



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

June 11, 2014

Ms. Elizabeth Dudek, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Dudek,

Enclosed is a six-month status report on the Auditor General's *Operational Audit of the Agency for Health Care Administration, Health Care Facility Licensing Function and Information Technology Controls*, issued December 2013. This status report is issued in accordance with the statutory requirement to report on corrective actions resulting from the Auditor General's recommendations six months from the report date.

If you have any questions about this status report, please contact Mary Beth Sheffield at 412-3978.

Sincerely,

Eric W. Miller
Inspector General

EWM/szg

Enclosure: Six-Month Status Report of AG Report# 2014-057

cc/enc: Kathy DuBose, Joint Legislative Auditing Committee
Molly McKinstry, Deputy Secretary, Division of Health Quality Assurance
Tonya Kidd, Deputy Secretary, Division of Operations
Scott Ward, Director of Information Technology



Florida Agency for Health Care Administration
Auditor General Operational Audit – Health Care Facility Licensing Function and Information Technology Controls (Report# 2014-057)
Six-Month Status Report as of June 11, 2014

| Finding# 1 | Recommendation | Management Response as of December 5, 2013 | Status of Finding as of June 11, 2014 | Comments and Agency Contact |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Health Care Facility Licensing Requirements. The Agency's health care facilities licensing processes did not always ensure that required background screenings were timely performed for health care facility employees or document Agency efforts to verify that nursing home applicants reported civil verdicts or judgments.</p> | <p>We recommend that Agency management enhance the licensing procedures to require that Division staff track and verify the timely performance of required background screenings by health care facilities. In addition, Agency management should revise the nursing home licensing procedures and associated checklists to better ensure that nursing homes timely notify the Agency of any civil verdicts or judgments related to medical negligence, violation of residents' rights, or wrongful death.</p> | <p>Background Screening At the time of renewal, change of ownership, or other change during the licensure period, licensure staff reviews the background screening status of the relevant employees. During the licensure period, the Agency now runs reports for those individuals that require rescreening. As new screenings are conducted through the Agency's Background Screening Clearinghouse, the ability to manage rescreening and overall compliance with the criminal background standards will improve. Full implementation of the Clearinghouse is expected by July 31, 2015 (refer to s. 408-809(5), F.S.).</p> <p>Anticipated Completion Date: Review of background screening status during the licensing process is already in place.</p> <p>Civil Verdicts Section 400.071(1)(e) Florida Statutes provides that an application for a nursing home license must include copies of civil verdicts rendered during the previous 10 year period. As indicated in the P&T Audit Findings and Recommendations, it has been the practice of the Agency to</p> | <p>Fully Corrected</p> | <p>Background Screening The retention of fingerprints provides up-to-date arrest information for individuals that have been screened through the Clearinghouse. The provider and licensure unit are both notified when a new arrest occurs.</p> <p>Additionally, providers are notified of those employees whose fingerprints have been retained and are about to expire, beginning six months prior to expiration.</p> <p>Civil Verdicts This was completed as indicated in October 2013. Analysts review this as part of the application process. The application is posted on the Agency's website at: http://ahca.myflorida.com/mchq/HQALicensureForms/index.shtml</p> <p>Date Completed: December 5, 2013</p> <p>Bernard Hudson (850) 412-4456</p> |

Florida Agency for Health Care Administration
 Auditor General Operational Audit – Health Care Facility Licensing Function and Information Technology Controls (Report# 2014-057)
 Six-Month Status Report as of June 11, 2014

| Finding# 1 | Recommendation | Management Response as of December 5, 2013 | Status of Finding as of June 11, 2014 | Comments and Agency Contact |
|------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------|
| | | <p>rely on the nursing home applicant or licensee to submit this information with the application as directed by the application instructions. The Agency revised the nursing home application to require the provider to affirm whether or not there were any civil verdicts as prescribed by statute. In addition, the Agency has revised the internal checklists used by staff when evaluating Initial, Renewal and Change of Ownership applications to include an item regarding civil verdicts. The check list provides documentation that staff reviewed the civil verdict information. A copy of the revised application and internal application checklists have been provided separately.</p> <p>Anticipated Completion Date: The application was revised in October 2013 to reflect the civil verdict requirement and the checklists were revised in November of 2013.</p> | | |

Florida Agency for Health Care Administration
 Auditor General Operational Audit – Health Care Facility Licensing Function and Information Technology Controls (Report# 2014-057)
 Six-Month Status Report as of June 11, 2014

| Finding# 2 | Recommendation | Management Response as of December 5, 2013 | Status of Finding as of June 11, 2014 | Comments and Agency Contact |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Timely Receipt and Review of Licensing Applications. The Agency did not always verify that required health care facility licensure due dates were met or ensure that all applicable fees were assessed.</p> | <p>We recommend that Agency management ensure that applicable fees are assessed for late applications. In addition, the Agency should ensure that applications are subject to timely review and, as applicable, appropriate follow-up procedures that include the timely mailing of omission letters.</p> | <p>Application Timeframes The statute requires that a specific fee be assessed on late-filed renewal applications. The Agency has had processes in place to track the time an application was open. Over the past year, the Agency has refined those procedures and implemented other measures, including regular reports to management, to ensure that applications are reviewed efficiently and within the statutorily-mandated timeframes.</p> <p>Anticipated Completion Date: The tracking of application timeframes and monitoring for assessment of applicable fees are currently in place.</p> | <p>Fully Corrected</p> | <p>Reports are now in place for management to track application timeframes and monitor for assessment of applicable fees. These reports represent completion of immediate tasks to ensure that applicable fees are assessed for late applications.</p> <p>Date Completed: May 29, 2013</p> <p>In addition to these reports, plans are in place to have IT program VERSA so that the late fee assessments are added automatically to late applications. We anticipate this additional programming to be completed by June 30, 2014.</p> <p>Laura MacLafferty (850) 412-4363</p> |

**Florida Agency for Health Care Administration
Auditor General Operational Audit – Health Care Facility Licensing Function and Information Technology Controls (Report# 2014-057)
Six-Month Status Report as of June 11, 2014**

| Finding# 3 | Recommendation | Management Response as of December 5, 2013 | Status of Finding as of June 11, 2014 | Comments and Agency Contact |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Reconciliation of License Fees Received. The Agency could not always demonstrate that health care facility license fee deposits recorded in the Agency's licensing system were timely and appropriately reconciled to those deposits in the State's accounting records.</p> | <p>We recommend that Agency management enhance the health care facility license fee deposits procedures to ensure that appropriate reconciliations of fee collections are timely and properly completed, documented, and reviewed by appropriate supervisory staff.</p> | <p>The Bureau of Financial Services worked with the appropriate staff in the Division of Health Quality Assurance to develop various reports in Versa Regulation to better identify from the onset the revenue by provider type. These reports have eliminated some of the manual research associated with identifying the correct revenue type. When the revenue type is unknown the revenues are deposited as miscellaneous revenue until the correct revenue type can be ascertained. To address the review by appropriate supervisory staff, the Bureau has re-implemented the use of an existing monthly reconciliation report that is prepared by the Accountant and submitted to the Revenue Manager for review and approval. This monthly report will be provided to the Agency's Chief Financial Officer. The process will be ongoing for updating reports each month.</p> <p>Anticipated Completion Date: The Bureau re-implemented the report in July 2013.</p> | <p>Partially Corrected</p> | <p>This measure is an ongoing process. We continue to work with the appropriation staff in the Division of Health Quality Assurance to improve processes and communication. We have re-established our reconciliation process, but it requires some process improvements prior to being fully implemented. We anticipate completion and full implementation by October 2014.</p> <p>Anticipated Completion Date: October 2014</p> <p>Michael Murphy (850) 412-3829</p> |

Florida Agency for Health Care Administration
Auditor General Operational Audit – Health Care Facility Licensing Function and Information Technology Controls (Report# 2014-057)
Six-Month Status Report as of June 11, 2014

| Finding# 4 | Recommendation | Management Response as of December 5, 2013 | Status of Finding as of June 11, 2014 | Comments and Agency Contact |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Security Controls - Network Authentication. Agency network authentication controls need improvement. | The Agency should strengthen network authentication controls to ensure the confidentiality, integrity, and availability of Agency data and IT resources. | <p>Regarding network passwords and requirements associated with the former Agency for Enterprise Information Technology requirements, the AHCA Division of Information Technology is considering the more stringent computer access and network access that were cited in the audit. We are also awaiting Florida Department of Law Enforcement (FDLE) policy decisions regarding Criminal Justice Information Services (CJIS) standards for password standards for e-mail cloud solutions which will affect our password policies in a more stringent way as well.</p> <p>Anticipated Completion Date: There will be a resolution by June 2014.</p> | Not Corrected | <p>As of May 21, 2014, the FL Department of Law Enforcement has not issued a ruling on Criminal Justice Information Services (CJIS) standards for cloud computing which will allow for our Agency to determine if password standards are needed beyond what is recommended by this audit. The FDLE ruling is expected within this fiscal year but could be later.</p> <p>Anticipated Completion Date: June 30, 2014</p> <p>Scott Ward (850) 412-4844</p> <p>Dennis Cook (850) 412-4851</p> |

Florida Agency for Health Care Administration
Auditor General Operational Audit – Health Care Facility Licensing Function and Information Technology Controls (Report# 2014-057)
Six-Month Status Report as of June 11, 2014

| Finding# 5 | Recommendation | Management Response as of December 5, 2013 | Status of Finding as of June 11, 2014 | Comments and Agency Contact |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <p>Change Management Controls. The Agency could not always demonstrate that system and application changes were properly authorized, tested, and approved.</p> | <p>We recommend that Agency management enhance the change management procedures to require that sufficient documentation of any changes to Agency systems and applications be maintained to demonstrate that only those changes that are properly authorized, tested, and approved are made.</p> | <p>Change Control/Management Process By June 2013 we made the following changes due to the audit consultations and findings (see screen shot from AHCA's virtualized AHCA IT Change Control process below):</p> <ul style="list-style-type: none"> • The Request for Change (RFC) number was added, as well as the Central Systems Management Unit (CSMU) number which ties the change control issue to a project or specific application. • Since the person listed cannot be the implementor, the sponsor's name from the business unit or the user-acceptance name are now listed as well. • We have added an actual "Start" and "Complete" date for completion of any changes to a system which requires verification of a test from the requesting business unit before "Actual Complete" date is finalized and submitted. • Further documentation indicating any logistics and actual scripts etc. is now attached as well. <p>IT Policy and Procedure Enhancements The following AHCA IT policy and</p> | <p>Fully Corrected</p> | <p>Date Completed: October 1, 2013</p> <p>Scott Ward (850) 412-4844</p> <p>Dennis Cook (850) 412-4851</p> |

Florida Agency for Health Care Administration
 Auditor General Operational Audit – Health Care Facility Licensing Function and Information Technology Controls (Report# 2014-057)
 Six-Month Status Report as of June 11, 2014

| Finding# 5 | Recommendation | Management Response as of December 5, 2013 | Status of Finding as of June 11, 2014 | Comments and Agency Contact |
|------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------|
| | | procedure were updated as well: <ul style="list-style-type: none"> • Information Technology Change Management Policy (Policy 09-IT-03) • Change Management Procedure (Policy Reference 09-IT-03) Anticipated Completion Date: Findings resolved. | | |