

**DEPARTMENT OF CHILDREN AND
FAMILIES**

Public Assistance Fraud Prevention,
Detection, and Recovery Efforts



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Secretary of the Department of Children and Families

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Mike Carroll, Secretary	From May 5, 2014
Esther Jacobo, Interim Secretary	From July 19, 2013, to May 3, 2014
David Wilkins, Secretary	Through July 19, 2013

The team leader was James Beaumont, CPA, and the audit was supervised by Samantha Perry, CPA.

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DEPARTMENT OF CHILDREN AND FAMILIES

Public Assistance Fraud Prevention, Detection, and Recovery Efforts

SUMMARY

This operational audit of the Department of Children and Families (Department) focused on the Department's public assistance fraud prevention, detection, and recovery efforts, including activities of the Office of Public Benefits Integrity (Office). Our audit disclosed the following:

Finding 1: Office policies and procedures did not always reflect current operating processes and employee responsibilities. Additionally, by providing a comprehensive staff training program specific to public assistance fraud prevention, detection, and recovery efforts, Office investigative and benefits recovery processes could be enhanced.

Finding 2: The Department established the Automated Community Connection to Economic Self-Sufficiency (ACCESS) Integrity Online System (AIO) to store and track information needed to aid in fraud prevention. However, AIO application controls were not sufficient to ensure the completeness, accuracy, and validity of AIO data. In addition, the Department was unable to demonstrate that user access privileges to the AIO were timely deactivated upon an employee's separation from Department employment.

Finding 3: Certain security controls related to logging and monitoring AIO activity need improvement to ensure the continued confidentiality, integrity, and availability of AIO data.

Finding 4: The information necessary to accurately analyze the timeliness of referrals of public assistance cases to the Department of Financial Services, Division of Public Assistance Fraud (DPAF), for investigation of possible fraudulent activity was not readily available due to Department system limitations.

Finding 5: Department referrals to DPAF were not always appropriate.

Finding 6: The Office did not always timely complete investigations of referrals received regarding suspected public assistance fraud, or document the causes for delays, as required by Office policies and procedures.

Finding 7: The Office did not always ensure that benefit recovery referrals were processed in priority order or that claims were established within required time frames.

Finding 8: The Office did not always ensure that ACCESS Integrity unit investigations were appropriately documented in accordance with established policies and procedures.

Finding 9: Department procedures for identifying and appropriately and timely writing off eligible public assistance claims need enhancement.

BACKGROUND

The Department of Children and Families (Department), Economic Self-Sufficiency (ESS) Program Office, is responsible for public assistance eligibility determinations.¹ The public assistance programs for which the ESS Program Office determines eligibility include the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) Program, and Medicaid Program. The ESS Program Office utilizes the Florida Online Recipient Integrated Data Access (FLORIDA) System to assist in public assistance program eligibility determinations and benefit issuance. The Department, Office of Public Benefits Integrity (Office), is responsible for preventing and detecting public assistance program fraud, waste, and abuse and recovering any erroneously paid benefits. To help fulfill its responsibilities, the Office established the Automated Community Connection to Economic Self-Sufficiency (ACCESS) Integrity unit and Benefit Recovery unit.

The ACCESS Integrity unit is responsible for preventing and detecting public assistance fraud. ACCESS Integrity employees receive referrals regarding potential public assistance fraud from various sources, including ESS Program Office eligibility staff and the public. ACCESS Integrity employees investigate cases of potential public assistance fraud prior to the approval of benefits and monitor active public assistance cases to ensure the proper issuance of benefits. ACCESS Integrity employees utilize the ACCESS Integrity Online System (AIO), a Web-based system, to store and track information needed to aid in fraud prevention. During the period July 2013 through January 2015, the ACCESS Integrity unit received 98,178 referrals and initiated 41,142 investigations.

The Benefit Recovery unit is a claims establishment and recoupment program responsible for calculating and recovering public assistance dollars lost due to client and agency error or fraud. Benefit Recovery employees receive referrals from a variety of sources, including ESS Program Office eligibility staff; the Department of Financial Services, Division of Public Assistance Fraud; and the public. Benefit Recovery employees utilize the Integrated Benefit Recovery System (IBRS), a Web-based system which maintains all client, budget, claims, and accounting data, to recover overpaid benefits and report to the Federal Government. During the period July 2013 through January 2015, the Benefit Recovery unit received 79,478 referrals, established 37,551 overpayment claims totaling approximately \$57 million, and collected approximately \$28.3 million on outstanding claims.

Table 1 summarizes, by public assistance program, the number of investigations initiated by the ACCESS Integrity unit and referrals received by the Benefit Recovery unit during the period July 2013 through January 2015.

¹ Department Rule 65A-1.203, Florida Administrative Code.

Table 1
Investigations Initiated and Referrals Received
During the Period July 2013 Through January 2015

Public Assistance Program	ACCESS Integrity Unit Investigations Initiated	Benefit Recovery Unit Referrals Received
SNAP	38,510	69,447
TANF	74	3,410
Medicaid	138	4,633
SNAP and TANF	1,482	- ^a
Other	938	1,988
Totals	<u>41,142</u>	<u>79,478</u>

^a The Benefit Recovery Unit tracked referrals by public assistance program, so referrals involving more than one public assistance program are shown under each applicable program.

Source: Office records.

FINDINGS AND RECOMMENDATIONS

Finding 1: Office Policies and Procedures and Training

ACCESS Integrity and Benefit Recovery employees utilized a variety of fraud prevention and detection techniques and calculated benefit overpayments as part of Office efforts to appropriately identify instances of suspected public assistance fraud and to establish claims against individuals, as applicable. As part of our audit, we evaluated the Office's organizational structure and policies and procedures to determine whether the Office had established a framework that promoted the appropriate consideration and disposition of referrals and conduct of fraud prevention and detection activities. Among other things, such a framework should include up-to-date policies and procedures that prescribe the appropriate processes for conducting investigations and establishing claim amounts and establish standards for staff training.

Our audit procedures disclosed that, although the Office had established policies and procedures² pertaining to ACCESS Integrity and Benefit Recovery unit operations, the policies and procedures were last updated in 2007 and 2002, respectively. In addition, the *Benefit Recovery Collections Resource Guide (Resource Guide)*, used by the Benefit Recovery unit to recoup, collect, and write off established claims, had not been updated since 2008. As a result, we noted instances where the policies and procedures and *Resource Guide* did not reflect current Office operations and employee responsibilities. For example:

² Department Operating Procedure CFOP 165-13, *ACCESS Integrity*, and Department Operating Procedure CFOP 165-17, *Benefit Recovery Program*.

- Although the policies and procedures required information related to referrals received by the ACCESS Integrity unit be documented within the FLORIDA System case notes, in response to our audit inquiry, Office management indicated that, because the information was documented in either the AIO or the Office's document imaging system, the Office did not in practice require notes be made in the FLORIDA System. Notwithstanding this response, we noted that ESS Program Office eligibility staff may not have the AIO access necessary to review and utilize referral information when determining eligibility for public assistance programs.
- The policies and procedures required Benefit Recovery unit employees to review non-fraud referrals within 90 days of receipt; however, Benefit Recovery employees were being evaluated on whether non-fraud referrals were reviewed within 120 days of receipt.
- The policies and procedures required the Benefit Recovery unit claims supervisor to review and prioritize Benefit Recovery referrals based on error type and issue before assigning the referral to a claims manager. However, referrals were being automatically assigned to a claims manager through the IBRS.
- The policies and procedures referenced benefit recovery paper case files; however, the Department had been utilizing an electronic document imaging system since November 2006 for the case files.
- The *Resource Guide* specified that claims were to be written off in cases involving the death of all parties liable for the claim; bankruptcy; claims under \$25 with no activity in the last 3 years; or claims of any amount, excluding intentional program violations, with no activity in the past 10 years. However, as described in Finding 9, in practice, the Office only wrote off claims in the event of the death of all parties liable for the claim.

We also noted that Office management had not established written policies and procedures specific to training, an Office-specific training program, or a training plan outlining management's employee training vision and goals. As part of our audit, we inquired of Office management to obtain an understanding of the training offered to Office employees. We also reviewed Office employee training records for the period July 2013 through February 2015 to determine whether training was appropriate and relevant to the employee's duties, including the detection and investigation of potential fraud. According to Office management, Office employee training consisted of:

- New employee on-the-job training provided by ACCESS Integrity unit supervisors related to general interviewing and investigation skills, conducting home visit interviews, and collecting and analyzing data.
- Training specific to establishing claims and collecting overpayment amounts. Among other things, the training, provided by a dedicated trainer in the Benefit Recovery unit, encompassed evaluating referrals, creating quality claims, and applying Office policies.
- As applicable, employee or unit-specific training provided as a result of deficiencies noted during periodic case monitoring reviews conducted by the employee's supervisor or an Office Program Improvement Monitor.
- Periodic conference calls between ACCESS Integrity and Benefit Recovery program directors and supervisors. During the conference calls, management discussed new policy developments and processes.
- Office management-issued memoranda when a policy change occurred or when a policy clarification was needed.

Although Office management indicated in response to our audit inquiry that these training practices were in place, our audit procedures found that documentation was not always available to evidence the training provided. Specifically, our audit procedures disclosed that Office management did not always maintain documentation of the training provided as part of, or of the staff who participated in, the ACCESS Integrity case monitoring reviews or attendance records for monthly Benefit Recovery unit conference calls.

In response to our audit inquiry, Office management indicated that staffing reductions and administrative resource limitations inhibited the Office's ability to timely update policies and procedures; however, the Office was in the process of revising the policies and procedures. Additionally, Office management indicated that, while there were no formal mandates to provide a specific amount of training annually, the dedicated trainer in the Benefit Recovery unit was in the process of developing a comprehensive training plan for both the ACCESS Integrity and Benefit Recovery units.

Written policies and procedures that reflect current operating processes and employee responsibilities and an Office-specific training program that details training requirements and documentation guidelines would increase management's assurances that employees are utilizing the most effective and efficient methods for preventing and detecting public assistance fraud. Absent such policies and procedures and training, the Office's ability to maximize the recovery of erroneously paid benefits may be diminished. The absence of current policies and procedures may also have contributed to the deficiencies noted in Finding 9.

Recommendation: We recommend that Office management continue to update policies and procedures to reflect current operations and employee responsibilities. In addition, to enhance the Office's public assistance fraud prevention, detection, and benefit recovery processes, we recommend that Office management establish policies and procedures specific to training. Training policies and procedures should address the maintenance of training documentation; require the development of a comprehensive training plan; and provide for a training program specific to public assistance fraud prevention and detection and benefit recovery activities.

Finding 2: AIO Application Controls

Application controls, including data input controls, are necessary to ensure the completeness, accuracy, and validity of data entered and processed in a computer application. The Office entered data for referrals accepted for investigation into the AIO using both automated and manual processes. During the period July 2013 through January 2015, the AIO electronically uploaded 35,415 referrals from the FLORIDA System and 5,727 referrals received from other sources were manually added to the AIO by ACCESS Integrity investigators.

As part of our audit, we obtained an understanding of AIO information technology (IT) controls and evaluated, in part, whether selected application controls were in place and effective. Our evaluation of selected AIO application controls disclosed that the Office had not documented how data was processed through the AIO, such as through a narrative or flowchart. Additionally, our examination of AIO input controls disclosed that the controls were not sufficient to ensure the completeness, accuracy, and validity of AIO data. Specifically, we noted:

- For data electronically uploaded, data input (interface) controls include procedures intended to provide reasonable assurance that all data is transferred completely, accurately, and timely. Such procedures typically include batch totals, reconciliations, and control totals. Additionally, during upload processing, all data may not be processed due to errors in the transferred data, system interruptions, or other events. To identify these events, a monitoring function should exist. According to Department management, employees manually determined daily whether the interface process involving referral data received from the FLORIDA System was completed; however, no documentation of these monitoring efforts was maintained.
- For manually entered data, data input controls include, but are not limited to, controls for invalid field lengths, invalid characters, incorrect dates, or missing data. As part of our audit, we evaluated the completeness, accuracy, and validity of AIO data for the period July 2013 through January 2015. Our evaluation disclosed that the AIO did not include sufficient data input controls, which increased the risk of inaccurate and invalid data being accepted into the system. Our evaluation also disclosed numerous instances of inaccurate and invalid data such as:
 - o Recorded case investigation ending dates that fell before recorded case investigation beginning dates.
 - o Misspelled investigator names that also included special characters such as semi-colons and parentheses.
 - o Investigator name fields populated with report names.
 - o Investigator identification codes with no associated investigator name.
 - o Incorrect investigator identification codes, for example, transposed codes and codes missing letters or numbers.
 - o Blank fields, for example, investigator names, client social security numbers, and county to which the referral was assigned.
- When initiating an investigation, investigators were required to complete the AIO Individual Case Report (ICR) screen. While certain ICR screen fields were automatically populated, other fields were required to be manually completed by the investigator. Our examination of ICR screens for 40 referrals received during the period July 2013 through January 2015 disclosed that for 6 referrals, ICR screen fields were not always completed. Specifically:
 - o For 3 referrals, the REFERRAL REASON field was not completed. This field included a description of the case areas where there was suspected fraud, for example, unreported income, unreported assets, or household composition.
 - o For 3 referrals, the FINDINGS field was not completed. This field included the same descriptions as the REFERRAL REASON field, but was to be completed by the investigator at the conclusion of the investigation to document the final results.

In response to our audit inquiry, Office management indicated that the ACCESS Integrity investigator should have completed the REFERRAL REASON and FINDINGS ICR screen fields. In addition, we noted that the AIO did not include data input controls to prevent the submission of case records without completion of all required fields.

Effective application controls also include provisions to timely deactivate user access privileges for inactive accounts and when users separate from employment. Our review of the Department's process for deactivating access to the AIO disclosed that the AIO did not record the date user access privileges were deactivated. Instead, the AIO flagged user accounts as being inactive and recorded the date the user had last logged into the system. Consequently, the Department was unable to demonstrate whether user access privileges were timely deactivated upon an employee's separation from Department

employment. Our examination of records for 37 AIO user accounts associated with 30 employees³ who had separated from Department employment during the period July 2013 through January 2015 disclosed that none of the user accounts had been used to access the AIO subsequent to the employees' separation from Department employment.

Effective data input controls decrease the risk that erroneous or incomplete data may be entered into the AIO and enhance the Department's ability to accurately track public assistance fraud prevention and detection investigations. In addition, recording the date user account privileges are deactivated would better demonstrate that user access privileges for the AIO are timely deactivated upon an employee's separation from Department employment.

Recommendation: We recommend that Department management enhance data input controls to ensure the completeness, accuracy, and validity of AIO data and require that monitoring of the interface process between the FLORIDA System and the AIO be appropriately documented. We also recommend that Department management ensure that the timely deactivation of AIO access privileges upon an employee's separation from Department employment is appropriately documented.

Finding 3: AIO Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed certain security controls for the AIO related to logging and monitoring that need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising AIO data and related IT resources. However, we have notified appropriate Department management of the specific issues. Without adequate security controls related to logging and monitoring, the risk is increased that the confidentiality, integrity, and availability of AIO data and IT resources may be compromised.

Recommendation: We recommend that Department management establish appropriate security controls related to logging and monitoring to ensure the continued confidentiality, integrity, and availability of AIO data and related IT resources.

Finding 4: Timeliness of Referrals to the Division of Public Assistance Fraud

State law⁴ specifies that the Department of Financial Services (DFS) is responsible for investigating all public assistance provided to residents of the State or provided to others by the State. Pursuant to Federal regulations,⁵ and as specified by State law,⁶ the Department is to establish procedures for referring to the DFS any case that involves a suspected violation of Federal or State law or rules governing the administration of SNAP. Additionally, Federal regulations⁷ require the Department to conduct a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation of complaints received regarding Medicaid fraud or abuse from any source or any identified

³ Certain employees utilized more than one AIO user account to accomplish case-related duties.

⁴ Section 414.411(1), Florida Statutes.

⁵ Title 7, Section 273.16(a)(1), Code of Federal Regulations.

⁶ Section 414.33(2), Florida Statutes.

⁷ Title 42, Section 455.14, Code of Federal Regulations.

questionable practices. The DFS, Division of Public Assistance Fraud (DPAF), is responsible for investigating public assistance cases referred by the Department for possible fraudulent activity.

Office employees or ESS Program Office eligibility staff were to electronically refer all cases to DPAF by notating in the FLORIDA System that fraud was suspected in the case. Once cases were notated in the FLORIDA System, the cases were to be uploaded into the IBRS where the overpayment and participation status was to be determined by Benefit Recovery unit employees.

To assess whether referrals were made timely upon the discovery of potential fraud, we analyzed IBRS records for the 36,538 referrals submitted to and reviewed and returned by DPAF to the Department during the period July 2013 through January 2015. Utilizing the IBRS REFERRAL DATE field, our analysis indicated that potentially over 42 percent of the 36,538 referrals were submitted to DPAF more than 30 calendar days after the potential fraud was noted. However, in response to our audit inquiry, Office management indicated that the IBRS REFERRAL DATE field was updated anytime there was communication between DPAF and the Office. As a result, the REFERRAL DATE recorded in the IBRS may not be the actual date the referral was sent to DPAF. According to Office management, while the dates referrals were sent to DPAF were recorded in the FLORIDA History database, Office staff could not view the dates in the FLORIDA System and the dates could only be retrieved on a case-by-case basis by Department IT staff. Consequently, the information necessary for an accurate analysis of the timeliness of the referrals submitted to DPAF was not readily available.

Absent readily accessible and accurately recorded referral date information, Department management cannot evaluate whether staff are timely referring cases of potential public assistance fraud to DPAF. As a result, Department management lacks assurance that instances of potential fraud will be timely investigated and benefit payments will be timely discontinued in cases where fraud is confirmed.

Recommendation: We recommend that Department management establish a method to document in the IBRS the actual date referrals are sent to DPAF.

Finding 5: Referrals to DPAF

To help ensure that only suspected cases of public assistance fraud with a high probability of an overpayment were referred for investigation, DPAF sent a memorandum to the Office dated November 5, 2013, establishing criteria for the types of referrals to be sent to DPAF. The memorandum addressed, for example, cases of suspected public assistance fraud where income and household members were unreported. However, the memorandum did not establish a minimum overpayment amount for referral and Department management indicated in response to our audit inquiry that, to comply with State law, the Department referred all cases of potential fraud to DPAF.

As noted in Finding 4, during the period July 2013 through January 2015, the Department submitted to DPAF, and received in return after DPAF's review, 36,538 referrals. As part of our audit, we evaluated the Department's process for referring cases of potential public assistance fraud to DPAF, including the types and appropriateness of cases that were referred, the disposition of cases referred, and the documentation supporting selected referrals. Our analysis of IBRS records for the 36,538 referrals submitted to DPAF disclosed that the Department's final disposition of the cases was an intentional program violation for 1,862 referrals, Department error for 1,228 referrals, and inadvertent household

error for 33,441 referrals. For 7 referrals, the error type was not recorded in IBRS. In addition, our analysis found that DPAF rejected 33,579 (92 percent) of the Department's referrals.

Our examination of documentation for 59 applicable cases of potential public assistance fraud referred by ESS Program Office eligibility staff to DPAF during the period July 2013 through January 2015 disclosed 5 instances where the referral did not appear to be appropriate. For example, in one instance, the recipient had not received public assistance during the period indicated in the case referred to DPAF.

In response to our audit inquiry, Office management indicated that they provide ongoing training for eligibility staff to decrease the number of invalid referrals. Additionally, we noted that the Department had not established monitoring procedures to ensure that cases referred to DPAF were limited to those with suspected fraud.

Monitoring cases of potential public assistance fraud referred to DPAF and the establishment of criteria to be considered prior to referring cases, including a minimum overpayment amount, would provide greater assurance that State resources would be used efficiently and effectively to investigate potential public assistance fraud.

Recommendation: To better ensure that cases of suspected public assistance fraud are appropriately referred to DPAF, we recommend that Department management provide continued training to eligibility staff, update procedures to provide for monitoring of selected cases referred to DPAF, and work with DPAF to establish an appropriate minimum overpayment amount for referrals.

Finding 6: Timely Investigation of ACCESS Integrity Referrals

Office policies and procedures⁸ required ACCESS Integrity investigators to complete an investigation of a referral received regarding public assistance cases suspected of containing or involving fraudulent information or activity and to notify ESS Program Office eligibility staff of actions and findings within 10 working days from the date the referral was received. According to Office policies and procedures, a household was also to be afforded a reasonable opportunity to resolve discrepancies during the eligibility determination process and that this rebuttal process was not included as part of the 10 working day period. If the ACCESS Integrity investigator could not notify eligibility staff within 10 working days of the investigator's actions and findings, the ACCESS Integrity investigator was required to document the reason for the delay in the FLORIDA System case notes.

As part of our audit, we evaluated the number of days between the date the ACCESS Integrity investigator received a referral and the date the investigation ended, as indicated in the AIO, for 41,142 investigations initiated by the ACCESS Integrity unit during the period July 2013 through January 2015. Our analysis found that 1,674 (4 percent) of the investigations were completed from 11 to 82 working days (average of 19 working days) after the referrals were received. The allowance for a rebuttal process may have accounted for some delays in completing referral investigations.

⁸ Department Operating Procedure CFOP 165-13, *Access Integrity*.

In addition, we reviewed documentation for 28 of the 1,674 referral investigations that were not processed within 10 working days and noted 3 investigations where the reason for the delay was not appropriately documented in the FLORIDA System case notes. In response to our audit inquiry, Office management indicated that the reasons for investigation delays were not documented due to employee oversight.

Absent adherence to the established ACCESS Integrity referral investigation time frame, the Department may not prevent the inappropriate issuance of public assistance benefits or timely authorize the discontinuance of a recipient's public assistance benefits. Additionally, documenting the reasons for investigation delays would provide management the information needed to assess the reasonableness of such delays, should they occur.

Recommendation: We recommend that Office management ensure that ACCESS Integrity referral investigations are completed in the time frame established by Office policies and procedures and that, if delays should occur, investigators document the reasons for such delays in the FLORIDA System case notes.

Finding 7: Processing of Benefit Recovery Referrals

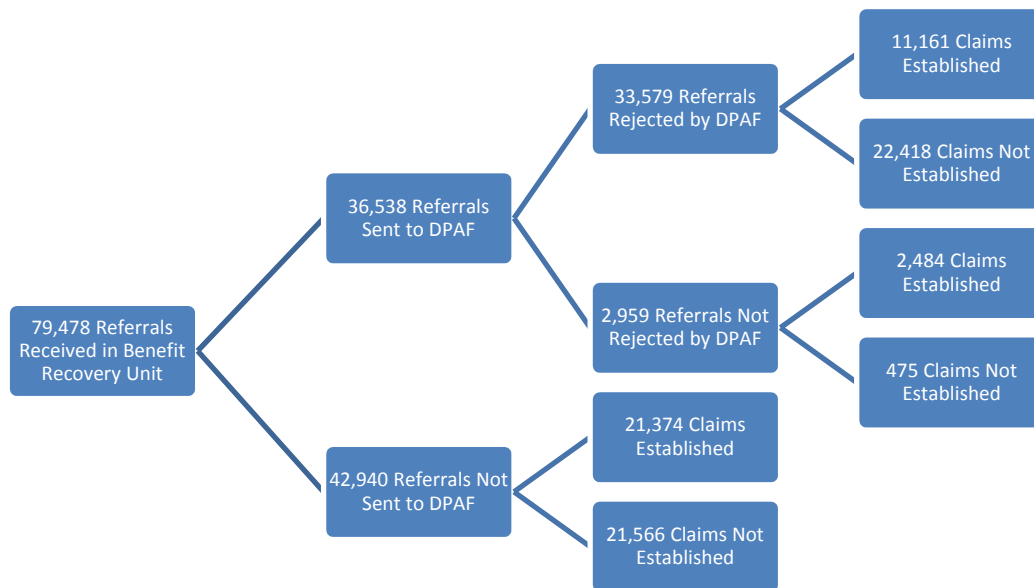
Office policies and procedures⁹ specified that benefit recovery referrals were to be assigned to a Benefit Recovery unit claims manager in a prioritized order. Intentional program violations were assigned as first priority, then quality control referrals, active cases, inactive cases, and TANF or Medicaid referrals not associated with a DPAF report. According to Office management, the IBRS automatically assigned all referrals received on a daily basis. Subsequent to reviewing a benefit recovery referral, the Benefit Recovery unit could establish a claim whenever an individual received any assistance or benefits to which they were not entitled, regardless of whether the overpayment occurred through either simple mistake or fraud.

Federal regulations¹⁰ require that at least 90 percent of SNAP claims be established within 180 days from the date that an overpayment is discovered, unless a state has established its own standards and processes. The Department's Food Assistance Claims Plan required that the review, computation, and mailing of a demand letter for all SNAP referrals be completed within 120 days from the date a possible overpayment was determined. In response to our audit inquiry, Office management confirmed that the 120-day period for establishing SNAP claims was also applied by management to TANF and Medicaid Program claims. The Benefit Recovery unit received 79,478 referrals during the period July 2013 through January 2015, from which the Benefit Recovery unit established 35,019 claims. Chart 1 shows the final disposition for the referrals received in the Benefit Recovery unit.

⁹ Department Operating Procedure CFOP 165-17, *Benefit Recovery Program*.

¹⁰ Title 7, Section 273.18, Code of Federal Regulations.

Chart 1
Disposition of Referrals Received in the Benefit Recovery Unit
During the Period July 2013 Through January 2015



Source: Office records.

As part of our audit, we obtained from Office management a list of all referrals that were identified by management as not being completed (i.e., the demand letter was not sent and a claim was not established) within 120 days. According to Office management, as of March 30, 2015, 21,154 (27 percent) of the 79,478 referrals received during the period July 2013 through January 2015 had not been completed within 120 days and had been identified as backlogged. Our review of IBRS data for the backlogged referrals disclosed that, although the Office had a process for prioritizing referrals that were to be submitted to State Attorney Offices, the Office did not have a process for assigning the remaining referrals to a Benefit Recovery unit claims manager according to the prioritized order specified by Office policies and procedures. In addition, according to Office management, no monitoring was conducted during the benefit recovery referral process to ensure that claims were timely established.

In response to our audit inquiry, Office management indicated that staff reductions prevented claims from always being timely established. Subsequent to our audit inquiry, the Office revised the Food Assistance Claims Plan to require the review, computation, and mailing of a demand letter for all benefit recovery referrals be completed within 180 days from the date a possible overpayment is determined. Completing benefit recovery referral reviews and establishing claims within specified time frames and according to a prioritized order would better ensure compliance with Federal regulations and minimize the risk that ineligible recipients will continue to receive benefits.

Recommendation: We recommend that Office management establish a process for assigning all referrals to Benefit Recovery unit claims managers in accordance with the priorities specified by Office policies and procedures. Additionally, we recommend that Office management actively monitor benefit recovery referrals to ensure that at least 90 percent of claims are established within required time frames.

Finding 8: ACCESS Integrity Investigation Records

Office policies and procedures¹¹ specified how ACCESS Integrity unit employees were to process referrals to DPAF and what type of documentation was to be maintained in investigation records. During the period July 2013 through January 2015, the ACCESS Integrity unit received 98,178 referrals and initiated 41,142 investigations.

As part of our audit, we examined investigation records maintained in the AIO and the FLORIDA System to determine whether ACCESS Integrity unit employees maintained appropriate supporting documentation. Our examination disclosed instances where investigation records could have more accurately reflected the circumstances of the investigation and instances where required information was not included. Specifically:

- Our examination of records for 40 ACCESS Integrity investigations conducted during the period July 2013 through January 2015 disclosed 6 instances where the information included in the AIO could have more accurately reflected the circumstances of the investigation. In all 6 instances, the investigation involved suspected out-of-state residency; however, the ACCESS Integrity investigators selected “other” as the referral reason and finding code in the AIO instead of “residence.” During our examination, we noted that other ACCESS Integrity investigators had selected “residence” as the referral reason and finding code for similar potential out-of-state residency issues. In response to our audit inquiry, Office management indicated that, originally the 6 cases were identified through a report that listed recipients who used SNAP benefits exclusively outside of the State for 180 consecutive days. For these cases, the ACCESS Integrity investigators classified the cases as “Misuse of Food Assistance Benefits” in the FLORIDA System and, because that classification was not an option in the AIO, the ACCESS Integrity investigators coded the referral reason and finding code to DPAF as “other.” Office management later determined that “residence” was the more appropriate selection and, as a result, inconsistencies occurred in the selection of referral reasons and finding codes.
- At the conclusion of an investigation, ACCESS Integrity investigators were required to document investigation events and rebuttal interviews in FLORIDA System case notes. Office policies and procedures specified that investigation records were to include, at a minimum, the referral date and reason, investigative findings, and final case action taken. Our examination of records for the 40 ACCESS Integrity investigations also disclosed that:
 - o For 3 investigations, the referral date was not included in the case notes.
 - o For 4 investigations, the referral date and reason were not included in the case notes.
 - o For 2 investigations, the referral date and reason, the investigative findings, and final case action were not included in the case notes.
 - o For 1 investigation, the referral date, the investigative findings, and final case action were not included in the case notes.

Appropriately documenting all investigator case actions, referral dates and reasons, and investigative findings provides greater assurance that the information supporting referrals of potential public assistance fraud to DPAF is accurate and complete.

¹¹ Department Operating Procedure CFOP 165-13, *Access Integrity*.

Recommendation: We recommend that Office management ensure that ACCESS Integrity unit employees appropriately document investigations in accordance with established policies and procedures.

Finding 9: Write-Off of Public Assistance Overpayments

State law¹² requires the Department to take all necessary steps to recover, from any person or provider receiving public assistance to which they are not entitled, any overpayment of public assistance. The Office's *Resource Guide* established criteria for determining whether a claim was to be written off that included:

- The death of all parties liable for the claim;
- Bankruptcies;
- Claims under \$25 with no activity in the last 3 years; and,
- Claims of any amount, excluding intentional program violations, with no activity in the past 10 years.

In response to our audit request, Office management provided information indicating that, as of January 2015, the IBRS included 143,431 Medicaid and TANF program overpayment claims totaling approximately \$112.2 million which had no activity in the past 10 years, were 3 years from the last payment date, or were not in the process of being written off.¹³

Our analysis of IBRS data for the 143,431 claims found that 90,698 claims totaling approximately \$58.5 million were either claims with no activity in the past 10 years or claims under \$25 with no activity in the last 3 years. However, our audit procedures disclosed that the Department had not written off the claims as required by the *Resource Guide*. In response to our audit inquiry, Office management indicated that, because the IBRS did not have the functionality to designate eligible claims for write-off, except in the event of the claimant's death, other eligible claims were not written off. In addition, our evaluation of the Office's write-off process disclosed that, while the Department had established procedures to compare open public assistance cases to reports of deceased clients, the Department had not established a procedure to compare closed cases with outstanding claims balances to determine whether the client was deceased and the claim was potentially eligible for write-off.

As part of our audit, we also reviewed Department procedures for writing off outstanding claims. Department procedures¹⁴ required Benefit Recovery accounting staff to complete a write-off checklist and forward the claim to the Department's finance and accounting office in the event that a case meeting the criteria for write-off was identified. During the period July 2013 through January 2015, the Department wrote off 223 claims totaling \$126,563. Our request for, and examination of, documentation related to 40 of these claims totaling \$19,361 disclosed that:

¹² Section 414.41, Florida Statutes.

¹³ Title 7, Section 273.18(e)(8), Code of Federal Regulations, provides that SNAP claims delinquent for 3 years or more may not be written off because the Department pursues claims through the United States Department of the Treasury Offset Program. As a result, according to Office management, SNAP cases are written off due to instances such as death, bankruptcy, or identify theft.

¹⁴ Department Accounting Procedures Manual, Volume 4, Chapter 3, *Accounts Receivable Collections/Writeoff*.

- For 21 claims totaling \$11,908, the Office was unable to provide proof of death documentation to support writing off the claim. In response to our audit inquiry, Office management indicated that because of the length of time that had passed, Office staff could not locate proof of death documentation. We also noted that, for 1 of these claims, IBRS records denoted the client's date of death as August 1, 1970. However, case notes in the FLORIDA System dated May 10, 1996, indicated that the Department had recently contacted the client. The client's case records also reflected that Benefit Recovery employees had noted that, although the social security number on the death match report agreed with the social security number included in Department records, the names did not match. For another claim, Office management noted in response to our audit inquiry that a second liable individual was responsible for the claim and that the claim had been written off in error. Subsequent to our audit inquiry, Office management reinstated both claims.
- For 23 claims totaling \$12,393, the Office was unable to provide a write-off checklist completed by a Benefit Recovery unit accountant as required by Department procedures. In response to our audit inquiry, Office management indicated that, although the requirement to complete a checklist was included in Office procedures, Benefit Recovery unit accountants were not required to complete the checklist because the Office was moving to a paperless process.
- Office employees did not timely record client deaths in the IBRS. Office procedures required that a Benefit Recovery accountant enter the date of death of the individual with a claim in the IBRS and determine if the claim could be written off. Our audit procedures found that for the 40 claims, between 1 month and 37 years (an average of 9 years) elapsed between the date of client death and the date the death was noted in the IBRS. As previously noted, Office management had not established a procedure to identify deceased clients with closed public assistance cases potentially eligible for write-off.
- Office employees did not timely process the 17 claims written off and supported by the required write-off checklist. For these 17 claims, from 2 to 6 years (an average of 2.5 years) elapsed from the date the accountant completed the write-off checklist to the date that the Department wrote off the claim. In response to our audit inquiry, Office management indicated that delays in the approval process led to the claims not being timely written off.

An effective method to accurately identify uncollectible claims is necessary to ensure that the Department appropriately writes off claims in accordance with the *Resource Guide*. Absent appropriate documentation, the Office cannot demonstrate that Office employees wrote off claims for only eligible individuals. In addition, the timely write off of claims would provide greater assurance that Department records accurately reflect all overpayments of public assistance owed by a person or provider.

Recommendation: We recommend that Department management enhance the IBRS to identify all claims eligible for write-off and take appropriate actions to write off claims as specified by the *Resource Guide*. To further facilitate the appropriate write off of claims, we also recommend that Department management enhance procedures to ensure that all write-offs are supported by appropriate documentation, client deaths are timely recorded in the IBRS, and closed cases with outstanding claims balances are reviewed to determine whether the client was deceased and the claim was potentially eligible for write-off.

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 January 2015 through June 2015 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 public assistance fraud prevention, detection, and recovery efforts, including activities of the Office of Public Benefits Integrity (Office). The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To 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 management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

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

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

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

In conducting our audit we:

- Obtained an understanding of information technology (IT) controls for the Automated Community Connection to Economic Self-Sufficiency (ACCESS) Integrity Online System (AIO), the Integrated Benefit Recovery System (IBRS), and the Florida Online Recipient Integrated Data Access (FLORIDA) System, assessed the risks of those controls, evaluated whether selected general and application IT controls were in place, and tested the effectiveness of the controls.
- Reviewed applicable laws, rules, regulations, and Department policies and procedures, and interviewed Department personnel to gain an understanding of Office operations.
- Obtained an understanding of Office internal controls and evaluated the effectiveness of key Office processes, policies, and procedures.
- From the population of 98,178 referrals received by the ACCESS Integrity unit during the period July 2013 through January 2015, examined documentation for 40 referrals to determine whether the referrals were adequately evaluated, investigated, and supported by appropriate documentation.
- From the population of 55 data mining and analysis reports generated by the ACCESS Integrity unit during October 2014, examined 11 reports to determine whether the reports were reviewed by Office employees. In addition, examined records for 107 of the 1,937 cases identified as high-risk in the 11 reports to determine whether the cases were appropriately investigated.
- Analyzed AIO data related to 41,142 investigations initiated by the ACCESS Integrity unit during the period July 2013 through January 2015 to identify issues requiring further audit analysis and evaluate whether the Office processed referrals and investigations within required time frames.
- Analyzed IBRS data related to 36,538 referrals submitted to the Department of Financial Services, Division of Public Assistance Fraud (DPAF), and received in return by the Department after DPAF's review, during the period July 2013 through January 2015 to identify trends or similarities in the referrals such as timeliness, overpayment amounts, and public assistance programs referred.
- From the population of 7,686 referrals recorded in the AIO and made by the ACCESS Integrity unit to DPAF during the period July 2013 through January 2015, examined documentation for 40 referrals to determine whether the referrals were timely referred to DPAF, adequately documented, and effectively managed and tracked.
- From the population of 30,382 referrals recorded in the IBRS and made to DPAF during the period July 2013 through January 2015, examined documentation for 40 referrals to determine whether the referrals were timely referred to DPAF, adequately documented, and effectively managed and tracked. For an additional 20 referrals, examined documentation to determine whether the referrals to DPAF were adequately supported and appropriate.
- From the population of 33,579 referrals rejected by DPAF and returned to the Office during the period July 2013 through January 2015, examined documentation for 40 referrals to determine whether the returned referrals were timely reviewed and, if the Office did not concur with DPAF's decision to not pursue the referral, whether the referral was properly handled in accordance with established procedures.
- Reconciled 111 potential fraud cases which, according to DPAF records, were forwarded to the Office by DPAF during the period August 2014 through January 2015, to records of fraud referrals processed by the Office to determine whether the cases were received and processed by the Office.

- From the population of 79,478 referrals made to the Benefit Recovery unit during the period July 2013 through January 2015, examined documentation for 40 referrals to determine whether the referrals were effectively tracked and managed; adequately documented; and the conclusions reached regarding the referral were appropriate.
- From the population of 37,551 claims established during the period July 2013 through January 2015, examined documentation for 40 claims to determine whether the claims were effectively tracked and managed; investigations adequately documented the conclusions reached; and any overpayment amounts were accurately computed and collected.
- From the population of 223 claims, totaling \$126,563, written off during the period July 2013 through January 2015, examined documentation for 40 claims, totaling \$19,361, to determine whether the write-offs were processed in accordance with Department procedures.
- Analyzed IBRS data as of January 2015 to determine whether the Department was appropriately removing claims eligible for write-off from IBRS records.
- Analyzed data from the FLORIDA System and the IBRS for the 79,478 referrals made to the Benefit Recovery unit during the period July 2013 through January 2015 and evaluated the dispositions and timeliness of the referrals received and processed, the number and amount of benefit recovery collections and write-offs, the number of referrals sent to DPAF, and the number of referrals resulting in overpayments.
- Analyzed Office referral data for the period July 2013 through January 2015 and evaluated the expectation that workloads and performance measures were appropriate, reasonable, and reflected ACCESS Integrity and Benefit Recovery unit operations.
- From the population of 108 Office supervisors, investigators, and claims managers employed as of February 2015, examined 40 personnel files to determine whether the Office employed qualified supervisors, investigators, and claims managers from applicable areas of expertise. Additionally, reviewed selected position descriptions to determine whether the position descriptions adequately specified the position duties and knowledge, skills, and abilities necessary for the position.
- Performed inquiries and reviewed records for all training classes offered to Office employees during the period July 2013 through February 2015 to determine whether the Office had established an adequate training program relevant to the detection and investigation of fraud, employed a system to track training efforts, and documented the training provided.
- Reviewed Office performance measures included in the Department's Long-Range Program Plan dated September 30, 2014, to determine whether the performance measures were assessed for reliability and validity by the Department's Office of Inspector General; the performance measures reflected the Office's operations; and the performance measures were measurable, supported, attainable, and within the Office's control.
- From the population of 22 ACCESS Integrity and Benefit Recovery unit employees with case review responsibility, examined the case reviews performed by 3 ACCESS Integrity and 3 Benefit Recovery unit employees to evaluate whether the employees conducted ongoing monitoring of ACCESS Integrity fraud investigations and Benefit Recovery claims establishment and collections activities during the period July 2013 through February 2015.
- From the population of 14 State-level monitoring visits completed by the Department during the period October 2013 through August 2014, reviewed documentation for 6 State-level monitoring visits to evaluate whether the Department performed adequate monitoring activities to ensure the quality of ACCESS Integrity fraud investigations and Benefit Recovery claims establishment and collections activities.

- 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**

Rick Scott
Governor

Mike Carroll
Secretary

November 24, 2015

Sherrill F. Norman
Auditor General
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Thank you for your October 30, 2015, letter conveying the preliminary and tentative audit findings and recommendations in the Auditor General's Office operational audit of the Department of Children and Families' public assistance fraud prevention, detection, and recovery efforts. Pursuant to Section 11.45(4)(d), Florida Statutes, the agency's response is enclosed.

During this operational audit review period, the department conducted nearly 40,000 investigations while realizing cost avoidance savings (benefits not issued due to fraud) of \$91 million and recovered \$57 million in overpayment claims. The department will continue to build upon these successes and prioritize the safeguarding of public assistance benefits by preventing, detecting, and recovering waste, fraud, and abuse; thereby ensuring benefits go to Floridians in need.

If you have any questions concerning this response, please contact Andrew McClenahan, Director of the Office of Public Benefits Integrity, at (850) 717-4641.

Sincerely,

Mike Carroll
Secretary

Enclosure

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

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

Auditor General Preliminary and Tentative Findings
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DEPARTMENT OF CHILDREN AND FAMILIES (DCF) RESPONSE

Finding No. 1: Office Policies and Procedures and Training

Recommendation:

We recommend that Office management continue to update policies and procedures to reflect current operations and employee responsibilities. In addition, to enhance the Office's public assistance fraud prevention, detection, and benefit recovery processes, we recommend that Office management establish policies and procedures specific to training. Training policies and procedures should address the maintenance of training documentation; require the development of a comprehensive training plan; and provide for a training program specific to public assistance fraud prevention and detection and benefit recovery activities.

Response:

Office Policies and Procedures:

- Workgroups have been formed to update Office of Public Benefits Integrity (OPBI) policies and procedures. We are instituting an OPBI policy/procedure clearance process that will allow staff to seek policy/procedure interpretations from Headquarters. The Headquarters response will be issued in a transmittal disseminated to all staff. These transmittals will be added to policy and procedure guides to ensure the policies and procedures remain current.

Training:

- While Children and Families Operating Procedures (CFOP) 165-13 is the official Automated Community Connection to Economic Self-Sufficiency (ACCESS) Integrity Manual for policies and procedures, a training manual for the ACCESS Integrity investigators is being developed. This manual is designed to be used by the new investigator and as an ongoing resource for all investigators. It is an editable/living document so that as policies and procedures change, the manual can be updated in a timely fashion. This manual is expected to be put into service by January 15, 2016.
- A similar training manual is expected to be developed in 2016 for Benefit Recovery claims managers. Currently, new managers are given 2-3 days of instruction by the trainer on policy and procedure using live examples and printed instructions and policy within one week of system access.
- A tracking system has been instituted to document all trainings to include monthly conference calls and monitoring reviews. We track the training date, topic, intended audience and method of delivery. A separate file is now in use to track each worker, with the training name and date attended.

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- A training plan for the year will be submitted by January 15, 2016. The proposed schedule will include long-term writing projects and training resulting from quality assurance and monitoring activities, including corrective action plans (CAPs). Other training needs will be addressed as they arise, e.g., ACCESS changes affecting OPBI or new hire trainings.
- Training for all staff affected by policy/procedure changes will be held immediately following the release of the change, if necessary.
- Requests from individual units for specific trainings may be made to increase knowledge, accuracy, and productivity.
- Training by the Office of Economic Self-Sufficiency (ESS) and the Department of Financial Services' Division of Public Assistance Fraud (DPAF) will be scheduled to assist partners in the seamless and accurate flow of work through understanding the OPBI processes.
- Trainings mandatory to all DCF employees will continue to be tracked on the Human Resource Training System (HRTS).

Finding No. 2: AIO Application Controls

Recommendation:

We recommend that Department management enhance data input controls to ensure the completeness, accuracy, and validity of AIO data and require that monitoring of the interface process between the FLORIDA System and the AIO be appropriately documented. We also recommend that Department management ensure that the timely deactivation of AIO access privileges upon an employee's separation from Department employment is appropriately documented.

Response:

The ACCESS Integrity Online (AIO) system has been the data collection system for ACCESS Integrity since December 2002. Advancements in technology and data collection have improved tremendously since that time. The Office of Information Technology Services (OITS), in cooperation with the OPBI, will develop and implement an enhancement plan for the AIO system to address the concerns raised in this audit, including the documentation of access deactivation.

In the meantime, several measures have been put in place to improve the collection of fraud prevention and detection data. Effective May 2015, a dedicated staff member within OPBI has been assigned the duties and responsibilities to monitor AIO on a monthly basis to ensure the completeness, accuracy, and validity of AIO data. Any inconsistencies are forwarded to the appropriate ACCESS Integrity supervisor to ensure

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that the information contained in AIO is an accurate representation of the department's public assistance fraud prevention and detection investigations.

Advancements in technology also have played a part in the interface of the FLORIDA System. This base system, which has been in production since 1992, was built for manual data entry by a much larger workforce. Over time, interfaces with more modern technologies have been added to streamline processes. Additional enhancements to the FLORIDA System for fraud prevention activities may not be cost-effective. Improvements to identifying public assistance fraud have moved from manual identification by an eligibility worker referring a questionable case that may or may not be fraud, to data analytics where cases have a greater likelihood of containing fraud.

Finding No. 3: AIO Security Controls

Recommendation:

We recommend that Department management establish appropriate security controls related to logging and monitoring to ensure the continued confidentiality, integrity, and availability of AIO data and related IT resources.

Response:

The OITS has evaluated the findings and an initial evaluation of the system's findings indicates technology solutions to the concerns raised in the findings are feasible. The OITS, in cooperation with the OPBI and ESS, will develop and implement an enhancement plan for the AIO system to address the concerns raised in the operational audit. Once requirements have been finalized and the project scheduled, a firm cost estimate and timeline will be provided for implementation.

Finding No. 4: Timeliness of Referrals to the Division of Public Assistance Fraud

Recommendation:

We recommend that Department management establish a method to document in the IBRS the actual date referrals are sent to DPAF.

Response:

Potential fraud referrals to DPAF are completed electronically via the BVBR screen in the FLORIDA system and do not go to IBRS before being sent to DPAF. Furthermore, the BVBR referrals are sent directly to DPAF; OPBI staff are not involved until the case

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is investigated and an overpayment claim is requested or dropped by DPAF and returned to OPBI for overpayment recovery as an Inadvertent Household Error. The date the referral was generated and the date the referral was sent to DPAF are captured in FLORIDA's data history for the BVBR screen. Documenting the date in IBRS does not provide programmatic efficiencies and will incur unnecessary technology expenses without a return on investment.

Finding No. 5: Referrals to DPAF

Recommendation:

To better ensure that cases of suspected public assistance fraud are appropriately referred to DPAF, we recommend that Department management provide continued training to eligibility staff, update procedures to provide for monitoring of selected cases referred to DPAF, and work with DPAF to establish an appropriate minimum overpayment amount for referrals.

Response:

The ESS will continue to provide training to eligibility staff on referring potential fraud to DPAF and will include appropriate monitoring of potential fraud referrals in the current review process.

While we agree that an appropriate minimum overpayment amount for referrals may be a more efficient way to process referrals to DPAF, s. 414.411, Florida Statutes, and 7 CFR 273.18 indicate overpayment claims are a federal debt and subject to federal regulations. The United States Department of Agriculture Food and Nutritional Services has approved the Department's request not to process claims that are not cost-effective to pursue. For claims not relating to an Intentional Program Violation or fraud, this amount is \$400.00. However, there is no such threshold for fraud claims.

The amount of the overpayment due to fraud is not known until DPAF has completed its investigation and requests a calculation of the overpayment from OPBI. While DPAF currently is unable to process 92% of the fraud referrals from the Department, implementing the last portion of the recommendation for this finding would require legislative changes and an operational overhaul and create additional workload that is unsupportable within current resources. To implement such a policy, the OPBI staff would need to investigate all fraud referrals and compute the amount of the overpayment to determine which referrals should be sent to DPAF. We think the DPAF is capable of best determining which fraud referrals meet their investigative priorities.

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Finding No. 6: Timely Investigation of ACCESS Integrity Referrals

Recommendation:

We recommend that Office management ensure that ACCESS Integrity referral investigations are completed in the time frame established by Office policies and procedures and that, if delays should occur, investigators document the reasons for such delays in the FLORIDA System case notes.

Response:

We have included procedures in the new Investigator Training Guide (see response to Finding 1) requiring investigators to document in CLRC any reasons for a delay in completion of the investigation. This requirement also has been added as an element in the ACCESS Integrity monitoring process.

We also want to note that public assistance fraud detection is moving from manual identification by an eligibility worker to utilizing data analytics. This evolution may result in changes to policies and procedures, including time frames to complete investigations. These changes will be documented as they occur.

Finding No. 7: Processing of Benefit Recovery Referrals

Recommendation:

We recommend that Office management establish a process for assigning all referrals to Benefit Recovery unit claims managers in accordance with the priorities specified by Office policies and procedures. Additionally, we recommend that Office management actively monitor benefit recovery referrals to ensure that at least 90 percent of claims are established within required time frames.

Response:

As a result of a December 2012 process improvement study, Benefit Recovery referrals have been assigned daily to the Claims Managers using a round-robin distribution since July 2013. However, due to limitations in IBRS, the staff found it difficult to sort and organize their daily workload. In order to facilitate the need for the Claims Manager and Supervisor to process referrals based on priority and time frames, a Workload Management Tool was developed and deployed into production on May 18, 2015. This tool allows claims managers to organize, sort, and view their daily Benefit Recovery assignments according to a variety of priority parameters, including days in process (time standards), type of error, and program priority for collection. Each day, the Workload Management Tool is generated and distributed to Claims Managers

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throughout the state, giving them more control and flexibility to accomplish their daily work assignments. The tool also provides Claims Supervisors with unprecedented visibility into the workload and productivity of their staffs. The tool allows daily, weekly, and monthly measurement of staff performance. Since the deployment of this tool, Benefit Recovery has realized a 50% decreased in the number of referrals going beyond time standard into the backlog.

It also should be noted that the Department's ability to effectively manage claims is not always under its control due to increases in staffing by DPAF (resulting in more claims with higher priorities). Increased fraud detection capabilities result in more overpayments being identified, investigated, and referred for State Attorney prosecution or Administrative Disqualification Hearings. The department will continue to monitor and make operational adjustments and budget requests as appropriate.

Finding No. 8: ACCESS Integrity Investigation Records

Recommendation:

We recommend that Office management ensure that ACCESS Integrity unit employees appropriately document investigations in accordance with established policies and procedures.

Response:

We have included additional quality assurance elements in the 2015-16 ACCESS Integrity Monitoring Guide to ensure appropriate documentation of ACCESS Integrity investigations. In addition, we believe Findings 2 and 8 are similar in nature and the responses to the recommendations should be aligned. As indicated in DCF response to Finding 2, the AIO system has been the data collection system for ACCESS Integrity since 2002. The current system does not have data input controls to prevent the submission of case records without accurately completing all required fields.

Effective May 2015, a dedicated staff member monitors AIO on a monthly basis to ensure the completeness, accuracy, and validity of AIO data. Any inconsistencies are forwarded to the appropriate ACCESS Integrity supervisor to ensure that AIO accurately reflects the department's public assistance fraud prevention and detection investigations. We also are exploring alternatives for a new data collections and case management system.

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Finding No. 9: Write-Off of Public Assistance Overpayments

Recommendation:

We recommend that Department management enhance the IBRS to identify all claims eligible for write-off and take appropriate actions to write off claims as specified by the *Resource Guide*. To further facilitate the appropriate write-off of claims, we also recommend that Department management enhance procedures to ensure that all write-offs are supported by appropriate documentation, client deaths are timely recorded in the IBRS, and closed cases with outstanding claims balances are reviewed to determine whether the client was deceased and the claim was potentially eligible for write-off.

Response:

Currently, we have an automated write-off process of claims with single individual households who are deceased. Benefit Recovery has identified the need to automate the remaining types of write-offs, which include:

- claims where all liable household members are deceased,
- bankruptcy claims with no other liable individuals in the household,
- identity theft claims, claims involving BR case files that cannot be located,
- claims with a positive balance less than \$25,
- and non-SNAP inadvertent household error and agency error claims with no activity in the past 10 years.

This IBRS enhancement is estimated to require 500-2000 hours of work and is currently #5 on the OPBI IT enhancement priority list.

As indicated in DCF response to Finding 1, workgroups currently are developing updated policies and procedures documents to ensure all claim activities are supported by appropriate documentation.

OPBI recently conducted a match of all the liable and responsible individuals in IBRS to identify any who are deceased. The return file identified 13,907 potential individuals. The Accounting staff have been tasked with verifying and coding the individuals as deceased in IBRS and preparing the file for write-off as appropriate. The Accounting staff have completed 20% of the file as of the date of this response.