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GOVERNOR

MARY C. MAYHEW
SECRETARY

June 13, 2019

Mary C. Mayhew, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Mayhew:

In accordance with Internal Auditing Standards, attached is a status update from the Division of Operations, Bureau of Financial Services in response to our report #AHCA-1516-08-A *Cash Room Collection Process* published on December 8, 2017.

Management has indicated corrective action has been either initiated or completed for each of our report recommendations. A detailed description of all issues, recommendations, and management's responses can be found in the attached table. We will schedule another follow-up review in six months to assess the status of the efforts taken by the Division of Operations, Bureau of Financial Services to correct all open issues.

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

Sincerely,

Mary Beth Sheffield
Inspector General

MBS/jh

Attachment

cc: Toby Philpot, Chief of Staff
Mallory Deason, Communications Director
Jon Manalo, Deputy Secretary, Division of Operations
Michael Murphy, Financial Administrator



Agency for Health Care Administration
Office of Inspector General – Internal Audit
Report Title: Cash Room Collection Process
Report #: AHCA-1516-08-A, issued December 8, 2017
18-Month Follow-up Status as of June 13, 2019

No.	Finding(s)	Recommendation(s)	Previous Management Response(s)	Status Update, Anticipated Completion Date and Contact
1	The Cash Room was staffed with only one person several times during the day.	1. Cash Room staff swipe their badges each time they enter the Cash Room, even when entering with another staff member.	<p><u>Status as of December 8, 2017</u> 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.</p>	Completed
		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.	<p><u>Status as of December 17, 2018</u> In-Progress <i>Anticipated Completion: Eighteenth-Month Status Update</i> <i>Contact: Michael Murphy</i></p> <p><u>Status as of June 20, 2018</u> We are still reviewing options and pricing equipment as well as looking at an outside vendor that could perform the initial receipt of revenue. In the meantime, we have added an additional staff member to the Cash Room to ensure full coverage during the time staff may need to leave the Cash Room to make copies. During the months of May through September, a returning OPS staff member, who is fully trained on the Cash Room's procedures, is available to ensure proper coverage.</p> <p><u>Status as of December 8, 2017</u> A cost benefit analysis was completed and the request to purchase a printer for the Cash Room has been submitted for consideration and approval. The measure has been submitted to the CFO for consideration. <i>Anticipated Completion: January 31, 2018.</i></p>	<p>Completed</p> <p>The Bureau of Financial Services has taken corrective action through other means to address the risk associated with the audit finding and recommendation. Revised internal procedures and processes within the Bureau now require that two Revenue Management Unit staff members are present in the cash room at all times and that Revenue Management staff must physically enter the cash room to validate their assigned revenue and batch amounts. In addition, the Bureau is continuing to move forward with the purchase of a scanner/copier to improve efficiency within the cash room.</p>

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		<p>3. Non-Cash Room staff deliver and pick-up batches for posting in the accounts receivable system and other documents.</p>	<p><u>Status as of December 8, 2017</u> 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.</p> <p><i>Anticipated Completion: November 30, 2017.</i></p>	<p>Completed</p>
		<p>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.</p>	<p><u>Status as of June 20, 2018</u> Financial Services has staffed the front desk with non-cash room staff when needed, cut back on the amount of time that this station needs to be staffed, and have added a returning OPS staff member, who is fully trained, for the months of May through September, while considering options to staff the station with a permanent solution.</p> <p><i>Anticipated Completion: Completed</i></p> <p><u>Status as of December 8, 2017</u> 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> <p><i>Anticipated Completion: November 30, 2017.</i></p>	<p>Completed</p>

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2	Cash Room records were insufficient to properly document the change of custody for checks.	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 batches are placed into the safe at closing, removed from the safe at opening, and when batches transfer custody.	<p><u>Status as of December 17, 2018</u> In-Progress <i>Anticipated Completion: Eighteenth-Month Status Update</i> <i>Contact: Michael Murphy</i></p> <p><u>Status as of June 20, 2018</u> Financial Services managers implemented a process for evaluating, documenting, and assessing the compliance with Cash Room custody records. After several months of review by the Revenue Administrator, the responsibility for review of this process was transferred to the Revenue unit managers to maintain. The form was updated to include the safe closing date, batch amount at closing and at opening. Copy attached. <i>Auditor's Note: The Daily Safe Inventory Log was revised on June 15, 2018, to meet the requirement of dual control by demonstrating that the batches that enter the safe at night are the same batches that come out of the safe in the morning. We will be doing verification testing on the next follow-up status update.</i></p> <p><i>Anticipated Completion: Twelve-Month Status Update</i> <i>Contact: Michael Murphy</i></p> <p><u>Status as of December 8, 2017</u> 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</p>	<p>The Cash Room documentation and procedures have been the focus of significant review and improvement. Three of the former forms, used to establish possession, document possession and used for accounting for the processing of the negotiable instruments have been combined into a single form. Persons working in the cash room have been trained on the importance of complete and accurate documentation, the forms are reviewed by Revenue Managers daily, and corrective actions are taken to maintain effective, accurate, and efficient management of the negotiable instruments, processes and staffing in the cash room.</p> <p>Auditor Note: The Bureau has revised their <i>Transfer of Cash Receipts Form</i> and <i>Safe Opening and Closing Log</i> to require attestation of revenue receipt and transfer of custody of the former, as well as, validation of safe opening and closing of the latter. However, given the current design of the <i>Safe Opening and Closing Log</i> and the pre-printed form closing time, it is unclear as to what the signatures are verifying. Specifically, it is unclear whether the batch amounts are indeed being verified. The Bureau indicated</p>

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			<p>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><i>Anticipated Completion: November 30, 2017.</i></p>	<p>that they would adjust the form design to better evidence review of batch amount by Revenue Management Unit staff. Our Office anticipates completion of this status during our next review period.</p> <p><i>Anticipated Completion: 24-month status update</i> <i>Contact: Michael Murphy</i></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>	<p><u>Status as of June 20, 2018</u> The Cash Room procedures were revised so that <u>all</u> checks are kept in the Cash Room, until deposited and the various accountants sign into the Cash Room to log and validate the checks by revenue type.</p> <p><i>Anticipated Completion: Completed</i></p> <p><u>Status as of December 8, 2017</u> 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> <p><i>Anticipated Completion: November 30, 2017.</i></p>	<p style="text-align: center;">Completed</p>

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3	Bank account numbers of clients and the Agency were not kept in a secured cabinet.	We recommend the scanned checks and deposit slips continue to be stored in a locked cabinet, which can only be accessed by authorized staff.	<p><u>Status as of December 8, 2017</u> Scanned checks and deposit slips will continue to be stored in a locked cabinet accessible only by authorized staff.</p>	Completed
4	At times, Financial Services employees were assigned incompatible Cash Room and accounting functions.	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.	<p><u>Status as of December 17, 2018</u> In-Progress <i>Anticipated Completion: Eighteen-Month Status Update</i> <i>Contact: Michael Murphy</i></p> <p><u>Status as of June 20, 2018</u> <i>Auditor's Note: Although procedures are completed, verification of documentation showed that there were instances where it could not be shown that procedures were consistently applied. There were several instances where there was missing information on who created the deposit slips to ensure that it was a different individual from the person logging the checks to ensure segregation of duties.</i></p> <p><u>Status as of December 8, 2017</u> 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. <i>Anticipated Completion: March 2018.</i></p>	<p>Completed</p> <p>The Bureau of Financial Services has changed relevant processes so that no one person is performing consecutive steps in the revenue receipt, transfer, and accounting process. Revised processes now require separate personnel to perform each separate task when processing incoming revenue received. The Bureau has also revised their <i>Transfer of Cash Receipts</i> Form to require attestation of revenue receipt and transfer of custody. In addition, the Bureau noted that when needed, additional Revenue Unit Management staff are assigned to work in the cash room to ensure separation of duties. Finally, the Bureau is in the process of a staffing change in which a third FTE will be reassigned to the cash room to assist in these activities, further enhancing principles of segregation of duties within this process.</p>

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5	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.	1. We recommend management limit access to the Cash Room outside of regular business hours for non-managerial staff members.	<u>Status as of December 8, 2017</u> 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.	Completed
		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.	<u>Status as of December 8, 2017</u> 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. <i>Anticipated Completion: November 1, 2017.</i>	Completed

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		<p>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.</p>	<p><u>Status as of December 17, 2018</u> In-Progress <i>Anticipated Completion: Eighteenth-Month Status Update</i> <i>Contact: Michael Murphy</i></p> <p><u>Status as of June 20, 2018</u> <i>Auditor's Note: Although a policy was implemented to require safe opening in the presence of two staff members, verification of the safe opening log and the sign-in sheet, showed a time discrepancy. There were several instances of staff logging checks in prior to the documented safe opening.</i></p> <p><u>Status as of December 8, 2017</u> 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. <i>Anticipated Completion: November 1, 2017.</i></p>	<p>Completed</p> <p>The Bureau of Financial Services has revised their <i>Safe Opening and Closing Log</i>. This Log now documents safe closure at the end of the business day by two Revenue Management Unit staff members. The Form also documents safe opening at the beginning of the next business day.</p>
6	The Cash Room acted as custodian for negotiable instruments with inadequate chain of custody transfer documentation.	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.	<p><u>Status as of December 8, 2017</u> 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 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. <i>Anticipated Completion: December 1, 2017.</i></p>	<p>Completed</p>