

**DEPARTMENT OF
CHILDREN AND FAMILIES**

Selected Administrative Activities
and Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Secretary of the Department of Children and Families

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. During the period of our audit, the following individuals served as Department Secretary:

Shevaun Harris From February 19, 2021
Chad Poppell Through February 19, 2021

The team leader was David Welling, CPA, and the audit was supervised by Lisa Norman, CPA.

Please address inquiries regarding this report to Lisa Norman, CPA, Audit Manager, by e-mail at lisanorman@aud.state.fl.us or by telephone at (850) 412-2831.

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DEPARTMENT OF CHILDREN AND FAMILIES

Selected Administrative Activities and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of Children and Families (Department) focused on selected administrative activities and included a follow-up on Findings 23 through 29 included in our report No. 2019-111. Our audit disclosed the following:

Finding 1: Department controls for administering the Telework Program continue to need enhancement to ensure that teleworker performance evaluations are conducted and completed evaluations include required notations to evidence the continuing appropriateness of the telework arrangements.

Finding 2: As similarly noted in our report No. 2019-111, the Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

Finding 3: Department controls over data sharing continue to need improvement.

Finding 4: As similarly noted in prior audit reports, most recently in our report No. 2019-111, Department controls over employee access to the Florida Accounting Information Resource Subsystem (FLAIR) continue to need improvement to help prevent any improper use of FLAIR access privileges.

BACKGROUND

Pursuant to State law,¹ 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 circuit offices 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 and information technology services guidance and support to the regions and is responsible for ensuring Statewide compliance and adherence to State laws and Federal regulations. For the 2020-21 fiscal year, the Legislature appropriated approximately \$3.4 billion to the Department and authorized 12,052.75 positions.²

¹ Section 20.19, Florida Statutes.

² Chapter 2020-111, Laws of Florida.

FINDINGS AND RECOMMENDATIONS

Finding 1: Telework

State law³ 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.⁴ 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 law⁵ 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 of Management Services (DMS) rules⁶ require State agencies to complete performance evaluations within 60 calendar days following the agency designated annual evaluation date.

Department policies and procedures⁷ 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 2019 through June 2020 were to be completed by August 29, 2020. 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 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. As of February 1, 2021, the Department had designated in People First⁸ 1,784 of its 11,607 employees as participating in the Telework Program. The Department's teleworkers included abuse registry counselors, investigation specialists, economic self-sufficiency specialists, and interviewing clerks.

To evaluate the adequacy of Department controls for administering the Telework Program, we examined documentation for the 2020 annual performance evaluations related to 25 employees who were identified in People First as participating in the Department's Telework Program as of February 1, 2021. Our examination found that:

- Performance evaluations were not completed for 3 of the 25 employees. According to Department management, the evaluations had not been completed due to staffing and logistical complications caused by the COVID-19 pandemic.

³ Section 110.171, Florida Statutes.

⁴ 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.

⁵ Section 110.171(4), Florida Statutes.

⁶ DMS Rule 60L-35.003(1)(b), Florida Administrative Code.

⁷ Department Operating Procedure 60-40, *Human Resources, Alternative Work Locations*.

⁸ People First is the State's human resource information system.

- For 4 of the 25 employees, 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 timely completion of annual performance evaluations is critical to establishing an effective system for monitoring the performance of teleworkers and necessary to demonstrate compliance with State law and DMS rules. 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. Similar findings have been noted in prior audits, most recently in our report No. 2019-111 (Finding 26).

Recommendation: We recommend that Department management take steps to ensure that employee performance evaluations are timely completed in accordance with State law and DMS rules and evidence decisions regarding the continuation of teleworking arrangements.

Finding 2: 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. Department policies and procedures⁹ specified that the applicable supervisor was responsible for notifying the Department’s Purchasing Card Program Administrator (PCPA) when a purchasing card required cancellation and that the PCPA was responsible for immediately canceling the purchasing card upon notification. As of February 2021, the Department had 1,405 active purchasing cards and, during the period July 2019 through January 2021, purchasing card charges totaled \$3,988,921.

In our report No. 2019-111 (Finding 23), we noted that the Department did not always timely cancel purchasing cards upon a cardholder’s separation from Department employment. Our follow-up audit procedures included comparing Department employee separation dates recorded in People First to purchasing card cancellation dates recorded in Works¹⁰ for the period July 2019 through January 2021 to determine whether purchasing cards were timely canceled. We identified 226 employees whose purchasing card cancellation date appeared to be more than 1 business day after their People First separation date or whose purchasing card appeared to still be active as of January 31, 2021. Further examination of Department records for 40 of the 226 cardholders disclosed that 36 of the cards were canceled 2 to 311 business days (an average of 41 business days) after the employees’ separation dates. According to Department management, the delays in canceling the purchasing cards were due to turnover in the PCPA position and supervisors not timely notifying the PCPA of employment separations.

Although our audit tests did not disclose any charges incurred subsequent to the 36 cardholders’ separation from Department employment, prompt cancellation of purchasing cards upon a cardholder’s separation from Department employment reduces the risk that unauthorized charges will occur.

⁹ Department *Purchasing Card Program User Guidelines*.

¹⁰ Works is the State’s purchasing card system.

Recommendation: We again recommend that Department management promptly cancel purchasing cards upon a cardholder’s separation from Department employment.

Finding 3: Data Sharing Controls

Department policies and procedures¹¹ specified that, to protect the integrity, security, and confidentiality of Department data, any data shared by the Department was to be protected through a data sharing agreement. In our report No. 2019-111 (Finding 27), we noted that 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. As part of our follow-up audit procedures, we evaluated Department data sharing controls and examined records for the Department’s four data sharing agreements that expired during the period July 2019 through January 2021. Our audit procedures found that, while the Department utilized formal data sharing agreements, the Department continued to share data with entities after three of the four data sharing agreements expired. For example, although a data sharing agreement with an accounting firm expired in March 2020, the Department shared Medicaid claims and encounter data with the firm through March 2021. In response to our audit inquiry, Department management indicated that staff turnover, lack of communication, and oversights lead to continued data sharing after the agreements ended.

Sharing data only with entities that have active data sharing agreements with the Department is critical to ensuring the integrity, security, and confidentiality of Department data.

Recommendation: We again recommend that Department management ensure that Department data is shared only with entities that have an active data sharing agreement with the Department.

Finding 4: FLAIR Access Controls

DMS rules¹² require State agencies to ensure that users are granted access to agency information technology (IT) resources based on the principles of least privilege and a need to know determination, periodically review user access privileges for appropriateness, and ensure that IT access privileges are removed when access to an IT resource is no longer required. Effective access controls also include measures that restrict user access privileges to data and IT resources to only those functions that promote an appropriate separation of duties and are necessary for the user’s assigned job duties. If, because of a limited number of personnel, the separation of incompatible duties is not practical, compensating controls, such as supervisory review of selected transactions, should be established.

The Department utilizes the Florida Accounting Information Resource Subsystem (FLAIR) to authorize the payment of Department obligations and to record and report financial transactions. In our report No. 2019-111 (Finding 29), we noted that Department controls over employee access to FLAIR needed improvement. As part of our follow-up audit procedures, we evaluated Department FLAIR access controls and examined FLAIR access records for 761 selected FLAIR user accounts (assigned to

¹¹ Department Operating Procedure 50-26, *Systems Management, Policy on Agreements Involving Data Sharing*.

¹² DMS Rule 60GG-2.003(1)(a) and (d), Florida Administrative Code.

291 Department employees) that were active at some point during the period July 2019 through January 2021. Our audit procedures disclosed that:

- While Department records included summaries evidencing the performance of periodic reviews of FLAIR access privileges during the period July 2019 through January 2021, the records did not evidence the specific accounts reviewed or that actions were taken to correct any inappropriate access privileges identified.
- Employees performing financial management functions had been granted update capabilities to incompatible functions in FLAIR. Specifically, we noted that:
 - 70 user accounts associated with 47 employees had update capabilities to both the disbursement and cash receipt functions.
 - 74 user accounts associated with 32 employees had update capabilities to both the fixed assets accounting and fixed assets custodial functions.
 - 2 user accounts associated with 2 employees had update capabilities to both the disbursement and vendor update functions.

According to Department management, some of the incompatible privileges were necessary for certain transaction types.

- FLAIR user access privileges were not always timely deactivated upon a user's separation from Department employment. Our analysis of the 196 FLAIR user accounts deactivated during the period July 2019 through January 2021 identified 106 user accounts that appeared to have been deactivated more than 1 business day after the user separated from Department employment. Further examination of FLAIR access records for 28 user accounts associated with 22 employees who separated from Department employment during the period July 2019 through January 2021 disclosed that 26 of the FLAIR user accounts associated with 19 employees remained active 2 to 268 business days (an average of 47 business days) after the employees' employment separation dates.

According to Department management, detailed documentation of the periodic access privilege reviews and corrections of inappropriate access privileges could not be extracted from FLAIR. Department management also indicated that the untimely deactivation of FLAIR user access privileges was due to turnover of the personnel responsible for deactivations and increased workloads due to the COVID-19 pandemic.

Appropriately documented periodic reviews of FLAIR user access privileges provide Department management assurance that user access privileges are authorized and remain appropriate. Additionally, the effective separation of incompatible financial management duties and prompt deactivation of FLAIR user access privileges upon an employee's separation from Department employment reduces the risk of unauthorized disclosure, modification, or loss of Department data.

Recommendation: We recommend that Department management enhance FLAIR access controls to ensure the appropriate assignment and timely deactivation of FLAIR user access privileges. Such enhancements should include:

- **Maintaining appropriate documentation of periodic FLAIR access reviews and any changes in FLAIR user access privileges necessitated by the results of the reviews.**
- **Limiting FLAIR user access privileges to promote an appropriate separation of duties and requiring that, where incompatible access privileges are necessary, establishing and documenting compensating controls.**

- **Deactivating FLAIR user access privileges immediately upon a user's separation from Department employment.**

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the applicable findings included in our report No. 2019-111.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from February 2021 through May 2021 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 selected administrative activities. For those areas, the 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 responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into 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.
- Determine whether management had corrected, or was in the process of correcting, all applicable deficiencies noted in our report No. 2019-111 (Findings 23 through 29).
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; 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; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

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

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

In conducting our audit, we

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of selected Department administrative processes.
- Evaluated Department actions to correct Findings 23 through 29 noted in our report No. 2019-111. Specifically, we:
 - From the population of 1,784 Department employees designated in People First as participating in the Department's Telework Program as of February 1, 2021, examined Department records for 25 selected employees to determine whether the employees were appropriately identified as a teleworker in People First and, if so, whether Department records indicated that the employees maintained a satisfactory performance level and documented evaluations of the employees' work performance included the required notations stating whether the telework agreement should be continued.
 - Examined Department records for the four data sharing agreements between the Department and other entities that ended during the period July 2019 through January 2021 to determine whether the Department ceased sharing data with the other entities upon expiration of the agreements.
 - Examined Department records for the 12 data sharing agreements between the Department and other entities, active at some point during the period July 2019 through January 2021, to determine whether agreements were appropriately maintained and tracked.
 - Examined Department procedures and records to determine whether procedures for the sanitization of sensitive data from disposed computers were established and followed.
 - Interviewed Department management, examined Department forms, and evaluated Department compliance with applicable statutory requirements for collecting and utilizing individuals' social security numbers.
 - Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
 - Managing Florida Accounting Information Resource Subsystem (FLAIR) access privileges.

- The administration of purchasing cards in accordance with applicable guidelines. As of February 14, 2021, the Department had 1,405 active purchasing cards.
- The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2019 through January 2021, Department travel expenditures totaled \$8,943,325.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for cash and revenue management, managing selected information technology system access privileges, settlement agreements, and fixed capital outlay.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



State of Florida
Department of Children and Families

Ron DeSantis
Governor

Shevaun L. Harris
Secretary

October 22, 2021

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

Dear Sherrill Norman:

This letter is in response to the list of preliminary and tentative audit findings and recommendations for "*Selected Administrative Activities and Prior Audit Follow-up*" issued to the Department of Children and Families (Department) on September 13, 2021.

Finding 1: Department controls for administering the Telework Program continue to need enhancement to ensure that teleworker performance evaluations are conducted and completed evaluations include required notations to evidence the continuing appropriateness of the telework arrangements.

Recommendation: We recommend that Department management take steps to ensure that employee performance evaluations are timely completed in accordance with State law and DMS rules and evidence decisions regarding the continuation of teleworking arrangements.

Response: Based on current and previous audit finding recommendations from the Auditor General, the Department will continue to train and communicate to supervisors the importance of completing annual evaluations timely. We also stress compliance with Children and Families Operating Procedure (CFOP) 60-40, Chapter 9, *Alternative Work Locations*, and conduct bi-annual audits of the telework program.

Communications outlining CFOP performance evaluation requirements are sent annually to management and supervisory staff. These communications include the required verbiage in the annual performance evaluation for teleworking employees. Some supervisors failed to follow the CFOP when completing performance evaluations for their employees and did not include the required teleworking language in employee performance evaluations.

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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

Finding 2: As similarly noted in our report No. 2019-111, the Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

Recommendation: We again recommend that Department management promptly cancel purchasing cards upon a cardholder's separation from Department employment.

Response: To ensure purchasing cards (PCards) are cancelled timely, the Purchasing Management, Purchasing Card Unit uses the following approaches to enhance responsibility for timely notification of employee separation activities:

- Upon initial receipt of a PCard, the accountholder (formerly cardholder) completes on-line training. The training includes the cancellation process to return the PCard to the supervisor once the accountholder provides notice of separation or the employment is terminated. It is the responsibility of the accountholder and supervisor to immediately notify the Scoped Administrator (formerly the PCard Administrator) when an accountholder anticipates vacating a current position and will no longer require the PCard. For voluntary separations, this notification must be sent to the Scoped Administrator within two weeks of employee separation. For involuntary separations, the supervisor is required to notify the Scoped Administrator on the date the employment is terminated.
- Human Resources provides a daily report of employee terminations that covers a thirty (30) day period. Once confirmed that an employee has an active PCard and has separated from the agency, the Scoped Administrator cancels the PCard.
- The Scoped Administrator continues to reinforce requirements by initiating monthly and quarterly reminder communications to accountholders and supervisors through WORKS[®], the electronic PCard payment management service. These communications stress the need for immediate notification upon employee separation and PCard collection. This development of open dialogue facilitates a relationship where support staff know who to contact and the proper form needed for PCard cancellation or termination.

The Scoped Administrator will implement and support necessary actions to reduce and improve controls to administer a secure PCard platform.

Finding 3: Department controls over data sharing continue to need improvement.

Recommendation: We again recommend that Department management ensure that Department data is shared only with entities that have an active data sharing agreement with the Department.

Response: The Department concurs with the finding that security controls over data sharing need improvement. The Department will enhance system tracking features to reduce or eliminate opportunities for human oversight, which can contribute to conditions of ongoing data sharing under expired data sharing agreements (DSAs). These DSA procedural improvements will be implemented

and documented in a revised version of CFOP 50-26, *Policy on Agreements Involving Data Sharing*, and in a revised version of the *Department of Children and Families (DCF) - Memorandum and Agreement Collection (DCF-MAC) User Guide*, the guidance provided to data sharing agreement users. The DCF-MAC system serves as the searchable repository for all agreements that involve data sharing. These corrective actions will be implemented by December 30, 2021.

Finding 4: As similarly noted in prior audit reports, most recently in our report No. 2019-111, Department controls over employee access to the Florida Accounting Information Resource Subsystem (FLAIR) continue to need improvement to help prevent any improper use of FLAIR access privileges.

Recommendation: We recommend that Department management enhance FLAIR access controls to ensure the appropriate assignment and timely deactivation of FLAIR user access privileges. Such enhancements should include:

- Maintaining appropriate documentation of periodic FLAIR access reviews and any changes in FLAIR user access privileges necessitated by the results of the reviews.
- Limiting FLAIR user access privileges to promote an appropriate separation of duties and requiring that, where incompatible access privileges are necessary, establishing and documenting compensating controls.
- Deactivating FLAIR user access privileges immediately upon a user's separation from Department employment.

Response: The Department concurs with the recommendation. After the audit, we changed our monitoring process and we are now in compliance.

We thank you for the provided information and recommendations on improving the agency.

Sincerely,



Shevaun L. Harris
Secretary

cc: Keith Parks, Inspector General
Cole Sousa, Chief Information Officer
Bonny Allen, Information Security Manager
Tony Lloyd, Assistant Secretary for Administration
Crystal Demott, Acting Chief Procurement Officer
Mary Seat, Chief of Financial Support Services and Administrative Services
Support Center
Shelby Jefferson, Human Resources Director
Lisa Norman, Audit Manager, Office of the Florida Auditor General