

DEPARTMENT OF LEGAL AFFAIRS

Medicaid Fraud Control Unit,
Selected Administrative Activities,
and Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Attorney General

The Department of Legal Affairs is established by Section 20.11, Florida Statutes, and the head of the Department is the Attorney General. Article IV, Section 4, of the State Constitution provides for an Attorney General as part of the Cabinet, who shall be the State's chief legal officer. The Honorable Pam Bondi served as Attorney General during the period of our audit.

The team leader was Barbara St. George, CPA, and the audit was supervised by Samantha Perry, CPA.

Please address inquiries regarding this report to Karen Van Amburg, CPA, Audit Manager, by e-mail at karevanamburg@aud.state.fl.us or by telephone at (850) 412-2766.

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DEPARTMENT OF LEGAL AFFAIRS

Medicaid Fraud Control Unit, Selected Administrative Activities, and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of Legal Affairs (Department) focused on the administration of the Medicaid Fraud Control Unit (MFCU) and selected administrative activities. The audit also included a follow-up on the findings noted in our report No. 2017-010. Our audit disclosed the following:

Medicaid Fraud Control Unit

Finding 1: The Department did not always properly conduct or document annual MFCU evidence room inventories in accordance with established policies and procedures.

Finding 2: Department change management controls need enhancement to ensure that the responsibilities for Case Management Database modifications are appropriately separated and that Department records evidence the entire change management process.

Selected Administrative Activities

Finding 3: In some instances, the Department did not timely deactivate user access privileges to the Florida Accounting Information Resource Subsystem upon an employee's separation from Department employment.

Finding 4: The Department did not always timely or accurately record tangible personal property acquisitions in Department property records.

Victim Services

Finding 5: As similarly noted in prior audit reports, most recently in our report No. 2017-010, the information necessary to process crime victims' applications for compensation was not always complete or did not always agree with the applicable supporting documentation.

Finding 6: The Department did not always ensure that annual victim assistance grant program monitoring reports and supporting documentation were timely reviewed and approved. Similar findings were noted in our report Nos. 2017-010 and 2013-123.

BACKGROUND

State law¹ specifies that the Department of Legal Affairs (Department) is responsible for providing all legal services required by State agencies, unless otherwise provided by law. The Department's other statutory responsibilities include enforcing State consumer protection, antitrust, and civil rights laws, prosecuting criminal racketeering, operating the State's Medicaid Fraud Control Unit (MFCU), and administering programs to assist victims of crime.

¹ Section 16.015, Florida Statutes.

To carry out its responsibilities, the Department operates through various program units, including Criminal and Civil Litigation, Victim Services, Executive Direction and Support Services, and the Office of Statewide Prosecution. For the 2017-18 fiscal year, the Legislature appropriated approximately \$295.4 million to the Department and authorized 1,396.50 positions.

FINDINGS AND RECOMMENDATIONS

MEDICAID FRAUD CONTROL UNIT

Pursuant to State law² and Federal regulations,³ the MFCU is responsible for investigating and prosecuting violations of all State laws pertaining to fraud in the administration of the Medicaid program, the provision of medical assistance, or the activities of providers of medical assistance under the State's Medicaid plan. The MFCU is also responsible for reviewing complaints alleging abuse or neglect of patients in health care facilities receiving payments under the State's Medicaid plan. The Medicaid program utilized \$26 billion in State and Federal funds to provide health care to over 4.1 million recipients in the State during the 2016-17 fiscal year.

The MFCU utilized the Case Management Database to manage and document MFCU investigative and legal activities. The Case Management Database includes investigative and attorney notes, correspondence, summaries, reports, and other case related documentation.

Finding 1: Evidence Room Inventories

The MFCU maintained ten evidence rooms in eight locations throughout the State to secure evidence for Medicaid fraud cases.⁴ The MFCU utilized the Evidence Room Database to track all evidence that was submitted to the MFCU, transferred, or destroyed, and Property and Evidence Reports to document the intake of evidence, official chain of custody, and release of evidence. Custodians assigned to each evidence room were responsible for updating the Evidence Room Database as soon as evidence was submitted, transferred, or destroyed. To ensure that items in the evidence rooms reconciled to the information included in the Evidence Room Database, Department policies and procedures⁵ required that an annual inventory of each evidence room be conducted and the results compared to the inventory list generated from the Database. The results of completed inventories, including who conducted the inventory and any discrepancies found, were to be submitted via a memorandum to the MFCU Chief of Law Enforcement. Additionally, the inventory list derived from the Evidence Room Database was to be attached to the inventory memorandum submitted to the MFCU Chief of Law Enforcement as documentation that all evidence was properly accounted for.

² Sections 16.59 and 409.920, Florida Statutes.

³ Title 42, Section 1007, United States Code.

⁴ The MFCU utilized evidence rooms to store physical evidence in Ft. Lauderdale, Jacksonville, Miami, Orlando, Pensacola, Tallahassee, Tampa, and West Palm Beach. The MFCU also utilized separate evidence rooms to store digital evidence in Ft. Lauderdale and Pensacola.

⁵ MFCU Standard Operating Procedures 4.11, *Evidence and Property*.

As part of our audit, we examined Department records related to the 2017 annual inventories conducted for the ten MFCU evidence rooms to determine whether the MFCU conducted the inventories in accordance with established policies and procedures. Our examination disclosed that:

- The inventories of the Tampa and West Palm Beach evidence rooms were conducted by comparing the items in each evidence room to the room's Property and Evidence Reports, instead of an inventory list generated from the Evidence Room Database.
- Tampa and West Palm Beach evidence room staff had not reconciled the items accounted for during the annual inventories to the information included in the Evidence Room Database.
- Ft. Lauderdale and West Palm Beach evidence room staff did not submit memoranda to the MFCU Chief of Law Enforcement indicating who conducted the inventories and whether any discrepancies were found during the inventories.

In response to our audit inquiry, Department management indicated that the Tampa and West Palm Beach evidence room custodians had been unable to generate an inventory report from the MFCU database due to technical difficulties. Notwithstanding, on August 16, 2017, Tampa evidence room staff submitted a memorandum to the MFCU Chief of Law Enforcement indicating that all evidence was properly accounted for.

Absent documentation evidencing that annual evidence room inventories are properly conducted in accordance with established Department policies and procedures, Department management has reduced assurance that all items of evidence are accounted for, evidence records are accurate and complete, and that any missing evidence items will be detected and appropriately investigated.

Recommendation: We recommend that Department management take steps to ensure that annual MFCU evidence room inventories are properly conducted and documented in accordance with established policies and procedures.

Finding 2: Change Management Controls

To promote effective configuration management over information technology (IT) resources, Agency for State Technology (AST) rules⁶ require State agencies to establish a configuration management process to manage upgrades and modifications to existing IT resources. Effective configuration management controls ensure that all configuration changes (program or functionality changes) follow a configuration management process that provides for an appropriate separation of duties and ensures changes are appropriately authorized, reviewed and tested, and approved. Additionally, agency records should clearly document and track the configuration management process from initial authorization to final approval of the change.

Department policies and procedures⁷ required that all changes to IT resources follow the appropriate process outlined in Department systems development and change management workflow process documents. Department policies and procedures, as well as MFCU procedures for Case Management Database development, also required that a Revision Log be used to document approvals and change management tasks throughout the change process.

⁶ AST Rule 74-2.003(5)(c), Florida Administrative Code.

⁷ Department *Change Management Policy* and *System Change Management Procedure*.

According to Department records, the Department completed 26 Case Management Database modifications during the period July 2016 through January 2018. Our examination of Department records for 3 of the modifications disclosed that, contrary to an appropriate separation of duties, one Department employee was responsible for programming the changes, testing the changes, and moving the changes into production. Our examination also disclosed that Department records did not evidence testing of the changes.

In response to our audit inquiry, Department management indicated that the MFCU was in the process of implementing change management software for the Case Management Database that would allow for user testing, separate responsibility for moving changes into production, and include a full audit trail of the change process. Absent an appropriate separation of duties and records that evidence the entire change management process, the risk is increased that erroneous or unauthorized program changes may be made.

Recommendation: We recommend that Department management ensure that the responsibilities for Case Management Database modifications are appropriately separated and that Department records evidence the entire change management process.

SELECTED ADMINISTRATIVE ACTIVITIES

As part of our audit, we also evaluated selected Department administrative activities and controls, including those related to Florida Accounting Information Resource Subsystem (FLAIR) access privileges and tangible personal property.

Finding 3: FLAIR Access Controls

AST rules⁸ require State agencies to ensure that IT access privileges are deactivated when access to an IT resource is no longer required. Prompt action to deactivate access privileges when a user separates from employment is necessary to help prevent misuse of the access privileges. Department policies and procedures⁹ specified that an employee's access to IT resources was to be removed on the employee's last day and required supervisors to notify the applicable technology coordinator and the human resources office of an employee's separation date. The human resources office was responsible for updating the Department's staff directory to notify the Division of Administration of an employee's separation from Department employment. Division of Administration staff were to compare this information to the listing of FLAIR user accounts to determine whether any user accounts should be deactivated.

As part of our audit, we evaluated whether FLAIR access privileges were timely deactivated upon a user's separation from Department employment. Our examination of FLAIR access and People First¹⁰ records disclosed that FLAIR access privileges for five of the eight Department employees with FLAIR access privileges who separated from Department employment during the period July 2016 through January 2018 remained active 2 to 19 business days (an average of 8 business days) after the

⁸ AST Rule 74-2.003(1)(a)8., Florida Administrative Code.

⁹ Department Policy and Procedures Manual, Chapter 5-3, *Separation from Employment*.

¹⁰ People First is the State's human resource information system.

employees' separation dates. In response to our audit inquiry, Department management indicated that the manual process of evaluating whether FLAIR user accounts required deactivation caused the delays in deactivating the users' access privileges.

The prompt deactivation of FLAIR access privileges upon an employee's separation from Department employment reduces the risk of unauthorized disclosure, modification, or destruction of Department data.

Recommendation: We recommend that Department management strengthen procedures to ensure that FLAIR access privileges are deactivated immediately upon a user's separation from Department employment.

Finding 4: Tangible Personal Property Controls

Effective controls for the management of tangible personal property require that property items be adequately controlled, safeguarded, and accounted for by Department management. Department of Financial Services (DFS) rules¹¹ specify that State agencies are to record all tangible personal property with a value or cost of \$1,000 or more and a projected useful life of 1 year or more in the FLAIR Property Subsystem. DFS rules¹² require that, for each property item, State agency property records include, among other things, a description of the item, the item's physical location, the date the item was acquired, and the item's acquisition cost and method of acquisition. Donated property items are to be valued at fair market value at the date of acquisition and, regardless of acquisition method, the cost or value of a property item is to include ancillary charges necessary to place the asset into its intended location and condition for use.

According to Department property records, as of January 31, 2018, the Department was responsible for 3,177 active tangible personal property items with acquisition costs totaling approximately \$13.2 million. Of those items, according to Department records, 895 items with acquisition costs totaling approximately \$2.3 million were purchased during the period July 2016 through January 2018. As part of our audit, we evaluated Department property management procedures and examined Department property records to determine whether the procedures promoted, and the records evidenced, the timely and accurate recording of tangible personal property items in Department property records. Our audit procedures disclosed that:

- Department property management procedures did not specify a time frame for adding tangible personal property to Department property records.
- In the absence of a Department-specified time frame, we considered property record additions to be timely if made within 30 days of receipt of the property item. Our examination of Department records for the 895 tangible personal property items acquired during the period July 2016 through January 2018 disclosed that the Department had not timely added 326 of the property items, with acquisition costs totaling \$482,172, to Department property records. The 326 items were added to Department property records 31 to 148 days (an average of 121 days) after the items were received. For example, 174 computers with acquisition costs totaling \$192,441 were received in December 2016 but not added to the property records until May 2017. In response to our audit inquiry, Department management indicated that the delays in adding the items to the property

¹¹ DFS Rule 69I-72.002, Florida Administrative Code.

¹² DFS Rule 69I-72.003, Florida Administrative Code.

records were due to staffing changes which resulted in the miscommunication of how and when an item should be added in FLAIR.

- The Department recorded \$1 as the acquisition cost for two motor vehicles donated to the Department in February 2017 and in June 2017, respectively. However, based on an online vehicle pricing estimator, the estimated market value of the vehicles as of June 2018 was approximately \$18,700 (\$8,300 and \$10,400, respectively). In response to our audit inquiry, Department management indicated that the Department recorded \$1 as the acquisition cost for the two motor vehicles due to the absence of documentation supporting the vehicles' values.

Absent effective tangible personal property controls, Department management has reduced assurances regarding the accuracy of the information needed to correctly report and maintain proper accountability over Department property and cannot demonstrate compliance with applicable DFS rules.

Recommendation: We recommend that Department management enhance property management procedures to specify a time frame for adding tangible personal property to Department property records and ensure that Department property records are timely updated for property acquisitions. We also recommend that Department management ensure that donated property items are recorded at fair market value in accordance with DFS rules.

VICTIM SERVICES

The 1984 Federal Victims of Crime Act (VOCA) established the Crime Victims Fund to provide Federal funding for victim services nationwide.¹³ The Department, Division of Victim Services and Criminal Justice Programs (Division), functions as the State's designated agency for administering VOCA victim compensation and advocacy grants. In this capacity, the Division provides compensation payments to eligible victims of crime and subgrants for advocacy services to public and nonprofit organizations throughout the State's 20 judicial circuits. The Division is organized into three Bureaus: Victim Compensation, Advocacy and Grants Management, and Criminal Justice Programs.

Finding 5: Victim Compensation Claims Information

State law¹⁴ establishes that aid, care, and support is to be provided by the State to innocent persons who suffer personal harm or financial hardship as a result of criminal acts. To ensure that awards are provided only to eligible crime victims, the State has enacted laws and rules specifying eligibility and documentation requirements for each applicant seeking an award.¹⁵ The Division, Bureau of Victim Compensation (BVC), was responsible for administering the State's crime victim compensation program and established procedures¹⁶ for processing crime victim applications for awards and determining eligibility.

Prior to September 1, 2017, the BVC tracked all award eligibility determinations in Victim Assistance Net (VAN) and, as of September 1, 2017, the BVC used Victim Assistance Net Next (VANext) as the official record and permanent file for all claim activity. All pertinent information was to be documented in VAN

¹³ Title 42, Sections 10601, 10602, and 10603, United States Code.

¹⁴ Section 960.02, Florida Statutes.

¹⁵ Sections 960.01 through 960.28, Florida Statutes, and Department Rules, Chapters 2A-2 and 2A-3, Florida Administrative Code.

¹⁶ Division *Victim Compensation Training Manual*, effective April 2018.

and VANext to support eligibility and award determinations. BVC procedures specified that claims information was to be reviewed for accuracy by comparing the documents submitted by applicants to the information entered in VAN and VANext and that any data entry errors were to be corrected.

In our report No. 2017-010 (Finding 1), we noted that the information necessary to process crime victims' applications for compensation was not always complete or accurate. During the period March 2017 through January 2018, the Department administered 8,556 domestic violence, sexual battery, and other crime victim compensation claims with payments totaling approximately \$10.6 million. As part of our follow-up audit procedures, we examined BVC records for 25 selected victim compensation claims totaling \$30,019. Our examination disclosed that claims information was not always available in VAN and VANext or did not always agree with the applicable supporting documentation. Specifically, we noted that:

- All pertinent information for 14 claims was not available in VAN or VANext. The information not available included the type of victimization; the victim's e-mail address, national origin, race, and gender; a domestic violence shelter e-mail address; and law enforcement agency name.
- Information entered in VAN and VANext for 12 claims did not agree with the applicable supporting documentation. The information that differed from the supporting documentation included type of crime, law enforcement report number, law enforcement agency name, and, for one claim, the actual expenses. In this instance, although Department management indicated that the actual amount compensated (\$3,800) reflected re-contracted funeral and burial expenses, Department records only included an invoice evidencing expenses totaling \$7,000. Subsequent to our audit inquiry, Department management obtained and provided a copy of the revised invoice for \$3,800.

In response to our audit inquiry, Department management indicated that most of the discrepancies noted were due to data entry errors.

Absent complete and accurate claims records, the Department's ability to demonstrate that eligibility determinations and awards are appropriate is reduced.

Recommendation: We recommend that Department management provide additional training to BVC staff to ensure that claims information used to process applications and determine eligibility is complete and agrees with applicable supporting documentation.

Finding 6: Subrecipient Monitoring

The Division, Bureau of Advocacy and Grants Management (BAGM), is responsible for administering the VOCA assistance grant program that offers funding to local community providers that respond to the needs of crime victims. The BAGM awards subgrants to eligible applicants, including victim assistance programs administered by State and local government agencies and not-for-profit corporations registered in the State.

To ensure compliance with VOCA guidelines and internal procedures, the BAGM required regular monitoring, including annual on-site monitoring visits, of all subrecipients. BAGM procedures¹⁷ specified that, within 45 days of an on-site monitoring visit, the grant manager was to review the monitoring supporting documentation for completeness and accuracy and draft the monitoring report. The

¹⁷ Office of the Attorney General, Bureau of Advocacy and Grants Management Victims of Crime Act (VOCA) Monitoring Instructions and Documents.

procedures also specified that grant managers were to submit completed monitoring reports and supporting documentation to the Program Administrator for review and approval and that, within 45 days of receiving the monitoring report, the Program Administrator was to review and approve the report. Upon approval, the Program Administrator was to submit the monitoring report and supporting documentation to the Assistant Bureau Chief for final approval.

During the period July 2017 through January 2018, BAGM grant managers conducted on-site monitoring of the subrecipients of 44 grants totaling \$14,938,176. As part of our audit, we examined grant monitoring documentation related to the on-site monitoring visits of the subrecipients of 10 grants totaling \$2,800,912. As similarly noted in prior audit reports, most recently in our report No. 2017-010 (Finding 2), our examination disclosed that improvements were needed to ensure that monitoring reports and supporting documentation are timely reviewed and approved. Specifically, we noted that:

- The Program Administrator did not review or approve the monitoring reports for four of the monitoring visits. Subsequent to our audit inquiry, and 308 to 338 days (an average of 327 days) after the date of the on-site monitoring visit, the four reports were reviewed and approved by the Assistant Bureau Chief.
- The Program Administrator did not approve the monitoring reports for five monitoring visits within 45 days of the grant managers submitting the reports. The Program Administrator approved the monitoring reports 91 to 152 days (an average of 133 days) after the reports were submitted, and subsequent to our audit inquiry. According to Department management, the Program Administrator had not followed BAGM procedures for timely approving monitoring reports or accurately tracked monitoring report review and approval deadlines.

Timely Program Administrator review and approval of monitoring reports and supporting documentation provides the Department greater assurance that monitoring is properly performed and subrecipient noncompliance, if any, is appropriately corrected.

Recommendation: We again recommend that Department management ensure that VOCA annual victim assistance grant program monitoring reports and supporting documentation are timely reviewed and approved in accordance with established procedures.

PRIOR AUDIT FOLLOW-UP

As noted in Findings 5 and 6, the Department had not taken actions to fully correct the findings included in our report No. 2017-010.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2018 through June 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Legal Affairs (Department) focused on the administration of the Medicaid Fraud Control Unit (MFCU) and selected administrative activities. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2017-010.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of MFCU processes.
- Obtained an understanding of selected Department information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls for the Case Management Database, Money Tracker application, and SIRE Document Management System were in place, and tested the effectiveness of the controls.
- From the population of 1,660 complaints opened by the MFCU during the period July 2016 through January 2018, examined Department records for 40 selected complaints to determine whether the complaints were processed in accordance with MFCU policies and procedures and complaint information was accurately input in the Case Management Database.
- From the population of 297 investigative cases closed by the MFCU during the period July 2016 through January 2018, examined Department records for 25 selected cases to determine whether case activities were timely conducted and accurately documented in the Case Management Database.
- From the population of 47 settlement agreements executed during the period July 2016 through January 2018, examined Department records for 15 selected settlement agreements to determine whether the MFCU properly documented, supported, and calculated the settlement amounts.
- From the population of 114 MFCU employees employed at some point during the period July 2016 through January 2018, examined Department records for 15 selected employees to determine whether the employees were appropriately qualified for their specified positions and satisfied position training requirements.
- Examined Department records for the 2017 annual inventories conducted of the ten MFCU evidence rooms to determine whether the MFCU had timely and properly conducted the inventories in accordance with Department policies and procedures.
- From the population of 3,491 open evidence items in the ten MFCU evidence rooms at some point during the period July 2016 through January 2018, examined Department records for and physically observed 45 selected open evidence items from three evidence rooms to determine whether the MFCU properly secured and accounted for the evidence items. In addition, we observed and evaluated MFCU physical security controls for three evidence rooms.
- Performed inquiries, observations, and inspections of documents and records related to the MFCU's analysis of Florida Medicaid Management Information System (FMMIS) claims data for the period July 2016 through January 2018 to determine whether the MFCU had timely and effectively analyzed FMMIS claims data in accordance with applicable State law, Federal regulations, and Department policies and procedures.
- Evaluated Department actions to correct the findings noted in our report No. 2017-010. Specifically, we:
 - From the population of 8,556 domestic violence, sexual battery, and other crime victim compensation claim payments, totaling \$10.6 million, recorded in Victim Assistance Net (VAN) and Victim Assistance Net Next (VANext) database records and made during the period March 2017 through January 2018, examined Department records for 25 selected claim payments, totaling \$30,019, to determine whether claim applications were appropriately completed and claim information was accurately entered in VAN or VANext and agreed with the applicable supporting documentation.
 - From the population of 44 grants, totaling \$14,938,176, monitored by Bureau of Advocacy and Grants Management (BAGM) grant managers during the period July 2017 through January 2018, examined documentation related to the on-site monitoring visits of the

- subrecipients of 10 selected grants, totaling \$2,800,912, to determine whether the monitoring reports were timely completed and reviewed in accordance with BAGM procedures.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
 - Budgetary, revenue and cash receipt, and purchasing activities.
 - The administration of hurricane-related contracting and purchasing activities. During the period July 2016 through January 2018, the Department expended \$82,722 related to hurricane activity impacting the Department for two Governor-declared emergencies.
 - Managing Florida Accounting Information Resource Subsystem (FLAIR) access privileges. Specifically, we examined FLAIR access and People First records for the eight Department employees with FLAIR access privileges who separated from Department employment during the period July 2016 through January 2018 to determine whether the Department timely deactivated user access privileges upon an employee's separation from Department employment.
 - The administration of tangible personal property in accordance with applicable guidelines. Specifically, we evaluated Department property management procedures and Department property records, including records for the purchase of 895 tangible personal property items, with acquisition costs totaling approximately \$2.3 million, during the period July 2016 through January 2018, to determine whether tangible personal property items were timely and accurately recorded in Department property records.
 - The assignment and use of motor vehicles. As of January 31, 2018, the Department was responsible for 167 motor vehicles with related acquisition costs totaling \$2,289,300.
 - The administration of Department contracts. As of January 31, 2018, the Department was responsible for 560 contracts totaling \$298,655,075.
 - The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2016 through December 2017, Department travel expenditures totaled \$1,746,253.
 - The assignment and use of wireless devices with related costs totaling \$156,845 during the period July 2016 through January 2018.
 - The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of March 27, 2018, the Department was responsible for 17 real property leases.
 - Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
 - Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
 - Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



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January 4, 2019

Ms. Sherill Norman, CPA
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Attached is our audit response to your preliminary and tentative findings and recommendations resulting from your Operational Audit of the Department of Legal Affairs.

Finding 1: The Department did not always conduct or document annual MFCU evidence room inventories in accordance with established policies and procedures.

Recommendation: We recommend that Department management take steps to ensure that annual MFCU evidence room inventories are properly conducted and documented in accordance with established policies and procedures.

Agency Response: On several occasions, due to a failure of our Evidence Room Database, staff needed an alternative method to accurately verify evidence inventories. They utilized the actual (onsite) Property and Evidence Reports. Thus, they were able to work around the technical failure and reach one hundred percent (100%) evidence inventory verification.

We are in the process of acquiring a "state of the art" evidence inventory software. When implemented, the new software will make the current Evidence Room Database obsolete. In so doing, it will simplify and streamline the entire evidence gathering, inventorying and reporting process.

Finding 2: Department change management controls need enhancement to ensure that the responsibilities for Case Management Database modifications are appropriately separated and that Department records evidence the entire change management process.

Recommendation: We recommend that Department management ensure that the

responsibilities for Case Management Database modifications are appropriately separated and that Department records evidence the entire change management process.

Agency Response: At the Unit level, we concur and we have begun implementing your recommendation.

Finding 3: In some instances, the Department did not timely deactivate user access privileges to the Florida Accounting Information Resource Subsystem upon an employee's separation from Department employment.

Recommendation: We recommend that Department management strengthen procedures to ensure that FLAIR access privileges are deactivated immediately upon a user's separation from Department employment.

Agency Response: FLAIR access control records will be reviewed upon receipt of employee termination notice to ensure prompt deactivation.

Finding 4: The Department did not always timely or accurately record tangible personal property acquisitions in Department property records.

Recommendation: We recommend that Department management enhance property management procedures to specify a time frame for adding tangible personal property to Department property records and ensure that Department property records are timely updated for property acquisitions. We also recommend that Department management ensure that donated property items are recorded at fair market value in accordance with DFS rules.

Agency Response: The department's procedure for updating property records during physical inventory periods will be modified to ensure that property records are timely updated. In the event the department receives donated property, fair market value will be used to record the item(s) in FLAIR.

Finding 5: As similarly noted in prior audit reports, most recently in our report No. 2017-010, the information necessary to process crime victims' applications for compensation was not always complete or did not always agree with the applicable supporting documentation.

Recommendation: We recommend that Department management provide additional training to BVC staff to ensure that claims information used to process applications and determine eligibility is complete and agrees with applicable supporting documentation.

Agency Response: The finding is accepted, and staff retraining has been completed.

Finding 6: The Department did not always ensure that annual victim assistance grant program monitoring reports and supporting documentation were timely reviewed and approved. Similar findings were noted in our report Nos. 2017-010 and 2013-123.

Recommendation: We again recommend that Department management ensure that VOCA annual victim assistance grant program monitoring reports and supporting documentation are timely reviewed and approved in accordance with established procedures.

Agency Response: The Program Administrator that was assigned at the time of the audit did not follow protocol and has been demoted and transferred to another position. Interviews are in progress for a replacement Program Administrator.

Sincerely,

A handwritten signature in black ink, appearing to read 'SR', with a long horizontal flourish extending to the right.

Steve Rumph
Inspector General

SR/jmg