

**DEPARTMENT OF
CHILDREN AND FAMILIES**

Oversight and Administration of
Community-Based Care Lead Agencies
and Behavioral Health Managing Entities
and Selected Department Administrative Activities



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Auditor General

Department of Children and Families, Community-Based Care Lead Agencies, and Behavioral Health Managing Entities

The Department of Children and Families is established by Section 20.19, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. Mike Carroll served as Department Secretary during the period of our audit.

Pursuant to Section 409.986(1)(a), Florida Statutes, the Department contracts with Community-Based Care Lead Agencies (CBCs) and has established a Statewide network to manage and deliver foster care and related services. Additionally, pursuant to Section 394.9082, Florida Statutes, the Department contracts with Behavioral Health Managing Entities (MEs) for the purchase and management of substance abuse and mental health services. The 11 CBCs and 7 MEs selected for audit fieldwork, and the respective CBC and ME heads who served during the period of our audit were:

Community-Based Care Lead Agencies

Big Bend Community Based Care, Inc.	Mike Watkins, Chief Executive Officer
ChildNet, Inc. – Broward County	Emilio Benitez, Chief Executive Officer
ChildNet, Inc. – Palm Beach County	Emilio Benitez, Chief Executive Officer
Community Based Care of Central Florida	Glen Casel, Executive Director
Eckerd Community Alternatives – Hillsborough County	Jody Grutza, Executive Director
Eckerd Community Alternatives – Pasco/Pinellas Counties	Brian Bostick, Executive Director
Family Support Services of North Florida, Inc.	Robert Miller, Chief Executive Officer, from 1/13/18 E. Lee Kaywork, Chief Executive Officer, through 1/12/18
Lakeview Center, Families First Network	Shawn Salamida, Director
Our Kids of Miami-Dade/Monroe, Inc.	George Sheldon, Chief Executive Officer, from 7/17/2017 Joyce Taylor, Interim Chief Executive Officer, 5/17/2017, through 7/16/2017 Jackie Gonzalez, Chief Executive Officer, through 5/16/2017
Partnership for Strong Families	Stephen Pennypacker, Chief Executive Officer
St. Johns County Board of County Commissioners Family Integrity Program	Shawna Novak, Chief Executive Officer

Behavioral Health Managing Entities

Big Bend Community Based Care, Inc.	Mike Watkins, Chief Executive Officer
Broward Behavioral Health Coalition	Silvia Quintana, Chief Executive Officer
Central Florida Behavioral Health Network, Inc.	Linda McKinnon, Chief Executive Officer
Central Florida CARES Health System, Inc.	Maria Bledsoe, Chief Executive Officer
Lutheran Services Florida	Samuel M. Sipes, Chief Executive Officer
South Florida Behavioral Health Network, Inc.	John Dow, Chief Executive Officer
Southeast Florida Behavioral Health Network	Ann Berner, Chief Executive Officer

The team leader was Sabrina Ballew, CPA, and the audit was supervised by Lisa Norman, CPA.

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DEPARTMENT OF CHILDREN AND FAMILIES

Oversight and Administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities and Selected Department Administrative Activities

SUMMARY

This operational audit of the Department of Children and Families (Department) focused on the oversight and administration of foster care programs and related services by the Department and selected Community-Based Care Lead Agencies (CBCs) and the oversight and administration of substance abuse and mental health services by the Department and selected Behavioral Health Managing Entities (MEs). The audit also focused on selected Department administrative activities and included a follow-up on the findings noted in our report Nos. 2015-156 and 2016-004, and selected findings¹ included in our report No. 2015-155.

We performed audit procedures at the Department, 5 of the State's 19 CBCs,² and followed up on the findings noted in our report No. 2015-156 related to 6 other CBCs. We also performed audit procedures at 3 of the State's 7 MEs and followed up on selected findings included in our report No. 2015-155 related to the State's other 4 MEs. The CBCs and the MEs included in our audit were:

Community-Based Care Lead Agencies

- Big Bend Community Based Care, Inc. (BBCBC)
- ChildNet, Inc. – Broward County
- ChildNet, Inc. – Palm Beach County
- Community Based Care of Central Florida (CBCCF)
- Eckerd Community Alternatives – Hillsborough County
- Eckerd Community Alternatives – Pasco/Pinellas Counties
- Family Support Services of North Florida, Inc.
- Lakeview Center, Families First Network
- Our Kids of Miami-Dade/Monroe, Inc. (Our Kids)
- Partnership for Strong Families (PFSF)
- St. Johns County Board of County Commissioners Family Integrity Program

Behavioral Health Managing Entities

- Big Bend Community Based Care, Inc. (BBCBC)³
- Broward Behavioral Health Coalition
- Central Florida Behavioral Health Network, Inc. (CFBHN)
- Central Florida CARES Health System, Inc. (CFCHS)
- Lutheran Services Florida
- South Florida Behavioral Health Network, Inc. (SFBHN)
- Southeast Florida Behavioral Health Network

¹ Finding Nos. 1, 2, 3, 5, 6, 8, 9, 10, 11 and 12.

² During the 2017-18 fiscal year, two entities had separate service contracts for two designated CBC areas.

³ The BBCBC serves as both a CBC and an ME.

Our audit disclosed the following:

Department Oversight of the CBCs and the MEs

Finding 1: Department monitoring of the CBCs continues to need improvement to ensure that monitoring plans are appropriately approved prior to the start of on-site monitoring activities and Department records evidence that all planned monitoring procedures are performed, adequate supervisory review is conducted, monitoring reports include all noted issues, and corrective actions, where necessary, are appropriately followed up on. In addition, the Department did not always document that monitoring staff were independent of, and had no conflicts of interest related to, the CBCs and the MEs they were assigned to monitor.

Finding 2: Department protocols for administering the CBC risk pool need enhancement to ensure that unexpended risk pool funds are returned to the Department at fiscal year-end.

Florida Safe Families Network (FSFN)

Finding 3: The CBCs and the Department did not always ensure that all service event data was timely entered in FSFN, the State's Statewide Automated Child Welfare Information System.

Finding 4: Some FSFN user access privileges were not appropriate or adequately documented, and periodic reviews of FSFN user access privileges were not always conducted and documented.

Finding 5: Some CBC requests to the Department to deactivate FSFN user access privileges were not documented and FSFN user access privileges were not always timely deactivated upon a CBC or provider employee's separation from employment.

Substance Abuse and Mental Health Information System (SAMHIS)

Finding 6: The MEs sometimes entered inaccurate client and service event data in SAMHIS, the Department system used to collect, analyze, and report data on persons served by State-contracted community substance abuse and mental health providers.

Finding 7: The MEs did not always conduct periodic reviews of SAMHIS user access privileges and some SAMHIS user access privileges were not supported by proper authorizations.

Finding 8: In some instances, the MEs did not timely request that the Department deactivate SAMHIS user access privileges upon a user's separation from employment or when access was no longer required and the Department did not always timely deactivate SAMHIS user accounts.

CBC and ME Subawards and Monitoring

Finding 9: ChildNet – Broward County and PFSF subaward controls need improvement to ensure that cost analyses of subawards made on a noncompetitive basis are appropriately conducted, ChildNet records evidence the determination of a provider's status as a subrecipient or vendor, and ChildNet subawards include appropriate audit provisions.

Finding 10: The CFCHS and the SFBHN did not consistently provide required subaward information to providers in accordance with Federal and State law.

Finding 11: In some instances, the CBCs did not prepare monitoring plans in accordance with Department policies and procedures, corrective action plans were not required when monitoring identified deficiencies, and CBC and ME monitoring engagement records did not evidence supervisory review.

Finding 12: Our Kids assessment of the performance of Full Case Management Agencies (FCMAs) did not consider FCMA compliance with individual State performance metrics in connection with an FCMA's overall weighted score.

Finding 13: CBC and ME records did not always evidence for each monitoring engagement that staff were independent of, and had no conflicts of interest related to, the providers being monitored.

CBC and ME Payments and Employee Leave Balances

Finding 14: Some CBC contract payments were not supported by adequate documentation or made in accordance with applicable contract terms.

Finding 15: CBC and ME payments for certain goods and services were not always properly supported by adequate documentation or made in accordance with contract terms and State and Federal laws and regulations. Additionally, the CFBHN's payment of bonuses did not appear clearly reasonable and necessary to the performance of the CFBHN's duties.

Finding 16: Some CBC and ME travel payments were not properly supported by adequate documentation or made in accordance with State law.

Finding 17: The BBCBC and the CFBHN did not require salaried employees to record annual leave used in increments of less than 8 hours.

Finding 18: Certain ME management did not make or obtain independent, periodic, and documented assessments of a service organization's relevant internal controls.

CBC and ME Property Management

Finding 19: CBC controls and records needed enhancement to better ensure and demonstrate the accuracy and completeness of the information needed to accurately report and maintain proper accountability over CBC property purchased with Department-provided funds.

Finding 20: ME controls and records needed enhancement to better ensure and demonstrate the accuracy and completeness of the information needed to accurately report and maintain proper accountability over ME property purchased with Department-provided funds.

Finding 21: BBCBC records did not evidence the reasonableness of the \$1.175 million purchase price for certain acquired property, the value of property subsequently returned to the seller, or that the BBCBC refunded to the State the appropriate proportionate share of the State's initial investment in the property. During the period September 2013 through November 2017, interest payments and depreciation expenses related to the property totaling \$445,361 were charged to the BBCBC's contract with the Department. During that same period, the BBCBC made principal payments totaling \$127,512 with funds received from the Department for the depreciation charges.

Finding 22: The CBCs and the MEs did not always document the proper data sanitization of information technology (IT) equipment or establish sufficient policies and procedures regarding the proper data sanitization of IT equipment.

Department Administrative Activities

Finding 23: The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

Finding 24: Department records did not evidence that, for certain Department leadership, the designation of a headquarters outside Tallahassee was in the best interests of the Department and not for the convenience of the individual.

Finding 25: As similarly noted in prior audit reports, most recently in our report No. 2016-004, the Department had not established policies and procedures for the collection and use of social security numbers or evaluated the collection and use of social security numbers to ensure compliance with State law.

Finding 26: Department controls for administering the Telework Program continue to need enhancement to ensure that telework agreements for employees who do not meet performance standards are terminated, teleworker performance evaluations include required notations to evidence the continuing appropriateness of the telework arrangements, and teleworking arrangements are accurately identified in People First, the State's human resource information system.

Finding 27: The Department provided child welfare data, including the names and identifying information of children receiving child welfare services, to a for-profit organization without a valid data sharing agreement between the Department and the organization.

Finding 28: The Department did not adequately document that sensitive data was properly sanitized from former employees' computers before the computers were disposed of.

Finding 29: Department controls over employee access to the Florida Accounting Information Resource Subsystem continue to need improvement.

BACKGROUND

State law⁴ provides that the Department of Children and Families (Department) is to work in partnership with local communities to protect the vulnerable, promote strong and economically self-sufficient families, and advance personal and family recovery and resiliency. The Department plans, administers, and delivers most of its services to target groups through offices in 6 regions and 20 circuits. The regional offices are responsible for support services, contract management, and local program office functions. The circuits are responsible for field operations, such as child and adult protective investigations and public assistance eligibility determinations. The Department's Central Office of Administrative Services provides fiscal, budget, contract management, and general services guidance and support to the regions

⁴ Section 20.19, Florida Statutes.

and is responsible for ensuring Statewide compliance and adherence to State laws and Federal regulations.

Pursuant to State law,⁵ the Department contracts with Community-Based Care Lead Agencies (CBCs) to provide foster care and related services, including family preservation, residential group care, foster care, foster care supervision, independent living, and family reunification. A significant portion of the contracted services provided by the CBCs are funded by Federal grant awards⁶ to the Department for programs such as the Foster Care, Adoption Assistance, and Independent Living programs. The CBCs are to plan, administer, and coordinate the delivery of client services; ensure compliance with Federal and State laws, rules, and regulations; compensate service providers; administer financial assistance payments to clients; and, as most CBCs utilized providers⁷ for case management and direct care services to children and their families, monitor subawards. The Department provides Statewide program oversight, operates the State's Abuse Hotline, conducts child protective investigations, and provides legal representation in court proceedings.

Additionally, pursuant to State law,⁸ the Department contracts with Community-Based Behavioral Health Managing Entities⁹ (MEs) to manage behavioral health services. State law¹⁰ provides that the purpose of the MEs is to plan, coordinate, and contract for the delivery of community mental health and substance abuse services, to improve access to care, to promote service continuity, to purchase services, and to support the efficient and effective delivery of services. The services provided by the MEs are primarily funded through the Federal Block Grants for substance abuse and mental health,¹¹ other Federal grants,¹² and State General Revenue. Additionally, Medicaid funds are available for Medicaid-eligible recipients to cover services such as community mental health services and specialized services for children in State custody. The MEs utilize providers for direct care substance abuse and mental health services. The Department's regional Substance Abuse and Mental Health Program Offices were responsible for contractual, policy, and system of care oversight of the MEs.

During the 2017-18 fiscal year, the Department had service contracts with 19 CBCs¹³ and 7 MEs. **EXHIBIT A** to this report shows the designated CBC areas and lists the entities under contract with the Department to provide CBC services in each area of the State. **EXHIBIT B** to this report shows the designated ME areas and lists the entities under contract with the Department to provide ME services in each area of the State.

⁵ Section 409.986(1)(a), Florida Statutes.

⁶ For example, Temporary Assistance for Needy Families (CFDA No. 93.558), Foster Care Title IV-E (CFDA No. 93.658), Adoption Assistance (CFDA No. 93.659), Social Services Block Grant (CFDA No. 93.667), and Chafee Education and Training Vouchers Program (CFDA No. 93.599).

⁷ Providers included, for example, case management agencies and group homes.

⁸ Section 394.9082, Florida Statutes.

⁹ Section 394.9082(2)(e), Florida Statutes, defines managing entities as corporations selected by and under contract with the Department to manage the daily operational delivery of behavioral health services through a coordinated system of care.

¹⁰ Section 394.9082(1)(b), Florida Statutes.

¹¹ Block Grants for Community Mental Health Services (CFDA No. 93.958) and Block Grants for Prevention and Treatment of Substance Abuse (CFDA No. 93.959).

¹² Social Services Block Grant (CFDA No. 93.667).

¹³ Two entities had separate service contracts for two designated CBC areas.

FINDINGS AND RECOMMENDATIONS

DEPARTMENT OVERSIGHT OF THE CBCs AND THE MEs

As part of our audit, we performed audit procedures at 5 CBCs and followed up on the findings noted in our report No. 2015-156 related to 6 other CBCs. We also performed audit procedures at 3 MEs and followed up on selected findings included in our report No. 2015-155 related to the other 4 MEs. The CBCs included in the scope of our audit were:

- Big Bend Community Based Care, Inc. (BBCBC)
- ChildNet, Inc. – Broward County
- ChildNet, Inc. – Palm Beach County
- Community Based Care of Central Florida (CBCCF)
- Eckerd Community Alternatives – Hillsborough County (ECA – Hillsborough)
- Eckerd Community Alternatives – Pasco/Pinellas Counties (ECA – Pasco/Pinellas)
- Family Support Services of North Florida, Inc. (FSSNF)
- Lakeview Center, Families First Network (Lakeview Center)
- Our Kids of Miami-Dade/Monroe, Inc. (Our Kids)
- Partnership for Strong Families (PFSF)
- St. Johns County Board of County Commissioners Family Integrity Program (SJCBC)

The MEs included in the scope of our audit were:

- Big Bend Community Based Care, Inc. (BBCBC)
- Broward Behavioral Health Coalition (BBHC)
- Central Florida Behavioral Health Network, Inc. (CFBHN)
- Central Florida CARES Health System, Inc. (CFCHS)
- Lutheran Services Florida (LSF)
- South Florida Behavioral Health Network, Inc. (SFBHN)
- Southeast Florida Behavioral Health Network (SEFBHN)

We also obtained, for each of the 19 CBCs and 7 MEs, information regarding total expenditures, executive salaries, and clients served. According to the data provided, CBC administrative activity expenditures during the period July 2015 through December 2016 totaled \$56,316,571 (4 percent of total expenditures) and ME administrative activity expenditures during the same period totaled \$25,890,516 (3 percent of total expenditures). A listing identifying, by CBC, total expenditures and the total number of employees and clients served is included as **EXHIBIT C** to this report. **EXHIBIT D** to this report shows that, as of March 31, 2017, CBC chief executive officer annual salaries, before any bonuses, averaged \$210,863, and the average amount allocated to the Department contracts with the CBCs was approximately \$160,000. Similarly, a listing identifying, by ME, total expenditures and the total number of employees and clients served is included as **EXHIBIT E** to this report. **EXHIBIT F** to this report shows that, as of March 31, 2017, ME chief executive officer annual salaries, before any bonuses, averaged \$226,216 and the average amount allocated to the Department contracts with the MEs was \$170,905.

Finding 1: Monitoring of CBCs and MEs

State law¹⁴ requires the Department to establish a contract monitoring unit and a monitoring process that includes, but is not limited to, preparing a contract monitoring plan which includes sampling procedures and a description of the programmatic, fiscal, and administrative components that will be monitored on-site and providing a written report presenting the results of the monitoring engagement within 30 days after the completion of the on-site monitoring. In accordance with State law, the Department created the Contract Oversight Unit (COU) to perform programmatic and administrative monitoring of the CBCs and the MEs.

In our report No. 2015-155 (finding No. 3) and report No. 2015-156 (finding No. 1), we noted that Department monitoring of the MEs and the CBCs, respectively, needed enhancement. Effective for the 2016-17 fiscal year monitoring cycle, the COU significantly revised the administrative and programmatic monitoring process for the CBCs but made less significant changes to the ME monitoring process. During the period July 2016 through June 2017, the COU issued two CBC monitoring reports and three ME monitoring reports based on the revised monitoring process methodologies. As part of our audit follow-up procedures, we examined the monitoring reports and Department records for one of the CBC monitoring engagements and one of the ME monitoring engagements to determine whether COU monitoring activities were adequate to ensure CBC and ME compliance with contract requirements. Our examination disclosed that Department monitoring of the CBCs continues to need improvement. Specifically, we noted that:

- Department policies and procedures required the COU manager to approve CBC monitoring plans prior to the start of on-site monitoring activities. However, the monitoring plan for the CBC engagement we examined as part of our audit was not approved by the COU manager. Additionally, Department records did not adequately demonstrate whether:
 - All procedures included in the monitoring plan were conducted.
 - Supervisory review of the monitoring tools was performed or that the tools were reviewed in conjunction with the report.
 - The monitoring report reflected all issues noted.
 - If a corrective action plan was required and, if so, appropriate follow-up procedures were conducted.
- Department policies and procedures required COU contract monitors to sign a *Conflict of Interest Statement* before monitoring each CBC or ME. However, *Conflict of Interest Statements* were not available for four of the nine monitors who participated in the CBC monitoring engagement. Subsequent to our audit inquiry, the Department provided signed *Conflict of Interest Statements* for the four monitors and indicated that the statements had been signed prior to the monitoring engagement but were inadvertently deleted from Department records.

Additionally, the Department, Office of CBC/ME Financial Accountability (FAO), was to conduct on-site financial monitoring of the CBCs and the MEs at least once every 3 years and desk reviews of each CBC and ME periodically during the fiscal year. Our review of FAO monitoring procedures and FAO monitoring activities disclosed that the procedures did not require monitors to complete conflict of interest statements

¹⁴ Section 402.7305(4), Florida Statutes.

and, therefore, FAO monitors did not complete conflict of interest statements related to the 27 desk reviews and 6 on-site monitoring reviews conducted during the period January 2017 through March 2017.

Effective monitoring of CBCs and MEs evaluate compliance with contract requirements and identify problems as early as possible so that corrective actions may be timely initiated. Absent sufficient documentation demonstrating that monitoring plans are approved prior to the start of on-site monitoring activities and monitoring activities are adequately conducted and noted issues appropriately reported, Department management cannot adequately demonstrate that monitoring activities were appropriate and performed in accordance with management's expectations. Additionally, documentation demonstrating that COU and FAO monitors are independent of, and have no conflicts of interest related to, the CBCs and the MEs they are assigned to monitor, would provide greater assurance that monitoring activities are conducted in an independent and impartial manner.

Recommendation: We recommend that Department management ensure that:

- **Monitoring plans are appropriately approved prior to the start of on-site monitoring activities.**
- **Department records adequately demonstrate that all monitoring plan procedures are performed, and that supervisory review of monitoring tools is conducted in conjunction with the monitoring report.**
- **Monitoring reports include all issues noted and a corrective plan be required when applicable.**
- **Corrective actions, where necessary, are appropriately followed up on.**
- **FAO monitoring procedures are enhanced to require monitoring staff to document that they are independent of, and have no conflicts of interest related to, the CBCs and the MEs they are assigned to monitor.**
- **Department records evidence the completion of *Conflict of Interest Statements* by all Department monitors prior to the conduct of monitoring activities.**

Finding 2: CBC Risk Pool

Pursuant to State law,¹⁵ the Department developed and implemented a community-based care risk pool initiative to mitigate the financial risk to eligible CBCs. As part of the risk pool initiative, the Department developed a risk pool application and protocol outlining the eligibility criteria and application submission process. In accordance with State law, the application required the CBCs requesting risk pool funds to confirm that approved risk pool funds would be expended by the end of the current fiscal year. Department protocols did not require the CBCs to return any unexpended risk pool funds, but specified that the Department reserved the right to require a CBC that concluded a fiscal year with a surplus to refund to the Department the portion of the surplus that was accumulated as a result of the award of risk pool funds. During the 2015-16 fiscal year, the Department disbursed to five CBCs¹⁶ risk pool funds totaling \$17 million.

¹⁵ Section 409.990(7)(a), Florida Statutes.

¹⁶ Brevard Family Partnership, ChildNet – Broward County, ChildNet – Palm Beach County, Community Based Care of Central Florida – Seminole, and Sarasota YMCA.

Our examination of Department records for the CBCs receiving risk pool funds during the 2015-16 fiscal year disclosed that two of the five CBCs (Brevard Family Partnership, which received risk pool funds totaling \$2,690,176, and Sarasota YMCA, which received risk pool funds totaling \$1,891,577) did not expend all approved risk pool funds by the end of the fiscal year. Specifically, the Brevard Family Partnership and Sarasota YMCA CBCs had 2015-16 fiscal year-end carry forward amounts totaling \$378,366 and \$250,984, respectively, representing 14 and 13 percent of the total amount of risk pool funds received. Additionally, as a result of a \$169,287 unexpended carry forward from the 2014-15 fiscal year, Sarasota YMCA's total carry forward as of June 30, 2016, was \$420,271. The other three CBCs that received risk pool funds during the 2015-16 fiscal year ended the fiscal year with deficits totaling \$6,325,548.

In response to our audit inquiry, Department management indicated that the Brevard Family Partnership and Sarasota YMCA CBCs were allowed to carry forward funds because the amounts were nominal compared to the total amount of funds received by the CBCs. Department management also indicated that, because the CBCs would likely request funds in the next fiscal year, the CBCs were not required to return unexpended risk pool funds to the Department. Notwithstanding the Department's response, as State law specifies that applications for risk pool funds must include confirmation by the CBCs that all funds received will be expended in the current fiscal year, and Brevard Family Partnership carried forward surplus funds from the 2015-16 fiscal year and Sarasota YMCA carried forward surplus funds from both the 2014-15 and 2015-16 fiscal years, the Department's basis for not requiring the return of unexpended risk pool funds is not evident.

Absent guidelines requiring the return of unexpended risk pool funds, these funds may not be available to other CBCs to mitigate financial risk.

Recommendation: We recommend that Department management establish guidelines requiring participating CBCs to return to the Department risk pool funds unexpended at fiscal year-end.

FLORIDA SAFE FAMILIES NETWORK

The Florida Safe Families Network (FSFN) is the State's official Statewide Automated Child Welfare Information System and the Department's official recordkeeping system for documenting youth protective investigations and youth welfare casework. FSFN automates casework practice and integrates client, service, financial, and provider data to provide workers, supervisors, and administrators the information needed to protect youth, help families, and manage youth welfare programs. Department FSFN Guidelines prohibited any case access privileges in FSFN without a legitimate business reason.

The Department created a FSFN Statewide Access Request Form (FSFN Form) to request initial access privileges, change access privileges, and deactivate access privileges. A completed FSFN form is to include the action requested, the employee's name, job title, requested level of access, and a supervisor's signature approving the request. The supervisor is to submit the approved FSFN Form to the Department's FSFN Network Security Officer who authorizes the requested action.

As part of our audit, we evaluated certain data entry procedures and access controls related to FSFN to determine whether FSFN data was complete, accurate, and up-to-date and whether FSFN access privileges granted by the Department were appropriate and timely deactivated upon an employee's

separation from CBC or provider employment. As discussed in Findings 3 through 5, we noted that FSFN controls needed improvement.

Finding 3: FSFN Data Entry

State law¹⁷ requires that FSFN must, at a minimum, facilitate comprehensive screenings, uniform assessments, case planning, monitoring, resource matching, and outcome evaluations for child welfare and prevention and diversion services. To efficiently perform the required screenings and assessments and facilitate effective case management, FSFN must contain accurate, complete, and up-to-date information. To ensure that FSFN contained accurate and complete child welfare casework data, Department contracts with the CBCs required FSFN to be updated within 2 business days after a service event¹⁸ occurred. Additionally, Department policies and procedures¹⁹ required Department child protective services investigators to document in FSFN within 2 business days any contacts with alleged victims of child abuse.

We evaluated the accuracy and timeliness of the data reported in FSFN for 165 service events that occurred during the period July 2015 through January 2017 by comparing the data recorded in FSFN to the client files maintained by selected CBCs and their providers. Table 1 shows the number of service events we examined at each CBC.

**Table 1
Summary of CBC Service Events Examined**

CBC	Number of Service Events Examined
BBCBC	25
ChildNet – Broward County	25
CBCCF	25
ECA – Pasco/Pinellas	25
FSSNF	15
Lakeview Center	25
PFSF	25
Total	<u>165</u>

As similarly noted in our report No. 2015-156 (finding No. 11), our audit procedures disclosed that the CBCs did not always ensure that service event data was recorded in FSFN within 2 business days, and the data entered was not always complete. Specifically, we found that:

- 20 entries related to 7 BBCBC service events were made 3 to 13 business days (an average of 5 business days) after the event occurred. Additionally, we noted 2 other BBCBC service events (foster care home visits) that had not been recorded in FSFN. In response to our audit inquiry, BBCBC management indicated that case managers did not always timely record service event data in FSFN due to other case priorities and being out of the office.

¹⁷ Section 409.146(2), Florida Statutes.

¹⁸ Service events include, for example, foster care placements, foster care home visits, emergency shelter placements, and human trafficking services.

¹⁹ Department Policy and Procedure CFOP 170-5, *Child Protective Investigations*.

- 13 entries related to 8 ChildNet – Broward County service events were made 3 to 16 business days (an average of 6 business days) after the event occurred. During our examination of case records for the 25 service events, we also identified 2 cases where ChildNet – Broward County did not enter service event data (client meeting) and entered incomplete client placement information.
- 10 entries related to 7 CBCCF service events were made 3 to 204 business days (an average of 51 business days) after the event occurred. Another service event (client meetings) had not been entered in FSFN. Two FSFN entries for 2 additional service events related to alleged child abuse investigations performed by Department personnel were made by the Department 6 and 23 business days after the events occurred.
- 15 entries related to 10 ECA – Pasco/Pinellas service events were made 3 to 86 business days (an average of 14 business days) after the event occurred. According to ECA – Pasco/Pinellas management, case manager turnover may have contributed to the untimely entries.
- 36 entries related to 15 Lakeview Center service events were made 3 to 133 business days (an average of 14 business days) after the event occurred. In response to our audit inquiry, Lakeview Center management provided various reasons for the delays, including employee oversight, caseload issues, and lack of training.
- 10 entries related to 6 PFSF service events were made 4 to 94 business days (an average of 20 business days) after the event occurred. According to PFSF management, high caseloads may have adversely affected the timely entry of service events in FSFN.

Additionally, in our report No. 2015-156 (finding No. 11), we noted that the SJCBC did not always timely record service event data in FSFN. In response to our finding, SJCBC management indicated in March 2015 that it was working with a private vendor to develop a report that would capture data related to the timeliness of FSFN service event entry. However, as part of our follow-up audit procedures, SJCBC management indicated that the vendor they were working with had been unsuccessful in developing the necessary report and they were meeting with another vendor regarding the creation of the type of report needed.

Critical information necessary for effective service delivery may not be readily available when accurate and complete child welfare casework data is not timely recorded in FSFN after all service events.

Recommendation: We recommend that CBC and Department management strengthen controls over FSFN data entry to ensure that all client and service event data is timely recorded in FSFN.

Finding 4: FSFN User Access Privilege Controls

Effective information technology (IT) access controls are intended to prevent and detect inappropriate access to IT resources and protect the confidentiality, integrity, and availability of data. Agency for State Technology (AST)²⁰ rules require State agencies to administer access to systems and data based on documented authorizations, review access rights (privileges) periodically based on system categorization or assessed risk, and provide for the adequate separation of duties.

²⁰ AST Rule 74-2.003(1)(a)6., Florida Administrative Code.

As part of our audit, we evaluated selected CBC IT controls for authorizing and reviewing user access to FSFN. As similarly noted in our report No. 2015-156 (finding No. 9) and as shown in Table 2, our examination of records for 209 FSFN user accounts active during the period July 2015 through January 2017 disclosed that the appropriateness of FSFN user access privileges were not always adequately documented and that certain user accounts were assigned access privileges contrary to an appropriate separation of duties.

**Table 2
Summary of FSFN Access Deficiencies**

CBC	Number of User Accounts Tested	Number of User Accounts with Access Privileges Not Adequately Documented	Number of User Accounts with Inadequate Separation of Duties
BBCBC	20	3	3
CBCCF	25	2	-
ChildNet – Broward County	20	4	-
ChildNet – Palm Beach County	10	-	-
ECA – Hillsborough	20	15	-
ECA – Pasco/Pinellas	25	-	-
FSSNF	15	-	-
Lakeview Center	25	-	-
Our Kids	14	10	-
PFSF	25	17	-
SJCBC	10	-	-
Totals	<u>209</u>	<u>51</u>	<u>3</u>

Source: Department records.

Specifically, we found that:

- For 51 user accounts, CBC records did not adequately demonstrate whether the access privileges assigned to the users were appropriate for the users’ job responsibilities due to incomplete or unavailable FSFN forms.
- For 3 BBCBC user accounts, the users were granted access to FSFN security profiles established by the Department that allowed the users to perform system functions that were contrary to an appropriate separation of duties, such as the ability to both create financial payments and change provider information, including provider addresses. In response to our audit inquiry, BBCBC management indicated that one user’s access privileges were granted by the Department prior to the user being employed by the BBCBC, and the Department did not deactivate the access privileges upon the employee’s separation from Department employment, and the other two users needed the access privileges to perform their job responsibilities.

Additionally, we noted that five CBCs²¹ either had not conducted or not documented periodic reviews to determine the continued appropriateness of FSFN user access privileges. We also noted that, while

²¹ CBCCF, ChildNet – Broward County, ChildNet – Palm Beach County, ECA – Hillsborough, Our Kids, and SJCBC. A similar finding for ChildNet – Palm Beach County and SJCBC was noted in our report No. 2015-156 (finding No. 9).

beginning in July 2017 ECA – Hillsborough initiated periodic reviews of FSFN user access privileges, we noted discrepancies found during the reviews that were not resolved.

In response to our audit inquiry, CBC management provided various reasons why documentation was not adequate to support the user access privileges, such as FSFN forms were not always updated when users were promoted, demoted, or assigned to a new business unit.

Documenting that user access privileges have been properly authorized by management, conducting and documenting periodic reviews of user access privileges, and providing for an adequate separation of duties would provide assurance that user access privileges are appropriate and limit the potential for unauthorized modification, loss, or disclosure of FSFN data.

Recommendation: We recommend that Department management ensure that FSFN security profiles are designed to provide for an adequate separation of duties. We also recommend that the CBCs maintain documentation supporting all FSFN user access privileges authorized by management and perform and document periodic reviews of the continued appropriateness of assigned FSFN user access privileges.

Finding 5: Deactivation of FSFN User Access Privileges

AST rules²² require State agencies to ensure that IT access is removed when access to an IT resource is no longer required. Prompt action to deactivate user access privileges when an employee separates from employment or when access to the IT resource is no longer required is necessary to help prevent misuse of the user's access privileges. The CBCs were required by contract to follow Department-established CBC Information Systems Requirements, which included provisions restricting user access to FSFN as needed for business use. Additionally, the CBC Information Systems Requirements required the CBCs to notify Department Information Security staff of a user's separation from employment within 1 business day.

As summarized in Table 3, our examination of selected CBC records for 57 FSFN user accounts identified 22 user accounts that remained active 4 to 261 business days after the employees' separation dates.

²² AST Rule 74-2.003(1)(a)8., Florida Administrative Code.

**Table 3
Summary of Untimely FSFN User Access Privilege Deactivations**

CBC	Number of User Accounts Tested	Number of Employees Whose Access Privileges Were Not Timely Deactivated	Number of Business Days Access Privileges Deactivated After Employment Separation	Number of Users With No Documentation to Support Deactivation or Separation Date
BBCBC	3	2	31 and 56	-
CBCCF	3	-	-	-
ChildNet – Broward County ^a	6	CND	CND	-
ChildNet – Palm Beach County ^b	-	-	-	-
ECA – Hillsborough	15	1	3	5
ECA – Pasco/Pinellas	7	-	-	-
Lakeview Center	3	-	-	-
Our Kids	8	8	53 to 261	-
PFSF	7	6	4 to 102	-
SJCBC	5	5	5 to 43	-
Totals	<u>57</u>	<u>22</u>		<u>5</u>

^a We were unable to verify whether the access privileges had been timely deactivated or whether two of the users were still employed by a provider as ChildNet – Broward County could not identify where the users worked.

^b There were no former ChildNet – Palm Beach County employees with FSFN user access privileges during the period July 2015 through January 2017.

Source: Department records.

According to CBC management, FSFN controls prevent user accounts from being deactivated until the account no longer has any active assigned cases. While the CBCs can lock the accounts, the lock date is not documented in FSFN. In response to our audit inquiry, CBC management indicated that FSFN user access privileges were not timely deactivated for reasons such as former CBC employees being hired by a provider and being permitted to utilize the same access privileges and the upgrade of one CBC’s timecard system. We also noted that, while the BBCBC timely notified the Department of the employment separations noted in Table 3, the Department did not deactivate the employees’ access privileges until 31 and 56 days after the BBCBC notified the Department of the employment separations.

Additionally, we found that ECA – Hillsborough records did not evidence whether two of the user accounts noted in Table 3 were accessed subsequent to the user’s employment separation dates. In response to our audit inquiry regarding documentation to support deactivation dates, ECA – Hillsborough management indicated that user access forms could not be provided in some instances due to e-mail migration.

The prompt deactivation of user access privileges upon an employee’s separation from CBC or provider employment reduces the risk of unauthorized disclosure, modification, or destruction of FSFN data and related IT resources. A similar finding was noted in our report No. 2015-156 (finding No. 10).

Recommendation: To minimize the risk of compromising FSFN data and related IT resources, we recommend that Department and CBC management enhance procedures to ensure that requests for deactivating FSFN user access privileges are documented and that FSFN user access privileges are timely deactivated upon a user’s employment separation.

The Department utilized the Substance Abuse and Mental Health Information System (SAMHIS) to collect, analyze, and report data on persons served by State-contracted community substance abuse and mental health providers. SAMHIS data includes service provider profile data; client socio-demographic data and clinical characteristics; and the type, number, and outcome of services provided. The MEs uploaded data into SAMHIS from the client systems they maintained. Monthly, the Department aggregates data from SAMHIS at the State, regional, and provider levels to report Substance Abuse and Mental Health program performance.

As part of our audit, we evaluated certain data entry procedures and access controls related to SAMHIS to determine whether SAMHIS data was complete, accurate, and up-to-date and whether SAMHIS user access privileges granted by the Department were appropriate and timely deactivated upon an employee's separation from ME or service provider employment. As discussed in Findings 6, 7, and 8, we noted that SAMHIS controls needed improvement.

Finding 6: SAMHIS Data Entry

State law²³ requires the MEs to collect and submit data to the Department regarding persons served, outcomes of persons served, and the costs of services provided through contract with the Department. Department contracts with the MEs required the MEs to maintain records documenting the names or unique identifiers of the individuals served and the dates services were provided. Additionally, the MEs were to require that service providers clearly document all admissions and discharges of individuals served and submit all service event data to the MEs. The data submitted to the MEs was to be consistent with the information maintained in the service providers' client files.

We evaluated the accuracy of the data reported in SAMHIS for 150 service events²⁴ which occurred during the period July 2015 through January 2017 by comparing the data recorded in SAMHIS to the information in the client files maintained by the selected MEs and service providers. Table 4 shows the number of service events examined at each ME.

**Table 4
Summary of
ME Service Events Examined**

ME	Number of Service Events Examined
BBCBC	25
CFBHN	25
CFCHS	25
LSF	25
SEFBHN	25
SFBHN	25
Total	<u>150</u>

²³ Section 394.9082(7), Florida Statutes.

²⁴ Service events include, for example, case management activities and detoxification and crisis stabilization services.

Our audit procedures disclosed that:

- The BBCBC did not always enter correct service event data in SAMHIS and BBCBC records did not always demonstrate the accuracy of reported information. Specifically, the service date entered for one service event was not correct and, for two other service events, certain information reported (client social security number and racial ethnicity) was not supported by appropriate documentation. A similar finding was noted in our report No. 2015-155 (finding No. 9).
- The racial ethnicity recorded in SAMHIS for two CFBHN service events was not supported by adequate documentation. In response to our audit inquiry, CFBHN management indicated that provider errors contributed to the deficiencies.
- The demographic information entered in SAMHIS for one CFCHS service event was not supported by adequate documentation.
- As similarly noted in our report No. 2015-155 (finding No. 9), SEFBHN records did not demonstrate the accuracy of the information recorded in SAMHIS for six of the service events tested. The information included data such as client gender, race, and social security number. In response to our audit inquiry, SEFBHN management indicated that some of the issues resulted from a provider's conversion to a new information system and one of the errors was a provider data entry mistake.
- The demographic information for six SFBHN service events was not supported by adequate documentation. According to SFBHN management, all service data was entered by service provider staff and, due to the volume of service events and provider specific processes, errors occurred.

Accurate SAMHIS data, supported by client file information, enhances Department and ME management's ability to demonstrate that Department-provided funds are used only for allowable purposes and that SAMHIS data is reliable for measuring ME performance.

Recommendation: We recommend that ME management strengthen controls over SAMHIS data entry to ensure client and service event information is accurately recorded and documented.

Finding 7: SAMHIS User Access Privilege Controls

As previously noted, AST rules²⁵ require State agencies to periodically review user access privileges for appropriateness. Periodic reviews of user access privileges help ensure that only authorized users have access privileges and that the access privileges provided to each user remain appropriate. The Department's contracts with the MEs required each ME to maintain all SAMHIS user accounts for persons affiliated with the ME's system of care.

As part of our audit, we evaluated IT user access controls for SAMHIS at the seven MEs to determine whether, during the period July 2015 through January 2017, the MEs periodically reviewed SAMHIS user access privileges to ensure that only authorized users had access privileges and that user access privileges remained appropriate. Our audit procedures disclosed that:

- The CFCHS had not established procedures requiring nor conducted periodic reviews of SAMHIS user access privileges. In response to our audit inquiry, CFCHS management indicated that they had not performed periodic reviews of SAMHIS user access privileges because they were not familiar with the necessary SAMHIS reporting functions and had not gotten accurate information in the past. We also noted that, for 2 of 4 CFCHS user accounts active as of January 31, 2017,

²⁵ AST Rule 74-2.003(1)(a)6., Florida Administrative Code.

the CFCHS could not provide documentation authorizing the users' current access privileges. According to CFCHS management, user access request forms had been established for the users' previous positions and revised forms were not required.

- The CFBHN did not conduct periodic reviews of SAMHIS user access privileges.

Conducting periodic reviews of user access privileges and maintaining documentation to evidence that user access privileges were properly authorized by management would provide the MEs with assurance that SAMHIS user access privileges are provided only to authorized persons and are appropriately restricted to those user access privileges necessary for the accomplishment of user assigned job responsibilities.

Recommendation: We recommend that ME management establish procedures requiring periodic reviews of the continued appropriateness of assigned SAMHIS user access privileges. Additionally, we recommend that ME records evidence the approval and appropriateness of SAMHIS user access privileges.

Finding 8: Deactivation of SAMHIS User Access Privileges

AST rules²⁶ require State agencies to ensure that IT access is removed when access to an IT resource is no longer required. Prompt action to deactivate user access privileges when an employee separates from employment or when access to the IT resource is no longer required is necessary to help prevent misuse of the user's access privileges.

Department policies and procedures²⁷ specified that MEs were to immediately notify the Department of a user's separation from employment and submit a completed Database Access Request Form with the Deactivate User box checked. The Department was responsible for deactivating user access privileges upon receipt of the ME request. Department policies and procedures also specified that, after 60 consecutive days of inactivity, user accounts were to be deactivated.

As summarized in Table 5, our examination of selected ME records for the SAMHIS user accounts associated with 17 employees who separated from ME or service provider employment during the period July 2015 through January 2017 identified 10 user accounts for which the MEs did not request that user access privileges be deactivated until 2 to 148 business days after the employees' employment separation dates.

²⁶ AST Rule 74-2.003(1)(a)8., Florida Administrative Code.

²⁷ Department Pamphlet 155-2, Chapter 2, *Privacy and Security*.

Table 5
Summary of
Untimely SAMHIS User Access Privilege Deactivations

ME	Number of Former Employee User Accounts Examined	Number of User Accounts Not Timely Deactivated	Number of Business Days Deactivation of Access Privileges Requested After Employment Separation
BBCBC	3	2	2 and 135
BBHC	2	-	-
CFBHN	6	5	7 to 148
CFCHS	1	-	-
LSF	3	2	7 and 21
SFBHN ^a	-	-	-
SEFBHN	2	1	37 ^b
Totals	<u>17</u>	<u>10</u>	

^a There were no former SFBHN employees with SAMHIS user access privileges during the period July 2015 through January 2017.

^b The SEFBHN did not request the user's access privileges be deactivated. Upon the Department's review of inactive accounts, the user's account was deactivated 37 business days after the user separated from SEFBHN employment.

Source: ME records.

We also noted that, for 1 of 5 SFBHN active user accounts reviewed, the account had not been accessed for more than 60 days. However, contrary to Department policies and procedures, although the user's last recorded login was November 16, 2010, the Department did not deactivate the user's account until March 24, 2017.

In response to our audit inquiry, ME management provided various explanations for the untimely requests to deactivate access privileges, including staff oversight and internal process deficiencies.

The prompt deactivation of user access privileges upon an employee's separation from ME or provider employment or when access privileges are no longer required reduces the risk of unauthorized disclosure, modification, or destruction of SAMHIS data and related IT resources. A similar finding was noted in our report No. 2015-155 (finding No. 7).

Recommendation: To minimize the risk of compromising SAMHIS data and related IT resources, we recommend that ME management enhance procedures to ensure that requests for SAMHIS user access privilege deactivations are timely submitted to the Department when a user separates from ME or provider employment or when access privileges are no longer required and that Department management ensure all user accounts are timely deactivated.

CBC AND ME SUBAWARDS AND MONITORING

Pursuant to State law,²⁸ the Department contracts with CBCs and MEs for the purchase and management of child welfare and behavioral health services. Foster care and related services are made available to eligible individuals either directly by the CBCs or by providers, including, but not limited to, group homes, physicians, and counselors. Residential and non-residential substance abuse and mental health services are made available to eligible individuals by ME providers. To ensure that services were provided in accordance with applicable laws, regulations, and contract terms, the CBCs and the MEs were required by Department contracts to monitor the performance of all providers.

Table 6 summarizes, by CBC and ME, the number of subawards made by selected CBCs and MEs during the period July 2015 through January 2017, related award amounts, and the number and total amounts of the subawards tested as part of our audit.

Table 6
Summary of Subawards Made
July 2015 Through January 2017

	Number of Subawards	Total Subaward Amounts	Number of Subawards Tested	Total Subaward Amounts Tested
CBC				
ChildNet – Broward County	53	\$ 21,005,498	8	\$ 3,370,798
CBCCF	30	21,866,464	3	17,207,442
ECA – Pasco/Pinellas	24	21,516,112	2	4,891,200
Lakeview Center	26	22,236,734	3	4,600,242
PFSF	14	8,503,301	2	5,010,943
CBC Totals	<u>147</u>	<u>\$95,128,109</u>	<u>18</u>	<u>\$35,080,625</u>
ME				
CFBHN	39	\$ 4,412,043	4	\$ 2,315,372
CFCHS	26	144,501,749	3	19,181,549
SFBHN	39	73,549,742	3	26,498,950
ME Totals	<u>104</u>	<u>\$222,463,534</u>	<u>10</u>	<u>\$47,995,871</u>
CBC and ME Combined Totals	<u>251</u>	<u>\$317,591,643</u>	<u>28</u>	<u>\$83,076,496</u>

Source: CBC and ME records.

Finding 9: CBC Subawards

To determine whether subawards for child welfare, substance abuse, and mental health services were made in accordance with applicable laws, regulations, and Department policies and procedures, we examined CBC and ME records related to 28 subawards, totaling approximately \$83 million, made during the period July 2015 through January 2017. Our audit procedures disclosed that ChildNet – Broward County and PFSF subaward controls needed improvement. Specifically:

²⁸ Sections 409.986(1)(a) and 394.9082(3)(a), Florida Statutes.

- For all subawards made on a noncompetitive basis, the Department required the CBCs to conduct and document cost analyses that analyzed the individual cost elements for allowability, reasonableness, and necessity.²⁹ For all 7 subawards, totaling \$3,292,248, made on a noncompetitive basis, and included in our testing, ChildNet – Broward County was unable to provide a cost analysis of the subaward cost elements. In response to our audit inquiry, ChildNet – Broward County management indicated that 6 of the subawards were continuing subawards from prior years and the seventh subaward was for a flat fee; therefore, a cost analysis was not prepared. However, continuation or flat fee awards do not preclude ChildNet – Broward County from performing a cost analysis comparing the reasonableness of current provider costs to the costs of other suitable service providers.
- Department policies and procedures³⁰ required that CBC records include for all subawards a completed *Florida Single Audit Act Checklist for Nonstate Organizations - Recipient/Subrecipient vs. Vendor Determination* (Checklist) documenting the CBC's determination of whether a provider was a subrecipient or a vendor and was required to comply with Federal regulations, including the requirement to obtain an audit pursuant to the Uniform Guidance.³¹ For the 8 subawards subject to testing and totaling \$3,370,798, ChildNet – Broward County did not complete a Checklist and the subawards did not include provisions requiring the providers to receive a single or program-specific audit conducted in accordance with the provisions of the Uniform Guidance.
- Our examination of PFSF records for two subawards, totaling \$5,010,943, disclosed that the PFSF renewed the provider awards every 3 years without performing a cost analysis. Subsequent to our audit inquiry, PFSF provided cost analyses for the subawards. However, our review of the cost analyses disclosed that the analyses consisted of comparing actual provider expenses for the fiscal year to the total contract budget and did not clearly demonstrate that individual cost elements were analyzed for allowability, reasonableness, and necessity. For example, the analyses did not compare the provider to other suitable providers. In response to our audit inquiry, PFSF management indicated that there were no other providers for the services in the area. Notwithstanding PFSF management's response, the PFSF had not attempted to competitively procure the services and it was unclear how management determined there were no other suitable service providers.

Absent cost analyses evaluating the allowability, reasonableness, and necessity of all applicable subawards, the CBCs cannot adequately demonstrate compliance with Department guidelines and the reasonableness and cost effectiveness of the selected provider subawards. Additionally, the completion of a Checklist for all subawards and inclusion of audit provisions in applicable subawards would provide the CBCs greater assurance of provider accountability over State and Federal resources.

Recommendation: We recommend that ChildNet – Broward County and PFSF management ensure that CBC records evidence for all applicable subawards made on a noncompetitive basis appropriately completed cost analyses of the allowability, reasonableness, and necessity of the individual cost elements. We also recommend that ChildNet – Broward County management ensure that a Checklist evidencing the determination of a provider's status as a subrecipient or vendor is completed prior to award execution and retained in ChildNet – Broward County records and that audit provisions are included in applicable subawards.

²⁹ *Community Based Care Subcontracting Guidelines.*

³⁰ Department Operating Procedure 75-2, *Contract Management System for Contractual Services.*

³¹ Title 2, Part 200, Code of Federal Regulations, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Finding 10: ME Subaward Notifications

Pursuant to Federal regulations,³² pass-through entities such as the MEs must ensure that, at the time of the subaward, every Federally funded subaward is clearly identified to the subrecipient (provider) as a subaward and contains specific information, including: the Catalog of Federal Domestic Assistance (CFDA) number and program name; the names of both the Federal awarding agency and the pass-through entity; and contact information for the awarding official of the pass-through entity. State law³³ imposes similar requirements on entities awarding State financial assistance.

The MEs used post award notices to give providers the information required for Federal and State subawards. The post award notices included references to applicable Federal and State compliance requirements. Our examination of selected ME records disclosed that the CFCHS and the SFBHN did not always provide required subaward information to providers in accordance with Federal and State law. Specifically, we noted that:

- The CFCHS did not provide post award notices for two subawards totaling \$16,886,670. In response to our audit inquiry, CFCHS management indicated that the notices were not provided due to staff oversight. Subsequent to our audit inquiry, CFCHS management provided a notice to one of the providers.
- The SFBHN did not provide post award notices for the three subawards, totaling \$26,498,950, examined as part of our audit.

Without proper notification of subaward information, the risk that providers will not comply with applicable Federal and State requirements is increased.

Recommendation: We recommend that CFCHS and SFBHN management ensure that post award notices containing the information required by Federal regulations and State law are provided to providers at the time of the subaward.

Finding 11: CBC and ME Subaward Monitoring

To ensure that services are provided in accordance with applicable laws, regulations, and contract terms, Department contracts with the CBCs and MEs required the entities to monitor the performance of all providers. The Department's *Community-Based Care Authority and Requirements Reference Guide* required the CBCs to be knowledgeable of and fully comply with all Department policies and procedures relevant to the terms and conditions of CBC contracts with the Department, including Department monitoring policies and procedures.

Department policies and procedures³⁴ required that a monitoring plan be developed prior to the start of on-site monitoring activities. The monitoring plan was to include, at a minimum, the scope and plan for sampling. Additionally, effective contract management includes supervisory review of monitoring reports and related monitoring tools and adequate follow-up on all noted deficiencies.

³² Title 2, Part 200.331, Code of Federal Regulations.

³³ Section 215.97, Florida Statutes.

³⁴ Department Operating Procedure 75-8, *Contract Oversight*.

As part of our audit, we evaluated the monitoring activities for five selected CBCs³⁵ and three selected MEs³⁶ related to subawards that were active during the period July 2015 through January 2017. Our evaluation included an examination of CBC and ME records for 25 selected monitoring engagements to determine whether compliance with subaward terms had been monitored, monitoring plans had been developed prior to the start of on-site monitoring, monitoring reports had been timely prepared and reviewed, monitoring reports reflected issues identified through monitoring tools, and whether the CBCs or MEs timely followed up on all issues identified in the monitoring reports. Our audit procedures disclosed that the CBCs did not always prepare monitoring plans in accordance with Department policies and procedures, corrective action plans were not always required when monitoring identified deficiencies, or that CBC and ME monitoring engagement records had been subject to supervisory review. Specifically, we noted that:

- ChildNet – Broward County, ECA – Pasco/Pinellas, and Lakeview Center did not prepare monitoring plans or similar documents containing information, such as the scope and plan for sampling, for the 7 monitoring engagements included as part of our audit.
- For 1 of the 4 CBCCF monitoring engagements examined, the CBCCF noted that the provider did not timely prepare required incident reports; however, the CBCCF did not require a corrective action plan for this deficiency. Additionally, we noted that CBCCF records did not evidence supervisory review of the monitoring tools or working papers supporting the monitoring reports for the 4 engagements examined.
- CFCHS records for the 2 monitoring engagements examined did not evidence supervisory review of the monitoring tools to ensure that all items were addressed or that the monitoring reports had been compared to the completed monitoring tools for completeness.

Additionally, in our report Nos. 2015-155 (finding No. 10) and 2015-156 (finding Nos. 14 and 15), we noted certain ME and CBC monitoring processes needed improvement. As part of our audit follow-up procedures, we evaluated SJCBCB monitoring activities for the period July 2015 through January 2017 and examined the monitoring reports and the related records for two selected provider monitoring engagements. Our audit procedures disclosed that, for one monitoring engagement, SJCBCB records did not evidence supervisory review of the monitoring tool used to evaluate provider compliance with applicable requirements. In response to our audit inquiry, SJCBCB management indicated that supervisory review of the tool did not require formal documentation. SJCBCB management further indicated that, moving forward, the tool would be amended to document supervisory review. Additionally, we noted for the other monitoring engagement that the SJCBCB did not adequately document the monitoring efforts. SJCBCB management indicated that they relied on another CBC's monitoring efforts and SJCBCB reviews of licensure reports to determine whether the provider was meeting contract terms. Our review of the contract file notes disclosed that, while SJCBCB staff obtained copies of the monitoring reports prepared by the other CBC, there was no evidence of follow-up on the noted monitoring findings.

A monitoring plan that sufficiently addresses the scope of the monitoring visit would help ensure that monitoring efforts are adequately planned to achieve the monitoring objectives. Additionally, proper provider monitoring and prompt actions to follow up on deficiencies identified through monitoring allows the CBCs and MEs to evaluate provider compliance with all contract terms; to determine whether

³⁵ CBCCF, ChildNet – Broward County, ECA – Pasco/Pinellas, Lakeview Center, and PFSF.

³⁶ CFBHN, CFCHS, and SFBHN.

substance abuse, mental health, foster care, and related services are provided to individuals in accordance with applicable laws, regulations, and contract terms; and to provide assurance that public funds are effectively and efficiently used for only the intended purposes. Required corrective action plans identify the actions planned to correct noted deficiencies; assist with the implementation, management, and monitoring of corrective actions; and promote improvement. Maintaining evidence of adequate supervisory review of monitoring efforts would better demonstrate the sufficiency of the monitoring performed and the appropriateness of the conclusions made.

Recommendation: We recommend that CBC management ensure that monitoring plans, including the scope and plan for sampling, be prepared prior to the commencement of monitoring activities. When monitoring identifies deficiencies, the CBCs should ensure that provider corrective action plans are required. We also recommend that CBC and ME management ensure that records evidence supervisory review of monitoring tools and reports.

Follow-Up to Management's Response

CBCCF management indicated in their written response that the CBCCF's Department-approved monitoring policy does not require supervisory review of each monitoring tool after each onsite review. Notwithstanding Department approval of the CBCCF's policy, as noted in the finding, effective contract management includes supervisory review of monitoring reports and related monitoring tools. Consequently, the finding and related recommendation stand as presented.

Finding 12: Our Kids Monitoring

In our report No. 2015-156 (finding No. 14), we noted that Our Kids monitoring processes and efforts needed improvement, specifically the monitoring of services provided by Full Case Management Agencies (FCMAs). Our Kids contracted with FCMAs to provide all necessary services to children referred by Our Kids until permanency goals had been achieved. To monitor FCMA performance, the Our Kids Quality Assurance Department utilized an FCMA scorecard that tracked performance across three groups of performance measures, including State metrics which aligned with the performance measures established in Our Kids' contract with the Department. Our Kids management indicated that corrective action plans were required if the overall weighted score of an FCMA fell below 70 percent for a 3-month period.

To assess the adequacy of Our Kids monitoring activities, we examined the four FCMA performance scorecards completed by Our Kids during the period November 2016 through January 2017. Our examination disclosed that, while none of the four FCMAs received an overall weighted score less than 70 percent for a 3-month period, Our Kids did not require corrective actions to be taken when FCMAs consistently did not meet established State metrics. Our examination of the scores included on the performance scorecards for the period July 2015 through January 2017 disclosed that:

- One FCMA did not meet the performance measure target for "Rate of Abuse or Neglect per Day while in Foster Care" during any of the 19 months from July 2015 through January 2017, another FCMA did not meet the target for 18 months, and a third FCMA did not meet the target for 11 months, including 8 consecutive months. The established performance measure target was less than or equal to 8.50 and the FCMAs averaged 12.95, 13.97, and 11.51, respectively, for the months the target was not met.

- One FCMA did not meet the performance measure target for “Percentage of Children Exiting to Permanent Homes within 12 months” for 8 months during the period July 2015 through January 2017. The established performance measure target was greater than or equal to 40.5 percent and the FCMA averaged 32.08 percent for the 8 months.
- The four FCMA’s did not meet the performance measure target for “Percentage of Children Not Re-entering within 12 months of Permanency” for periods ranging from 9 to 13 months during the period July 2015 through January 2017. The established performance measure target was greater than or equal to 91.7 percent and the FCMA’s averaged 79.37 to 85.69 percent for the months the target was not met.
- One FCMA did not meet the performance measure target for “Average Number of Placement Moves per 1,000 days in Foster Care” during the period July 2015 through January 2017. Another FCMA did not meet the target for 15 months during the period July 2015 through January 2017, including 11 consecutive months, and a third FCMA did not meet the target for 13 months, including during a 10-consecutive-month period. The established performance measure target was 4.12 placement moves per 1,000 days and the FCMA’s, respectively, averaged 4.98, 4.97, and 5.88 placement moves per 1,000 days during the months the target was not met.

Consideration of whether individual FCMA performance measure targets are achieved in connection with an FCMA’s overall weighted score would provide a more accurate determination of when corrective actions by FCMA’s are necessary to address performance issues and would better ensure that children in State custody are not at greater risk for abuse or neglect and receive required services to achieve permanency.

Recommendation: We recommend that Our Kids management consider individual performance measures in connection with FCMA overall weighted scores when determining whether corrective actions are needed to address FCMA performance issues.

Finding 13: Conflict of Interest Statements

Department policies and procedures³⁷ applicable to the CBCs and MEs required contract monitors to render impartial and unbiased judgments and sign a Conflict of Interest Statement before each monitoring activity and file it with the monitoring working papers. As part of our audit, we examined selected CBC and ME monitoring policies and procedures and records related to 25 monitoring reports³⁸ issued during the period July 2015 through January 2017 to determine whether contract monitors had appropriately completed Conflict of Interest Statements for the engagements. Our examination disclosed that:

- CBCCF, CFBHN, and Lakeview Center policies and procedures did not require contract monitors to sign, and monitors did not complete, Conflict of Interest Statements prior to each monitoring activity. In response to our audit inquiry, CBCCF management indicated that all employees complete Conflict of Interest Statements annually. Additionally, according to CFBHN management, contract monitors were only required to complete a Conflict of Interest Statement if the employee had a conflict of interest to report that would interfere with CFBHN business. Consequently, for 3 of the 8 CFBHN monitoring engagements examined as part of our audit, the contract monitors did not complete a Conflict of Interest Statement.

³⁷ Department Operating Procedure 75-8, *Contract Oversight*.

³⁸ Our examination included 3 ChildNet – Broward County, 4 CBCCF, 2 ECA – Pasco/Pinellas, 3 Lakeview Center, 8 CFBHN, 2 CFCHS, and 3 SEFBHN monitoring reports.

- ECA – Pasco/Pinellas was unable to locate Conflict of Interest Statements for the monitoring teams related to the two selected monitoring engagements.

In addition, we examined LSF records related to four contract monitoring engagements conducted during the period July 2015 through January 2017. Our examination disclosed that Conflict of Interest Statements were not prepared by contract monitors prior to each contract monitoring engagement. In response to our audit inquiry, LSF management indicated that Conflict of Interest Statements were completed annually and they were not aware that Conflict of Interest Statements were to be completed prior to each contract monitoring activity. Similar issues were noted in our report No. 2015-155 (finding No. 10).

Documentation demonstrating that, prior to each monitoring activity, contract monitors are independent of, and have no conflicts of interest related to, the provider being monitored would provide greater assurance that monitoring activities are conducted in an independent and impartial manner and would serve to demonstrate compliance with Department policies and procedures.

Recommendation: We recommend that CBC and ME management ensure that monitoring records evidence for each monitoring activity that staff are independent of, and have no conflicts of interest related to, the providers being monitored.

Follow-Up to Management's Response

CBCCF management indicated in their written response that the CBCCF's Department-approved policy does not require the completion of conflict of interest statements prior to each engagement. However, as indicated in the finding, the completion of conflict of interest statements prior to each engagement would provide greater assurance that monitoring activities are conducted in an independent and impartial manner. Consequently, the finding and related recommendation stand as presented.

CBC AND ME PAYMENTS AND EMPLOYEE LEAVE BALANCES

The contracts between the Department and the CBCs and the MEs required the CBCs and the MEs to comply with Federal laws and regulations and State laws and rules. To ensure the appropriateness of expenditures and promote compliance with applicable laws, rules, and regulations, CBC and ME management is responsible for establishing and implementing controls, including controls to prevent improper payments. Such controls should include, but not be limited to, procedures to verify that, prior to payment, amounts are accurate and adequately supported and comply with all applicable Federal and State laws, rules, and regulations.

Finding 14: CBC Contract Payments

To provide foster care and related services, the CBCs enter into contracts with various providers. CBC records should evidence, for all contract payments, the basis for the amounts paid and that the amounts paid were in accordance with contract terms.

As part of our audit, we examined CBC records for 103 contract payments (15 payments each at ChildNet – Broward County, CBCCF, ECA – Pasco/Pinellas, and PFSF; 20 payments at Lakeview Center; 6 payments at FSSNF; 7 payments at Our Kids; and 10 payments at SJCBC), totaling \$11,417,237, to determine whether the contract payments were supported by adequate documentation

and made in accordance with contract terms. Our examination disclosed that contract payments were not always supported by adequate documentation or made in accordance with applicable contract terms. Specifically, we noted that:

- ECA – Pasco/Pinellas records did not evidence whether a \$14,655 contract payment to a related corporation was comparable to competitive prevailing rates for the services. While ECA – Pasco/Pinellas management provided a detailed budget for the contract, the budget did not compare the provider with other entities performing the same services. ECA – Pasco/Pinellas made payments totaling \$538,904 related to the contract during the period July 2015 through January 2017.
- The PFSF made contract payments that were not adequately supported or made in accordance with applicable contract terms. Specifically:
 - The PFSF contracted with a provider for intake assessments and other therapeutic services for clients in an area composed of 13 counties. The contract allowed for travel expenses to be reimbursed upon submission of a travel voucher in accordance with State law.³⁹ Our examination of PFSF records disclosed that, contrary to contract requirements and State law, PFSF made travel payments totaling \$2,200 to the provider based on a flat \$50 per trip rate and without supporting travel vouchers.
 - The PFSF contracted with a provider for case management services and the contract included a payment schedule indicating that, during the period July 2015 through June 2016, the provider would receive monthly payments of \$188,551.50. Our examination of documentation for the March 2016 payment disclosed that, in addition to the contractually provided \$188,551.50 monthly payment, the PFSF also made a one-time \$125,000 payment to the provider. In response to our audit inquiry, PFSF management indicated that the \$125,000 payment was to accommodate significant overtime hours worked by provider staff; however, the contract did not authorize the payment of amounts in excess of the fixed monthly payment amount.
- For a \$3,900 SJCBC contract payment, the SJCBC was unable to provide documentation, such as the contract with the vendor, to support the amount paid. A similar finding was noted in our report No. 2015-156 (finding No. 3).

Documentation that adequately supports that contract payments are reasonable and made in accordance with contract terms is necessary for the CBCs to demonstrate the appropriateness of contract payments.

Recommendation: We recommend that CBC management enhance oversight and approval controls to ensure that contract payments are reasonable, adequately supported, and made in accordance with applicable contract terms.

Finding 15: Administrative Payments

The Department contracts with the CBCs and the MEs specified that allowable payments included those authorized by State and Federal laws and regulations.⁴⁰ The Department contracts specifically required that costs meet Federal cost principles to be eligible for payment from Department-provided funds. Pursuant to Federal regulations, costs must be necessary and reasonable to be allowable.

³⁹ Section 112.061(10)(b), Florida Statutes.

⁴⁰ Title 2, Sections 200.403 and 200.404, Code of Federal Regulations, and Sections 394.9082(5)(n) and 409.992(2), Florida Statutes.

As part of our audit, we examined selected CBC and ME records for 250 administrative payments,⁴¹ totaling \$1,493,386, made during the period July 2015 through January 2017, and other CBC and ME records to determine whether payments for rent, supplies, other goods and services, and bonuses were properly supported by adequate documentation and made in accordance with contract terms and State and Federal laws and regulations. Our examination disclosed that:

- 2 CBCCF payments, totaling \$9,540 for advertising and public relations expenses, were not made in accordance with Federal regulations⁴² or were charged to the Department contract in error. Specifically, the CBCCF paid \$8,500 to an advertising firm to develop creative storylines for the media and pitch them to key writers and editors interested in foster care, adoption, and child welfare services. Our examination of CBCCF records for this payment disclosed that the payment included advertising costs related to events or programs provided by a CBCCF-related company and a 10-page nomination for the CBCCF CEO for the Orlando Business Journal's CEO of the Year Award. Our examination of CBCCF records indicated that the CBCCF paid the advertising firm \$453,360 during the period July 2015 through January 2017 for advertising services. Based on our review of CBCCF records, it was not apparent how these costs were necessary and reasonable for the administration of child welfare services. The CBCCF also paid \$1,040 for Web site updates for a fundraiser held by a CBCCF-related company. Subsequent to our audit inquiry, CBCCF corrected the error by charging the \$1,040 payment to the CBCCF-related company rather than the Department contract.
- The CFBHN paid a \$2,000 bank loan service fee that did not appear to be allowable under the terms of the Department contract with the CFBHN or Federal regulations. Pursuant to the contract terms, the Department's obligation to pay services provided under the contract was expressly limited by the availability of funds and the CFBHN was expressly prohibited from authorizing or incurring indebtedness on behalf of the Department. Federal regulations⁴³ specify that, when considering the reasonableness of a given cost, consideration should be given as to whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. Additionally, Federal regulations⁴⁴ require that, in determining the allowability of a cost, consideration be given to the treatment provided for similar or related costs. Federal regulations⁴⁵ specifically provide that costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds, however represented, are unallowable.

In response to our audit inquiry, CFBHN management indicated that the CFBHN had a \$3,000,000 line of credit to draw on to pay providers in advance of transfer of funds from the Department and that, in the past 2 years, the line of credit had been drawn on only once. Notwithstanding CFBHN management's response, the Department contract with the CFBHN did not require providers to be paid in advance of the transfer of funds to the CFBHN, bank loan service fees appear similar to expressly prohibited interest costs, and the infrequency of use of the line of credit indicates that the related costs are not ordinary and necessary for the operation of the CFBHN or the proper and efficient performance of the Federal award.

- Although Department contracts with the MEs did not require MEs to comply with statutory provisions⁴⁶ restricting the payment of bonuses, we noted that the CFBHN paid bonuses totaling

⁴¹ Including 25 payments each at BBCBC, CBCCF, CFBHN, CFCHS, ChildNet- Broward County, ECA – Pasco/Pinellas, Lakeview Center, PFSF, and SFBHN; 15 payments at Eckerd – Hillsborough; and 10 payments at ChildNet – Palm Beach County.

⁴² Title 2, Section 200.403, Code of Federal Regulations.

⁴³ Title 2, Section 200.404, Code of Federal Regulations.

⁴⁴ Title 2, Section 200.420, Code of Federal Regulations.

⁴⁵ Title 2, Section 200.499, Code of Federal Regulations.

⁴⁶ Section 215.425, Florida Statutes.

\$279,950 to 50 employees in June 2016 that did not appear to be clearly reasonable and necessary to the performance of the CFBHN's duties. Our examination of CFBHN records disclosed that, at the end of the evaluation period, the CFBHN Executive Committee approved the bonuses on March 23, 2016. Minutes from the Executive Committee meeting where the bonuses were approved noted that the Department was looking to reallocate surplus funds from MEs who had conserved funds to other MEs and indicated that new funding restrictions kept the CFBHN from transferring the funds to providers for additional services.

- During our audit, the Chief Executive Officer (CEO) of ChildNet – Broward County was also the CEO of Tech Care for Kids, Inc. and both companies shared the same address. The contract between the Department and ChildNet – Broward County required the Board of Directors to establish uniform and consistent policies to address requirements for any related party transactions, including, at a minimum, the prohibition of any conflicts of interest among the CBC, its staff, the Board, and subcontractors. ChildNet – Broward County policies⁴⁷ specified that any activity, interest, or relationship that presented or appeared to present a conflict of interest between ChildNet – Broward County and an employee was prohibited. However, according to ChildNet – Broward County management, during the period July 2015 through January 2017, ChildNet – Broward County made payments totaling \$12,176 in State funds to Tech Care for Kids, Inc. for a report generator, dashboard, and court tracking system to be used by ChildNet – Broward caseworkers. These payments appear to be contrary to Department contractual and ChildNet – Broward County policy requirements.
- For a \$1,298 payment for professional attorney fees, the CFCHS was unable to provide a contract or purchase order demonstrating authorization of the purchase.

Ensuring that payments are properly supported by adequate documentation and made in accordance with contract terms and State and Federal laws and regulations increases management's assurance that State resources are appropriately used only for costs that are necessary, reasonable, and allowable.

Recommendation: We recommend that CBC and ME management strengthen review and approval controls to ensure that administrative payments are made in accordance with contract terms and State and Federal laws and regulations, are adequately supported, and accurately recorded. We also recommend that Department management revise the ME contracts to require that the MEs comply with statutory provisions restricting the payment of bonuses with funds provided by the Department contract.

Finding 16: Travel Payments

Department contracts with the CBCs and MEs required that all bills for travel expenses be submitted in accordance with State law.⁴⁸ State law requires the Department of Financial Services (DFS) to furnish a uniform travel voucher form to be used by all State officers, employees, and authorized persons whose travel is authorized and paid by a public agency when submitting travel expenses for approval and payment. The voucher requires, among other things, that the traveler record the purpose of the travel, certify the truth and correctness of the claim and that the travel expenses were incurred in the performance of official duties, and separately identify map and vicinity mileage. Additionally, pursuant to the DFS *Reference Guide for State Expenditures*, documentation supporting payments for conferences should include a statement of the benefits to the State and a copy of the travel voucher or a statement that no travel costs were incurred.

⁴⁷ ChildNet Policy Number CN009.029, *Conflict of Interest*.

⁴⁸ Section 112.061, Florida Statutes.

As part of our audit, we examined documentation related to 75 CBC and ME travel payments, totaling \$29,032, to determine whether the payments were properly supported by adequate documentation and made in accordance with State law. Our examination disclosed that:

- CBCCF records did not include travel vouchers for a \$2,040 payment related to a conference attended by six foster parent advocates.
- The CFCHS made two payments, totaling \$2,124, for conferences and the payment documentation did not include statements regarding the benefits to the State, travel vouchers, or statements that no travel expenses were incurred in connection with the conferences.
- For a \$667 travel payment for mileage, ChildNet – Broward County utilized a ChildNet travel voucher. Although the Department contract with ChildNet – Broward County required all bills for travel expenses to be submitted in accordance with State law, the ChildNet travel voucher did not include the required certification regarding, among other things, the truth and correctness of the claim and that the travel expenses were actually incurred in the performance of official duties.
- For 9 of the 10 ChildNet – Palm Beach County travel payments, totaling \$1,580, examined as part of our follow-up audit procedures ChildNet – Palm Beach County records did not include the required certification for local mileage amounts and incidental fees (such as tolls).
- 3 of the 15 ECA – Hillsborough travel payments examined as part of our follow-up audit procedures, totaling \$849, were not supported by the required travel vouchers.
- ECA – Pasco/Pinellas records did not include a travel voucher for a \$456 payment related to a conference attended by a foster parent.
- Lakeview Center travel vouchers for 6 travel payments, totaling \$2,483, did not include the required certifications or separately identify map mileage and vicinity mileage on the travel vouchers.

Documentation demonstrating that CBC and ME travel payments were made in accordance with State laws and rules provides assurances regarding the appropriate management and stewardship of Department-provided public funds.

Recommendation: We recommend that CBC and ME management enhance controls for approving travel payments to ensure that payments are adequately supported and made in accordance with applicable State laws and rules.

Finding 17: Leave Records

Complete and accurate records for salaried employee leave balances are necessary to properly document leave usage, calculate amounts due to employees for leave payouts, and accurately report the liability for compensated absences. As part of our audit, we noted that the BBCBC and the CFBHN did not require salaried employees to record annual leave used in increments of less than 8 hours. Consequently, the BBCBC and the CFBHN could not adequately demonstrate that salaried employee leave balances were accurate, leave payout amounts were appropriate, or that the liability for compensated absences was correctly calculated. Similar issues were noted with respect to the BBCBC in our report Nos. 2015-155 (finding No. 8) and 2015-156 (finding No. 7).

Recommendation: We recommend that BBCBC and CFBHN management require all salaried employees to record all annual leave used, including for absences of less than 8 hours.

Follow-Up to Management's Response

BBCBC management indicated in their written response that our report Nos. 2015-155 and 2015-156 did not express a concern with the BBCBC's leave policy which provides for salaried exempt employees to use annual leave in increments of 8 hours. However, as noted in our prior reports and this report, the BBCBC's policy does not ensure that leave taken in increments of less than 8 hours is recorded in official leave records. Consequently, it is not clear how the BBCBC can adequately demonstrate that salaried employee leave balances are accurate, leave payout amounts are appropriate, or that the liability for compensated absences is correctly calculated. Consequently, the finding and related recommendation stand as presented.

Follow-Up to Management's Response

CFBHN management included in their written response a letter from CFBHN's Human Resources Attorney indicating that a change in the CFBHN's policy may lead to potential violations of the Federal Fair Labor Standards Act (FLSA) for exempt employees in addition to operational concerns. However, the United States Department of Labor stated, in part, in the preamble to the final FLSA regulations: "We agree that employers, without affecting their employees' exempt status, may take deductions from accrued leave accounts (and) may require exempt employees to record and track hours..." (69 Fed. Reg. 22,178 (April 23, 2004)). The letter also cites auditor recommendations regarding "deductions from leave banks and potentially from the pay of salaried and exempt employees in ten (10) minute increments" and "comp time" to account for hours worked in excess of 40 hours per week. Nowhere in our finding, though, do we recommend that leave usage be tracked in 10-minute increments or suggest comp time be provided. Consequently, the finding and related recommendation stand as presented.

Finding 18: Service Organization Controls

Three MEs, the BBCBC, CFCHS, and LSF, contracted with a service organization to develop and maintain a system to receive client service data from providers and upload the data to SAMHIS. As the BBCBC, CFCHS, and LSF rely on the client service data to execute their contractual responsibilities, it is incumbent upon the MEs to take steps to reasonably ensure the integrity, reliability, and security of the system data. Such steps may include requiring the service organization to provide a service auditor's report⁴⁹ on the effectiveness of the controls established by the organization for the system or, alternatively, ME monitoring of the effectiveness of relevant service organization controls.

As part of our audit, we performed inquiries of ME personnel and examined ME records to determine whether the MEs took steps to reasonably ensure that the service organization's controls were suitably designed and operating effectively during the period July 2015 through January 2017. We found that ME records did not evidence that the BBCBC, CFCHS, or LSF had monitored the effectiveness of

⁴⁹ A service auditor's report, as described by the American Institute of Certified Public Accountants, AT-C Section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Over Financial Reporting*, provides information and auditor conclusions related to a service organization's controls. Service organizations make service auditor reports available to user organizations to provide assurances related to the effectiveness of the service organization's relevant internal controls. AT-C Section 320.04 states that the guidance provided in AT-C Section 320 may be helpful in reporting on controls at a service organization other than those that are likely to be relevant to user entities' internal control over financial reporting.

relevant service organization controls. In addition, our examination of the MEs' technology services agreements with the service organization and available service auditor's report disclosed that:

- While the BBCBC technology services agreement included a provision requiring the service organization to provide a service auditor's report to the BBCBC, the report provided did not address the effectiveness of the service organization's controls.
- The CFCHS technology services agreement did not include a provision requiring the service organization provide a service auditor's report, and the CFCHS did not obtain a service auditor's report from the service organization.
- Although the LSF technology services agreement did not include a provision requiring the service organization to provide a service auditor's report, the service organization provided a service auditor's report to the LSF. However, the report provided to the LSF did not address the effectiveness of the service organization's controls.

Evaluating relevant service organization controls would give ME management increased assurance that relevant internal controls supporting the operation and maintenance of the system used to receive client service data from providers and upload the data to SAMHIS are in place and functioning effectively.

Recommendation: We recommend that ME management make or obtain independent, periodic, and documented assessments of the effectiveness of the service organization's relevant internal controls.

CBC AND ME PROPERTY MANAGEMENT

Department policies and procedures and guidelines⁵⁰ included requirements for maintaining detailed property records to accurately and completely account for property acquisitions, transfers, and the disposal of property items purchased by the CBCs and the MEs with Department-provided funds, as well as properly conduct inventories. In addition, Department policies and procedures⁵¹ required that prior to disposal, surplus, reassignment, or off-site repair, laptop computers be sanitized to remove sensitive data. As part of our audit, we evaluated CBC and ME policies and procedures, verified the physical existence of selected CBC and ME property, and examined CBC and ME records related to the acquisition, physical inventory, disposal, and sanitization of data on property purchased with Department-provided funds.

Finding 19: CBC Property Records and Controls

Department policies and procedures⁵² required that, at a minimum, CBC property records include for each item of property⁵³ a description of the property and a unique identifier; the manufacturer's serial number; acquisition date and cost; current location; condition; and, if applicable, clear information

⁵⁰ Department Operating Procedure 80-2, *Property Management*, Department Procedure, *Lead Agency Tangible Personal Property Requirements*; and ME Guidance 2, *Tangible Property Requirements*.

⁵¹ Department Operating Procedure 50-2, *Systems Management*.

⁵² Department Operating Procedure 80-2, *Property Management*, and Department Procedure, *Lead Agency Tangible Personal Property Requirements*.

⁵³ The *Lead Agency Tangible Personal Property Requirements* defined property to include equipment, furniture, fixtures, motor vehicles, and other personal property of a non-consumable and non-expendable nature, with an original acquisition cost or estimated fair market value of \$1,000 or more and an expected useful life of 1 year or more. Property also included all computers with an expected useful life of 1 year or more.

regarding the replacement or disposition of the property. The CBCs were also required to inventory all property acquired with Department-provided funds and annually submit a complete inventory of all such property to the Department. Additionally, to ensure that property is appropriately accounted for and inventory records submitted to the Department are complete and accurate, it is critical that annual physical inventories are properly performed by persons independent of the property record keeping function and that the CBCs reconcile the information submitted to the Department to the applicable accounting, property, and physical inventory records.

Our evaluation of selected CBC property controls and related records disclosed that CBC controls and records needed enhancement to better ensure and demonstrate the accuracy and completeness of the information needed to accurately report and maintain proper accountability over CBC property purchased with Department-provided funds. Specifically, we noted that:

- CBCCF property records were not sufficiently comprehensive to appropriately account for all applicable property items. Specifically, the CBCCF utilized a fixed asset schedule that included property purchased with Department-provided funds with values of \$1,000 or more and an IT property tracking sheet that included all IT equipment, regardless of cost. Although the CBCCF generated the 2015-16 fiscal year inventory listing provided to the Department from the information included in the fixed asset schedule and the IT property tracking sheet, the IT property tracking sheet was not designed to track the information necessary to maintain accountability for the items. For example, we noted that:
 - The acquisition costs of 5 IT property items were either understated or not recorded in the IT property tracking sheet.
 - 1 of the 10 IT property items physically observed was not included in the IT property tracking sheet.
 - 2 motor vehicles were incorrectly noted as disposed of in the 2015-16 fiscal year inventory listing provided to the Department, although 1 vehicle remained in the possession of a subcontractor as of May 2017 and the other vehicle was not sold until February 2017.
 - 30 computers disposed of in December 2015 were removed from CBCCF property records in 2013. While the computers were stored in a locked room prior to disposal, the computers were not sanitized to remove potential sensitive and confidential information. Additionally, the property tag numbers used to account for the computers were also used to account for other CBCCF property items, as the CBCCF reused certain property tag numbers.

As a result of these deficiencies, the CBCCF could not demonstrate the accuracy and completeness of the property records or that CBCCF controls were sufficient to maintain accountability for all property items.

- ChildNet – Broward County property records were not always accurate, complete, or timely updated. For example, the records did not include the condition for 6 property items, with acquisition costs totaling \$13,243 and acquired during the period July 2015 through January 2017. Our physical observation of 13 selected property items also found that 3 property items had no property tag or an incorrect property tag and ChildNet – Broward County records did not include the correct location for 4 property items. Additionally, our examination of inventory records for the 2015-16 fiscal year disclosed that the records did not include evidence of a reconciliation between the inventory listing submitted to the Department and the accounting and property records used to generate the listing.
- ChildNet – Palm Beach County inventory records for the 2015-16 fiscal year did not include evidence of a reconciliation between the inventory listing submitted to the Department and the

accounting and property records used to generate the listing. A similar finding was noted in our report No. 2015-156 (finding No. 17).

- ECA – Pasco/Pinellas property records were not always accurate or complete. For example, we noted a laptop computer acquired in October 2015 for \$1,084 and a desktop computer acquired in June 2016 for \$783 had not been added to the property records. We also noted that ECA – Pasco/Pinellas records for the 2015-16 fiscal year physical inventory did not include all required information, such as the location and acquisition cost for 89 property items, and the records did not evidence a reconciliation between the physical inventory results and the property records.

In response to our audit inquiry, ECA – Pasco/Pinellas management indicated that the laptop computer may not have been correctly identified as an ECA – Pasco/Pinellas asset and, therefore, was not added to the property records. Additionally, management indicated that in early 2016, ECA had outsourced its IT department, including the asset management function, and that the transition had been a challenge. Similar property accountability issues were noted in our report No 2015-156 (finding No. 17).

- FSSNF property records were not always complete or timely updated. For example, the records did not include the condition of 6 property items, with acquisition costs totaling \$28,472 and acquired during the period July 2015 through January 2017, or the condition and acquisition cost for 2 other items. We also noted that the FSSNF did not conduct an independent physical inventory for the 2015-16 fiscal year. Instead, the FSSNF utilized self-inventory forms and the employee responsible for maintaining FSSNF property records was also responsible for overseeing the self-inventory. Our examination of FSSNF's 2015-16 fiscal year inventory report disclosed that the report did not include all required information for the 461 property items, such as the acquisition cost for 145 property items, the purchase date for 144 property items, or the condition of 290 property items.

In response to our audit inquiry, FSSNF management indicated that self-inventory forms had been used to conduct the physical inventory due to the amount of FSSNF property. Similar FSSNF property accountability issues were noted in our report No. 2015-156 (finding No. 16).

- PFSF property records were not always complete or accurate. For example, the records did not include the condition for 5 property items (3 computers and 2 network devices), with acquisition costs totaling \$4,319 and acquired during the period July 2015 through January 2017. Our physical observation of selected PFSF property items and review of PFSF records also found that the PFSF did not accurately record the VIN or tag number for a motor vehicle acquired for \$19,443 and did not record the correct purchase date for 4 other motor vehicles. Additionally, the PFSF was unable to provide documentation evidencing that a physical inventory had been conducted for the 2015-16 fiscal year or that the results of an inventory had been submitted to the Department.

In response to our audit inquiry, PFSF management indicated that the condition of certain property items had not been recorded because such items were typically in new condition on the date of purchase. In addition, PFSF management indicated that the employee responsible for maintaining inventory records no longer worked for PFSF.

- SJCBC property records were not always complete or accurate. For example, the records did not include the information necessary to determine whether 3 laptop computers, with acquisition costs totaling \$1,788 and acquired during the period July 2015 through January 2017, were timely added to the property records. Additionally, our audit found that the SJCBC did not adequately separate duties for the 2015-16 fiscal year physical inventory, as the administrative assistant responsible for conducting the annual inventory was also responsible for maintaining the property records. While SJCBC management indicated that another employee reperformed the inventory and worked with the administrative assistant to resolve identified differences, this process was

not documented. Similar SJCBC property accountability issues were noted in our report No. 2015-156 (finding Nos. 16 and 17).

Absent effective property controls, CBC management has reduced assurances regarding the accuracy and completeness of the information needed to accurately report and maintain proper accountability over CBC property purchased with Department-provided funds. In addition, absent accurate, complete, and up-to-date property records, the CBCs cannot demonstrate compliance with applicable Department policies and procedures.

Recommendation: We recommend that CBC management enhance controls to ensure that all required CBC property information is timely and accurately recorded for all applicable property items. We also recommend that CBC management ensure that annual physical inventories be properly conducted and documented in accordance with Department requirements and by persons independent of the property record-keeping function. CBC management should also ensure that the results of annual physical inventories are properly reconciled to CBC accounting and property records and that the reconciliations are documented.

Finding 20: ME Property Records and Controls

Similar to the CBC property record requirements, Department policies and procedures required that, at a minimum, ME property records include for each item of property a description of the property and a unique identifier; the manufacturer's serial number, acquisition date and cost; current location; condition; and, if applicable, clear information regarding the replacement or disposition of the property. Department guidelines⁵⁴ required each ME to annually conduct an inventory of all property purchased with Department-provided funds and submit a complete and accurate listing of the property to the Department.

Our evaluation of selected ME property controls and related records disclosed that ME controls and records needed enhancement to better ensure and demonstrate the accuracy and completeness of the information needed to accurately report and maintain proper accountability over ME property purchased with Department-provided funds. Specifically, we noted that:

- CFBHN property records were not always complete or accurate. For example, the property records did not include a field to record the condition of property items or the dates property items were entered into the property management system, and the CFBHN did not always itemize each individual property item in the records. Additionally, our examination of records for 9 property items, with acquisition costs totaling \$134,953, disclosed that 4 items, with acquisition costs totaling \$106,543, were not correctly accounted for. Two of the 4 property items were disposed of in 2011 and 2016 and had not been recorded as disposed of in the property records as of January 2017. Our audit also disclosed that the CFBHN did not reconcile the physical inventory results for the 2015-16 fiscal year to CFBHN property records prior to submitting the inventory listing to the Department.
- CFCHS property records were not always complete. For example, the property records did not include a field to record the condition of property items. Our physical observation of 7 selected property items also disclosed that a projector costing \$2,100 was not found in the location reported in the property records and a server was not recorded in the property records. In response to our audit inquiry, CFCHS management indicated that the issues were primarily due to employee oversight.

⁵⁴ ME Guidance 2, *Tangible Property Requirements*.

- SFBHN property records were not always complete or accurate. For example, our physical observation of 12 selected property items, with acquisition costs totaling \$53,489, disclosed that 4 property items did not include a property tag or included an incorrect property tag, and 3 of these items were also not included on the inventory listing submitted to the Department for the 2015-16 fiscal year. Our examination of SFBHN payment records also found a network storage unit costing \$1,236 that was expensed instead of being capitalized and included in the property records. Additionally, our examination of inventory records for the 2015-16 fiscal year disclosed that the records did not include evidence of a reconciliation between the inventory listing submitted to the Department and SFBHN property records. In response to our audit inquiry, SFBHN management indicated that employee oversights contributed to the property record errors.

Absent effective property controls, ME management has reduced assurances regarding the accuracy and completeness of the information needed to accurately report and maintain proper accountability over ME property purchased with Department-provided funds. In addition, absent accurate, complete, and up-to-date property records, the MEs cannot demonstrate compliance with applicable Department policies and procedures.

Recommendation: We recommend that ME management enhance controls to ensure that all required ME property information is timely and accurately recorded for all applicable property items. We also recommend that ME management ensure that the results of annual physical inventories are properly reconciled to ME accounting and property records and that the reconciliations are documented.

Finding 21: BBCBC Property Transactions

The Department contract with the BBCBC required that any State funds provided for the purchase of or improvements to real property were contingent upon the BBCBC granting to the State for at least 5 years from the date of purchase a security interest in the property at least equal to the amount of the State funds provided. If the BBCBC disposed of the property before the State's interest was vacated, the BBCBC was to refund the proportionate share of the State's initial investment.

During the conduct of our audit fieldwork, we noted that in September 2013 the BBCBC purchased property consisting of one full lot and the building thereon and portions of three additional lots for \$1.175 million. Subsequently, in November 2014 the three additional lots were returned to the seller through a quit claim deed. During the period September 2013 through November 2017, interest payments and depreciation expenses related to the property and totaling \$445,361 were charged to the BBCBC's contract with the Department. During that same period, the BBCBC made principal payments totaling \$127,512 with the funds received from the Department for the depreciation charges.

Our examination of records related to the initial purchase of the property, the subsequent return of some of the property to the seller, and inquiries of BBCBC management disclosed that:

- While BBCBC management provided an analysis showing that purchasing the property was potentially less costly than leasing the property, the BBCBC was unable to provide documentation, such as an independent appraisal, demonstrating that the purchase price for the property was fair and reasonable.
- Mortgage and deed documents filed with the Leon County Clerk of Court indicated that the property purchased by the BBCBC included one full lot and portions of three additional lots. However, in response to our audit inquiry, BBCBC management indicated that the three additional

lots had been included in the original deed and mortgage documents in error and that the purpose of the quit claim deed was to correct the error. However, although the instruments were legally executed by the interested parties, the BBCBC was unable to provide documentation demonstrating the property that was intended to be part of the purchase or the value of the individual lots. Additionally, the BBCBC could not evidence that it subsequently refunded to the Department the proportionate share of the State's initial investment in the property returned to the provider or the appropriate amount due to the State.

Absent documentation evidencing the reasonableness of the purchase price and the value of the property returned to the seller, the BBCBC cannot demonstrate that it refunded to the State the appropriate proportionate share of the State's initial investment in the property.

Recommendation: We recommend that Department management determine the amount of funds, if any, due to the State as a result of the BBCBC's initial purchase and subsequent return of property to the seller in November 2014 and take steps to ensure that the appropriate amount is refunded by the BBCBC. Additionally, we recommend that Department management ensure that future real property transactions made by contractors with State funds are supported by objective appraisals or other third-party assurances of value.

Follow-Up to Management's Response

In response to the finding, BBCBC management asserted that State funds were not provided for the purchase of the real property. As indicated in the finding, however, the BBCBC charged interest and depreciation expenses to the BBCBC's contract with the Department and made principal payments for the real property with funds received from the Department. BBCBC management also indicated that the lots returned to the seller were conveyed in error in the original property transaction. However, while the BBCBC provided an affidavit from the attorney responsible for conducting the original real estate closing and preparing the corrective deed attesting to the actions taken, neither the affidavit nor other available BBCBC documentation provides contemporaneous evidence of the intent of the original transaction. Consequently, the finding and related recommendation stand as presented.

Finding 22: Information Technology Equipment Sanitization

In performing their assigned duties, CBC and ME employees routinely access confidential and sensitive data, such as social security numbers, child abuse records, and Department client medical records. Effective security controls include established policies and procedures for proper data sanitization and disposal of IT equipment (i.e., computers, disks, servers, and other equipment or media) containing confidential and sensitive data. Department policies and procedures⁵⁵ specified that computer equipment must be sanitized to remove sensitive data prior to disposal, surplus, reassignment, or off-site repair.

Our examination of selected CBC and ME policies and procedures and records for 19 disposed property items disclosed that the CBCs and the MEs did not always document the proper data sanitization of IT equipment or establish sufficient policies and procedures regarding the proper data sanitization of IT equipment. Specifically, we noted that:

- ChildNet – Broward County policies and procedures⁵⁶ for fixed assets, including IT equipment, did not address the data sanitization and disposal of IT equipment. Additionally, our audit

⁵⁵ Department Operating Procedure 50-2, *Systems Management*.

⁵⁶ ChildNet Policy CN 010.014, *Fixed Assets*.

procedures disclosed that ChildNet – Broward County staff could not provide documentation evidencing data sanitization prior to disposal of a hard drive disposed of during the period July 2015 through January 2017.

- CFBHN policies and procedures⁵⁷ did not address the data sanitization of IT equipment with data storage capabilities other than computer hard drives. Our audit procedures disclosed that the CFBHN could not provide documentation demonstrating data sanitization prior to disposal of a desktop and laptop computer disposed of during the period July 2015 through January 2017.
- Although CFCHS policies and procedures⁵⁸ provided mechanisms for sanitizing data on IT equipment with data storage capabilities, the policies and procedures did not address the manner in which the disposal and sanitization process should be documented. Our audit procedures disclosed that the CFCHS could not provide documentation evidencing data sanitization prior to disposal of a tablet disposed of during the period July 2015 through January 2017.

To sufficiently safeguard confidential and sensitive data, it is critical that the CBCs and the MEs document the data sanitization of all IT equipment with data storage capabilities prior to disposal, surplus, reassignment, or off-site repair.

Recommendation: We recommend that CBC and ME management ensure that CBC and ME records evidence that confidential and sensitive information is sanitized from all IT equipment with data storage capabilities prior to disposal, surplus, reassignment, or off-site repair. We also recommend that CBC and ME management update policies and procedures to include steps to document the data sanitization and disposal of all IT equipment with data storage capabilities.

DEPARTMENT ADMINISTRATIVE ACTIVITIES

As part of our audit, we also evaluated selected Department administrative activities and controls, including those related to purchasing cards, executive travel, the collection and use of social security numbers (SSNs), telework, data sharing agreements, IT equipment sanitization, and Florida Accounting Information Resource Subsystem (FLAIR) access controls.

Finding 23: Purchasing Card Controls

As a participant in the State’s purchasing card program, the Department is responsible for implementing key controls, including procedures for timely canceling purchasing cards upon a cardholder’s separation from Department employment or when an employee no longer requires a purchasing card to perform their job duties. Department policies and procedures⁵⁹ specified that supervisors were responsible for notifying the Department’s Purchasing Card Administrator (PCA) when a purchasing card required cancellation and that the PCA was responsible for immediately canceling the purchasing card upon notification. As of December 2016, the Department had 1,309 active purchasing cards and purchasing card charges totaled approximately \$5,478,353 during the period July 2015 through December 2016.

Our audit procedures included comparing Department cardholder employment separation dates recorded in People First, the State’s human resource information system, to purchasing card cancellation dates

⁵⁷ CFBHN Policies and Procedures, Section X, Management Information Systems, *Information Systems Security*.

⁵⁸ CFCHS Policy, *Disposal of Electronic Media Containing Protected Health Information*.

⁵⁹ *Department Purchasing Card Program User Guidelines*.

recorded in FLAIR purchasing card records. We identified 223 purchasing cards that had been assigned to 171 cardholders who separated from Department employment during the period July 2015 through December 2016.⁶⁰ We noted that 117 of the 223 purchasing cards, assigned to 111 former employees, had not been timely canceled. Specifically, we found that the purchasing cards were canceled 2 to 333 business days (an average of 43 business days) after the cardholders' employment separation dates. In response to our audit inquiry, Department management indicated that the Department relied on supervisors notifying the PCA when cardholders separated from Department employment and that the Department was continuing to explore a more automated and reliable process to notify the PCA of employment separations.

Although our audit tests did not disclose any charges incurred subsequent to the 111 cardholders' separation from Department employment, timely cancellation of purchasing cards upon a cardholder's separation from Department employment is necessary to reduce the risk that unauthorized purchases will be made.

Recommendation: We recommend that Department management ensure that purchasing cards are promptly canceled upon a cardholder's separation from Department employment.

Finding 24: Executive Travel

State law⁶¹ specifies that the official headquarters of an officer or employee assigned to an office shall be the city or town in which the office is located. State law further provides that the official headquarters of a person located in the field shall be the city or town nearest to the area where the majority of the person's work is performed, or such other city, town, or area as may be designated by the agency head, provided that in all cases the designation is in the best interests of the agency and not for the convenience of the individual.

As part of our audit, we analyzed executive travel expense data and examined related Department records to determine whether Department executive travel expenses appeared reasonable and necessary and were incurred in accordance with State law. Our audit procedures disclosed that the official headquarters for both the Department Secretary and General Counsel was Tampa, rather than the Department's headquarters in Tallahassee. However, neither employee's personnel file nor other Department records evidenced that the designation of a headquarters outside of Tallahassee was in the best interests of the Department and not for the convenience of the individual.

In response to our audit inquiry, Department management indicated that the assignment of the Secretary to the Department's Tampa office served the strategic purpose of enabling the Secretary to more efficiently oversee the six geographic regions from which Department operations are based and which serve their local communities. Additionally, Department management indicated that the assignment of the General Counsel to the Tampa office served the strategic purpose of enabling her to more efficiently oversee General Counsel and Children's Legal Services staff located in the six Department regions.

⁶⁰ Some cardholders were assigned more than one purchasing card.

⁶¹ Section 112.061(4)(a), Florida Statutes.

However, our analysis of Department travel data and records indicated that, during the period July 2015 through January 2017, the Department Secretary incurred lodging and meal expenses totaling \$12,495, including \$7,711 in expenses related to trips between the Secretary's Tampa residence and Department headquarters in Tallahassee. During this same period, the Secretary spent 51 days in Tallahassee, which represented more days than any other location other than Tampa. Additionally, our analysis indicated that the Department's General Counsel incurred lodging and meal expenses totaling \$8,050 during the period July 2015 through January 2017, including \$5,970 in expenses related to trips between her Tampa residence and Department headquarters in Tallahassee. The General Counsel spent 29 days in Tallahassee during the period July 2015 through January 2017, which represented more days than any other location other than Tampa. Our review of Department organizational charts also disclosed that, as of February 2018, 8 of the Secretary's 9 direct reports were headquartered in Tallahassee and, as of September 2017, 7 of the General Counsel's 12 direct reports were headquartered in Tallahassee. Subsequent to the completion of our audit fieldwork, on November 3, 2017, the General Counsel was appointed Assistant Secretary for Operations and, when the Secretary resigned effective September 6, 2018, the Assistant Secretary for Operations (former General Counsel) was appointed as Acting Secretary.

While we recognize the decentralized operating structure of the Department necessitates travel by Department leadership, the appropriate designation of an employee's official headquarters and records evidencing that the designation is in the best interests of the agency and not for the convenience of the individual is necessary for the determination of reimbursable travel costs in accordance with State law.

Recommendation: We recommend that the Department ensure that Department records evidence that the designation of a headquarters outside of Tallahassee for Department leadership is in the best interests of the Department and not for the convenience of the individual.

Finding 25: Collection of Social Security Numbers

The Legislature has acknowledged in State law⁶² that a person's SSN was never intended to be used for business purposes. However, over time the SSN has been used extensively for identity verification and other legitimate consensual purposes.

Recognizing that an SSN can be used to perpetrate fraud against an individual and acquire sensitive personal, financial, medical, and familial information, the Legislature specified⁶³ that State agencies may not collect an individual's SSN unless the agency is authorized by law to do so or it is imperative for the performance of that agency's duties and responsibilities as prescribed by law. Additionally, State agencies are required to provide each individual whose SSN is collected written notification regarding the purpose of collecting the number. The SSNs collected may not be used by the agency for any purpose other than the purposes provided in the written notification. State law further provides that SSNs held by an agency are confidential and exempt from public inspection and requires each agency to review its SSN collection activities to ensure the agency's compliance with the requirements of State law and to immediately discontinue SSN collection upon discovery of noncompliance.

⁶² Section 119.071(5)(a)1.a., Florida Statutes.

⁶³ Section 119.071(5)(a)2.a., Florida Statutes.

In prior audit reports, most recently in our report No. 2016-004 (Finding 5), we noted that the Department had not established written policies and procedures for the collection and use of SSNs or evaluated its collection and use of SSNs to ensure compliance with State law. As part of our follow-up audit procedures, we inquired of Department management and were informed that, as of December 4, 2018, the Department had not established written policies and procedures relating to the collection and use of SSNs. Additionally, during the period July 2015 through January 2017, the Department had not evaluated its collection and use of SSNs to demonstrate compliance with statutory requirements.

Effective controls, including written policies and procedures addressing the Department's collection and use of individuals' SSNs, and periodic assessments of SSN collection activities, would better ensure and demonstrate Department compliance with statutory requirements and reduce the risk that SSNs may be unnecessarily collected or utilized for unauthorized purposes.

Recommendation: We again recommend that Department management establish written policies and procedures regarding the collection and use of individuals' SSNs and take appropriate steps to demonstrate compliance with applicable statutory requirements.

Finding 26: Telework Program

State law⁶⁴ establishes the State Employee Telework Program and defines telework as a work arrangement that allows a State employee to conduct all or some of his or her work away from the official worksite during all or a portion of the State employee's established work hours on a regular basis.⁶⁵ State law provides that State agencies may establish telework as an integral part of the normal business operations of the agency and establishes various requirements for State agencies operating a Telework Program, including teleworker productivity monitoring and physical and electronic information security controls. State law⁶⁶ requires State agencies to establish performance standards and a system for monitoring the productivity of teleworkers that ensures that teleworkers maintain satisfactory performance levels and that the duties and responsibilities of the position remain suitable for a telework arrangement.

Department policies and procedures⁶⁷ included provisions for evaluating teleworker performance and for annually assessing whether the telework arrangement was working satisfactorily and should be continued. As of February 19, 2017, the Department had designated in People First 1,756 of its 12,012 employees as participating in the Telework Program. The Department's teleworkers included abuse registry counselors, public assistance application processors, and interviewing clerks.

Department policies and procedures required each teleworker to maintain an overall rating of "satisfactory" or higher on their annual performance evaluation to remain in the Telework Program. Teleworker annual evaluations for the performance evaluation period July 2015 through June 2016 were to be completed by July 31, 2016. The performance evaluation was required to contain a notation from the employee's supervisor stating that the telework agreement had been reviewed and that a

⁶⁴ Section 110.171, Florida Statutes.

⁶⁵ According to Section 110.171(1)(c), Florida Statutes, telework does not include work performed away from the official worksite and outside of established work hours on an occasional basis or the performance of duties and responsibilities that, by their nature, are performed routinely in the field away from the official worksite.

⁶⁶ Section 110.171(4), Florida Statutes.

⁶⁷ Department Operating Procedure 60-40, *Personnel, Alternative Work Locations*.

determination had been made that either the telework arrangement was working satisfactorily and should be extended for another year, or that the telework arrangement was not working as intended and the agreement was being terminated.

We examined documentation for the 2016 annual performance evaluations related to 25 employees who were identified in People First as participating in the Department's Telework Program as of February 19, 2017. As similarly noted in our prior audit reports, most recently in our report No. 2016-004 (Finding 2), our audit procedures disclosed that Department controls for administering the Telework Program continue to need enhancement. Specifically, we found that:

- The Department did not terminate the telework agreement for the 1 employee who received less than an overall satisfactory rating on their annual performance evaluation.
- For 4 of the 25 performance evaluations, the employee's supervisor did not include the required notation stating whether the telework agreement should be continued for another year. In response to our audit inquiry, Department management indicated that the required notation was not included in the performance evaluations due to supervisor oversight.
- The Department had incorrectly coded 2 of the 25 employees as teleworkers in People First.

Terminating telework agreements for employees who do not meet require performance standards helps ensure that only employees meeting expectations participate in the Department's Telework Program. In addition, statements in teleworker annual performance evaluations indicating that the telework arrangement is working satisfactorily enable the Department to demonstrate of record that the teleworking arrangement continues to be appropriate and in the best interest of the Department. Accurately recording telework arrangements in People First allows the Department to correctly track and report on individuals participating in the Telework Program.

Recommendation: To help ensure that telework agreements are appropriately terminated for unsatisfactory performance and decisions to continue teleworking arrangements are properly documented in employee performance evaluations, we again recommend that Department management communicate to appropriate supervisory staff the Telework Program requirements outlined in Department policies and procedures. Additionally, we recommend that Department management take appropriate measures to ensure that telework arrangements are accurately designated in People First.

Finding 27: Data Sharing Agreements

Department policies and procedures⁶⁸ specify that, to protect the integrity, security, and confidentiality of client data, any data shared by the Department is to be protected through a data sharing agreement. As part of our audit, we evaluated Department policies and procedures for sharing data with other organizations (e.g., CBCs and child welfare providers), including the use of agreements that established the conditions of data use and retention. Our audit procedures disclosed that the Department utilized formal data sharing agreements which included criteria for accessing and using data, requirements for retaining data, and the duration and effective date of the agreement. However, our examination of two of the nine child welfare data sharing agreements, pursuant to which the Department was sharing data during the period July 2015 through January 2017, disclosed that one of the agreements expired in

⁶⁸ Department Operating Procedure 50-26, *Policy on Agreements Involving Data Sharing*.

May 2015. However, despite not having a current agreement in place, the Department provided the for-profit organization child welfare data, including the names and other identifying information of children receiving child welfare services, through March 2017.

The maintenance of active data sharing agreements is critical to ensuring the integrity, security, and confidentiality of Department client data shared with other organizations.

Recommendations: We recommend that Department management ensure that Department data is only shared with organizations that have an active data sharing agreement with the Department establishing the conditions of data use and retention.

Finding 28: Data Security

In performing their assigned duties, Department employees routinely access sensitive data, such as SSNs and child abuse records, related to Department clients. Consequently, the Department established policies and procedures⁶⁹ outlining required processes to ensure the security of sensitive data. The policies and procedures required that, prior to disposal, surplus, reassignment, or off-site repair, Department computer equipment be sanitized to remove sensitive data. The policies and procedures also required that only authorized personnel perform the sanitization and specified that the sanitization date and method used to sanitize the equipment be documented. However, as similarly noted in our report No. 2016-004 (Finding 4), the policies and procedures did not establish a time frame within which the data sanitization should occur or require that equipment awaiting sanitization be securely stored.

In our report No. 2016-004 (Finding 4), we also noted that the Department did not document that former employees' laptop computers were properly sanitized to remove sensitive data before the laptops were surplused or reassigned. According to Department records, during the period July 2015 through January 2017, the Department disposed of 2,911 computers. Our follow-up audit procedures disclosed that Department records did not adequately evidence that the 2,911 computers' hard drives had been appropriately sanitized prior to disposal. While Department management indicated that help desk tickets documented when computers were requested to be sanitized, our examination of the Department's listing of help desk tickets for the period July 2015 through January 2017 disclosed that the listing did not adequately evidence data sanitization for all 2,911 computers prior to disposal.

Documentation evidencing the sanitization of sensitive data from computer equipment prior to disposal, surplus, reassignment, or off-site repair, provides Department management with assurance that the Department's sensitive data has been protected from inappropriate or unauthorized access. Timely sanitizing sensitive data from computer equipment when the equipment is returned by an employee reduces the risk that the data will be inadvertently exposed or misused.

Recommendation: We again recommend that Department management update policies and procedures to establish a time frame for the sanitization of sensitive data from computer equipment returned by Department staff and for the secure storage of equipment awaiting data sanitization. In addition, we recommend that Department management follow established procedures regarding the maintenance of appropriate documentation regarding the data sanitization of computer equipment.

⁶⁹ Department Operating Procedure 50-2, *Systems Management, Security of Data and Information Technology Resources*.

Finding 29: FLAIR Access Controls

The Department utilizes FLAIR to authorize the payment of Department obligations and to record and report financial transactions. Controls over employee access to FLAIR are necessary to help prevent and detect any improper or unauthorized use of FLAIR access privileges. AST rules⁷⁰ require State agencies to periodically review user access privileges for appropriateness.

As similarly noted in our report No. 2016-004 (Finding 6), our follow-up procedures disclosed that the Department had not established policies and procedures for, and Department records did not evidence the conduct of, periodic reviews of FLAIR user access privileges. In response to our audit inquiry, Department management indicated that, while the Department had created procedures for conducting periodic reviews of FLAIR access privileges, as of November 28, 2017, the procedures had not been finalized or approved.

Without periodic reviews of user access privileges, the risk is increased that unauthorized or inappropriate access privileges may exist and not be timely detected.

Recommendation: Department management should continue efforts to establish policies and procedures for conducting and documenting periodic reviews of FLAIR access privileges to aid in the identification and resolution of any instances of unauthorized or inappropriate access privileges.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department, CBCs, and MEs had taken corrective actions for the applicable findings included in our report Nos. 2015-155, 2015-156 and 2016-004.

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 December 2016 through March 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 Children and Families (Department) focused on the oversight and administration of foster care programs and related services by the Department and selected Community-Based Care Lead Agencies (CBCs) and the oversight and administration of substance abuse

⁷⁰ AST Rule 74-2.003(1)(a)6., Florida Administrative Code.

and mental health services by the Department and selected Behavioral Health Managing Entities (MEs). 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 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 determine whether management had corrected, or was in the process of correcting, all applicable deficiencies disclosed in our report Nos. 2015-155 and 2015-156.
- 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. 2016-004.

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 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 and following up on the applicable findings noted in our report Nos. 2015-155 and 2015-156, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of the oversight and administration of the CBCs and the MEs.
- Compared data from the Substance Abuse and Mental Health Information System (SAMHIS) related to services billed by ME providers during the period July 2015 through January 2017 to data from the Florida Safe Families Network (FSFN) related to services billed by CBC providers during the period July 2015 through January 2017 to determine whether providers were billing for the same services under both programs.
- Examined Department records for one of the two CBC and one of the three ME monitoring reports issued during the 2016-17 fiscal year to determine whether the Department had established an appropriate monitoring plan, conducted adequate monitoring activities to verify CBC and ME compliance with contract provisions, and timely followed up on corrective actions taken for any findings noted.
- From the population of 17 CBCs and 7 MEs that had an annual single audit completed during the 2015-16 or 2016-17 fiscal years, examined Department records for 1 selected CBC and 1 selected ME to determine whether the Department received and reviewed the audit reports and timely followed up on any deficiencies noted in the reports.
- Selected and examined 4 of the 20 CBC Performance Scorecards for the quarter ended June 2016, and related documentation and 2 of the 7 ME Network Provider Measures Reports for the 2015-16 fiscal year to determine whether the Department conducted adequate performance monitoring of CBC and ME compliance with contract terms and conditions and required corrective action when CBC and ME providers failed to meet performance measures.
- From the population of 26 CBC and 12 ME fiscal monitoring reports issued by the Department during the period July 2015 through January 2017, selected and examined 4 CBC and 2 ME fiscal monitoring reports to determine whether the Department conducted adequate fiscal monitoring of CBC and ME compliance with contract terms and conditions and timely followed up on noted deficiencies.
- From the population of 86,978 Department payments to the CBCs and the MEs, totaling \$2,359,217,907, made during the period July 2015 through January 2017, examined Department records for 25 selected payments, totaling \$71,530,244, to determine whether the expenditures were appropriately incurred, correctly recorded in Department accounting records, and supported by adequate documentation.
- Performed inquiries of Department staff and, from the population of 247 monthly Florida Accounting Information Resource Subsystem (FLAIR) to CBC accounting record and FSFN to CBC accounting record reconciliations completed during the period January 2016 through January 2017, examined the records for 10 selected reconciliations to determine whether the Department had adequately designed and implemented controls to ensure that CBC information in FLAIR and FSFN was accurate and complete.
- Performed inquiries of Department management and examined Department records for the five CBC risk pool disbursements, totaling \$17 million, made by the Department from the CBC risk pool for the 2015-16 fiscal year to determine whether the disbursements were made in accordance with the requirements of Section 409.990, Florida Statutes.
- From the population of nine child welfare data sharing agreements in effect during the period July 2015 through January 2017, examined two selected data sharing agreements to determine whether the agreements were for authorized purposes and complied with applicable confidentiality regulations.

- Examined Department policies and procedures and related forms to determine whether the Department had implemented procedures requiring the conduct and documentation of cost analyses for ME contracts and amendments.
- Examined Department guidance for ME network management plans to determine whether the guidance required MEs to maintain appropriate documentation supporting the plans and a review of all required plan elements. Additionally, from the population of 14 ME network management plans submitted to the Department during the period July 2015 through January 2017, we examined 3 selected plans to determine whether the plans included addendums for current policies regarding transparency and whether the Department reviewed and approved the plans within 60 days of receipt and appropriately communicated plan approval to the ME.
- Examined records of the Department's evaluation of the propriety of the subcontract between Broward Behavioral Health Coalition and a for-profit entity to determine whether the Department's evaluation was properly supported, and the evaluation conclusions appeared reasonable.
- Examined Department SAMHIS acceptance reports for the period July 2015 through March 2017 to determine whether the Department was appropriately monitoring ME report submittals for timeliness, accuracy, and completeness.
- For the CBCs and MEs at which we conducted on-site audit fieldwork and followed up on selected findings included in our report Nos. 2015-155 and 2015-156, we:
 - Reviewed each CBC and ME human resource, expense, and other administrative policies and procedures and evaluated the adequacy of the design of established policies and procedures.
 - From the population of 4,577 CBC user accounts with access to selected FSFN functions during the period July 2015 through January 2017, examined Department and CBC records and evaluated the appropriateness of FSFN user access privileges for 209 selected CBC user accounts.
 - Made inquiries of management for 11 selected CBCs and examined CBC records to determine whether CBC management periodically reviewed FSFN user access privileges to determine the continued appropriateness of the assigned access privileges.
 - Evaluated the timeliness of the deactivation of FSFN user access privileges for 57 selected CBC or provider employees who separated from employment during the period July 2015 through January 2017.
 - From the population of 187,358 service events recorded in FSFN by 7 CBCs during the period July 2015 through January 2017, examined client records for 165 selected service events to determine whether the demographic and service event information recorded in FSFN was accurate and complete and whether FSFN was updated within 2 business days of the event.
 - From the population of 255 SAMHIS user accounts active for the 7 MEs or their providers during the period July 2015 through January 2017, examined access privilege records for 35 selected user accounts to determine whether the access privileges granted were appropriate.
 - Inquired of ME management and examined records for the 7 MEs to determine whether ME management periodically reviewed SAMHIS user access privileges for continued appropriateness.
 - Evaluated the timeliness of the deactivation of SAMHIS user access privileges for 17 selected ME or provider employees who separated from employment during the period July 2015 through January 2017.
 - From the population of 5,524,529 service events recorded in SAMHIS by 6 MEs during the period July 2015 through January 2017, examined client records for 150 selected service

events to determine whether all demographic and service event information was timely and accurately recorded in SAMHIS.

- From the population of 59,460 administrative payments, totaling \$21,298,711, made during the period July 2015 through January 2017, examined CBC and ME records for 250 selected administrative payments, totaling \$1,493,386, including 75 travel payments totaling \$29,032, to determine whether payments for travel, rent, supplies, and other administrative goods and services were properly supported by adequate documentation, reasonable, and made in accordance with applicable laws, rules, and regulations.
- From the population of 39,609 contract payments, totaling \$698,924,510, made during the period July 2015 through January 2017, examined CBC and ME records for 148 selected contract payments, totaling \$28,684,979, to determine whether the contract payments were properly supported by adequate documentation, reasonable, and made in accordance with applicable laws, rules, regulations, and contract terms.
- From the population of 251 subawards, totaling \$317,591,645, made during the period July 2015 through January 2017, examined CBC and ME records for 28 selected subawards, totaling \$83,076,495, to determine whether the subawards for child welfare, substance abuse, and mental health services were made in accordance with applicable laws, regulations, and Department policies and procedures; contained the provisions required by law; and whether subawards were not made to related parties.
- Analyzed data for selected CBC and ME administrative costs incurred during the period July 2015 through January 2017 to determine whether there appeared to be duplication of administrative functions within the provider network or between the CBCs, MEs, and their providers. Additionally, we reviewed the cost data to determine whether the CBCs and the MEs had subcontracted administrative or oversight responsibilities to other entities and, if so, whether the Department had approved the arrangement.
- Examined Big Bend Community Based Care, Inc. records to determine whether real property mortgage or interest payments were made with Department contract funds during the period July 2015 through January 2017 and inquired of Department personnel and examined Department records to determine whether sufficient corrective actions had been taken to resolve finding No. 6 included in our report No. 2015-156.
- From the population of 207 provider monitoring reports issued during the period July 2015 through January 2017 by 7 selected CBCs and MEs, examined CBC and ME records for 25 selected provider monitoring reports to determine whether the CBCs and MEs appropriately planned, documented, and followed up on monitoring visits conducted. Additionally, we examined monitoring records for 24 of 80 monitoring reports issued during the period July 2015 through January 2017 by St. Johns Board of County Commissioners Family Integrity Program (2 reports), Broward Behavioral Health Coalition (18 reports), and Lutheran Services Florida (4 reports) to determine whether the CBC and MEs corrected the deficiencies noted in our report No. 2015-155 (finding No. 10).
- Made inquiries of Our Kids of Miami-Dade/Monroe, Inc. (Our Kids) management and reviewed Our Kids policies and procedures and performance scorecards for Our Kids Full Case Management Agencies (FCMAs) to determine whether Our Kids monitoring procedures were sufficient to ensure the detection and timely correction of FCMA noncompliance with contractually required performance measures.
- Examined CBC and ME employment records for 21 selected upper management positions to determine whether the employment contracts contained benefit provisions that were unusual or potentially excessive and whether the employees satisfied applicable position qualifications.

- From the population of 52,736 salary payments, totaling \$70,435,736, made during the period July 2015 through January 2017, examined CBC and ME records for 197 selected salary payments, totaling \$681,039, to determine whether salary payments were properly calculated and documented, leave records were accurately maintained, and bonuses and severance payments were made in accordance with applicable laws, rules, and policies and procedures.
- Examined property records and observed property items for 10 selected CBCs as follows:
 - Selected and observed 29 of the 1,568 property items recorded in the CBC property records as of January 2017 and selected an additional 19 property items during our observations to determine whether CBC property records were accurate and complete. We also examined CBC records to determine whether the CBCs had conducted an independent annual physical inventory for the 2015-16 fiscal year and reconciled the results to the property records in accordance with applicable Department and CBC policies and procedures.
 - From the population of 337 property items, with acquisition costs totaling \$375,755 and acquired by the CBCs during the period July 2015 through January 2017, examined CBC records for 42 selected property items, with acquisition costs totaling \$141,448, to determine whether CBC property records were timely updated for the property acquisitions and complete and accurate.
 - From the population of 374 property items, with acquisition costs totaling \$554,824, that were disposed of by the CBCs during the period July 2015 through January 2017, examined CBC records for 16 selected property items, with acquisition costs totaling \$29,853, to determine whether the dispositions were appropriately authorized and documented, property records were updated, and information technology equipment was properly sanitized prior to disposition.
- Examined property records and observed items for 3 selected MEs as follows:
 - Selected and observed 18 of the 206 property items recorded in the ME property records as of January 2017 and selected an additional 15 property items during our observations to determine whether ME property records were accurate and complete. We also examined ME records to determine whether the MEs had conducted an independent annual physical inventory for the 2015-16 fiscal year and reconciled the results to the property records in accordance with applicable Department and ME policies and procedures.
 - From the population of 64 property items, with acquisition costs totaling \$126,512 and acquired by the MEs during the period July 2015 through January 2017, examined ME records for 13 selected property items, with acquisition costs totaling \$34,944, to determine whether ME property records were timely updated for the property acquisitions and complete and accurate.
 - From the population of 11 property items, with acquisition costs totaling \$17,077, that were disposed of by the MEs during the period July 2015 through January 2017, examined ME records for 3 selected property items, with acquisition costs totaling \$4,049, to determine whether the dispositions were appropriately authorized and documented, property records were updated, and information technology equipment was properly sanitized prior to disposition.
- From the population of 95 CBC reconciliations between CBC accounting records and FSNF conducted during the period July 2015 through January 2017, examined the records for 10 selected reconciliations to determine whether the reconciliations were properly supported, and differences were appropriately resolved.

- For 5 selected CBCs and 3 selected MEs, made inquiries of management and reviewed policies and procedures to determine whether the CBCs and the MEs had established a process to report and monitor suspected fraud, investigate potential fraud by an independent party, and report instances of potential or confirmed fraud to the Department.
- Evaluated Department actions to correct the findings noted in our report No. 2016-004. Specifically, we:
 - Examined the records for the Department's May 2016 monitoring of the contract with the Florida Coalition Against Domestic Violence to determine whether the monitoring included a review of the allocation of funds to and monitoring of the certified domestic violence centers. Additionally, we examined Department monitoring records to determine whether there was evidence of supervisory review of the monitoring work performed.
 - From the population of 1,756 Department employees who teleworked as of February 19, 2017, examined Department records for 25 selected employees to determine whether the Department's evaluation of the employee's work performance included the required notations stating whether the telework agreement should be continued and whether the employee was appropriately identified as a teleworker in People First.
 - Examined Department policies and procedures and selected Department help desk ticket records to determine whether the Department had established adequate policies and procedures to ensure that staff documented the assignment and return of computer equipment and to ensure that laptop computers were properly sanitized to remove sensitive data before the laptop computer was surplus or reassigned.
 - Interviewed Department management and evaluated Department compliance with applicable statutory requirements for collecting and using individuals' social security numbers.
 - Examined Department records for the Department's 2014-15 and 2015-16 fiscal year reviews of staff FLAIR access privileges to determine whether designated custodians in the Office of Accounting and Finance reviewed the FLAIR access privileges of all applicable staff. Additionally, we examined the July 2017 FLAIR audit file report to determine whether the report reflected users whose FLAIR access privileges were to be deleted upon their separation from Department employment.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
 - The administration of Department contracts. As of February 10, 2017, the Department was responsible for 413 active contracts totaling \$13,119,928,166.
 - The administration of purchasing cards in accordance with applicable guidelines. As of January 11, 2017, the Department had 1,309 active purchasing cards.
 - The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2015 through December 2016, Department travel expenditures totaled \$15,101,531.
 - The administration of the requirements of the Florida Single Audit Act. During the period July 2015 through December 2016, the Department expended \$52,074,033 for 96 State Financial Assistance program related contracts.
 - The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of January 2017, the Department was responsible for 107 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 responses are included in this report under the heading **MANAGEMENT RESPONSES**.

AUTHORITY

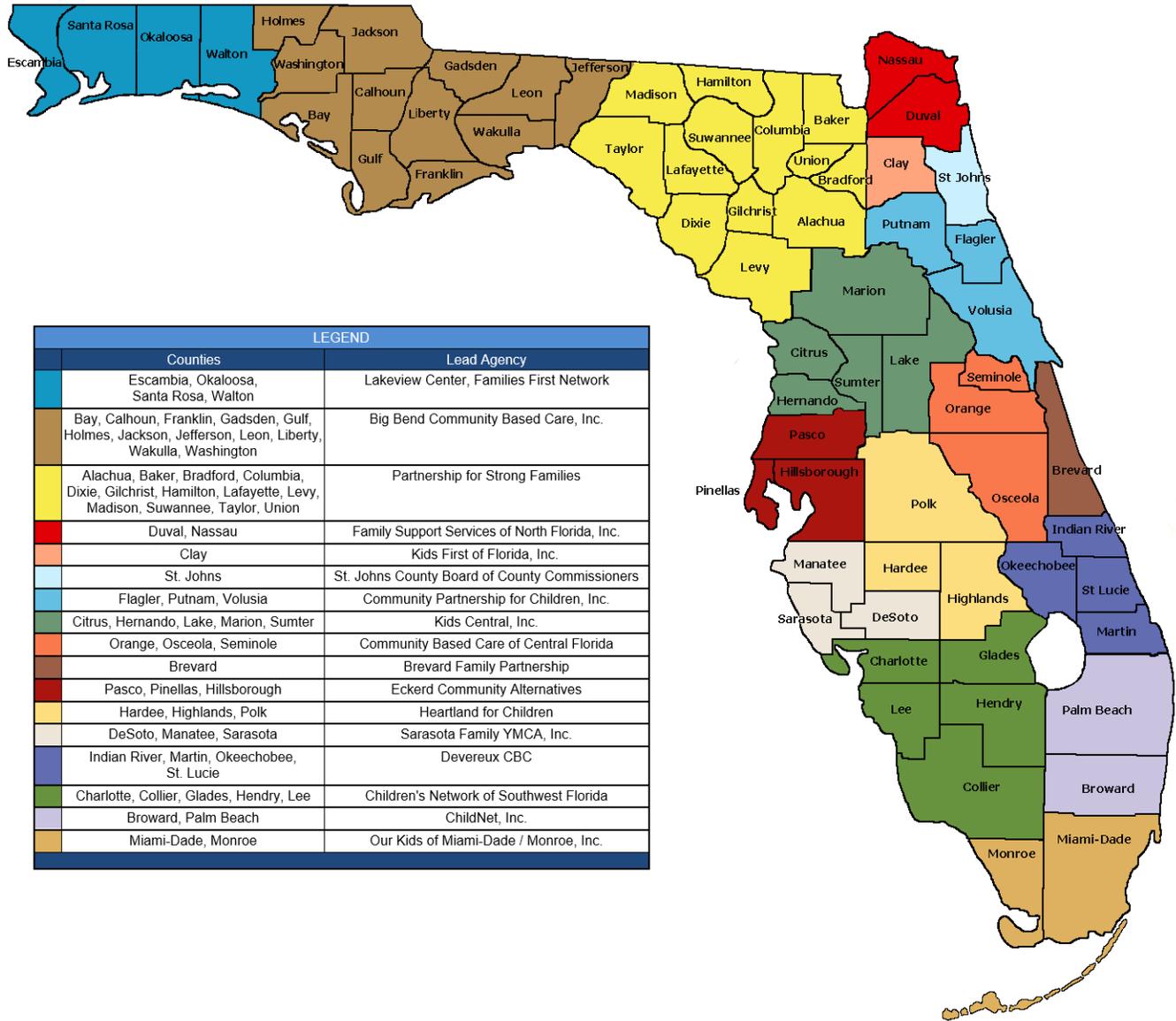
Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

EXHIBIT A

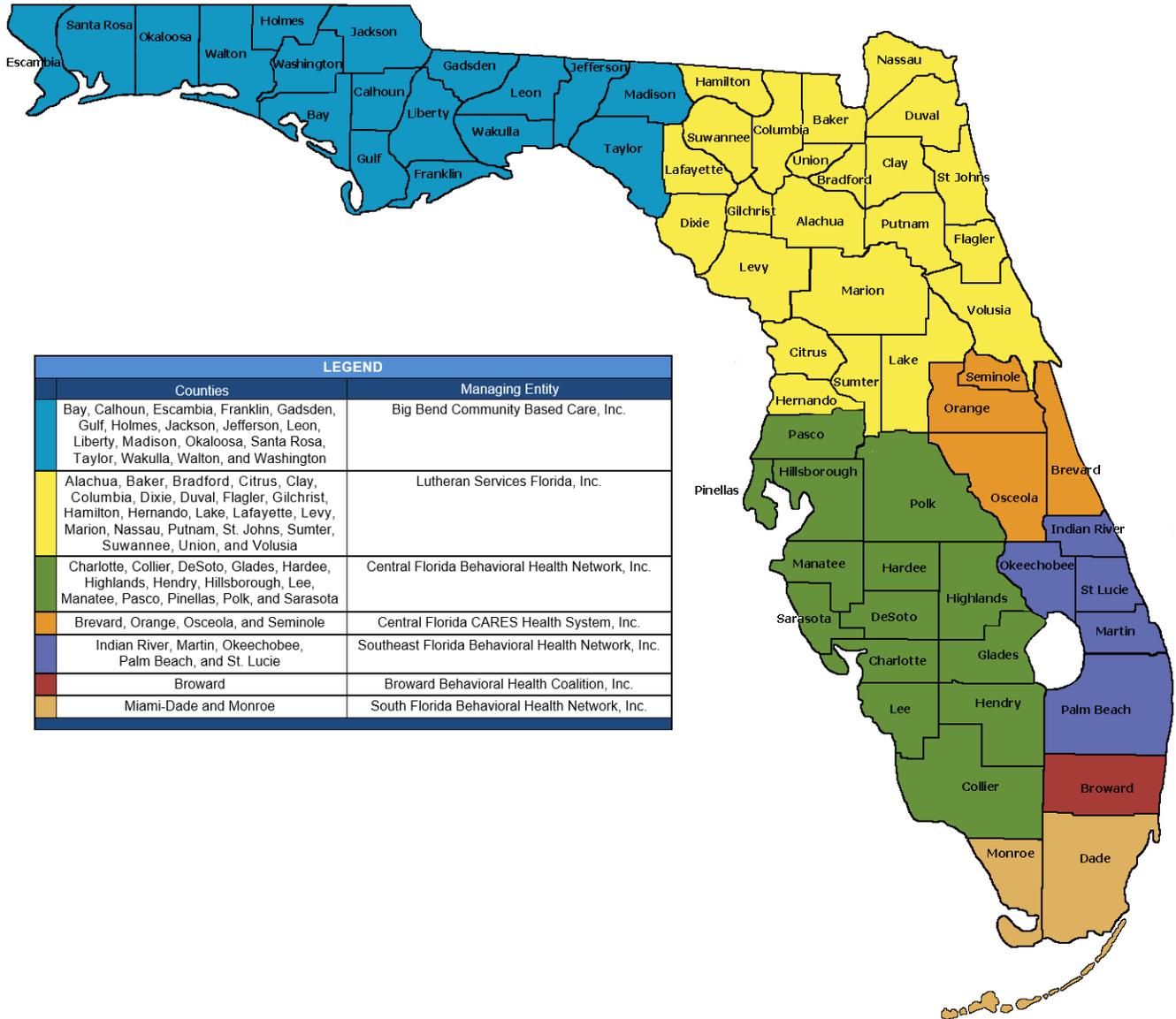
COMMUNITY-BASED CARE LEAD AGENCIES



Source: Department records.

EXHIBIT B

BEHAVIORAL HEALTH MANAGING ENTITIES



Source: Department records.

EXHIBIT C

TOTAL EXPENDITURES, NUMBER OF EMPLOYEES, AND CLIENTS SERVED BY CBC

Community-Based Care Lead Agency (CBC)	Total Expenditures for the Period July 2015 Through December 2016	At December 31, 2016		
		Total Number of Employees	Number of Administrative Employees	Number of Clients Served
Big Bend Community Based Care, Inc. ^a	\$ 51,031,178	40	11.5	1,569
Brevard Family Partnership	35,854,918	54	12.0	1,691
ChildNet, Inc. – Palm Beach County	71,465,258	68	8.0	1,499
ChildNet, Inc. – Broward County	115,751,047	394	25.0	3,489
Children’s Network of Southwest Florida, LLC	53,959,756	98	12.0	2,337
Community Based Care of Central Florida, Inc. ^b	108,045,210	75	36.0	6,079
Community Partnership for Children, Inc.	49,661,774	201	17.0	1,700
Devereux CBC	42,255,966	111	4.0	965
Eckerd Community Alternatives – Hillsborough County	107,771,528	108	2.0	3,968
Eckerd Community Alternatives – Pasco/Pinellas Counties	99,063,191	107	2.0	2,876
Family Support Services of North Florida, Inc.	79,606,573	153	87.0	2,193
Heartland for Children, Inc.	63,334,678	96	9.5	3,798
Kids Central, Inc.	72,948,395	111	18.75	4,285
Kids First of Florida, Inc.	12,703,320	70	12.0	396
Lakeview Center, Families First Network	70,773,865	386	93.0	2,138
Our Kids of Miami-Dade/Monroe, Inc.	150,272,549	131	24.0	7,207
Partnership for Strong Families	52,469,525	120	21.0	1,095
St. Johns County Board of County Commissioners Family Integrity Program	7,955,938	40	3.0	319
Sarasota Family YMCA, Inc.	45,692,702	76	3.0	1,636

^a Big Bend Community Based Care, Inc. (BBCBC) serves as both a CBC and a behavioral health managing entity (ME). The total number of employees reflects the number of BBCBC employees with salaries and benefits directly charged to the CBC contract. The salaries and benefits of the BBCBC administrative employees were indirectly allocated to both the CBC and the ME contracts. As of December 31, 2017, the administrative employees’ salaries and benefits were allocated 71.11 percent to the CBC contract, 27.48 percent to the ME contract, and 1.41 percent to CBC Integrated Health.

^b Community Based Care of Central Florida, Inc. (CBCCF) had two contracts with the Department during the period July 2015 through December 2016. The CBCCF’s Seminole County contract ended September 30, 2016, and the remaining funds moved to the Orange and Osceola Counties contract. Administrative services for CBCCF are provided by Community Based Care of Central Florida Holdings, Inc., a separate, but related nonprofit corporation. The amounts reflect the combined totals for both contracts.

Source: CBC records and survey responses provided by CBC personnel.

EXHIBIT D

CBC EXECUTIVE COMPENSATION (NOT INCLUDING HEALTH, DENTAL, AND LIFE INSURANCE BENEFITS)

Community Based Care Lead Agency (CBC)	Annual Salary ^a as of March 31, 2017	Percent of Annual Salary Funded by the Department CBC Contract	Extra Compensation ^a Awarded July 2015 Through January 2017	Other Perquisites ^b	
				Type	Amount
Chief Executive Officers (CEOs)					
Big Bend Community Based Care, Inc. ^c	\$ 510,000	71.11%	\$ 32,083	Paid Time Off Payout	\$24,682.79
Brevard Family Partnership ^d	162,288	75.00%	-	Annual Cell Phone Allowance Paid Time Off Payout	2,268.00 20,129.16
ChildNet, Inc. – Broward and Palm Beach Counties ^e	209,811	100.00%	-	Annual Car and Fuel Allowance Paid Time Off Payout	6,701.52 29,841.56
Children’s Network of Southwest Florida, LLC	177,655	100.00%	-		
Community Based Care of Central Florida, Inc. ^f	245,081	CBC Did Not Provide	57,100	Annual Company-Issued Cell Phone Service Annual Travel Allowance	780.00 12,000.00
Community Partnership for Children, Inc.	150,000	100.00%	-	Annual Company-Issued Cell Phone Service	673.44
Devereux CBC	130,050	100.00%	-	Annual Car Allowance	6,000.00
Eckerd Community Alternatives – Hillsborough, Pasco/Pinellas Counties ^g	428,400	40.00%	145,888	Company Vehicle Annual Cell Phone Allowance	6,400.00 720.00
Family Support Services of North Florida, Inc.	204,547	99.40%	38,034	Annual Car Allowance Financial Planner	12,000.00 3,500.00
Heartland for Children, Inc.	155,000	100.00%	-		
Kids Central, Inc.	160,000	98.00%	20,801	Annual Cell Phone Allowance	637.00
Kids First of Florida, Inc.	108,000	50.00%	665	Annual Cell Phone Allowance	180.00
Lakeview Center, Families First Network	338,000	29.34%	30,092	Annual Car Allowance	4,800.00
Our Kids of Miami-Dade/Monroe, Inc.	200,000	98.80%	-	Annual Car Allowance	5,928.00
Partnership for Strong Families	146,350	100.00%	-		
St. Johns County Board of County Commissioners Family Integrity Program	84,487	67.00%	-	Annual County-Issued Cell Phone Service Annual County-Issued iPad Service	560.12 459.62
Sarasota Family YMCA, Inc.	175,000	53.22%	-		
Chief Operating Officers (COOs)^h					
Big Bend Community Based Care, Inc. ^{c,i}	192,607	63.00%	40,932	Annual Cell Phone Allowance Paid Time Off Payout	834.36 5,011.74
Brevard Family Partnership ^d	95,000	100.00%	-	Annual Cell Phone Allowance	1,200.00
ChildNet, Inc. – Broward and Palm Beach Counties ^c	155,000	100.00%	-	Paid Time Off Payout	5,216.34
Children’s Network of Southwest Florida, LLC	109,638	100.00%	-		
Community Based Care of Central Florida, Inc. ⁱ	197,778	CBC Did Not Provide	32,100	Annual Car Allowance Annual Application for iPad Allowance	5,400.00 351.00
Community Partnership for Children, Inc.	98,000	100.00%	-	Annual Company-Issued Cell Phone Service	673.44
Devereux CBC	111,323	100.00%	-		
Eckerd Community Alternatives – Hillsborough, Pasco/Pinellas Counties ^e	192,500	100.00%	47,356	Company Vehicle Annual Cell Phone Allowance	7,000.00 900.00
Kids Central, Inc.	110,000	100.00%	14,301	Annual Cell Phone Allowance	650.00
Kids First of Florida, Inc.	85,000	100.00%	-	Annual Cell Phone Allowance	360.00
Lakeview Center, Families First Network	254,634	29.34%	27,302		
Our Kids of Miami-Dade/Monroe, Inc.	156,825	98.80%	-		
Sarasota Family YMCA, Inc.	127,050	100.00%	-	Annual Company-Issued Cell Phone Service	1,153.92

CBC EXECUTIVE COMPENSATION (CONTINUED)
(NOT INCLUDING HEALTH, DENTAL, AND LIFE INSURANCE BENEFITS)

Community Based Care Lead Agency (CBC)	Annual Salary ^a as of March 31, 2017	Percent of Annual Salary Funded by the Department CBC Contract	Extra Compensation ^a Awarded July 2015 Through January 2017	Other Perquisites ^b	
				Type	Amount
Chief Financial Officers (CFOs)					
Big Bend Community Based Care, Inc. ^c	\$ 187,542	71.11%	\$ 28,280	Paid Time Off Payout	\$ 8,304.45
Brevard Family Partnership ^d	95,000	100.00%	-	Annual Cell Phone Allowance Paid Time Off Payout	1,200.00 16,304.19
ChildNet, Inc. – Broward and Palm Beach Counties ^e	115,000	100.00%	-	Paid Time Off Payout	15,095.36
Children’s Network of Southwest Florida, LLC	101,775	100.00%	-		
Community Based Care of Central Florida, Inc. ^f	198,033	CBC Did Not Provide	32,100	Annual Car Allowance Annual Cell Phone Allowance	4,800.00 600.00
Community Partnership for Children, Inc. ^k	222,000	100.00%	-		
Devereux CBC ^l	111,920		-		
Eckerd Community Alternatives – Hillsborough, Pasco/Pinellas Counties ^g	216,000	80.00%	46,656	Annual Cell Phone Allowance	720.00
Family Support Services of North Florida, Inc.	155,002	99.40%	-	Financial Planner	3,500.00
Heartland for Children, Inc.	122,128	100.00%	-		
Kids Central, Inc.	122,000	97.00%	15,861	Annual Cell Phone Allowance	630.50
Kids First of Florida, Inc.	98,659	100.00%	2,111	Annual Cell Phone Allowance	360.00
Lakeview Center, Families First Network	243,963	29.34%	19,062		
Our Kids of Miami-Dade/Monroe, Inc.	180,000	98.80%	-		
Partnership for Strong Families	110,160	90.00%	-		
St. Johns County Board of County Commissioners Family Integrity Program	58,976	67.00%	-	Annual County-Issued iPad Service	459.62
Sarasota Family YMCA, Inc.	120,000	59.13%	-	Annual Cell Phone Allowance	354.84

^a Extra compensation amounts are not included in the Annual Salary amounts.

^b Except for Paid Time Off Payouts, which are for the period July 2015 through January 2017, the other perquisites shown are as of March 31, 2017. Other perquisites do not include health, dental, and life insurance benefits.

^c Big Bend Community Based Care, Inc. (BBCBC) serves as both a CBC and a behavioral health management entity (ME). BBCBC executive staff oversee activities related to both the CBC and the ME contracts.

^d Brevard Family Partnership executive management’s annual cell phone allowance reflects amounts for the 2015-16 fiscal year.

^e ChildNet, Inc. had two CBC contracts and their executive staff oversaw activities related to both contracts. Salaries and perquisites were allocated 68 percent to the Broward County contract and 32 percent to the Palm Beach County contract.

^f Community Based Care of Central Florida, Inc. (CBCCF) had two CBC contracts and executive staff oversaw activities related to both contracts. CBCCF’s administrative services are provided by Community Based Care of Central Florida Holdings, Inc., a separate, but related nonprofit corporation. The contract between CBCCF and its parent company requires CBCCF to pay the parent company 4.15 percent of total operating expenses for executive leadership, finance, accounting, human resources, facilities management, and administrative support. Although we requested, CBCCF would not provide executive compensation information as of March 31, 2017. The information shown was obtained from the CBCCF’s annual tax filing.

^g Eckerd Community Alternatives is a registered name of Eckerd Youth Alternatives, Inc., a nonprofit organization that operates in 19 states and the District of Columbia. The salaries of the CEO, COO, and CFO reflect the larger service area.

^h Family Support Services of North Florida, Inc.; Partnership for Strong Families, Inc.; St. Johns County Board of County Commissioners Family Integrity Program; and Sarasota Family YMCA, Inc. did not employ COOs as of March 31, 2017.

ⁱ Effective March 31, 2017, an additional 14 percent of the salary listed for the BBCBC COO was allocated 71.11 percent to the CBC contract, 27.48 percent to the ME contract, and 1.41 percent to CBC Integrated Health.

^j The CBCCF COO’s perquisites reflect those amounts directly allocated to the CBC contract.

^k Community Based Partnership for Children, Inc. had a consulting agreement with a CPA firm for CFO services, along with controllership and accounting services provided by several staff positions. The amount shown reflects the annual amount paid to the CPA firm.

^l The Devereux CBC CFO’s salary is included in the administrative services contract with the Devereux Foundation. The administrative services contract required Devereux CBC to pay Devereux Foundation an annualized administrative services fee up to \$680,000.

Source: CBC records and survey responses provided by CBC personnel.

EXHIBIT E

TOTAL EXPENDITURES, NUMBER OF EMPLOYEES, AND CLIENTS SERVED BY ME

Behavioral Health Managing Entity (ME)	Total Expenditures July 2015 Through December 2016	At December 31, 2016		Number of Clients Served July 2016 Through December 2016
		Total Number of Employees	Number of Administrative Employees	
Big Bend Community Based Care, Inc. ^a	\$ 76,032,339	15	11.5	26,066
Broward Behavioral Health Coalition	76,097,243	19	15	15,315
Central Florida Behavioral Health Network, Inc. ^b	276,276,665	67	67	74,670
Central Florida CARES Health System, Inc.	97,308,259	20	20	22,283
Lutheran Services Florida	152,533,004	34	34	31,472
South Florida Behavioral Health Network, Inc.	114,186,958	65	6	22,392
Southeast Florida Behavioral Health Network	81,148,832	22	22	17,568

^a Big Bend Community Based Care, Inc. (BBCBC) serves as both a CBC and a behavioral health managing entity (ME). The total number of employees listed reflects the number of BBCBC employees with salaries and benefits directly charged to the ME contract. The salaries and benefits of the BBCBC administrative employees were indirectly allocated to both the CBC and the ME contracts. As of December 31, 2017, the administrative employees' salaries and benefits were allocated 71.11 percent to the CBC contract, 27.48 percent to the ME contract, and 1.41 percent to CBC Integrated Health.

^b Central Florida Behavioral Health Network, Inc. employees are considered administrative employees pursuant to the contract with the Department.

Source: ME records and survey responses provided by ME personnel. Number of clients served was obtained from the Department.

EXHIBIT F

ME EXECUTIVE COMPENSATION (NOT INCLUDING HEALTH, DENTAL, AND LIFE INSURANCE BENEFITS)

Behavioral Health Managing Entity (ME)	Annual Salary as of March 31, 2017	Percent of Annual Salary Funded by the Department ME Contract	Extra Compensation ^a Awarded July 2015 Through January 2017	Other Perquisites ^b	
				Type	Amount
Chief Executive Officers (CEOs)					
Big Bend Community Based Care, Inc. ^c	\$ 510,000	27.48%	\$ 32,083	Paid Time Off Payout	\$ 9,538.51
Broward Behavioral Health Coalition	173,250	90.00%	-		
Central Florida Behavioral Health Network, Inc.	217,000	100.00%	10,850	Annual Travel Allowance	12,000.00
Central Florida CARES Health System, Inc.	147,000	100.00%	-	Annual Company-Issued Cell Phone Service	445.20
Lutheran Services Florida	175,000	100.00%	40,000	Annual Company-Issued Cell Phone Service	673.56
South Florida Behavioral Health Network, Inc.	200,000	100.00%	5,000	Annual Car Allowance	6,000.00
Southeast Florida Behavioral Health Network	161,260	100.00%	-	Annual Cell Phone Allowance	600.00
Chief Operating Officers (COOs)^d					
Big Bend Community Based Care, Inc. ^{c, e}	192,607	23.00%	40,932	Paid Time Off Payout	1,844.30
				Annual Cell Phone Allowance	363.36
Central Florida Behavioral Health Network, Inc.	144,491	100.00%	6,000		
Central Florida CARES Health System, Inc.	119,236	100.00%	-		
Lutheran Services Florida	125,000	100.00%	-	Annual Company-Issued Cell Phone Service	672.00
Chief Financial Officers (CFOs)^f					
Big Bend Community Based Care, Inc. ^c	187,542	27.48%	28,280	Paid Time Off Payout	3,209.20
Broward Behavioral Health Coalition ^e	135,899	74.00%	-		
Central Florida Behavioral Health Network, Inc.	138,575	100.00%	6,000		
Central Florida CARES Health System, Inc.	125,198	100.00%	-	Annual Company-Issued Cell Phone Service	445.20
Lutheran Services Florida ^h	123,594	100.00%	40,000	Annual Company-Issued Cell Phone Service	673.56
South Florida Behavioral Health Network, Inc.	191,500	96.00%	4,580	Annual Car Allowance	5,760.00

^a Extra compensation amounts are not included in the Annual Salary amount.

^b Except for Paid Time Off Payouts, which are for the period July 2015 through January 2017, the other perquisites shown are as of March 31, 2017. Other perquisites do not include health, dental, and life insurance benefits.

^c Big Bend Community Based Care, Inc. (BBCBC) serves as both a CBC and a behavioral health management entity (ME). BBCBC executive staff oversee activities related to both the CBC and the ME contracts.

^d Broward Behavioral Health Coalition (BBHC), South Florida Behavioral Health Network, Inc., and Southeast Florida Behavioral Health Network (SEFBHN) did not employ COOs as of March 31, 2017.

^e As of March 31, 2017, an additional 14 percent of the salary listed for the BBCBC COO was allocated 71.11 percent to the CBC contract, 27.48 percent to the ME contract, and 1.41 percent to CBC Integrated Health.

^f SEFBHN did not employ a CFO.

^g BBHC contracted with Corporate Behavioral Health Consultants for CFO services. The amount listed for the BBHC CFO salary reflects the total contract amount for the 2017-18 fiscal year.

^h Lutheran Services Florida CFO position was vacant on March 31, 2017. The CFO salary is as of September 1, 2016, and the CFO bonuses and perquisites are for the period July 1, 2015, through September 1, 2016.

Source: ME records and survey responses provided by ME personnel.

MANAGEMENT RESPONSES

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Department, CBC, and ME responses to Findings 18 through 29 may not directly correlate by Finding number.



State of Florida
Department of Children and Families

Ron DeSantis
Governor

Chad Poppell
Secretary

January 15, 2019

Sherrill F. Norman, CPA
Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Response to Preliminary and Tentative Audit Findings on the Oversight and Administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities

Dear Ms. Norman:

As the new Secretary of the Department of Children and Families (department), I have reviewed the preliminary and tentative findings and provide this letter in response to findings and recommendations issued to the department on December 11, 2018. The findings and recommendations were related to an operational audit of the oversight and administration of the Community-Based Care Lead Agencies (CBC) and behavioral health Managing Entities (ME). The department was directed to respond directly to 14 of the 31 preliminary findings.

The work of the department involves complex issues and families. Every day, we do this work to the best of our ability and with the highest integrity. We also hold our contracted partners to this same standard. State law mandates that the child welfare and behavioral health systems of care are delivered, in part or in whole, through these contracted entities. The amount of responsibility and state resources delegated to the CBCs and MEs is significant, but we understand that the department is ultimately responsible.

To that end, the department has made great strides in the last three years in the oversight and management of the contracted agencies to strengthen accountability and transparency. There are also projects underway and processes being developed to further enhance reporting requirements and performance measures for CBCs and MEs. I look forward to continuing this important work and furthering the department's commitment to enhance oversight and administration of our contracted organizations.

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Work in Partnership with Local Communities to Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency

Please see the department's responses to the specified findings outlined below.

Finding 1: Department monitoring of the CBCs continues to need improvement to ensure that monitoring plans are appropriately approved prior to the start of on-site monitoring activities and Department records evidence that all planned monitoring procedures are performed, adequate supervisory review is conducted, monitoring reports include all noted issues, and corrective actions, where necessary, are appropriately followed up on. In addition, the Department did not always document that monitoring staff were independent of, and had no conflicts of interest related to, the CBCs and the MEs they were assigned to monitor.

The leader of the CBC-ME Monitoring Team will ensure timely approval of the monitoring plan by requesting monitoring plan review by the approving authority during the last team meeting prior to the on-site start date. Guidance will be included in CBC Monitoring Desk Reference.

The CBC-ME Monitoring Team has modified its approach to documenting the results of monitoring. The purpose of the new tool is to create a document that is easier to follow, ensures all relevant areas are explored, and reconciles all findings from on-site review to report. It includes all areas of system-of-care programmatic monitoring, as well as administrative review. The tool includes space for a justification of any items that do not make it into the final report. Once a report has been submitted for review, a supervisor and a third level quality assurance (QA) review will verify that any items in the tool are either in the report or their absence is appropriately justified in the tool.

Findings are entered in the Contract Evaluations Reporting System, where Contract Managers will document corrective plans when applicable. Beginning in FY 18-19, each monitoring report issued by the CBC-ME Monitoring Team, both on-site and desk review, will have a section that outlines findings from previous monitoring activities and progress toward improvement. During the week prior to the start of the on-site review by the CBC-ME Monitoring Team, the Team Lead and monitor will ensure the monitors and guest reviewers have properly documented any potential conflicts of interest and signed the conflict of interest form, which is to be saved in the appropriate monitoring folder with QA review completed by the supervisor. The Financial Accountability Office monitoring procedures will be updated to address conflict of interest.

Finding 2: Department protocols for administering the CBC risk pool need enhancement to ensure that unexpended risk pool funds are returned to the Department at fiscal year-end.

The department concurs with the recommendation. The risk pool applications have already been updated to include a provision that if at the end of the year, a CBC that received assistance from the risk pool concludes with a surplus, the department reserves the right to require the CBC to refund the department the relative portion of the surplus that was accumulated as a result of the awarded risk pool funds. The department will update its year-end reconciliation procedures to identify the amount of the relative portion of any surplus identified for a CBC receiving risk pool funds, including notification and approval from the Secretary on whether to require the CBC to refund the department.

Finding 3: The CBCs and the Department did not always ensure that all service event data was timely entered in FSFN, the State's Statewide Automated Child Welfare Information System.

This fiscal year, a sub-category of data quality was added to the Continuous Quality Improvement element of CBC contracting monitoring standards. Because of this addition, CBC monitoring includes an evaluation of each CBC's internal processes for ensuring that client data entry is timely and accurate. Feedback is provided to the CBCs on how to improve these processes if there are deficiencies noted.

The findings regarding timely data entry will be discussed on the CBC Contract Manager Call scheduled for January 8, 2019.

Regional Managing Directors will also be tasked to ensure that adequate controls are in place within child protective investigations operations to ensure timely entry of data into FSFN with a due date of February 28, 2019.

Additionally, the department will initiate a planning project in January 2019. to align the state child welfare information system with the federal Comprehensive Child Welfare Information System (CCWIS) regulations while also balancing the state's unique data and mobility needs of child welfare professionals. The outcome of the CCWIS planning project will be to produce a long-term plan to align state and contracted service providers with the goals of CCWIS regulations. Producing and submitting a Data Quality Plan to the federal Administration for Children and Families (ACF) annually is also a new key federal requirement of the CCWIS regulations. The Data Quality plan will include the department's data quality standards, data quality monitoring, data training and policy, and continuous data quality improvement initiatives. The department's Data Quality Plan will define standards and monitor the accurateness, completeness, and timeliness for all required child welfare data.

Finding 4: Some FSFN user access privileges were not appropriate or adequately documented, and periodic reviews of FSFN user access privileges were not always conducted and documented.

The CBC Information System Requirement document incorporated by reference into the CBC Attachment I will be updated by January 30, 2019, to require providers to submit a list that includes the name and user IDs of all users with access to FSFN to the provider contract manager every quarter. Currently, this list is required annually.

The Office of Information Technology Systems Security Group (OITSSG) will assist in the review of the CBC Information System Requirement document regarding security and access controls to ensure that requirements are appropriately established.

The updated CBC Information System Requirement document will be posted on the department's website and forwarded to the CBC Regional Contract Managers and OITSSG for distribution by February 5, 2019.

Finding 5: Some CBC requests to the Department to deactivate FSFN user access privileges were not documented and FSFN user access privileges were not always timely deactivated upon a CBC or provider employee's separation from employment.

The CBC Information System Requirement document will be reviewed and updated by January 30, 2019, to ensure that access controls are strengthened regarding deactivation of FSFN user access profiles when required.

OITSSG will assist in the review of the CBC Information System Requirement document regarding deactivation procedures and update as appropriate. The updated document will be posted on the department's website and forwarded to the CBC Regional Contract Managers and OITSSG for distribution by February 5, 2019.

Finding 15: CBC and ME payments for certain goods and services were not always properly supported by adequate documentation or made in accordance with contract terms and State and Federal laws and regulations. Additionally, the CFBHN's payment of bonuses did not appear clearly reasonable and necessary to the performance of the CFBHN's duties.

The department concurs with the recommendation. The contracts currently require compliance with 45 CFR Part 75 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for U.S. Department of Health and Human Service

Awards. The department will propose revision to the contract to adopt standards compatible with section 215.425(3), Florida Statutes.

Finding 22: BBCBC records did not evidence the reasonableness of the \$1.175 million purchase price for certain acquired property, the value of property subsequently returned to the seller, or that the BBCBC refunded to the State the appropriate proportionate share of the State's initial investment in the property. During the period September 2013 through November 2017, interest payments and depreciation expenses related to the property totaling \$445,361 were charged to the BBCBC's contract with the Department. During that same period, the BBCBC made principal payments totaling \$127,512 with funds received from the Department for the depreciation charges.

The department will seek additional information in order to address the recommendations related to this finding.

Finding 24: The Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

The Purchasing Card Administrative Unit continues to implement necessary actions to reduce and improve controls to administer a secure purchase platform. During required cardholder training, the termination process is discussed, and cardholder responsibilities are reiterated. This initial training includes the cancellation process to return the employee's purchasing card to their supervisor once the cardholder provides notice of separation or the position is terminated. Also, the Purchasing Card Administrator will initiate additional reminder communications regularly to staff and supervisors stressing the need for immediate notification upon employee separation and collection of the purchasing card. This continuation and development of an open communication and dialogue helps to create a relationship where administrative staff know who to contact and the proper form needed for termination/cancellation of the purchasing card.

Additionally, the Purchasing Card Administrative Unit receives a daily report from the department's Office of Human Resources listing employee separations and utilizes this report as a crosswalk for identifying those who may have not surrendered their cards or programs which haven't notified the Purchasing Card Administrative Unit of the separation(s).

Finding 25: Department records did not evidence that, for certain Department leadership, the designation of a headquarters outside Tallahassee was in the best interests of the Department and not for the convenience of the individual.

The department will document that leadership headquarters outside of Tallahassee is in the best interest of the department, and not for the convenience of the individual.

Finding 26: As similarly noted in prior audit reports, most recently in our report No. 2016-004, the Department had not established policies and procedures for the collection and use of social security numbers or evaluated the collection and use of social security numbers to ensure compliance with State law.

The department has completed a draft of a formal Operating Procedure titled "Collection and Use of Social Security Numbers by DCF Employees and Others Acting on Behalf of the Department." This procedure will be routed for adoption during the first quarter of 2019.

Finding 27: Department controls for administering the Telework Program continue to need enhancement to ensure that telework agreements for employees who do not meet performance standards are terminated, teleworker performance evaluations include required notations to evidence the continuing appropriateness of the telework arrangements, and teleworking arrangements are accurately identified in People First, the State's human resource information system.

The department agrees with the recommendation to communicate to appropriate supervisory staff the requirements outlined in department policies and procedures to help ensure that decisions to continue teleworking arrangements are properly documented in annual employee performance evaluations. Appropriate measures will be taken to ensure that the designation of telework arrangements is accurately entered into People First and timely updated when employees no longer telework.

Finding 28: The Department provided child welfare data, including the names and identifying information of children receiving child welfare services, to a for-profit organization without a valid data sharing agreement between the Department and the organization.

All agreements involving the transfer of data from the department to another entity pursuant to CFOP 50-26 will be centralized and maintained by the Office of Information Technology Services (OITS). Data sharing agreements that are approved or routed to OITS will be tracked. Notifications will be sent to staff responsible for the agreement 90 days prior to the expiration date and processes that support data sharing will be terminated when an agreement expires.

Sherrill F. Norman
January 15, 2019
Page Seven

Finding 29: The Department did not adequately document that sensitive data was properly sanitized from former employees' computers before the computers were disposed of.

Department CFOP 50-28, Media Protection, states the department shall control and securely store all types of media within the program area and/or business system, keeping it safe from unauthorized access. The department will review the policy and practice of securing recovered devices to verify proper and consistent practice and secured control of devices pending sanitization. By March 30, 2019, the department will update policies related to the handling of recovered computer equipment to establish a time frame for the sanitization of media containing sensitive data and a mechanism for documenting the disposition of sanitized equipment prior to disposal, surplus, reassignment, or off-site repair.

Finding 30: Department controls over employee access to the Florida Accounting Information Resource (FLAIR) Subsystem continue to need improvement.

The department will finalize the policies and procedures for periodic reviews of FLAIR users access privileges and obtain the proper approval to enable them to be published. Periodic reviews of user access privileges will be performed as indicated in the upcoming published procedure.

Thank you for the opportunity to respond to these tentative findings.

Sincerely,



Chad Poppell
Secretary



January 31, 2019

Ms. Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

On behalf of Big Bend Community Based Care, Inc. (BBCBC), I would like to thank you for the opportunity to participate in the operational audit of the Department of Children and Families (Department) that focused on the oversight and administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities and selected Department administrative activities.

Your letter dated December 11, 2018 included preliminary and tentative audit findings and recommendations which you indicated may be included in the report to be prepared regarding the operational audit. Your December 11, 2018 letter directed BBCBC, in accordance with Section 11.45(4)(d), Florida Statutes to submit a written statement of explanation, including actual or proposed corrective actions, for the following preliminary and tentative audit findings: 3) FSFN Data Entry; 4) FSFN User Access Privilege Controls; 6) SAMHIS Data Entry; 8) Deactivation of SAMHIS User Access Privileges; 17) (Original No. 18) Leave Records; 18) (Original No. 19) CBC Extra Compensation Payments; 19) (Original No. 20) Service Organization Controls; and 22) (Original No. 23) BBCBC Property Transactions. BBCBC understands that the numbering of the findings in the final report has changed; therefore, BBCBC's response to the findings have been renumbered accordingly.

The following are BBCBC's responses to the above-described preliminary and tentative audit findings:

Finding 3: FSFN Data Entry

BBCBC will continue to work with contracted Case Management Organizations to further strengthen controls over FSFN data entry by providing additional training and technical assistance on the requirements for timely recording of service event data in FSFN. BBCBC notes, however, that it is aware of situations where Case Managers have not recorded service event data in FSFN within two business days due to other case load priorities and being out of the office working with the children and families being served, under circumstances where these activities needed to take priority over data entry.

525 NORTH MARTIN LUTHER KING JR. BLVD. TALLAHASSEE, FLORIDA 32301 (850)410-1020 (850)410-1076
WWW.BIGBENDCBC.ORG

Finding 4: FSFN User Access Privilege Controls

BBCBC will continue to maintain documentation supporting all FSFN user access privileges authorized by management and will perform and document periodic reviews of the continued appropriateness of assigned FSFN user access privileges. As noted in this preliminary and tentative audit finding, BBCBC management notified the Auditor General’s office that one of the FSFN users tested had received access privileges by the Department prior to the user being employed by BBCBC and the access was never deactivated by the Department. In addition, due to BBCBC’s continued efforts to streamline responsibilities and provide the same level of services to children and families, two users tested need the access privileges to perform their daily assigned job responsibilities. It should be noted that as part of a mitigating control to address the separation of duties concern, BBCBC involves two different users in processing payments from FSFN.

Finding 6: SAMHIS Data Entry

BBCBC will continue to work with contracted service providers to strengthen controls over SAMHIS data entry to ensure client and service event information is accurately recorded and documented.

Finding 8: Deactivation of SAMHIS User Access Privileges

BBCBC will continue to enhance procedures to ensure that requests for SAMHIS user access privilege deactivations are timely submitted to the Department when a user separates from BBCBC, a contracted service provider or when access privileges are no longer required. BBCBC will also provide additional training and technical assistance to contracted service providers to ensure they understand that the Department is to be immediately notified of a user’s separation from employment and a Data Access Request Form with the Deactivate user box check submitted.

Finding 17: Leave Records

BBCBC policy provides for salaried exempt employees to use annual leave in increments of 8 hours. This policy only applies to salaried exempt employees who are exempt from overtime regulations. Such employees often work longer than 8 hour days and may work on evenings and weekends. BBCBC’s policy complies with the Fair Labor Standards Act and Florida law. At any given time, BBCBC knows and can document the leave balance, payout amount, and liability for compensated absences for any of its salaried exempt employees.

The issues regarding BBCBC noted in Report Nos. 2015-155 (Finding No. 8) and 2015-156 (Finding No. 7) related to BBCBC’s record keeping procedures for leave and not BBCBC’s leave policy for salaried exempt employees. In fact, both reports issued in March of 2015 recognized that BBCBC’s policy provided for salaried exempt employees to use annual leave in increments of 8 hours and neither report expressed a concern about such policy. BBCBC’s leave policy for salaried exempt employees has not changed. BBCBC has, however, enhanced its controls to ensure that leave is properly documented, calculated, and accurately recorded as BBCBC indicated it would do in response to the 2015 reports.

Finding 19: Service Organization Controls

BBCBC will work with the contracted service provider that maintains client service data to obtain a service auditor's report on the effectiveness of the controls established by the contract provider.

Finding 22: BBCBC Property Transactions

The Department's contract with BBCBC states: "Any *state funds provided for the purchase or improvements to real property* are contingent upon the Provider granting to the state a security in the property at least to the amount of the state funds provided for at least five (5) years from the date of purchase or the completion of the improvements or as further required by law." [Contract BJ101, Standard Contract ¶ 25 (emphasis provided)]. As represented by BBCBC in its response to Report No. 2015-156 (Finding No. 6), state funds were not used to purchase the real property described in Finding 23. Thus, this contract provision is inapplicable.

Although state funds were not provided for the purchase of, or improvements to, the real property, BBCBC has charged allowable occupancy costs, including mortgage interest to the contract as authorized by the contract and federal law. These occupancy costs take the place of rent which would otherwise be charged to the contract at a substantially higher cost had BBCBC not purchased the property. Federal law recognizes that it may be less costly for a non-profit organization to finance the acquisition of facilities from which services are provided instead of leasing such facilities. At the time that BBCBC purchased the property, federal law required preparation of a lease/purchase analysis showing that a financed purchase was less costly than leasing. [See 2 CFR, Part 230, Appendix B., Selected Items of Cost, 23, Interest]. In preliminary and tentative Finding 23, the Auditor General's office acknowledges that such lease/purchase analysis was provided by BBCBC. No independent appraisal was required. Moreover, the Department was aware of the planned property acquisition before the purchase occurred and a Department representative attended every BBCBC Board meeting including those at which the property purchase was discussed. Not once did the Department express a concern about the purchase price of the property.

Regarding the three lots returned to the seller via Quit Claim Deed in November of 2014, the seller and BBCBC always intended that four parcels of real property would be conveyed for the purchase price of \$1.175, but a Warranty Deed was prepared in error that conveyed seven parcels of real property. Accordingly, when this error was discovered, Frank Shaw, legal counsel who conducted the original real estate closing, prepared the Quit Claim Deed by which BBCBC conveyed back to the seller the three parcels that were originally conveyed in error due to the incorrect property description in the Warranty Deed. That Quit Claim Deed expressly states that it was "executed, delivered and recorded to correct the legal description of the real property conveyed by an earlier deed and is given for no consideration." BBCBC provided the Auditor General's office with the attached affidavit from Frank Shaw attesting to these facts.

For all of the foregoing reasons, no amount of funds are due to the State as a result of BBCBC's return to the seller in November 2014 of three parcels of real property that neither party intended to be conveyed from seller to BBCBC when the property was initially purchased and that were only conveyed by BBCBC back to seller to correct the error in the initial Warranty Deed.

Should you have any further questions please contact me at your convenience.

Respectfully,

A handwritten signature in black ink, appearing to read "P. East", written in a cursive style.

Pam East, Chief Operating Officer
Big Bend Community Based Care, Inc.

Enclosure

cc: Denise Myers, BBCBC Board President



Collaborating for Excellence

January 29, 2019

Sherrill F. Norman
Auditor General State of Florida
Claude Denson Pepper Building
Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Thank you for the preliminary and tentative findings and recommendation for the operational audit of the Department of Children and Families, Oversight and Administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities and Selected Department Administrative Activities.

Please find enclosed Central Florida's updated response to each of the findings.

If you have any questions, please let me know.

Thank you

Sincerely,

A handwritten signature in blue ink that reads "Linda McKinnon".

Linda McKinnon, President & CEO
Central Florida Behavioral Health Network



719 South US Highway 301, Tampa, FL 33619 • phone: 813-740-4811 fax: 813-740-4821 • www.cfbhn.org

Finding 6: SAMHIS Data Entry:

The racial ethnicity recorded in the SAMHIS for two CFBHN service events was not supported by adequate documentation.

Recommendation: We recommend that the ME management strengthen controls over SAMISH data entry to ensure client and service event information is accurately recorded and documented.

Response: *The validation of client demographics and service data is managed by CFBHN's CQI department. Given the volume of data submitted to CFBHN for over 120,000 clients served, on average, each year, a review of each individual client service record is not possible. Instead the CQI team relies on the validation of data samples to check that data submitted to CFBHN is accurate.*

Utilizing this method, the CQI team substantiates data submitted to CFBHN by comparing the sample of the billing records to the back-up documentation maintained by each provider. Data collected by the CQI team indicates that provider data errors, when they do occur, are very rare. Annual data error rates are listed in the chart below.

As discrepancies are identified, CFBHN requires that corrections be made or that the billing services be backed out of the system.

Fiscal Year	Total Number of Data Elements Validated	Accuracy Score	Error Rate
17-18	70,545	99.8%	0.2%
16 -17	35,279	99.6%	0.4%
15 -16	83,416	99.8%	0.2%
14 -15	35,467	99.7%	0.3%
13 -14	57,924	99.3%	0.7%

Finding 7: SAMHIS User Access Privilege Controls:

As part of our audit, we evaluated IT user access controls for SAMHIS at the seven MEs to determine whether, during the period July 2015 through January 2017, the MEs periodically reviewed SAMHIS user access privileges to ensure that only authorized users had access privileges and that user access privileges remained appropriate. Our audit procedures disclosed that:

The CFBHN did not conduct periodic reviews of SAMHIS user access privileges.

Recommendation: We recommend that the ME management establish procedures requiring periodic reviews of the continued appropriateness of assigned SAMHIS user access privileges. Additionally, we recommend that ME records evidence the approval and appropriateness of SAMHIS user access privileges.

- **Response:** *CFBHN conducts quarterly reviews. Any user that has not accessed their account in 60 days are deactivated. The policy is below. Per discussion with Michelle in October of 2017, a periodic review of access would be done. If users have not logged in within 60 days, CFBHN was to verify with the user if they still needed access and the role(s) within the system. In June 2018 it was discussed that users would be notified by email in advance of their pending deactivation. Both actions were implemented upon discussion.*

CFBHN/SAMH Data System Access and Security

Policy

It is the policy of Central Florida Behavioral Health Network Inc. to provide a secure environment for client data and computer systems.

Purpose

To meet the Department of Children and Families and CFBHN's requirement that Database Access Request Form, Security Agreement Form (CF 114) be signed by staff accessing EHR systems which provide access to sensitive client data through the use of a computer system.

Procedure

Staff accessing CFBHN Information Systems will read and complete the System Access Request Packet. The packet will be completed and distributed as follows:

- 1. The packet is received through RequestAccess@cfbhn.org and input into the SharePoint Data Access list by the Admin Staff.*
- 2. The IS Staff designee will review the packet and grant the appropriate access.*
- 3. The packet is marked as complete and the user is notified through an automated email. CFBHN staff sign original documents that remain in the employee's personnel file*
- 4. When a packet is incomplete, the user is notified about missing information.*
- 5. Individuals requesting access to DCF systems will have their packets forwarded to the appropriate DCF staff. Access to the DCF database system is granted by DCF, and CFBHN staff assign roles within the system according to DCF Policy.*
 - a. SAMHIS policy requires passwords to expire after 45 days.*
 - b. SAMHIS accounts lock automatically after 60 days of inactivity. SAMHIS users with 60 days of inactivity must submit new paperwork and current training certificates to reinstate their access.*
 - c. Revoking access in SAMHIS is a manual process. Once revoked, the user account is still in the system, but the user is unable to log in and their role/menu is no longer displayed.*

Finding 8: Deactivation of SAMHIS User Access Privileges:

CFBHN had 5 out of 6 untimely SAMHIS user access privileges deactivated for former employees. It took anywhere from 7 to 148 business days to deactivate the accounts of former employees.

Recommendation: To minimize the risk of compromising SAMHIS data and related IT resources, we recommend that ME management enhance procedures to ensure that request for SAMHIS user access privilege deactivations are timely submitted to the Department when a user separates from ME or provider employment or when access privileges are no longer required and that Department management ensure all user accounts are timely deactivated.

- **Response:** *Procedures for the notification of termination have been enhanced to ensure timely deactivation of access privileges. Providers have been notified of the policies and CFBHN has stressed the need for their compliance of these policies. The policy was implemented in June 2018.*

Policy – MIS Policy

Individuals requesting access to the DCF systems will have their packets forwarded to the appropriate DCF staff. Access to the DCF database system is granted by DCF, and CFBHN staff assign roles within the system DCF Policy.

- a. SAMHIS policy requires passwords to expire after 45 days.*
- b. SAMHIS accounts lock automatically after 60 days of inactivity. SAMHIS users with 60 days of inactivity must submit new paperwork and current training certificates to reinstate their access.*
- c. Revoking access in SAMHIS is a manual process. Once revoked, the user account is still in the system, but the user is unable to log in and their role/menu is no longer displayed.*

System Access form (filled out by requestor):

General Instructions

Please follow the instructions below to request access to CFBHN Data systems. Upon termination of employment, the CFBHN System Deactivation Form must be submitted to CFBHN within 1 business day.

1. Complete the following forms

A. **CFBHN Data Access Request Form** (page 2 of this packet)

I. Form **must** be electronically typed or it will not be accepted.

II. You and your supervisor need to sign and date the form.

B. **Security Agreement Form** (page 3 of this packet)

I. Form **must** be electronically typed or it will not be accepted.

II. You and your supervisor need to sign and date the form.

2. Complete the following trainings offered by the Department of Children and Families located here: <http://www.myflfamilies.com/general-information/dcftraining>.

A. **Security Awareness Training**

B. **HIPAA Information and Action**

3. Fax or e-mail the following completed documents

A. **CFBHN Data Access Request Form**

B. **Security Agreement Form**

C. **Security Awareness Training**

D. **HIPAA Information and Action**

All requests can be sent by fax at 813-740-4821 Attn: Request Access, or can be emailed to requestaccess@cfbhn.org. If you have any questions, the IS Department can be reached via email requestaccess@cfbhn.org or phone at 813-740-4811.

Automatic Account Deactivation information:

1. All SharePoint users who have been inactive for duration of 90 days will have their access automatically deactivated at the 1st of each month. A deactivated user can request to be reactivated. If their forms are current, no further action is required on the part of the requester, otherwise they must update their forms and trainings to current standards before being reactivate.

2. Staff that have access to the State of Florida data system will be deactivated after 60 days of inactivity.

3. Users of the HDS EHR System will be deactivated after 90 days of inactivity.

Finding 13: Conflict of Interest Statements:

CFBHN did not require contract monitors to sign, and monitors did not complete Conflict of Interest statements prior to each monitoring activity. Additionally, according to CFBHN management, contract monitors were only required to complete a Conflict of Interest statement if the employee had a conflict of interest to report that would interfere with CFBHN business. Consequently, for 3 of the 8 CFBHN monitoring engagements examined as part of our audit, the contract monitors did not complete a conflict of interest statement.

Recommendation: We recommend that CBC and ME management ensure that monitoring records evidence for each monitoring activity that staff are independent of, and have no conflicts of interest related to, the providers being monitored.

- **Response:** During the new hire orientation, employees are provided a conflict of interest form to be signed if they had a potential conflict with any of our subcontractors. The form is reviewed by the HR Director to ensure that no conflicts existed. The 3 employees referenced above did not have a conflict and therefore, did not complete a form. The updated practice implemented requires all new hires to complete the form. If there is no conflict, the employee will mark "NA". CFBHN implemented a conflict of interest form which is not only signed by the QI staff at the beginning of the year, when the subcontractors are assigned to the team members, but also at the end of the monitoring to ensure there has been no conflict.
 - Contract staff also sign the form at the beginning of the year, when the subcontractors are assigned to them, acknowledging that there is no conflict.

- o Finance staff who may assist on a monitoring sign the conflict of interest form prior to the QI monitoring.
- o Below is the current conflict of Interest form:

CONFLICT OF INTEREST ATTESTATION FORM
CQI & Contracts Department



Staff Name:		Provider:
Department: CQI Contracts		FY: 18-19
INITIAL Attestation (Completed at the <u>START</u> of the staff member's work with the provider.)		
I-1	Within the past two years, I have been employed by the Provider. <i>If 'YES,' please complete Item I-1 on the back of this page and skip to item I-4.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
I-2	Within the past two years, I have been interviewed for employment by the Provider. <i>If 'YES,' please complete Item I-2 on the back of this page and skip to item I-4.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
I-3	Within the past two years, I have applied for employment with the Provider. <i>If 'YES,' please complete Item I-3 on the back of this page.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
I-4	A member of my immediate family (a spouse/partner, parent, child, sibling, or grandparent), or an individual with whom I have a personal relationship (a significant other or friend), is employed by the Provider. <i>If 'YES,' please complete Item I-4 on the back of this page.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
I-5	The Provider has previously provided services for me or an immediate family member.	<input type="checkbox"/> Yes <input type="checkbox"/> No
I-6	By signing this document, I attest that: <ul style="list-style-type: none"> • The information provided is accurate to the best of my knowledge. • I am aware of no other circumstance(s) that may present a conflict of interest in my role as a representative of Central Florida Behavioral Health Network (CFBHN). • I understand that providing untruthful information in this attestation may result in discipline, up to and including the termination of my employment with the CFBHN. 	Initial Here
Staff Signature:		Date:
Supervisor Name:		Supervisor Signature:
Director Name:		Director Signature:
		Review Date:
		Review Date:

CFBHN 2018 Audit
Report Response

SECONDARY Attestation (Completed at the CONCLUSION of the staff member's work with the provider.)		
S-1	While working with the Provider as a representative of CFBHN, I became aware of an employment opportunity for which I have applied, or will pursue. <i>If 'YES,' please complete Item S-1 on the back of this page.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
S-2	While working with the Provider, I became aware of a circumstance that presented a conflict of interest in my role as a representative of CFBHN. <i>If 'YES,' please complete Item S-2 on the back of this page.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
S-3	By signing this document, I attest that: <ul style="list-style-type: none"> The information provided is accurate to the best of my knowledge. I am aware of no other circumstance(s) that may present a conflict of interest in my role as a representative of Central Florida Behavioral Health Network (CFBHN). I understand that providing untruthful information in this attestation may result in discipline, up to and including the termination of my employment with the CFBHN. 	Initial Here
Staff Signature:		Date:
Supervisor Name:	Supervisor Signature:	Review Date:
Director Name:	Director Signature:	Review Date:

Updated: 1/12/18

For items marked "YES" on the previous page, please provide the requested information:

INITIAL Attestation			
I-1	Employed by Provider within past two years.		
	<i>Dates of Employment:</i>	<i>Position Title:</i>	<i>Reason for Leaving Position:</i>
I-2	Interviewed by Provider within past two years.		
	<i>Date(s) of Interview:</i>	<i>Position Title:</i>	
I-3	Submitted application for employment to Provider within past two years.		
	<i>Date(s) of Application:</i>	<i>Position Title:</i>	
I-4	Family member or friend employed by Provider.		
	<i>Name of family member/friend:</i>	<i>Their Position Title:</i>	<i>Relationship to CFBHN staff member:</i>
Other detail:			

SECONDARY Attestation		
S-1	Completed an application for employment with the Provider or intends to pursue employment with the Provider.	
	<table border="1"> <tr> <td>Position Title:</td> <td>Status of Application:</td> </tr> </table>	Position Title:
Position Title:	Status of Application:	
S-2	Other conflict of interest identified. Please provide necessary detail	

Finding 15: Administrative Payments:

The CFBHN paid a \$2,000 bank loan service fee that did not appear to be allowable under the terms of the Department contract with the CFBHN or Federal regulations. In response to our audit inquiry, CFBHN management indicated that the CFBHN had a \$3,000,000.00 line of credit to draw on to pay providers in advance of transfer of funds from the Department and that, in the past 2 years, the line of credit had been drawn on only once.

Although Department contracts with the MEs did not require MEs to comply with statutory provisions 50 Restricting the payment of bonuses, we noted that the CFBHN paid bonuses totaling \$279,950 to 50 employees in June 2016 that did not appear to be clearly reasonable and necessary to the performance in June 2016.

Recommendation: We recommend that CBC and ME management strengthen review and approval contracts to ensure that administrative payments are made in accordance with contract terms and State and Federal law regulations, are adequately supported, and accurately recorded. We also recommend that Department management revise the ME contracts to require that MEs comply with statutory provisions restricting the payment of bonuses with funds provided by the Department contract.

- **Response:** Bank Loan: CFBHN annually submits a request for advances to DCF. The purpose of the request to be able to pay the providers timely, and not result in over a 60 day wait period for providers to be paid. A process has been establish where all loan charges are setup to be coded into a separate account from DCF.
- **Response:** CFBHN does not pay out bonuses. We provided onetime non-recurring merit awards. Annually, each employee receives a performance appraisal for the prior 12 months. It is a formal written review conducted in the March/April timeframe of each year. This is a cooperative effort between the employee and the employee's manager. The employee's annual performance results are documented using an approved defined performance template. The performance template includes a rating system designed to measure an employee's performance in job specific competencies, organizational strategic goal alignments, and organizational core values. A manager's performance appraisals has a supplementary

section that includes leadership/management competencies along with the standard employee measurements.

Input is gathered year round from observations and documented occurrences and the results of any performance meetings conducted during the prior year. Additionally, managers must clearly establish and document the employee goals for the upcoming year ensuring alignment with the strategic plan. Please note this was in lieu of an annual merit increase. The board provides approval to any recurring merit or non-recurring merit award.

Additionally, there were 62 employees eligible for the non-recurring merit award.

Finding 17: Leave Records:

CFBHN did not require salaried employees to record annual leave used in increments of less than 8 hours. Consequently, the BBCBC and the CFBHN could not adequately demonstrate that salaried employee leave balances were accurate, leave payout amounts were appropriate, or that the liability for compensated absences was correctly calculated.

Recommendation: We recommend that BBCBC and CFBHN management require all salaried employees to record all annual leave used, including for absences of less than 8 hours.

- **Response:** *Please see below*

BILL EDWARDS, P.A.
1202 Frisbie Rd.
Ruskin, FL 33570
T: (813) 340-3766
F: (813) 418-4751
E: bill@edwards-pa.com

Via Electronic Mail to:
jsyedin@cfbhn.org

January 28th, 2019

Jennifer Syedin, Director of Human Resources and Finance
Central Florida Behavioral Health Network, Inc.
719 US Highway 301 South
Tampa, Florida 33619

Re: Follow-up On Deductions from Leave Bank for Salaried Employees in 10 Minute
Increments

Dear Jennifer:

In follow-up to our additional discussions regarding your auditors' recommendations that deductions from leave banks and potentially from the pay of salaried and exempt employees in ten (10) minute increments remains troubling and may lead to potential violations of the Fair Labor Standards Act in addition to operational concerns.

29 CFR § 541.602(b) limits the circumstances under which deductions from pay may be made from a salaried and exempt employee's pay and maintain the exemption. The law provides that you may not dock a salaried and exempt employee's pay for quantity or quality. I believe the recommendation based upon an opinion letter which is not law (see the attached notice from the U.S. DOL) could lead to foreseeable economic loss for CFBHN.

For example, if a salaried employee's leave bank is docked in ten (10) minute increments, it is true, they will run out of leave more quickly. However, I do not believe it will result in the economic benefit your auditors have suggested. Even after running out of leave time, employees will still have sick children, doctors' appointments, car troubles, and other reasons that prevent them from working a full day. In order to comply with the Fair Labor Standards Act you will still have to pay them as if they worked a full day. By having their leave banks taxed so closely to the minute if they leave when working less than eight (8) hours in a day, it is ultimately only going to underline the fact you still have to pay them for a full day even if they are out of leave.

Ultimately, you need your salaried and exempt employees to often work more than forty (40) hours per week. The proposed system will not encourage employees to work more than forty (40) hours per week, it will only punish them for facing the realities of daily life that sometimes prevent us from working a full eight (8) hours some days, while the realities of daily work may require us to work more hours on other days. This brings me to your auditors' suggestion that you provide your employees with "comp time" for working more than forty (40) hours per week to compensate for the fact that their leave banks are being depleted in such pecuniary timeframe of ten (10) minute increments. You, of course, know "comp time" is illegal for non-exempt employees under the FLSA, and "comp time" for exempt employees is a slippery slope in the private sector and may even lead to destroying the exempt status of an employee under certain circumstances.

Unfortunately, when we asked your auditors for guidance on the several, negative repercussions implementing their recommendations could and would create, they were unable to offer any guidance.

Ultimately, the recommendations of your auditors are not legal requirements. If these recommendations are forced upon you, I recommend careful consideration of the policies you create to avoid both legal non-compliance and operational turmoil.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill Edwards". The signature is stylized and cursive.

Bill Edwards, Esq.

Encls

Finding 21: ME Property Records and Controls:

CFBHN property records were not always complete or accurate. For example, the property records did not include a field to record the condition of property items or the dates property items were entered into the property management system, and the CFBHN did not always itemize each individual property items in the records. Additionally, our examination of records for 9 property items, with acquisition costs totaling \$134,953, disclosed that 4 items, with acquisition costs totaling \$106,543, were not correctly accounted for. Two of the 4 property items were disposed of in 2011 and 2016 and had not been recorded as disposed of in the property records as of January 2017. Our audit also disclosed that the CFBHN did not reconcile the physical inventory results for the 2015-2016 fiscal year to CFBHN property records prior to submitting the inventory listing to the Department.

Recommendation: We recommend that the ME management enhance controls to ensure that all required ME property information is timely and accurately recorded for all applicable property items. We also recommend that ME management ensure that the results of annual physical inventories are properly reconciled to ME accounting and property records and that the reconciliations are documented.

- **Response:** *During the year that the inventory did not balance, CFBHN was in the process of using MIP's fixed assets. Recognizing that we were unable to balance, we switched our fixed asset's software to Corp systems. The fixed assets software now includes the ability to record the condition of the equipment, the serial number, the date of acquisition. The fixed assets software is used to generate the annual inventory report to the department.*

The furniture that was group together was from 2004 and cannot be ungrouped.

We have tightened up on our internal processes with regards to disposal of equipment. Once approval has been received from DCF that capital items can be disposed of, Seer (our vendor) is contacted. The Seer rep will sign off on a list of items that is being collected for disposal. Once IT has received the certification from Seer stating that our equipment has been sanitized and disposed of, a notification will be generate to finance with the same information, so that the items can reflect the same in the fixed assets software.

Finding 23: Information Technology Equipment Sanitization:

CFBHN policies and procedures did not address the data sanitization of IT equipment with data storage capabilities other than computer hard drives. Our audit procedures disclosed that the CFBHN could not provide documentation demonstrating data sanitization prior to disposal of a desktop and laptop computer disposed of during the period July 2015 through January 2017.

Recommendation: We recommend that CBC and ME management ensure that CBC and ME records evidence that confidential and sensitive information is sanitized from all IT equipment with data storage capabilities prior to disposal, surplus, reassignment, or off-site repair. We also recommend that CBC and ME management update policies and procedures to include steps to document that data sanitization and disposal of all IT equipment with data storage capabilities.

- **Response:** *Procedures have been reviewed and are in place to ensure all equipment is disposed of properly. The documentation of such sanitization has also been enhanced to ensure all policies and procedures are being followed. Please refer above for the process. Below is the policy that addresses sanitization. The policy was implemented October 2017*

Donated Computers Policy

- *Computers donated to CFBHN will be delivered to the IT Department before distribution to the assigned sites. The IT Department will run diagnostic tests, record serial numbers and FDISK/format the hard drive to ensure the destruction of all files and viruses.*

Computer Repair

- *The IT Department will perform or arrange maintenance for all computer equipment. Vendors authorized to repair CFBHN computers must have a signed confidentiality statement on file in the Contracts Department. When service is performed on-site by contracted personnel, the System Administrator monitors the work of the contractor. If a computer requires the replacement of a hard drive, the original hard drive must be returned to the IT Department. The drive must be destroyed and disposed of by a certified recycler of electronic equipment.*



January 10, 2019

Sherrill F. Norman
Auditor General
State of Florida
Claude Denson Pepper Building, Suite G74
Tallahassee, FL 32399-1450

RE: Tentative audit findings and recommendations of operational audit

Dear Ms. Norman:

As required, below is our written statement of explanation and our actual or proposed corrective actions, for the preliminary and tentative audit findings referenced in your December 11, 2018 findings letter.

No. 6-SAMHISDATA Entry

Finding: Of 25 service events examined, the finding was, *"The demographic information entered in SAMHIS for one CFCHS service event was not supported by adequate documentation."*

Recommendation: *"We recommend that ME management strengthen controls over SAMHIS data entry to ensure client and service event information is accurately recorded and documented."*

CFCHS Response: CFCHS has validation processes in the system that reject invalid demographic options. Not having the basis for this determination, CFCHS cannot go beyond the validations available within the system that already reject invalid demographic options. CFCHS however will continue to explore avenues for improving the process.

No. 7-SAMHIS User Access Privilege Controls

Finding: *"The CFCHS had not established procedures requiring nor conducted periodic reviews of SAMHIS user access privileges. In response to our audit inquiry, CFCHS management indicated that they had not performed periodic reviews of SAMHIS user access privileges because they were not familiar with the necessary SAMHIS reporting functions and had not gotten accurate information in the past. We also noted that, for 2 of 4 CFCHS user accounts active as of January 31, 2017, the CFCHS could not provide documentation authorizing the users' current access privileges. According to CFCHS management, user access request forms had been established for the users' previous positions and revised forms were not required. "*

407-985-3560 | 707 Mendham Blvd., Suite 201 | Orlando, FL 32825

www.CentralFloridaCares.org

Recommendation: *We recommend that ME management establish procedures requiring periodic reviews of the continued appropriateness of assigned SAMHIS user access privileges. Additionally, we recommend that ME records evidence the approval and appropriateness of SAMHIS user access privileges."*

CFCHS Response: CFCHS has implemented tracking mechanisms in accordance with this report's recommendation.

No. 10 - ME Subaward Notifications

Finding: *The CFCHS did not provide post award notices for two subawards totaling \$16,886,670. In response to our audit inquiry, CFCHS management indicated that the notices were not provided due to staff oversight. Subsequent to our audit inquiry, CFCHS management provided a notice to one of the providers.*

Recommendation: *"We recommend that CFCHS and SFBHN management ensure that post award notices containing the information required by Federal regulations and State law are provided to providers at the time of the subaward."*

CFCHS Response: CFCHS accepts the report's recommendation and will insure, going forward that post notice award notices are provided to all providers.

No. 11 - CBC and ME Subaward Monitoring

Finding: *"CFCHS records for the 2 monitoring engagements examined did not evidence supervisory review of the monitoring tools to ensure that all items were addressed or that the monitoring reports had been compared to the completed monitoring tools for completeness."*

Recommendation: *"We recommend that CBC management ensure that monitoring plans, including the scope and plan for sampling, be prepared prior to the commencement of monitoring activities. When monitoring identifies deficiencies, the CBCs should ensure that provider corrective action plans are required. We also recommend that CBC and ME management ensure that records evidence supervisory review of monitoring tools and reports."*

CFCHS Response: CFCHS accepts the report's recommendation and will review our process to make sure that records evidence a supervisory review of the monitoring tools and that the monitoring reports have been compared to the monitoring tools.

No. 15 - Administrative Payments

Finding: Twenty five (25) CFCHS administrative payment records were examined and *"For a \$1,298 payment for professional attorney fees, the CFCHS was unable to provide a contract or purchase order demonstrating authorization of the purchase.*

Recommendation: *"We recommend that CBC and ME management strengthen review and approval controls to ensure that administrative payments are made in accordance with contract terms and State and Federal laws and regulations, are adequately supported, and accurately recorded. We also recommend that Department management revise the ME contracts to require that the MEs comply with statutory provisions restricting the payment of bonuses with funds provided by the Department contract. "*

CFCHS Response: CFCHS will review its controls and policies to ensure that purchase orders are completed for all professional attorney fees, in order to demonstrate prior purchase authorization.

No. 16-Travel Payments

Finding: *"The CFCHS made two payments, totaling \$2,124, for conferences and the payment documentation did not include statements regarding the benefits to the State, travel vouchers, or statements that no travel expenses were incurred in connection with the conferences."*

Recommendation: *"We recommend that CBC and ME management enhance controls for approving travel payments to ensure that payments are adequately supported and made in accordance with applicable State laws and rules."*

CFCHS Response: CFCHS will review its policies to make sure that all payment documentation for registration fees and travel expenses in connection with attendance at conferences or conventions must include a statement regarding the benefit to the State.

No. 19- Service Organization and Controls

Finding: *"The CFCHS technology services agreement did not include a provision requiring the service organization provide a service auditor's report, and the CFCHS did not obtain a service auditor's report from the service organization."*

Recommendation: *"We recommend that ME management make or obtain independent, periodic, and documented assessments of the effectiveness of the service organization's relevant internal controls."*

CFCHS Response: A requirement was added to the current service agreement with Five Points that requires Five Points to submit to CFCHS a Report on Service organization relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) and we have obtained those reports from them.

No. 21 - ME Property Records and Controls

Finding: *"CFCHS property records were not always complete. For example, the property records did not include a field to record the condition of property items. Our physical observation of 7 selected property items also disclosed that a projector costing \$2,100 was not found in the location reported in the property records and a server was not recorded in the property records. In response to our audit inquiry, CFCHS management indicated that the issues were primarily due to employee oversight."*

Recommendation: *"We recommend that ME management enhance controls to ensure that all required ME property information is timely and accurately recorded for all applicable property items. We also recommend that ME management ensure that the results of annual physical inventories are properly reconciled to ME accounting and property records and that the reconciliations are documented."*

CFCHS Response: CFCHS has reviewed this process and enhanced documentation and controls to ensure that all required property information is timely and accurately recorded and reconciled with the related physical inventory observation records. CFCHS will continue to review and enhance this process as needed.

No. 23 - Information Technology Equipment Sanitization

Finding: *"Although CFCHS policies and procedures provided mechanisms for sanitizing data on IT equipment with data storage capabilities, the policies and procedures did not address the manner in which the disposal and sanitization process should be documented. Our audit procedures disclosed that the CFCHS could not provide documentation evidencing data sanitization prior to disposal of a tablet disposed of during the period July 2015 through January 2017."*

Recommendation: *"We recommend that CBC and ME management ensure that CBC and ME records evidence that confidential and sensitive information is sanitized from all IT equipment with data storage capabilities prior to disposal, surplus, reassignment, or off-site repair. We also recommend that CBC and ME management update policies and procedures to include steps to document the data sanitization and disposal of all IT equipment with data storage capabilities."*

Sherrill F. Norman
January 10, 2019
Page 5

CFCHS Response: CFCHS has implemented processes to record the sanitization of IT equipment when equipment is disposed, reassigned, or sent off-site for repair.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MBL', is written over the word 'Sincerely,'.

Maria Bledsoe, CEO



Board of Directors

January 15, 2019

Melida Akiti
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Secretary

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Victoria Thurston

Larry Rein
Chief Executive Officer and
President

Donna Eprifania
Chief Financial Officer



Auditor General – State of Florida
Claude Denson Pepper Building, G74
111 West Madison Street
Tallahassee, FL 32399-1450

RE: ChildNet Auditor General Preliminary and Tentative Finding Response

This letter includes the items identified in the report respective to ChildNet – Broward and ChildNet - Palm Beach that we are currently addressing through an agency wide internal corrective action plan.

Below are some highlights of ChildNet's action plan per finding.

Finding 3 – FSFN Data Entry

- Note entry timeliness FSFN report is distributed to all supervisors and above monthly
- Report to capture timeliness of placements was created and will be shared with Data Management

Findings 4 & 5 – FSFN User Access Privilege Controls and Deactivation of User Access Privileges

- FSFN user access will be reviewed periodically (a minimum annually) by the supervisor of the Data supervisor who is responsible for issuing and removing FSFN access

Finding 9 – CBC subawards

- Policies have been reviewed and updated to ensure non-competitive subawards have evidence of determination of providers status and include a cost analysis

Finding 11 – CBC subaward monitoring

- ChildNet monitoring introduction letter was updated in the 17-18 fiscal year to include scope and other items identified.

1100 W. McNab Rd. ◦ Fort Lauderdale, FL 33309 ◦ Phone 954-414-6000 ◦ Fax 954-414-6019 ◦ www.ChildNet.us
4100 Okeechobee Blvd. ◦ West Palm Beach, FL 33409 ◦ Phone 561-352-2500 ◦ Fax 561-352-2480/2481



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Larry Rein
Chief Executive Officer and
President

Donna Eprifania
Chief Financial Officer



Finding 16 – Administrative Payments

- Under current and new ChildNet leadership (CEO and CFO), Tech Care for Kids is in a dormant posture and if or when utilized will appropriately and accurately allocate and recognize administrative oversight

Finding 17 – Travel Payments

- Travel policy and processes have been reviewed. “Company Mileage” software has been modified to ensure vicinity and map mileage is recognized as well review process verifying appropriate back up and authorization.

Finding 21 – CBC Property Records and Controls

- Under new leadership in IT (ITO in November 2018), inventory and disposal policies and practiced have been reviewed and updated as necessary.

Finding 24 – Information Technology Equipment Sanitization

- New position (Network Administrator) was created to include an enface in Security (including data sanitization at disposal or redeployment of equipment

Should you have any questions regarding this response, please feel free to contact me directly at 954-414-6000 X 3962.

Sincerely,

Donna Eprifania

Donna Eprifania
Chief Financial Officer



January 16, 2019

Sherrill F. Norman
Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Submitted via email: flaudgen_audrpt_sga@aud.state.fl.us

Thank you for the opportunity to respond to the Preliminary and Tentative Audit Findings. Community Based Care of Central Florida (CBCCF) does not have an objection to most of the recommendations. CBCCF is always willing to enhance our procedure to ensure compliance with all our legal obligations. However, we do have an objection to recommendations relating to Findings 11 and 13. The basis for these objections along with our response to the other findings are below.

Finding: FSFN Data Entry

Under the section of the Preliminary and Tentative Audit Findings titled FSFN Data Entry, there was a finding that 10 entries related to 7 CBCCF service events were made 3 to 204 business days after the event occurred.

CBCCF is committed to recording events in FSFN within two business days of a known event. CBCCF encourages timely entry into FSFN as well as documenting all activities that have occurred on behalf of a case accurately and completely. In order to help ensure the most complete documentation occurs within FSFN, we encourage all events be recorded. CBCCF does not want to discourage the complete and accurate recording of events in FSFN by penalizing someone for doing so outside of the two business day requirement. We will continue to re-enforce our expectation of all case managers to comply with this requirement. Only one of these entries (two days late) was done by a traditional case manager. All other late entries were related to post-adoption and independent living case managers. Extra emphasis will be made to ensure those units comply.

Finding: FSFN User Access Privilege Controls

Under the section of the Preliminary and Tentative Audit Findings titled FSFN User Access Privilege Controls, there was a finding that two CBCCF records did not adequately demonstrate whether the access privileges assigned to the users were appropriate. The two records in question were completed during the major transition of services from a former lead agency to Community Based Care of Central Florida in 2011. Shortly after this transition, the process was refined to strictly abide by the FSFN request process. This requires access privilege levels to be a mandatory part of the request and

verified by the agency's FSFN security representative. We also created the FSFN Security Committee (Committee) to provide strategic guidance for levels of access and overall security approvals. The Committee is responsible to address any non-standard request for access in order to ensure appropriate access is provided. Any decisions are added to the Security Access Matrix to provide clear guidance to the FSFN security representative.

Finding: CBCCF and ME Subaward and Monitoring

Under the section of the Preliminary and Tentative Audit Findings titled CBC and ME Subaward and Monitoring, there is a recommendation "that when monitoring identifies deficiencies, the CBCs should ensure that provider corrective action plans are required. We also recommend that CBCCF and ME management ensure that records evidence supervisory review of monitoring tools and reports. This was partially based off a finding that CBCCF did not do these in our subcontract monitoring."

Our contract with the Florida Department of Children & Families (DCF) in Attachment I, paragraph 1.4.3 permits us to have a policy different from the DCF's if it has been approved. Our DCF approved monitoring policy does not require supervisory review of each monitoring tool after each onsite review. The Supervisor and CFO sign off on each monitoring report. Our DCF approved policy also permits evaluative judgement on when to issue corrective actions. Our staff reviews each contract in its totality and makes a decision for the need for a corrective action.

Finding: Conflict of Interest Statements

There is a recommendation that CBCCF and ME management ensure that monitoring records evidence for each monitoring activity that staff are independent of, and have no conflicts of interest related to, the providers being monitored. This was partially based off a finding that CBCCF monitors did not sign a separate conflict of interest form for each subcontract reviewed. As indicated in our report, our contract monitors sign an annual conflict of interest statement. Although DCF requires these statements to be signed prior to each contract monitoring our DCF approved policy does not require that.

Finding: Administrative Payments

Under the section of the Preliminary and Tentative Audit Findings titled Administrative Payments, there was a finding that two CBCCF payments, totaling \$9,540 for advertising and public relations expenses, were not made in accordance with Federal regulations or were charged to DCF contract in error. Although the report indicates "CBCCF corrected the error by charging the \$1,040 payment to the CBCCF-related company rather than the Department contract," both payments referenced in this relating to an advertising firm are corrected and now allocated to its appropriate cost centers apart

Sherrill F. Norman
January 16, 2019

from the DCF contract funds. All current payments for advertising and public relations expenses are reviewed and monitored to ensure no further errors.

Finding: Travel Payments

Under the section of the Preliminary and Tentative Audit Findings titled Travel Payments, there was a finding that CBCCF records did not include travel vouchers for a \$2,040 payment related to a conference attended by six foster parent advocates. CBCCF updated our travel/expense policy and submitted to DCF in 2018. In early 2019, to further improve the travel/expense procedures, CBCCF will be implementing the software system CONCUR. This will automate and require all documents to be submitted and approved prior to travel.

Finding: CBCCF Property Records and Controls

Under the section of the Preliminary and Tentative Audit Findings titled CBCCF Property Records and Controls, there was a finding that CBCCF property records were not sufficiently comprehensive to appropriately account for all applicable property items. As the Auditor General described, fixed assets and inventory were tracked in two systems which caused inconsistencies such as differing acquisition costs and disposition status of property. In order to systemically address the concerns, CBCCF developed and now uses the Assets & Inventory System (AIS) to manage and maintain property controls. This system is the sole place where property information is stored. In doing this, the agency has improved its ability to comprehensively account for and report on all applicable property items. Key elements of the system are listed as follows.

1. Since Fixed Assets and Inventory are documented in one system the possibility of discrepancies, including acquisition cost and disposition status, has been eliminated.
2. AIS will not allow reuse of property ID numbers.
3. Items that are replaced via a warranty or maintenance agreement will be linked together in AIS to eliminate the potential of asset reporting confusion for such property.
4. Disposition reporting from the AIS provides the complete history of all inventory property including status and disposition progression.

If there is additional information we can provide, please let us know.

Sincerely,



Glen Casel
President/CEO

January 9, 2019

Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

Enclosed is the general response to the preliminary and tentative audit findings and recommendations made during the operational audit for Eckerd Connects in Hillsborough County. Please feel free to contact me at gstewart@eckerd.org.

Sincerely,



Tewabech Genet Stewart
Executive Director
Eckerd Connects Hillsborough

Cc: April May, DCF Community Development Administrator, C13
Lisa Mayrose, DCF Regional Managing Director- Suncoast Region
Chris Card, Chief of Community Based Care, Eckerd Connects

**Eckerd Community Alternatives- Judicial Circuit 13 (Hillsborough)
Auditor General Findings and Recommended Actions**

TO: Sherrill F. Norman, CPA
Auditor General

FROM: Genet Stewart, Eckerd Connects,
Executive Director ECA Hillsborough

RE: Auditor General Preliminary and Tentative Audit Findings Report dated 12.11.18

CC: April May, DCF Community Development Administrator, C13
Lisa Mayrose, DCF Regional Managing Director- Suncoast
Chris Card, Chief of Community Based Care, Eckerd Connects

AG Finding Number	Auditor General Finding	Eckerd Connects' Response
Finding Number 4 – Documentation of FSFN User Access	Some FSFN user access privileges were not appropriately or adequately documented and periodic reviews of FSFN user access privileges were not always conducted and documented. C13- 20 User accounts tested and 15 did not have adequate documentation.	Eckerd Connects – Hillsborough has implemented the following: <ul style="list-style-type: none"> • Develop a matrix for FSFN User Access Privilege Controls specific to positions within our lead agency and subcontracted providers • Update the Security Tracker to include Position Titles and a Notes Section as well as tabbed out by subcontracted agency • Data Management Supervisor will review and document quarterly a sample of FSFN user access privileges and timeliness of terminations in FSFN
Finding Number 5- Deactivation of FSFN User Access	Some CBC Requests to the Department to deactivate FSFN User Access privileges were not documented and FSFN user access privileges were not always timely deactivated upon a CBC or provider employee's separation from employment. C13- 15 user accounts were tested and 1 user account was not timely deactivated; 5 user accounts had no documentation to support user account access.	Eckerd Connects – Hillsborough has updated our procedures to include the following: <ul style="list-style-type: none"> • Our Data Management Supervisor has been added to the termination notification email group. • Added Data Management Supervisor and Security Officer to our internal notifications for new hires, terminations, and position changes. • Added Data Management Supervisor and Security Officer to the electronic termination notice generated by our internal HR System • Our Security Officer will send monthly reminders to Case Management Leadership regarding timely termination notification. • Our Security Officer will update the Quarterly Review tracker to include a column to track the late

**Eckerd Community Alternatives- Judicial Circuit 13 (Hillsborough)
Auditor General Findings and Recommended Actions**

		notifications received and report monthly at our leadership meetings.
Finding Number 16- Travel Payments	Some CBC and ME travel payments were not properly supported by adequate documentation or made in accordance with State Law. 3 of the 15 ECA-Hillsborough travel payments examined as part of our follow-up audit procedures, totaling \$849, were not supported by the required travel vouchers.	The travel expense reports are being reviewed by the supervisor and accounting prior to payment to ensure proper documentation is included and expenses are in compliance with the travel policy. Proper documentation includes the State of Florida travel voucher form, receipts to support expenses and an agenda if the travel was related to a conference. Expenses submitted without proper documentation will be rejected until the necessary documents are obtained.

ACCREDITATIONS
COA | AdvanceED/SACS

Eckerd.org



Community Alternatives
Pasco & Pinellas
8550 Ulmerton Rd. Suite 130
Largo, FL 33771
P: (727) 456-0600
F: (727) 456-0640

January 9, 2019

Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

Enclosed is the general response to the preliminary and tentative audit findings and recommendations made during the operational audit for Eckerd Connects in Pinellas/Pasco County. Please feel free to contact me at bbositck@eckerd.org.

Sincerely,

A handwritten signature in blue ink that reads "Brian Bostick". The signature is fluid and cursive.

Brian Bostick
Executive Director
Eckerd Connects Pinellas/Pasco

Cc: April May, DCF Community Development Administrator, C13
Lisa Mayrose, DCF Regional Managing Director- Suncoast Region
Chris Card, Chief of Community Based Care, Eckerd Connects

**Eckerd Community Alternatives- Judicial Circuit 6 (Pinellas/Pasco)
Auditor General Findings and Recommended Actions**

TO: Sherrill F. Norman, CPA
Auditor General

FROM: Brian Bostick, Eckerd Connects,
Executive Director ECA Pasco/Pinellas

RE: Auditor General Preliminary and Tentative Audit Findings Report dated 12.11.18

CC: Celeste Fernandez, DCF Community Development Administrator, C6
Lisa Mayrose, DCF Regional Managing Director- Suncoast

AG Finding Number	Auditor General Finding	Eckerd Connects' Response
Finding Number 3- Timeliness of FSFN Data Entry (within 2 business days)	<p>The CBCs and the Department did not always ensure that all service event data was timely entered in FSFN, the State's Statewide Automated Child Welfare Information System.</p> <p>15 entries related to 10 ECA Pasco/Pinellas Service Events were made 3 to 86 business days (an average of 14 business days) after the event occurred.</p>	<p>During Fiscal Year 18-19, Eckerd Connects Circuit 6 will implement a tool through its Data Management Department where timeliness of entry and responsible party are tracked. That information will be monitored, evaluated and shared with Case Management at monthly organizational program directors meetings held by Eckerd Connects.</p>
Finding Number 11-CBC Sub award Monitoring	<p>In some instances, the CBCs did not prepare monitoring plans in accordance with Department policies and procedures, corrective action plans were not required when monitoring identified deficiencies, and CBC and ME monitoring engagement records did not evidence supervisory review.</p>	<p>Eckerd Connects Circuit 6 (serving Pinellas & Pasco Counties) follows a monitoring plan, while utilizing compliance and performance reports, a risk matrix and related tools to evaluate its subcontracted services. In addition, our CBC develops and institutes corrective action plans in subcontract monitoring review formal issued reports, and utilizes supervisory and other leadership review of said reports before issuance. In the latter part of FY 18, Circuit 6 formalized its improved practices by developing a comprehensive and detailed Client Services Monitoring Manual for monitoring its subcontractors. This is a living document/guide that includes specifications for monitoring general roles and responsibilities, methods used in monitoring, outlines uses of monitoring tools, classifications and sources, outlines classification of monitored network provider client services, Medicaid funded services, and other monitoring reviews conducted.</p>

**Eckerd Community Alternatives- Judicial Circuit 6 (Pinellas/Pasco)
Auditor General Findings and Recommended Actions**

<p>Finding Number 13- Conflict of Interest Statements</p>	<p>CBC and ME records did not always evidence for each monitoring engagement that staff were independent of, and had no conflicts of interest related to the providers being monitored.</p> <p>ECA Pasco/Pinellas was unable to locate "Conflict of Interest" Statements for the monitoring teams related to the two selected monitoring engagements.</p>	<p>Eckerd Connects Circuit 6 has taken steps to ensure that its subcontract monitoring personnel consistently will complete the Conflict of Interest statements for subcontract monitoring to ensure there is proper documentation demonstrating that, prior to monitoring, contract monitors are independent of, and have no conflicts of interest related to, the subcontracted provider being monitored. This element is included in the Client Services Monitoring Manual.</p>
<p>Finding Number 15- CBC Contract Payments</p>	<p>Some CBC Contract Payments were not supported by adequate documentation or made in accordance with applicable contract terms.</p> <p>ECA Pasco/Pinellas records did not evidence whether a \$14,655 contract payment to a related corporation was comparable to competitive prevailing rates for the services. While ECA Pasco/Pinellas management provided a detailed budget for the contract, the budget did not compare the provider with other entities performing the same services. ECA-Pasco/Pinellas made payments totaling \$538,904 related to the contract during the period of July 2015 through January 2017.</p>	<p>For Eckerd Connects in Circuit 6, this refers to the Friends of the Children (FOTC) program. This was a very unique program operating in accord with the program's national Friends of the Children program model. Our CBC did not undergo a formal competitive procurement process because the long-term sustainability of this particular program would have required the selected provider to enter into a commitment of investing approximately \$5M in private dollars over a 10 year timeframe. The FOTC program provides a full-time paid mentor to work with the youth from their entry into kindergarten until graduation (average length of stay in program of 12 years).</p> <p>Eckerd Connects was unable to commit state dollars to support a youth in this program once their dependency case was no longer active. Thus, the child welfare commitment only paid for an average of up to 2 years for a child in the program. Once the dependency case closed, the financial burden fell on the provider to continue sustaining it through the participants 18th birthday.</p> <p>Eckerd Connects made the commitment to launch this program as a means of supporting youth, while receiving child welfare services (DCF funding) and reducing the likelihood of foster youth re-entering the child welfare system/breaking the cycle of abuse (Eckerd Connects direct funding).</p> <p>Our local DCF office was fully aware of this program prior to Eckerd Connects committing funds and was aware of its financial commitment as well as the financial contribution Eckerd Connects would make, and DCF did not have concerns about Eckerd Connects not undergoing a formal</p>

**Eckerd Community Alternatives- Judicial Circuit 6 (Pinellas/Pasco)
Auditor General Findings and Recommended Actions**

		competitive procurement process for this particular unique program.
Finding Number 16- Travel Payments	<p>Some CBC and ME travel payments were not properly supported by adequate documentation or made in accordance with State Law.</p> <p>ECA Pasco/Pinellas records did not include a travel voucher for a \$456 payment related to a conference attended by a foster parent.</p>	<p>The travel expense reports are being reviewed by the supervisor and accounting prior to payment to ensure proper documentation is included and expenses are in compliance with the travel policy. Proper documentation includes the State of Florida travel voucher form, receipts to support expenses and an agenda if the travel was related to a conference. Expenses submitted without proper documentation will be rejected until the necessary documents are obtained.</p>
Finding Number 20 CBC Property Records and Controls	<p>CBC Controls and records needed enhancement to better ensure and demonstrate the accuracy and completeness of the information needed to accurately report and maintain proper accountability over CBC property purchased with Department provided funds.</p> <p>ECA Pasco/Pinellas property records were not always accurate or complete. For example, we noted a laptop computer acquired in October 2015 for \$1,084 and a desk computer acquired in June 2016 for \$783 had not been added to the property records. We also noted that ECA Pasco/Pinellas records for the 2015-16 fiscal year physical inventory did not include all required documentation, such as the location and acquisition cost for 89 property items, and the records did not evidence a reconciliation between the physical inventory results and the property records.</p>	<p><i>In response to our audit inquiry, ECA – Pasco/Pinellas management indicated that the laptop computer may not have been correctly identified as an ECA – Pasco/Pinellas asset and, therefore, was not added to the property records. Additionally, management indicated that in early 2016, ECA had outsourced its IT department, including the asset management function, and that the transition had been a challenge.</i></p> <p>As noted in our response, during the actual audit, the laptop and desktop in question were mistakenly left off the inventory that was previously provided to DCF. The assets were properly accounted for and were correctly tagged and identified internally as ECA-C6 assets and were immediately appended to the DCF Asset Inventory list. We worked with our IT partner to ensure they were fully aware of the inventory procurement, management and inventory process for both ECA CBC's. To address this issue and ensure future compliance, we reviewed the asset management process and put in place a control step that ensures that when procured, assets are noted as a C6 or C13 asset and when received, assets are immediately updated on the master asset inventory and asset tagged.</p> <p>With respect to the missing "required information" and reconciliation process, we worked with our (then) new IT Managed Services Partner to update all required information fields on the DCF Annual Asset Inventory & Reconciliation documents and reiterated the importance of accurate and complete asset management documentation. We also reviewed our records and verified that all assets had been properly reconciled and subsequently updated that information</p>

Eckerd Community Alternatives- Judicial Circuit 6 (Pinellas/Pasco)
Auditor General Findings and Recommended Actions

		<p>as well. To address this issue and ensure future compliance, we reviewed the asset inventory and management process and put in place a requirement that identifies all inventory information fields we are required to track and update, to ensure that we are maintaining all information current. We have also clearly indicated the importance of ongoing asset management updates to ensure accuracy of asset location and assignment. Both of these actions will ensure that the Annual Inventory reports will be maintained and thoroughly reviewed prior to submission to Contract Management for final submission to DCF.</p>
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Family Support Services
OF NORTH FLORIDA INC.
SERVING DUVAL AND NASSAU COUNTIES

Robert Miller
CEO

Mark Bridwell
Board Chair

January 9, 2019

Sherrill F. Norman, CPA
Auditor General
State of Florida
Claude Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

VIA ELECTRONIC MAIL

RE: PT_DCF Community-Based Care Lead Agencies-FSSNF - Operational Audit of the Department of Children and Families, Oversight and Administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities and Selected Department Administrative Activities

Dear Ms. Norman,

Family Support Services of North Florida, Inc. (FSSNF), appreciates the time, effort, and skill of all of auditors and staff who conducted the operational audit of selected community-based care agencies and the Dept. of Children and Families.

I have attached our formal response to the one finding (Finding Number 20) applicable to FSSNF.

Sincerely,

Kenneth L. Barton, Esq.
Assistant General Counsel

Enclosure

Cc: Lisa Norman, CPA, Audit Manager



1300 Riverplace Blvd., Suite 700
Jacksonville, FL 32207
904.421.5800 Fax 904.348.3258



CREDIBILITY • INTEGRITY • ACHIEVEMENT

Response to PT_DCF Community-Based Care Lead Agencies-FSSNF

Finding No. 20: CBC Property Records and Controls

FSSNF property records were not always complete or timely updated. For example, the records did not include the condition of 6 property items, with acquisition costs totaling \$28,472 and acquired during the period July 2015 through January 2017, or the condition and acquisition cost for 2 other items. We also noted that the FSSNF did not conduct an independent physical inventory for the 2015-16 fiscal year. Instead, the FSSNF utilized self-inventory forms and the employee responsible for maintaining FSSNF property records was also responsible for overseeing the self-inventory. Our examination of FSSNF's 2015-16 fiscal year inventory report disclosed that the report did not include all required information for the 461 property items, such as the acquisition cost for 145 property items, the purchase date for 144 property items, or the condition of 290 property items.

Response

1. The inventory function at Family Support Services of North Florida, Inc. ("FSSNF") belongs to the Finance and Information Technology ("IT") departments. All property items purchased go through the point of contact in IT to record it in the property records and affix the FSSNF property tag. Only then does the item get delivered to the staff member who ordered the item.
2. The Finance department will ensure that an independent physical inventory will be conducted annually by individuals not responsible for keeping the inventory records (separation of duties).
3. FSSNF's physical inventory system (Wasp) has the ability to reconcile to the accounting system (Microsoft Dynamics GP). Moving forward, we will ensure this inventory system will be reconciled to the accounting system on a quarterly basis. Additionally, during this reconciliation, we will ensure the property records are updated on a timely basis with all required information (acquisition cost, purchase date, or item condition) being input.
4. The DCF Contract Manager will continue to conduct a physical inventory check annually per contract DJ038.

December 19, 2018

Sherrill F Norman, CPA
Auditor General
State of Florida Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

Please find the response to the operational audit of Lakeview Center Inc., d.b.a. FamiliesFirst Network:

Finding 3 – FSFN Data Entry:

36 entries related to 15 Lakeview Center service events were made 3 to 133 business days (an average of 14 business days) after the event occurred. In response to our audit inquiry, Lakeview Center management provided various reasons for the delays, including employee oversight, case load issues, and lack of training.

Response:

1. We will use the ***Case Note Lag Time (Home visit -Child's Current Residence) Between Contact Date and Entry Date Statewide by Worker*** report in FSFN; a monthly report that captures the timeliness of entries of contacts with clients. This will show us how each CWCM performed with this from the previous month. We will begin using this form starting in January 2019, for the December 2018 reporting period. This will be shared with our Team Mangers to address as needed.
2. We have recently developed an On-Demand report for tracking timeliness of Placement Entries (placement changes) in FSFN. We will use this report at the Director and Team Manger level to address any late entries with updating placement changes in FSFN.
3. We will update our Quality Contacts Training to include discussion on the expectation of entering contacts into FSFN correctly and within 48 hours of the contact.
4. A case load report is already in place and being used on a weekly basis to help manage and balance caseloads.

Finding 11 – CBC and ME Subaward Monitoring:

Lakeview Center did not prepare monitoring plans or similar documents containing information, such as the scope and plan for sampling, for the 7 monitoring engagements included as part of our audit.

Response:

We will create a separate document that includes the scope, sampling, monitors who participate on the engagement, monitoring time frame, and risk results. We will house this document in the individual provider's monitoring folder with the other monitoring documents. We already have a separate annual risk assessment document that we provide to monitors which contains weighted scores in the following categories: Contract Dollars, Nature of Services, Number of Clients Served, Key Organizational Change, Corrective Actions and Accreditation.

Finding 13 – Conflict of Interest Statements:

Lakeview Center policies and procedures did not require contract monitors to sign, and monitors did not complete, Conflict of Interest Statements prior to each monitoring activity.

Response:

We will add this as a requirement to our policies and procedures and begin using form CF1124 for all monitoring engagements.

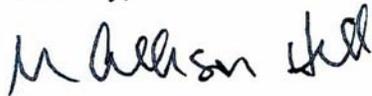
Finding 16 – Travel Payments:

Lakeview Center travel vouchers for 6 travel payments, totaling \$2,483, did not include the required certifications or separately identify map mileage and vicinity mileage on the travel vouchers.

Response:

We have recently updated our policies and procedures to include language regarding separating map and vicinity miles.

Sincerely,



M. Allison Hill
CEO



January 10, 2019

Ms. Sherrill F. Norman, CPA
Florida Auditor General
Flaudgen_audrpt_SGA@aud.state.fl.us

Re: Preliminary and Tentative Findings per the Auditor General Operational Audit of DCF, CBCs, and MEs for the period of 07/01/2015 – 01/31/2017

Pursuant to Section 11.45(4)(d) of the Florida Statutes, Lutheran Services Florida (LSF Health Systems), a contracted Behavioral Health Managing Entity for the State of Florida, submits the accompanying explanations and corrective actions in response to the preliminary and tentative findings, below:

Finding No.	Finding Title
8	Deactivation of SAMHIS User Access Privileges
13	Conflict of Interest Statements
19	Service Organization Controls

Thank you. Should you have any questions or need further clarification please do not hesitate to contact us.

Regards,

A handwritten signature in black ink that reads "Dr. Christen Campfield".

Enclosure

Finding 8: Deactivation of SAMHIS User Access Privileges:

**Table 5
Summary of
Untimely SAMHIS User Access Privilege Deactivations**

ME	Number of Former Employee User Accounts Examined	Number of User Accounts Not Timely Deactivated	Number of Business Days Deactivation of Access Privileges Requested After Employment Separation
BBCBC	3	2	2 and 135
BBHC	2	-	-
CFBHN	6	5	7 to 148
CFCHS	1	-	-
LSF	3	2	7 and 21
SFBHN ^a	-	-	-
SEFBHN	2	1	37 ^b
Totals	<u>17</u>	<u>10</u>	

^a There were no former SFBHN employees with SAMHIS user access privileges during the period July 2015 through January 2017.

^b The SEFBHN did not request the user's access privileges be deactivated. Upon the Department's review of inactive accounts, the user's account was deactivated 37 business days after the user separated from SEFBHN employment.

Source: ME records.

Since the time of this audit, Lutheran Services Florida (LSF Health Systems) has had one termination of an employee with DCF system access. Request to DCF for deactivation occurred within 1 business day of termination. In addition, Lutheran Services Florida (LSF Health Systems) has implemented a Corrective Action by means of an LSF Health Systems 'User Management Policy' that stipulates process for Deactivating / Locking / Reactivating Accounts (section 1.3) with specific reference made to access to the DCF SAMHIS system (section 1.3.5).

Finding 13: Conflict of Interest Statements:

...we examined LSF records related to four contract monitoring engagements conducted during the period July 2015 through January 2017. Our examination disclosed that Conflict of Interest Statements were not prepared by contract monitors prior to each contract monitoring engagement. In response to our audit inquiry, LSF management indicated that Conflict of Interest Statements were completed annually and they were not aware that Conflict of Interest Statements were to be completed prior to each contract monitoring activity. Similar issues were noted in our report No. 2015-155 (finding No. 10)

At the time of this audit, Lutheran Services Florida (LSF Health Systems) monitoring staff was required to complete and sign a Conflict of Interest statement annually. Subsequently, Lutheran Services Florida (LSF Health Systems) implemented a COI signature form for all monitoring events. Requirement to complete the COI before each monitoring event was implemented in October 2017. As a Corrective Action, this process was formalized into policy 'Provider Monitoring for Clinical, Financial and Administrative Compliance' in August of 2017. Specific reference to the COI form can be found in section II.a.1 of the policy.

Finding 19: Service Organization Controls:

Although the LSF technology services agreement did not include a provision requiring the service organization to provide a service auditor's report, the service organization provided a service auditor's report to the LSF. However, the report provided to the LSF did not address the effectiveness of the service organization's controls.

Subsequent to the audit and serving as a Corrective Action, Lutheran Services Florida (LSF Health Systems) renegotiated our technology services agreement with Five Points Technology (eff July 1, 2018) to include language stipulating requirement for an independent audit and specifically reporting on Service Organization Controls and issuance of an annual SOC 1 Type II Report (section 7.6 Financial Audits and Reporting).

In compliance with the services agreement section 7.6, Five Points Technology Group has provided us with their comprehensive SOC 2 Report (Jan 1, 2107 through Sept 30, 2017), issued by independent service auditor Grant Thornton. Section III of the SOC details Five Point's service organization system and controls with in depth testing results in the sections that follow. The Five Points final 2018 SOC report is forthcoming.



Our Kids

of Miami-Dade/Monroe, Inc.

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President and CEO



January 15, 2019

Ms. Sherrill Norman
Auditor General
Florida Auditor General's Office

Dear Ms. Norman,

Please accept this written communication as an Official receipt of the Audit findings of the Florida Auditor General's Office conducted on fiscal year 2018 activities. The audit produced 3 findings related to the Our Kids, Inc. organization and below are the proposed corrective actions taken to address each finding specifically.

Finding No. Finding Title

#4 FSN User Access Privilege Controls

Occasionally we run into operational situations where the current FSN access privileges do not meet our business needs. *For example*, when one of our providers closed in 2014 it was necessary to make placement changes and fiscal agent changes on over 400 children. Due to the large volume accompanied by time constraints it was necessary to have as many of our staff as possible assist in this task. We will work with DCF to define different security profiles that may be appropriate for these types of situations.

#5 Deactivation of FSN User Access Privileges

As of March 2015, Our Kids has implemented a new process to verify there are no terminated employees with active FSN access. By using a report made available by DCF, Our Kids can see all of their staff along with their last login date for the past 3 months. We will use this report to terminate employees who are over 185 days since their last login. Immediately upon termination of employment, FSN user access is deactivated.

#12 Our Kids Monitoring Corrective Action

TASK 1: Our Kids will review the performance of the Full Case Management Agency (FCMA) to ensure compliance with contractual requirements including administrative and performance measures via the monthly Provider Scorecard Measures.

TASK 2: Each month Our Kids will provide DCF's Regional Director, Deputy Regional Director and Contract Manager a report of each FCMA's performance per the Provider Scorecard Measures.

TASK 3: Deficiencies identified on the monthly scorecard will be addressed with each Subcontractor by the Contract Manager. Deficiencies identified over three consecutive months will be addressed through a Corrective Action Plan to identify root causes and provide action steps to correct.

Success Indicator: 100% of all FCMA's will be monitored to ensure compliance with contractual requirements.

We feel confident that the corrective steps we are taking will successfully address the findings of the audit attributed to Our Kids, Inc. If you should need any further information from us, please do not hesitate to contact me.

Sincerely,

Michael C. Williams, President and CEO
Our Kids of Miami-Dade/Monroe, Inc.

WE CREATE SAFE HAVENS FOR CHILDREN AND FAMILIES THROUGH ADOPTION AND FOSTER CARE



PSF Response to Auditor General's Findings

In response to the Preliminary and Tentative Audit Findings Not an Audit Report and the cover letter from Sherrill F. Norman dated December 11, 2018, please consider the writing below as the written explanation submitted on behalf of Partnership for Strong Families, Inc., pursuant to the letter and tentative audit findings.

A handwritten signature in black ink, appearing to read "Stephen Pennypacker".

Stephen Pennypacker, CEO

Partnership for Strong Families, Inc.

January 18, 2019

1. Finding No. 3. FSN Data Entry

Details of Finding No. 3:

10 entries related to 6 PFSF service events were made 4 to 94 business days (an average of 20 business days) after the event occurred. According to PFSF management, high caseloads may have adversely affected the timely entry of service events in FSN.]

PSF response to Finding:

PSF will conduct a detailed analysis to develop and implement an appropriate targeted solution, consistent with the AG's recommendation to strengthen controls over FSN data entry to ensure that client and service data is timely recorded in FSN.

2. Finding No. 4. FSN User Access Privilege Controls

Details of Finding No. 4:

Specifically, we found that:

- For 51 user accounts, CBC records did not adequately demonstrate whether the access privileges assigned to the users were appropriate for the users' job responsibilities due to incomplete or unavailable FSN forms.

PSF Response to Finding:

- PSF will maintain a list of FSFN user accounts and access privileges by position title. This will ensure that new hires to a specific position and internal transfers will receive the appropriate access levels for the position. This will result in a historically consistent, running accounting of access level for each position. The PSF IT Security Officer will conduct fifteen random reviews of access privileges on a monthly basis to ensure appropriateness and consistency with the security level currently granted for each person holding a position and given FSFN access. If, during a random review, it is found access levels have changed over time, the PSF IT Security Officer will ensure that the documentation necessary to justify the change is completed timely and is in his/her possession. Each random review will be documented and retained for DCF audit reviews.
- PSF will implement the above solution within thirty days of acceptance by the AG per the AG recommendation to maintain documentation supporting all FSFN user access privileges authorized by management and perform and document monthly reviews of the continued appropriateness of assigned FSFN user access privileges.

3. Finding No. 5. Deactivation of FSFN User Access Privileges

Details of Finding No. 5:

**Table 3
Summary of Untimely FSFN User Access Privilege Deactivations**

CBC	Number of User Accounts Tested	Number of Employees Whose Access Privileges Were Not Timely Deactivated	Number of Business Days Access Privileges Deactivated After Employment Separation	Number of Users With No Documentation to Support Deactivation or Separation Date
PFSF	7	6	4 to 102	-

PSF Response to Finding:

PSF has reviewed the six access records of employees referenced in the audit. This review did not indicate that any change to current PSF practice could be implemented to prevent the delays in deactivation. The circumstances of each case are set forth below:

- One FSFN account belonged to a staff member subsequently hired by another CBC in a similar role in another region. The account could not be locked because of a FSFN issue preventing the Security Officer from locating the “active approval chain” with which to deactivate the staff member. This was a FSFN issue beyond our control.

- One FSFN account belonged to a staff member that was in the active approval chain for several FSFN cases. Due to the required training periods for new case managers, these cases were not transferred to the new case manager until certification was complete. This was a Provider issue and a DCF policy beyond our control.
- Two FSFN accounts were locked on the date of the termination, however, FSFN did not indicate the lock date. This is a FSFN issue beyond our control.
- Two FSFN accounts were locked and deactivated on the same date PSF was notified of her termination. Due to an issue with our payroll vendor, ADP, PSF received late notification of the request. This was an issue beyond PSF's control.

The operations and functionalities of the FSFN system are beyond PSF's control. Therefore, responsibility for the resolution of this issue resides with the Department of Children and Families.

4. Finding No. 9. CBC Subawards

Details of Finding No. 9:

Our examination of PFSF records for two subawards, totaling \$5,010,943, disclosed that the PFSF renewed the provider awards every 3 years without performing a cost analysis. Subsequent to our audit inquiry, PFSF provided cost analysis for the subawards. However, our review of the cost analyses disclosed that the analyses consisted of comparing actual provider expenses for the fiscal year to the total contract budget and did not clearly demonstrate that individual cost elements were analyzed for allowability, reasonableness, and necessity. For example, the analyses did not compare the provider to other suitable providers. In response to our audit inquiry, PFSF management indicated that there were no other providers for the services in the area. Notwithstanding PFSF management's response, the PFSF had not attempted to competitively procure the services and it was unclear how management determined there were no other suitable service providers.

PSF Response to Finding:

- PSF was not cited for unreasonable, unallowable or unnecessary services.
- In addition, with the next renewal period for case management contracts, PSF will submit a Request for Interest to determine if there are any other providers available and willing to bid on the subcontracts. Based upon a review of the responses to the Request for Interest, PSF will determine whether to initiate a Request for Proposal and full contract procurement process.

5. Finding No. 15. CBC Contract Payments

Details of Finding No. 15:

- The PFSF made contract payments that were not adequately supported or made in accordance with applicable contract terms. Specifically:
 - The PFSF contracted with a provider for intake assessments and other therapeutic services for clients in an area composed of 13 counties. The contract allowed for travel expenses to be reimbursed upon submission of a travel voucher in accordance with State law.⁴³ Our examination of PFSF records disclosed that, contrary to contract requirements and State law, PFSF made travel payments totaling \$2,200 to the provider based on a flat \$50 per trip rate and without supporting travel vouchers.
 - The PFSF contracted with a provider for case management services and the contract included a payment schedule indicating that, during the period July 2015 through June 2016, the provider would receive monthly payments of \$188,551.50. Our examination of documentation for the March 2016 payment disclosed that, in addition to the contractually provided \$188,551.50 monthly payment, the PFSF also made a one-time \$125,000 payment to the provider. In response to our audit inquiry, PFSF management indicated that the \$125,000 payment was to accommodate significant overtime hours worked by provider staff; however, the contract did not authorize the payment of amounts in excess of the fixed monthly payment amount.

PSF Response to Finding:

- In response to the exit interview conducted on 09/22/2017, PSF subsequently requested that the provider in question submit travel reimbursement forms indicating vicinity and/or map mileage, as appropriate, and that meet the specific requirements of Florida Statute 112.061. This provider has complied with our request. In addition, PSF has reviewed similar subrecipient contracts and incorporated the above stated travel reimbursement requirements in contract amendment documents. This issue has been resolved.
- PSF agrees that at the time of payment, the vendor contract language did not address the payment of amounts in excess of the fixed monthly payment amount. At the time the contract was signed, neither the Provider nor PSF anticipated the overwhelming increase in Out of Home Care (OOHC) cases, which took place in quarter three of FY 2016-2017. Given the escalating increase in OOHC cases coupled with the high burnout and high turnover rates in Provider staff, PSF acted in the best safety interest of the children involved by allowing our Providers to continue providing critical safety services while attempting to maintain adequate staffing levels. This payment was made for a combination of actual and projected costs, to address the issue of rapidly and erratically increased over time salary expenses generated by escalating removals and out of home care placements. In the event of any future unanticipated need for change to contract

payments, PSF will modify the contract to reflect the new obligation. We believe this issue has been resolved.

6. Finding No. 21. CBC Property Records and Controls

Details of Finding No. 21:

- PFSF property records were not always complete or accurate. For example, the records did not include the condition for 5 property items (3 computers and 2 network devices), with acquisition costs totaling \$4,319 and acquired during the period July 2015 through January 2017. Our physical observation of selected PFSF property items and review of PFSF records also found that the PFSF did not accurately record the VIN or tag number for a motor vehicle acquired for \$19,443 and did not record the correct purchase date for 4 other motor vehicles. Additionally, the PFSF was unable to provide documentation evidencing that a physical inventory had been conducted for the 2015-16 fiscal year or that the results of an inventory had been submitted to the Department.

PSF Response to Finding:

In accordance to Partnership for Strong Families' Policy 1008 – Equipment, Furniture and Real Property, the Property Inventory Report is conducted annually during the month of April. This report is due to Property Management-General Services annually by June 15. PSF has adopted a new process to resolve this issue. The process for Partnership for Strong Families is as follows:

- The Information Technology Department is scheduled to complete the Property Inventory Report by April 30.
- The PSF Contracts Department has placed appointments on the calendar to send a request to the IT personnel to submit the report to Contracts on May 1 and a reminder will be sent on May 15. If the report is not received or is incomplete, the matter will be addressed by the Director of Information Technology and the Chief Financial Officer. If the report indicates any discrepancy in expected inventory, the discrepancy will be addressed as warranted by the department for which the property is assigned and will be monitored by the Contracts Department for resolution.
- Once the completed report is received from the IT Department, it will be forwarded to Property Management-General Services, Cheryl.Cox@myflfamilies.com, (850) 717-4570 (forwarding information is per Amendment 14).

January 15, 2019

Board of Directors

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Sherrill Norman
Auditor General
Claude Pepper Building
Suite G74
111 West Madison Street
Tallahassee, Florida 32399

Dear Ms. Norman,

This letter is to provide comment regarding the preliminary report prepared by the Auditor General that was forwarded on December 11, 2018. This report indicated 3 findings numbered 6 – SAMHIS Data Entry, 8- Deactivation of SAMHIS Access Privileges, and 14 – Lobbying Payments. Thank you for the updated information regarding Finding 14. The following represents our comments in response to Findings 6 and 8.

Finding 6 – SAMHIS Data Entry

The preliminary report indicates that “As similarly noted in our report No. 2015-155 (finding No. 9), SEFBHN records did not demonstrate the accuracy of the information recorded in SAMHIS for six of the service events tested. The information included data such as client gender, race, and social security number. In response to our audit inquiry, SEFBHN management indicated that some of the issues resulted from the conversion to a new information system and one of the errors was a provider data entry mistake”

Response: Verification of gender and race is completed by face to face intake interviews with clients. To add clarity – our initial response regarding conversion to a new information system was in relation to the actual provider who had entered the data. SEFBHN had not converted to a new information system.

Finding 8 – Deactivation of SAMHIS User Access Privileges

Response: The late deactivation was due to late notification by the provider agency who had employed this individual. We routinely conduct regular data workshop meetings with providers to troubleshoot any issues related to our data portal including access.

Thank you for the opportunity to offer input concerning your findings. You may contact me if you have any questions.

Sincerely



Ann M. Berner
Chief Executive Officer
Southeast Florida Behavioral Health Network



South Florida Behavioral Health Network, Inc.

www.sfbhn.org

January 9, 2019

Ms. Sherrill F. Norman, CPA
Auditor General
State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman,

In response to your letter dated December 11, 2018 and your email dated today, South Florida Behavioral Health Network, offers the following response to the Preliminary and Tentative Audit Findings:

Finding 6: SAMHIS Data Entry

The data entered into SAMHIS originate from the contracted service providers. SFBHN does not alter submitted data records in any way. Each record undergoes validation checks that correspond to then current acceptable standards and records found deficient are returned to the provider for correction. Electronic records are validated to physical records on a sample basis during on-site monitoring visits that occur on an annual basis. Consumer information obtained at the time of intake is often based on best efforts to obtain correct information from the consumer which may contain inconsistencies with subsequent details when the consumer is in a better frame of mind. Data entry errors also occur by provider staff. SFBHN will continue to test and monitor the accuracy of data received from its network providers and insist on the highest standards of accuracy.

Finding 10: ME Subaward Notifications

SFBHN concurs with Auditor General's finding #10 regarding the ME subaward notifications. However, a process has been put in place since the audit to ensure that the subaward information is sent to all the providers with the execution of any new contracts and amendments.



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Finding 21: ME Property Records and Controls

The property records were corrected during the audit. Additionally, the technology and other capital asset property records have been consolidated and the process to identify applicable assets have been revised to more accurately identify and record applicable assets.

If you have any questions please feel free to contact me at 305-856-7542.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Zuckerman', written in a cursive style.

Stephen Zuckerman
SR Vice President/CFO

Cc: Dr. John W. Newcomer, MD,
President/CEO



St. Johns County Board of County Commissioners

Health and Human Services | Community Based Care Division

January 15, 2019

Sherrill F. Norman
Auditor General
State Of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mrs. Norman,

St Johns County Board of County Commissioner's Family Integrity Program received the Auditor General Report preliminary and tentative findings and recommendations on December 11, 2018 concerning the audit of Oversight of the Department of Children, Oversight and Administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities and Selected Department Administrative Activities. The Family Integrity Program was cited on the following:

- Finding # 3: FSN Data Entry
- Finding # 5: Deactivation of FSN User Access Privileges
- Finding # 11: CBC and ME Subaward Monitoring
- Finding # 14: CBC Contract Payments
- Finding # 20: CBC Property Records and Controls

The following is the Family Integrity Program's response in regard to the above mentioned findings and recommendations for improvement in these cited areas.

Finding #3 was in regard to "FSFN Data Entry". The audit concluded that the Family Integrity Program did not always timely record service event data in FSN within the required two business day time frame. This was a finding on the 2015 report but no service events were reviewed for the current report. The Family Integrity Program's Quality Assurance unit tracks "lag time" on a monthly basis and reports the findings to the agency's management team. The "lag time" report that is generated in the Business Objects reporting site through FSN only contains data on Home Visits with children. The QA unit continues to track this measure, through a MindShare report. The agency fluctuates between a 82-89% compliance with this measure, which this requirement is reiterated to staff during unit and all-staff meetings. Overall, the agency has improved in this measure and the QA unit will continue to track and report to the agency these findings.

Finding #5 was in regard to "Deactivation of FSN User Access Privileges". The audit concluded that the Family Integrity Program failed to terminate FSN access for terminated employees in a timely manner. The agency's Security Representative is now made aware of all employee terminations prior to that employee's departure and is responsible for ensuring the termination request is sent to DCF NE Region Security within one business day. Over the past 2 years, the agency's Security Representative has ensured that all employees have been removed from FSN within the required timeframe. The agency's Program Manager alerts the S.R. of the employee's departure and there have been no further issues regarding this.

Finding #11 was in regard to CBC and ME Subaward Monitoring. St. Johns County staff reviewed and updated policy and procedures regarding contract management, monitoring efforts, documentation, contract review and follow-up processes. Improvements with these processes will allow SJC to identify if the subcontractor were compliant with the contract terms and to the level in accordance with SJC terms and applicable laws and regulations. These policies and procedures will be reviewed and updated yearly. The finding stated that when subaward monitoring takes place,

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supervisory review of the monitoring reports was not documented. The reports will have supervisory review documented on all further reports.

Finding #14 was in regard to "CBC Contract Payments". Group homes are required to send monthly invoices to SJC contract staff. Contract staff inspect monthly invoices upon receipt from group homes to verify the rates, dates and age of the child are correct. All group home payments shall be reconciled monthly against group home records and invoices.

Finding #20 was in regard to "CBC Property Records and Controls". The audit concluded that the Family Integrity Program did not demonstrate that property records were added timely. There were also findings concerning missing data fields on the property records. The agency has since added the missing fields on the property record logs, to include property record addition date, acquisition cost and serial numbers. The agency's Administrative Assistant is now responsible for adding all property obtained and keeping records internally of all property. A secondary administrative assistant performs inventory and they both work together to resolve identified differences. If identified differences are found, the process taken to rectify the discrepancies will be documented in the future. A policy was created to formalize the process for recording records and performing inventory.

In conclusion, the Family Integrity Program is aware of all the above listed findings and will continue to work toward compliance with all governing statutes, administrative codes and operative procedures. SJC does feel as part of this review that we have strengthened our controls and remedied the findings within this report and have identified and put in place procedures and oversight that will hinder future findings. We are ensuring that the measures that have been and will be implemented will rectify the deficiencies found during the Auditor General's audit. We also have taken the recommendations from the report as a whole to reevaluate our processes to ensure they are meeting or exceeding expectations.

Sincerely,



Shawna Novak
Chief Executive Officer
St. Johns County Board of County Commissioners
Family Integrity Program
200 San Sebastian View, Suite 2300
St. Augustine, FL 32084