



U.S. Department of Agriculture
Office of Inspector General
Southeast Region
Audit Report

Food and Nutrition Service
Florida Food Stamp Program
Tallahassee, FL



Report No.
27004-3-AT
NOVEMBER 2001



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DATE: November 9, 2001

REPLY TO
ATTN OF: 27004-3-At

SUBJECT: Food and Nutrition Service – Florida Food Stamp Program,
Tallahassee, Florida

TO: Virgil Conrad
Regional Administrator
Food and Nutrition Service
Southeast Regional Office
61 Forsyth Street SW., Suite 8T36
Atlanta, GA 30303

This report presents the results of the subject audit. The Food and Nutrition Service regional office's October 26, 2001, and Florida State agency's November 5, 2001, responses, to the draft report are included as exhibits D and E, respectively, with excerpts and the Office of Inspector General's (OIG) position incorporated into the findings and recommendations section of this report.

We can accept management decisions on the report's recommendations once we have been provided the information as outlined in the report sections, OIG Position.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective actions taken or planned and timeframes for implementing such action on the recommendations. Please note that the regulation requires a management decision to be reached on all findings and recommendations within a maximum of 6 months from report issuance. Please follow your internal agency procedures in forwarding final action correspondence to the Office of the Chief Financial Officer.

We appreciate the cooperation and assistance provided by your staff during the audit.

RAYMOND G. POLAND
Regional Inspector General

EXECUTIVE SUMMARY

FOOD AND NUTRITION SERVICE FLORIDA FOOD STAMP PROGRAM TALLAHASSEE, FL AUDIT REPORT NO. 27004-3-AT

RESULTS IN BRIEF

This report presents the results of our self-initiated audit of the Florida Department of Children and Families, the State agency (SA), that administers the Food Stamp Program (FSP). The audit objectives were to evaluate the SA's corrective action planning for reducing payment error rates (PER) and its management of food stamp claim activities. In fiscal year (FY) 1999, the SA's PER was 9.43 percent equating to \$76.7 million of improperly issued food stamp (FS) benefits. States are required to develop corrective action plans (CAP) to substantially reduce the PER.

Although the average FSP caseload per eligibility worker (EW) has declined 39 percent since FY 1996, the reduced caseload and the SA's corrective action initiatives have not resulted in a significant reduction in the PER. The following table shows the PER as compared to the decrease in average caseloads and FSP participation.

SFY	PER	FSP Cases			FSP Cases	
		Total Cases	Change		Average Per EW	Percent Change
			Cases	Percent		
1996	9.70	651,150	N/A	N/A	187	N/A
1997	10.26	538,685	(112,465)	(17.3)	162	(13.4)
1998	12.94 ¹	453,955	(84,730)	(15.7)	131	(19.1)
1999	9.43 ²	430,904	(23,051)	(5.1)	125	(4.6)
2000	9.24 ²	423,893	(7,011)	(1.6)	114	(8.8)
Change			(227,257)	(34.9)	(73)	(39.0)

¹ The SA attributed the increase to implementation of Welfare Reform requirements.

² The SA received a waiver that exempted recipients from reporting changes in earned income in certain cases, which reduced the PER.

The SA's CAP's did not contain mandatory elements and components and the plans as implemented had no long-term effect on lowering PER. Our review of the CAP for FY's 1997 through 2000 showed that they were a general skeletal outline format that did not provide mandatory details of how and when a deficiency was first identified, specific actions required to

correct a deficiency, progress and expected dates to correct the deficiency, and an assessment as to whether the corrective actions eliminated the deficiency. The CAP's initiatives were generally "to continue" the same actions that were rolled over from year to year with the expected completion dates listed as "ongoing". The FY 2000 plan showed that (1) 30 of the 37 actions were a continuation from prior years' plans and (2) 33 of the 37 actions had completion dates listed as "ongoing". The CAP also included initiatives that were either basic program requirements, such as compile and disseminate quality control data analysis to districts, or that were not directly error rate reduction related such as pay compensation levels for non-EW's.

The CAP did not address specific actions directed at FS cases with high error prone characteristics and did not target for intensified certification actions those eligibility factors, household (HH) characteristics, and certification elements with high error prone ratings. For example, the CAP did not describe any deficiencies or corrective actions related to shelter and utility expense payment errors even though these expenses have been the second leading cause of payment errors. The FY 1999 PER applicable to shelter and utility expenses was 1.19 percent equating to \$9.7 million.

The SA had not taken sufficient action to improve its claim management activities. In January 1994, the Office of Inspector General reported that the SA's did not (1) timely process claim referrals resulting in a 7-year backlog (referrals awaiting review) and (2) require recoupment of some established claims from participating HH's. In January 1997, Food and Nutrition Services (FNS) issued the SA an informal warning of possible funds suspension due to continuing problems with claims management. FNS placed the suspension in abeyance when the SA provided a February 28, 1997, plan of action to improve claims management. However, FNS requested the State to take further actions which were to include (1) additional staff for the claims function (staffing had been reduced 35 percent in spite of the backlog which has continued for a number of years) and (2) plans to bring the backlog current by the end of FY 1998. The condition had not been corrected. As of July 2000, about 128,700 FSP claims referrals were backlogged and, based on resources and ongoing workloads at that time, over 13-years would be needed to work the backlog which we estimate will yield receivables of about \$14.7 million. Since 1994, FNS has allowed the following additional actions:

- In May 1997, the SA was allowed to purge 185,451 FSP referrals that were over 3 years old, and
- In August 1998, the SA received a waiver to increase the threshold for making claim referrals from \$100 to \$250.

These actions were designed to eliminate the claims referral backlog, but they did not resolve the problem. Raising the over-issuance referral threshold and purging FSP claim referrals only slowed the rate that the backlog increased at the expense of not recovering over issued benefits. Since the prior audit, the SA has not provided sufficient staff to timely process referrals. In fact, since our 1994 audit report, the claims staff was reduced from 87 to 61 workers (as of July 2000) a 30 percent decrease. The staffing decrease was incongruous with the continuing large backlog of claim referrals and the SA's past actions to increase the recovery thresholds and purge referrals.

In addition, the SA did not always code claims for allotment reduction. This resulted in 1,291 claims valued at \$678,532 that was not subject to recoupment during our test period. Also, the SA understated its claims receivable balance reported to FNS by \$490,340.

KEY RECOMMENDATIONS

We made a series of recommendations regarding the SA's corrective action planning and claims management. Primary recommendations were for FNS to require the

SA to (1) include in CAP's all of the mandatory components with specific corrective actions designed to target payment errors caused by wages and salaries, shelter expenses, unearned incomes, and errors caused by EW's, (2) assign sufficient resources to work claim referrals timely, (3) ensure that all claims are entered into the automated system for collection, and (4) implement controls to insure accurate reporting of claim receivables.

We also recommended that FNS formally warn the SA's that suspension of administrative funds will begin if it fails (1) to develop and implement CAP's in conformance with requirements and (2) provide the necessary resources to timely process claim referrals and eliminate the backlog of referrals.

AGENCY RESPONSE

In its October 26, 2001, response (see exhibit D) to the draft report, FNS generally agreed with the recommendations and provided plans for implementation. In its November 5, 2001,

response to the draft report (see exhibit E), the SA stated that action either had been taken or was in process to comply with five of the reports nine recommendations. The State disagreed with the other four recommendations that dealt with its claims management activities.

Details of the FNS and SA responses to the recommendations and our position are included at the end of the respective findings.

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INTRODUCTION

BACKGROUND

The Food Stamp Program (FSP) is designed to promote the general welfare and to safeguard the health and well being of the nation's population by raising the nutrition levels of low-income families. The program supplements the food budgets of these families. The amount of benefits received by each family depends on its size and income.

Program Administration

In the U.S. Department of Agriculture, the Food and Nutrition Service (FNS) administers the program through agreements with State Agencies (SA). The Florida Department of Children and Families, which is divided into 15 districts, is responsible for administering the program in the State. Program benefits are delivered to low-income families through local county service centers. The county service center staffs are responsible for determining the eligibility and amounts of benefits issued to participating households (HH).

Program Size and Cost

In fiscal year (FY) 2000, the SA issued over \$772 million in food stamp (FS) benefits to an average monthly caseload of about 416,000 HH's. A strong economy with increased job opportunities and low unemployment has resulted in material decreases in the FSP caseload. Since FY 1996, this equated to a 29 percent decrease in monthly caseloads and 40 percent decrease in FS issuances (see table 1).

CASELOAD DECLINE

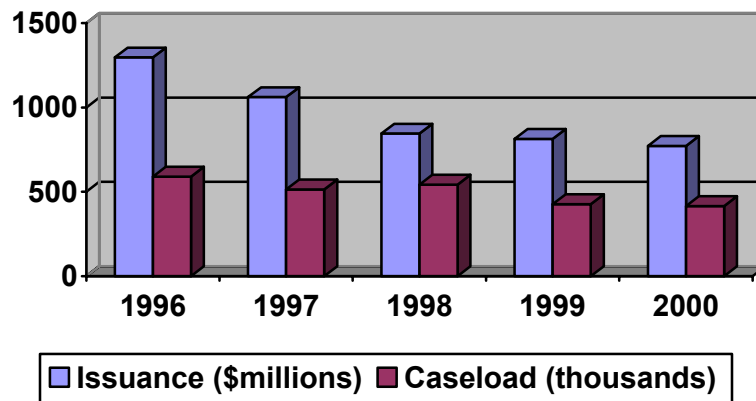


Table 1

Issuance (millions)	\$1,295.5	\$1,061.2	\$845.3	\$813.0	\$772.1
Caseload (thousands)	590	514	432	427	416
¹ The SA's preliminary PER for FY 2000					

Program Controls

The Food Stamp Act requires that SA's administer the program in accordance with the Act, regulations, and the SA's approved plan of operation. The SA is required to establish a "continuing performance reporting system" to monitor the program. Components of the reporting system include quality control (QC) reviews, management evaluations (ME), corrective action plans (CAP) for reducing QC error rates, SA monitoring of CAP's implementation, and reports to FNS on program performance.

The QC system is a major control for FNS to ensure the accuracy of the certifications performed by State employees and to control program waste. The QC reviews measure the accuracy of eligibility and benefit level determinations by reviewing a statistical sample of HH case files. SA's investigate the sampled cases to determine if the HH's are eligible to receive FS and if the benefit levels are accurate. Based on the findings, a preliminary payment error rate (PER) is computed. FNS reviewers examine a sub-sample of the SA's sample to ensure the accuracy of the findings. Based on the findings of the FNS reviewers, each State's preliminary PER is adjusted through statistical regression analysis techniques to arrive at the official validated PER.

The following table shows Florida's PER since FY 1995.

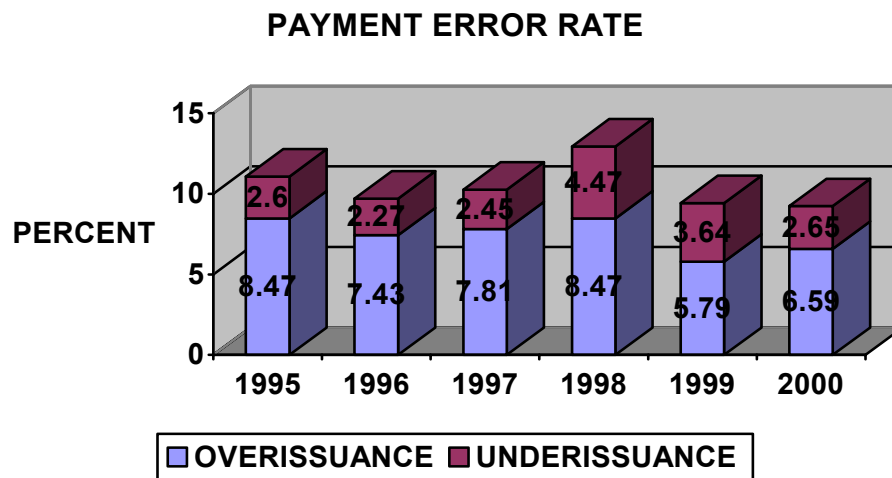


Table 2

PERCENT	11.07	9.70	10.26	12.94	9.43	9.24
NATIONAL AVERAGE	9.72	9.22	9.88	10.69	9.88	N/A
ISSUANCE (MILLIONS)						
OVER	\$110.7	\$96.3	\$82.9	\$71.6	\$47.1	\$50.9
UNDER	34.0	29.4	26.0	37.8	29.6	\$20.4
TOTAL	\$144.7	\$125.7	\$108.9	\$109.4	\$76.7	\$71.3
¹ The SA's preliminary PER for FY 2000						

Each year the SA prepares a CAP to address weaknesses in program operations that were identified by the QC analysis and ME reviews. The purpose of the CAP is to provide specific corrective actions that are designed to significantly reduce or eliminate the weaknesses found. The plan is to include time specific dates when the actions are to be completed, and a process to evaluate the effectiveness of the corrective actions, or if a new or modified approach is needed to address the deficiencies. The FY 2000 CAP was developed based on the FY 1999 QC and ME results.

The SA's past CAP's have not resulted in a significant reduction of the PER. In 1998, welfare reform provided FNS the authority to grant waivers to program regulations to streamline the FSP benefit process. FNS granted these waivers on a State-by-State basis upon evaluation of a SA's request. The Florida SA requested a temporary waiver from FNS that eliminated the requirement that HH's with earned income, who were certified for 3 months or less, report changes in their income of \$25 or more. The waiver did not exempt reporting changes in (1) employers, (2) hourly rate, (3) employment status, or (4) unearned income over \$25. FNS granted the request effective

October 1, 1998. The PER decreased from 12.94 percent in FY 1998 to 9.43 percent for FY 1999. Of the 3.51 percentage point decline (12.94 – 9.43), wages/salaries accounted for 2.64 percentage points. The waiver was a material factor in the PER reduction due to the fact that what would have been classified as an error in FY 1998 was no longer considered an error. The waiver was extended to FY 2000.

Effective January 20, 2001, new rules eliminated most of the interim reporting requirements for HH's with earned income¹. Under the new rules, HH's with earned income that are assigned a certification period of 6 months or less are no longer required to report changes in (1) income unless the change exceeds 130 percent of the monthly poverty guidelines for their HH size, commonly referred to as gross income limit (e.g. \$1,848 gross income for a 4-member HH), (2) HH composition, (3) residence and shelter costs, (4) vehicles, (5) cash and securities over \$2,000, and (6) child support payments. These rules were designed to help the working poor by streamlining the certification process, reducing visits to certification offices, and reducing the burdensome reporting requirements. The new rule should materially lower error rates. However, the new rule will not reduce the amount of benefits issued and may increase them due to HH's not having to report changes that otherwise would have reduced their benefits. Had these rules been in effect for FY 1999, we estimate that the PER would have been 7.42 percent, equating to about \$60.3 million of improperly issued benefits.

Program Operating System

In FY 1992, the SA implemented a unified computer system called Florida On-Line Recipient Integrated Data Access (FLORIDA) to compute and issue entitlement benefits. This statewide system combines information and processing functions for Temporary Cash Assistance (TCA), Medicaid, FS, Refugee Assistance, and Child Support Enforcement (CSE) programs into one system. The system allows an applicant for benefits to complete one application package to determine eligibility for these programs at the same time. One generic caseworker processes the client's application for public assistance. The U.S. Department of Health and Human Services administers the nonfood stamp programs through agreements with the SA.

The FLORIDA system is functionally organized into two distinct parts: Public Assistance, which consists of TCA, FS, Medicaid, and Refugee Assistance programs; and the CSE Program.

¹ Code of Federal Regulations (CFR) 273.12(a) dated January 20, 2001

The SA is required to collect claims against HH's for over issued benefits. FSP regulations² require that SA's enforce collections against participants, who do not voluntarily pay their FSP debts that resulted from either intentional or inadvertent receipt of benefits.

OBJECTIVES

The audit was conducted as part of the Office of Inspector General's (OIG) annual plan and assessed the operations of the FSP in Florida. Our objectives were to evaluate the SA's corrective action planning for reducing PER's, and its management of FSP claims activity.

SCOPE

The audit was performed in accordance with the Government Auditing Standards and primarily covered FY 1999 and 2000 FSP operations. In FY 1999, the SA issued over \$813 million in FS benefits to an average caseload of about 426,600 HH's. About \$76.7 million (9.43 percent) of the \$813 million was issued in error. The SA's FY 2000 CAP was developed based on the FY 1999 QC results. As of September 30, 2000, the SA reported 205,699 FSP claims valued at \$51.1million as account receivables.

Audit work was conducted primarily at the Florida SA in Tallahassee, Florida, and the FNS regional office in Atlanta, Georgia. Audit work was performed from April 2000 through February 2001.

METHODOLOGY

To accomplish the audit objectives, our examination consisted of the following:

- Review of the Food Stamp Act of 1997, as amended, and Federal Regulations Title 7, CFR, parts 271 through 285.
- Interviews with FNS officials and review of program policies, procedures, and pertinent correspondence at the FNS regional office.
- Interviews with SA officials, and review of SA policies, procedures, program statistics and management reports, and other pertinent correspondence.
- Interviews with and analysis of work performed by the Florida Auditor General's (AG) staff. During the course of our audit, the Florida AG's issued a report on FSP claims activities.

² 7 CFR 273.18, dated January 1, 2000.

- Analysis of FNS and SA ME and other review reports, QC findings, and assessment of CAP's for reducing the QC error rate.
- Statistical tests of claims and collection activities. Details of our statistical sampling plan and projection results are shown in exhibit C.
- Evaluation of the SA's accounting for claim activities and reporting to FNS.

FINDINGS AND RECOMMENDATIONS

CHAPTER 1	CAP'S DID NOT MEET REGULATORY REQUIREMENTS
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FINDING NO 1

Even though the FSP caseload per eligibility worker (EW) has declined 39 percent since FY 1996, the reduced caseload and the SA's corrective action initiatives have not resulted

in a significant reduction of the PER. The SA's CAP's did not contain mandatory elements, and components, and the plans as implemented had no long-term effect on lowering PER's. The CAP's for FY 1997 through FY 2000³ did not provide details of how and when a deficiency was first identified, specific actions required to correct a deficiency, progress and expected dates to correct the deficiency, and an assessment as to whether the corrective actions eliminated the deficiency. The CAP initiatives were generally rolled over from year to year and listed as "on-going." The CAP's also included initiatives that were either basic program requirements, such as "compile and disseminate QC data analysis to districts" or that were not directly error rate reduction related, such as pay compensation levels for non-EW's.

The following table shows the PER as compared to the decrease in workers' caseloads and FSP participation.

Table 3

SFY	PER	FSP Cases			FSP Cases	
		Total Cases	Cases	Percent	Average Per EW	Percent Change
1996	9.70	651,150	N/A	N/A	187	N/A
1997	10.26	538,685	(112,465)	(17.3)	162	(13.4)
1998	12.94 ¹	453,955	(84,730)	(15.7)	131	(19.1)
1999	9.43	430,904	(23,051)	(5.1)	125	(4.6)
2000	9.24	423,893	(7,011)	(1.6)	114	(8.8)
Change			(227,257)	(34.9)	(73)	(39.0)

¹ The SA attributed the increase to implementation of Welfare Reform requirements.

At the August 20, 2001, exit conference; SA officials stated that evaluation of worker caseloads must include all program cases, not just FSP cases.

³ The FY 1998 CAP was not on file at either the SA or FNS.

The generic EW's are responsible for several programs including TCA and Medicaid in addition to the FSP. Since 1996, the overall caseload for all programs had increased from an average of 228 cases to 263 cases per worker (see table 4).

Table 4

	September		Change	
	1996	2000	Cases	Percentage
FSP	643,808	430,832	(212,976)	(33.1)
TCA	200,292	64,436	(135,856)	(67.8)
Medicaid	798,740	1,071,629	272,899	34.2
Total Cases¹	875,792	877,678	1,886	0.2
EW'S	3,846	3,336	(510)	(13.3)
Average Cases/Worker	228	263	35	15.4
¹ Unduplicated cases				

The average caseload increased since 1996, due to the expansion of the Medicaid Program, to provide coverage to more children and a 13.3 percent reduction in the number of EW's.

The CAP must include actions intended to reduce or eliminate deficiencies identified by ME's, analyses of QC results, audits, and investigations.⁴ When corrective actions have not been effective, the State is required to re-evaluate the deficiency, the causes and corrective actions taken, then develop and implement new corrective actions. The regulations⁵ also require that the SA CAP must contain (1) specific description and identification of each deficiency, (2) sources through which the deficiency was detected, (3) magnitude of each deficiency, (4) geographic extent of the deficiency, (5) identification of causal factors contributing to the occurrence of each deficiency, (6) identification of any action already completed to eliminate the deficiency, (7) identification of any actions to be taken, the expected outcome, target date for each action, and a date by which the deficiency will have been eliminated, and (8) for each deficiency, a description of the manner in which the SA will monitor and evaluate the effectiveness of the corrective action in eliminating the deficiency.

Our review of the CAP's for FY's 1997 through FY 2000, showed that they were a general skeletal outline format and did not contain the components the regulations required. For example, the FY 2000 CAP listed 13 initiatives with 24 sub-issues that were short statements, such as "Provide QC data analysis to districts" without any details of the eight required components (see exhibit B.)

⁴ 7 CFR 275.16, effective January 1, 2000

⁵ 7 CFR 275.17(b)(1-8), effective January 1, 2000

The following table shows details of the missing CAP elements.

Table 5

Required Components	COMPONENTS IN CAP ¹		
	1997	1999	2000
1) Specific Description of Deficiency	No	No	No
2) Source Used to Identify Deficiency	No	No	No
3) Magnitude of Deficiency	No	No	No
4) Geographic Extent of Deficiency	No	No	No
5) Identification of Causal Factors	No	No	No
6) Expected Outcome Target Date Documented			
Initiatives	No	No	1 of 13
Sub-Issues	No	No	1 of 24
7) Date Deficiency Eliminated			
Initiatives	No	No	No
Sub-Issues	No	No	No
8) Evaluation of Effectiveness of Actions	No	No	No

¹ The 1998 CAP was not on file at either FNS or the SA.

The CAP's initiatives were generally "to continue" the same actions from year to year with the expected completion dates listed as "ongoing." The FY 2000 plan showed that (1) 30 of the 37 initiatives/sub-issues were a continuation from prior years' plans and (2) 33 of the 37 actions had completion dates listed as "ongoing" (see exhibit B). For example, the FY 1997 CAP identified an initiative to "provide timely action on reported information." The SA has a long history of errors caused by EW's not acting on reported and/or known information such as data exchange alerts that affects clients' benefits. In our FY 1994 audit, we reported the SA's corrective action for workers' failure to act on (1) client reported information was to use specialized workers to process all reported changes in each service center and (2) data exchange alerts were that each time a case was handled, all alerts were to be reviewed, worked, and cleared. The FY 2000 CAP initiatives were to "continue to utilize change worker(s) where feasible" and "continue district initiatives to timely process data exchange alerts." The expected completion date for each initiative was shown as "ongoing" and had been ongoing since at least FY 1994.

According to the FY 1994 audit report, EW's failure to act on reported information resulted in a 1.8 percent PER in FY 1992. The same deficiency resulted in a 1.4 percent PER in FY 1999, equating to \$11.3 million of improperly issued benefits. The CAP's did not contain evaluations of the effectiveness of these past ongoing corrective actions to eliminate these errors.

The CAP's also contained initiatives that were not directly related to error rate reduction. The FY 2000 CAP contained 13 initiatives with 24 sub-actions, of which 4 of the initiatives and 10 sub-actions were either basic program requirements, called for changes to national policies of the

FS and TCA programs, or proposed increased compensation levels for non-EW's (see exhibit B). Table 6 shows an example of a basic program requirement.

Table 6

INITIATIVES/SUB-ACTIONS	COMPLETION DATE
Provide QC data analysis to districts	Ongoing
• Maintain data base for compiling QC data	Ongoing
• Provide error summary reports to district staff monthly	Ongoing
• Provide ad hoc reports and trend analysis to districts	As Needed

At the August 20, 2001, exit conference, SA officials stated the CAP is the core of the State's strategic PER reduction plan, but has historically not been intended to be an all inclusive and detailed document. They stated that the SA approach towards corrective actions is also linked to its reinvestment initiatives. FNS allows SA's to reinvest sanctions for high PER's in program management activities intended to reduce future error rates⁶. Reinvestment initiatives must be directly related to error reduction with specific objectives regarding the amount of error reduction and type of errors that will be reduced. Further, the investment must represent new or increased expenditures and must also represent an addition to required minimum program administration including corrective actions. Therefore, activities such as basic training of eligibility workers or a continuing corrective action from a CAP are not acceptable.

The SA officials stated the combination of CAP's and reinvestment initiatives have successfully led to a decline in the PER recent years (see table 7).

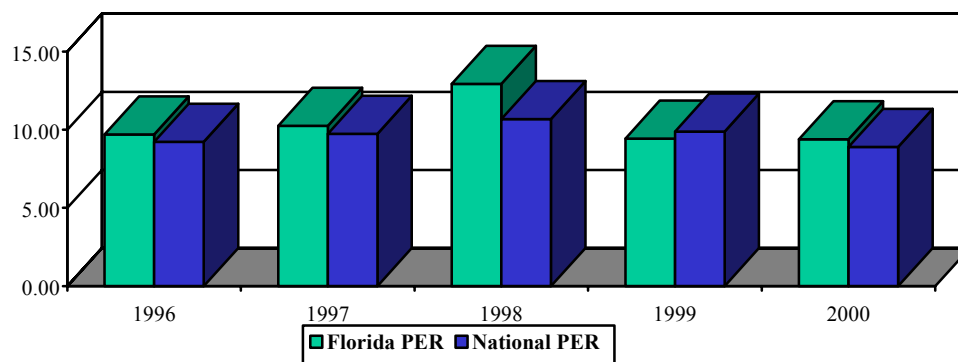


Table 7

	1996	1997	1998	1999	2000
Florida PER	9.70	10.26	12.94	9.43	9.40
National PER	9.23	9.75	10.69	9.88	8.91

⁶ 7CFR 275.23(e)(11), dated January 1, 2000.

The decrease in the FY 1999 and FY 2000 FSP error rates was due in large part to a waiver to FS policy. In June 1998, the SA received a waiver, effective October 1, 1998, from FNS that eliminated the need for HH's certified for 3 months or less to report certain changes in their earnings. The waiver remained in effect for FY 2000. The waiver resulted in a decrease in the PER because (1) short 3 month certification periods increased the frequency that HH's were re-certified, thereby, updating their financial circumstances more often, and (2) unreported changes in HH incomes, that in the past would otherwise have been counted as an error in the second and/or third months of certification, were no longer counted as errors.

Our review of the SA's reinvestment plans applicable to liabilities arising from FY 1994 through FY 1998, showed that the more significant activities planned were the development of an automated data brokering service (implemented in January 2001), statewide training conferences, and a competency based pay plan. However, the reinvestment plans did not target specific causes of payment errors by both clients and EW's.

In December 1999, FNS reviewed the SA's FY 2000 CAP and provided the following comments to the SA:

"While we do not approve corrective action plans, we appreciate the opportunity to comment on them. We noted that many activities in Florida's plan are shown as "ongoing." We recommend that you set fixed target dates in order to monitor progress towards completion. These include major projects such as the error prone profile, fixing the management screen, computer based training, and the data warehouse project. We recommend that the plan address three error elements more specifically: shelter errors, eligibility based on citizenship or alienage, and TANF income errors. In the most recent analysis for FY 1999 cases, shelter errors are shown as 14.29 percent of all errors."

The SA did not provide FNS with an updated CAP that addressed FNS' concerns. FNS officials stated that they did not have approval authority over the CAP and could only provide technical assistance. FNS does, however, have the authority to withhold administrative funds⁷ if the SA fails to meet program requirements of which a CAP prepared in conformance with regulatory provisions is a requirement.

⁷ 7 CFR 276.4(a) January 1, 2000.

RECOMMENDATION NO.1

Require the SA to include in the CAP all of the mandatory components. If sufficient details are not provided, FNS should begin sanctions as provided under 7 CFR 276.

Agency Response

In its October 26, 2001, response, FNS stated the following.

FNS concurs with this recommendation. We concur that the mandatory components at 7 CFR 275.17 (b) should be included in the CAP. This does include a requirement that the Plan be open ended.

FNS will ensure that the November 2001 CAP contains all mandatory components. A letter (attached) has been sent to the SA reminding them of the required elements in the CAP. Upon submission of an acceptable CAP, which is due in November 2001, management decision will be requested.

The sanction process will be begun within 60 days if all mandatory components are not contained in the November 2001 CAP.

In its November 5, 2001, response, the SA stated the following.

We believe that we have already complied with this recommendation. We have attached an updated version of the state CAP. This plan was reviewed by the Tallahassee FNS Field Office staff on September 17 (correspondence attached).

OIG Position

We can accept management decision once FNS determines that the SA's revised CAP is acceptable, conforms with requirements, and provides us with details of its determination.

CHAPTER 2

CAP'S DID NOT TARGET ERROR PRONE ELEMENTS

The CAP's did not address specific actions directed at FS cases with high error prone characteristics and did not target for intensified certification actions those eligibility factors, HH characteristics, and certification elements with high error prone ratings. Almost 75 percent of the FY 1999 errors were related to six elements (e.g. wages) and EW's caused 38 percent of the PER. The CAP did provide some crosscutting initiatives that emphasized EW errors, but as reported in Finding No. 1, these initiatives were generally rolled over from year to year and, as implemented, had no appreciable effect in reducing the error rate.

Participation in the FSP is limited to gross and net income standards dependent upon the HH's size. Effective January 20, 2001, SA's have the option to allow HH's with earned income that are certified for 6 months or less to only report changes in earnings that would result in their gross income exceeding 130 percent of the monthly poverty guideline for their size. The new regulations will impact the PER's because a covered HH's failure to report a change, except gross income limits, will no longer be counted as an error. We computed that for FY 1999, the PER would have dropped from 9.43 to 7.42 percent if the new rule had been in effect. The amount of improperly issued benefits would likewise have decreased from \$76.7 million to \$60.3 million.

Table 8 shows the impact the regulatory change would have had on the PER for FY 1999.

Table 8

ERROR ELEMENT	ACTUAL PER				REVISED REGULATION			
	PER			BENEFIT ERRORS (MILLIONS)	PER			BENEFIT ERRORS (MILLIONS)
	CLIENT	EW	TOTAL		CLIENT	EW	TOTAL	
Wages	3.55	0.67	4.22	\$34.3	1.85	0.63	2.48	\$20.2
Shelter & Utility	0.42	0.77	1.19	9.7	0.39	0.73	1.12	9.1
RSDI ⁸	0.19	0.37	0.56	4.5	0.19	0.37	0.56	4.5
Contributions & Child Support	0.39	0.09	0.48	3.9	0.37	0.09	0.46	3.7
TCA	0.00	0.38	0.38	3.1	0.00	0.38	0.38	3.1
SSI ⁹	0.10	0.13	0.23	1.9	0.10	0.13	0.23	1.9
Total for 6 Elements	4.65	2.41	7.06	\$57.4	2.90	2.33	5.23	\$42.5
Other Elements	1.16	1.21	2.37	\$19.3	1.01	1.18	2.19	\$17.8
TOTAL	5.81	3.62	9.43	\$76.7	3.91	3.51	7.42	\$60.3

⁸ Retirement, Survivors, and Disability Insurance
⁹ Supplemental Security Income

¹⁰ 7 CFR 275.16(a)-(c), effective January 1, 2000.

Table 8 shows the SA will still have a base error rate that requires an effective CAP to reduce or eliminate the deficiencies. At the time of our review, Florida had not decided when it would implement these regulations.

FINDING NO. 2

**CAP DID NOT TARGET
SIGNIFICANT PAYMENT
ERRORS**

The CAP's did not provide specific corrective actions to target deficiencies and causal factors for the six highest error elements (see table 6). The PER for the six elements was 7.06 percent; almost 75 percent of the payment errors (\$57.4/\$76.7 million). Under new regulations, the PER for the six most error prone elements would have been 5.23 percent, or

\$42.5 million (70 percent).

Federal Regulations¹⁰ require a CAP to substantially reduce or eliminate deficiencies in program operations. When a substantial number of deficiencies are identified, the SA shall establish an order of priority to ensure the most serious deficiencies are addressed immediately and corrected as soon as possible.

Wage and Salary Payment Errors

Wage and salary errors have always been the single leading cause of payment errors with a PER of 4.22 percent in FY 1999, which equated to \$34.3 million of improper issuances. Under the new regulations, wages and salaries would still remain the single largest error factor accounting for PER of 2.48 percent and issuance errors of \$20.2 million (see table 6). Clients caused about 84 percent of the errors because they did not correctly report (1) income at certification, (2) earnings that started after certification, or (3) frequency of payments. EW's caused the other 16 percent of the errors primarily because they did not timely act on reported information or apply policies correctly. The FY 2000 CAP had five general initiatives related to client caused wages and salary errors (see table 9).

Table 9

1.	Continue Front-End Fraud Prevention Initiatives to eliminate error prone cases from initial approval	Ongoing since 1997
2.	Implement use of client educational materials about their rights and responsibilities and penalties for noncompliance	Ongoing since 1997
3.	Utilize ad hoc reports to identify error prone conditions requiring case actions	Ongoing since 1997
4.	Implement data brokering service to obtain information on unreported income and assets	Pilot started in November 1999
5.	Institute data exchange at client registration (instead of after the application for benefits is approved)	Implemented January 2001

We were unable to determine when the first three initiatives were placed in the CAP because no plans were available prior to FY 1997.

The CAP and reinvestment plans included, as a pilot program, a data brokering service (a contractor search of public record databases such as a credit check) that may provide new information on unreported assets, but that has not been a significant error element in the past. The SA has had access to wage and salary and unearned income (e.g. social security) information through its data exchange systems. The CAP should have indicated what new information, particularly wages and salaries, the SA hoped to obtain with this service, the sources of that information, and the expected effect on reducing payment errors. The CAP did not provide any information on the preliminary results of the pilot program. The pilot was completed and the data brokering system was operational in FY 2001. The SA programmed \$289,131 of its \$444,817 FY 1998 reinvestment requirement to operate and maintain the system in FY 2001.

The CAP did provide for a change in procedures to make available to EW's data exchange information prior to certification instead of several weeks afterward. If the alert information is timely acted on, this change should have a positive affect on lowering the PER because the information will be available to EW's before the HH's are certified. The SA has agreements with other Florida and Federal agencies as well as other states to share income and benefit information contained in 16 database sources. The data includes wages, Retirement, Survivors, and Disability Insurance (RSDI), Supplemental Security Income (SSI), unemployment compensation, and new hire information. By initiating the matches at time of the application, the information would be available to the EW and could, in most cases, be acted upon before the application was approved. For example:

QC Case No. 690865 – This HH was certified for the period February 1999 through June 1999, to receive monthly benefits of \$607. The client did not report wages of a HH member who was working at the time of the certification interview. QC found that the individual had been employed since June 1998, with monthly earnings of \$4,368 that resulted in overpayments of \$607 monthly. Since there were no changes in the HH circumstances during the certification period, this error would not have been affected by the new change in reporting requirements effective January 20, 2001.

Because this change was implemented at the end of our fieldwork, we could not determine its effect on reducing the PER.

Shelter and Utility Payment Errors

The CAP did not describe any deficiencies or corrective actions related to shelter and utility expense payment errors, even though these expenses have been the second leading cause of payment errors. The FY 1999 PER applicable to shelter and utility expenses was 1.19 percent equating to \$9.7 million. Under the new regulations, the PER still would have been 1.12 percent with \$9.1 million of issuance errors (see table 6). The QC review found 66 error cases for shelter and utility expense with 45 of the errors caused by EW. For example:

QC Case No. 6900242 – This HH was certified for the period November 1998 through April 1999, to receive monthly benefits of \$351. The client reported gross monthly rent of \$600 and that \$332 of that amount was subsidized by the U.S. Department of Housing and Urban Development. The EW incorrectly included the full \$600 of rent in the FS benefit calculation instead of only the \$268 actually paid by the HH, which caused an overpayment of \$100 monthly.

Unearned Income Payment Errors

The CAP did not describe any deficiencies related to unearned income errors and did not specifically address corrective actions associated with these types of errors. In FY 1999, the PER applicable to unearned income (RSDI, SSI, TCA, and Child Support) errors was 1.65 percent equating to \$13.4 million. The QC review found 55 error cases for unearned income. Two systemic types of errors accounted for 25 of the error cases, which equated to \$5.3 million of improperly issued benefits. The two types of errors were that EW's (1) improperly adjusted or did not adjust unearned incomes in the FS budgets of HH's whose other entitlement benefits (e.g. SSI) were reduced due to sanctions and (2) did not use child support payment information available through the FLORIDA system to verify this income source. The new regulations would have had no impact upon these type errors.

Further details follow:

Adjustments for Sanctions - EW's erred in the treatment of unearned income for 14 cases with SSI or TCA where the clients were sanctioned by those programs to recover past overpayments. Federal law¹¹ prohibits a HH from receiving increased FS benefits when its unearned income is reduced because of a penalty imposed under other public assistance programs. Therefore, the FS budgets of the affected HH's must be adjusted in the FLORIDA system to include a "phantom" amount for the

¹¹ Public Law 104-193, Personal Responsibility and Work Opportunity Reconciliation Act of 1996, August 2, 1996.

unearned income no longer received. The PER caused by the incorrect income adjustments was .34 percent equating to \$2.8 million of issuance errors. For example:

QC Case No. 690032 – This HH was re-certified for the period September 1998 through March 1999, to receive monthly benefits of \$308. Prior to certification, the client's TCA monthly benefits of \$254 were terminated for program noncompliance. The EW entered a phantom grant of \$254 into the FS budget in order that FS benefits would not increase due to the loss of the TCA income. When the client reapplied for both TCA and FS in September 1998, the penalty was lifted and TCA of \$254 was included in the FS budget, but the EW failed to remove the phantom grant from the budget. As a result, the TCA was double counted and the FS benefits were under paid \$104 in the sample month.

Child Support Income – EW's did not use CSE records available in the FLORIDA system to verify and compute child support income. CSE maintains records of child support payments, and these records were available to EW's through the FLORIDA system. Although the CSE data was accessible through the FLORIDA system, there were no system matches performed to identify unreported child support or system alerts to notify EW's when child support was identified. Had the EW's checked CSE records through the FLORIDA system, child support income for 11 error cases would have been detected. The improper payments related to this error element were \$2.5 million. For example:

QC Case No. 691270 – This HH was certified for the period July 1999 through September 1999, to receive monthly benefits of \$167. The client did not report receiving child support payments. QC verified the receipt of the payments from the CSE database on the FLORIDA system. The unreported child support payments put the HH over the gross income limit resulting in an over payment of FS benefits of \$167 for the sample month.

SA officials explained that child support payments, even court ordered payments, are not generally a stable source of income. Therefore, the FLORIDA system was not programmed to automatically update the HH's FSP budgets with the child support income from the CSE records. EW's must review the CSE child support payment records and manually enter the data into the HH's FSP budget to compute eligibility and benefit levels.

At the August 20, 2001, exit conference, SA officials stated that the reinvestment initiatives must be considered in evaluation of corrective actions. The SA's plans for reinvesting FY 1994 through

FY 1996 liabilities provided for statewide training conferences, and district initiatives for additional staff training. The SA's anticipated outcome from the training sessions was to (1) assist supervisors in better managing their units and supporting their staff, and (2) increase the EW's casework payment accuracy.

RECOMMENDATION NO. 2

Require the SA to prepare a CAP that provides specific descriptions of deficiencies identified and specific corrective actions designed to target payment errors caused by wages and salaries, shelter expenses, and unearned income errors.

Agency Response

In its October 26, 2001, response, FNS stated the following.

FNS concurs with this recommendation. We agree that sufficient details should be provided in the CAP that identify and address corrective actions for the top three casual factors that contribute to the payment error rate. The letter referenced in Recommendation #1 includes language that specific correction actions relative to wages and salaries, shelter expenses and unearned income must be included in the CAP. It was further suggested that activities negotiated in the Reinvestment Agreement that address the payment error rate should be referenced in the CAP.

In its November 5, 2001, response, the SA stated the following.

We believe that we have already complied with this recommendation. Please refer to the revised CAP. The plan is based on the targeting of high error elements with a focus on all error elements. We have added two additional columns to the plan. One is headed "Targeted Error/Deficiency" and the other is "Focus of the Error/Deficiency". This information is listed beside each error reduction activity. The last page of the CAP is the Error Deficiency Chart and provides a key to these columns. The primary Focus of all corrective action is directed toward earned and unearned income and shelter expense errors.

OIG Position

We can accept management decision once FNS determines that the SA's revised CAP is acceptable, conforms with requirements, and provides us with details of its determination.

RECOMMENDATION NO. 3

Require the SA to develop a program to match the FLORIDA system with the CSE records and to produce an alert to the EW whenever a mismatch occurs.

Agency Response

In its October 26, 2001, response, FNS stated the following.

FNS concurs with this recommendation to the extent that mismatched amounts should be reconciled. We will provide technical assistance to Florida in developing this recommendation or a reasonable alternative to identify mismatched information for immediate action. A program review to include this element will be conducted in the third quarter of Fiscal Year (FY) 2002. If the process is not in place by the time of this review, corrective action with a specific due date will be included in the review report.

In its November 5, 2001, response, the SA stated the following.

We agree with this recommendation. Programming has been requested to comply with this recommendation.

OIG Position

To achieve a management decision, we need specific timeframes for completion of the system program.

FINDING NO. 3
**CAP DID NOT TARGET EW
PAYMENT ERRORS**

The rate of EW caused payment errors has not improved as a result of the CAP's and a reduction in their caseloads. The FY 1999 PER for EW caused errors was 3.62 percent equating to \$29.4 million of improperly issued benefits. The new change in HH reporting requirements effective

January 20, 2001, will have minimum effect on lowering EW caused errors. Under the new regulations, the EW caused PER would have been 3.51 percent equating to \$28.5 million improperly issued benefits. Table 10 shows the general causes of the EW errors and their impact under the old and new regulations.

Table 10

	ACTUAL 1999		REVISED REGULATIONS	
	PER		PER	
	PERCENT	BENEFITS (MILLIONS)	PERCENT	BENEFITS (MILLIONS)
Total PER	9.43	\$76.7	7.42	\$60.3
EW Total	3.62	\$29.4	3.51	\$28.5
1. Policy Incorrectly Applied	1.17	\$9.5	1.17	\$9.5
2. Failure to Take Action On:				
a. reported information	1.39	\$11.3	1.32	\$10.7
b. impending changes	0.09	\$0.7	0.09	\$0.7
c. inconsistent information	0.25	\$2.0	0.24	\$2.0
3. Failure to verify Required Information	0.25	\$2.1	0.22	\$1.8
4. Other	0.47	\$3.8	0.47	\$3.8
Client Total	5.81	\$47.3	3.91	\$31.8

EW error rates from FY 1996 through FY 2000 ranged from 33.8 percent to 43.3 percent of the total annual PER's. At the same time, the average number of FS cases per EW declined from 187 to 114 -- 39 percent (see table 11).

Table 11

FY	TOTAL PER	EW			
		PER	PERCENT OF TOTAL PER	AVERAGE CASELOAD	PERCENT DECLINE
1996	9.70	3.28	33.8	187	N/A
1997	10.26	3.90	38.0	162	13.4
1998	12.94	4.57	35.3	131	19.1
1999	9.43	3.62	38.4	125	4.6
2000 ¹	9.24	4.01	43.4	114	8.8
Total					39.0

¹ Preliminary PER

At the August 20, 2001, exit conference, SA officials stated that evaluation of workers caseloads must include all program cases. The generic EW's are responsible for several programs including TCA and Medicaid in addition to the FSP. SA officials pointed out the overall caseload for all programs had actually increased from an average of 228 cases to 263 cases per worker. The average caseload increased due to the expansion of the Medicaid Program to provide coverage to more children and a 13.3 percent reduction in the number of EW's (see table 4).

Not timely acting on reported information was the single largest cause of EW errors, accounting for \$11.3 million (38 percent) of their payment errors (see table 8). The information not acted on was reported to the FS offices either by the client or was available to the EW's through other sources, such as data exchange alerts. Examples were:

QC Case No. 690237 - The HH was certified for the period October 1998 through March 1999, to receive monthly benefits of \$230. Although a HH member began work June 19, 1998, (about 3½ months before certification on October 10, 1998) the head of the HH did not report any wages to the EW. On October 9, 1998, the EW received a data exchange alert, which showed that the HH member was employed. The QC reviewer found the data exchange alert in the case record and determined an overpayment of \$220 occurred monthly because the EW failed to act on the alert.

QC Case No 690058 – This HH was re-certified for the period June 1998 through November 1998, to receive monthly benefits of \$264. Two data exchange alerts were in the case record. The alerts showed a HH member was employed by the same employer since 1996. However, the EW did not take action on the two alerts. The unreported monthly earnings of \$949 put the HH over the gross income limit, resulting in total ineligibility and an overpayment of \$264 monthly.

Other causes of EW’s errors were that they (1) did not apply policy correctly, (2) did not verify required information, and (3) made other errors (e.g. computation) when computing a HH benefits.

The FY 2000 CAP contained the following five ongoing initiatives for reducing errors caused by EW’s not acting on reported information:

Table 12

1.	Provide timely action on reported information	Ongoing since at least 1997
2.	Continue to utilize reported change worker(s) where feasible	Ongoing since at least 1997
3.	Continue district initiatives to complete alerts and expected changes	Ongoing since at least 1997
4.	Continue district initiatives to timely process Data Exchange alerts	Ongoing since at least 1997
5.	Implement change reporting centers	Ongoing since at least 1999

We were unable to determine when the initiatives were placed in the CAP’s because no plans were available prior to FY 1997.

RECOMMENDATION NO. 4

Require the SA to include in its CAP specific actions to target EW payment errors with timeframes and evaluation and monitoring procedures to ensure their implementation and effectiveness.

Agency Response

In its October 26, 2001, response, FNS stated the following:

FNS concurs with this recommendation. However, it should be noted that the SA has made significant improvements in payment accuracy over the past ten years improving from a \$98 million sanction to an error rate below the national average and no sanction.

This requirement to include specific action to target EW payment errors is included in our letter of October 26, 2001, regarding the CAP referenced in Recommendation #1. In this letter we further recommended that the Reinvestment Plan be referenced in the CAP to tie all State activities directed at error rate reduction in one comprehensive document. FNS will assure that these elements are contained in the November 2001 Florida CAP.

In its November 5, 2001, response, the SA stated the following.

We believe that we have already complied with this recommendation. The CAP has been amended to clarify the targeting of EW payment errors. The monitoring of Florida's field staff has always been captured and evaluated as a corrective action activity.

OIG Position

We can accept management decision once FNS determines that the SA's revised CAP is acceptable, conforms with requirements, and provides us with details of its determination.

The SA had not taken sufficient action to improve its claims management activities. In January 1994, OIG reported that the SA did not (1) timely process claim referrals resulting in a 7-year backlog (referrals awaiting review), and (2) require recoupment of some established claims from participating HH's. In January 1997, FNS issued the SA an informal warning of possible funds suspension due to continuing problems with claims management. FNS placed the suspension in abeyance when the SA provided a February 28, 1997, plan of action to improve claims management. However, FNS requested the State to take further actions to include (1) additional staff for the claims function (staffing had been reduced 35 percent in spite of the backlog which has continued for a number of years) and (2) plans to bring the backlog current by the end of FY 1998. The conditions had not been corrected. As of July 2000, about 128,700 FSP claim referrals were backlogged, and based on resources and ongoing workloads at that time, over 13-years would be needed to work the backlog, which we estimate will yield receivables of about \$14.7 million. The backlog continued, in part, because since our 1994 audit, the SA reduced its BRU staff by 30 percent (87 to 61 workers). In addition, the SA did not always code claims for allotment reduction. This resulted in 1,291 claims valued at \$678,532 that was not subject to recoupment during our test periods. Also, as of September 30, 2001, the HH's claim balances in the BRS, the system used to prepare the form FNS-209, Quarterly Financial Activity Status of Claim Against HH's, was understated by \$490,340.

In February 2000, the Florida AG completed an audit of the SA's management of the benefit over-issuance recovery process. The AG found significant deficiencies in the areas of:

- Reporting of claims activities,
- Accounting for claim collections, and
- Processing claim referrals.

The AG concluded in its report:

“Given the numerous deficiencies, the SA has little assurance as to the accuracy and completeness of the benefit recovery system and client status data maintained in the FLORIDA system and BRS. In absence of such assurance, the reliability of information used to manage the benefit payment process is greatly diminished.”

FINDING NO. 4
BACKLOGGED CLAIM
REFERRALS

The SA continues to have a large backlog of claims against HH's who were over issued benefits, a condition reported in our prior audit. As of July 31, 2000, the SA had 206,263 claim referrals backlogged for all programs (FS, Medicaid, and TCA). Based on the claims established in the State fiscal year¹²

(SFY) 2000, we estimated that the backlog of referrals (1) represents 28,838 new FS claims valued at \$14,765,078 and (2) will take over 13 years to work. The SA had not implemented effective corrective actions to eliminate the backlog of claim referrals and, in fact since 1994, staff assigned to process claim referrals decreased 30 percent -- from 87 workers down to 61 workers.

An effective claim program deters recipient abuse and increases the recovery of over issued benefits. Potential over-issuances should be promptly investigated and claims processed while pertinent data about the cases are available from collateral contacts and before the statutes of limitations have expired. Collection actions, prosecutions, and administrative fraud determinations cannot be initiated until claims are established.

FSP regulations¹³ require that SA's establish a claim against any HH that receives more benefits than it is entitled to receive. EW's make referrals, through the FLORIDA system, to their supervisors when they identify or have probable cause to believe that a HH was over issued benefits. The supervisor screens the referrals before they are sent to the State's Benefit Recovery Unit (BRU) for a claims determination. BRU workers process the claim referrals generated for all public assistance programs (FS, Medicaid, and TCA). The BRU workers investigate the referrals, obtain documentation to support the over-issuances, compute over-issuances,

¹² July 1, 1999 through June 30, 2000

¹³ 7 CFR 273.18(a), dated January 1, 2000.

and establish claims accordingly. When fraud is suspected, HH's are referred to the Division of Public Assistance Fraud for further investigation and adjudication through the administrative process.

In a January 1994 audit report¹⁴, we reported that the SA was not monitoring or tracking the status of referrals and producing recurring management information on the status of backlogged referrals. The audit reported that (1) the SA had a backlog of 460,600 referrals that represented 115,117 potential FS claims valued at \$57.1 million and (2) it would take the SA over 7-years to clear the backlog. In response to the audit, the SA acknowledged the problem and implemented a management system to track monthly the number of backlogged claim referrals. However, these referrals were not aged.

As of July 31, 2000, the SA still had a backlog of 206,263 claim referrals for all programs. During SFY 2000, the BRU processed 148,064 referrals that resulted in 36,131 claims (24.4 percent). Of the 36,131 claims, 20,704 (57.3 percent) involved FS overpayments that averaged \$512. Based on this average, we estimate that the backlog of FSP claims to be 28,838 valued at \$14,765,078. In SFY 2000, the BRU's processed an average of 12,339 claim referrals per month while they received an average of 11,058 new referrals each month for a net monthly decrease in the backlog of 1,281 referrals. We estimate that over 13-years will be required to eliminate the backlog based on resources and production levels as of July 2000.

On March 28, 1994, the SA received a waiver from FNS that allowed it to raise the threshold for making a FS claim referral from \$35 to \$100. Since then, FNS has allowed the following additional actions.

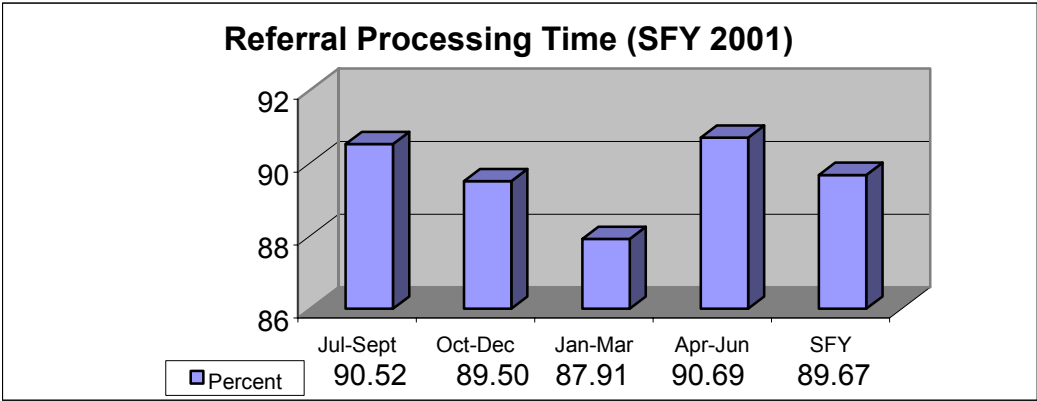
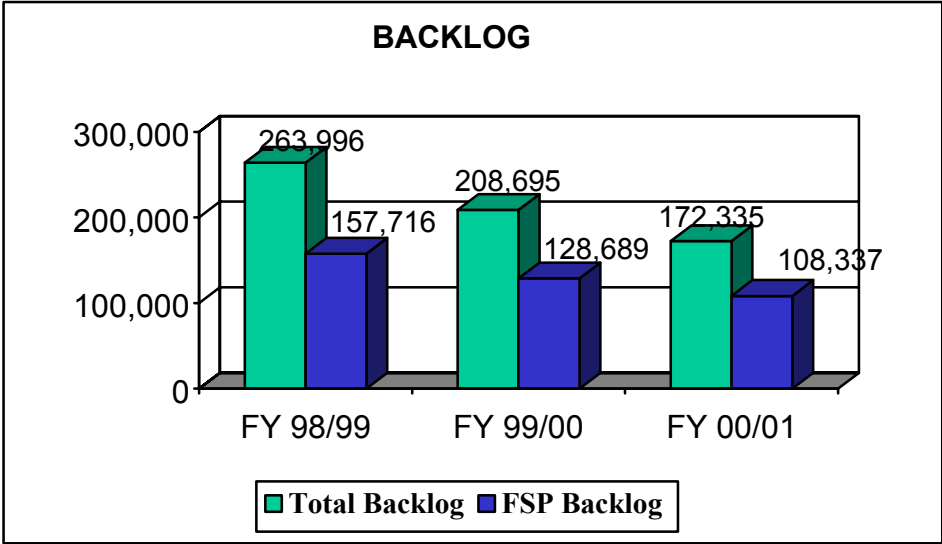
- In May 1997, the SA was allowed to purge 185,451 FSP claim referrals that were over 3 years old, and
- In August 1998, the waiver threshold for making FS claim referrals was increased from \$100 to \$250.

These actions were designed to eliminate the FS claims referral backlog by the end of FY 1998; however, they did not resolve the problem. Raising the over-issuance referral threshold and purging FSP claim referrals artificially reduced the backlog and restricted its growth at the expense of not recovering over issued benefits.

At the August 20, 2001, exit conference, the SA stated that in 1997, FNS approved a special CAP to improve claims management and that they

¹⁴ OIG Report 27013-03-At, January 1994.

were in compliance with the plan. They stated that since 1998, the backlog of all program referrals has decreased 34.7 percent (from 263,996 to 172,335), and the SA was substantially in compliance with timelines standard for processing new FSP claim referrals.¹⁵



The above backlog statistics do not make any distinction between the referrals that were worked from those that were dropped due to age, and the timelines statistics only apply to new referrals received.

Our review showed that the State was not in compliance with several of the FNS corrective action requirements from 1997. The FNS review of the special CAP cited the SA for not addressing inadequate staff to work claim referrals timely and lack of a target date to eliminate the backlog of

¹⁵ 7CFR273.18(d) dated July 2, 2000, requires that the SA establish a claim before the last day of the quarter following the quarter in which the overpayment was discovered and ensure that no less than 90 percent of all claim referrals are either established or disposed of according to this timeframe.

referrals.

- In May 1997, FNS reviewed the claims CAP and provided the following to the State.

...we believe the actions are not sufficient to make substantial improvement. We request that the State submit additional actions which should include: Additional staff for the claims function. Staffing for claims has been reduced by about 35 percent in the last year, in spite of the backlog, which has continued for a number of years. Plans to address the backlog in Dade County and make it current by the end of Federal Fiscal Year 1998. Improvements in Dade can pilot changes for the rest of the State.

- FNS reviewed the SA's revised CAP and on September 30, 1997, responded with the following.

"...we would still like to request revisions to show actions needed. Temporary staff for the claims function – Staffing for claims was reduced by about 35 percent in SFY 1996, in spite of the backlog which has continued for a number of years. The CAP on file commits the State to seek additional staff from the Legislature in the next legislative session. We would appreciate receiving a copy of the analysis by the State, which shows what staff will be requested. Also, we continue to recommend that the State consider temporary assignments as an interim measure. Since caseloads have declined, we believe that some staff should be available for temporary assignments. A commitment to make the backlog of referrals current in Dade County and statewide by the end of FFY 1998. The definition of current would be that claims should be filed by the end of the quarter following the quarter in which the referral is made."

- In a June 1999, ME review FNS stated the following regarding the claims backlog.

Florida did not meet its corrective action commitment to eliminate the backlog by the end of Federal Fiscal Year 1998. The State statistics now show that the number of referrals cleared has increased to a rate which stays abreast of the rate of referrals. The backlog has decreased by dropping old referrals. However, the State still reports a backlog of 158,000 referrals for the Food Stamp program.

Although the backlog has been declining over the last several years, the SA has not provided sufficient BRU staff to timely process the backlog. Since 1996, BRU staff was reduced from 87 to 61 workers (as of July 2000) – a 30 percent decrease. The staffing decrease was incongruous with the continuing large backlog of claim referrals and the SA's past actions to increase the recovery thresholds and purge referrals.

A SA contracted study of the BRU staffing completed in August 2000, recommended shifting the existing BRU staff among the 15 district offices to better process claim referrals. The study did not evaluate the overall staffing level or consider the claim referral backlog issue. However, the study did make the following observation, "that while analyzing the adequacy of current staffing levels was beyond the scope of the review, the findings suggest the current staffing levels are not adequate to perform the current workload."

We interviewed BRU officials at the two districts with the largest backlog of claim referrals to determine why they have been unable to eliminate the backlog. The district BRU officials stated that the backlog was the result of inadequate staffing to process the number of new claim referrals received each month, much less addressing the backlog of referrals. One district official stated that even with the staff increase the unit may receive after the reallocation, she did not believe that the increase would be enough to work both the new referrals and eliminate the backlog of claim referrals.

Federal regulations¹⁶ provide that FNS shall make a determination of the efficiency and effectiveness of a SA's administration of the FS program. If FNS determines that the administration is inefficient or ineffective, it may warn the SA that a suspension and/or disallowance of administrative funding are being considered. After the warning, FNS can suspend or disallow administrative funds.

RECOMMENDATION NO. 5

Formally warn the SA that funds suspension will begin if it fails to develop and implement a plan providing the necessary resources to timely process claim referrals and eliminate the backlog of claim referrals.

Agency Response

In its October 26, 2001, response, FNS stated the following.

¹⁶ 7 CFR 276.4 (a)(1-3), dated January 1, 2000.

“FNS concurs with this recommendation, in part. Prior to issuing any formal warning, program rules require the State be given an advanced notification. Since the last advanced notification of the claims backlog issue was made in January 1997, the Regional Office will issue another advanced notification by November 2, 2001, and furnish OIG a copy. The Regional Office will ensure that the State submits a corrective action plan that provides for substantial reduction in the backlog within one year of the issuance of the audit. We will monitor to ensure that half of the reductions are actually made during the first half of that year. If the State fails to meet the terms of the advanced notification, the process will advance to a formal warning, as required by Section 276.4 of the program regulations.”

Please note that the Regional Office has proposed a working definition of what it means to eliminate or substantially reduce the backlog. Since Florida’s overall performance on establishing and collecting claims is average, or above average, depending on the category, and when compared to other States, we have determined that up to a nine month backlog would be acceptable. The program rules allow States to maintain some backlog and give the Regional Office the authority to approve longer backlog standards if overall claims operation is satisfactory. The nine month standard provides a firm target which would place Florida’s backlog in line with other States that are also high performers overall.

In its November 5, 2001, response, the SA stated the following.

We do not agree with the recommendation. The state has made significant progress in reducing this backlog; data in support of this position is attached and was previously provided to the auditing staff.

OIG Position

The large backlog of claims has continued since the issuance of our prior audit report in January 1994. FNS’ issuance of the advance notification in January 1997 stemmed from that audit report. Although the backlog has been declining over the last several years, it is still substantial and, based on resources as of July 2000, about 13-years would be required to eliminate it. Further, FNS’ ME review attributed to the decrease, in part, to simply “dropping” old refunds.

To achieve a management decision, we need details of the SA's plan to reduce the backlog to no more than 9-months. The plan should not include provisions for purging or dropping old referrals and should include specifics regarding resource commitments and timeframes to meet FNS' 1-year timeframe for reducing the backlog to no more than 9-months.

FINDING NO. 5

**DELINQUENT CLAIMS NOT
SUBJECT TO ALLOTMENT
REDUCTIONS**

Allotment reduction was not always invoked against clients with delinquent claims. Claims workers failed to change the FLORIDA system repayment method code to invoke allotment reduction for HH's who were not repaying their claims. Therefore, benefits of clients with delinquent claims were not subject to allotment reduction. We found that 1,291 claims valued at \$678,532 were not subject to recoupment during our test period.

The SA maintains two claims accounting systems, the BRS and the FLORIDA system. The BRS is used to prepare and report claim balances on the FNS-209 report. The FLORIDA system is used to establish claims, recoup claims from active recipients' benefits, record cash payments, and maintain recipient claim balances. Claim information is first entered into the FLORIDA system and then transferred into the BRS.

The FLORIDA system does not provide an automatic default to select a collection method when a claim was established. The BRU workers send the responsible individual a letter requesting a repayment method. If an individual elects benefit reduction or did not make an election, the worker entered a code into the FLORIDA system to begin allotment reduction. However, if the individual agrees to a repayment plan, a recoupment code is not entered into the FLORIDA system.

Each month the SA performs a match (report BP305L1 Cross Match Report/Active Claimants Not On Recoupment) between the BRS and FLORIDA system to identify individuals with claims that are active in the FLORIDA system, but are not being collected by recoupment. The report is sent to the district offices where collection managers are responsible for ensuring that the claims are being collected. For individuals that fail to submit agreed upon cash payments, BRU workers are required to change the repayment method code in the FLORIDA system to initiate recoupment.

For July 2000, the SA's BP305L1 report identified 4,036 individuals active in the FLORIDA system with an outstanding claim balance of \$2.7 million that were not on recoupment. We selected a statistical sample of 50 cases for review to ensure that the SA was collecting the claims (see exhibit C). We found 16 individuals with claims totaling \$7,237 who

were receiving FS benefits and not repaying their claims. Of the other 34 claims, 20 individuals' claims were being recouped, 1 individual was making cash payments, 2 individuals were making payments on another claim, 1 individual repaid the claim in full, and 10 individuals were not participating in the FS program.

Based on the statistical sample, we estimate that 1,291 claims totaling \$678,532 were not being collected in July 2000 (see table 13).

Table 13

	CLAIMS NOT BEING COLLECTED ¹	SAMPLING PRECISION
Number	1,291	.347
Value	\$678,532	.523
¹ The number and value of claims represents the point estimate.		

Examples of the uncollected claims follow.

Claim A - The BRU worker did not change the payment status for this \$2,820 claim from installment payments to recoupment after the individual failed to make scheduled payments. At the time of our review, the individual had participated in the FSP for eight consecutive months without making payments on the claim.

Claim B - The BRU worker did not update a \$254 claim record when one individual changed to a new HH. At the time of our review, the individual had participated in the FSP for three consecutive months without making payments on the claim.

At the August 20, 2001, exit conference the SA stated that auto-recoupment was being evaluated for possible legal ramifications and for development in the FLORIDA system. The SA further stated that actions had been taken to improve its claims management system by (1) requesting and receiving approval from the State Legislature to implement consolidation of the FLORIDA and BRS systems, (2) contracting with a vendor to evaluate best practices and recommend actions to improve the referral, claims, and collection process, and (3) determining the best strategies to correct the BRS accounts out of balance. The SA has established a June 2002 deadline for completing the necessary system reprogramming.

RECOMMENDATION NO. 6

FS benefits.

Require the SA to program the FLORIDA system to code all new and existing recipient claims for automatic recoupment to ensure collection will begin when an individual receives

Agency Response

In its October 26, 2001, response, FNS stated the following.

FNS basically concurs with this recommendation. It should be pointed out that FS regulations state that State agencies have the option of offering to clients repayment agreements in lieu of benefit reduction. FNS will work with the SA in developing recoupment as the primary action in repayment with repayment agreements in lieu of benefits reduction only if specifically requested by the client with payments regularly made.

In its November 5, 2001, response, the SA stated the following.

We agree with this recommendation.

OIG Position

To achieve a management decision, we need details and timeframes for implementing the recommended action.

FINDING NO. 6

INADEQUATE FSP CLAIM ACCOUNTING SYSTEM

The SA did not accurately report its claims receivable to FNS on the Form FNS-209 report. As of September 30, 2000, the SA's FNS 209 report listed 205,699 claims valued at \$51.1 million. We found that 3,177 claims had understated claim balances resulting in understated receivables of \$490,340. The SA

had not reconciled the BRS with the FLORIDA system to determine an accurate claims balance.

FSP regulations¹⁷ provide that the SA is responsible for maintaining a claims accounting system. This system must include the information necessary to detail the State's activities relating to establishment, collection, and writing-off of claims against HH's. Claim information is reported to FNS on the quarterly FNS-209 report.

We requested the SA to match the BRS and FLORIDA systems to identify the number of FSP claims in the two systems whose balances did not match. The match was performed on November 6, 2000, and reflected the number of claims and balances in the systems on that date. The match identified 3,177 FSP claims that were recorded in both the BRS and

¹⁷ 7 CFR 273.18 (k) (2)), dated January 1, 2000.

FLORIDA systems but the amounts did not balance. The claims balance in the FLORIDA system was \$490,340 more than what was reported in the BRS. Because BRS is used to report claims receivable to FNS, the FNS-209 report is understated by \$490,340 (see table 14.)

Table 14

	NO OF CLAIMS	FLORIDA	BRS	DIFFERENCE
CLAIMS OUT OF BALANCE	3,177	\$2,491,076	\$2,000,736	\$490,340

SA officials attributed the claims management problems to the lack of integrating a claims management system into the FLORIDA system when it was developed. They also stated that they were in the process of integrating all claims activities into the FLORIDA system and planned to eliminate the BRS system. SA officials expect the FLORIDA system's claims redesign and integration to be complete within 3-6 years.

RECOMMENDATION NO. 7

Require the SA to periodically reconcile the FLORIDA and BRS claims data to ensure the accuracy of data maintained in both systems.

Agency Response

In its October 26, 2001, response, FNS stated the following.

FNS concurs with this recommendation. The SERO Grants Management Section will monitor the FNS-209's each quarter for accuracy. We will require an (1) updated list of claims that are in BRS but are not in FLORIDA, (2) claims in FLORIDA that are not in BRS and (3) claims in both systems with different balances.

In its November 5, 2001, response, SA stated the following.

We do not agree with this recommendation. A quarterly data run to identify accounts that are out of balance is already in place and accounts are being reconciled on a daily basis.

OIG Position

To achieve a management decision, we will need details and timeframes of how differences will be reconciled and correct balances reported on the FNS-209 report.

RECOMMENDATION NO. 8

Require the SA to develop and implement a specific plan for one FSP claims management system.

Agency Response

In its October 26, 2001, response, FNS stated the following:

FNS will continue to insist that the State agency implement a single system. On a quarterly basis, the State must report all efforts taken since our review toward a single system and a projected date for implementation. Once the single system is implemented, we will visit the State agency to make certain the FNS-209 reports are accurate.

In its November 5, 2001, response, the SA stated the following.

We do not agree with this recommendation. We have begun the development of a new computer system that will facilitate the convergence of the current dual systems and have already reported our activity in this area to USDA FNS. Development of the new system has been underway since April 2001.

OIG Position

To achieve a management decision, we need timeframes for implementation of the single claims system.

RECOMMENDATION NO. 9

Until the system redesign is complete, require the SA to implement control to ensure accurate FNS-209 report data.

Agency Response

In its October 26, 2001, response, FNS stated the following:

SERO Grants Management Section will ensure accurate FNS-209 report data via quarterly monitoring. The fourth quarter FY 2001 FNS-209 is due in the Regional Office in November 2001. At that time we will require the State to document efforts made in reconciling the BRS and Florida systems as well as efforts toward a single system (see recommendation responses #8 and #9).

In its November 5, 2001, response, the SA stated the following.

We do not agree with this recommendation. We already have in place a monthly reconciliation process that ensures all entries made to the FLORIDA system that should be reflected in the FNS-209 report are downloaded to the BRS system for inclusion in the FNS-209. At the exit conference we provided auditors a sampling which we feel shows our FNS-209 to be accurate. Additionally, an audit conducted by FNS in April 2001 noted that our FNS-209 contained no discrepancies.

OIG Position

To achieve a management decision, we will need details and timeframes of how differences will be reconciled and correct balances reported on the FNS-209 reports.

EXHIBIT A – SUMMARY OF MONETARY RESULTS

FINDING NO.	DESCRIPTION	AMOUNT	CATEGORY
4	Claim Referral Backlog	\$14,765,078	FTBPTBU: ¹ Management or Operating Improvement
5	Claims Not Being Recouped	\$678,532	FTBPTBU: ¹ Management or Operating Improvement
6	Claims Receivable Understatement	\$490,340	Accounting Classification Errors
¹ Funds To Be Put To Better Use			

EXHIBIT B – STATE OF FLORIDA FY 2000 CAP

Page 1 of 2

INITIATIVES/SUB-ISSUES	COMPLETION DATE
1. Develop and implement FY 99-00 monitoring plan	Ongoing ¹
1.3 Include review of change reporting procedures	Ongoing ¹
1.4 Conduct a review of application processing time standards and program access	Ongoing ¹
2. Implement district level monitoring plans	Ongoing
2.1 Encourage use of the First Party Review	Ongoing
2.2 Continue Second Party Review (SPR)	Ongoing
2.3 Implement standardized food stamp targeted reviews and reporting	Ongoing
3. Provide QC data analysis to districts	Ongoing ¹
3.1 Maintain data base for compiling QC data	Ongoing ¹
3.2 Provide error summary reports to district staff monthly	Ongoing ¹
3.3 Provide ad hoc reports and trend analysis to districts	As Needed ¹
4. Provide timely action on reported information	Ongoing
4.1 Continue to utilize reported change worker(s) where feasible	Ongoing
4.3 Continue district initiatives to complete alerts and expected changes	Ongoing
4.4 Continue district initiatives to timely process Data Exchange alerts	Ongoing
4.5 Implement change reporting centers	Ongoing
4.6 Pursue simplified food stamp program for TCA HH	Ongoing ²
4.7 Pursue alignment of food stamp and TCA policy/procedures	After FLORIDA ² system delinkage
5. Aggressively pursue misspent funds	Ongoing
5.1 Continue Front-End Fraud Prevention (FFP) initiatives to eliminate error prone cases from initial approval	Ongoing
¹ Basic program requirements	
² National changes to program policies	

INITIATIVES/SUB-ISSUES	COMPLETION DATE
6. Provide staff with management tools needed to improve efficiency and effectiveness	Ongoing
6.1 Assist in the implementation of data broker and change reporting centers by providing technical support and expertise	Ongoing
6.2 Institute data exchange at client registration	Ongoing
6.3 Continue to improve FLORIDA system programming	Ongoing
6.4 Provide access to data warehouse	Ongoing
6.5 Fix the management screen to improve the detection of income discrepancies	Ongoing
6.6 Provide "Tip of the Day" to all FLORIDA users	Ongoing
7. Implement competency-based pay plan	Ongoing ³
7.3 Expand coverage groups beyond the public assistance specialist and supervisor positions	Will Begin After 07/01/00 ³
8. Develop and implement training plan	Ongoing ¹
8.1 Maintain standardized pre-service training modules	Ongoing ¹
8.3 Develop and implement training evaluation plan	Ongoing ¹
9. Continue statewide and service center quality improvement committees	Ongoing
10. Implement customer awareness of rights and responsibilities	Ongoing
11. Implement data brokering service to obtain information on unreported income and assets	Pilot Implemented 11/15/99
12. Utilize ad hoc reports to identify error-prone conditions requiring case actions	Ongoing
13. Continue Project Recall, Project Uniform and other local error reduction activities listed in district quality improvement plans	Ongoing
³ Worker Benefits	

EXHIBIT C – STATISTICAL SAMPLING PLAN

Page 1 of 2

Sample Design - The statistical sample design for this audit was a simple random sampling scheme where a FSP claim was selected from a universe of food stamp claims that were active in the FLORIDA system which were not being recouped. A 95 percent lower one-sided confidence level was used in this review. There was no stratification of these 4,036 FS claims. All FS claims were selected with equal probability without replacement.

Universe – In July 2000, the SA performed a match between the BRS and FLORIDA system to identify FS claims (intentional program violations and inadvertent HH errors) that were active in the FLORIDA system and were not being recouped. The match identified a total of 4,036 FS claims (universe).

Sample Unit - A sample unit was defined as a FS claim from the universe of 4,036 FS claims.

Sample Size - A sample size of 50 FS claims was selected.

Variables and Attributes - We reviewed each sampled claim to determine if the client was participating in the FSP, or was only active in other benefit programs within the FLORIDA system. For those participating in the FSP, we determined whether the individual was repaying their claim. For claims not being repaid, we determined the amount of the claim.

Point Estimate - The primary statistic used in the report is a point estimate – our best statistical estimator. The point estimate is a projection of the total amount or number of occurrences of the sample variable in the universe. The 95 percent lower one-sided confidence level and the precision are given for the point estimate (see Schedule below).

CLAIMS NOT BEING COLLECTED			
	Point Estimate	Lower Estimate	Sampling Precision
Number	1,291	843	.347
Value	\$678,532	\$323,350	.523

Statistical Analysis – All statistical sample design, selection, and statistical estimation were accomplished on a DELL Pentium Personal Computer using SAS and SUDAAN. The statistical estimates used for projections along with their standard errors were

produced using the Windows version of SUDAAN, a software system that analyzes sample survey data gathered from complex multistage sample designs. SUDAAN was written by B.V. Shah of Research Triangle Institute, Research Triangle Park, North Carolina.

The term sample precision (SP), as used in the report for estimating totals and number of occurrences, is defined as:

$$SP = \frac{T * STDERR}{PTEST}$$

where

- T - t factor for a 95 percent one-sided confidence level
- PTEST - point estimate (average or number of occurrence)
- STDERR - standard error of the point estimate

EXHIBIT D – FNS RESPONSE TO THE DRAFT REPORT

Page 1 of 5



United States Department of Agriculture
Food and Nutrition Service

Southeast Region

Date: October 26, 2001

Subject: Food and Nutrition Service (FNS) – Florida Food Stamp Program, Tallahassee, Florida
Audit Report No. 27004-At

To: Raymond G. Poland 311
Regional Inspector General for Audit
Office of Inspector General, USDA
Atlanta, Georgia

Thank you for the opportunity to comment on the above-referenced official draft audit report. Our comments will follow the ten recommendations.

Recommendation #1: *Require the State Agency (SA) to include in the Corrective Action Plan (CAP) all the mandatory components. If sufficient details are not provided, FNS should begin sanctions as provided under 7 CFR 276.*

FNS concurs with this recommendation. We concur that the mandatory components at 7 CFR 275.17 (b) should be included in the CAP. This does include a requirement that the Plan be open ended.

FNS will ensure that the November 2001 CAP contains all mandatory components. A letter (attached) has been sent to the SA reminding them of the required elements in the CAP. Upon submission of an acceptable CAP, which is due in November 2001, management decision will be requested.

The sanction process will be begun within 60 days if all mandatory components are not contained in the November 2001 CAP.

Recommendation #2: *Require the SA to prepare a CAP that provides specific descriptions of deficiencies identified and specific corrective actions designed to target payment errors caused by wages and salaries, shelter expenses, and unearned income errors.*

FNS concurs with this recommendation. We agree that sufficient details should be provided in the CAP that identify and address corrective actions for the top three causal factors that contribute to the payment error rate. The letter referenced in Recommendation #1 includes language that specific correction actions relative to wages and salaries, shelter expenses and unearned income must be included in the CAP. It was further suggested that activities negotiated in the Reinvestment Agreement that address the payment error rate should be referenced in the CAP.

Raymond G. Poland

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Recommendation #3: *Require the SA to develop a program to match the FLORIDA system with the CSE (Child Support Enforcement) records and to produce an alert to the Eligibility Worker (EW) whenever a mismatch occurs.*

FNS concurs with this recommendation to the extent that mismatched amounts should be reconciled. We will provide technical assistance to Florida in developing this recommendation or a reasonable alternative to identify mismatched information for immediate action. A program review to include this element will be conducted in the third quarter of Fiscal Year (FY) 2002. If the process is not in place by the time of this review, corrective action with a specific due date will be included in the review report.

Recommendation #4: *Require the SA to include in its CAP specific actions to target EW payment errors with timeframes and evaluation and monitoring procedures to ensure their implementation and effectiveness.*

FNS concurs with this recommendation. However, it should be noted that the SA has made significant improvements in payment accuracy over the past ten years improving from a \$98 million sanction to an error rate below the national average and no sanction.

This requirement to include specific action to target EW payment errors is included in our letter of October 26, 2001, regarding the CAP referenced in Recommendation #1. In this letter we further recommended that the Reinvestment Plan be referenced in the CAP to tie all State activities directed at error rate reduction in one comprehensive document. FNS will assure that these elements are contained in the November 2002 Florida CAP.

Recommendation #5: *Formally warn the SA that funds suspension will begin if it fails to develop and implement a plan providing the necessary resources to timely process claim referrals and eliminate the backlog of claim referrals.*

FNS concurs with this recommendation, in part. Prior to issuing any formal warning, program rules require the State be given an advanced notification. Since the last advanced notification of the claims backlog issue was made in January 1997, the Regional Office will issued another advanced notification by November 2, 2001, and furnish OIG a copy. The Regional Office will ensure that the State submits a corrective action plan that provides for substantial reduction in the backlog within one year of the issuance of the audit. We will monitor to ensure that half of the reductions are actually made during the first half of that year. If the State fails to meet the terms of the advanced notification, the process will advance to a formal warning, as required by Section 276.4 of the program regulations.

Please note that the Regional Office has proposed a working definition of what it means to eliminate or substantially reduce the backlog. Since Florida's overall performance on establishing and collecting claims is average, or above average, depending on the category, and when compared to other States, we have determined that up to a nine month backlog would be

Raymond G. Poland

Page 3

acceptable. The program rules allow States to maintain some backlog and give the Regional Office the authority to approve longer backlog standards if overall claims operation is satisfactory. The nine month standard provides a firm target which would place Florida's backlog in line with other States that are also high performers overall.

Recommendation #6: *Require the SA to program the FLORIDA system to code all new and existing recipient claims for automatic recoupment to ensure collection will begin when an individual receives FS benefits.*

FNS basically concurs with this recommendation. It should be pointed out that FS regulations state that State agencies have the option of offering to clients repayment agreements in lieu of benefit reduction. FNS will work with the SA in developing recoupment as the primary action in repayment with repayment agreements in lieu of benefit reduction only if specifically requested by the client with payments regularly made.

Recommendation #7: *Require the SA to ensure that all claims are entered into FLORIDA system.*¹

FNS agrees with this recommendation. This will be an element for review during the FY 2002 Claims Review that will be conducted during the fourth quarter by SERO staff. If all claims are not entered on the FLORIDA system at the time of the review, this will be cited as a review finding in the claims review report. Specific timeframes for accomplishing this objective will be set with periodic follow-up. When the final audit is released, the State will be instructed to have all cases entered into the FLORIDA system by the time of the scheduled Claims Review.

However, please note that if any claim has not had a collection within the last ten years and is for a client that is not participating so that recoupment is therefore not possible, then the State should instead write the claim off.

Recommendation #8: *Require the SA to periodically reconcile the FLORIDA and BRS claims data to ensure the accuracy of data maintained in both systems.*¹

FNS concurs with this recommendation. The SERO Grants Management Section will monitor the FNS-209's each quarter for accuracy. We will require an (1) updated list of claims that are in BRS but are not in FLORIDA, (2) claims in FLORIDA that are not in BRS and (3) claims in both systems with different balances.

Recommendation #9: *Require the SA to develop and implement a specific plan for one FSP claims management system.*¹

FNS will continue to insist that the State agency implement a single system. On a quarterly basis, the State must report all efforts taken since our review toward a single system and a projected date

¹Based on information provided at the exit conference, Recommendation No. 7 was deleted from the draft report. Therefore, Recommendation Nos. 8, 9, and 10 become Nos. 7, 8, and 9 in this final report.

Raymond G. Poland

Page 4

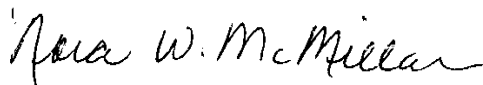
for implementation. Once the single system is implemented, we will visit the State agency to make certain the FNS-209 reports are accurate.


Recommendation #10: *Until the system redesign is complete, require the SA to implement control to ensure accurate FNS-209 report data.*¹

SERO Grants Management Section will ensure accurate FNS-209 report data via quarterly monitoring. The fourth quarter FY 2001 FNS-209 is due in the Regional Office in November 2001. At that time we will require the State to document efforts made in reconciling the BRS and FLORIDA systems as well as efforts toward a single system (see recommendation responses #8 and #9).

Should you or your staff have any questions on this matter, please have them call Tim Shedd of our staff at 404-562-7034.

Sincerely,



 GILBERT CAMACHO
Regional Director
Food Stamp Program

Attachment



United States
Department of
Agriculture

Food and
Nutrition
Service

Southeast Region

61 Forsyth St. S.W.
Room 8T36
Atlanta, GA
30303-3415

Judge Keathleen A. Kearney, Secretary
Department of Children and Families
1323 Winewood Boulevard, Bldg. 1, Rm 227
Tallahassee, Florida 32399-0700

October 26, 2001

Dear Judge Kearney:

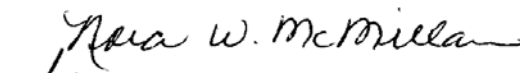
I am writing in regard to Florida's Corrective Action Plan (CAP) due in November 2001. Federal Regulations at 275.16 define the mandatory components that are to be included in a State CAP. In addition, the forthcoming audit by the USDA Inspector General details several required elements. In our response to the audit, we asserted that we would ensure that the Florida CAP contain the mandatory components. The audit specifically mentioned that the CAP should include:

- Specific correction actions designed to target payment errors caused by wages and salaries, shelter expenses, and unearned income errors.
- Specific actions to target EW payment errors with timeframes and evaluation monitoring procedures to ensure implementation.

It was agreed that if these elements were included in the November 2001 CAP that Florida would be in compliance and formal warning action would not be necessary. We look forward to working with you in developing a CAP that meets all statutory requirements. It would, perhaps, be helpful to reference the Reinvestment Plan at appropriate places in the CAP.

Should you or your staff have any questions on this matter, please have them call Tim Shedd of our staff at (404) 562-7034.

Sincerely,


GILBERT CAMACHO
Regional Director
Food Stamp Program

AN EQUAL OPPORTUNITY EMPLOYER

EXHIBIT E – SA RESPONSE TO THE DRAFT REPORT

Page 1 of 16



Jeb Bush
Governor

Kathleen A. Kearney
Secretary

November 5, 2001

Mr. Raymond G. Poland
Regional Inspector General
Office of Inspector General
Southeast Region – Audit
401 W. Peachtree Street, Suite 2328
Atlanta, Georgia 30308

SUBJECT: Audit 27004-3-AT Food and Nutrition Service - Florida Food Stamp Program, Tallahassee, Florida.

Dear Mr. Poland:

This is in response to your September 27 letter regarding the official draft on the above audit. Attached, please find our response to each of your recommendations.

If you have any questions, you may contact Paul Bartlett at (850) 921-9115.

Sincerely,

A handwritten signature in cursive script that reads "Linda G. Dilworth".

Linda G. Dilworth
Director,
Economic Self-Sufficiency Services

1317 Winewood Boulevard • Tallahassee, Florida 32399-0700

*Working in partnership with local communities to help people be self-sufficient
and live in stable families and communities.*

**RESPONSE TO AUDIT REPORT NUMBER 27004-3-AT
RECOMMENDATIONS
FOOD STAMP CLAIMS MANAGEMENT**

RECOMMENDATION NO. 1: Require the SA to include in the CAP all of the mandatory components.

Agency Response:

We believe that we have already complied with this recommendation. We have attached an updated version of the state CAP. This plan was reviewed by the Tallahassee FNS Field Office staff on September 17 (correspondence attached).

RECOMMENDATION NO. 2: Require the SA to prepare a CAP that provides specific descriptions of deficiencies designed to target payment errors caused by wages and salaries, shelter expenses, and unearned income errors.

Agency Response:

We believe that we have already complied with this recommendation. Please refer to the revised CAP. The plan is based on the targeting of high error elements with a focus on all error elements. We have added two additional columns to the plan. One is headed "Targeted Error/Deficiency" and the other is "Focus of the Error/Deficiency". This information is listed beside each error reduction activity. The last page of the CAP is the Error Deficiency Chart and provides a key to these columns. The primary Focus of all corrective action is directed toward earned and unearned income and shelter expense errors.

RECOMMENDATION NO. 3: Require the SA to develop a program to match the FLORIDA system with the CSE records to produce an alert to the EW whenever a mismatch occurs.

Agency Response:

We agree with this recommendation. Programming has been requested to comply with this recommendation.

RECOMMENDATION NO. 4: Require the SA to include in its CAP specific actions to target EW payment errors with timeframes and evaluation and monitoring procedures to ensure their implementation and effectiveness.

Agency Response:

We believe that we have already complied with this recommendation. The CAP has been amended to clarify the targeting of EW payment errors. The monitoring of Florida's field staff has always been captured and evaluated as a corrective action activity.

RECOMMENDATION NO. 5: Formally warn the SA that funds suspension will begin if it fails to develop and implement a plan providing the necessary resources to timely process claim referrals and eliminate the backlog of claim referrals.

Agency Response:

We do not agree with the recommendation. The state has made significant progress in reducing this backlog; data in support of this position is attached and was previously provided to the auditing staff.

RECOMMENDATION NO. 6: Require the SA to program the FLORIDA system to code all new and existing recipient claims for automatic recoupment to ensure collection will begin when an individual receives FS benefits.

Agency Response:

We agree with this recommendation.

RECOMMENDATION NO. 7: Require the SA to ensure that all claims are entered into the FLORIDA system.

Agency Response:

We do not agree with this recommendation. A quarterly data run to identify non-converted accounts is in place. A review and process procedure is active statewide. We disagree with the recommendation to convert all accounts as many of these have had no activity in many years and it is not cost effective to waste limited resources on activities that generate no revenue.

RECOMMENDATION NO. 8: Require the SA to periodically reconcile the FLORIDA and BRS claims data to ensure the accuracy of data maintained in both systems.

Agency Response:

We do not agree with this recommendation. A quarterly data run to identify accounts that are out of balance is already in place and accounts are being reconciled on a daily basis.

RECOMMENDATION NO. 9: Require the SA to develop and implement a specific plan for one FSP claims management system.

Agency Response:

We do not agree with this recommendation. We have begun the development of a new computer system that will facilitate the convergence of the current dual systems and have already reported our activity in this area to USDA FNS. Development of the new system has been underway since April 2001.

RECOMMENDATION NO. 10: Until the system redesign is complete, require the SA to implement control to ensure and accurate FNS-209 report.

Agency Response:

We do not agree with this recommendation. We already have in place a monthly reconciliation process that ensures all entries made to the FLORIDA system that should be reflected in the FNS-209 report are downloaded to the BRS system for inclusion in the FNS-209. At the exit conference we provided auditors a sampling which we feel shows our FNS-209 to be accurate. Additionally, an audit conducted by FNS in April 2001 noted that our FNS-209 contained no discrepancies.



United States
Department of
Agriculture

Food and
Nutrition
Service

SEP 26 2001

227 N. Bronough St.
Room 3086
Tallahassee, FL
32301

**Ms. Linda Dilworth, Director
Department of Children and Families
1317 Winewood Boulevard, Bldg. 3, Rm. 400
Tallahassee, Florida 32399-0700**

Dear Ms. Dilworth:

On September 17 Roman Angel and Jeannette Grenier of the USDA FNS, Tallahassee Field Office conducted the yearly Corrective Action Review for the State of Florida. They met with Ellen Ransdell, Paul Bartlett and Larry Myers, of the State's Quality Assurance Unit.

The following is a summary of our discussion:

The State of Florida's corrective action team is not divided into "committees" per se. Rather, they have a Quality Assurance Unit at the State level which works closely with FNS in Atlanta, with the state's District Offices and individual unit supervisors in developing and implementing their corrective action plans.

The Quality Assurance Unit is headed by Larry Myers. The QA Unit visits each district in the State at least once a year, and the Miami district three times a year. QA obtains data/error reports from these districts, and monitors each individual district's performance relating to areas such as time standard accuracy.

The State's Quality Control Unit reads sample cases statewide, and provides the QA Unit with monthly reports of errors found. The Quality Control Unit gets the big picture i.e. "most client errors involve earned income." This information is disseminated to the districts quarterly to keep them aware of what is going on Statewide as well as at their level.

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Linda Dilworth

-2-

Regular communication between the various units is maintained at all levels relating to corrective action through quarterly meetings, as well as through teleconferencing and e-mail. District units meet monthly if not more often. The minutes of these meetings are taken and maintained.

Attached is the State of Florida's Quality Improvement Plan, which was a cooperative effort of FNS in Atlanta and the State Staff. The enclosed graphs show the State's "Quality Error Reduction Process," and the process for dealing with failures to implement changes to improve error rates. We have also been provided with staff structure charts for Florida's Department of Children and Families Economic Self-Sufficiency Services "Program Policy Unit" and "Technologies and Systems Development staff" which are involved in ongoing corrective action activities.

In conclusion, it is our determination that Florida's Department of Children and Families has a very good system in place for continuous monitoring of Food Stamp Program activities at the State, County and District levels, and for implementing needed corrective action to improve the quality of service to Food Stamp Program applicants and clients in this State.

Sincerely,



John Butler
Officer-in-Charge
Tallahassee Field Office

cc:

Gil Camacho, Regional Director, FS Program
Art Trotter, Director, Field Operations, SERO
File

2001 - 2002 QUALITY IMPROVEMENT PLAN

Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/ Deficiency	Focus Error/ Deficiency	Date Initiated	Progress to Date	Status	Evaluation / Assessment	Frequency/ Completion Date
Central Office (PDES/QA)	1.0 Develop and Implement FY 01-02 monitoring plan. (Monitoring)	CFR, QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1-P5	EE1 - EE22, P1 - P5, C1 - C3	09/01 *	FFY 00-01 Monitoring Complete.	FFY 01-02 Monitoring Plan Complete. Target and Focus Deficiencies Identified	A comparative analysis of Monitoring Data, QC Error Rates, and Audit Findings shows consistent improvement in targeted and focused error rate reduction.	Annually
Central Office (PDES/QA)	2.0 Identify scope of state office level monitoring for FY 01-02. (Monitoring)	CFR, QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1-P5	EE1 - EE22, P1 - P5, C1 - C3	09/01 *	FFY 00-01 Monitoring Complete.	FFY 01-02 Complete	A comparative analysis of Monitoring Data, QC Error Rates, and Audit Findings shows consistent improvement in targeted and focused error rate reduction. Scope is being adjusted to include new initiatives and findings.	Annually
Central Office (PDES/QA)	2.1 Conduct operational reviews in all districts targeting service centers to maximize impact on error rate. (Monitoring)	QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1-P5	EE1 - EE22, P1 - P5, C1 - C3	10/01 *	FFY 00-01 Monitoring Complete.	FFY 01-02 Schedule Complete.	Based on Analysis of FFY 2001 Monitoring Data and QC Sampling Results FFY 2002 Monitoring has been adjusted to target those Service Centers requiring assistance.	Monthly with annual roll-up
Central Office (PDES/QA)	2.2 Utilize and Target FNS ME priority areas in both State and District/Region Monitoring Plans. (Monitoring)	QC Error Reports, Audits	EE1, EE6, EE15, EE17, EE19, EE21, P1-P5	EE1 - EE22, P1 - P5, C1 - C3	09/01 *	FFY 00-01 Complete.	FFY 01-02 Incorporation Complete.	Focus of FFY 00-01 was on Target. Results are reflected in Reduced Error Rate. FFY 2002 FNS ME priority's have been incorporated into the State's CAP and Monitoring Plans.	Monthly

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2001 - 2002 QUALITY IMPROVEMENT PLAN

Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/Deficiency	Focus Error/Deficiency	Date Initiated	Progress to Date	Status	Evaluation / Assessment	Frequency/Completion Date
Central Office (PDES/QA) 2.3	Ensure Program Access for TANF Leavers through targeted monitoring. (Monitoring/Corrective Action)	QC Error Reports, Audits, ME's	P2, P3	EE1	10/01 *	FFY 00-01 Complete	FFY 01-02 Focus is Established in Monitoring Plan.		Monthly
Central Office (PDES/QA) 2.4	Focus on and include review of change reporting procedures in State and District Monitoring Plans. (Monitoring/Corrective Action)	QC Error Reports, Audits, ME's	C1, C2, EE1, EE6, EE15, EE17, EE19, EE21, P1- P4	EE1 - EE22, P1 - P5, C1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Focus is Established in Monitoring Plan.	A comparative analysis of Monitoring Data, QC Error Rates, and Audit Findings shows higher performance in units and areas with good change reporting procedures. Targets have been adjusted to include sites with low change reporting performance data.	Monthly
Central Office (PDES/QA) 2.5	Incorporate into the Monitoring Plan all policy changes throughout the year. (Monitoring/Corrective Action)	QC Error Reports, Audits, ME's	P2		10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated	The Quality Assurance Unit incorporates all Policy Changes into the Monitoring Plan throughout the year thereby insuring and verifying that the District/Regional Offices are implementing in a timely manner.	As Published
Central Office (PDES/QA) 2.6	Provide ME Monitoring Annual Roll-up Report. (Monitoring/Corrective Action)	QC Error Reports, Audits, ME's	EE1 - EE22, P1 - P4, C1 - C3	EE1 - EE22, P1 - P4, C1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Data Collection has been initiated.	FFY 2001 Roll-up was included in comparative analysis. Results were used to target and focus corrective actions for FFY 2002.	Annually

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2001 - 2002 QUALITY IMPROVEMENT PLAN

Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/ Deficiency	Focus Error/ Deficiency	Date Initiated	Progress to Date	Status	Evaluation / Assessment	Frequency/ Completion Date
Central Office (PDES/QA)	3.0 Provide QC data analysis to districts monthly. (Monitoring)	All QC Reported Errors with Emphasis on High Error Elements.	EE1, EE6, EE15, EE17, EE19, EE21, P1- P5	EE1 - EE22, P1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated	Results of analysis was used to refocus corrective actions to low performance areas.	Monthly
Central Office (PDES/QA)	3.1 Maintain data base for compiling QC data. (Monitoring)	All QC Reported Errors with Emphasis on High Error Elements	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated	Detailed Analysis has identified high error elements and Districts are utilizing data to make programmatic and operational changes to address deficiencies.	Monthly
Central Office (PDES/QA)	3.2 Provide ad hoc reports to district staff quarterly. (Monitoring)	All QC Reported Errors with Emphasis on High Error Elements.	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated	Detailed Analysis has identified high error elements and Data is summarized for Districts/Region. Districts/Region are utilizing data to make programmatic and operational changes to address deficiencies.	Quarterly
Central Office (PDES/QA)	3.3 Provide ad hoc reports and trend analysis to districts. (Monitoring/Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements.	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated.	Queries are run as required and requested by the Districts/Region. Detailed Analysis of extracted Data has identified high error elements and Processes. Districts/ Region are utilizing data to make programmatic and operational changes.	As Required

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2001 - 2002 QUALITY IMPROVEMENT PLAN

Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/Deficiency	Focus Error/Deficiency	Date Initiated	Progress to Date	Status	Evaluation / Assessment	Frequency/Completion Date
DISTRICT	4.0 Implement District Level Monitoring Plans. (Monitoring/Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements.	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - P5, C1 - C3	FFY 00-01 * 10/01	FFY 00-01 Complete.	FFY 01-02 Initiated.	District/Region Monitoring Plans have been implemented. These plans have been standardized to further enhance data collection and performance measurement. Evaluation of Standardization will be evaluated at the end of FFY 2002.	Annually
Central Office (PDES/BQA) DISTRICT	4.1 Standardized Monitoring. (Monitoring/Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements. Earned/Unearned Income, Shelter and Utilities	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - P5, C1 - C3	Pilot begun 01/01. Statewide Roll Out begun 09/01.	Project Developed and initiated in 01/01. Piloted in SunCoast Region.	Statewide Roll Out 09/01.	Project provides a larger sample than the QC specific error prone elements. The pilot has revealed that it significantly reduces errors. Further evaluation of Standardization will be completed at the end of FFY 2002.	Roll out Completion scheduled for 10/01. Evaluation scheduled for 09/02
Central Office (PDES/BQA) DISTRICT	4.2 Mandate use of First Party Review for PAS In training and 60 days following, or on a Performance Improvement Plan. (Monitoring/Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements.	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - P5, C1 - C3	FFY 00-01 * 10/01	FFY 00-01 Complete.	FFY 01-02 Initiated.	With Standardized Case Review and Monitoring this process is now mandatory. Analysis of the process indicated its effectiveness would be enhanced with the implementation of standardization. Further evaluation will be completed at the end of FFY 2002.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing

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2001 - 2002 QUALITY IMPROVEMENT PLAN

Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/ Deficiency	Focus Error/ Deficiency	Date Initiated	Progress to Date	Status	Evaluation/ Assessment	Frequency/ Completion Date
DISTRICT	4.3 Continue Targeted Second Party Review (SPR) in all districts. (Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements. Earned/Unearned income, Shelter and Utilities	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - C3	10/01 *	FFY 00-01 Complete.	FFY 01-02 Initiated.	Based on Analysis of FFY 2001 Monitoring Data and QC Sampling Results targeted SPR has proven effective within high error prone units by significantly reducing errors.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing
DISTRICT	4.4 Utilize human service analysts and GOC's for additional case reviews. (Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements. Earned/Unearned income, Shelter and Utilities	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - C3	10/01	FFY 00-01 Complete.	FFY 01-02 Initiated.	Based on Analysis of FFY 2001 Monitoring Data and QC Sampling Results this process has proven to be effective when targeted within specific units or where EIWs require remedial training and focus.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing
DISTRICT	4.5 Conduct case reviews to validate SPR findings. (Monitoring/Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements. Earned/Unearned income, Shelter and Utilities	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4, P5	EE1 - EE22, P1 - C3	10/01	FFY 00-01 Complete.	FFY 01-02 Initiated.	This process insures consistency in case reading and Analysis of FFY 2001 Monitoring Data and QC Sampling Results it has proven to be effective when targeted within specific units	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing

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2001 - 2002 QUALITY IMPROVEMENT PLAN

Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/Deficiency	Focus Error/Deficiency	Date Initiated	Progress to Date	Status	Evaluation / Assessment	Frequency/Completion Date
DISTRICT	5.0 Timely Action on Reported Information. (Monitoring/Corrective Action)	QC Error Reports, Audits, ME's	C1, C2, EE1, EE6, EE15, EE17, EE19, EE21, P1, P5	EE1 - EE22, P1 - P3, C1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated.	Reviews of performance data and monitoring assist in targeting PAS's and Units not taking timely action on reported information. Districts then initiate corrective actions to enhance performance.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing
DISTRICT	5.1 Continue to utilize reported change worker(s) and systems where feasible. (Corrective Action)	QC Error Reports, Audits, ME's	P1	C1 - C3	10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated.	The State funded two pilot Projects. These projects resulted in a 96.8% timeliness rate. Other Districts have begun utilizing change workers and systems where fiscally possible with same or similar results.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing
DISTRICT	5.2 Continue district initiatives to complete alerts and expected changes. (Corrective Action)	QC Error Reports, Audits, ME's	EE3, EE6, EE12, EE13, EE16, EE18, EE21	P1 - P3	10/01 *	FFY 00-01 Complete	FFY 01-02 Initiated.		FFY 01-02 Evaluation scheduled for 09/02 and Ongoing
Central Office (PDESB/QA)	5.3 Continue to implement and evaluate change reporting centers. (Monitoring/Corrective Action)	QC Error Reports, Audits, ME's	P1	C1 - C3	Pilot 10/99	FFY 00-01 Complete.	FFY 01-02 Initiated.	The State funded two pilot Projects. These projects resulted in a 96.8% timeliness rate. Other Districts have begun utilizing change workers and systems where fiscally possible with same or similar results. Evaluation scheduled for 09/02.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing

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Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/ Deficiency	Focus Error/ Deficiency	Date Initiated	Progress to Date	Status	Evaluation / Assessment	Frequency/ Completion Date
Central Office (PDES/R)	5.4 Evaluate effectiveness through state/district monitoring visits and analysis of QC data. (Monitoring/Corrective Action)	QC Error Reports, Audits, ME's	EE1, EE6, EE8, EE15, EE17, EE19, EE21, P1- P5	EE1 - EE22, P1 - P5, C1 - C3	10/01 *	FFY 00-01 Complete	Ongoing		FFY 01-02 Ongoing
DISTRICT/ Central Office (PDES/R)	6.0 Aggressive Pursuit of Misspent Program Funds.	FAIR Reports; Worker Referrals; Data Matching Projects;	EE1,3,6,7,8,11,12, 4,15,17,18,19,20,21,22	EE1,3,6,7,8,11,12, 4,15,17,18,19,20,21,22	10/01 *	FFY 00-01 Complete	Ongoing contract with FDLE, Public Assistance Fraud Unit	Contract performance review and dollars identified as fraud.	FFY 01-02 Ongoing
DISTRICT/ Central Office (PDES/R)	6.1 Continue Front-End Fraud Prevention (FFP) initiatives to eliminate error prone cases from initial approval.	Error-Prone Profiles; FAIR Reports; Worker Referrals	EE1,3,6,7,8,11,12, 4,15,17,18,19,20,21,22	EE1 - EE21, P1 - P5, C1,2,3	10/01 *	FFY 00-01 Complete	Ongoing	Performance Review of dollars not misspent and cases investigated	FFY 01-02 Ongoing
PDES/BQ/PDES/R	6.2 Develop error-prone profile. (Corrective Action)	QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1, P3, P4	EE1 - EE21, P1 - P5, C1 - C3	Pilot initiated 09/00.	Second Beta version fielded.	Pilot of Second Beta to continue through 12/01. Projected Statewide implementation is 01/02.	Evaluation of Pilot Project to date reveals significant cost savings as well as increased case error performance. Further refinement of the product will be evaluated and decision made on statewide deployment.	Scheduled completion 12/01.
Central Office/District/ Training	7.0 Comprehensive Review and Maintenance of Uniform pre-service training modules.	QC Error Reports, Audits, ME's	EE1-EE22, P1-P5	EE1-EE22, P1- P5	11/99 *	FFY 00-01 Complete.	FFY 00-01 Complete. FFY 01-02 Initiated.	Evaluation Methodology under Development	FFY 01-02 Ongoing
Training	8.0 Prepare districts to assume responsibility for Benefit Recovery claims by implementing and using the Self-Directed Guide.	Audits, ME's	P2, P3	P2, P3	12/00	Claims program implemented. Collections is being developed.	Claims program implemented. Collections is being developed.	Evaluation Methodology under Development	FFY 01-02 Ongoing

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2001 - 2002 QUALITY IMPROVEMENT PLAN

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Training	9.0 Develop and implement training evaluation plan.	QC Error Reports, Audits, ME's	EE1-EE22, P1-P5	EE1-EE22, P1-P5	10/01	Plan Developed	Ongoing	Evaluation Methodology under Development	FFY 01-02 Ongoing
Central Office (PDES/QA)	10.0 Provide Staff with Management Tools Needed to improve Efficiency and Effectiveness. (Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements, ME's	EE1 - EE22, P1 - P5, C1 - C3	EE1 - EE22, P1 - P5, C1 - C3	Quality Project initiated 12/00	Pilot fully implemented in District 7	On-going	Pilot will continue through 09/02 and then evaluated for further deployment.	Scheduled completion 09/02/01
Central Office (PDES/QA)	10.1 Assist in the further implementation of data broker and change reporting centers by providing technical support and expertise. (Corrective Action)	QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1 - P5	EE1 - EE22, P1 - P5, C1 - C3	Projects initiated 11/99 and 10/99 respectively.	FFY 00-01 Complete	FFY 01-02 Initiated	Results of Pilot evaluation indicate a cost saving in excess of \$800k and a significant reduction in errors in those cases where data brokering information was utilized.	Evaluation is ongoing and project is expected to continue through FFY 02
PDES/S	10.2 Institute data exchange alerts at client registration. (Corrective Action)	QC Error Reports, Audits, ME's	EE3, EE11, EE12, EE13, EE16, EE18, EE21, EE22	P1, P2	Project initiated 05/99	Fully implemented	FFY 01-02 Monitor and Evaluate.	FFY 01-02 Monitor and Evaluate.	09/02
PDES/S	10.3 FLORIDA workload Enhancement and Evaluation Project. (Corrective Action)	QC Error Reports, Audits, ME's	EE1 - EE22, P1-P5	P1, P2	Project initiated 11/93	Fully implemented	Ongoing	Factor in setting Priority for Programming.	Annually
PDES	10.4 Provide access to data warehouse. (Monitoring/Corrective Action)	All QC Reported Errors with Emphasis on High Error Elements.			Project initiated FFY 99				Target Completion 09/01
PDES/S	10.5 Fix the management screen to improve the detection of income discrepancies. (Corrective Action)	Earned/Unearned income	EE1 - EE22, P1-P5	P1, P2	Project initiated 03/01.	Project Developed and Screen Development Stage	Implementation and Planning Process implemented FFY 01-02.	TBD at Implementation.	FFY 01-02 Ongoing

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2001 - 2002 QUALITY IMPROVEMENT PLAN

Responsible Party	Goals/Corrective Actions/Monitoring	Error Identification Activities / Source of Detection	Targeted Error/ Deficiency	Focus Error/ Deficiency	Date Initiated	Progress to Date	Status	Evaluation / Assessment	Frequency/ Completion Date
Central Office (PDESB/QA) DISTRICT	11.0 Continue State, District, and Service Center Quality Improvement Committees (QSC)'s. (Corrective Action)	QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1- P4	EE1 - EE21, P1 - P4, C1 - C3	FFY 97	FFY 00-01 Complete.	FFY 01-02 Initiated.	The sharing of best practices has consistently proven to be an error reduction ongoing error reduction practice. The focus will be adjusted annually as needed.	FFY 01-02 Ongoing
Central Office (PDESB/QA) DISTRICT	12.0 Implement customer awareness of rights and responsibilities. (Corrective Action)	Audits, ME's	EE1 -EE22, P1-P5	EE1 -EE22, P1- P5		FFY 00-01 Complete.	FFY 01-02 Initiated.		FFY 01-02 Ongoing
DISTRICT	13.0 Utilize data brokering service at applications and re-certifications. (Corrective Action)	QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1- P4	EE1 - EE21, P1 - P4, C1 - C3	Project Initiated 11/99.	FFY 00-01 Complete.	FFY 01-02 Initiated.	Results of Pilot evaluation indicate a cost saving in excess of \$800k and a significant reduction in errors in those cases where data brokering information was utilized.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing
DISTRICT	14.0 Continue Project Recall, Project Uniform and other local error reduction activities listed in district quality improvement plans. (Corrective Action)	QC Error Reports, Audits, ME's	EE1, EE6, EE15, EE17, EE19, EE21, P1- P4	EE1 - EE21, P1 - P4, C1 - C3	Projects Initiated 10/99.	FFY 00-01 Complete.	FFY 01-02 Initiated.	A comparative analysis of Monitoring Data, QC Error Rates, and Audit and Investigations Findings shows consistent improvement in areas where these projects have been initiated. Annual evaluation will be completed and future projects considered.	FFY 01-02 Evaluation scheduled for 09/02 and Ongoing

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ABBREVIATIONS

AG	
Auditor General	5
CAP	
Corrective Action Plans	2
CSE	
Child Support Enforcement	4
EW	
Eligibility Worker	7
FLORIDA	
Florida On-Line Receipt Integrated Data Access	4
FNS	
Food and Nutrition Service	1
FS	
Food Stamp	1
FSP	
Food Stamp Program	1
FY	
Fiscal Year	1
HH	
Households	1
ME	
Management Evaluations	2
OIG	
Office of Inspector General	5
PER	
Payment Error Rate	2
QC	
Quality Control	2
RSDI	
Retirement, Survivors, and Disability Insurance	17
SA	

State Agencies..... 1

SSI
Supplemental Security Income 17

TCA
Temporary Cash Assistance..... 4