



September 11, 2018

Mr. Jeffrey S. Bragg, Secretary
Florida Department of Elder Affairs
4040 Esplanade Way
Tallahassee, Florida 32399

Mr. Eric W. Miller, Chief Inspector General (CIG)
Office of the Governor
The Capitol, Suite 1902
Tallahassee, Florida 32399-0001

Dear Secretary Bragg and CIG Miller:

In accordance with Section 20.055, Florida Statutes, I am pleased to submit the Office of Inspector General's Annual Report for Fiscal Year 2017-2018 to highlight the major work efforts and activities of my office.

We remain committed in our work with Departmental management and staff to promote public integrity through professional, ethical, and timely investigations, as well as provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. Thank you for your continued support of our efforts.

Sincerely,

Taroub J. Faraj
Inspector General

Enclosure

TJF/kj

cc: Sherrill F. Norman, Auditor General

FLORIDA DEPARTMENT OF ELDER AFFAIRS



ANNUAL REPORT FISCAL YEAR 2017-2018

TAROUB J. FARAJ
INSPECTOR GENERAL

JEFFREY S. BRAGG
SECRETARY

OFFICE OF INSPECTOR GENERAL

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INTRODUCTION

Within the Department of Elder Affairs (Department/DOEA), the Office of Inspector General (OIG) is an essential component of executive direction that provides independent, objective assurance and consulting services designed to add value and improve agency operations. The OIG also provides a central point for coordination of, and responsibility for, activities that provide accountability, integrity, and efficiency in government. Section 20.055, Florida Statutes, requires that each Governor's Agency Inspector General (IG) submit to the Department Secretary and Chief Inspector General (CIG) an annual report, not later than September 30 of each year, summarizing its activities during the preceding state fiscal year (FY). This report includes, but is not limited to the following:

- A summary of each audit and investigation completed during the reporting period;
- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period; *and*
- A description of recommendations for corrective action made by the OIG during the reporting period with respect to significant problems, abuses, or deficiencies identified.

This report is presented to the Secretary and CIG in accordance with the statutory requirements to describe how the OIG accomplished its mission during FY 2017-18.

RESPONSIBILITIES

Through independent audits, investigations, and other accountability activities, the OIG promotes economy and efficiency to prevent, deter, and detect fraud or abuse in programs and operations carried out or financed by the Department. According to Section 20.055, Florida Statutes, it is the duty and responsibility of each IG, with respect to the state agency in which the office is established, to:

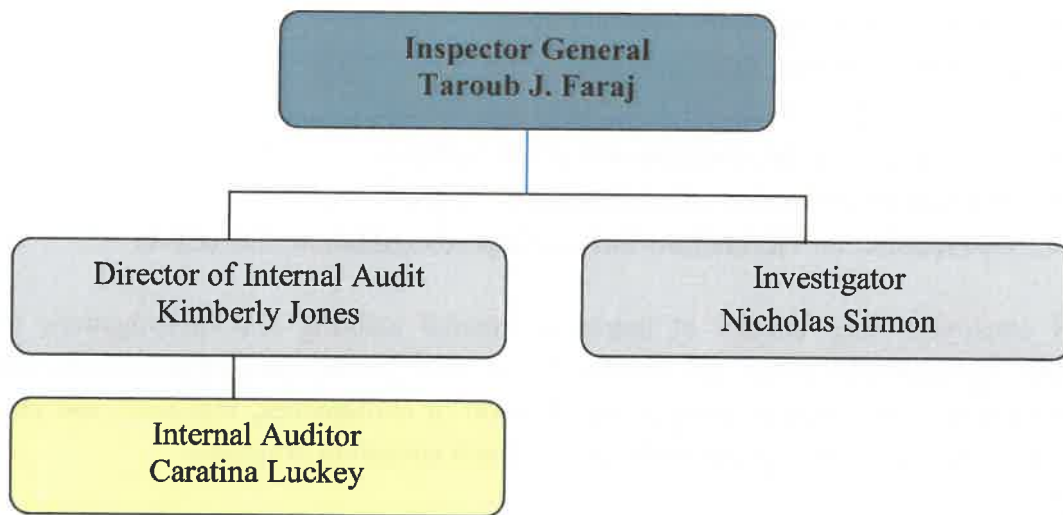
- Advise in the development of performance measures, standards, and procedures for the evaluation of the Department's programs;
- Assess the reliability and validity of the information provided by the Department on performance measures and standards and make recommendations for improvement, if necessary;
- Review actions taken by the Department to improve program performance and meet program standards, and make recommendations for improvement, if necessary;
- Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to the programs and operations of the Department;

- Conduct, supervise, or coordinate other activities carried out or financed by the Department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- Keep the Secretary and CIG informed concerning fraud, abuse, and deficiencies relating to programs and operations administered or financed by the Department; recommend corrective action; and report on the progress made in implementing corrective actions;
- Review, as appropriate, rules relating to the programs and operations of the Department and make recommendations concerning their impact;
- Maintain an appropriate balance between audit, investigative, and other accountability activities;
- Monitor the implementation of the Department's response to external audits;
- Receive complaints and coordinate Department activities as required by the Whistle-blower's Act and/or the CIG; *and*
- Ensure effective coordination and cooperation between the State of Florida Auditor General (AG), other governmental bodies, and federal auditors with a view toward avoiding duplication.

ORGANIZATIONAL STRUCTURE

The IG is under the general supervision of the Department's Secretary, but reports to the CIG in the Executive Office of the Governor. OIG staff have full, free, and unrestricted access to all Departmental activities, records, data, and property, and may request any other information deemed necessary to conduct audits or investigations as needed. This reporting structure and unrestricted access ensure audits, investigations, and other activities are independent and that results are communicated in accordance with professional standards.

To carry out its duties and responsibilities, as of June 30, 2018, the OIG had a staff of four professional positions. An organization chart for the OIG is provided on the following page:



STAFF QUALIFICATIONS

Collectively, OIG staff have backgrounds and experiences in a variety of disciplines in the public and private sectors. These disciplines include accounting, auditing, program evaluation, management, law enforcement, and communications. OIG staff possess professional certifications and participate in several professional organizations. Below is a list of professional certifications and affiliations maintained by OIG staff members:

CERTIFICATIONS

- Certified Inspector General (1)
- Certified Government Auditing Professional (1)
- Certified Inspector General Auditors (3)
- Certified Inspector General Investigators (1)
- Certified Law Enforcement Officers (1)
- Employees who provide Notary Public Services (2)



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PROFESSIONAL ORGANIZATION AFFILIATIONS

- Association of Inspectors General (AIG)
- Institute of Internal Auditors (IIA)
- Florida Chapter, Association of Inspectors General
- Tallahassee Chapter, Institute of Internal Auditors
- Association of Government Accountants (AGA)
- Commission for Florida Law Enforcement Accreditation, Inc. (CFA)

OIG employees keep abreast of trends in internal auditing and investigations to maintain professional proficiency through membership in these professional organizations. The required training hours are obtained through participation in conferences, webinars, and attendance in relevant trainings or through continued professional education programs.

MAJOR ACTIVITIES

To carry out its mission, the OIG conducts internal audits and investigations.

INTERNAL AUDIT



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The purpose of the Internal Audit Section (IAS) is to help the Department accomplish its objectives by providing management with independent and objective audits, reviews, and consultations regarding risk management, governance, and control processes. The IAS evaluates the reliability and integrity of financial and operational information and information technology, as well as compliance with laws, policies,

and procedures. Analyses, appraisals and recommendations related to reviews of program areas and processes are furnished to management and other Department employees to assist them in effectively managing their areas of responsibility.

RESPONSIBILITIES OF THE IAS

- Conducting **performance audits** to ensure the effectiveness, efficiency, and economy of the Department's programs;
- Assessing the reliability and validity of information provided by the Department on **performance measurement** and standards;
- Conducting **compliance audits** to ensure that the Department's programs are following prescribed statutes and rules;
- Providing **management assistance services** that involve consulting and advising management on Departmental policies and procedures and the development of performance measures; *and*
- Coordinating **audit responses** and conducting **follow-ups** to findings and recommendations made by the AG, the Office of Program Policy Analysis and Government Accountability (OPPAGA), internal audits, and other oversight units.

Internal audit activities are conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, published by the IIA.

Final communication of audit engagement results, including objectives, scope, conclusions, and recommendations, if applicable, are distributed to the Department Secretary, appropriate management, and other oversight agencies.

INVESTIGATIONS



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The Investigations Section is responsible for management and operation of administrative investigations designed to detect, deter, prevent, and/or eradicate fraud, waste, mismanagement, misconduct, and other abuses involving Department employees, contractors, and vendors. Investigations are conducted in accordance with the standards set forth in the *Principles and Standards for Offices of Inspector General*, published by the AIG, and those established by the CFA. Inquiries and complaints regarding Department activity are received from many sources, including the Whistle-blower's Hotline, Chief Financial Officer's Get Lean Hotline, Attorney General's Office, Office of the Chief

Inspector General, and Executive Office of the Governor. Complaints are also received from clients, family members, others doing business with the Department, senior leadership, and Department employees.

Inquiries and complaints received are reviewed and a determination is made on each case type. Case types are defined as follows:

- **Investigation** – A formal process by which information and evidence is obtained relevant to allegations, complaints, or violations posed or suspected.
- **Management Review** – Formal review of an issue that is possibly systemic in nature or of a specific program area to determine whether it is operating within accepted, written procedures or contract. This may be initiated in response to a complaint or expressed concerns that do not name a specific subject or at the request of management as a tool for program improvement.
- **Preliminary Inquiry** – An examination conducted based on limited information in an effort to verify the veracity of a complaint or allegation. The inquiry should determine if evidence is available to indicate the need for a complete investigation.
- **Referral** – The OIG may refer a complaint to management, another agency if the subject is out of the OIG's jurisdiction, or law enforcement for criminal violations.

Once an investigation is completed, final disposition is presented in an investigative report, which also contains allegations made in the complaint and classified subsequent to a conclusion of fact, based on a thorough and competent investigation as follows:

- **Unfounded** – The complaint was clearly false or there is no credible evidence to support the complaint.
- **Not Sustained** – There is insufficient proof to confirm or refute the allegation.
- **Sustained** – The allegation is true. The action of the Department or the employee was inconsistent with Departmental policy.

Investigative reports are distributed to the Department's Secretary and appropriate management. Additionally, when allegations are sustained, the OIG provides the necessary facts to management to assist them in deciding appropriate disciplinary actions.

SUMMARY OF ACTIVITIES AND ACCOMPLISHMENTS

In accordance with Section 20.055(2)(i), Florida Statutes, the IG ensures that an appropriate balance is maintained among audits, investigations, and other accountable activities. Chart 1 on the following page illustrates how staff resources were allocated to complete OIG activities during the year.

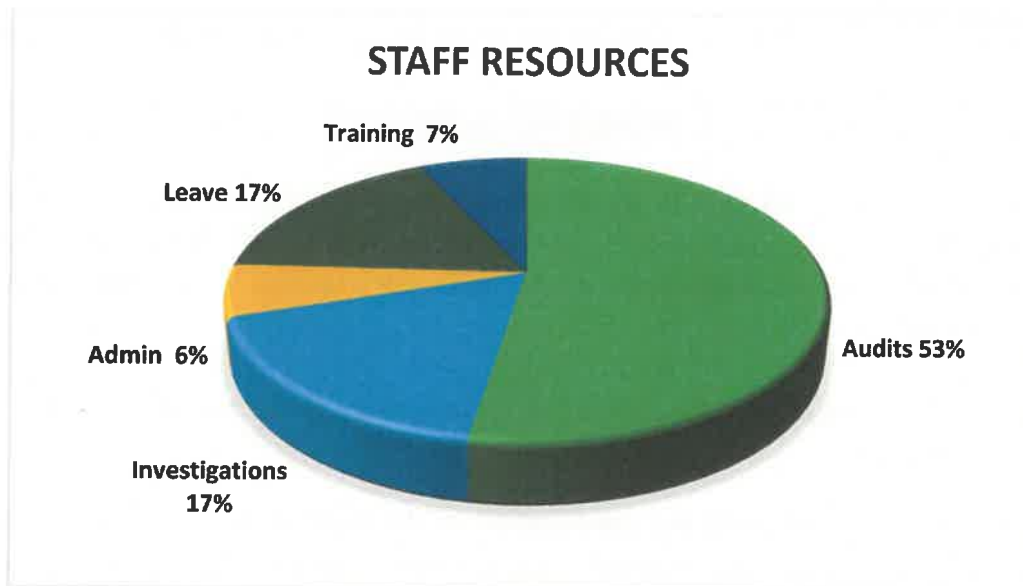


Chart 1

**Note: Staff resources do not include the Inspector General's time spent on audits and investigations.*

In addition, Chart 2 illustrates the types of activities that were completed by OIG staff:

| Activities | Number |
|---------------------------------|--------|
| Complaints Received | 62 |
| Internal Audits Completed | 2 |
| Management Review | 0 |
| Investigations Closed | 2 |
| Preliminary Inquiries Completed | 9 |
| Follow-up Audits Completed | 6 |
| Public Records Requests | 1 |
| Performance Measures Reviewed | 1 |
| Recommendations Followed-Up On | 8 |

Chart 2

Below are summaries of the results of audits and investigations completed during the year:

AUDIT ENGAGEMENTS

Performance audits are conducted to ensure the effectiveness, efficiency, and economy of the Department's programs. In addition, compliance audits are conducted to ensure the Department's programs are following prescribed statutes and rules. OIG Internal Audit staff completed the following audit engagements:

A-1617DEA-062 Audit of Division of Statewide Community-Based Services' (SCBS)

Performance Measure

We found internal controls exist for management of the performance measure. However, we identified two deficiencies that warranted management's attention to ensure the reliability, validity, and integrity of the reported metric. In addition, we offered a suggestion to strengthen DOEA's enforcement of Area Agencies on Aging's (AAAs) compliance with authoritative guidelines.

Finding 1: The script used to compute the performance measure results is invalid in that it limits the clients included in the calculation to those enrolled in DOEA and non-DOEA funded case managed programs who are registered for only select DOEA funded services.

Recommendation: Office of Strategic Initiatives' (OSI) and SCBS management confer and revise the script to compute results that reflect what the performance measure is intended to track.

Finding 2: Long Range Program Plan Exhibit IV: Performance Measure Validity & Reliability does not clearly disclose funding sources for services rendered to improve residential environment scores.

Recommendation: OSI management revise *Exhibit IV: Performance Measure Validity & Reliability* to make it clear that services rendered to improve residential environment scores include DOEA and non-DOEA funded services.

Supplemental suggestion: SCBS and Division of Financial and Support Services' management actively employ ways to maximize use of the information provided in the Monitoring and Quality Assurance monitoring reports and Client Information and Registration Tracking System (CIRTS) data reports to ensure AAAs enforce and monitor for compliance with the requirement for accuracy of information recorded on the 701B Comprehensive assessment.

A-1718DEA-020 Audit of DOE's Monitoring of Statewide Medicaid Managed Care Long-Term Care Plans

We found DOE is fulfilling its duties and responsibilities as delineated in the Memorandum of Understanding with the Agency for HealthCare Administration (AHCA). In addition, we identified internal controls in the current processes and offered management additional controls to be considered for their current operations; however, no findings and recommendations were presented.

COORDINATION OF EXTERNAL AUDITS

The OIG's IAS serves as the central point of contact between the Department and external agencies engaged in audits of Department operations. This liaison role helps ensure effective coordination and cooperation between the AG and other state and federal review entities and minimizes duplication of audit efforts. The IAS coordinates information requests and responses, facilitates the scheduling of meetings, and coordinates the Department's response to preliminary and tentative findings issued by the AG and other oversight agencies.

OIG staff provided liaison and coordination services for the following external projects:

- | | |
|------------------------------|---|
| <i>E-1617DEA-043</i> | <i>Florida Department of Law Enforcement Non-Criminal Justice Agency Technical Audit</i> |
| <i>E-1617DEA-047</i> | <i>United States Department of Labor Senior Community Service Employment Program Monitoring Review</i> |
| <i>E-1617DEA-068</i> | <i>University of Maryland, Health Services Administration, AmeriCorps Monitoring Review</i> |
| <i>E-1617DEA-069</i> | <i>Corporation for National & Community Service Senior Companion Program Monitoring Review</i> |
| <i>E-1718DEA-028</i> | <i>Department of Management Services' Florida Retirement System Compliance Audit</i> |
| <i>S-1617IDEA-063</i> | <i>Office of Program Policy Analysis and Government Accountability Assisted Living Facilities Research Project</i> |

These reports contained a total of 20 recommendations to which the Department responded. No further follow-up was warranted on the external engagements.

FOLLOW-UP TO INTERNAL AND EXTERNAL AUDITS

The IAS actively monitors management's actions to correct deficiencies cited in internal and external reports. In accordance with state law and internal auditing standards, the IG provides the Department's Secretary with a written report on the status of corrective action. Internal Audit staff conducted one external and three internal follow-up audits:

- A-1516DEA-031*** ***Eighteen-Month Follow-up to the Audit of Disaster Preparedness and Emergency Operations***
- E-1516DEA-027*** ***Twelve- and Eighteen-Month Follow-ups to Auditor General Report Number 2017-030, Financial Management Controls and Selected Administrative Activities***
- A-1617DEA-038*** ***Six- and Twelve-Month Follow-ups to the Audit of Office of Public and Professional Guardian's Performance Measure***
- A-1617DEA-062*** ***Six-Month Follow-up to the Audit of Division of Statewide Community-Based Services' Performance Measure***

Our follow-up audits revealed that Department management had taken corrective action to address all findings and recommendations.

INVESTIGATIONS

Investigations may be initiated as a result of information from state employees, private citizens, federal agencies, legislators, the Department Secretary, or any other person with concerns about the integrity of the Department's operations, contractors, or employees.

During the year, the Investigations Section completed follow-ups on two prior year investigations: ***I-1516DEA-040*** and ***I-1516DEA-042***.

PRELIMINARY INQUIRIES

Like investigations, inquiries may be initiated as a result of information from state employees, private citizens, federal agencies, legislators, the Department Secretary, or any other person with concerns about the integrity of the Department's operations, contractors, or employees. OIG Investigations staff completed nine preliminary inquiries during the year:

P-1718DEA-002: An AAA executive director contacted the OIG regarding an anonymous email received from a concerned employee who worked for a provider.

The complainant alleged the provider was billing congregate meals for deceased clients. The inquiry was referred to the AAA who handled the review.

P-1718DEA-011: This case number was created as an umbrella case to document management's request for assistance or advice. There were seven instances where internal management requested assistance or advice from the OIG related to personnel and management issues.

P-1718DEA-012: This case number was created as an umbrella case to document incidents of theft of state property, currency, or other suspicious incidents within DOEA. There were seven reports of employees' offices being rummaged through, but there were no reports of any missing property. There was one report of theft from a headquarter's employee while out in the field.

P-1718DEA-013: This case number was created as an umbrella case to document incidents of Health Insurance Portability and Accountability Act (HIPAA) and Protected Health Information (PHI) violations including computer breaches. During the fiscal year, there was one report of a PHI violation where a Department employee responded to a phishing email and exchanged several email messages with the external entity.

P-1718DEA-016: The OIG was contacted by a law enforcement agency regarding a possible theft of money by two employees of a provider. OIG assisted law enforcement with pertinent documentation and information throughout the process. Internal matters concerning administrative and contractual issues were handled by the AAA in consultation with DOEA program management and the OIG. The former executive director and fiscal officer of the provider were subsequently arrested and charged with grand theft. The amount of loss provided in the arrest affidavits was more than \$65,000.

P-1718DEA-023: Two private citizens appeared in person at DOEA Headquarters and wanted to discuss a situation that occurred at a senior center. The citizens wanted to return to the facility but were trespassed from the premises and wanted DOEA to intervene on their behalf. The inquiry was addressed by the local AAA and was forwarded to the senior center. It was determined the complainants had a history of disruptive behavior at the senior center.

The complainants were advised they must go through the AAA grievance process. A letter was forwarded to the complainants informing them DOEA would not intervene any further on their behalf.

P-1718DEA-024: A complaint was filed by a headquarter's employee regarding concerns with the individual's supervisor. The OIG forwarded the complaint to DOEA Human Resources and worked with them to complete a management review. Both the complainant and supervisor were notified of the outcome.

P-1718DEA-026: A complaint was filed by a headquarter's employee regarding issues the individual experienced with his/her supervisor, specifically the submission of travel reimbursements for tips and allowing employees to work from home. The inquiry was shared with and handled by DOEA Human Resources and respective management.

P-1718DEA-027: A headquarter's employee found a sheet of paper turned face down on the individual's desk upon arrival to work one morning. The document was an email from the individual's supervisor sent to Human Resources regarding a complaint filed by the supervisor against the employee. The inquiry was forwarded to and handled by DOEA Human Resources.

OTHER OIG ACTIVITIES

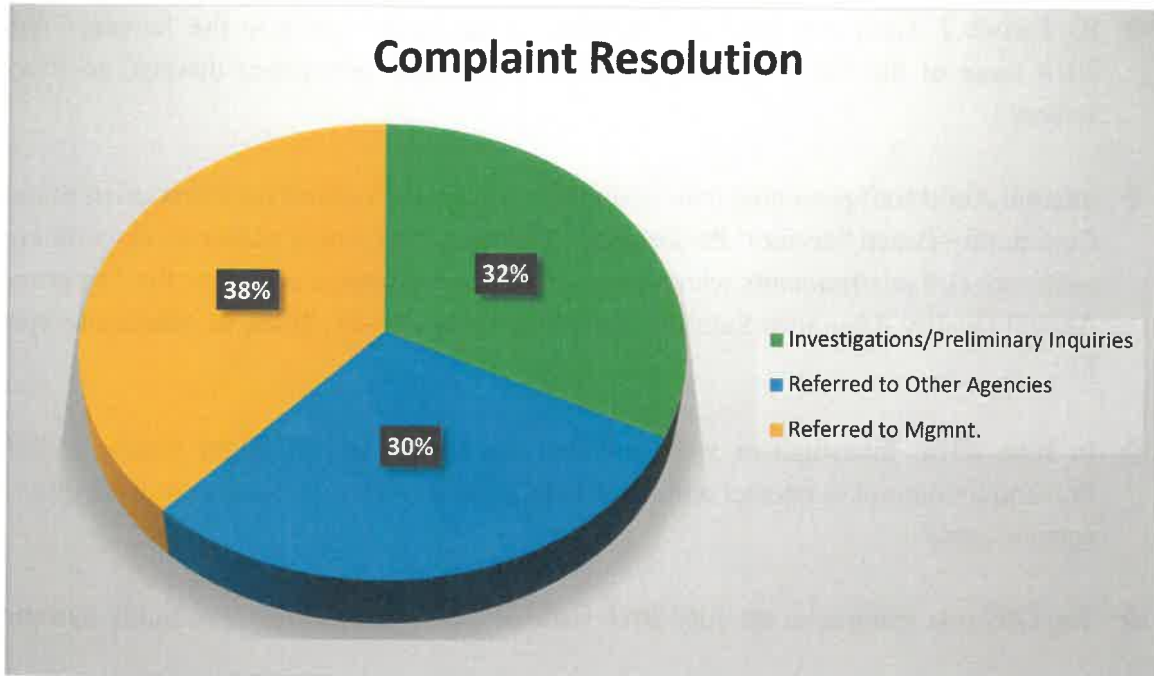
COMPLAINT RESOLUTIONS

Complaint Intakes

During the year, the OIG received 62 complaints or requests for assistance from various sources. Some examples of complaints include:

- Subcontractor issues
- Employee Misconduct
- Suspicious incidents at DOEA Headquarters

The chart on the following page illustrates the resolution of complaints received by the OIG:



ANNUAL RISK ASSESSMENT

The OIG performs an annual risk assessment of all Department activities to ensure their services provide the most benefit to the Department. This ensures the OIG is responsive to management concerns and those activities with the greatest risks are identified and scheduled for review.

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Internal Audit staff prepares the *Schedule IX: Major Audit Findings and Recommendations* for the Department's Legislative Budget Request on an annual basis. The Schedule IX informs decision-makers about major findings and recommendations made in AG and OIG audit reports issued during the current and previous fiscal years. It also provides information on the status of action taken to correct reported deficiencies.

OUTREACH AND EDUCATIONAL ACTIVITIES

During the fiscal year, OIG staff participated in the following outreach and educational activities:

- ❖ Investigative staff created a Fraud Awareness and Prevention Newsletter, which was distributed to all Department employees (headquarters and field offices) and the 11 Area Agencies on Aging, along with Governor Rick Scott's 2017 Fraud Awareness Week Proclamation;

- ❖ IG Taroub J. Faraj submitted a “Consumer Awareness” article in the January/February 2018 issue of the *Elder Update*, DOEA’s bi-monthly newspaper directed to Florida’s seniors;
- ❖ Internal Audit staff presented their audit findings for the Audit of the Division of Statewide Community-Based Services’ Performance Measure, “*Percent of elders assess with high or moderate risk environments who improved their environment score*” at the Department’s Annual Quality Assurance Summit, held on February 20-21, 2018, in Altamonte Springs, FL;
- ❖ In June 2018, Investigative staff attended the annual DOEA Elder Abuse and Fraud Prevention Summit to interact with elders and connect with representatives from other state agencies; *and*
- ❖ The OIG was featured in the July 2018 issue of *The Digest*, DOEA’s monthly newsletter.

Lastly, the OIG continues its partnership with the AHCA Inter-Agency Fraud and Abuse group.



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