



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

July 2, 2015

Elizabeth Dudek, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Dudek:

In accordance with Internal Auditing Standards, attached is the 24-month status report from the Bureau of Financial Services and the Division of Health Quality Assurance in response to our report #12-04, *Agency Accounts Receivable Process Audit*, published on June 25, 2013.

Overall, management reported corrective actions for seven of the twelve recommendations to date. A detailed description of all issues, recommendations, and management's responses are in the attached table. The Bureau of Financial Services and the Division of Health Quality Assurance have indicated they are progressing towards correcting all remaining open issues. This is our final status report.

If you have any questions regarding this status report, please let me know.

Sincerely,

Eric W. Miller
Inspector General

EWM/mbs
Enclosure

cc: Melinda Miguel, Chief Inspector General, EOG
Jenn Ungru, Chief of Staff
Katherine Riviere, Communications Director
Tonya Kidd, Deputy Secretary of Operations
Molly McKinstry, Deputy Secretary of Health Quality Assurance
Anita Hicks, Chief Financial Officer



**Agency for Health Care Administration
Office of Inspector General – Internal Audit
Report No. and Title: 12-04 Agency Accounts Receivable Process Audit, issued 6/25/13
Twenty-Four Month Follow-up Status as of June 30, 2015**

| Recommendation No. | Finding | Recommendation | Previous Management Response(s) | Twenty-Four Month Status Update | Revised Anticipated Completion Date and Contact |
|--------------------|--|--|--|--|---|
| 1 | MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity | <p>In order to send notification letters timely, we recommend the Medicaid Accounts Receivable (MAR) unit clarify circumstances that are acceptable exceptions to their policy of sending late payment notification every 30 days.</p> <p>We also recommend the new Accounts Receivable System include a means of identifying late payment dates and automatically generating notices if a payment has not been received by set deadlines.</p> | Completed | N/A | N/A |
| 2 | MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity | | <p>The Bureau executed a Direct Order through MyFloridaMarketPlace on July 1, 2014 for consultant services to document and fix existing errors/breaks/issues for all systems and applications used by the Bureau. An Accounts Receivable Team was organized to develop a list of functionalities for a new system. In addition, the Agency included a funding request in its Legislative Budget Request for FY 2015-2016 for the development and implementation of an enterprise system. Progress for fully addressing the recommendation is contingent on the Legislature approving funds for this project. If the Legislature approves funding, it is anticipated the project will take at least three years to complete.</p> <p>See response to #2.</p> | The status has not changed from the last response. | June 30, 2018 Anita B. Hicks |
| 3 | MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity | <p>We further recommend that the new accounts receivable system include the ability to generate reports that allow monitoring for payment timeliness. Such reports should include</p> | | The status has not changed from the last response. | June 30, 2018 Anita B. Hicks |

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| 4 | MAR Case Set-up Could Be More Efficient by Importing Provider Information from FMMIS | information that shows the chronology of Agency for Health Care Administration (Agency) action taken (i.e. Final Order, Final Audit Report, or notification letter), the date of that action, the date(s) the provider is overdue, the number of days an amount is overdue, and if an amount paid complies with the amount owed. | See response to #2. | The status has not changed from the last response. | June 30, 2018 Anita B. Hicks |
| 5 | Cases Designated for Referral to a Collection Agency May Be Delayed | To improve efficiency and expedite data entry, the new accounts receivable system should consider an interface that would automatically populate these fields from FMMIS. In order to enhance prompt collection, we recommend the Bureau develop a written policy or guidelines that meet the approval of the Office of General Counsel (OGC) specifying how frequently the Agency should refer cases to the collection agency. | Completed | N/A | N/A |
| 6 | Collection Agency Report Balances Did Not Agree with the Account Balances in the MAR System | To ensure that cases referred to collection agencies are correctly recorded and their balances are accurate, we recommend MAR staff periodically reconcile the information on the collection agencies' reports with the receivables identified in MAR. | Completed Auditor's note: The reconciliation in 2013 was the first performed. We agreed to accept this as complete; however, we request evidence that this is a routine practice. | Completed. The reconciliations are being performed on a quarterly basis. | N/A |
| 7 | Payment Plan Finalization May Be Delayed | We recommend that the Bureau consider adopting a policy limiting the number of | Completed | N/A | N/A |

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| 8 | The Coordination of Restitution Cases Could be Improved between MFCU and F&A | negotiations allowed or setting a deadline so they finalize payment plans more timely. To clarify the roles and responsibilities between Medicaid Fraud Control Unit (MFCU) and Bureau, we recommend that the current Memorandum of Understanding (MOU) be revised specifying: (1) the frequency and documentation for performing periodic reconciliations for open case balances should be performed and documented, and (2) clarification of responsibilities for monitoring delinquent cases, contacting probation officers in cases of delinquent payment by probationers, and referral to a collections agency for non-payment. | Completed | N/A | N/A |
| 9 | Queries Used to Run Reports in OPC Track Billing Are Ineffective | We recommend the new Accounts Receivable System include accurate and relevant queries needed to produce reliable reports for the Office of Plans and Construction (OPC) Track System. | Completed | N/A | N/A |
| 10 | Manual Processes | To improve efficiency and information security, we recommend the new Accounts Receivable System accommodate all accounts receivable types so that the areas can discontinue the use of maintaining accounts receivable | Bureau of <u>Financial Services</u> response: See response to #2. HQA response: Status remains the same. | The status has not changed from the last response. | June 30, 2018 Anita B. Hicks Sharon Woodbery Ryan Fitch |

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| 11 | Use of Versa as an Accounts Receivable System | <p>in MS Excel.</p> <p>We recommend the identified accounts be maintained in the new Accounts Receivable System instead of the Versa system.</p> | <p><u>Bureau of Financial Services</u> response: See response to #2.</p> <p>HQA response: Status remains the same.</p> | <p>The status has not changed from the last response.</p> | <p>June 30, 2018</p> <p>Anita B. Hicks</p> <p>Sharon Woodbery</p> <p>Ryan Fitch</p> <p>N/A</p> |
| 12 | Revenue Management's Documentation Processes Are Inconsistent | <p>We recommend Bureau management and staff evaluate current processes and written procedures to identify process improvements such as updating and/or removing unnecessary forms.</p> | <p>The evaluation and documentation of our process is currently underway. We are in the process of assigning priority rankings to each process for documentation purposes.</p> | <p>Completed. Bureau staff told Internal Audit they reviewed the following processes and procedures for efficiency and effectiveness:</p> <ol style="list-style-type: none"> 1) SEFA; 2) Identification of State and Federal OCAs; 3) Purchasing Card Program; 4) Processing of Medicaid Weekly Provider Payments; 5) Statewide Object Code Conversion; 6) Federal Draw Process; and 7) Revamp of Monthly Spending Reports. <p>In addition, staff has made site visits or conference calls with other state agencies to discuss technological solutions for automation.</p> | <p>N/A</p> |