

DEPARTMENT OF JUVENILE JUSTICE

**INFORMATION TECHNOLOGY CONTROLS,
SELECTED ADMINISTRATIVE ACTIVITIES, AND
PRIOR AUDIT FOLLOW-UP**

Operational Audit

For the Period July 2007 Through February 2009,
and Selected Actions Through May 2009



SECRETARY OF THE DEPARTMENT OF JUVENILE JUSTICE

Section 20.316, Florida Statutes, creates the Department of Juvenile Justice. The head of the Department is the Secretary of Juvenile Justice who is appointed by the Governor and subject to confirmation by the Senate. The following individuals served as Secretary during the audit period:

Frank Peterman, Jr.	From February 18, 2008
Jennifer Parker (Acting)	February 8, 2008, through February 17, 2008
Walter McNeil	February 1, 2007, through February 7, 2008

The audit team leaders were Young O. (Julia) Larsen, CPA, CITP, and Suzanne Sullenberger, CPA, and the audit was supervised by Cheryl Jones, CPA. Please address inquiries regarding this report to Jane Flowers CPA, Audit Manager, by e-mail at janeflowers@aud.state.fl.us or by telephone at (850) 487-9136.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF JUVENILE JUSTICE

Information Technology Controls, Selected Administrative Activities, and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of Juvenile Justice (Department) for the period of July 2007 through February 2009, and selected actions through May 2009, focused on information technology controls and selected administrative activities, and included a follow-up on prior audit findings. Our audit disclosed the following:

INFORMATION TECHNOLOGY CONTROLS

Finding No. 1: The Department did not adequately document its program management processes or separate among employees incompatible change management processes. Additionally, the Department had no written program change management policies and procedures.

Finding No. 2: Controls over the physical access to the Department's information technology resources needed improvement.

Finding No. 3: The Department did not always document the granting and terminating of access privileges. In addition, the Department did not periodically review the continuing appropriateness of access privileges.

Finding No. 4: Certain application controls in the Juvenile Justice Information System needed improvement.

COST-OF-SUPERVISION AND COST-OF-CARE

Finding No. 5: Deficiencies continue to exist and impact the billing and reporting of fees assessed parents or guardians when a child is placed under the supervision or care of the Department.

Finding No. 6: The Department did not always invoice parents for juvenile placements in accordance with statute.

SELECTED ADMINISTRATIVE ACTIVITIES

Finding No. 7: Department contract monitoring procedures, instruments, and efforts were not always documented or maintained in contract files.

Finding No. 8: Physical inventories were not performed by individuals other than those responsible for the property.

BACKGROUND

The Department is responsible for planning, coordinating, and managing the delivery of all programs and services within the juvenile justice continuum.¹ To deliver these programs and services, the Department is organized into five functions, including Administration and four program areas: Prevention and Victim Services, Detention Services, Residential Services, and Probation and Community Intervention. Each of the four program areas is headed by an Assistant Secretary and the Chief of Staff is responsible for Administration. The four program areas are administered through three regions (North, Central, and South), which are further divided into judicial circuits.

¹ Section 20.316, Florida Statutes, defines juvenile justice continuum as all children-in-need-of-services programs; families-in-need-of-services programs; other prevention, early intervention, and diversion programs; detention centers and related programs and facilities; community-based residential commitment and nonresidential programs; and delinquency institutions provided or funded by the Department.

Pursuant to Florida Statutes, the Department is responsible for developing a juvenile justice information system, which shall provide information concerning Department activities and programs.² The Department has developed such a system, the Juvenile Justice Information System (JJIS). The Department’s Management Information Systems (MIS) office, organizationally located within the Division of Administration, maintains JJIS. Data Integrity Officers within each of the judicial circuits are responsible for assisting users with maintaining the integrity of the data entered into JJIS, creating JJIS user accounts, and assisting with JJIS user training.

FINDINGS AND RECOMMENDATIONS

Information Technology Controls

Information technology (IT) controls are specific activities performed by individuals or systems and are designed to ensure that business objectives are met. IT controls, a subset of an organization’s internal controls, are intended to ensure the confidentiality, integrity, and availability of data and IT resources. IT controls consist of general controls and application controls. General controls are those that apply overall to an organization’s information systems and include, but are not limited to, policies and procedures addressing access to programs and data, program development, and program changes. Application controls refer to transaction processing controls for unique IT applications. Our audit included a review of selected Department general controls and application controls for JJIS.

Finding No. 1: Change Management Controls

Modifications to existing programs may be necessary to correct problems or to add, delete, or replace functionality. Effective change management controls over program changes or modifications include procedures to ensure that all changes are properly authorized, tested, and approved prior to implementation. Examples of change management controls that are typically employed to ensure system integrity include:

- Written procedures that describe all change management processes for system modifications.
- Separation of key functions among personnel involved with the change management process.

Our audit disclosed the following related to the Department’s change management process:

- JJIS programming personnel, whose duties included modifying program code, were also assigned the responsibility for moving program changes into the production environment to process live Department data. Separation of these duties reduces the risk that unauthorized program changes are moved to the production environment. As a compensatory control, absent the separation of duties related to program changes and the movement of those changes to the production environment, supervisory review of the program move activities could be performed to ensure the integrity of program changes. However, we also noted that Department program move activities were not periodically reviewed by supervisory staff.
- Our review of five program changes selected from the production library indicated that program change processes were not documented. These program change processes included, for example, programming, testing, user acceptance testing, and the movement of the changes into the live production environment.

While the Department has developed an Information Systems Development Methodology (ISDM) Life Cycle Description and an ISDM checklist which provide standard methods and guidelines for new system development projects, our review indicated that there were no similar written policies or checklists utilized to document changes or modifications to existing programs and systems.

² Section 20.316, Florida Statutes.

In the absence of an appropriate formal methodology to document program changes and separate key functions of the process, the risk of unauthorized changes to IT systems and data is increased.

Recommendation: The Department should develop written policies and procedures for change management controls to better ensure that all program changes or modifications are properly authorized, tested, and approved prior to implementation. The Department should further ensure that duties related to program modifications and the movement of program modifications into the production environment, are appropriately separated among staff. In the absence of this separation of duties, the Department should establish compensating controls whereby appropriate supervisory staff review all program move activities to the production environment.

Finding No. 2: Physical Access

To ensure the confidentiality, integrity, and availability of data and IT resources, physical access to key IT resources should be restricted to only those individuals who require access to perform their job duties and responsibilities. Physical access controls should also include the periodic review of individual's access to ensure their continuing appropriateness to access the IT resources. Not only should centralized data centers be restricted, but other locations with communications devices, such as closets or rooms with routers and servers, should also be restricted to reduce the risk of unauthorized access to data and IT resources. Our review of the physical access to the Department's computer and communications rooms containing key network components disclosed that:

- The Department issued 106 access security cards with Level 1 or 5 security access that permitted entry to the Department's main server room where application servers and key network resources were maintained. Sixty-nine cards were issued with Level 1 access which allowed entry to all areas of the building (including MIS and the main server room), and 37 cards were issued with Level 5 access which allowed entry to all MIS areas including the main server room. In response to our audit inquiries, Department staff indicated that for 85 of the 106 access security cards issued (approximately 80 percent of the cards), the employees did not require access to the Department's main server room in order to perform their job duties.
- Other matters regarding physical access issues are not disclosed in this report to avoid the possibility of compromising Department data and IT resources. However, appropriate Department staff have been notified of the specific issues.

Absent appropriate restriction of physical access to key IT resources, the risk of unauthorized access to the Department's network, applications, and data is increased.

Recommendation: The Department should remove the access privileges of all who do not require access in order to perform their job duties. The Department should also perform periodic reviews of physical access to ensure that resources remain appropriately restricted.

Finding No. 3: Access Controls

Effective security controls include access controls that reasonably ensure users have only the system access privileges needed to perform their duties, that access to sensitive resources is limited to only a few users, and that users are restricted from performing incompatible functions. Access controls include the use of individual user identification codes (IDs) and passwords to identify and authenticate the user, and the periodic change of passwords. The risk of the assignment of inappropriate or unnecessary access privileges can be reduced through the implementation of controls that require documentation of authorizations for system access, periodic reviews of the continuing

appropriateness of access privileges, prompt removal of the access privileges when they are no longer warranted, and the periodic change of individual passwords.

Our audit disclosed aspects of the control of JJIS access privileges that needed improvement. Specifically:

- Access profiles for MIS staff indicated that 26 of 31 staff, including programmers and analysts, had the ability to access the JJIS production environment. Best practices provide that IT staff, such as programmers and analysts, should not be provided access that allows them to input or update data in the production environment.
- A review of the security profiles of users' access accounts indicated that, as of April 30, 2009, approximately 31 percent of JJIS users had not accessed the system for at least 90 days, with some not accessing JJIS since 2003. Periodic reviews of user access privileges should be made to identify users whose access is no longer warranted.
- Access to JJIS is granted to Department employees and external partners, such as employees of the Department of Children and Families, contract providers, and law enforcement. Due to the sensitive nature of the data contained within JJIS, it is imperative that unwarranted access be removed. We found that JJIS user access privileges were not periodically reviewed to ensure that access privileges granted to users remained appropriate. We also found that JJIS user access profiles did not always include essential information required to identify the users. Appropriately identifying a user is vital to properly monitoring the user's access security status and assigned security levels.
- The Department's policy regarding removing terminated employees' access to the Department's network and systems required that the employee's access be disabled within 72 hours of termination and be documented on the Department's Network User Account Deletion form. Our tests of the access privileges for 1,728 employees who terminated during the audit period indicated that access was not always disabled timely in accordance with Department policy. Specifically:
 - Our comparison of personnel records to JJIS access accounts indicated that the access to JJIS for 93 employees who terminated during the audit period had not been disabled as of April 30, 2009. Of these 93 terminated employees, 23 had active access accounts for both the Department's network and JJIS.
 - For the access accounts of 10 terminated employees selected for testing, the Network User Account Deletion forms were not available for 6 employees. Two of the four available access deletion forms did not provide the date that access was disabled. The other two access deletion forms were forwarded to MIS by the employee's supervisor 5 and 7 days, respectively, after the employee's termination and indicated that network access was disabled 6 days after the employee's termination dates.
- MIS had not developed JJIS access request forms or other documentation to evidence the proper approval and authorization of the user's access levels granted in JJIS.
- Other issues relating to JJIS user access management are not disclosed in this report to avoid the possibility of compromising access security. However, the appropriate Department staff have been notified of the specific issues.

Absent appropriate access controls, unauthorized modifications of IT information systems or data could occur and not be timely detected.

Recommendation: The Department should enhance access control policies and procedures to appropriately document the granting and terminating of IT resource access privileges. In addition, the Department should periodically review access privileges to ensure that the access levels correspond to employee job responsibilities.

Finding No. 4: JJIS Application Functions

Two important functions of JJIS involve providing users with critical alerts regarding juveniles and maintaining judicial case information for juveniles in custody. Our review of the JJIS’ alert function, judicial case records, and data input processes indicated that certain application controls needed strengthening. Specifically:

- The Department included in the design of JJIS, functionality intended to require users to review critical alerts and other information regarding a juvenile before allowing access to other juvenile information in JJIS. Examples of critical alerts include those relating to sexual offender status, special medical needs, special dietary needs, and suicide risks. After viewing the critical alerts screen, users are led by JJIS to then review the critical alert notes screen that provides additional, specific information regarding the critical alert. For example, a note on special medical needs may inform staff that a juvenile is taking a particular medication or a special dietary note could address a dietary allergy. To ensure that the sexual offender critical alert was recorded timely in JJIS, the Department created a nightly process to create the sexual offender critical alert when there was a related court order and when the alert had not already been created by a law enforcement officer or by Department staff. While this nightly process created the sexual offender critical alert, it did not create the critical alert notes information. Without the notes that should accompany a sexual offender critical alert, Department staff may lack information important to the proper care and safety of juveniles.
- Other issues relating to JJIS critical alerts and judicial actions are not disclosed in this report to avoid the possibility of compromising access security. However, the appropriate Department staff have been notified of the specific issues.

Recommendation: The Department should improve JJIS functionality associated with critical alert notes.

Cost-of-Supervision and Cost-of-Care

Pursuant to Florida Statutes, parents (including guardians) shall be ordered to pay a fee to the Department when their child is placed under the supervision of the Department or when temporary legal custody of their child is placed with the Department.³ A fee of \$1 per day is to be charged when the child is placed into home detention, probation, commitment to minimum-risk nonresidential restrictiveness level, or other supervision status. A fee of \$5 per day is to be charged for any child placed into secure detention or placed on committed status and the temporary legal custody of the child is placed with the Department. The court may waive or reduce these fees if there is a finding of indigency or significant financial hardship to the parent, or if the parent is the victim of the delinquent act perpetrated by the child.

The Department is responsible for billing, collecting, and reporting the fees and uses the Accounts Receivable Management System (ARMS) to manage accounts and other cost-of-care functions, such as receipting and transfers of delinquent accounts to a collection agency. ARMS is to obtain each youth’s placements for the billing month from JJIS and determine the placement fees based on the number of days per placement and the applicable statutory rates. ARMS is also to obtain fee waiver and reduction information from JJIS and create waiver transactions to reduce the applicable billing transactions, where applicable. Department expenditures for the 2007-08 fiscal year associated with the management of cost-of-care accounts totaled approximately \$1 million.

As shown by Table 1, ARMS-generated net billings, as of April 2009, totaled approximately \$7.8 million related to approximately 42,700 juveniles during the 2008-09 fiscal year, of which approximately \$1.6 million was collected.

³ Section 985.039, Florida Statutes.

Table 1
ARMS Activity
Cost-of-Care Billings and Collections

Activity	2007-08 Fiscal Year	2008-09 Fiscal Year, as of April 2009
Amount Billed	\$16,286,463	\$12,925,580
Adjustments	(1,762,136)	(1,674,460)
Fee Waivers and Reductions	<u>(4,268,430)</u>	<u>(3,427,533)</u>
Total Net Billings	<u>\$10,255,897</u>	<u>\$ 7,823,587</u>
Total Collections	<u>\$ 2,371,103</u>	<u>\$ 1,593,268</u>
Percentage of Billings Collected	23.1%	20.4%

Source: ARMS

Finding No. 5: Account Management

Our audit of 45 juvenile cost-of-care accounts, disclosed that the Department undercharged or overcharged 10 accounts in 15 instances. Specifically:

- For one account undercharged \$1,555, secure detention and commitment placements were not charged due to the account being in an inactive status. The account had one \$5 billing for August 2006 which the Department wrote off in 2007. The youth subsequently had chargeable placements for which ARMS did not generate billings. Department staff indicated that although the system will reset accounts in a satisfied status, there is no procedure to evaluate accounts in other inactive status types, such as write-off status, to determine if billings should be resumed.
- Two accounts, undercharged \$1,975, had moderate risk residential placements that were not billed. The referral dispositions were new and were not included in the approved disposition list used to extract data from JJIS into ARMS. Department staff indicated that this disposition would be added to the list of approved dispositions.
- One account was overcharged \$890 due to the probation placement end date of September 22, 2006, not being entered into JJIS until April 8, 2009.
- One account was overcharged \$91 when the youth moved out-of-state under the Interstate Compact and, although a waiver had been entered into JJIS, fees continued to be billed to the account. Department staff indicated that program logic has now been put in place to prevent billings for Interstate Compact cases, and waivers are no longer used to eliminate Interstate Compact billings.
- Three accounts were under or overcharged due to ARMS system errors. For one account overcharged \$90, the JJIS record indicated that the youth was not adjudicated on a law violation and, therefore, should not have been billed for the placement. For the other 2 accounts, undercharged \$15, ARMS did not, upon adjudication, retroactively bill for applicable secure detention or commitment placement days.
- For 3 accounts undercharged \$66, ARMS did not retroactively bill for home detention or probation placements when it was appropriate to bill for these placements.
- For 3 accounts, fee waivers were not correctly entered into JJIS and, as a result, ARMS accounts were overcharged \$1,636.
- For one account undercharged \$92, there were no fee waivers to support the waiver information entered into JJIS.

We noted similar deficiencies in report No. 2008-029, finding No. 6, and, although the Department had implemented various system modifications and procedural changes, deficiencies in the billing process continued to exist. At

November 2007, the Department had a listing of 71 needed ARMS updates and enhancements and, as of May 2009, 28 issues remained outstanding.

Recommendation: We again recommend that the Department continue to take actions to improve policies and procedures and implement necessary system changes to ensure the accuracy of billings and reporting of fees.

Finding No. 6: Billable Placements

Department policies and procedures regarding the billing of two placement types were not in compliance with the provisions of Florida Statutes.⁴ This statute allows the court to order parents to pay a fee of \$1 per day when their child is placed in, among other placements, other supervision status (including conditional release) or committed to the minimum-risk nonresidential restrictiveness level.

- Minimum-risk nonresidential commitment placement was added to the statute effective July 1, 2005, and ARMS was programmed to bill this placement type in September 2005. However, in August 2006, ARMS was programmed to no longer bill for this placement. Subsequently, in December 2008, effective for placements as of January 1, 2009, and based upon information provided to Finance and Accounting by the Department’s General Counsel’s office, the billings for this placement type were resumed. In response to our audit inquiry, Department staff indicated that due to turnover and a lack of institutional knowledge, it is unknown as to why billing for this placement had been discontinued. Based on JJIS data provided by Department staff, we estimated that for the 2008-09 fiscal year, as of April 30, 2009, there were 305 minimum-risk nonresidential commitment placements with a total of 34,558 billable days.
- Due to turnover and a misunderstanding regarding conditional release billings, Finance and Accounting began billing for conditional release placements beginning January 1, 2009, even though this placement was allowable and had been programmed into and was billing through ARMS since 2004. We identified one account that was reduced by \$354 for conditional release placements charged between March 2008 and March 2009. We were advised that selected other accounts may have also been subject to similar incorrect adjustments. Department staff indicated that the misunderstanding may have occurred when conditional release placement was combined in a request to the Department’s General Counsel’s Office for clarification regarding several billable placements and, as a result, the account was reduced for a legally billable placement.

Recommendation: The Department should implement procedures to ensure that placements are billed in accordance with Florida Statutes.

Selected Administrative Activities

Finding No. 7: Contract Monitoring

Contract monitoring provides observations and data on how well services are being provided in relation to contract terms, and whether the desired service outcomes are being achieved. Effective contract monitoring also provides an opportunity to identify performance problems so that corrective action may be timely initiated.

The Department is to perform both administrative and programmatic monitoring of contracts. Administrative monitoring focuses on accountability for fiscal resources. Programmatic monitoring aids management in ensuring that contract providers operate in an efficient and effective manner that is conducive to achieving program goals and objectives. Monitoring activities are to be performed by each of the five Department functions described in the

⁴ Section 985.039, Florida Statutes.

BACKGROUND section of this report. Department policy, Contract Management and Program Monitoring (FDJJ-1680), provided that each Assistant Secretary and Chief of Staff was responsible for establishing appropriate internal controls, including written procedures, to ensure completion of the area's contract management and monitoring responsibilities.

For 25 contracts selected for testing totaling \$244.2 million, our tests of each area's monitoring procedures, monitoring instruments, and documentation associated with contract monitoring disclosed:

- Contrary to FDJJ-1680, the Detention Services program area had not developed and implemented written procedures regarding contract management and monitoring. All other Departmental areas had developed and implemented written policies and procedures regarding contract management and monitoring. Absent specific monitoring policies and procedures, the Department lacks assurance that monitoring efforts are sufficient to timely detect contractor performance and other contract compliance issues.
- For 5 contracts totaling approximately \$24.5 million (2 Residential and 3 Detention), we noted that administrative monitoring was not conducted. In addition, for 2 of these contracts, totaling approximately \$7.7 million, programmatic monitoring was only partially completed. Without conducting required monitoring activities, the Department has reduced assurance that service providers operated in compliance with contract terms and conditions.
- For 3 Residential contracts totaling approximately \$33.4 million, completed monitoring instruments were not available for our review. Without properly completing monitoring instruments, the Department cannot demonstrate the nature and scope of monitoring activities.
- Monitoring reports were either not issued for monitoring activities or were not timely issued after the monitoring activity for 3 contracts totaling approximately \$17.1 million (2 Probation and 1 Detention). For one Probation contract, a monitoring report was not issued after the administrative monitoring, and for the other contract, the report was issued 2 months after the monitoring activity. For a Detention food service contract, 11 monitoring visits were performed; however, monitoring reports were available for only 3 of the monitoring visits. Without monitoring reports, the Department cannot demonstrate that any deficiencies noted were communicated to the provider so that corrective actions could be initiated by the contractor and followed up on by the Department.

We disclosed similar issues in finding No. 3, of audit report No. 2008-024.

Recommendation: We again recommend that the Department's contract monitoring processes and procedures be fully developed and implemented and that compliance therewith be documented to ensure that providers fulfill the terms and conditions of contracts.

Finding No. 8: Tangible Personal Property Inventory Procedures

Pursuant to Department of Financial Services' rule, custodian delegates shall not personally inventory items for which they are responsible.⁵ Our review of the Department's policies and procedures disclosed that the responsibilities of the property custodian and custodian's delegate concerning the annual physical inventory were not clearly defined and individuals responsible for the physical custody of property were not restricted from performing the annual physical inventory. Our review of the inventory records for 10 property locations, with tangible property totaling \$915,081, physically inventoried during fiscal year 2007-08, disclosed five locations at which the inventories had been completed by the property custodian, as indicated by the custodian's signature on the inventory form.

Annual physical inventories are necessary to ensure accountability and to safeguard State-owned assets. When physical inventories are performed by those with physical custody of the property, conditions are created under which

⁵ Department of Financial Services Rule 69I-72.006, Florida Administrative Code.

record errors and property losses may be concealed from timely detection, investigation, and resolution. In response to our inquiry, Department staff indicated that they were in the process of revising property inventory policies. As of June 30, 2009, the reported cost of Department tangible personal property totaled \$41.2 million.

Recommendation: The Department should revise tangible personal property policies and procedures to ensure that individuals responsible for property are not performing the annual physical inventory.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken, or was in the process of taking, corrective actions for the findings included in audit report Nos. 2008-024 and 2008-029.

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 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 focused on information technology (IT) controls and selected administrative activities and included a follow-up on prior audit findings. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To determine whether management had corrected, or was in the process of correcting, all applicable deficiencies disclosed in audit report Nos. 2008-024 and 2008-029.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the period July 2007 through February 2009, and selected actions through May 2009. In conducting our audit we:

- Interviewed selected Department personnel.
- Obtained an understanding of internal controls and tested processes and procedures related to areas within the scope of the audit.
- Evaluated Department corrective actions taken to resolve the findings disclosed in report No. 2008-024. Specifically, we:

- Examined 30 contract files to determine whether procurements were sufficiently documented and that contracts complied with applicable procurement laws.
- For 25 contracts, examined contract monitoring files to determine whether administrative and programmatic monitoring was performed, adequately documented, and, if applicable, a follow-up on contractor corrective actions was conducted.
- For 25 contracts, examined documentation supporting contract payments to determine whether payments were made in accordance with contract terms and conditions.
- Reviewed the Department's contract listing and evaluated the adequacy of the listing in assisting the Department's overall contract management process.
- Performed inquiries and reviewed documentation related to Department compliance with the Florida Single Audit Act.
- Analyzed the timely removal of FLAIR access upon employee termination.
- Examined a selection of cellular telephone invoices to determine whether the invoices had been appropriately reviewed.
- Evaluated the Department's corrective actions taken to resolve the findings disclosed in report No. 2008-029. Specifically, we:
 - Reviewed Department records documenting the share of detention costs billed to counties.
 - Performed inquiries and reviewed the tracking of detention cost sharing dispute resolution with counties.
 - Reviewed the Department's processes for recording amounts related to detention cost sharing and analyzed transfers to the Shared County and State Juvenile Detention Trust Fund to manage fund deficits.
 - Examined the Department's process for recording receivables at year end for the cost-of-supervision and cost-of-care fees to determine whether the amounts were properly recorded in the Department's accounting records.
 - Examined 45 cost-of-supervision and cost-of-care accounts to determine whether juvenile placements were accurately and completely billed and whether fee waivers properly reduced accounts.
 - Reviewed Department procedures for referring accounts for collection and for acquiring approval to write-off uncollectible amounts.
- Analyzed and evaluated the contract monitoring activities performed by the Department's program offices and the Quality Assurance function to determine if duplicative monitoring activities had been performed.
- Obtained an understanding of selected general and applications controls and evaluated the effectiveness of key processes and procedures related to JJIS. As part of these tests, we:
 - Reviewed IT-related functions and duties to determine the appropriate placement of the IT function within the organization and to identify duties that should be separated.
 - Reviewed physical access controls over IT resources to determine whether resources were restricted to only those individuals who require access.
 - Reviewed 10 program changes to evaluate the adequacy of IT general controls over systems development and maintenance.
 - Reviewed policies and procedures to determine whether security administration risks were addressed and reviewed employee position descriptions to determine whether duties were clearly defined.
 - Analyzed user account profiles to determine whether user account management policies and procedures adequately secured IT resources.

- Examined 10 user accounts for employees who had terminated from the Department to determine whether user access was timely removed.
 - Examined and tested selected JJIS applications controls that ensured that transactions occurred, were authorized, and were completely and accurately recorded and processed.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a biennial 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.



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

In a response letter dated February 5, 2010, the Secretary of the Department provided responses to our audit findings and recommendations. The Department's response is included as EXHIBIT A.

EXHIBIT A
MANAGEMENT'S RESPONSE



FLORIDA DEPARTMENT OF JUVENILE JUSTICE

Charlie Crist, Governor

Frank Peterman, Jr., Secretary

February 5, 2010

Mr. David W. Martin, Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

The Department of Juvenile Justice has received and reviewed the preliminary and tentative audit findings and recommendations issued by your office January 6, 2010, which may be included in a report to be prepared on the final operational audit of the Department of Juvenile Justice, Information Technology Controls, Selected Administrative Activities, and Prior Audit Follow-up, for the period July 2007 through February 2009, and selected actions taken through May 2009.

Pursuant to section 11.45(4) (d), Florida Statutes, the Department has prepared its response and corrective actions to the preliminary and tentative audit findings. In accordance with your instructions the response is being submitted electronically to flaudgen_audrpt_SGA@aud.state.fl.us.

If you have any questions regarding this submission or need additional information please contact Sheree Keeler, Director of Administrative Services at 488-3981 or sheree.keeler@djj.state.fl.us

Sincerely,

Frank Peterman, Jr.
Secretary

Enclosure

cc: Mary Eubanks, Inspector General
Jennifer Parker, General Counsel
Rod Love, Deputy Secretary
Kelly Layman, Chief of Staff
Sheree Keeler, Director of Administration

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The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)



FLORIDA DEPARTMENT OF JUVENILE JUSTICE

Charlie Crist, Governor

Frank Peterman, Jr., Secretary

This is the Agency's response to the preliminary and tentative findings and recommendations of the Auditor General (AG) operational audit of the Department of Juvenile Justice, Information Technology Controls, Selected Administrative Activities, and Prior Audit Follow-up, for the period July 2007 through February 2009, and selected actions taken through May 2009, issued by January 6, 2010. Below is each finding, the recommendations suggested by the AG as well as the Department's statement of explanation concerning each and all of the findings, including actual or proposed corrective actions.

INFORMATION TECHNOLOGY CONTROLS

Finding 1: The Department did not adequately document its program management processes or separate among employees' incompatible change management processes. Additionally the Department had no written program change management policies and procedures.

Recommendations: The Department should develop written policies and procedures for change management controls to better ensure that all program changes or modifications are properly authorized, tested, and approved prior to implementation. The Department should further ensure that duties related to program modifications and the movement of program modifications into the production environment, are appropriately separated among staff. In the absence of this separation of duties, the Department should establish compensating controls whereby appropriate supervisory staff reviews all program move activities to the production environment.

Agency Response: The Department concurs and will develop a written policy and procedure for change management. Due to resource requirements for Data Center Consolidation and the requirements of DJJ Policy and Procedure 1000, Development and Review of Policies, our estimated time frame is December 31, 2010.

Finding 2: Controls over the physical access to the Department's information technology resources needed improvement.

Recommendation: The Department should remove the access privileges of all who do not require access in order to perform their job duties. The Department should also perform periodic reviews of physical access to ensure that resources remain appropriately restricted.

Agency Response: The Department concurs and has already taken steps to remove access to personnel that do not require access to the server room. The department will also implement a procedure to review server room access on a quarterly basis. Due to resource requirements for Data Center Consolidation and the requirements of DJJ Policy and Procedure 1000, Development and Review of Policies, our estimated time frame is December 31, 2010.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

Finding 3: The Department did not always document the granting and terminating of access privileges. In addition, the Department did not periodically review the continuing appropriateness of access privileges.

Recommendation: The Department should enhance access control policies and procedures to appropriately document the granting and terminating of IT resource access privileges. In addition, the Department should periodically review access privileges to ensure that the access levels correspond to employee job responsibilities.

Agency Response: The Department concurs and will pursue the development of an appropriate policy for access control in conjunction with the Data Integrity Officers, the IT Steering Committee and the Executive Leadership Team. The policy will include periodic reviews of access privileges to the systems. Due to resource requirements for Data Center Consolidation and the requirements of DJJ Policy and Procedure 1000, Development and Review of Policies, our estimated time frame is December 31, 2010.

Finding 4: Certain application controls in the Juvenile Justice Information System needed Improvement.

Recommendation: The Department should improve JJIS functionality associated with critical alert notes.

Agency Response: The Alerts Notification module was designed to notify DJJ or Provider staff if there are issues of importance with the youth. The purpose of the Alert is to draw attention to important issues but not to provide specific details. The procedure is for the Juvenile Probation Officer to research any necessary details of the case once they have seen an alert. The Department will however, undertake a review of the current process of the alerts to determine if and what improvement can be made. This review will be completed by December 31, 2010.

COST-OF-SUPERVISION AND COST-OF-CARE

Finding No. 5: Deficiencies continue to exist and impact the billing and reporting of fees assessed parents or guardians when a child is placed under the supervision or care of the Department.

Recommendation: We again recommend that the Department continue to take actions to improve policies and procedures and implement necessary system changes to ensure the accuracy of billings and reporting of fees.

Agency Response: The Cost of Care (COC) Unit staff turnover and vacancies rate during the audit period delayed progress in implementing prior audit recommendations or further improvements. The COC unit however, continues to work diligently to identify billing issues in ARMS.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

As discrepancies such as a disposition, placement, and waiver billing errors are discovered the COC Supervisor will continue to submit a User Project Request Form to the Bureau of Management Information Services to have the issue corrected and the Cost of Care Auditor assigned to the account makes the necessary adjustments. This is an ongoing quality improvement process.

Finding No. 6: The Department did not always bill juvenile placements in accordance with Florida Statute.

Recommendation: The Department should implement procedures to ensure that placements are billed in accordance with Florida Statutes.

Agency Response: As noted in the detail of the audit finding, there was a misunderstanding as to the validity of several billable placements. As of January 1, 2009, the Department began billing accounts in accordance with the Florida Statutes. The Department continues to perform account audits and if discrepancies such as a disposition, placement, and waiver billing errors are discovered, the COC Finance and Accounting Director submits a User Project Request Form to the Bureau of Management Information Services to have the issue corrected and the Cost of Care Auditor assigned to the account makes the necessary adjustments.

On January 21, 2010 the department issued the following directive *"Effective immediately, when auditing accounts, if the disposition date for Non-Residential Minimum Risk Commitment is July 1, 2005 it is billable and if the disposition date for Conditional Release is July 01, 2004, it is billable. The corresponding desk procedures will be updated accordingly and a copy will be provided to the staff."*

SELECTED ADMINISTRATIVE ACTIVITIES

Contract Monitoring

Finding No. 7: Department contract monitoring procedures, instruments, and efforts were not always documented or maintained in contract files.

Recommendation: We again recommend that the Department's contract monitoring processes and procedures be fully developed and implemented and that compliance therewith be documented to ensure that providers fulfill the terms and conditions of contracts.

Agency Response: The Department promulgated FDJJ 2000 (which replaced policy FDJJ 1680) in December 2009. This policy includes detailed guidelines that fully address contract monitoring in each program area, including detention. These documents may be found at: http://www.djj.state.fl.us/policies_procedures/index.html.

To address specific findings with Detention Services program area contracts:

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

- (1) Administrative and Programmatic monitoring:** Detention Services has now implemented procedures to address the required monitoring. Programmatic monitoring is required once every quarter. A monitoring schedule was also implemented to ensure a programmatic monitoring takes place for every contract each quarter. The administrative review is scheduled for the end of the fiscal year and will take place in June.
- (2) Monitoring Reports:** The Detention Services procedures implemented in December 2009 require that the monitoring report be provided to the provider within thirty (30) days of completion of the monitoring. The provider then has thirty (30) days in which to respond.
- (3) Food Services:** Monitoring of food services is no longer a concern. As of January 1, 2010, food services were in-sourced and will no longer require contract monitoring activities.

To address specific findings with Residential and Probation program area contracts:

Contracts that were found out of compliance were researched and the following changes implemented:

- (1) Administrative and Programmatic Monitoring:** As indicated during the review, the Offices of Probation and Residential Services have combined staffing resources to conduct monitoring activities and oversight over all providers for the two program areas. The automation of this combined monitoring oversight began November 1, 2009, with completion of training activities and full implementation with the fiscal year 2009-10. This automation will assist supervisors in ensuring that reports are generated in a timely manner and that all areas of the monitoring plans are addressed/monitored within the fiscal year.
- (2) Monitoring Instruments:** An electronic storage mechanism on our agency's K drive has been developed to store all monitoring instruments. In addition, procedures have been developed to ensure that the documents are scanned into the drive and supervisory oversight is provided.

Finding No. 8: Physical inventories were not performed by individuals other than those responsible for the property.

Recommendation: The Department should revise tangible personal property policies and procedures to ensure that individuals responsible for property are not performing the annual physical inventory.

Agency Response: The Department concurs and for the current property inventory period, the Bureau of General Services clarified the roles and tasks for property custodians and custodian delegates through conference calls and meetings to ensure

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

that everyone understood roles, functions and the how the inventory process is to take place for the current fiscal year. The Bureau of General Services is up-dating DJJ Policy and Procedure 1312: Property Management and Control to reflect each individual's responsibility for property and to ensure separation of duties. It is anticipated this will be completed by June 30, 2010.