

**AGENCY FOR PERSONS  
WITH DISABILITIES**

Prior Audit Follow-Up



Sherrill F. Norman, CPA  
Auditor General

## **Director of the Agency for Persons with Disabilities**

The Agency for Persons with Disabilities is established by Section 20.197, Florida Statutes, as a separate budget entity within the Department of Children and Families for administrative purposes only. The head of the Agency is the Director who is appointed by the Governor and subject to confirmation by the Senate. Barbara Palmer served as Agency Director during the period of our audit.

The team leader was Seth Grantham, CPA, and the audit was supervised by Lisa Norman, CPA.

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

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# AGENCY FOR PERSONS WITH DISABILITIES

## Prior Audit Follow-Up

### **SUMMARY**

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This operational audit of the Agency for Persons with Disabilities (Agency) focused on the progress the Agency had made, or was in the process of making, in addressing the findings noted in our report No. 2017-204. Our audit disclosed the following:

#### **Client Eligibility Determinations**

**Finding 1:** As similarly noted in prior audit reports, most recently in our report No. 2017-204, Agency records did not always adequately evidence client eligibility for iBudget and Individual and Family Supports program services.

#### **Administrative Policies and Procedures**

**Finding 2:** The Agency had not established policies and procedures addressing all Agency administrative support functions. A similar finding was noted in our report No. 2017-204.

#### **Contract Management**

**Finding 3:** As similarly noted in our report No. 2017-204, the Agency did not conduct required contract monitoring activities during the period July 2019 through January 2021.

**Finding 4:** Agency controls over contract payments continue to need improvement.

**Finding 5:** The Agency could not always provide documentation evidencing that contracts for transportation services had been negotiated at the most cost-effective rate. A similar finding was noted in our report No. 2017-204.

**Finding 6:** The Agency did not always accurately or timely post contract information to the Florida Accountability Contract Tracking System.

#### **Property Controls**

**Finding 7:** Agency controls over property records, dispositions, and inventories continue to need improvement.

**Finding 8:** The Agency did not always timely record property items to Agency property records.

#### **Other Administrative Activities**

**Finding 9:** Agency user access privilege controls for Agency systems continue to need enhancement to better prevent and detect inappropriate access to the systems.

**Finding 10:** As similarly noted in prior audit reports, most recently in our report No. 2017-204, Agency travel reimbursement requests were not always adequately supported or paid in accordance with the requirements of State law.

## **BACKGROUND**

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Pursuant to State law,<sup>1</sup> the Agency for Persons with Disabilities (Agency) is responsible for the provision of services to individuals with developmental disabilities and the programmatic management of Medicaid waivers established to provide services to persons with developmental disabilities. The Agency serves individuals in the State with autism, cerebral palsy, spina bifida, intellectual disabilities, Down syndrome, Phelan-McDermid syndrome, and Prader-Willi syndrome, as well as children 3 to 5 years old who are at high risk of being diagnosed with a developmental disability.

The Agency's State Office is located in Tallahassee and the Agency has established 13 field offices within six regions throughout the State. The State Office provides administrative guidance and support to the regional and field offices and is responsible for establishing Agency policies and procedures. Within the State Office, the Division of Budget, Planning, and Administration is responsible for fiscal and budget matters, contract management, general services, and purchasing. The State Office also includes the Division of Programs which is responsible for the development and oversight of the Agency's Medicaid waiver programs. The field offices are responsible for managing Agency client activities within their assigned regions.

## **FINDINGS AND RECOMMENDATIONS**

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### **CLIENT ELIGIBILITY DETERMINATIONS**

The Agency is responsible for administering the State's Medicaid Developmental Disabilities Individual Budgeting Waiver (iBudget) program that provides home and community-based support and services to eligible individuals with developmental disabilities living at home or in a home-like setting. The iBudget program utilizes an individual budgeting approach to provide individuals the opportunity to choose from an array of services and live as independently as possible. The Agency also administers the Individual and Family Supports (IFS) Program to provide services to individuals who are ineligible for the iBudget program, on the iBudget program waiting list, or enrolled in the iBudget program but request services that are not provided by the iBudget program.

#### **Finding 1: Documentation of Client Eligibility**

State law<sup>2</sup> defines Agency services application and client eligibility determination requirements, including those for the iBudget and IFS programs. Agency rules<sup>3</sup> require applicants for Agency services to submit an *Application for Services* (Application), provide proof of identity, evidence of Florida residency and domicile and U.S. citizenship or resident alien status, and documentation to support a confirmed diagnosis of a covered developmental disability.

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<sup>1</sup> Section 20.197(3), Florida Statutes.

<sup>2</sup> Section 393.065, Florida Statutes.

<sup>3</sup> Agency Rules 65G-4.015 and 4.016, Florida Administrative Code.

Upon receipt of a completed Application, field office staff are to review the Application and supporting documentation and assess the applicant's eligibility for Agency services. State law<sup>4</sup> requires that, for each client, the client's support coordinator is to maintain a central record that includes the client's Application and supporting eligibility records.

As part of our audit, we inquired of Agency management and examined Applications and supporting records for 60 iBudget program clients and 25 IFS Program clients on whose behalf the Agency made payments for services totaling \$13,534,554 and \$2,297,356, respectively, during the period July 2019 through January 2021. As similarly noted in prior audit reports, most recently in our report No. 2017-204 (Finding 1), we found that Agency records did not adequately evidence 9 clients' (3 iBudget program clients' and 6 IFS Program clients') eligibility for services. Specifically, we found that, although records for 1 IFS Program client indicated that the individual was ineligible for services, the Agency made payments totaling \$129,891 on the client's behalf during the period July 2019 through January 2021 because of uncertainty regarding whether the client had been grandfathered into the Program under prior eligibility criteria. Additionally, Agency records did not include:

- Applications for 3 IFS Program clients.
- For 1 IFS Program client (also without an Application on record), documentation supporting that the client was at least 3 years of age at the time of application.
- For 2 IFS Program clients (including 1 client without an Application on record), documentation supporting the client's Florida domicile, or U.S. citizenship or resident alien status at the time of application.
- For 3 iBudget clients and 2 IFS Program clients (including 1 IFS Program client without an Application on record), documentation of a confirmed diagnosis of a covered developmental disability.

The Agency made payments totaling \$888,424 on behalf of these 9 clients during the period July 2019 through January 2021. According to Agency management, the absence of documentation may have been due to the length of time that had passed since the clients had been determined eligible for the services.

Maintaining all applicable client eligibility documentation would allow Agency management to demonstrate the Agency's compliance with State law, Agency rules, and Agency procedures.

**Recommendation:** We again recommend that Agency management take steps to ensure that client eligibility documentation is properly maintained to facilitate the Agency's verification of, and enhance management's assurance related to, client eligibility for iBudget and IFS Program services.

#### ADMINISTRATIVE POLICIES AND PROCEDURES

Policies and procedures provide benchmarks against which compliance can be measured and contribute to an effective control environment. Each function within an organization needs complete, up-to-date, well-documented policies and procedures to describe the scope of its function, its activities, and the

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<sup>4</sup> Section 393.13(4)(i), Florida Statutes.

interrelationships with other functions of the organization. Policies establish the organization's direction, while procedures indicate how the policies and procedures are to be implemented and followed.

## **Finding 2: Administrative Policies and Procedures**

To promote accountability for Agency resources, Agency management should develop and implement, for each Agency function, comprehensive policies and procedures that are up-to-date and provide benchmarks against which compliance can be assessed. As part of our audit, we evaluated Agency policies and procedures to determine whether the Agency had established policies and procedures sufficiently designed to provide for the efficient and effective execution of administrative support functions in accordance with applicable laws, rules, and other guidelines. As similarly noted in our report No. 2017-204 (Finding 2), we found that Agency management had not established policies and procedures addressing the Agency's administrative support functions related to the:

- Proper and timely assessment, collection, recording, and deposit of significant revenues.
- Proper and timely collection, classification, and recording of receivables.
- Management of Agency tangible personal property.
- Administration of the Florida Single Audit Act requirements.
- Periodic review of employee access to information technology (IT) systems and other Agency assets to determine whether the access was necessary for each employee's job duties.
- Processing of travel reimbursement requests.
- Purchasing card process, specifically related to the use of Works.<sup>5</sup>
- Reconciliation of contract payment information in the Florida Accounting Information Resource Subsystem (FLAIR) to information in the Florida Accountability Contract Tracking System (FACTS) for contracts related to the Agency's institutions for the developmentally disabled.

In response to our audit inquiry, Agency management indicated that limited staffing resources and significant Agency management turnover inhibited the Agency from establishing the policies and procedures.

Written policies and procedures that reflect current operating practices and the requirements of applicable laws, rules, and other guidelines would increase management's assurances that staff are utilizing the most effective and efficient methods to execute administrative support functions in compliance with applicable State laws, rules, and other guidelines. The absence of adequate policies and procedures likely contributed to the deficiencies noted in Findings 4 and 7 through 10.

**Recommendation: We again recommend that Agency management establish policies and procedures addressing all administrative support functions. Such policies and procedures should reflect current Agency operating practices; address the requirements established by State law, rules, and other guidelines; and provide benchmarks against which compliance can be measured.**

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<sup>5</sup> Works is the Web-based purchasing card payment management service utilized by the State.

State law<sup>6</sup> establishes that fair and open competition is a basic tenet of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. State law further establishes that documentation of the acts taken and effective monitoring mechanisms are an important means of curbing any improprieties and establishing public confidence in the process by which commodities and contractual services are procured. State law, Department of Financial Services (DFS) and Department of Management Services (DMS) rules, Chief Financial Officer (CFO) memoranda, and other guidelines establish State agency responsibilities for the procurement of commodities and contractual services and the awarding of financial assistance.

The Division of Budget, Planning, and Administration, Contract Administration Section, provided support and guidance to Agency staff in all aspects of contracting, including planning, procurement, development and execution, management, monitoring, and closeout. Contract managers within the Agency's State Office and regional offices were responsible for managing contracts related to programs, services, and projects within their assigned service areas.

### **Finding 3: Contract Monitoring**

State law<sup>7</sup> provides that State agencies are responsible for enforcing the terms and conditions of all contracts and ensuring that contract deliverables are appropriately satisfied. Pursuant to State law, the DFS established and disseminated to State agencies guidelines<sup>8</sup> to ensure that contractual services are rendered in accordance with contract terms, including procedures for monitoring and documenting contractor performance.

Agency contract monitoring procedures<sup>9</sup> required the Contract Monitoring and Oversight Manager to annually complete a risk assessment and rate each contract as high, moderate, or low risk. In addition, the procedures required Contract Administration Section staff to conduct on-site monitoring for each high-risk contract at least once every year, each moderate-risk contract at least once every 2 years, and each low-risk contract at least once every 3 years. The procedures also required the contract manager to conduct a desk review of every contract not subject to on-site monitoring during a fiscal year. During the period July 2019 through January 2021, the Agency was responsible for 114 active contracts totaling \$112,745,171.

In our report No. 2017-204 (Finding 3), we noted that the Agency did not conduct required contract monitoring activities during the period July 2014 through January 2016. As part of our follow-up audit procedures, we performed inquiries of Agency management and staff and found that the Agency had neither conducted on-site monitoring or desk reviews of Agency contracts during the period July 2019 through January 2021. According to Agency management, contract monitoring activities had not been performed due to budgetary constraints, lack of staffing, and travel restrictions caused by the COVID-19

<sup>6</sup> Section 287.001, Florida Statutes.

<sup>7</sup> Section 287.057(14), Florida Statutes.

<sup>8</sup> CFO Memorandum No. 05 (2020-2021), *Contract Monitoring and Documenting Contractor Performance*.

<sup>9</sup> Agency Operating Procedure 8-0001, *Contract Administration and Management Procedures*.

pandemic. Notwithstanding that, beginning in March 2020, on-site monitoring may not have been appropriate due to the COVID-19 pandemic, other contract monitoring activities, including desk reviews, could have been conducted to provide the necessary contract oversight.

Absent the conduct of required monitoring activities, the Agency has reduced assurance that contract providers complied with contract terms and conditions and that the desired service outcomes were achieved.

**Recommendation: We again recommend that Agency management ensure that required contract monitoring activities are completed in accordance with State law, DFS guidelines, and Agency procedures.**

#### **Finding 4: Contract Payments**

To receive reimbursement for services provided, Agency contract terms required providers to submit to their contract manager a request for payment invoice and all contractually required supporting documentation. In addition, Agency contract monitoring procedures<sup>10</sup> required the contract manager to ensure that the Agency received the services specified in the contract and that deliverables were received on time and in accordance with contractually established performance measures. The contract manager was responsible for reviewing and approving payment invoices and was to document their review and approval by signing and dating the invoice.

State law<sup>11</sup> requires State agencies to record in FLAIR all invoices received, approve the invoices for payment, and file the invoices with the State's CFO no later than 20 days after receipt of the invoices and receipt, inspection, and approval of the goods or services, except in the case of a bona fide dispute. If payment of an invoice is not issued within 40 days after receipt of the invoice, State law<sup>12</sup> requires the agency to pay interest to the vendor on the unpaid balance. In addition, DFS guidance<sup>13</sup> specified that, in the FLAIR Transaction Date field, State agencies were to record the later of the date the goods or services were received, inspected, and approved, or the date the invoice was received. The DFS uses the FLAIR Transaction Date field to monitor State agency compliance with statutory prompt payment requirements and to identify those transactions for which an agency would be required to pay interest.

We examined Agency records related to 40 contract payments, totaling \$1,813,519, made during the period July 2019 through January 2021, to determine whether the payments were appropriately authorized, supported, and reviewed; made after the receipt of contract deliverables; and accurately recorded in FLAIR. Our examination found that:

- For 37 contract payments totaling \$1,406,361, the Agency did not obtain, prior to payment, all contractually required records and reports, such as employee time records and provider certification statements.

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<sup>10</sup> Ibid.

<sup>11</sup> Section 215.422(1), Florida Statutes.

<sup>12</sup> Section 215.422(3)(b), Florida Statutes.

<sup>13</sup> Chief Financial Officer Memorandum No. 18 (2019-2020) and Chief Financial Officer Memorandum No. 18 (2020-2021), effective July 1, 2020.

- The Agency did not record 5 contract payments totaling \$56,895 to the correct FLAIR object code, other cost accumulator, or category.
- For 21 contract payments totaling \$1,427,023, the Agency did not record the correct transaction date in FLAIR. The transaction dates recorded were 1 to 63 days later than the transaction dates supported by Agency records. Had the Agency correctly recorded the transaction date for 1 of the 21 transactions, the Agency would not have complied with statutory prompt payment requirements.
- For 3 contract payments made by one of the Agency's institutions for the developmentally disabled, totaling \$77,967, institution staff did not reconcile the payment information between FLAIR and FACTS.
- For 1 contract associated with a tested payment, the Agency paid the contractor \$108,333, when the contract specified that Agency payment for contracted services was not to exceed \$100,000.

According to Agency management, these errors were due, among other reasons, to Agency personnel oversights and invoices being received electronically.

Absent adequate contract payment controls, the risk is increased that contract payments will be made prior to the receipt of all required goods and services, records, and reports; for unallowable charges or incorrect amounts; and inaccurately recorded in FLAIR and FACTS. Without accurate transaction dates, the Agency may not comply with statutory prompt payment requirements, instances of noncompliance may not be identified by the DFS, and the Agency may not make required interest payments. Similar contract payment control issues were noted in our report No. 2017-204 (Finding 8).

**Recommendation:** We again recommend that Agency management enhance controls to require that, prior to approving invoices for payment, contract managers obtain and review all required records and reports and verify that the invoiced amounts are allowable and properly calculated. We also recommend that Agency management ensure that contract payments are correctly recorded in FLAIR and FACTS and enhance invoice payment and processing controls to promote compliance with statutory prompt payment requirements.

#### **Finding 5: Transportation Services Contract Rates**

The iBudget program provides eligible recipients various services, including transportation between the recipient's home and the location of community-based waiver services. For services provided to iBudget program clients, the *Florida Medicaid Developmental Disabilities Individual Budgeting Waiver Services Coverage and Limitations Handbook*<sup>14</sup> (Handbook) described the covered services, service limits, who was eligible to receive services, and applicable fee schedules. The Agency utilized the *Florida Medical Developmental Disabilities Individual Budgeting Waiver Services Provider Rate Table*<sup>15</sup> (iBudget rate table) as the basis for payments for services provided to iBudget program clients. As the iBudget rate table did not specify a payment rate for transportation services, the Handbook required that the rates paid for iBudget program transportation services be negotiated at the most cost-effective rates. During

<sup>14</sup> The *Florida Medicaid Developmental Disabilities Individual Budgeting Waiver Services Coverage and Limitations Handbook*, September 2020, incorporated by reference in Agency for Health Care Administration (AHCA) Rule 59G-13.070, Florida Administrative Code. Previously, the *Florida Medicaid Developmental Disabilities Individual Budgeting Waiver Services Coverage and Limitations Handbook*, June 2018, incorporated by reference in AHCA Rule 59G-13.070, Florida Administrative Code, repealed September 2020.

<sup>15</sup> *Florida Medical Developmental Disabilities Individual Budgeting Waiver Services Provider Rate Table*, July 1, 2020, incorporated by reference in AHCA Rule 59G-13.081, Florida Administrative Code.

the period July 2019 through January 2021, Agency transportation expenditures totaled \$380,919 and related to 16 transportation services contracts.

As part of our audit, we examined Agency records related to four transportation services contracts, with transportation expenditures totaling \$171,763 during the period July 2019 through January 2021, to determine whether Agency controls were sufficient to ensure and demonstrate that the contracts had been negotiated at the most cost-effective rates. As similarly noted in our report No. 2017-204 (Finding 9), our follow-up audit procedures disclosed that, for two contracts with related transportation expenditures totaling \$70,544, Agency management was unable to provide documentation evidencing negotiations with the contractors or that the contracted transportation services rates were the most cost effective. Although we requested, Agency management was unable to provide an explanation for the absence of such documentation.

Maintaining documentation evidencing the negotiation of transportation services contract rates would better demonstrate that Agency contracts for transportation services are awarded at the most cost-effective rates.

**Recommendation:** We recommend that Agency management enhance controls to ensure that Agency records evidence that transportation services contracts were awarded at the most cost-effective rates.

#### **Finding 6: Contract Information Reporting**

Pursuant to State law,<sup>16</sup> the DFS established FACTS, an online tool that provides users and the public with access to State contract and grant financial information. State law requires that, within 30 calendar days of executing a contract,<sup>17</sup> State agencies post to FACTS for each contract:

- The names of the contracting entities and procurement method.
- The contract beginning and ending dates and the nature or type of commodities or services purchased.
- Applicable contract unit prices and deliverables and the total compensation to be paid or received under the contract.
- All payments made to the contractor to date and applicable contract performance measures.
- If a competitive solicitation was not used to procure the goods or services, the justification of such action, including citation to a statutory exemption or exception from competitive solicitation, if any.
- Electronic copies of the contract and procurement documents redacted to exclude confidential and exempt information.

The DFS established fields in FACTS to track various aspects of each contract, including statutory authority and method of procurement. DFS guidance<sup>18</sup> required State agencies to input the specific authority for each contract in the statutory authority field. The method of procurement field was to be

<sup>16</sup> Section 215.985(14), Florida Statutes.

<sup>17</sup> Section 215.985(2)(b), Florida Statutes, defines a contract as a written agreement or purchase order for the purchase of goods or services or a written agreement for the receipt of State or Federal financial assistance.

<sup>18</sup> DFS *Florida Accountability Contract Tracking System (FACTS) User Manual*.

used to record the type of competitive procurement utilized or the reason competitive procurement was not used.

According to Agency records, the Agency executed 48 contracts totaling \$22,323,179 during the period July 2019 through January 2021. Our comparison of FACTS data to Agency records for 20 of the contracts, totaling \$12,570,073, disclosed that the Agency did not always ensure that contract information was appropriately or timely posted to FACTS in accordance with State law. Specifically, we noted that:

- For 19 contracts, the Agency included in FACTS the statute authorizing the Agency to procure contracts, rather than referencing the specific statute authorizing these 19 contracts.
- For 12 contracts, the Agency did not record the most accurate procurement method in FACTS. For example, although 7 of the contracts resulted from requirements in the General Appropriations Act specifying who the Agency was to contract with, the Agency cited exemptions related to health services or services to individuals with disabilities, rather than the exemption related to State law directing with whom the Agency should contract.
- The Agency did not timely post to FACTS the documentation for one contract. Due to employee oversight, the contract documentation was posted 69 days after the contract was executed. Similar instances were noted in our report No. 2017-204 (Finding 7).

According to Agency management, the errors in recording contract procurement information were due to staff oversight and contract managers being allowed to interpret how to record such information in FACTS.

Timely posting accurate information to FACTS enhances transparency, strengthens accountability, and ensures compliance with State law and DFS guidance.

**Recommendation: We recommend that Agency management enhance controls to ensure the timely posting of accurate contract and procurement information and documentation to FACTS in accordance with State law and DFS guidance.**

#### PROPERTY CONTROLS

Effective controls for the management of tangible personal property<sup>19</sup> require that property items be adequately controlled, safeguarded, and accounted for by Agency management. DFS rules<sup>20</sup> require State agencies to record all tangible personal property with a value or cost of \$5,000 or more and a projected useful life or 1 year or more in the FLAIR Property Subsystem. The FLAIR Property Subsystem facilitates the creation and maintenance of a property file that contains detailed information for each property item.

In addition, Agency management indicated that it was the Agency's practice to account for all property costing \$1,000 or more and all laptop and desktop computers, regardless of cost, in the FLAIR Property Subsystem. According to Agency property records, as of January 31, 2021, the Agency was responsible for 5,352 property items with acquisition costs totaling approximately \$17.4 million.

<sup>19</sup> Property is defined in applicable laws and rules as State-owned equipment, fixtures, and other tangible personal property of a nonconsumable or nonexpendable nature, the value or cost of which is \$5,000 or more and the projected useful life of which is 1 year or more.

<sup>20</sup> DFS Rule 69I-72.002, Florida Administrative Code.

## Finding 7: Property Management

State law<sup>21</sup> and DFS rules<sup>22</sup> require State agencies to establish controls over tangible personal property, including controls over the acquisition, disposition, and recording of property. In our report No. 2017-204 (Findings 12, 13, and 14), we noted that Agency controls over property records, dispositions, and inventories needed improvement. As part of our follow-up audit procedures, we interviewed Agency management and examined Agency records and found that:

- The Agency still had not enhanced property controls to ensure that Agency records included for each property item the information required by DFS rules.<sup>23</sup> For example, of the 5,356 active property items included in Agency property records as of February 26, 2021, 170 items were missing their location, 201 laptop computers all had the same location, 95 items were described as computers without a make or model, and 12 items were missing a description.
- Although required by State law,<sup>24</sup> the Agency Director had not established a review board to examine and make recommendations approving or disapproving the classification of Agency property as surplus.
- For the 560 property items with acquisition costs totaling \$1,340,762 disposed of during the period July 2019 through January 2021, the surplus property form did not require, and Agency property records did not include, all the information required by State law<sup>25</sup> and DFS rules.<sup>26</sup> Specifically, Agency records did not include the reason for surplus certification or the date of review board recommendation on certification. Additionally, for the disposed property items, the manner of disposition, the employee witnessing the disposition, and any related transactions were not documented.
- Although DFS rules<sup>27</sup> required the Agency to complete a physical inventory of all tangible personal property at least once each fiscal year, the Agency had not conducted a physical inventory for the 2019-20 fiscal year.

According to Agency management, the property management control deficiencies were due to limited staff resources.

Absent effective property management controls, Agency management has reduced assurances that State-owned property is adequately controlled, safeguarded, and accounted for.

**Recommendation:** We recommend that Agency management enhance property management controls to:

- **Ensure that Agency property records include for each property item, including disposed items, the information required by DFS rules.**
- **Establish a surplus property review board.**
- **Ensure a complete physical inventory of Agency property is annually conducted.**

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<sup>21</sup> Chapter 273, Florida Statutes.

<sup>22</sup> DFS Rules, Chapter 69I-72, Florida Administrative Code.

<sup>23</sup> DFS Rule 69I-72.003(3), Florida Administrative Code, specifies that, for each property item, State agency property records include, among other things, a description of the item, the item's physical location, and the item's make and model.

<sup>24</sup> Section 273.05(2), Florida Statutes.

<sup>25</sup> Section 273.05(5), Florida Statutes.

<sup>26</sup> DFS Rule 69I-72.005(2), Florida Administrative Code.

<sup>27</sup> DFS Rules 69I-72.003 and 69I-72.006(1), Florida Administrative Code.

## Finding 8: Acquisition of Property

As noted in Finding 2, the Agency had not established property management policies and procedures. Accordingly, the Agency had not established a time frame for recording property acquisitions to Agency property records. In the absence of such a time frame, we considered property items recorded to Agency property records within 30 calendar days of receipt to be timely recorded.

According to Agency records, during the period July 2019 through January 2021, the Agency purchased 326 property items with acquisition costs totaling \$761,598. We examined Agency records for 25 of these items, with acquisition costs totaling \$318,972, and found that the Agency had not timely recorded 9 property items, with acquisition costs totaling \$174,572, to Agency property records. The 9 items were added to Agency property records 32 to 123 calendar days (an average of 60 calendar days) after the items were received. According to Agency management, limited staff resources inhibited the development of property management procedures and contributed to the untimely recording of property items to Agency property records.

Effective property controls, including policies and procedures for timely recording property acquisitions to Agency records, provide greater assurance regarding the information needed to accurately report and maintain proper accountability over Agency property.

**Recommendation:** We recommend that Agency management establish property management policies and procedures that include a time frame for recording property acquisitions to Agency property records and ensure that Agency property records are timely updated for property acquisitions.

### OTHER ADMINISTRATIVE ACTIVITIES

As part of our audit, we evaluated other Agency administrative activities and controls, including those related to IT access privileges and mileage reimbursements.

## Finding 9: Access Privileges

DMS rules<sup>28</sup> require State agencies to ensure that users are granted access to agency IT resources based on the principles of least privilege and a need to know determination, periodically review user access privileges for appropriateness, and ensure that IT access privileges are removed when access to an IT resource is no longer required. Effective access controls also include measures that restrict user access privileges to data and IT resources to only those functions that promote an appropriate separation of duties and are necessary for the user's assigned job duties. If, because of a limited number of personnel, the separation of incompatible duties is not practical, compensating controls, such as supervisory review of selected transactions, should be established.

The Agency uses the iConnect system, a Web-based software application, to collect and report data related to Agency clients to help improve services to individuals with developmental disabilities. The Agency uses Axiom Pro, a Web-based software application, to capture, share, use, and organize digital

<sup>28</sup> DMS Rule 60G-2.003(1)(a)6. and 8., and (1)(d), Florida Administrative Code.

documents and other electronic media within daily business processes. The Agency uses FLAIR to authorize the payment of Agency obligations and to record and report financial transactions.

In our report No. 2017-204 (Finding 16), we noted that Agency IT user access controls needed improvement. As part of our follow-up audit procedures, we inquired of Agency management, evaluated Agency policies and procedures, and examined records related to the deactivation of employee access privileges to the iConnect system, Axiom Pro, and FLAIR and found that:

- While the Agency had established policies and procedures for periodic reviews of user access privileges, the policies and procedures only required annual access privilege reviews, regardless of system risk, and did not address how the reviews should be documented or that the reviews evaluate the appropriateness of user access. Additionally, periodic reviews of user access to the iConnect system or FLAIR were not conducted. While the Agency conducted quarterly reviews of the access privileges for all active Axiom Pro users to identify users no longer employed with the Agency, the reviews did not assess whether the assigned user access privileges were appropriate based on the employee's job duties.
- The Agency's systems could not generate a listing of deactivated iConnect accounts. Consequently, the Agency was unable to demonstrate whether iConnect user access privileges were timely deactivated upon a user's separation from Agency employment.
- Although the Agency's systems could not generate a listing of deactivated iConnect accounts for audit analysis, our analysis of records for active accounts found that iConnect system access privileges were not always timely deactivated upon a user's separation from Agency employment. Specifically, our comparison of iConnect system access records to People First<sup>29</sup> records disclosed that iConnect system access privileges for 96 of the 773 Agency employees with access to iConnect as of April 2021 appeared to be assigned to employees who separated from Agency employment during the period July 2019 through January 2021. Further examination of Agency records for 25 of the 96 iConnect system users found that 4 users still had access to the iConnect system, 21 to 170 business days (an average of 98 business days) after they separated from Agency employment. According to Agency management, access termination forms were not sent to the IT Help Desk for the employees' access to the iConnect system to be deactivated. Subsequent to our audit inquiry, Agency management indicated that access was deactivated for these accounts.
- Axiom Pro access privileges were not always timely deactivated upon a user's separation from Agency employment. Our comparison of Axiom Pro records to People First records disclosed that Axiom Pro access privileges for 4 of the 53 Agency employees with access to Axiom Pro as of April 2021 remained active although the employees had been separated from Agency employment for 104 to 700 business days (an average of 445 business days). In response to our audit inquiry, Agency management indicated that the access privileges were not timely deactivated because the IT Help Desk did not receive notice of the users' separation from Agency employment. Subsequent to our audit inquiry, Agency management indicated that the access privileges for these former employees had been deactivated.
- FLAIR users were granted update capabilities to incompatible functions. Our examination of FLAIR access records for the Agency's 130 active FLAIR user accounts with update privileges as of January 2021 disclosed that 41 user accounts (assigned to 22 employees) were granted update capabilities to incompatible functions in FLAIR. Specifically, we found that 15 user accounts (assigned to 14 employees) had update capabilities to both cash receipts and disbursement functions and 31 user accounts (assigned to 13 employees) had update capabilities to both fixed assets accounting and fixed assets custodial functions. According to Agency management, the

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<sup>29</sup> People First is the State's human resource information system.

user access privileges were necessary for the employees to perform their job duties. Notwithstanding, access to incompatible functions exposes the Agency to increased risk of loss and theft.

Appropriate and documented periodic reviews of IT user access privileges and capturing information related to deactivated iConnect system accounts would provide Agency management assurance that user access privileges are authorized and remain appropriate or are timely deactivated when access is no longer required. Additionally, the effective separation of incompatible financial management duties and prompt deactivation of user access privileges upon an employee's separation from Agency employment reduces the risk of unauthorized disclosure, modification, or loss of Agency data.

**Recommendation:** We recommend that Agency management strengthen controls to ensure that:

- **Periodic reviews of IT system user access privileges are adequately performed and documented in Agency records.**
- **Information related to deactivated iConnect system access privileges is maintained and all IT user access privileges are deactivated immediately upon a user's separation from Agency employment.**
- **FLAIR user access privileges are limited to promote an appropriate separation of duties and requiring that, where incompatible access privileges are necessary, compensating controls be established and documented.**

#### **Finding 10: Employee Mileage Reimbursements**

State law<sup>30</sup> establishes requirements for the reimbursement of State business travel expenses. Among the requirements, State law specifies that all mileage claimed for reimbursement be shown from point of origin to point of destination and, when possible, computed on the basis of the current map of the Department of Transportation (DOT). State law also provides that vicinity mileage necessary for the conduct of official business is allowable but must be shown as a separate item on the expense voucher.

Agency policies and procedures<sup>31</sup> for authorizing and obtaining reimbursement for travel performed on behalf of the Agency required each mileage reimbursement be supported by an *APD Vicinity Mileage Trip Log* (Log) showing exact addresses for the travel. The policies and procedures further required that Logs be subject to supervisory review and be submitted with the related travel reimbursement voucher for audit by the Disbursements section. Additionally, the policies and procedures indicated that eligibility for an employee to use their home as their Headquarters was to be determined by the Regional Office Manager and must be in the best interest of the Agency. The traveler's home address was to be identified on the official signed and approved position description.

During the period July 2019 through January 2021, Agency mileage reimbursement expenditures totaled \$359,320. We examined Agency records related to 25 mileage reimbursements, totaling \$11,451, made during the period July 2019 through January 2021, including 23 reimbursements where the employee's home was designated as their headquarters, and evaluated the reasonableness of the mileage reimbursed using the DOT Official Highway Mileage Viewer Web site (for intercity mileage) and

<sup>30</sup> Section 112.061, Florida Statutes.

<sup>31</sup> Agency Operating Procedure 8-0006, *Travel Policy and Procedures*.

an online mapping service (for vicinity mileage). As similarly noted in prior audit reports, most recently in our report No. 2017-204 (Finding 18), we noted that travel reimbursement requests were not always adequately supported or paid in accordance with the requirements of State law. Specifically, we noted that:

- For 16 reimbursements totaling \$8,256, the total mileage claimed was greater than that indicated by the DOT Web site and the online mapping service. The differences between the mileage claimed and the mileage indicated by the DOT Web site and online mapping service totaled 3,480 miles and ranged from 33 to 896 miles per reimbursement. The potential excess reimbursements totaled \$1,549.
- For 5 reimbursements, the destination addresses on the Logs were not complete and did not adequately support the mileage reimbursed. Mileage reimbursements for these trips totaled \$2,445.
- For 8 reimbursements totaling \$2,799 where the employee's home was designated as their headquarters, the employee's position description did not reflect the same home address as the home address listed on the Log. Additionally, for 5 travel reimbursements totaling \$2,608 where the employee's home was designated as their headquarters, the employee's position description was not signed or dated.

In response to our audit inquiry, Agency management indicated that differences between the mileage reimbursed and mileage per the DOT Web site and the online mapping service were due to Agency employees not separating map and vicinity mileage and using odometer readings to report mileage. Additionally, while Agency policies and procedures required Logs be subject to supervisory review and audit, the policies and procedures did not address the nature or extent of the supervisory reviews and audits or how the reviews and audits should be documented. Additionally, Agency management indicated that staff oversight contributed to the use of incorrect addresses and incomplete signatures and dates.

Without adequate support for mileage reimbursements and sufficient review of the allowability and reasonableness of the mileage claimed, the Agency cannot demonstrate that amounts reimbursed for mileage were calculated and paid in accordance with the requirements of State law, DFS rules, and Agency policies and procedures.

**Recommendation:** To ensure compliance with State law and DFS rules, we again recommend that Agency management ensure that, prior to reimbursement, the reasonableness and allowability of claimed mileage be verified and documented in Agency records. In addition, we recommend that Agency management enhance travel policies and procedures to specify the nature and extent of trip log reviews and audits and how the reviews and audits should be documented.

## ***PRIOR AUDIT FOLLOW-UP***

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Except as discussed in the preceding paragraphs, the Agency had taken corrective actions for the findings included in our report No. 2017-204.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

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

We conducted this operational audit from February 2021 through August 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Agency for Persons with Disabilities (Agency) focused on the progress the Agency had made, or was in the process of making, in addressing the findings noted in our report No. 2017-204. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

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

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

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

In conducting our audit, we evaluated Agency actions to correct the findings noted in our report No. 2017-204. Specifically, we:

- Reviewed applicable laws, rules, Agency policies and procedures, and other guidelines, and interviewed Agency personnel to obtain an understanding of client eligibility determination and contract management processes.
- From the population of 3,156 clients on whose behalf the Agency paid Individual and Family Supports (IFS) Program claims totaling \$13,228,372 during the period July 2019 through January 2021, examined Agency records for 25 selected clients on whose behalf the Agency paid IFS Program claims totaling \$2,297,356 to determine whether the Agency appropriately determined and documented eligibility for IFS Program services.
- From the population of 25,895 clients on whose behalf the Agency paid iBudget program claims, individually exceeding \$10,000 and totaling \$1,660,946,228, during the period July 2019 through January 2021, examined Agency records for 60 selected clients on whose behalf the Agency paid iBudget program claims totaling \$13,534,544 to determine whether the Agency appropriately determined and documented eligibility for iBudget program services.
- Performed inquiries of Agency personnel and examined Agency records to determine whether Agency management had adequately designed and implemented controls, including policies and procedures, for contract management and other administrative processes.
- From the population of 15 contracts, totaling \$3,932,989, procured during the period July 2019 through January 2021, examined Agency records for 5 selected contracts, totaling \$2,203,434, to determine whether the contracts were procured in accordance with applicable laws, rules, and other guidelines.
- Inquired of Agency management and personnel to determine whether the Agency monitored Agency contracts during the period July 2019 through January 2021.
- Examined Agency records for 10 contracts, totaling \$8,876,268, selected from the population of 48 contracts, totaling \$22,323,179, executed during the period July 2019 through January 2021, to determine whether the Agency had appropriately determined whether contractors were subrecipients or vendors and accurately and timely recorded contract information in the Florida Accountability Contract Tracking System (FACTS). We also selected and examined 10 additional contracts, totaling \$3,693,805, to determine whether the contracts and related information were timely and accurately recorded in FACTS.
- From the population of 10,345 contract payments, totaling \$36,181,675, made during the period July 2019 through January 2021, examined Agency records for 40 selected contract payments, totaling \$1,813,519, to determine whether the payments were appropriately authorized, supported, and reviewed, made after the receipt of contract deliverables, and accurately recorded in the Florida Accounting Information Resource Subsystem (FLAIR).
- Examined Agency records for 4 contracts with transportation expenditures totaling \$171,763, selected from the population of 16 contracts with transportation expenditures totaling \$380,919

during the period July 2019 through January 2021, to determine whether the Agency negotiated the contracts at the most cost-effective rate.

- From the population of 1,220 Employment Enhancement Project (EEP) contract payments, totaling \$190,624, made during the period July 2019 through January 2021, examined Agency records for 15 selected EEP contract payments totaling \$6,273, to determine whether the payments were authorized, supported, reviewed, paid only after receipt of contract deliverables, and accurately recorded in FLAIR.
- From the population of 4,402 in-State mileage reimbursements, totaling \$359,320, paid during the period July 2019 through January 2021, examined Agency records for 25 selected mileage reimbursements, totaling \$11,451, to determine whether the reimbursements were properly calculated, adequately supported, and paid in accordance with State law, Department of Financial Services (DFS) rules, and Agency policies and procedures.
- Interviewed Agency management, examined Agency forms, and evaluated Agency compliance with applicable statutory requirements for collecting and utilizing individuals' social security numbers.
- For the population of 326 property items, totaling \$761,598, acquired during the period July 2019 through January 2021, examined Agency records for 25 selected property items, totaling \$318,972, to determine whether the items were timely and accurately recorded in Agency property records in accordance with State law, DFS rules, and Agency policies and procedures.
- Observed, documented, and evaluated the effectiveness of selected Agency processes and procedures for:
  - Purchasing activities, managing FLAIR and other information technology system access privileges, settlement agreements, and fixed capital outlay.
  - The administration of property in accordance with applicable guidelines. As of January 31, 2021, the Agency was responsible for property with related acquisition costs totaling \$17,415,696.
  - The administration of purchasing cards in accordance with applicable guidelines. As of January 31, 2021, the Agency had 30 active purchasing cards.
  - The administration of Agency travel in accordance with State law and other applicable guidelines. During the period July 2019 through January 2021, Agency travel expenditures totaled \$359,320.
- 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***

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

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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Ron DeSantis  
Governor

December 1, 2021

Barbara Palmer  
Director

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

State Office  
4030 Esplanade Way  
Suite 380  
Tallahassee  
Florida  
32399-0950

Email: [flaudgen\\_audrpt\\_SGA@aud.state.fl.us](mailto:flaudgen_audrpt_SGA@aud.state.fl.us)

(850) 488-4257  
Fax:

RE: Management's response to the preliminary and tentative audit findings

(850) 922-6456

Dear Ms. Norman:

Toll Free:  
(866) APD-CARES  
(866-273-2273)

I appreciate this opportunity to respond to the preliminary and tentative audit findings and recommendations concerning your operational audit of the *Agency for Persons with Disabilities, Prior Audit Follow-up*. Our response is enclosed as required by section 11.45(4)(d), Florida Statutes.

I appreciate the effort of you and your staff in assisting to improve our operations. If you have any questions or need additional information, please contact our external audit coordinator.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Palmer'.

Barbara Palmer  
Director

Enclosure

<http://apdcare.org>

Ron DeSantis  
Governor

■■■  
Barbara Palmer  
Director

■■■  
State Office

■■■  
4030 Esplanade Way  
Suite 380

Tallahassee

Florida

32399-0950

■■■  
(850) 488-4257

Fax:

(850) 922-6456

■■■

Toll Free:

(866) APD-CARES

(866-273-2273)

### Client Eligibility Determinations

**Finding 1:** As similarly noted in prior audit reports, most recently in our report No. 2017-204, Agency records did not always adequately evidence client eligibility for iBudget and Individual and Family Supports program services.

**Recommendation:** We again recommend that Agency management take steps to ensure that client eligibility documentation is properly maintained to facilitate the Agency's verification of, and enhance management's assurance related to, client eligibility for iBudget and IFS Program services.

**Agency Response:** The Agency for Persons with Disabilities (APD, Agency) has implemented the APD iConnect system to manage client data. For recent and future APD applicants, the system provides a centralized location for entering, reviewing, and tracking eligibility documentation and subsequent determinations.

Applications submitted in the 2000s and before would have followed a much older process. APD was part of the Department of Children and Families (DCF), Developmental Disabilities Program until 2004 with the enactment of chapter 2004-267, Laws of Florida. Prior to 1996, the Developmental Disabilities program was part of the Department of Health and Rehabilitative Services (HRS) before it became DCF. Some clients served by APD were determined eligible for services by HRS and DCF. Additionally, some of the eligibility determination requirements used by HRS and DCF were not the same as the requirements today.

To ensure the continuity of care for vulnerable individuals served through the program for many years, when APD became a state agency, existing clients of the HRS and the DCF Developmental Disabilities Program office were carried over so that they could continue to receive services from APD. Therefore, APD may not have copies of all applications or diagnoses for clients receiving services prior to becoming an agency.

APD has the identified additional information related to some of the clients mentioned in the audit findings:

- APD records show that two of the three clients without an application became clients in 1989 and 1990 while the Developmental Disabilities program was still part of HRS.

<http://apdcares.org>

- Subsequent to the delivery of the preliminary and tentative findings, documentation supporting that the client was over the age of 3 at the date of application was obtained.

### Administrative Policies and Procedures

**Finding 2:** The Agency had not established policies and procedures addressing all Agency administrative support functions. A similar finding was noted in our report No. 2017-204.

**Recommendation:** We again recommend that Agency management establish policies and procedures addressing all administrative support functions. Such policies and procedures should reflect current Agency operating practices; address the requirements established by State law, rules, and other guidelines; and provide benchmarks against which compliance can be measured.

**Agency Response:** The Agency concurs with this recommendation and will compile a comprehensive listing of policies and procedures to be developed and/or updated to reflect current Agency operating practices. While some progress was made after the 2017 report, staff changes, and workloads limited the availability of staff to complete these procedures. The Agency recognizes the importance of having proper procedures in place and will implement a plan to make consistent progress in completing this task.

### Contract Management

**Finding 3:** As similarly noted in our report No. 2017-204, the Agency did not conduct required contract monitoring activities during the period July 2019 through January 2021.

**Recommendation:** We again recommend that Agency management ensure that required contract monitoring activities are completed in accordance with State law, Department of Financial Services (DFS) guidelines, and Agency procedures.

#### **Agency Response:**

- Contract Administration anticipates hiring two (2) FTE contract monitoring employees by March of 2022.
- The additional employees will assist in ensuring all active contracts have a completed Risk Assessment by June 30, 2022. The Risk Assessment shall identify a rating of high, moderate, or low risk.
- Based on the risk assessment rating a monitoring schedule will be established by July 31, 2022.
- Conduct the following monitoring activities:

- Desk audits to be completed on all active contracts with findings will be presented to the Contract Manager by June 30, 2023.
- High-risk vendors shall receive on-site monitoring visits and findings will be presented to their attention by June 30, 2023.
- Moderate-Risk vendors shall receive on-site monitoring visits and findings will be presented to their attention by June 30, 2024.
- Low-Risk vendors shall receive on-site monitoring visits and findings will be presented to their attention by June 30, 2025.

**Finding 4:** Agency controls over contract payments continue to need improvement.

**Recommendation:** We again recommend that Agency management enhance controls to require that, prior to approving invoices for payment, contract managers obtain and review all required records and reports and verify that the invoiced amounts are allowable and properly calculated. We also recommend that Agency management ensure that contract payments are correctly recorded in FLAIR and FACTS and enhance invoice payment and processing controls to promote compliance with statutory prompt payment requirements.

**Agency Response:**

- Contract Administration will develop an Invoice Verification Packet (CA-46) by June 30, 2022
- Contract Administration will provide in-service training to Contract Managers by July 31, 2022, on the following:
  - Use of the Invoice Verification Packet (CA-46)
    - CA-42 Invoice Verification Form
    - CA-37 Invoice Review Checklist
    - CA-35 Service Verification Form
    - CA-47 Report and Performance Measures Log
  - Management and reconciliation of the Payment Tracking Log (CA-34)
- Contract Administration will implement the Invoice Verification Packet by August 1, 2022

The Agency will develop written procedures and provide training to ensure staff are properly recording the correct transaction date. Additionally, the Agency has met with internal staff and enhanced the invoice payment and processing controls to promote compliance with statutory prompt payment requirements.

The Agency will improve internal procedures to make sure the correct codes are being used and that information in FACTS is updated appropriately.

**Finding 5:** The Agency could not always provide documentation evidencing that contracts for transportation services had been negotiated at the most cost-effective rate. A similar finding was noted in our report No. 2017-204.

**Recommendation:** We recommend that Agency management enhance controls to ensure that Agency records evidence that transportation services contracts were awarded at the most cost-effective rates.

**Agency Response:**

- Contract Administration will develop a Transportation Rate Negotiation Packet (CA-48) by June 30, 2022.
- Contract Administration will provide in-service training to Contract Managers and Contract Liaisons by July 31, 2022, on use of the Transportation Rate Negotiation Packet (CA-48).
  - Memorandum of Negotiation (CA-41)
  - Request for documentation relating to OP3-0018 from regions

**Finding 6:** The Agency did not always accurately or timely post contract information to the Florida Accountability Contract Tracking System.

**Recommendation:** We recommend that Agency management enhance controls to ensure the timely posting of accurate contract and procurement information and documentation to FACTS in accordance with State law and DFS guidance.

**Agency Response:**

- Contract Administration will develop a FACTS Entry Checklist to ensure the accurate and/or timely posting of contract information to the Florida Accountability Contract Tracking System by June 30, 2022.
- Contract Administration will update CA OP8-0001 Policy and Procedures manual by December 31, 2022, with an updated FACTS entry process.
- Contract Administration will provide in-service training to Contract Managers by July 31, 2022, on the following:
  - Accurately uploading CA approved Methods of Procurement
  - Accurately uploading CA approved Statutory Authority

Property Controls

**Finding 7:** Agency controls over property records, dispositions, and inventories continue to need improvement.

**Recommendation:** We recommend that Agency management enhance property management controls to:

- Ensure that Agency property records include for each property item, including disposed items, the information required by DFS rules.
- Establish a surplus property review board.
- Ensure a complete physical inventory of Agency property is annually conducted.

**Agency Response:**

The Agency will:

- Ensure that Agency property records include for each property item, including disposed items, the information required by DFS rules. - As of 11/01/2021 all property items, including disposed items, are being tracked and entered in FLAIR based on information provided on the APD Surplus Certification Form.
- Establish a surplus property review board. - A Surplus Property Review Board has been established to review and approve all State Surplus Certifications. The Agency Review Board members are Rose Salinas (Deputy Director of Budget & Planning) and Melissa Hurst (Director of Support Services)
- Ensure a complete physical inventory of Agency property is annually conducted. – Management has instructed Agency property custodians to complete a physical property inventory and submit a tracking report to the State Office by April 15<sup>th</sup> annually. This information will then be compiled into a report and submitted to DFS.

**Finding 8:** The Agency did not always timely record property items to Agency property records.

**Recommendation:** We recommend that Agency management establish property management policies and procedures that include a time frame for recording property acquisitions to Agency property records and ensure that Agency property records are timely updated for property acquisitions.

**Agency Response:** Agency management is currently establishing property management procedures and policies to ensure that all property items are entered into FLAIR within 30 days of receipt.

#### Other Administrative Activities

**Finding 9:** Agency user access privilege controls for Agency systems continue to need enhancement to better prevent and detect inappropriate access to the systems.

**Recommendation:** We recommend that Agency management strengthen controls to ensure that:

- Periodic reviews of IT system user access privileges are adequately performed and documented in Agency records.
- Information related to deactivated iConnect system access privileges is maintained and all IT user access privileges are deactivated immediately upon a user's separation from Agency employment.
- FLAIR user access privileges are limited to promote an appropriate separation of duties and requiring that, where incompatible access

privileges are necessary, compensating controls be established and documented.

**Agency Response:** This finding highlights the need for improved Identity Governance technology capabilities. Information Security and IT have been evaluating Identity Governance technology which would facilitate and enable user access reporting and periodic access reviews for all IT systems.

With regards to the specific systems addressed in the finding:

iConnect: The iConnect system is accessed via a system user's organization user account. This is the same account utilized to access other systems as well. When an employee separates from Agency employment, and the employee's user account is deactivated accordingly, this also removes the employee's iConnect access. However, in a situation where an employee does not separate from Agency employment, and so the employee's user account is not deactivated, iConnect access can still be revoked while leaving other systems access intact. The iConnect system *on its own* does not control user access, and therefore is not the primary source of records for user access reporting.

The Agency's access authorization process is paper form based, and these forms are preserved. Thus, the agency can research and analyze a single user's access changes over time by examining the documented access authorizations and system logs. However, it would be an extremely challenging task to produce the same analysis results for even a moderately small list of users. This makes for difficult user access reporting and review. As previously noted, improved Identity Governance technology capabilities are needed to solve this predicament.

Axiom Pro: Identity Governance technology capabilities that provide Human Resource data-driven automated user provisioning can help prevent the sorts of occurrences demonstrated by the Axiom Pro access deactivation finding. Budget and Planning is currently formulating plans to manually perform quarterly certifications of Axiom Pro system user access.

To address Axiom Pro system access, the Agency will update its procedures to send a quarterly form to all active Axiom Pro users (approximately 25 total users). The users will sign and return the form within a designated timeframe. If the form is not signed and returned, the account will be deactivated by the Axiom Pro administrator.

FLAIR: Because there are limited staff to perform certain FLAIR activities, the Agency accepts the risk of allowing some users update capabilities to

incompatible functions. However, we will look into establishing compensating controls to assist in mitigating the risk.

**Finding 10:** As similarly noted in prior audit reports, most recently in our report No. 2017-204, Agency travel reimbursement requests were not always adequately supported or paid in accordance with the requirements of State law.

**Recommendation:** To ensure compliance with State law and DFS rules, we again recommend that Agency management ensure that, prior to reimbursement, the reasonableness and allowability of claimed mileage be verified and documented in Agency records. In addition, we recommend that Agency management enhance travel policies and procedures to specify the nature and extent of trip log reviews and audits and how the reviews and audits should be documented.

**Agency Response:**

- APD Disbursements uses odometer readings to verify number of miles traveled for map and vicinity miles. We use the DOT mileage for map miles and online mapping services for vicinity miles. There will be differences in vicinity mileage due to route taken and which online mapping service is used for comparison. Slight differences in mileage could be due to detours related to traffic accidents or construction, avoiding tolls, or other such variances. It is the traveler's supervisor's responsibility to review vicinity mileage to ensure it is not excessive before being sent to Disbursements for payment.
- The Agency is updating the travel policies and procedures to include instructions for supervisors on how to review travel documentation for accuracy and reasonableness.
- For those reimbursements which had incomplete addresses, Disbursements used odometer readings to verify mileage. It is the traveler's supervisor's responsibility to review mileage logs to ensure they are correct and complete. However, APD Disbursements also needs to verify the log is completed correctly and all fields are filled in completely.
- For travelers who have position descriptions (PD) marked Home as Headquarters, they are required to submit a copy of their PD to Disbursements to have on file. Disbursements verifies there is a Home as Headquarters PD on file when travel is submitted, but the traveler is not required to submit their PD with each travel reimbursement. If the traveler moves, they should work with their supervisor and HR to update their PD with their new home address and provide the updated copy to

Disbursements. This does not seem to be occurring consistently. The agency will update the travel policy to include a section on Home as Headquarters and the process and expectation for the traveler on keeping their PD updated and providing this document to Disbursements for their files.