology Services
DCF-220	State Hospital Waiting Lists	10.43	600	Florida State Hospital
DCF-158	Information Technology Procurement and Payment	10.29	400	Information Technology Services
DCF-210	Internal Controls over Eligibility Process	9.88	400	Economic Self-Sufficiency
DCF-219	Restoring Residents to Competence within 125 Days	9.86	600	Florida State Hospital
DCF-224	Cost of Care	9.86	600	Substance Abuse/Mental Health
DCF-207	Data Requirements for Managing Entities	9.75	600	Substance Abuse and Mental Health
DCF-217	Purchasing and Purchasing Card Administration	9.57	400	Administration - General Services
DCF-218	Insurance Coverage and Claims Experience	9.43	400	Administration - General Services



### WORK PLAN-AFTER ONE YEAR

Risk ID	Topic	Score	Hours	Program
DCF-5	Suicide Prevention	9.00	400	Substance Abuse and Mental Health
DCF-16	Homelessness Grant Oversight and Monitoring	8.83	400	Homelessness
DCF-225	Inappropriate Storage and Confidential Data Access	8.71	400	Administration - Human Resources
DCF-185	Data Integrity of Facility Names in FSFN	8.38	400	Adult Protective Services
DCF-131	Seclusion and Restraint - Florida State Hospital	8.14	600	Substance Abuse and Mental Health
DCF-188	Effectiveness of Overtime in Child Welfare	8.00	600	Child Welfare
DCF-183	Staff Turnover and Retention - Florida Abuse Hotline	6.38	400	Florida Abuse Hotline
DCF-83	Benefit Payments and Data Exchange Timeliness	6.00	600	Economic Self-Sufficiency
DCF-214	Foster Parent Recruitment	Not Rated	600	Child Welfare
DCF-234	Cash Collections	Not Rated	600	Administration - Financial Management
DCF-235	Efficacy of 60-Day Case Completion in Child Welfare	Not Rated	600	Operations
DCF-170	Electronic Health Records in Mental Health Treatment Facilities	Not Rated	600	Substance Abuse and Mental Health