

**DEPARTMENT OF ELDER AFFAIRS**

Selected Administrative Activities  
and Prior Audit Follow-Up



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Auditor General

## Secretary of the Department of Elder Affairs

The Department of Elder Affairs is established by Section 20.41, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. During the period of our audit, the following individuals served as Department Secretary:

Michelle Branham From December 13, 2021

Richard Prudom Through January 31, 2022

The team leader was Lynley B. Trent, CPA, and the audit was supervised by Matthew Tracy, CPA.

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# DEPARTMENT OF ELDER AFFAIRS

## Selected Administrative Activities and Prior Audit Follow-Up

### **SUMMARY**

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This operational audit of the Department of Elder Affairs (Department) focused on selected administrative activities and included a follow-up on the findings noted in our report Nos. 2017-030 and 2021-010 (Findings 7 and 8). Our audit disclosed the following:

#### **Contract Management**

**Finding 1:** Department records did not always evidence that a contractor's status as a subrecipient or vendor had been timely determined or that cost analyses were timely prepared for contracts awarded on a noncompetitive basis. A similar finding was noted in our report No. 2017-030.

**Finding 2:** The Department, Office of Public and Professional Guardians (OPPG), did not prepare a risk assessment that identified areas of risk nor prioritized monitoring around those risks during the period July 2020 through December 2021. In addition, OPPG records did not always evidence that deficiencies noted during monitoring were resolved or that monitoring reports were subject to management review.

#### **Property Controls**

**Finding 3:** As similarly noted in our report No. 2017-030, duties related to Department property were not always properly separated as Department employees sometimes inventoried property items for which they were responsible or assigned and the Department did not always ensure that property records were updated for the results of the annual physical inventory.

**Finding 4:** Department controls over the recording of property acquisitions to Department property records need enhancement.

**Finding 5:** As similarly noted in our report No. 2017-030, the Department did not always document the return of State-owned property from employees separating from Department employment.

#### **Other Administrative Activities**

**Finding 6:** The Department did not ensure that the Bureau of Information Technology was within the line of authority of executive management. Additionally, contrary to State law, the Department Information Security Manager did not report directly to the Secretary for information security duty purposes.

**Finding 7:** The Department did not always promptly cancel purchasing cards upon a cardholder's separation from Department employment.

**Finding 8:** Department controls over employee access to the Florida Accounting Information Resource Subsystem continue to need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.

**Finding 9:** Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Department data and information technology resources. A similar finding was noted in our report No. 2021-010.

## **BACKGROUND**

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State law<sup>1</sup> designates the Department of Elder Affairs (Department) as the primary State agency responsible for administering human services programs for the elderly and for developing policy recommendations for long-term care. For the 2021-22 fiscal year, the Legislature appropriated approximately \$405 million to the Department and authorized 407 positions.<sup>2</sup>

## **FINDINGS AND RECOMMENDATIONS**

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### CONTRACT MANAGEMENT

State law<sup>3</sup> establishes that documentation of the acts taken in public contract procurements and effective monitoring mechanisms are 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 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.

#### **Finding 1: Contract Procurement and Awards**

Federal regulations<sup>4</sup> require the Department to include in contractual agreements with subrecipients specific information and terms related to the Federal program funds disbursed. Similarly, State law<sup>5</sup> requires State agencies to provide certain information to recipients of State financial assistance. To assist staff with determining whether a contractor was a recipient/subrecipient or a vendor, the Department utilized the DFS *Florida Single Audit Act Checklist for Non-State Organizations – Recipient/Subrecipient vs. Vendor Determination* checklist (Determination Checklist) for both Federally and State-funded contracts. In addition, for contracts in excess of \$35,000 and that are awarded on a noncompetitive basis, the DFS requires<sup>6</sup> each State agency to evaluate the contractor’s proposed detailed budget and determine of record using a cost analysis form whether each line item budget category is allowable, reasonable, and necessary.

In our report No. 2017-030 (Finding 1), we noted that Department records did not always evidence that a contractor’s status as a subrecipient or vendor had been appropriately determined, cost analyses prepared for contracts awarded on a noncompetitive basis were supported, or that contract evaluators

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<sup>1</sup> Section 430.03(1), Florida Statutes.

<sup>2</sup> Chapter 2021-36, Laws of Florida.

<sup>3</sup> Section 287.001, Florida Statutes.

<sup>4</sup> Title 2, Part 200.332, Code of Federal Regulations.

<sup>5</sup> The Florida Single Audit Act, Section 215.97(5), Florida Statutes.

<sup>6</sup> CFO Memorandum No. 01, *Contract and Grant Reviews and Related Payment Processing Requirements*.

were free from conflicts of interest. During the period July 2019 through December 2021, the Department executed 244 contracts totaling in excess of \$500 million. As part of our follow-up audit procedures, we examined Department records related to 25 contracts, totaling in excess of \$33 million, executed during the period July 2020 through December 2021 to determine whether the Department complied with applicable laws, rules, regulations, and Department policies and procedures for contract procurement and awards. Our examination disclosed that:

- For 2 contracts totaling \$1,279,713, the Determination Checklists were completed 73 and 107 days after the contracts were executed due to contract manager oversight. Absent the completion of Determination Checklists prior to contract execution, the Department cannot demonstrate that all contractors are appropriately determined to be a subrecipient or vendor and that, as applicable, contracts include required information and terms in accordance with State law, Federal regulations, and Federal program requirements.
- For 8 contracts awarded on a noncompetitive basis, totaling \$2,255,301, the Department prepared cost analyses 3 to 133 days (an average of 52 days) after contract execution and the cost analysis for another contract totaling \$396,608 was completed subsequent to audit inquiry and 288 days after the contract was executed. According to Department management, the cost analyses were not timely prepared due to oversight. Timely prepared cost analyses that demonstrate the Department's basis for determining that contractor costs are allowable, reasonable, and necessary would provide assurance, and serve to demonstrate, that the contracts were awarded at economical rates.

**Recommendation: We again recommend that Department management ensure that Determination Checklists evidencing the Department's determination of a contractor's status as a subrecipient or vendor are completed prior to contract execution and retained in Department records. We also recommend that Department management ensure that, for contracts awarded on a noncompetitive basis, costs analyses are completed prior to contract execution.**

## **Finding 2: Contract Monitoring**

State law<sup>7</sup> specifies that State agencies are responsible for enforcing the terms and conditions of all contracts and ensuring that contract deliverables are appropriately satisfied. To ensure that contractual services are rendered in accordance with contract terms, the DFS established and disseminated to State agencies contract monitoring guidelines<sup>8</sup> requiring the establishment of a formal contract monitoring process that included a risk assessment, monitoring procedures, and follow-up on noted deficiencies. In addition, Department policies and procedures established contractor monitoring guidelines, including authorized monitoring approaches.

To determine whether the Department monitored contractors in accordance with Department policies and procedures, monitoring reports were subject to supervisory review, and follow-up on noted issues was appropriately performed and documented, we examined Department records related to 9 desk reviews conducted by Adult Care Food Program monitoring staff, 2 virtual monitoring reviews conducted by Office of Public and Professional Guardians (OPPG) monitoring staff, 1 virtual monitoring review conducted by Senior Community Service Employment Program monitoring staff, and 2 on-site monitoring visits

<sup>7</sup> Section 287.057(15), Florida Statutes.

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

conducted by Monitoring and Quality Assurance staff during the period July 2020 through December 2021. Our examination found that:

- Although Department policies and procedures specified that the Department was to utilize a risk-based monitoring approach, including the identification of areas of risk and prioritization of monitoring around those risks, the 2 virtual OPPG monitoring reviews were not conducted on the basis of a comprehensive risk assessment and the OPPG did not prepare a risk assessment during the period July 2020 through December 2021. According to OPPG management, they were not aware that a risk assessment should have been prepared.
- Although OPPG policies and procedures required contract monitors to follow up on deficiencies noted during monitoring until the deficiencies were resolved, OPPG records did not evidence for the 2 virtual monitoring reviews the resolution of 5 deficiencies, including deficiencies related to the maintenance of current ward information by the contractors. In response to our audit inquiry, OPPG management indicated that the OPPG had not established specific procedures for documenting the follow up and close out of deficiencies noted during monitoring due to an overall lack of findings.
- OPPG records did not evidence that the monitoring reports for the selected monitoring reviews had been subject to management review. According to OPPG management, the OPPG had not established a policy requiring documented management review because the reports were informally reviewed by management. A similar finding was noted in our report No. 2017-030 (Finding 2).

An established contract monitoring process, including the completion of a periodic risk assessment, procedures for documenting follow up on deficiencies noted during monitoring, and maintenance of evidence of appropriate management review and approval of monitoring reports, would better ensure and demonstrate that OPPG monitoring efforts are prioritized based on risk, all noted deficiencies are corrected, and monitoring conclusions are complete and appropriate.

**Recommendation: To ensure that contract monitoring activities are performed in accordance with State law, DFS guidelines, and Department policies and procedures, we recommend that OPPG management enhance contract monitoring controls, including the establishment of review and follow-up procedures.**

#### PROPERTY CONTROLS

Effective controls for the management of tangible personal property<sup>9</sup> require that property items be adequately controlled, safeguarded, and accounted for by Department management. DFS rules<sup>10</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 and all attractive items<sup>11</sup> with a cost of less than \$5,000 in the Florida Accounting Information Resource Subsystem (FLAIR) Property Subsystem. The FLAIR Property Subsystem facilitates the creation and maintenance of a property file that contains detailed information for each property item.

<sup>9</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>10</sup> DFS Rule 69I-72.002, Florida Administrative Code.

<sup>11</sup> DFS Rule 69I-72.001(1), Florida Administrative Code, defines attractive items as tangible personal property used in operations that has a cost less than \$5,000 and that requires special attention to ensure compliance, protection of public safety, and avoid potential liability, or to compensate for a heightened risk of theft.

In addition, Department management indicated that it was the Department'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 (accountable property). According to Department property records, as of December 31, 2021, the Department was responsible for 1,419 property items with acquisition costs totaling approximately \$1.3 million.

### **Finding 3: Annual Physical Inventory**

To promote the proper accountability for and safeguarding of property, DFS rules<sup>12</sup> and Department policies and procedures required the Department to complete a physical inventory of all tangible personal property, as well as accountable property, at least once each fiscal year. DFS rules<sup>13</sup> and Department policies and procedures specified that property custodian delegates were not to personally inventory items for which they were responsible or items that were assigned to them. Department policies and procedures also specified that FLAIR was to be updated for the results of the annual physical inventory.

We examined documentation related to 40 property items, with acquisition costs totaling \$140,539, included in the Department's 2020-21 fiscal year physical inventory to determine whether the property items were appropriately inventoried and, as applicable, Department property records were updated for the results of the inventory. Our examination disclosed that:

- The property custodian or delegates inventoried 20 property items, with acquisition costs totaling \$71,857, that they were responsible for or assigned.
- As of December 2021, the property records for 36 property items with acquisition costs totaling \$133,510 had not been updated to reflect the April 2021 inventory date.

According to Department management, the employees inventoried property items they were responsible for or assigned due to being new and misunderstanding Department policies and procedures. In addition, Department property records were not updated to reflect the inventory date due to lack of training for a new employee responsible for the task.

Periodic physical inventories of property by appropriate staff and updated property records are necessary to ensure proper accountability for and safeguarding of State-owned property. A similar finding was noted in our report No. 2017-030 (Finding 3).

**Recommendation: We again recommend that Department management enhance controls to ensure that annual physical inventories are conducted by appropriate staff and that Department property records are updated for the inventory results.**

### **Finding 4: Property Acquisitions**

DFS rules<sup>14</sup> specify that the acquisition cost recorded for each tangible personal property item is to include the invoice price plus all costs necessary to get the property in place and ready for use, less any discounts. According to Department records, during the period July 2020 through December 2021, the

<sup>12</sup> DFS Rules 69I-72.003 and 69I-72.006(1), Florida Administrative Code.

<sup>13</sup> DFS Rule 69I-72.006(4), Florida Administrative Code.

<sup>14</sup> DFS Rules 69I-72.001(4) and 69I-72.003(3)(I), Florida Administrative Code.

Department made three purchases of tangible personal property items with acquisition costs totaling \$237,414. As part of our audit, we evaluated Department policies and procedures and examined Department records for the three purchases to determine whether the property items included in the purchases were timely and accurately recorded in Department property records. We found that:

- Department property management policies and procedures did not include guidance for determining the cost of tangible personal property acquisitions or specify how to account for the costs necessary to place items into service. Additionally, the policies and procedures did not specify a time frame for recording tangible personal property acquisitions to Department property records. According to Department management, the property management policies and procedures had not been updated to address cost accounting for tangible personal property or to specify a time frame for recording property acquisitions due to competing priorities and staffing vacancies.
- In the absence of a Department-specified time frame for recording property acquisitions to Department property records, we considered property items recorded to Department property records within 30 calendar days of receipt to be timely recorded. Our examination found that the Department had not recorded the purchase of 375 tablet computers, with acquisition costs totaling \$131,250, timely. Specifically, the tablet computers were added to the property records 101 days after they were received. For a second lump sum purchase, totaling \$99,344 and described in Department records as “classroom upgrades” received on August 17, 2021, the Department had not assessed as of February 2022 the parts of the purchase that constituted property to be recorded to the property records, although Department management acknowledged the purchase included cabling, software, and other property items. In response to our audit inquiry, Department management indicated that the tablet computers were not timely recorded to the property records due to staff turnover and competing priorities that led to delays in training new staff and that, because the personnel involved in the classroom upgrades purchase no longer worked at the Department, current Department personnel had been unable to determine which items should be added to the property records.

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

**Recommendation: We recommend that Department management enhance property management policies and procedures to include guidance on determining the cost of property acquisitions and a time frame for recording property acquisitions to Department property records and ensure that Department records are timely updated for property acquisitions.**

#### **Finding 5: Return of State-Owned Property**

Department policies and procedures required supervisors to complete an *Employee Property Separation Checklist* (Checklist) when an employee separated from Department employment. Supervisors were responsible for documenting on the Checklist the return of all State-owned property issued to an employee, including a description of the property items returned and each item’s serial or property number. The Checklist was to be signed by the employee acknowledging that the property items listed were returned to their supervisor.

In our report No. 2017-030 (Finding 7), we noted that the Department did not always document the return of State-owned property from employees separating from Department employment. As part of our follow-up audit procedures, we requested Checklists for 22 of the 169 employees who separated from

Department employment during the period July 2020 through December 2021. Although requested, the Department could not provide Checklists for 10 employees. Additionally, our examination of the Checklists for the other 12 employees disclosed that 2 of the Checklists did not adequately identify the State-owned property items returned and another Checklist was not signed by the employee. According to Department management, the missing Checklists and information was due to employee oversight.

Properly completed Checklists help demonstrate the Department's accountability for State-owned property.

**Recommendation:** We recommend that Department management take steps to ensure that Checklists are properly completed for all employees upon employment separation and retained in Department records.

## OTHER ADMINISTRATIVE ACTIVITIES

As part of our audit, we evaluated other Department administrative activities and controls, including those related to the Department's organizational structure, purchasing cards, FLAIR access privileges, and mobile devices.<sup>15</sup>

### Finding 6: Organizational Structure

Effective information technology (IT) controls include the establishment of an appropriate governance structure and risk management processes to identify and address risks to the organization's data, information, and IT resources and implementation of IT policies and procedures that describe management's expectations for controlling an organization's IT operations. The IT function should be placed within the Department in such a manner to ensure an appropriate degree of independence and should be separate from the user departments and organizationally equal to other management areas. Additionally, State law<sup>16</sup> requires each State agency head to designate an Information Security Manager (ISM) to administer the agency's cybersecurity program and that, for information security duty purposes, the ISM is to report directly to the agency head.

We reviewed the Department's organizational structure and noted that the Bureau of Information Technology (Bureau) was organizationally located within the Division of Financial Administration and reported directly to the Chief Financial Officer and was not within the line of authority of executive management. Additionally, contrary to State law, the Department ISM did not report directly to the Secretary for information security duty purposes and instead reported to the Chief Financial Officer. Although we requested, Department management was unable to provide an explanation for the organizational placement of the Bureau; however, management indicated that the Department was reviewing State law and reconsidering the organizational placement of the ISM.

Organizational placement of the Bureau and the ISM within the line of authority of the Chief Financial Officer reduces Department management's assurances related to the independence of the Bureau and ISM functions and the ISM reporting line does not comport with State law.

<sup>15</sup> Mobile devices are portable devices, such as laptop computers, smartphones, and tablets, that allow storage and transmittal of entity data.

<sup>16</sup> Section 282.318(4)(a), Florida Statutes.

**Recommendation:** We recommend that Department management take steps to ensure that the Bureau of Information Technology is separate from other user departments and organizationally equal to other management areas and that the Department ISM reports directly to the Secretary for information security duty purposes.

### **Finding 7: Purchasing Card Controls**

As a participant in the State's purchasing card program, the Department is responsible for implementing key controls, including procedures for timely canceling purchasing cards upon a cardholder's separation from Department employment. Department policies and procedures specified that the applicable supervisor, or Human Resources, was responsible for notifying the Department's Purchasing Card Administrator when a purchasing card required cancellation and that the P-Card Administrator was responsible for immediately canceling the purchasing card upon notification and on or before the cardholder's employment termination date. As of January 9, 2022, the Department had 127 active purchasing cards and, during the period July 2020 through December 2021, purchasing card charges totaled \$127,938.

To determine whether purchasing cards were timely canceled, we compared Department employee separation dates recorded in People First<sup>17</sup> to purchasing card cancellation dates recorded in Works<sup>18</sup> for the 39 employees who separated from Department employment and had a purchasing card during the period July 2020 through December 2021. Our comparison found that the purchasing cards for 33 employees were canceled 2 to 286 days (an average of 107 days) after the employees' separation dates. According to Department management, the delays in canceling the purchasing cards were due to staff resource issues, which led to inconsistent monitoring of purchasing card accounts for separating employees.

Although our audit tests did not disclose any charges incurred subsequent to the 33 cardholders' separation from Department employment, prompt cancellation of purchasing cards upon a cardholder's separation from Department employment reduces the risk that unauthorized charges will occur.

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

### **Finding 8: FLAIR Access Controls**

Department of Management Services (DMS) rules<sup>19</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,

<sup>17</sup> People First is the State's Web-based human resource information resource system.

<sup>18</sup> Works is the State's Web-based purchasing card management system.

<sup>19</sup> DMS Rule 60GG-2.003(1)(a) and (d), Florida Administrative Code.

because of a limited number of personnel, the separation of incompatible duties is not practical, compensating controls, such as supervisor review of selected transactions, should be established.

The Department utilizes FLAIR to authorize the payment of Department obligations and to record and report financial transactions. As part of our audit, we evaluated Department FLAIR access controls and examined FLAIR access records for 43 FLAIR user accounts (assigned to 31 Department employees) that were active at some point during the period July 2020 through December 2021. Our audit procedures disclosed that:

- While Department policies and procedures required quarterly reviews of FLAIR user access privileges, Department records only evidenced the conduct of one review (in April 2021) during the period January 2021 through December 2021. In response to our audit inquiry, Department management indicated that documentation of the reviews was to be retained in hard copy; however, the Department was unable to locate documentation of additional reviews due to staff turnover.
- An employee performing financial management functions had been granted update capabilities to incompatible functions in FLAIR. Specifically, we noted that 1 user account had update capabilities to both the fixed assets accounting and fixed assets custodial functions and there was no compensating control. In response to our audit inquiry, Department management indicated that the assignment of incompatible privileges was due to a lack of staff resources.
- FLAIR user access privileges were not always timely deactivated upon a user's separation from Department employment. Specifically, our examination of FLAIR access records for the 6 employees with FLAIR user accounts who separated from Department employment during the period July 2020 through December 2021 disclosed that 3 of the employees' FLAIR user accounts remained active 6 to 35 days (an average of 16 days) after the employees' separation dates. Additionally, we noted that the FLAIR user account for another Department employee who separated from Department employment in December 2019 remained active until the account was automatically purged in January 2021. According to Department management, staff oversight and staff not being able to remotely access FLAIR because of the COVID-19 pandemic contributed to the issues noted on audit.

Periodic reviews of FLAIR user access privileges documented in Department records would demonstrate and provide Department management assurance that user access privileges are authorized and remain appropriate. Additionally, the effective separation of incompatible financial management duties and prompt removal of FLAIR user access privileges upon an employee's separation from Department employment reduces the risk of unauthorized disclosure, modification, or destruction of Department data. A similar finding was noted in our report No. 2021-010 (Finding 8).

**Recommendation:** We recommend that Department management enhance FLAIR user access privilege controls to ensure that periodic FLAIR access reviews are documented in Department records, FLAIR user access privileges are immediately deactivated upon a user's separation from Department employment, and user access privileges to FLAIR are limited to promote an appropriate separation of duties. If incompatible access privileges are necessary, we recommend that Department management establish and document compensating controls.

## **Finding 9: Mobile Device Security Controls**

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit procedures disclosed that certain security controls related to mobile device

utilization need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Department data and IT resources. However, we have notified appropriate Department management of the specific issues.

Without appropriate security controls related to the use of mobile devices by Department employees, the risk is increased that the confidentiality, integrity, and availability of Department data and IT resources may be compromised. A similar finding was communicated to Department management in connection with our report No. 2021-010.

**Recommendation: We again recommend that Department management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of Department data and related IT resources.**

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

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Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the applicable findings included in our report Nos. 2017-030 and 2021-010.

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

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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 December 2021 through May 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Elder Affairs (Department) focused on selected administrative activities. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Determine whether management had corrected, or was in the process of correcting, all deficiencies disclosed in our report No. 2017-030 and applicable deficiencies disclosed in our report No. 2021-010 (Findings 7 and 8).
- 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, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of selected administrative activity processes.
- From the population of 244 contracts, totaling in excess of \$500 million, executed during the period July 2020 through December 2021, examined Department records for 25 selected contracts, totaling in excess of \$33 million, to determine whether the Department properly documented the determination of whether a contract was made to a subrecipient or a vendor and whether the Department complied with laws, rules, regulations, and Department policies and procedures for contract awards.
- From the population of 103 monitoring reports issued by the Department during the period July 2020 through December 2021, examined Department records for 14 selected monitoring reports to determine whether monitoring was conducted in accordance with Department policies and procedures, contract monitors were independent of the contractors they were assigned to monitor, monitoring reports were supported and subjected to supervisory review and approval, and monitoring results were timely communicated to contractors.
- Examined Department records related to the three purchases of tangible personal property during the period July 2020 through December 2021 to determine whether the Department accurately and timely recorded property items in Department property records.

- Examined Department inventory records to determine whether the Department performed a physical inventory of property for the 2020-21 fiscal year in accordance with applicable laws, Department of Financial Services rules, and Department policies and procedures. From the population of 1,436 property items included in the 2020-21 fiscal year inventory, examined Department inventory records for 40 selected property items, with acquisition costs totaling \$140,539, to determine whether the items had been timely inventoried; the inventory listing was complete, accurate, and Department property records were timely updated for the results of the inventory; any discrepancies noted upon inventory were appropriately investigated and reported; and the inventories were conducted by an independent party.
- From the population of 369 property items, with acquisition costs totaling \$291,812, disposed of during the period July 2020 through December 2021, examined Department records for 40 selected items, with acquisition costs totaling \$35,171, to determine whether the Department timely disposed of the items and updated the property records in accordance with applicable guidelines.
- From the population of 30,466 expenditure transactions, totaling \$476,869,417, made during the period July 2020 through December 2021, examined Department records for 40 selected transactions, totaling \$2,839,938, to determine whether the transactions were appropriately supported and approved, coded, and supporting documents were properly canceled.
- From the population of 169 employees who separated from Department employment during the period July 2020 through December 2021, examined Department records for 22 selected employees who were assigned State-owned property to determine whether the Department documented the return of the State-owned property.
- Evaluated Department actions to correct the applicable findings noted in our report No. 2021-010 (Findings 7 and 8). Specifically, we:
  - Documented and evaluated the effectiveness of selected Department processes, procedures, and security controls related to the use of mobile devices by Department employees.
  - Inquired of Department personnel to determine whether periodic monitoring of FLAIR user access privileges was conducted and documented and examined documentation supporting the one quarterly FLAIR access review conducted during the period January 2021 through December 2021 to determine whether the appropriateness of access privileges for all employees was verified and any necessary updates to access privileges were made.
  - Analyzed Department records for the 31 employees with FLAIR user accounts active at some point during the period July 2020 through December 2021 to determine whether any employees were granted update capabilities to incompatible FLAIR functions.
  - Examined Department records for the six Department employees with FLAIR update capabilities who separated from Department employment during the period July 2020 through December 2021 to determine whether FLAIR user access privileges were timely deactivated upon employment separation.
- Inquired of Department management regarding whether the Department made any expenditures or entered into any contracts under the authority granted by an applicable state of emergency declaration during the period July 1, 2021, through February 10, 2022.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
  - Purchasing activities.

- The administration of purchasing cards in accordance with applicable guidelines. As of January 9, 2022, the Department had 127 active purchasing cards.
- Ensuring compliance with the requirements of the Florida Single Audit Act. During the period July 2020 through December 2021, the Department expended \$169,208,847 for eight State Financial Assistance programs.
- 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 a large initial "S" and "N".

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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Ron DeSantis  
Governor

Michelle Branham  
Secretary

September 28, 2022

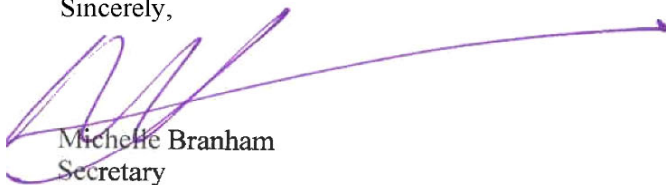
Sherrill F. Norman, Auditor General  
Office of the Auditor General  
Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, enclosed is our response to the Preliminary and Tentative Report for the Operational Audit of the *Department of Elder Affairs, Selected Administrative Activities and Prior Audit Follow-Up*. The responses to the recommendations correspond with the order of findings and recommendations presented in the report.

If further information is needed concerning our response, please contact Taroub J. Faraj, Inspector General, or Kimberly Jones, Audit Director, at 414-2000.

Sincerely,

A handwritten signature in purple ink, appearing to read "MB", with a long horizontal line extending to the right.

Michelle Branham  
Secretary

Enclosure

MB/TJF/kj

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**Finding 1:** Department records did not always evidence that a contractor's status as a subrecipient or vendor had been timely determined or that cost analyses were timely prepared for contracts awarded on a noncompetitive basis. A similar finding was noted in our report No. 2017-030.

**Recommendation:** We again recommend that Department management ensure that Determination Checklists evidencing the Department's determination of a contractor's status as a subrecipient or vendor are completed prior to contract execution and retained in Department records. We also recommend that Department management ensure that, for contracts awarded on a noncompetitive basis, costs analyses are completed prior to contract execution.

**Agency Response:** The Division of Financial and Support Services will provide training to applicable staff and ensure procedures are followed to verify all required documentation, including Recipient/Sub recipient/Vendor Determination and Cost Price Analysis, has been provided prior to contract execution.

**Finding 2:** The Department, Office of Public and Professional Guardians (OPPG), did not prepare a risk assessment that identified areas of risk nor prioritized monitoring around those risks during the period July 2020 through December 2021. In addition, OPPG records did not always evidence that deficiencies noted during monitoring were resolved or that monitoring reports were subject to management review.

**Recommendation:** To ensure that contract monitoring activities are performed in accordance with State law, DFS guidelines, and Department policies and procedures, we recommend that OPPG management enhance contract monitoring controls, including the establishment of review and follow-up procedures.

**Agency Response:** The OPPG accepts the recommendation of the finding with the following notes:

- The OPPG is now aware of the Department's Handbook which details the risk-based monitoring approach and will develop a formal process/template/documentation to use going forward. It should be noted that while OPPG management was not aware of an actual assessment, we did utilize the methodology listed within the Department's Handbook to make determination of the priority in which the programs should be monitored.
- While the AG report and OPPG management indicated that the deficiencies were not documented by letter or form, it should be noted that the deficiency had been corrected by the contractor as a result of the monitoring and follow up from OPPG staff. Specifically, regarding the maintenance of the current ward information by the contractor, it was verified that said information was in fact in the client management application.
- While the AG report indicates that OPPG records did not evidence the monitoring reviews were subject to management review, it should be noted that the OPPG management worked offline with the OPPG staff conducting the monitoring to draft the document and provide final approval before the report was sent to the contractor, and OPPG management was copied on the report once it was delivered to contractor via email. The OPPG has implemented a documented sign-off of the final report as a result of the pre-meeting with

Auditor General staffs notification of this finding and has implemented this into practice prior to the AG report being finalized.

In summation, the OPPG management is reviewing best practices from several other units within the Department to grow process/templates/documentation and efficiencies in the area of contract management.

**Finding 3:** As similarly noted in our report No. 2017-030, duties related to Department property were not always properly separated as Department employees sometimes inventoried property items for which they were responsible or assigned and the Department did not always ensure that property records were updated for the results of the annual physical inventory.

**Recommendation:** We again recommend that Department management enhance controls to ensure that annual physical inventories are conducted by appropriate staff and that Department property records are updated for the inventory results.

**Agency Response:** The Division of Financial and Support Services (Division) will provide training to applicable staff to ensure property inventory procedures are followed. In addition, the Division will review the Property Management Procedure 545.70 and make any necessary updates to clarify, streamline or improve the procedure to identify the role, responsibilities, and expectations of property custodian delegates.

**Finding 4:** Department controls over the recording of property acquisitions to Department property records need enhancement.

**Recommendation:** We recommend that Department management enhance property management policies and procedures to include guidance on determining the cost of property acquisitions and a time frame for recording property acquisitions to Department property records and ensure that Department records are timely updated for property acquisitions.

**Agency Response:** The Division of Financial and Support Services will review the Property Management Procedure 545.70 and make necessary updates to provide guidance on determining the cost of property acquisitions and time frame for recording property acquisitions in Department property records.

**Finding 5:** As similarly noted in our report No. 2017-030, the Department did not always document the return of State-owned property from employees separating from Department employment.

**Recommendation:** We recommend that Department management take steps to ensure that Checklists are properly completed for all employees upon employment separation and retained in Department records.

**Agency Response:** As provided in part, Human Resources will be taking the following corrective actions to remedy this issue:

- The checklist will be converted into an electronic form with fillable form fields. The current checklist is a Microsoft Word document that is handwritten. Converting the checklist into an electronic form will provide flexibility for both the employee and supervisor when accessing, completing, and submitting the checklist.
- The Employee Property Separation Checklist will be revised to incorporate a signature and date line for the supervisor to complete. By requiring the supervisor to sign and date the checklist, too, this will emphasize the necessity for the completion and submission of the checklist.
- Human Resources will notify the supervisor by email five (5) business days prior to the employee's separation date that the checklist must be completed and submitted to Human Resources within three (3) business days prior to the employee's separation date. Human Resources will be able to ensure the completed checklist is received prior to employee's separation date for subsequent filing in the department's records.

Additionally, Human Resources will consult and work with Department Senior Management to review the current checklist process.

**Finding 6:** The Department did not ensure that the Bureau of Information Technology was within the line of authority of executive management. Additionally, contrary to State law, the Department Information Security Manager did not report directly to the Secretary for information security duty purposes.

**Recommendation:** We recommend that Department management take steps to ensure that the Bureau of Information Technology is separate from other user departments and organizationally equal to other management areas and that the Department ISM reports directly to the Secretary for information security duty purposes.

**Agency Response:** As provided in part, the Department has been actively working on this issue during this year and recognizes the importance of establishing an Information Security Manager position. The Department's Senior Management is working through the budgetary process to create an additional full-time equivalent ("FTE") position to carry out the duties and responsibilities as the Department's Information Security Manager. Human Resources will continue to work with Department Senior Management to find additional avenues to address this issue as well.

Furthermore, should Department Senior Management choose to process a reorganization request to remove the Bureau of Information Technology from under the Division of Financial Administration, Human Resources will be glad to provide Department Senior Management with information, guidance, and assistance to accomplish the request. The initial step to this process would require the Department to submit a Legislative Budget Request to the Department of Management Services and the Office of Policy and Budget for review and approval.

**Finding 7:** The Department did not always promptly cancel purchasing cards upon a cardholder's separation from Department employment.

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

**Agency Response:** The Division of Financial and Support Services will provide training to applicable staff and review purchasing card cancellation policies to ensure timely cancellation occurs upon employee separation. In addition, the employee Off-Boarding Process will be reviewed to verify that alerts of employee separation are received by the appropriate staff.

**Finding 8:** Department controls over employee access to the Florida Accounting Information Resource Subsystem continue to need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.

**Recommendation:** We recommend that Department management enhance FLAIR user access privilege controls to ensure that periodic FLAIR access reviews are documented in Department records, FLAIR user access privileges are immediately deactivated upon a user's separation from Department employment, and user access privileges to FLAIR are limited to promote an appropriate separation of duties. If incompatible access privileges are necessary, we recommend that Department management establish and document compensating controls.

**Agency Response:** The Division of Financial and Support Services (Division) will provide training to applicable staff responsible for performing quarterly access reviews and updating FLAIR user access. In addition, the Division will review and update FLAIR User Access procedures to ensure the documentation and electronic storage of completed user access reviews is clearly stated. For the specific instance of incompatible functions in FLAIR assigned to one user, the Division will review the user access and verify if a staff resource issue still exists. If a staff resource issue does not exist, user access will be updated accordingly. If user access cannot be updated due to staff resource issues, compensating controls will be established and documented.

**Finding 9:** Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Department data and information technology resources. A similar finding was noted in our report No. 2021-010.

**Recommendation:** We again recommend that Department management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

**Agency Response:** The Bureau of Information Technology is reviewing our current mobile device policies.