



James S. Hartsell
Executive Director

State of Florida
DEPARTMENT OF VETERANS' AFFAIRS
Office of the Inspector General

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17 September 2025

James S. Hartsell
Executive Director
Florida Department of Veterans' Affairs

Subject: Florida Department of Veterans Affairs, Office of Inspector General, Annual Report for Fiscal Year 2024-2025.

Dear Mr. Hartsell:

In accordance with section 20.055(7) Florida Statutes, I am pleased to submit the activities of the Office of Inspector General for the State Fiscal Year 2024-2025. This is a continuing effort to provide the agency a central point for the promotion of accountability, integrity, and efficiency.

The Office of Inspector General will continue to work with Senior Management to identify major areas of concern that require review, analysis, and evaluation to arrive at workable solutions for improved effectiveness. I wish to express my thanks for all the support from staff, and I look forward to continued efforts to support the Department in fulfilling its mission.

Sincerely,

David M. Marzullo
Inspector General

cc: Auditor General
Chief Inspector General
Legislative Auditing Committee

OFFICE OF INSPECTOR GENERAL

Department of Veterans' Affairs



Office of Inspector General Annual Report Fiscal Year 2024 - 2025

Mission Statement

The Office of Inspector General's (OIG) mission is to promote integrity, accountability, and process improvement. This is accomplished by providing objective, timely, value-added audit and investigative services that examine and evaluate the adequacy and effectiveness of the Florida Department of Veterans' Affairs (FDVA) internal controls and risk management systems.

Core Values

- **Integrity** – we govern ourselves honestly and ethically.
- **Impartiality** – we conduct our work objectively and independently.
- **Professionalism** – we maintain a staff of skilled professionals.
- **Accountability** – we take responsibility for providing thorough and fair findings and recommendations.

Responsibilities

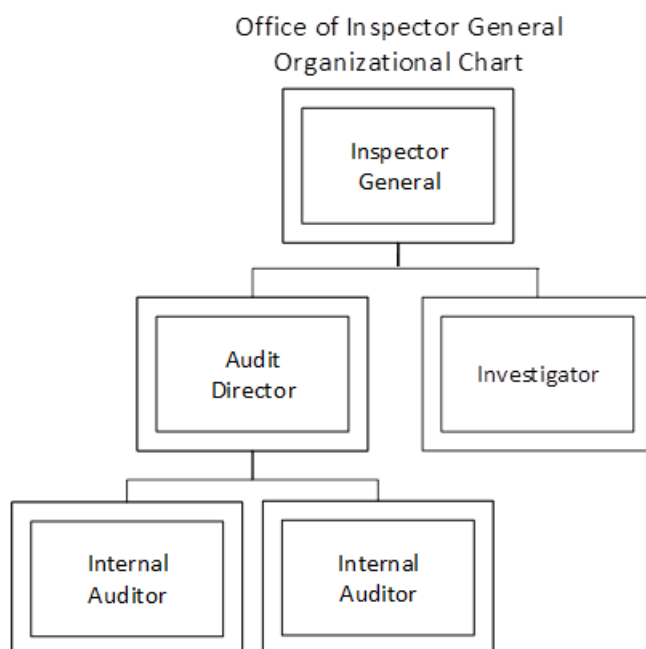
The specific duties and responsibilities of the Inspector General, according to Florida Statute 20.055, Section (2) include:

- Advise the agency on the development of performance measures, standards, and procedures for the evaluation of state agency programs.
- Assess the reliability and validity of the information provided by the Agency on performance measures and standards and make recommendations for improvement, if necessary, prior to submission of those measures and standards to the Executive Office of the Governor.
- Review the actions taken by the Agency to improve program performance, meet program standards and make recommendations for improvement, if necessary.
- Provide direction for, supervision, and coordination of audits, investigations and management reviews relating to the programs and operations of the state agency.
- Conduct, supervise and/or coordinate other activities carried out or financed by the Agency for the purpose of promoting economy and efficiency in the administration of its programs and operations while preventing and detecting potential fraud and abuse.
- Keep the agency Director informed of fraud, abuses, and deficiencies relating to programs and operations administered or financed by the state agency, recommend corrective action for fraud, abuses, and deficiencies and report on the progress made in implementing corrective action.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with the goal of avoiding duplication.
- Review rules relating to the programs and operations of such state agency and make recommendations concerning their impact.
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.

Organization and Staff

The Executive Director of the Florida Department of Veterans' Affairs (FDVA) appoints the Inspector General with the concurrence of the Governor's Office of the Chief Inspector General. The Executive Director has the ultimate responsibility for the operation of the Department and for ensuring its goals are met. The Inspector General reports directly to the Executive Director of FDVA.

To carry out its duties and responsibilities, the Office of Inspector General (OIG) is organized into two (2) sections: Audits and Investigations. The OIG has a staff of five (5) professional positions. The organizational structure is:



Certifications

Certifications held by the Inspector General and staff include:

- Certified Inspector General - 1
- Certified Inspector General Auditor – 2
- Certified Inspector General Investigator – 1
- Certified Inspector General Inspector/Evaluator - 3
- Certified Internal Auditor – 2
- Certified Information Systems Auditor – 1

Professional Affiliations

OIG employees are affiliated with:

- Association of Inspectors General
- Institute of Internal Auditors
- Information Systems Audit and Control Association
- Federal Law Enforcement Officers Association

OIG employees stay current with trends in internal auditing and investigations and maintain professional proficiency through membership in the aforementioned professional organizations. The required training hours are met through participation in conferences, webinars, attendance in relevant training, or through continued professional education programs.

Fiscal Year 2024 – 2025, Audits

IA-2501: Accounts Receivable

Objective: The objective of the Accounts Receivable (AR) audit was to evaluate if the internal controls on the administration of the AR at the FDVA and were following FDVA policies, state statutes and regulations, to determine if preventative and detective controls are in place over AR and the revenue billed was properly collected.

Finding #1: Claims were not paid by Medicaid and Insurance companies because no pre-authorizations were received by them.

Recommendation #1.1: While there are medical instances where pre-authorization is not able to be obtained before the resident is provided service, the SVNH's should work to more frequently obtain pre-authorization before providing health care services to a resident to reduce the occurrence of collections.

Finding #2: Commercial Health Insurance A and B Accounts are not currently paying their past due amounts appropriately, accounting for 54.5% of outstanding claims.

Recommendation #2.1: The Homes Program should consider getting new residents signed up under traditional Medicare instead of using Commercial Insurance Accounts A and B through Health Maintenance Organizations and consider converting residents on Commercial Accounts A & B to traditional Medicare. Medicare pays at a better rate than commercial accounts.

Finding #3: The Homes Program should continue to monitor AR to ensure the new SOPs recently implemented has reduced the number of outstanding.

Recommendation #3.1: If the past due amounts are not collected, the SVNHs Business Managers should consider turning these accounts over to the Billing Professional Accountant for referral to a collection agency even though the FDVA has received the temporary waiver. The Homes Program should ensure additional planned training on the five (5) newly updated SOPs implemented due to the volume of information in them and track progress in reducing outstanding accounts receivable.

IA-2502: Licensure Compliance

Objective: The OIG has scheduled this audit to determine if FDVA background checks and compliance controls are in place to meet State and Federal regulations, and that each facility has developed and implemented facility-wide credentialing process that includes monitoring.

Finding #1: There were no findings noted during the audit.

IA-2503: Cybersecurity Audit

Objective: The objective of this audit is to evaluate agency controls and compliance with asset management requirements contained in the Florida Cybersecurity Standards (Rules 60GG-2.001 through 60GG-2.006, F.A.C.).

Finding #1: The results of the cybersecurity audit are confidential.

IA-2504: Triennial Enterprise Contract Audit

Objective: In accordance with the Inspector General’s Fiscal Year (FY) 2023-2024 audit plan, the House Bill 1079 Compliance Audit was conducted for the last three (3) Fiscal Years (2021-2022; 2022-2023; and 2023-2024). This audit satisfies the requirements of House Bill 1079, passed during the 2020-2021 Legislative Session, which amended 287.136, Florida Statutes (F.S.), to require a period risk-based compliance audit of all contracts executed by the agency for the preceding three (3) fiscal years. The audit included an evaluation of and identify any trends, in vendor preference.

Finding #1: Controls for ensuring designated contract managers are certified needs improvement.

Recommendation #1.1: FDVA should consider developing controls to ensure all assigned contract managers are state certified preferably within six (6) months of the contract commencing date.

Finding #2: There was one (1) contract that was not uploaded into Florida Accountability Contract Accounting System (FACTS).

Recommendation #2.1: FDVA should ensure that all contracts are timely uploaded to FACTS.

IA-2509: Resident Trust Fund Alexander Nininger

Objective: The objectives of the Resident Trust Fund audit were to evaluate the internal controls on the administration of the Resident Trust Fund (RTF) at Sandy Nininger State Veterans Nursing Home (SVNH) and that they complied with federal regulations and state statutes. The audit was to determine if the resident had an executed Residents’ Deposit Trust Fund Agreement or declined to participate in the RTF, and if preventative and detective controls are in place over bank deposits, securing funds, signing checks, receiving, and recording of residential trust funds.

Finding #1: There were no findings noted during the audit.

IA-2510: Resident Trust Fund Alwyn Cashe

Objective: The objectives of the Resident Trust Fund audit were to evaluate the internal controls on the administration of the Resident Trust Fund (RTF) at Alwyn C. Cashe State Veterans Nursing Home (SVNH) and that they complied with federal regulations and state statutes. The audit was to determine if the resident had an executed Residents’ Deposit Trust Fund Agreement or declined to participate in the RTF, and if preventative and detective controls are in place over bank deposits, securing funds, signing checks, receiving, and recording of residential trust funds.

Finding #1: There were no findings noted during the audit.

Remaining Open Audit Findings since Prior Year Annual Report

IA-2303: Cybersecurity Enterprise Audit

Objective: Pursuant to the Florida Department of Veterans’ Affairs’ (FDVA) Inspector General’s fiscal year 2022-2023 Audit Plan, the Office of Inspector General (OIG) initiated an audit of the FDVA’s Identity and Access Management. The purpose of the audit is to evaluate agency controls and compliance with Rule 60GG-2.003(1), F.A.C., Identity Management,

Authentication, and Access Control. Each agency shall ensure that access to IT resources is limited to authorized users, processes, or devices, and to authorized activities and transactions.

Finding #1: There results of the cybersecurity audit are confidential.

IA-2310: Pharmacy Operations

Objective: The objectives of the Pharmacy and Medication audit were to evaluate the adequacy of FDVA's governance, risk management, and control processes in providing proper use of medications with concentration on controlled substances, determine if FDVA was properly following state and federal statutes regarding medications, and evaluate the FDVA compliance with contracts related to Pharmacy services provided by the U.S. Department of Veterans Affairs (VA).

Finding #3: Douglas Jacobson, Chester Sims, and Emory Bennett SVNHs did not have cameras installed at its Pharmacy.

Recommendation #3.1: The Jacobson, Bennett, and Sims SVNHs should install cameras at its pharmacy similar to the other SVNH's.

IA-2401: Agency Review

Objective: The objectives of the Agency audit were to evaluate the adequacy of FDVA's governance, risk management, and control processes in hiring nurses and CNAs as consultants at the Lassen SVNH. In addition, the objective was to determine if these nurses and CNAs were properly logging into WebClock, the time entered was approved and deemed accurate, the invoices from consulting firms were properly approved and timely submitted to Fiscal, and FDVA was properly following state statutes and FDVA Standard Operating Procedures (SOPs), and the Policies were current and applicable.

Finding #1: Three (3) of the CNAs selected had deficiencies noted in logging WebClock hours.

Recommendation #1.1: The Administrator should ensure contract nursing staff are aware of how to properly use WebClock to record their hours worked.

Recommendation #1.2: Ensure reconciliation of hours prior to invoice payment.

Finding #5: There were no manual adjustments made in WebClock for lunches taken by consultant nurses and CNAs.

Recommendation #5.1: The SVNHs should make adjustments to Webclock for lunch and other breaks taken by the consultant nurses and CNAs.

IA-2403: Cybersecurity Enterprise Audit

Objective: The objective of the FY2023-2024 audit was to evaluate agency controls and compliance with incident response, reporting, and recovery requirements contained in the Florida Cybersecurity Standards (Rules 60GG-2.001 through 60GG-2.006, F.A.C.).

Finding #1: There results of the cybersecurity audit are confidential.

Fiscal Year 2024 – 2025, External Audit Liaison Activities

In accordance with 20.055(1), Florida Statutes, the FDVA OIG served as liaison to:

- Auditor General FDVA Federal Awards Audit 2024

Fiscal Year 2025 – 2026, Audit Plan

Section 20.055(5) (h), Florida Statutes, requires that annual audit plans be developed based on the findings of periodic risk assessments. This ensures that the OIG is responsive to management concerns and that those activities with the greatest risks are identified and scheduled for review. The top priorities for audits have been identified based on the results of a risk assessment and are included in the audit plan. The FDVA Executive Director approved the audit plan for Fiscal Year 2025 – 2026 on July 9, 2024. Planned audits include:

Cybersecurity Audit

The Florida Department of Veterans' Affairs (FDVA) has an Agency wide network to facilitate its operations. The network has transitioned to a Microsoft 365 approach for streamlined authentication and encryption, which includes various hardware such as printers, access points, and mobile devices, and standard system configurations to provide security and integrity of data. Cybersecurity refers to the protection afforded to an automated information system in order to maintain confidentiality, integrity, and availability. Internal Audit, in coordination with the Auditor General, the Chief Inspectors General and the Florida Department of Management Services, will evaluate FDVA's controls in regard to Cybersecurity in accordance with House Bill 1279 and Chapter 60GG-2.004 FAC. This year focuses on data security.

Kronos Time Keeping

Kronos is a comprehensive time and attendance system used by many organizations to track employee work hours, manage attendance, and automate payroll processing. It offers a variety of features, including time clock functionality, scheduling, absence management, and reporting, and can integrate with other HR and payroll systems. The system is newly implemented at FDVA and this will give us an opportunity to measure its rollout.

Recruitment Policy

The Florida Department of Veterans' Affairs (FDVA) currently operates six (6) Nursing Homes and one (1) Assisted Living Facility. Recruitment has been an ongoing challenge for a variety of reasons. Internal audit will learn more about the recruitment practices at each location to determine opportunities for improvement.

Overtime Policy

We propose conducting an audit on overtime usage within the Florida Department of Veterans Affairs' nursing homes. This audit aims to investigate the significant variations in overtime hours across different facilities. By examining staffing practices, resource allocation, and operational efficiencies, we seek to identify the root causes of these discrepancies.

Contract Management

FDVA is committed to making capital improvements to the Veterans Nursing Homes yearly and opening new long-term care facilities within the State of Florida. FDVA also maintains several long-term contracts to provide specialized and routine services for the Homes, such as therapy and housekeeping. The audit will evaluate the effectiveness of contract activities including

contract monitoring, reporting, certifying all services are rendered, invoices are reconciled, compliance, and other contract related duties.

Medicaid Bed-Hold Billing

In accordance with Medicaid billing procedures, FDVA bills Medicaid their portion of the bed hold charge and accordingly the resident is billed their liability for the first eight (8) days as well. In accordance with FDVA billing procedures, after 8 days the resident is required to pay a standard bed hold rate according to their room type assignment. The audit will test compliance with Institution Care Program Medicaid for bed holds and Therapeutic leave days.

Donation Trust Fund

The State Veterans' Homes and Domiciliary may receive and accept gifts, grants, and endowments in the name of the Homes and Domiciliary. The Administrator and the Director determine how the donation could best benefit the Homes, Domiciliary, and its residents unless the benefactor requests or instructs usage for a specific purpose. The audit will continue to evaluate overall internal controls on the processes for accepting, distributing, and accounting of the donations.

Residential Trust Fund

Given the vulnerability of residents in FDVA Homes and Domiciliary, it is important that those residents have adequate assurance of proper accountability of their funds collected and managed. Internal Audit will continue to evaluate overall internal controls on the processes for accepting, distributing, and accounting of the Resident Trust Fund established for residents at the Homes.

Summary of Investigative Activities

Investigations

Investigations are initiated to deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses. The FDVA Office of the Inspector General (OIG) intakes and logs every inquiry, complaint, and referral which are received in many forms including email, telephone, letter, walk-in, the Florida Chief Inspector General's Office, the Florida Attorney General's Office and other Federal, State, and City agencies. The OIG evaluates the provided information and determines what course of action should be initiated as follows:

- **Inspector General Investigation:** When the information received indicates that an FDVA employee or contractor may have violated FDVA's policies; or has potentially committed a violation of law. Results of allegations investigated are reported to the FDVA Executive Director, Deputy Executive Director, Chief of Staff, and the affected areas top manager.
- **Referral to Management:** When the information received indicates some type of misconduct, malfeasance, misfeasance, or conflict on the part of, or between, FDVA employees or contractors where an initial determination has been made that a violation of FDVA policies was not committed and an Inspector General investigation is not warranted. The OIG may assist in the resolution if necessary.
- **Referral to Another Agency:** When the information received regards an agency other than the FDVA, the OIG refers the information to that agencies OIG.

- **External Assistance or Monitor:** When another agency is investigating activities affecting the FDVA, or its employees or residents, and requests assistance from the FDVA OIG to facilitate their investigation; or when the FDVA OIG requests assistance from another agency (including law enforcement) regarding activities affecting the FDVA, its employees or residents.
- **No Action:** When the OIG can come to a resolution with a complainant, or satisfactorily solve a particular issue without any further action.

Fiscal Year 2024 – 2025, Investigations

During fiscal year 2024-2025, the OIG received thirty-three (33) inquiries. Of the thirty-three (33) inquiries, eighteen (18) were referred to management; eleven (11) were resolved at the initial complaint stage and did not require any further action. There were two (2) Whistleblower complaints referred by the Florida Chief Inspector’s General that did not meet the requirements of 112.3187 F.S., Florida’s Whistleblower statute and were not investigated. Two (2) inquiries resulted in full investigations. Each allegation made during a course of an investigation results in one of the following investigative findings:

- **Sustained** - by the preponderance of the evidence (>50%) the complaint occurred as alleged.
- **Unfounded** - by the preponderance of the evidence (>50%) the complaint did not occur as alleged.
- **Not Sustained** - there is insufficient evidence to determine if the complaint occurred as alleged.
- **Exonerated** – the complaint occurred as alleged and was justified.

The following is a summary of significant investigations:

OIG-2025-001

An FDVA SVNH Administrator contacted the OIG requesting an investigation related to a sexual harassment complaint between employees. At the conclusion of the investigation, it was determined the conduct of one employee to another did not rise to the level of sexual harassment and was unfounded. However, the employees conduct did rise to the level of “conduct unbecoming” and that allegation was sustained.

OIG-2025-002

An FDVA Senior Manager intentionally failed to process a tuition waiver for a subordinate as required by 2024 General Appropriations Act, Section 8. The evidence in the investigation showed that the Senior Manager had intentionally failed to process the tuition waiver and the allegation was sustained.

Other Significant Investigative Activities

During Fiscal Year 2024-2025, the OIG Investigative section spent considerable time working with Human Resources (H.R.) regarding personnel issues and providing information to H.R. related to personnel actions that did not require full investigations. Additionally, the Investigative Section was able to resolve an inordinate number of complaints and inquiries with clients without the need for full investigations. Many of those complaints/inquiries were resolved simply through educating the complainant surrounding their particular issue. The Investigative


section has become very efficient at processing and resolving complaints without the need for a prolonged investigation.

Contacting the Office of Inspectors General

Contact us when you believe ...

- As an FDVA employee, you believe you are being harassed, discriminated against, retaliated against, or working in a hostile work environment.
- Someone may be engaging in wasteful, inefficient or the illegal use of FDVA resources.
- Someone may be using FDVA property for personal gain.
- Someone may be intentionally misleading FDVA for financial gain.
- Someone at FDVA may be receiving a benefit to “look the other way.”

How to Contact Us

-  **Telephone** - (727) 518-3202, Extension 5570
-  **Mail/Walk In** - 11351 Ulmerton Rd, Largo, FL 33778
-  **E-Mail** - David.Marzullo@fdva.fl.gov
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