



**Office of the Inspector
General**
Internal Audit

**Report No. AHCA-1516-08-A
December 2017**

Cash Room Collection Process

EXECUTIVE SUMMARY

As part of the Agency for Health Care Administration (Agency or AHCA) fiscal year 2015-16 audit plan, our office conducted an audit of the operations of the Cash Receipts Unit (Cash Room) within the Bureau of Financial Services (Financial Services).

Overall Cash Room operations appeared to comply with applicable laws, rules, and established procedures. In addition, the Cash Room generally deposited checks within the statutory required time.¹ However, we also noted areas where improvement could be made to strengthen controls. Our audit disclosed the following:

- The Cash Room was staffed with only one person several times during the day.
- Cash Room records were insufficient to properly document the change of custody for checks.
- Bank account numbers of clients and the Agency were not kept in a secured cabinet.
- At times, Financial Services employees were assigned incompatible Cash Room and accounting functions.
- The Cash Room entry log and the Safe Opening/Closing log disclosed discrepancies. In addition, Cash Room staff had unrestricted access to the safe during non-business hours.
- The Cash Room acted as custodian for negotiable instruments with inadequate chain of custody transfer documentation.

The Findings and Recommendations section provides details of the results of our audit.

¹ Section 116.01(1), Florida Statutes (F.S.) "pay all sums into the state...treasury not later than 7 working days from the close of the week in which the officer received the funds."

SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this audit was to look at the internal processes as performed from December 2015 through April 2016. The objectives of this audit were to review the adequacy of the processes and controls over Cash Room operations.

To accomplish our objectives, we reviewed applicable laws, rules, and regulations; interviewed appropriate Agency staff; reviewed policies and procedures and related documents; observed and documented operations; and tested and evaluated controls. We also reviewed Financial Services process for restricting access to the Cash Room, including the process for opening and closing the safe.

BACKGROUND

The Revenue Management Section, within Financial Services, is responsible for a variety of processes in support of the revenue life cycle. This section includes the Cash Room that receives and deposits the various checks mailed to the Agency. For fiscal year 2015-16, the Cash Room processed and deposited over two billion dollars of revenue. Two Fiscal Assistants staff the Cash Room. The Cash Room supervisor assists the Cash Room staff during times of peak workload.

Access to the Financial Services suite is primarily restricted to those individuals who work in Financial Services. Additionally, the Cash Room has restricted access, mainly to those who work in the Cash Room along with some Financial Services management. However, some Agency senior management, some Support Services staff, a security vendor and the Tallahassee Fire Department have unrestricted access to all Agency offices and, therefore, also to the Cash Room.

The Cash Room is open for business from 8:00 a.m. to 5:00 p.m. The Cash Room utilizes a Dutch door² to accommodate individuals who do business with the Cash Room, such as mail delivery.

Mail is delivered to the Cash Room twice a day: in the morning and in the afternoon. Checks are also delivered from other bureaus within the Agency. The mail is opened, checks are restrictively endorsed, and sorted into six different revenue types: Hospital Accounts Receivable (HAR), Grants, Finance and Accounting Miscellaneous (FA MISC), Drug Rebate (DR), Medicaid Accounts Receivable (MAR), and Nursing Home Assessment Fee (NAF). Each revenue type has individual deposit slips and endorsement stamps due to the different bank account numbers associated with each revenue type.

The checks and their enclosed supporting documents are then batched in groups of no more than 15 checks and attached to a Transfer of Cash Receipts form.³

² A two-part door where the bottom half remains closed, but the upper half is left open for business.

³ Some checks are already batched prior to delivery (e.g. from the Division of Health Quality Assurance.)

The accountants assigned to process each revenue type will come to the Cash Room to verify that the checks and enclosed supporting documents are correct for that revenue type. The accountant will add up the checks on an adding machine. A Cash Room staff member will also add up the checks. Both adding machine tapes are compared. If the amounts agree, each individual will date and sign the tape and then, attach both to the back of the Transfer of Cash Receipts form. The accountant and the Cash Room staff member complete the appropriate sections of the Transfer of Cash Receipts form.

Once all the batches have been verified for that day they are placed into the safe at the close of business.

The following morning, one of the accountants comes to the Cash Room, picks up all of the verified batches of checks, and takes them to her desk for posting into the respective accounts receivable systems. The accountant will also complete the appropriate deposit slip for each revenue type.

Some batches, those pertaining to HAR, will be handed off to another accountant, along with the appropriate blank deposit slip. This accountant will post the checks into HAR and complete the deposit slip, then return the batch to the original accountant. Both accountants will print an accounts receivable deposit summary for each batch and attach it to the batch.

One of the Cash Room staff members will periodically go to the desk of the accountant who posts the checks to pick up any batches that have been posted and the completed deposit slip, and return to the Cash Room. One staff member will scan the batch into Laserfiche. The items scanned are the Transfer of Cash Receipts form, checks, deposit slip, supporting documents, and the accounts receivable deposit summary. A different Cash Room Staff member will perform a quality check of what was scanned into Laserfiche. Once verified that the scan is complete and legible, he will then separate the checks and deposit slip from the other documents. The supporting documents are stored in the file room by date and revenue type. The accounts receivable deposit summary is maintained with the entire day's deposit process.

The Cash Room deposits the checks utilizing a remote deposit capture system (CashPro Online) whereby staff can directly deposit checks in-house to the state depository (Bank of America) without sending deposits to the bank by courier. The remote deposit capture process maximizes the efficiency of sending funds quickly to the state's Treasury. CashPro verifies the deposit amount input by staff by reading each check and adding them together for a total. Once the totals match, the Cash Room staff member will complete the deposit. If there is a discrepancy, the staff member will make the appropriate corrections. Once the totals match, the deposit is completed.

When HQA delivers their checks to the Cash Room, the staff verifies the total of the checks and signs off on HQA's Receipts form. An accountant is notified of HQA's checks arrival, who then comes to the Cash Room to write up the deposit for HQA's checks. HQA's checks are remotely deposited after all the other checks have been deposited.

Each deposit is listed on the Cash Room Reconciliation spreadsheet, listing the date received and deposited, deposit total, deposit number, revenue type, who logged the checks, and any comments about the deposit. An example of a comment would be if Bank of America rejects the check and the deposit total is adjusted.

Once all the deposits are completed for the day, the Cash Room staff member who performed the remote deposit generates a Bank of America summary of all the deposits made for that day, which includes a copy of each check and deposit slip. (A copy of this summary is permanently saved in a specified folder within one of the Agency's drives.) The Bank of America deposit summary, along with all the original checks and deposit slips, Transfer of Cash Receipts form and the accounts receivable deposit summaries are bound together. This bundle is then delivered to the Cash Room supervisor.

The Cash Room supervisor compares each listed deposit on the Cash Room Reconciliation spreadsheet to the original deposit, along with the Bank of America deposit summary report. A daily summary of deposits by revenue type is provided to management.

The bundle of checks, along with the various summaries and Transfer of Cash Receipts form, is then placed into a file cabinet and kept for 90-days, after which, the bundle is destroyed.

FINDINGS AND RECOMMENDATIONS

Finding 1	
Finding Statement	The Cash Room was staffed with only one person several times during the day.
Criteria	The AHCA Revenue Cash Office Desk Procedures states that the Cash Room will be maintained at all times by two individuals. Internal control best practices advise where there are cash equivalents (e.g. checks) there should be two individuals present at all times. Part of the opening process for a typical office that deals with cash equivalents is handling or removing the assets from their secured storage place, usually a safe, to begin the transaction process. No single person should have control of removing cash equivalents from the safe without another person present.
Condition	<p>We reviewed the electronic access records to the Cash Room and the Safe Opening and Closing log for the months of December 2015 and March 2016. Based on these records, the first person to access the Cash Room arrived about 45 minutes on average prior to the opening of the Cash Room at 8:00 a.m. The second person's average arrival time was around 8:00 a.m. In addition, the first person typically opened the safe on average at 7:30 a.m. Therefore, it appeared there was only one Cash Room staff member present with access to the checks.</p> <p>In addition, we noted seven instances where it appeared the second person did not access the Cash Room until after the scheduled opening time of 8:00 a.m. from as early as 8:08 a.m. to as late as 10:42 a.m. It appeared there was only one person in the Cash Room for as long as 2.75 hours after the scheduled opening of the Cash Room.</p> <p>When Cash Room staff leave the Cash Room for their scheduled breaks and lunch, an accountant covers for them. However, there was no coverage when staff leave the office to make copies, pick up deposits from the accountant who posts the checks, take bathroom breaks, deliver the day's completed deposits to the Cash Room supervisor, and when coverage was needed at the front desk, which was right outside the Cash Room.</p>
Cause	Staff members assigned to the Cash Room do not always swipe their badges when accessing the Cash Room. For example, if staff arrives at the Cash Room at the same time, one swipes their badge, but both enter the room with only one recorded entry. Therefore, we could not determine if there was only one

FINDINGS AND RECOMMENDATIONS

	<p>person in the Cash Room in the early hours of the Cash Room's business day.</p> <p>Resources for the Cash Room were such that the Cash Room could not maintain dual control at all times. The Cash Room supervisor, who was the main backup for staff shortages, had her work interrupted several times a day to go from her office to the Cash Room for these unscheduled interruptions.</p> <p>At times, the Front Desk process interferes with the internal controls of the Cash Room by having the Cash Room staff "cover" the front desk. The front desk coverage causes Cash Room staff not to fully cover the Cash Room. Dual control appears to be compromised even though both areas are next door to each other.</p>
Effect	The absence of dual control may result in checks at risk of being, stolen, forged, or altered for personal gain.
Recommendation	<p>To help ensure that the Cash Room is maintained by two staff at all times we recommend:</p> <ol style="list-style-type: none"> 1. Cash Room staff swipe their badges each time they enter the Cash Room, even when entering with another staff member. 2. Installing a printer/copier to replace the printer in the Cash Room, thereby eliminating the need for staff to leave the Cash Room to make copies. 3. Non-Cash Room staff deliver and pick-up batches for posting in the accounts receivable system and other documents. 4. Consider assigning other non-Cash Room staff to back-up the Front Desk as needed, in order to maintain dual control in the Cash Room.
Management Response	<ol style="list-style-type: none"> 1. The recommendation has been implemented. Cash Room staff are required to swipe their badges each time they enter the Cash Room. When Non-Cash Room staff cover for a Cash Room staff, the Non-Cash Room staff will record their presence in the sign-in log. The Cash Room Supervisor has developed a schedule to ensure appropriate daily coverage. 2. A cost benefit analysis was completed and the request to purchase a printer for the Cash Room has been submitted for consideration and approval.

FINDINGS AND RECOMMENDATIONS

	<ol style="list-style-type: none"> 3. The task of delivering and picking up checks and back-up documentation from the accountants who post the checks has been discontinued. The process has been amended to require Non-Cash Room staff to come to the Cash Room to validate revenue batches. In the event checks and backup documentation leave the Cash Room, those items will be tracked through a change of custody process that includes Non-Cash Room staff and Cash Room staff signing for the receipt of checks and back-up documentation as the items leave and return to the Cash Room for further processing. 4. If resources allow, Financial Services will assign an additional full-time position to cover the duties of the Front Desk. Currently, Financial Services' Administrative Assistant is covering the front desk as needed.
<p>Anticipated Completion Date</p>	<ol style="list-style-type: none"> 1. Measures have already been implemented. 2. The measure has been submitted to the CFO for consideration and is expected to be implemented by January 31, 2018. 3. Anticipated to be in place by November 30, 2017. 4. Anticipated to be in place by November 30, 2017.

FINDINGS AND RECOMMENDATIONS

Finding 2	
Finding Statement	Cash Room records were insufficient to properly document the change of custody for checks.
Criteria	Organizations that receive large amounts of mail containing checks should have audit trail procedures in place to ensure the reliable processing of the checks from the time of its first arrival into the office until its deposit. An audit trail consists of records that document every step of a transaction, and each person who had custody of that item. As customers send in payments, it is important the checks are recorded in a log and then secured in a locked cabinet or safe, under dual control, until the next step of the process begins. As the check continues its journey from receipt to deposit a series of controls, such as limited access, Segregation of Duties and documented audit trails should be used.
Condition	<p>After the day's deposits are completed, the delivered mail was processed. The contents of each envelope are paper clipped together, then sorted into bins for each revenue type. The checks are restrictively endorsed and kept with the supporting documents it came with. Once all mail was opened and sorted into their appropriate bin, staff will binder clip no more than 15 checks (called a batch) with supporting documents for each revenue type bin. A Transfer of Cash Receipts form, which included the name of the receiving revenue unit, was attached with the batch of checks and placed into a basket. The accountant responsible for that revenue type was contacted, and they came to the Cash Room to verify and add the batch of checks. The Cash Room staff, also, added up the checks. Both adding machine tapes were compared for matching totals, taped to the back of the Transfer of Cash Receipts form, dated, and initialed. The batch was then placed back into the basket.</p> <p>At the end of the day, the batches of checks were removed from the basket and put into the safe. The next business day the batches of checks and documents were removed from the safe and were given to the accountant to post into the accounts receivable systems at her desk, which was outside of the Cash Room. Certain HAR batches were handed off to a second accountant with a blank deposit slip for posting. Afterwards, the second accountant returns her batch of checks and completed deposit slip to the original accountant.</p> <p>After the checks had been posted into the accounts receivable system the Transfer of Cash Receipts form, checks (along with a</p>

FINDINGS AND RECOMMENDATIONS

	<p>deposit slip prepared by the accountant), supporting documents, and accounts receivable summary were scanned into Laserfiche. The adding machine tapes were not scanned into Laserfiche.</p> <p>The checks were remotely deposited after they had been scanned into Laserfiche. A summary was printed of all the checks deposited for that day. The original checks, deposit slips, Transfer of Cash Receipts form, and accounts receivable summaries were all rolled up within the remote deposit summary and rubber banded. (Prior to the deposit, the supporting documents were separated from the checks. They are stored in the file room.) The bundle of checks and summaries are kept for 90-days. Then they are destroyed.</p> <p>Other than the list of dollar amounts on the adding machine tapes on the back of the Transfer of Cash Receipts form, there was insufficient documentation to support the following tasks:</p> <ol style="list-style-type: none"> 1. The batches of checks that were placed into the safe for the evening, and then removed in the morning. 2. The batches of checks the accountant picks up from the Cash Room and takes to her desk, and then subsequently returns. In addition, the accountant may give certain batches to a second accountant to post. <p>Subsequent to our audit inquiry, the Cash Room implemented a batch log tracking sheet beginning in January 2016. Upon review, we noted several days where the total number of batches that were picked up and returned did not match. There was no comment section to explain these discrepancies. In addition, the log did not list each batch separately, nor were there any unique identifiers for each batch.</p>
Cause	<p>There is insufficient accountability when checks are brought out of the Cash Room to be logged into the accounts receivable system.</p> <p>The batch log tracking sheet was inadequate to properly document the change of custody for checks.</p>
Effect	<p>With inadequate documentation for change of custody, there is a potential risk that the checks could be lost or stolen.</p>
Recommendation	<ol style="list-style-type: none"> 1. We recommend that each batch be recorded separately on the log. The log should include the change of custody date, revenue type, batch amount, and the name of the individual making the log entry. The log should document when the

FINDINGS AND RECOMMENDATIONS

	<p>batches are placed into the safe at closing, removed from the safe at opening, and when batches transfer custody.</p> <p>2. We recommend that the accountant responsible for logging HAR checks personally pick up those batches directly from the Cash Room to show the correct transfer of custody.</p>
Management Response	<p>1. To address the change of custody, the Cash Room Supervisor implemented a batch log tracking sheet and a safe contents inventory log for checks that were not deposited and being held over to the next business day. The Cash Room Supervisor amended the batch log tracking sheet to include a more detailed documentation log of the type and purpose of the checks being turned over to the cash room. There is a log for items that were assigned a tracking number; a log for payroll checks; and a log of items that require additional information prior to deposit.</p> <p>2. Whenever possible, logging of HAR checks will happen within the Cash Room. If there is a need to log the checks outside of the Cash Room, the appropriate accountant will pick up and sign for custody of the checks that leave the Cash Room. The Cash Room Supervisor implemented a custody log for batches and deposits signed out and returned to the Cash Room. This custody log identifies the date, name, deposit number, deposit amount signed out, the deposit number signed in, and Cash Room staff releasing and accepting the returned batch to the Cash Room.</p>
Anticipated Completion Date	<p>Measures are anticipated to be fully implemented by November 30, 2017.</p>

FINDINGS AND RECOMMENDATIONS

Finding 3	
Finding Statement	Bank account numbers of clients and the Agency were not kept in a secured cabinet.
Criteria	<p>One of the key operational risks of the remote deposit capture process relates to the security of sensitive financial information. The Federal Deposit Insurance Corporation (FDIC) provides guidance on ways to mitigate this risk by ensuring the “secure storage and disposal of original checks.”</p> <p>CashPro procedures from Bank of America, the depository used by the Agency for the remote deposit capture system, also states, “store the scanned checks in a secure place.”</p>
Condition	<p>Blank deposit slips for Financial Services Revenue accounts were locked in an accountant’s cabinet. Blank deposit slips for HQA were located in the Cash Room, which had restricted access. However, once the checks had been remotely deposited they, along with the deposit slips, Transfer of Cash Receipts form, accounts receivable deposit summaries and the Bank of America deposit summary were bundled together and kept for 90-days in an unlocked cabinet in the Cash Room supervisor’s cubicle office that does not have a door. This exposes the checks to unauthorized access by any person who has access to the Financial Services suite.</p> <p>Subsequent to audit inquiry, management stated that they now securely store the bundled checks, deposit slips, and documents in a locked cabinet with the key stored in a locked desk. Only authorized persons have access to the desk.</p>
Cause	Sensitive financial documents were stored in an unlocked cabinet.
Effect	Unauthorized access to sensitive financial information may increase the risk of identity theft.
Recommendation	We recommend the scanned checks and deposit slips continue to be stored in a locked cabinet, which can only be accessed by authorized staff.
Management Response	Scanned checks and deposit slips will continue to be stored in a locked cabinet accessible only by authorized staff.
Anticipated Completion Date	This item has been completed.

FINDINGS AND RECOMMENDATIONS

Finding 4	
Finding Statement	At times, Financial Services employees were assigned incompatible Cash Room and accounting functions.
Criteria	“Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions.” A financial transaction should have no single individual process more than one-step of the transaction. For example, a person who posts the receipt to a customer’s account should not be the same person to prepare the deposit. Another example is the same person who sends out invoices should not open the mail. However, when a lack of personnel does not allow for ample segregation of duties compensating controls can be implemented to decrease the risk of an existing control weakness.
Condition	Although appropriate segregation of duties exists whereby the Fiscal Assistant who scans the check batches into Laserfiche does not remotely deposit the checks using CashPro. The other Fiscal Assistant in the Cash Room performs a quality assessment of the documents scanned into Laserfiche and then makes the deposit. In addition, segregation of duties exist where most of the accountants who send invoices do not open the mail. However, there were some accountants (the accountant who posts the checks and the Cash Room supervisor) who were each other’s back-up when absences occur who do several of the following steps which are incompatible with Cash Room duties: posting of the checks to the applicable accounts and preparing the deposit slip.
Cause	There was a lack of resources and personnel to implement segregation of duties fully.
Effect	Without segregation of duties, an organization runs the risk of errors not being detected, and/or irregularities occurring, whether intentional or not intentional. Segregation of duties is the first line of defense against these errors or irregularities.
Recommendation	We recommend management only assign staff to perform Cash Room duties that are compatible with their current duties. If staff resources prevent the appropriate segregation of duties, we recommend management implement compensating controls to reduce the risk of errors and/or irregularities.

FINDINGS AND RECOMMENDATIONS

Management Response	Recommendation is partially completed in that the operating procedures now have the assigned revenue-type accountant creating their own deposit slip, once they have approved their batch, so that the person logging the checks is not the person creating the deposit slip.
Anticipated Completion Date	Recommendation is anticipated to be fully implemented in March 2018.

FINDINGS AND RECOMMENDATIONS

Finding 5

Finding Statement	The Cash Room entry log and the Safe Opening and Closing log disclosed discrepancies. In addition, Cash Room staff had unrestricted access to the safe during non-business hours.																								
Criteria	Logs are a record of a series of activities. Entry logs show who and when an individual entered a restricted area. Safe logs show who and when a safe is opened and closed. One major control for cash equivalents (checks) should include restricted and limited access. Restricted access can include dual control where it takes two individuals to access the safe. Manual logs should reflect accurate date time and who performed the function. It ought to be recorded at the time of the event, as well.																								
Condition	<p>Based upon a comparison of the electronic entry log for the Cash Room, and the manual log for the safe opening and closing there were several instances of discrepancies.</p> <p>There were seven instances where it appeared that the person who opened the safe did not enter the Cash Room prior to the opening of the safe. See the table below:</p> <table border="1" style="margin: 10px auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">Date</th> <th style="padding: 5px;">Safe Opening Log</th> <th style="padding: 5px;">Cash Room Entry Log</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">12/4/2015</td> <td style="padding: 5px;">7:35 a.m.</td> <td style="padding: 5px;">10:05 a.m.</td> </tr> <tr> <td style="padding: 5px;">3/11/2016</td> <td style="padding: 5px;">7:30 a.m.</td> <td style="padding: 5px;">7:39 a.m.</td> </tr> <tr> <td style="padding: 5px;">3/18/2016</td> <td style="padding: 5px;">7:29 a.m.</td> <td style="padding: 5px;">7:37 a.m.</td> </tr> <tr> <td style="padding: 5px;">3/21/2016</td> <td style="padding: 5px;">7:20 a.m.</td> <td style="padding: 5px;">7:22 a.m.</td> </tr> <tr> <td style="padding: 5px;">3/23/2016</td> <td style="padding: 5px;">7:30 a.m.</td> <td style="padding: 5px;">12:15 p.m.</td> </tr> <tr> <td style="padding: 5px;">3/24/2016</td> <td style="padding: 5px;">7:30 a.m.</td> <td style="padding: 5px;">7:38 a.m.</td> </tr> <tr> <td style="padding: 5px;">3/25/2016</td> <td style="padding: 5px;">7:30 a.m.</td> <td style="padding: 5px;">7:33 a.m.</td> </tr> </tbody> </table> <p>Also, based upon both logs, it appeared that only one person was present when the safe was opened.</p> <p>The Cash Room has restricted entry to only a few individuals; however, these individuals can enter the Cash Room at any time, including after regular business hours and on weekends. In addition, certain Cash Room staff and management have access to the safe combination. These individuals can access the safe at any time with little controls. The safe was not under dual control (i.e. two people were not required to open it) and the safe does not have a timer lock. In addition, at the time of our</p>	Date	Safe Opening Log	Cash Room Entry Log	12/4/2015	7:35 a.m.	10:05 a.m.	3/11/2016	7:30 a.m.	7:39 a.m.	3/18/2016	7:29 a.m.	7:37 a.m.	3/21/2016	7:20 a.m.	7:22 a.m.	3/23/2016	7:30 a.m.	12:15 p.m.	3/24/2016	7:30 a.m.	7:38 a.m.	3/25/2016	7:30 a.m.	7:33 a.m.
Date	Safe Opening Log	Cash Room Entry Log																							
12/4/2015	7:35 a.m.	10:05 a.m.																							
3/11/2016	7:30 a.m.	7:39 a.m.																							
3/18/2016	7:29 a.m.	7:37 a.m.																							
3/21/2016	7:20 a.m.	7:22 a.m.																							
3/23/2016	7:30 a.m.	12:15 p.m.																							
3/24/2016	7:30 a.m.	7:38 a.m.																							
3/25/2016	7:30 a.m.	7:33 a.m.																							

FINDINGS AND RECOMMENDATIONS

	audit, the documented audit trail was inadequate and provided little assurance that what went into the safe was what came out of the safe the next business morning.
Cause	Unrestricted access to negotiable items, such as checks, can increase the potential risk of loss or fraud.
Effect	The loss of any revenue due to the absence of mitigating controls can result in legal, financial, or reputational risks to the agency.
Recommendation	<ol style="list-style-type: none"> 1. We recommend management limit access to the Cash Room outside of regular business hours for non-managerial staff members. 2. We recommend that entry reports to the Cash Room and safe opening log be reviewed periodically for appropriate dual control for safe opening. In addition, the Cash Room entry report should be reviewed for Cash Room entry after regular business hours and on weekends. Any access outside regular business hours should be pre-approved and documented by management. 3. We further recommend that the safe be opened only when two individuals are present. The log should document the date, time, and the names and signatures of the two individuals who opened the safe.
Management Response	<ol style="list-style-type: none"> 1. Cash Room access had already been limited to normal work hours for non-management staff members. The ability to enter the suites for Financial Services has been limited to all but certain staff to Monday thru Friday, 7 AM to 6 PM. 2. The Revenue Administrator or Revenue Unit Manager will conduct periodic reviews to ensure appropriate controls. Current policy requires pre-authorization for Cash Room access outside of regular business hours. Documentation has normally been in the form of authorization to work overtime during peak season or for special circumstances. 3. There has always been a requirement to document the safe opening and closing activity in the presence of two individuals. Management has retrained Cash Room staff on the importance of this requirement. A management review will be implemented to assure this practice is followed.

FINDINGS AND RECOMMENDATIONS

Anticipated Completion Date	<ol style="list-style-type: none">1. Measures have been implemented.2. A management review process of the entry logs will be implemented by November 1, 2017. Financial Services has already implemented a control to ensure afterhours access to be limited and monitored.3. Measures will be initiated by November 1, 2017.
------------------------------------	---

FINDINGS AND RECOMMENDATIONS

Finding 6	
Finding Statement	The Cash Room acted as custodian for negotiable instruments with inadequate chain of custody transfer documentation.
Criteria	When a Cash Room offers, or allows a staff member to place into the Cash Room safe negotiable items and other confidential information that will not be processed in the normal scope of the Cash Room's responsibility, the Cash Room becomes a custodian of those items. This custodial relationship involves due diligence in the safekeeping of those non-Cash Room items. Therefore, the control procedures should include recording access information, such as who opened and witnessed the transferring of the safekeeping items to and from the safe, as well as verification of the items.
Condition	<p>The Front Desk Receptionist was responsible for the distribution of items such as warrants, payroll checks, W-2s, and purchasing cards (P-cards). If at the end of the business day, the receptionist had not delivered all items to their proper recipients, Cash Room staff were requested to place them into the safe in a folder. The same occurred if the receptionist left the Front Desk for a period of time. The items were given back when the receptionist returned to their desk.</p> <p>Although there was a list of items used by the receptionist, there was no record verifying as to what was transferred to/from the safe, or who accepted the transfer.</p>
Cause	For negotiable and sensitive items that are stored in the safe that are not processed in the normal scope of the Cash Room Collection duties, a custodial relationship exists that necessitates special handling.
Effect	With inadequate controls in place for a custodial relationship, the Cash Room is at risk for being responsible for any lost or stolen items; or identity theft from information contained on W-2s.
Recommendation	We recommend that when items are given to Cash Room staff for safekeeping that the parties involved document the receipt and verification of the items transferred in and out of the safe.
Management Response	It has always been required to document the receiving/exchange of custody of negotiable instruments. Revenue Managers and staff will ensure full compliance as part of the new review process. The Cash Room Supervisor implemented a safe

FINDINGS AND RECOMMENDATIONS

	contents log prior to the conclusion of this audit. The Supervisor has also added additional lines and columns of details to improve accountability and transparency to documentation.
Anticipated Completion Date	Measures to address this recommendation will be initiated by December 1, 2017.

FINAL COMMENTS AND PROJECT TEAM

FINAL COMMENTS

The Office of the Inspector General, Internal Audit would like to thank the Bureau of Financial Services management and staff for their assistance and cooperation extended to us during this engagement.

PROJECT TEAM

The audit was conducted by Joann Hartmann under the supervision of Mary Beth Sheffield, Audit Director and Inspector General, CPA, CIA, CFE, CIG.

The Agency for Health Care Administration's mission is
Better Health Care for All Floridians.

The Inspector General's Office conducts audits and reviews of Agency programs to assist the Secretary and other agency management and staff in fulfilling this mission.

This engagement was conducted pursuant to Section 20.055, Florida Statutes, and in accordance with the *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors. Please address inquiries regarding this report to the AHCA Audit Director at (850) 412-3990.

Copies of final reports may be viewed and downloaded via the internet at:
ahca.myflorida.com/Executive/Inspector_General/Internal_Audit/audit.shtml.

Copies may also be obtained by telephone (850) 412-3990, in person, or by mail at
Agency for Health Care Administration, 2727 Mahan Drive,
Mail Stop #5, Tallahassee, FL 32308.