



PAT FRANK
Clerk of the Circuit Court
13th Judicial Circuit

COUNTY AUDIT

HILLSBOROUGH COUNTY, FLORIDA

CHILDREN'S SERVICES AND HEAD START DIVISIONS OF

FAMILY AND AGING SERVICES DEPARTMENT

REPORT # 234 (FOLLOW-UP TO REPORT #205)

AUGUST 9, 2012

August 9, 2012

The Honorable Ken Hagan, Chairman
The Honorable Kevin Beckner
The Honorable Victor Crist
The Honorable Al Higginbotham
The Honorable Lesley "Les" Miller, Jr.
The Honorable Sandra Murman
The Honorable Mark Sharpe

Dear Chairman Hagan and Commissioners:

We have performed a follow-up audit of the Children's Services and Head Start Divisions of the Family and Aging Services Department, Audit Report #205, dated October 28, 2010. Twelve original audit concerns were contained in this report (10 Findings and 2 Observations).

Based on our follow-up audit work and discussions with the Division Directors of Children's Services and Head Start, we are closing 9 of the original audit concerns and neither of the 2 Observations. Our follow-up audit indicated that these original concerns have been addressed and corrective changes have been implemented, while 1 Finding and 2 Observations remain open. The report on the follow-up audit is enclosed.

We appreciate the cooperation and professional courtesies extended to our auditors by the Division Directors and personnel of Children's Services and Head Start during this audit.

Sincerely,

Daniel A. Pohto, CPA, CIA
Director, County Audit

cc: Mike Merrill, County Administrator
Sharon Subadan, Deputy County Administrator
Ven Thomas, Director, Family and Aging Services
Donald Dixon, Director, Children's Services
Louis Finney, Director, Head Start
Bruce Dangremond, Manager, Performance Mgmt, Business and Support Services

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION:

The main purposes of the original audit were to review and evaluate Children's Services' and Head Start's 1) internal controls, 2) compliance with the County's HIPAA security requirements, and 3) adherence to ITS' (Information and Technology Services) Application Service Provider (ASP) guidelines in relation to ASP providers Child Plus and Rackspace.

OBJECTIVE:

The objective of this follow-up audit was to review and evaluate the conditions reported in County Audit Report #205, dated October 28, 2010. The follow-up audit is conducted to determine whether management has implemented corrective actions on findings in the original audit report. In addition, corrective actions taken by management will be reviewed to determine if such actions were effective and continuous and are monitored to ensure compliance.

SCOPE:

The follow-up audit was conducted based on the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors. The follow-up audit procedures were applied to the records, documents, and controls that were in effect during the period from October 31, 2010 through April 30, 2012, unless otherwise noted. The original audit report included 10 findings and 2 observations.

OVERALL EVALUATION:

We found that Children's Services and Head Start had fully implemented corrective action on 9 of the 12 audit concerns noted in the original audit. As a result, we have closed the 9 original audit findings and neither of the 2 observations.

Please see the Summary of Original Audit Concerns on page 4.

We suggest that management monitor the open concerns listed in this report to ensure that appropriate corrective action is taken. In addition, the corrective action for all concerns should be periodically assessed and adjusted, as necessary, so that the control weaknesses will not be repeated in the future.

The final exit conference was held on June 28, 2012.

AUDIT BY:

Daniel A. Pohto, Director, County Audit
Ed B. Tobias, IT Audit Manager
Mark R. Kolman, Audit Manager
Lovonia S. Scott, Auditor

STATUS CHART OF ORIGINAL AUDIT CONCERNS

This chart provides the status of the original report concerns at the completion of the follow-up audit.

For reference purposes, the entire original audit report #205 (issued, 10/28/2010) can be viewed on the Clerk's web site at <http://www.hillsclerk.com> under Clerk Services, County Audit – Recent Reports.

FINDINGS	OPEN	CLOSED
1	X	
2		X
3		X
4		X
5		X
6		X
7		X
8		X
9		X
10		X
OBSERVATION	OPEN	CLOSED
1	X	
2	X	

NOTE: An Open finding is defined as a control weakness that needs additional corrective action and a Closed finding is a control weakness for which corrective action has been completed to the auditor's satisfaction.

SUMMARY OF ORIGINAL AUDIT CONCERNS

This chart summarizes the original audit concerns at the completion of the follow-up audit. The original audit concerns that remained open are detailed in the next section – **FOLLOW-UP COMMENTS ON OPEN CONCERNS WITH CLIENT RESPONSES.**

FINDING	DESCRIPTION	STATUS	COMMENTS
1	Children's Services HIPAA Policy and Procedure manual does not address the deficiencies identified in the 10/15/09 Brandt Risk Assessment report.	OPEN	In response to the original audit, Children Services did update their HIPAA Policy and Procedure manual as of August 2011. However, due to the consolidation of the County workforce, since this revision, changes are now needed to update the current HIPAA manual, to bring it into compliance with the County's HIPAA Privacy Compliance Policy (Administrative Directive #HR-12).
2	The vendor, Child Plus, stores PHI (Protected Health Information) but the County does not have a Business Associate agreement with the vendor per Administrative Directive #HR-12.	CLOSED	A Business Associate agreement was obtained from the vendor. Head Start has updated their policies and procedures.
3	ChildPlus.Net is not in compliance with AD #IT-01.	CLOSED	The system is now compliant with AD #IT-01.
4	Two DPOs (Department Purchase Orders) issued by Head Start violated the County's Procurement procedures.	CLOSED	Head Start employees submitting DPOs have received updated training on the County's procurement procedures.
5	Head Start does not properly dispose of outdated computerized records in ChildPlus.Net.	CLOSED	Outdated computerized records have been purged from ChildPlus.Net. A procedure has been developed by Head Start to review and destroy any records past their destruction date.

FINDING	DESCRIPTION	STATUS	COMMENTS
6	Head Start does not have a documented plan for the computer system application conversion reconciliation process.	CLOSED	Head Start has obtained assurance from the vendor that the system was properly converted. Head Start is compliant with County policy and conversion procedures best practices for future system changes / upgrades.
7	Two Head Start Department Purchase Orders (DPO) used incorrect accounting sub-objects.	CLOSED	Corrective action on one DPO was performed. The other DPO was not corrected because it was not cost-effective to make the change.
8	Children's Services and Head Start do not properly dispose of outdated client paper records stored at the County's Records Center warehouse.	CLOSED	Children's Services management has authorized written procedures which relate to outdated client paper records.
9	Children's Services and Head Start employees have not received the appropriate HIPAA training as required by the County's HIPAA Privacy Compliance Policy (AD #HR-12).	CLOSED	Children Services and Head Start employees have received appropriate HIPAA training.
10	The ITS Disaster Recovery Plan for Children's Services is not updated and does not properly reflect their needs during disaster recovery operations.	CLOSED	Children's Services has updated their ITS Disaster Recovery Plan and will review their Plan with ITS on a regular basis.

OBSERVATION	DESCRIPTION	STATUS	COMMENTS
1	15 County organizations do not properly dispose of outdated paper records stored at the County's Records Center warehouse.	OPEN	The modified policy has not been submitted to County Executive Management Team for further review.
2	The <i>ChildPlus.Net</i> system was acquired through the use of Department Purchase Orders (DPOs) and the resulting service agreement with the vendor was not reviewed by the County Attorney.	OPEN	In discussions with ITS management we determined that the current Administrative Directive #IT-01 does not address the required review and approval from the County Attorney's office as it relates the purchase of certain software. The Directive is unclear as to who has final approving authority when software contracts are procured.

FOLLOW-UP COMMENTS ON OPEN CONCERNS WITH CLIENT RESPONSES

This section details the **open** concerns at the completion of the follow-up audit.
Note: Client Responses are included verbatim and are seen in *italics*.

FINDING 1: FOLLOW-UP COMMENT

Children's Services HIPAA Policy and Procedure manual does not address the deficiencies identified in the 10/15/09 Brandt Risk Assessment report.

In response to the original audit, Children Services did update their HIPAA Policy and Procedure manual as of August 2011. However, due to the consolidation of the County workforce, since this revision, changes are now needed to update the current HIPAA manual to bring it into compliance with the County's HIPAA Privacy Compliance Policy (Administrative Directive #HR-12).

RECOMMENDATION:

We recommend that Children's Services management work with the County HIPAA office to update their policies and procedures to bring them into compliance with County's HIPAA Privacy Compliance Policy (Administrative Directive #HR-12). Management's approval of the manual should be signed and dated.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

The Children's Services HIPAA Policy and Procedures manual has been modified to meet the County's HIPAA Privacy Compliance Policy. The manual was approved by the Division Director of Children's Services and forwarded to The Acting HIPAA Compliance Officer for Hillsborough County on 6/27/12 for approval.

TARGET COMPLETION DATE:

08/15/2012

OBSERVATION 1: FOLLOW-UP COMMENT

15 County organizations do not properly dispose of outdated paper records stored at the County's Records Center warehouse.

Based on the response from County management, the County Executive Management Team has not had an opportunity to review this observation, which was in the original audit.

Out of the 45 County departments, divisions, and/or agencies that store paper records at the County's Records Center warehouse, 15 of them have outdated paper records. The County uses the State of Florida GS1-SL record retention policy for classifying documents and their respective retention period. On an annual basis, the Records Center is supposed to send out a report to each department indicating what boxes are eligible for destruction, but it was discovered that the report was not consistently sent out. In addition, there was some confusion at the department level regarding the proper procedure for the destruction of obsolete paper records.

Some organizations have thousands of boxes (approximately 13,000 cu. ft.) stored at the warehouse with documents dating back to 1970. Keeping documents past their retention date as listed in the State of Florida GS1-SL record retention policy places possible legal risk against the County.

RECOMMENDATION:

We recommend that:

1. Each organization that stores records at the Records Center needs to review their documents on an annual basis and notify the Records Center in a timely manner for proper destruction of obsolete records according to the GS1-SL record retention policy.
2. Organizations that do not use the GS1-SL record retention policy to manage their paper records stored at the Records Center should not be allowed to store additional records until they have adequately managed their existing records currently stored at the Records Center.
3. The County reviews its record retention procedure to ensure that obsolete paper records are destroyed in a timely manner.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

The Executive Team will assign the appropriate staff to complete the following tasks:

- 1. Assess individual department procedures for compliance with State of Florida General Records Schedule GSI-SL. Develop recommendations for the Executive Team to create uniform compliance GSI-SL by departments under the control of the County Administrator.*
- 2. Request records retention procedures from agencies not under the control of the County Administrator and identify specific changes needed for compliance with GSI-SL in those policies. Assist the Executive Team to communicate those policy change needs to affected agencies.*
- 3. Identify specific action and recommended timetable for eliminating the County's current store of obsolete records. Additionally, identify specific Administrative Policy/Administrative Directive change recommendations to assure that obsolete paper records are destroyed in a timely manner in the future and that compliance with policy is periodically tested and monitored.*

TARGET COMPLETION DATE:

- 1. April 1, 2013*
- 2. April 1, 2013*
- 3. April 1, 2013*

OBSERVATION 2: FOLLOW-UP COMMENT

The ChildPlus.Net system, an ASP application, was acquired through the use of Department Purchase Orders (DPOs) and the resulting service agreement with the vendor was not reviewed by the County Attorney.

The upgrade of the ChildPlus.Net System caused the County Audit team to recognize a policy clarification is needed for Administrative Directive #IT-01 regarding ITS authority and the review requirement by the County Attorney.

In discussions with ITS management we determined that the current Administrative Directive #IT-01 does not address the required review and approval from the County Attorney's office as it relates the purchase of certain software. The Directive is unclear as to who has final approving authority when software contracts are procured.

RECOMMENDATION:

We recommend that County Senior Management revise all related policies and procedures that relate to the purchase of software to ensure that County Attorney's review and approval is obtained when appropriate.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

The Executive Team will assign appropriate staff to develop recommended amendments to Administrative Policy/Administrative Directive that: 1) Ensure the County Attorney's review and approval for the purchase of software, and 2) identify the documentation required when normal software procurement policy (currently, Administrative Directive IT-01) is overridden or bypassed.

TARGET COMPLETION DATE:

November 1, 2012

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