



**BOARD OF COUNTY COMMISSIONERS  
OFFICE OF THE COMMISSION AUDITOR**

**M E M O R A N D U M**

**TO:** Honorable Chairman Jean Monestime,  
and Members, Board of County Commissioners

**FROM:** Charles Anderson, CPA  
Commission Auditor

A handwritten signature in black ink, appearing to read "Charles Anderson", is written over the printed name.

**DATE:** May 08, 2015

**SUBJECT: Follow-up Report: Review of Community Action Agency Operations**

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We issued the final report of the Review of Community Action Agency Operations (*now part of Community Action and Human Services Department (CAHSD)*) on January 21, 2011. We submit this follow-up report, which contains the implementation status of our recommendations in the original report.

The Office of the Commission Auditor (OCA) requests that within 90 days, the Director of CAHSD report subsequent actions taken to implement the recommendations on audit findings that are currently pending.

We thank the staff of CAHSD for their cooperation and input throughout the follow-up audit. Please let me know if you need further information.

c: Mayor Carlos Gimenez, County Mayor  
Russell Benford, Deputy Mayor, Office of the Mayor  
Lucia Davis-Raiford, Executive Director, CAHSD  
R. A. Cuevas, Jr., County Attorney  
Mary T. Cagle, Inspector General  
Cathy Jackson, Director, Audit and Management Services  
Alberto Parjus, Assistant Director, CAHSD  
Marie Woodson, Division Director, CAHSD  
Neil R. Singh, Audit Manager, OCA

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**MIAMI-DADE COUNTY BOARD OF COUNTY COMMISSIONERS**  
**OFFICE OF THE COMMISSION AUDITOR**

**REVIEW OF COMMUNITY ACTION AGENCY  
OPERATIONS**  
*(Now part of CAHSD)*  
**FOLLOW-UP**

Project Number 08-187123

May 08, 2015

**Charles Anderson, CPA**  
**Commission Auditor**

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## **I. OBJECTIVE AND SCOPE**

The policies and procedures of the Office of the Commission Auditor (OCA) require that we perform follow-up activities within one year from the time of a final audit to report on the implementation status of audit recommendations. Follow-up activities were delayed for this audit due to the major changes that occurred both in the former Community Action Agency (CAA). The objective of this follow-up audit was to assess the actions taken by the management of CAA (*now Community Action and Human Services Department (CAHSD)*) to remediate, based on our recommendations, the findings in OCA's final audit report. The scope of the follow-up activities was from September 2012 through August 2014.

## **II. BACKGROUND**

In 2011, as part of the Work Plan approved by the Board of County Commissioners (BCC), the OCA conducted the Review of Community Action Agency Operations. CAA is now part of CAHSD. The final audit report was released on January 21, 2011. The objectives of the audit were to assess: (1) the alignment of program operations with legislative intents; (2) the compliance of programs fiscal management with fiscal policies; and (3) the control environment for agency operations.

The following is the summary of findings in the final audit report:

1. Additional federal funds may be available to reimburse indirect costs of programs funded by federal awards.
- 2.1. Improvements are needed in WAP-LIHEAP<sup>1</sup> project file documentation and program reporting.
- 2.2. Improvements are needed in evaluations of clients' homes and in documentation of agreements with clients prior to commencement of WAP work.
3. CAA needs a formal information security management program, and needs to urgently correct identified control weaknesses for better protection of its information assets.
4. Quality improvement reviews of CAA operations were not conducted as frequently as required by CAA operational procedures.

OCA's recommendations on the above and the status of implementation by CAHSD are summarized in the Summary Results below. More details, including management's original actions plan in the final audit report are provided in the Details of Findings Remediation Status (Attachment 1).

## **III. SUMMARY RESULTS**

Our follow-up audit revealed that CAHSD have made substantial progress in remediating the audit findings. Three of the five findings above have been fully resolved, one has been partially resolved, and one has not been resolved. The three findings that were fully resolved are henceforth closed. Below is the summary of the remediation status of the audit findings:

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<sup>1</sup> Weatherization Assistance Program – Low Income Home Energy Assistance Program

**Finding 1:** Additional federal funds may be available to reimburse indirect costs of programs funded by federal awards.

**Recommendation:**

Submit indirect cost rate proposals and/or negotiate predetermined rates in accordance with OMB Circular A-87 to ensure compliance with requirements to claim reimbursement for the indirect costs of programs funded under federal awards. Submission of indirect cost rate proposals and/or negotiation of predetermined rates can improve awareness of program costs and optimize reimbursements under federal awards.

**Remediation status:** Unresolved.

**Finding 2.1:** Improvements are needed in WAP-LIHEAP project file documentation and program reporting.

**Recommendation:** Strengthen internal controls for tracking project file documentation and program reporting that will ensure compliance with program requirements.

**Remediation Status:** Fully resolved

**Finding 2.2:** Improvements are needed in evaluations of clients' homes and in documentation of agreements with clients prior to commencement of WAP work.

**Recommendation:**

Prior to commencement of work, ensure thorough evaluations of relevant conditions at clients' homes, and better document agreements with clients on project scope and on pertinent preexisting conditions.

**Remediation Status:** Fully resolved

**Finding 3:** CAA needs a formal information security management program and needs to urgently correct identified control weaknesses for better protection of its information assets.

**Recommendations:**

- a) Promptly address the specific IT control issues noted in subparagraphs (1) through (5) of Finding 3 (*see 3.1 through 3.5 in attachment 1*).
- b) Develop and implement a CAA information security management program that incorporates risk assessment, design and implementation of internal controls, security education/awareness training for employees, and monitoring of the effectiveness of control procedures.

**Remediation Status:** Fully resolved

**Finding 4:** The Quality Improvement Reviews of CAA operations were not conducted as frequently as required by CAA operational procedures.



**Recommendations:**

The Quality Improvement program should be strengthened for better effectiveness. Considerations should include whether the Quality Improvement Unit (QIU) operational procedures, priorities and/or staffing require revision to best enhance CAA's goals and objectives.

**Remediation Status:** Not fully resolved.

**IV. CONCLUSION**

OCA acknowledges the actions taken by CAHSD to remediate some of the issues in the audit findings. However, the outstanding issues (as detailed in the attached schedule) needs to be resolved in order for CAHSD to assure the efficiency of operations, sustained quality of service delivery to program participants, and optimal reimbursement of program costs from federal programs.

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<b>Finding 1</b>	Additional federal funds may be available to reimburse indirect costs of programs funded by federal awards.	
	<b>OCA Recommendation</b>	<p>Submit indirect cost rate proposals and/or negotiate predetermined rates in accordance with OMB Circular A-87 to ensure compliance with requirements to claim reimbursement for the indirect costs of programs funded under federal awards.</p> <p><u>Additional Comments</u>            Submission of indirect cost rate proposals and/or negotiation of predetermined rates can improve awareness of program costs and optimize reimbursements under federal awards.</p>
	<b>Management Response</b>	<p>Community Action Agency (CAA) does not concur with the aforementioned finding because the department currently maximizes the administrative rate allowed by each grant and funding source. Moreover, it is important to note that some grant sources allow indirect cost to be charged while others do not. Due to funding provided by CAA’s funders, indirect costs are not budgeted or charged to all grants that do allow these charges. Below are some of the grants in CAA:</p> <ul style="list-style-type: none"> <li>• United States Department of Health and Human Services (HHS) grant – This grant provides funding for the Head Start/Early Head Start Program. The grant has an administrative rate of 15% for both cash and in-kind contributions. Currently, CAA utilizes the indirect cost expense as in-kind to meet the grant's 25% required match of which the administrative rate (cash and in-kind) must not exceed 15%.</li> <li>• Low Income Home Energy Assistance Program (LIHEAP) - This grant provides funding to assist low-income residents with their home energy bills. The administrative rate allowed for this grant is maximized. Additionally, the funding is restricted to the salaries of employees that work 100% in the program</li> <li>• Community Service Block Grant (CSBG) - This grant's administrative rate is maximized and allows for indirect cost to be charged. Minimal indirect cost expenses can be charged to this grant due to the limited funding received by the Department and the associated program management expenses.</li> </ul>
	<b>Follow up Results</b>	<p>In FY 2011-12 and FY 2012-13, prior to consolidation with the Department of Human Services, Community Action Agency (CAA) had an approximate total of \$4,815,000 and \$5,644,000 respectively in General Administration costs (i.e. indirect cost) that were not charged to any grants/programs. Those costs were funded by the General Fund.</p> <p>The total costs of federal grants/programs consist of direct costs and indirect costs. The direct costs of a program (including direct administrative cost) are directly associated with the particular program;</p>

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		<p>hence, are directly chargeable to such program (subject to any applicable limit). Indirect costs are general in nature (e.g. facilities maintenance, salaries of department directors, accounting, quality assurance, and IT personnel), benefiting multiple programs. Although CAA charged direct administrative costs to its programs, indirect costs of programs were neither charged nor reimbursed.</p> <p>Indirect costs are only reimbursed for federal programs if the grantee had prepared and obtained approval for an Indirect Cost Rate Proposal or Negotiated Predetermined Rates from the federal agency funding the program. The approved rates would then be used to allocate the pool of indirect costs among programs that benefited from such costs. Because CAA did not have a prepared and approved Indirect Cost Rate Proposal, it could not charge indirect costs to its federal-funded programs, thereby losing possible reimbursement of costs for those programs.</p> <p><b><u>Comments</u></b>                  Possible reimbursements for indirect costs of federal-funded programs are being lost, putting additional strain on the General Fund, which eventually absolves those indirect costs. CAHSD should prepare and obtain approval for an Indirect Costs Rate Proposal, as recommended in the audit report, in compliance with OMB Circular A-87 (2 CFR Part 200).</p>
	<p><b>Conclusion on Remediation Status</b></p>	<p>Issue not resolved: <b>Finding is open</b></p>
<p><b>Finding 2.1</b></p>		<p>Improvements are needed in WAP-LIHEAP<sup>2</sup> project file documentation and program reporting. OCA randomly selected ten clients' files (five each from FY 2007-08 and FY 2008-09) and reviewed them for completeness and compliance with program reporting. Some examples we observed from the ten reviewed files included:</p> <p>(1) Incomplete documentation in project files. Of the ten files:</p> <ul style="list-style-type: none"> <li>- One did not have a Pre-Work Order Agreement (PWOA) form;</li> <li>- Two task sheets did not indicate tasks performed at project site; and</li> <li>- One PWOA form was unsigned.</li> </ul> <p>(2) Insufficient proofs of compliance with program reporting requirements.</p>
	<p><b>OCA Recommendation</b></p>	<p>Strengthen internal controls for tracking project file documentation and program reporting that will ensure compliance with program requirements.</p>

<sup>2</sup>Ibid, page 1

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		<p><u>Additional Comments</u>                  The requested reports were not made available for review by OCA auditors during fieldwork. Of the ten WAP project files reviewed by OCA auditors, none had the required post-weatherization project utility bill evaluation report and several were missing other required documentation. We noted that CAA's response included an action plan addressing this finding.</p>
	<b>Management Remediation Plan</b>	<ul style="list-style-type: none"> <li>• Develop and implement written policies and procedures that outline program requirement for file documentation and reviews.</li> <li>• Supervisor will continue to conduct case file reviews for 100% of customer files to ensure accuracy and completion of information.</li> <li>• Will continue to document all case file reviews using the State required case file review checklist and ensure appropriate placement in client case file.</li> <li>• Additional review of case files will continue to be performed by the Weatherization Manager to ensure compliance with program.</li> <li>• The Department of Community Affairs contracted Monitor will continue to conduct monthly reviews of 100% of case files to ensure program compliance.</li> <li>• The due dates for all WAP reports will be entered into the Microsoft Outlook Calendars of the Division Director, Asst. to the Division Director and the Weatherization Manager that include a reminder to ensure compliance with program reporting requirements.</li> <li>• Electric bill savings, for at least five clients, have been collected from FPL, compared and reported in the Semi-Annual Success Reports since April 2009. In September CAA expanded the data collection to include almost all homes completed. To date we have collected data on 77 clients.</li> </ul>
	<b>Follow up Results</b>	<p>Required reviews and inspections of cases and case records were performed and documented. Reporting deadlines and preparation timetables for the required monthly, quarterly, semi-annually, and annual reports were calendared in Microsoft Outlook. Evidence of reports submission from October 2012 through July 2013 was provided to the auditor to substantiate compliance.</p>
	<b>Conclusion on Remediation Status</b>	<p>Issues resolved: <b>Finding is closed</b></p>
<b>Finding 2.2</b>	<p>Improvements are needed in evaluations of clients' homes and in documentation of agreements with clients prior to commencement of WAP work.</p>	
	<b>OCA Recommendation</b>	<p>Prior to commencement of work, ensure thorough evaluations of relevant conditions at clients' homes, and better document agreements with clients on project scope and on pertinent preexisting conditions.</p>

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		<p><u>Additional Comments</u>                  Our finding does not question DCA prescribed evaluation tools, qualifications of CAA Weatherization Auditors, or complaint resolution processes. Our recommendation concerns customer focus to reduce the potential for future misunderstandings and subsequent litigation.</p>
	<b>Management Remediation Plan</b>	Management did not concur with OCA’s recommendation on this finding. Hence, there was no remediation plan made by the management.
	<b>Follow up Results</b>	We reassessed the department’s use of the Florida WAP/LIHEAP procedures and guidelines to ensure compliance with program’s requirements. The procedures and guidelines were complied with during the period we reviewed.
	<b>Conclusion on Remediation Status</b>	Issues resolved: <b>Finding is closed</b>
<b>Finding 3</b>		CAA needs a formal information security management program and needs to urgently correct identified control weaknesses for better protection of its information assets. Some of the weaknesses we noted were:
<b>Finding 3.1</b>		CAA did not have a standard procedure in place to inform the IT Unit when an employee (permanent or temporary) separates from the agency, so that the systems access right of such employee could be promptly disabled.
	<b>OCA Recommendations</b>	<ol style="list-style-type: none"> <li>1) Promptly address the specific IT control issues noted in subparagraphs (1) through (5) of Finding 3.</li> <li>2) Develop and implement a CAA information security management program that incorporates risk assessment, design and implementation of internal controls, security education/awareness training for employees, and monitoring of the effectiveness of control procedures.</li> </ol>
	<b>Management Remediation Plan</b>	<ul style="list-style-type: none"> <li>• Develop module for cross training of applicable staff.</li> <li>• Submit draft policy to Human Resource (HR) and Quality Improvement Unit (QIU) for review and comment.</li> <li>• Transmit policy and procedures to CAA Executive Director for review, approval and implementation.</li> <li>• Train applicable CAA staff and notify all CAA staff of policy and procedures, and the effective date of implementation. Monitor for compliance.</li> </ul>
	<b>Follow up Results</b>	Policy and procedures for granting, modifying and revoking user access to systems and computer resources were reasonably adequate. System access rights of terminated employees were promptly revoked.

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	<b>Conclusion on Remediation Status</b>	Issues resolved: <b>Finding is closed</b>
<b>Finding 3.2</b>	Known system vulnerabilities (security holes or weaknesses) were not being promptly patched or fixed. Miami Dade County Enterprise Technology Services Department (ETSD) provides a monthly report of identified systems weaknesses to CAA. Reported weaknesses should be fixed promptly to forestall their being exploited.	
	<b>OCA Recommendation</b>	See recommendations in finding 3.1
	<b>Management Remediation Plan</b>	<ul style="list-style-type: none"> <li>• Review the current ETSD policy as it relates to finding.</li> <li>• Develop a policy and procedures to comply with ETSD’s procedure for patching or fixing system vulnerabilities.</li> <li>• Develop module for cross training of applicable staff.</li> <li>• Submit the policy and procedures to CAA’s QIU for review and comment.</li> <li>• Transmit policy and procedures to CAA Executive Director for approval and implementation</li> <li>• Train applicable CAA staff to repair system vulnerabilities.</li> <li>• Monitor for compliance by reviewing the Vulnerability Report generated by ETSD and taking appropriate action(s).</li> </ul>
	<b>Follow up Results</b>	<p>Two unpatched vulnerabilities were discovered from the 22 computers on which we performed a vulnerability scan. One of the two flaws was ranked as High Risk and the other ranked as Medium Risk (in terms of the possibility of being exploited and the consequences to the organization if they were exploited). One of the flaws has remained unpatched for more than three months, and the other one for more than twelve months after the patches were released by the software vendor.</p> <p>Although there were significant improvements in compliance level for software patches, there is still a need for improvement to ensure that flaws capable of being exploited are remediated promptly.</p>
	<b>Conclusion on Remediation Status</b>	This issue is being followed up on in another audit – the Audit of Internal Controls for the Protection of Electronically Stored Personal and Health Information. <b>Finding is closed in this audit.</b>
<b>Finding 3.3</b>	<p>Certain incompatible duties were not segregated among IT staff. Segregation of duties is an internal control intended to prevent, detect, or minimize the occurrence of innocent errors or intentional fraud. Unnecessarily combining incompatible functions increases risks that could be avoided or reduced.</p> <p>– We observed two staff members who have both database administrative functions and system administrative functions in the</p>	

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	Childplus application (a new, web-based application for capturing, managing, and reporting data for the Head Start program). – Another staff member also had both application and system programming functions.	
	<b>OCA Recommendation</b>	See recommendations in finding 3.1
	<b>Management Remediation Plan</b>	<ul style="list-style-type: none"> <li>• Review and analyze current workloads of IT Supervisor and IT Technicians.</li> <li>• Determine feasibility of assigning programming functions to recently absorbed Sr. Systems Analyst to facilitate segregation of tasks.</li> <li>• Amend job descriptions where applicable to segregate programming and technician functions.</li> </ul>
	<b>Follow up Results</b>	As of May 02, 2014, there were eight full time and one temporary personnel working in the IT unit of CAHSD, consisting of three IT specialists, and six computers technicians. One of the three IT specialists performed supervisory roles for the unit, since the unit recently lost its manager. The segregation of duties among the staff is reasonably adequate. However, considering the size of the department, there is a need to fill the manager’s position for the unit.
	<b>Conclusion on Remediation Status</b>	Issues resolved: <b>Finding is closed</b>
<b>Finding 3.4</b>	One critical application software, the Service Request System (SRS) that was developed in-house, did not have adequate documentation to facilitate its future maintenance in the event that the software developer becomes unavailable to perform these duties, whether due to transfer, illness, leave, or change in employment.	
	<b>OCA Recommendation</b>	See recommendations in finding 3.1
	<b>Management Remediation Plan</b>	<ul style="list-style-type: none"> <li>• Review the current ETSD policy as it relates to independent software development and use.</li> <li>• Develop a database dictionary for the SRS.</li> <li>• Develop module for cross training of applicable staff.</li> <li>• Submit SRS System policy and procedure and cross training module to CAA’s Quality Improvement Unit (QIU) for Review.</li> <li>• Transmit policy and procedure to CAA Executive Director for approval and implementation.</li> <li>• Train applicable CAA staff. Monitor for compliance.</li> </ul>
	<b>Follow up Results</b>	Policy and procedure for in-house systems development have been implemented to ensure that, among other things, such systems are well-documented. The documentation for the SRS has been improved upon to facilitate ease of use and maintenance.

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	<b>Conclusion on Remediation Status</b>	Issues resolved: <b>Finding is closed</b>														
<b>Finding 3.5</b>	There were no periodic security awareness/training programs for CAA employees (including temporary and volunteer workers).															
	<b>OCA Recommendation</b>	See recommendations in finding 3.1														
	<b>Management Remediation Plan</b>	<ul style="list-style-type: none"> <li>• Review the current ETSD policy as it relates to finding.</li> <li>• Develop policy and procedure to comply with ETSD to address security awareness/training.</li> <li>• Develop training module for new CAA employees and periodic refresher training for current CAA employees.</li> <li>• Submit policy and procedure to CAA’S Quality Assurance Unit (QAU) for review.</li> <li>• Transmit policy and procedure to CAA Executive Director for approval and implementation.</li> <li>• Train applicable CAA staff in a refresher course. Monitor for compliance.</li> </ul>														
	<b>Follow up Results</b>	<p>Between March 2013 and April 2014, the following personnel have taken the corresponding security training:</p> <table border="0"> <thead> <tr> <th><u>Number of staff</u></th> <th><u>Training Title</u></th> </tr> </thead> <tbody> <tr> <td>506</td> <td>HIPPA/HITECH Security Awareness course</td> </tr> <tr> <td>591</td> <td>HIPPA/HITECH Privacy course</td> </tr> <tr> <td>159</td> <td>Initial Security Awareness course</td> </tr> <tr> <td>83</td> <td>PCI Data Security course</td> </tr> <tr> <td>83</td> <td>Recognizing Identity Theft course</td> </tr> <tr> <td>227</td> <td>Security Awareness Refresher course</td> </tr> </tbody> </table> <p><b><u>Comments</u></b>                      Personnel were receiving necessary security awareness training that should help them to comply with security requirements. Security awareness training policy and procedure has been developed and approved into operation by CAHSD management.</p>	<u>Number of staff</u>	<u>Training Title</u>	506	HIPPA/HITECH Security Awareness course	591	HIPPA/HITECH Privacy course	159	Initial Security Awareness course	83	PCI Data Security course	83	Recognizing Identity Theft course	227	Security Awareness Refresher course
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	<b>Conclusion on Remediation Status</b>	Issues resolved: <b>Finding is closed.</b>														



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<b>Finding 4</b>	Quality Improvement Reviews of CAA operations were not conducted as frequently as required by CAA operational procedures.	
	<b>OCA Recommendation</b>	The Quality Improvement program should be strengthened for better effectiveness. Considerations should include whether QIU operational procedures, priorities and/or staffing require revision to best enhance CAA’s goals and objectives. An effective Quality Improvement program is essential both to sustain and improve quality of processes and service delivery.
	<b>Management Remediation Plan</b>	<ul style="list-style-type: none"> <li>• Amend policies and procedures to reflect current monitoring practice.</li> <li>• Explore alternative Continuous Quality Improvement (CQI) and select appropriate process to ensure internal monitoring of service divisions.</li> <li>• Develop CQI training curriculum and provide training to division directors and designated staff for implementation of CQI process.</li> </ul>
	<b>Follow up Results</b>	Although CAHSD made some revisions to the operational procedures for the QIU to make the unit functional and effective with a reduced workforce, there was no documented evidence of any monitoring activities performed by the unit. As of July 2014, the unit was staffed by only one personnel who is also the director of the unit. According to the unit director, efforts are being made recruit more personnel for the unit.
	<b>Conclusion on Remediation Status</b>	Issue not fully resolved: <b>Finding is open</b>

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