

DEPARTMENT OF ELDER AFFAIRS
PAYMENTS TO SERVICE PROVIDERS AND THE
CLIENT INFORMATION AND REGISTRATION
TRACKING SYSTEM

Operational Audit

For the Period July 2007 Through January 2009
and Selected Actions Through April 2009



SECRETARY OF THE DEPARTMENT OF ELDER AFFAIRS

Section 20.41, Florida Statutes, creates the Department of Elder Affairs. The head of the Department is the Secretary of Elder Affairs who is appointed by the Governor and subject to confirmation by the Senate. E. Douglas Beach, Ph.D., served as Secretary during the audit period.

The audit team leader was Sabrina Ballew, CPA, and the audit was supervised by Mary Stewart, CPA. Please address inquiries regarding this report to Jane Flowers, CPA, Audit Manager, by e-mail at janeflowers@aud.state.fl.us or by telephone at (850) 487-9136.

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

DEPARTMENT OF ELDER AFFAIRS

Payments to Service Providers and the Client Information and Registration Tracking System

SUMMARY

This operational audit of the Department of Elder Affairs focused on payments to service providers and selected general and application controls related to the Client Information and Registration Tracking System (CIRTS). The audit covered the period July 2007 through January 2009 and selected actions through April 2009, and included a follow-up on prior audit findings. Department records supported the tested payments to service providers; however, our audit disclosed significant information technology (IT) control deficiencies. Specifically:

Finding No. 1: Department management of CIRTS access privileges needed improvement.

Finding No. 2: Certain security controls protecting CIRTS data and Department IT resources needed enhancement.

BACKGROUND

Pursuant to Florida law, the Department of Elder Affairs (Department) serves as the primary State agency responsible for administering human services programs for the elderly and for developing policy recommendations for long-term care.¹

The Department provides support and oversight for a variety of home and community-based programs, including:

- Medicaid Waiver Programs:
 - Aged and Disabled Adult Waiver.
 - Assisted Living for the Frail Elderly Waiver.
- Older Americans Act Programs.
- Community Care for the Elderly.
- Alzheimer's Disease Initiative.
- Home Care for the Elderly.

Florida law establishes the Department's service delivery network.² The network consists of 11 local public or not-for-profit private entities, known as Area Agencies on Aging (AAAs), that coordinate and administer the Department's programs within a distinct geographical Planning and Service Area (PSA) established by the Department. The AAAs contract with not-for-profit organizations that act as lead agencies within each county or geographical area. The lead agencies, in turn, subcontract with other not-for-profit organizations for the delivery of services. For the 2007-08 fiscal year, the Department reported that more than \$243 million was paid for services provided for 121,316 clients participating in the above-mentioned programs.

The Department is organized into three divisions: Financial Administration, Statewide Community-Based Services, and Internal and External Affairs.

¹ Section 430.03, Florida Statutes.

² Section 20.41 and Chapter 430, Florida Statutes.

FINDINGS AND RECOMMENDATIONS

Information Technology Controls

The Department uses the Client Information and Registration Tracking System (CIRTS), a Web-based application, to serve as the database for client, program, and service information, including confidential information. The Information Technology Unit (IT Unit), organizationally located within the Division of Internal and External Affairs, provides technical support to both Department employees and AAA information technology (IT) staff.

Finding No. 1: CIRTS Access

The IT Unit grants employee access to CIRTS based upon approval by the appropriate supervisor or local area administrator. Department staff indicated that a CIRTS user access account is usually closed upon the IT Unit's receipt of a Personnel Action Request (PAR) report that lists the respective employee as separated from the Department. The IT Unit may also receive a request to close an account directly from a supervisor or administrator prior to the PAR report production.

Effective security administration procedures reduce the risk of unauthorized system access by ensuring that:

- Appropriate and timely action is taken to request, approve, assign, and remove user access accounts;
- User access privileges are periodically reviewed; and
- Necessary security controls relating to the management of access privileges are in place.

Our audit disclosed that the process for closing CIRTS user access accounts had not been established in writing. In addition, the Department did not have procedures to ensure that CIRTS access privileges were periodically reviewed to verify their continuing appropriateness. IT Unit staff indicated that CIRTS access privileges were only reviewed upon a change in an employee's position. We analyzed a list of 51 Department employees with CIRTS access who terminated from the Department during the audit period. Our analysis disclosed that access was not removed for 3 of the 51 employees until 299 to 617 days after their respective termination dates. Inadequate review and untimely removal of CIRTS access privileges may increase the risk of unauthorized access to Department data, including confidential client information.

Recommendation: To ensure that only authorized users have access to CIRTS, we recommend that the Department establish written procedures to timely remove user access upon an employee's separation from the Department. The Department should also establish a process for periodically reviewing user access privileges to ensure that the granted privileges remain appropriate.

Finding No. 2: Security Controls

Security controls are intended to protect the integrity, confidentiality, and availability of data and IT resources. Our audit disclosed certain security controls related to CIRTS that needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Department data and IT resources. However, the appropriate Department staff have been notified of the specific issues.

Recommendation: We recommend that the Department improve these security controls to more reasonably ensure the confidentiality, integrity, and availability of data and IT resources.

PRIOR AUDIT FOLLOW-UP

As part of our audit, we determined that the Department had taken corrective actions for the applicable findings included in our report No. 2008-013.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

This operational audit focused on fees for services, selected and related IT controls, and included a follow-up on prior audit findings. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To determine whether management had corrected, or was in the process of correcting, all applicable deficiencies disclosed in audit report No. 2008-013.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

- Obtained an understanding of internal controls, including general and application controls, and tested key processes and procedures related to CIRTS to evaluate effectiveness. As part of these tests, we:
 - Examined ten program changes to evaluate the adequacy of IT general controls over systems development and maintenance.
 - Examined 15 user accounts to evaluate the adequacy of IT general controls over user access.
 - Analyzed a list of 51 employees who had terminated from the Department to determine whether user access was timely removed.
- Performed an analysis of CIRTS data to identify the types and quantity of billable services. For the five largest billable service types recorded in CIRTS: case management, homemaker, personal care, home-delivered meals, and respite in-home, we:
 - Examined CIRTS reports and client case file documentation (worker case logs and case notes) for 15 clients at each of 3 PSAs to determine whether the billed services were supported by evidence that the services were actually provided to eligible clients.

- Examined monthly invoices submitted by ten providers at each of 3 PSAs to determine whether the services billed by the providers were properly supported by Department records, CIRT's contained corroborating information, and AAAs had sufficiently evaluated the appropriateness of invoice amounts billed by providers.
 - Performed an analysis of the number of service units (for example, the number of hours or meals) provided to each client and by each provider and investigated any unusual or unexpected trends or variances.
- Reviewed the latest annual monitoring report completed during the audit period for each of the 11 PSAs to determine whether the Department analyzed CIRT's reports and investigated any unusual or unexpected variances between services provided and services billed.
- Reviewed the Department's enhanced policies to determine whether such policies were adequate to ensure the timely reassessment of all individuals on the Assessed Prioritized Consumer List (APCL) and that APCL data was current and accurate.
- Reviewed the Department's comparison of CIRT's records to the records of the Bureau of Vital Statistics to evaluate the comparison's effectiveness in promoting the accuracy of the APCL.
- Reviewed the surplus and deficit reports for the Aged and Disabled Adult Waiver and the Assisted Living for the Frail Elderly Waiver programs to determine whether funds were distributed to provide services to clients as funds became available.
- Reviewed Department corrective actions taken to resolve findings disclosed in audit report No. 2008-013. Specifically, we:
- Evaluated Department processes for monitoring AAA compliance with APCL policies and procedures.
 - Reviewed Department property records to determine whether the Department had taken appropriate action to correct the recorded acquisition costs of certain property items.
 - Evaluated Department controls over property deletions to determine whether the Department had improved such controls to better ensure that property item disposals and the related records conform to applicable laws, rules, and Department policy.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

AUTHORITY

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



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

In a response letter dated July 31, 2009, the Secretary of the Department concurred with our audit findings and recommendations. The Secretary's response is included as Exhibit A.

EXHIBIT A
MANAGEMENT'S RESPONSE



July 31, 2009

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

Dear Mr. Martin:

Pursuant to section 11.45(4)(d), Florida Statutes, the Department is submitting its response to the preliminary and tentative findings and recommendations regarding the Operational Audit for the Department of Elder Affairs for the period of July 2007 through January 2009, and selected actions taken through April 2009.

E. DOUGLAS BEACH, PH.D.
SECRETARY

Your operational audit resulted in two findings related to the Client Information and Registration Tracking System (CIRTS) operated by the Florida Department of Elder Affairs.

Finding 1: *“Department management of CIRTS access privileges needed improvement.”*

Statement of Explanation: This finding involved the lack of a fully deployed systematic process to terminate access to the CIRTS system for terminated employees. We agree that this process needs refinement, it should be noted that while the audit identified a small number of cases handled improperly, none of these cases resulted in unauthorized access to the system.

Planned Corrective Action: The Department of Elder Affairs concurs with the recommendation and shall develop a written procedure for the termination of access to CIRTS and other information resources. The department will investigate and adopt improvements to the existing process such as creating a systematic method for the centralized communication of changes in account status, and develop and deploy a process for the periodic review of user access privileges.

4040 ESPLANADE WAY
TALLAHASSEE
FLORIDA, 32399-7000

phone 850.414.2000
fax 850.414.2004
TDD 850.414.2001

<http://elderaffairs.state.fl.us>

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

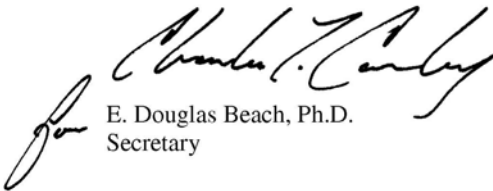
Mr. David W. Martin, CPA
July 31, 2009
Page Two

Finding 2: *“Certain security controls protecting CIRT data and Department IT resources needed enhancement.”*

Planned Corrective Action: The Department of Elder Affairs concurs with the recommendation and has begun the process of making the required improvements.

In closing, we appreciate the professionalism displayed by your audit staff. Please let us know if we can provide any additional information.

Sincerely,



E. Douglas Beach, Ph.D.
Secretary

- CC: Chuck Corley, Deputy Secretary and Chief of Staff
- Dean Kowalchuk, General Counsel
- Carol Carr, Director of Internal External Affairs
- Marcy Hajdukiewicz, Director Statewide Community Based Services
- Tonya, Kidd, Chief Financial Officer
- Ed Neu, Chief Information Officer
- Stanley Behmke, Inspector General
- Tony Hernandez, Director of Internal Auditing