



CHARLIE CRIST
GOVERNOR

HOLLY BENSON
SECRETARY

April 22, 2008

Holly Benson, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Benson,

Please find enclosed our six-month status report on the *Agency for Health Care Administration Administrative Services Audit*, Report Number 2008-027, issued November 2007. This Status report is in accordance with the statutory requirement to report on corrective action as a result of the Auditor General's recommendations six months from the report date.

If you have any questions about this status report, please contact Mike Blackburn at 414-5419.

Sincerely,

Linda Keen, RN MS JD
Inspector General

LAK/mb
Enclosure

cc: Terry L. Shoffstall, Legislative Auditing Committee
Dyke Snipes, Deputy Secretary, Division of Medicaid



**Six-Month Status on Auditor General Report:
2008-027 Audit of Administrative Activities
Six-Month Status as of: March 26, 2008**

Finding #1	Recommendation	Management Response as of October 26, 2007	Status as of April 26, 2008	Anticipated Completion Date & Contact
<p>The Agency needs to enhance tangible personal property (TPP) policies and procedures to ensure that the annual physical inventory is timely and accurately reconciled with property records and that all potential record errors and losses of equipment are timely investigated.</p>	<p>We recommend the Agency improve documentation of the reconciliation of differences to ensure a demonstration that inventory results have been reconciled to the property records in a timely manner and that all potential record errors and losses of equipment have been timely investigated. We also recommend that the Agency's Property Manual be updated to require supervisory review and approval of the completed inventory and related reconciliations and adjustments.</p>	<p>We concur with this finding and property procedures were updated as recommended.</p>	<p>All recommendations were followed and procedures updated.</p>	<p>September 2007 Jimmy Taliaferro 922-8444</p>

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Finding #2	Recommendation	Management Response as of October 26, 2007	Status as of April 26, 2008	Anticipated Completion Date & Contact
<p>The Agency needs to improve procedures to ensure TPP is timely and accurately recorded.</p>	<p>In order to effectively safeguard Agency assets, we recommend the Agency increase efforts to ensure that property records are accurately and timely updated.</p>	<p>Property Procedures have been updated to include an Excel worksheet to track the property in a timely manner from the time it is paid in Finance and Accounting until all information required is added to the Property Master File by Support Services.</p>	<p>The property procedures that were previously updated continue to be used. Property continues to be tracked on an Excel Monitoring Worksheet from the time it is paid for in Finance and Accounting until all information required is added to the Property Master File by Support Services.</p>	<p>September 2007 Jimmy Taliaferro 922-8444</p>

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Finding #3	Recommendation(s)	Management Response as of October 26, 2007	Status as of April 26, 2008	Anticipated Completion Date & Contact
<p>Insurance coverage purchased for Agency building contents significantly exceeded the amount required.</p>	<p>We recommend the Agency ensure that insurance calculations are effectively verified.</p>	<p>Action has been taken with DFS for Insurance information and payment requests to come through the Supervisor of the Property Specialist for accuracy and approval. Procedures were revised and the Property Specialist was trained based on new information from DFS for reporting 2007 insurance requirements.</p>	<p>Action was taken with DFS to come through the Supervisor of the Property Analyst for Insurance information and payment request for accuracy and approval. Procedures were previously revised and staff trained. New staff will be trained as classes come available and before insurance is reported.</p>	<p>September 2007 Jimmy Taliaferro 922-8444</p>

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Finding #4	Recommendation(s)	Management Response as of October 26, 2007	Status as of April 26, 2008	Anticipated Completion Date & Contact
<p>The Agency has not established rules pertaining to the administration and management of the Medicaid nursing home overpayment account, including specification of situations which will result in withdrawals from the account. In addition, the Agency did not perform annual reviews to evaluate the financial viability of the account.</p>	<p>To ensure that the Medicaid nursing home overpayment Account is properly utilized, we recommend the Agency establish rules for administration and management of the Account. The Agency should also implement annual reviews of the Account balance to determine whether recommended changes in fee collection rates should be submitted for legislative consideration.</p>	<p>Funds from this account will be withdrawn as a last resort should a lessee operator terminate its lease and the Agency subsequently determines there is an uncollectible overpayment due to the Agency for Health Care Administration. This type of situation would probably only occur after bankruptcy has been declared and there are no assets for the Agency to recover. Fortunately, the incident that prompted the legislature to enact this provision has not occurred since the adoption of this provision in 2002. In conjunction with the Agency General Counsel's office, it was determined that a rule for administration and management of the Account was not necessary in order to access or manage the fund.</p> <p>We have developed procedures to track overpayments made to leasehold operators in conjunction</p>	<p>Complete</p>	<p>10/26/2007 Wesley Hagler 850-487-1243</p>

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Finding #4	Recommendation(s)	Management Response as of October 26, 2007	Status as of April 26, 2008	Anticipated Completion Date & Contact
		<p>with the Lease Bond Trust Fund Reconciliation process. We will not be able to actuarially determine if the fund balance is adequate to cover all potential liabilities. We calculate the balance of outstanding overpayments to leasehold operators and the ratio of the fund to current overpayments. The current fund balance appears to be adequate to cover reasonably potential uncollectible overpayment liabilities of currently leased facilities.</p>		

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Finding #5	Recommendation(s)	Management Response as of October 26, 2007	Status as of April 26, 2008	Anticipated completion date and contact
<p>The Agency has not established written policies and procedures for OCA utilization and maintenance of the OCA database.</p>	<p>In order to provide assurance that revenues and expenditures are applied to appropriate programs and funding sources, we recommend the Agency consider the adoption of written policies and procedures regarding the establishment, utilization, and periodic review of the OCA database. The Agency should also increase efforts to monitor compliance with established codes.</p>	<p>We concur with this finding and have developed procedures for a bi-annual review of the OCA codes. We will increase efforts to ensure correct use of the OCA codes.</p>	<p>Finance and Accounting is currently in the process of reviewing the OCA codes.</p>	<p>Adds, deletes and changes will be done by June 1st. Paula Shirley 922-8452</p>

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Finding #6	Recommendation(s)	Management response as of October 26, 2007	Status as of April 26, 2008	Anticipated completion date and contact
<p>It was not clear from Agency records that all required employee background screenings had been performed.</p>	<p>We recommend the Agency improve controls to ensure background screenings are completed and documented. Also, when applicable, the Agency should ensure that documentation is maintained of the consideration of the effect on employment of any significant convictions.</p>	<p>Human Resources is ensuring that all employees are fingerprinted and the proper documentation is completed and maintain in the Background Screening Files. Since July 1, 2007 we have been trying to enhance our tracking system by receiving the background screening results from both FDLE and the FBI within 24 hours. Information Technology has been working on this for 2 months and our efforts have been unsuccessful. We will continue to work with them to get this new tracking system implemented. Once this occurs, there shouldn't be any discrepancies regarding the screening results.</p>	<p>In November 2007 the Bureau of Information Technology linked Human Resources up with the Background Screening section, FDLE and FBI. We are now able to receive results in a timely fashion, reduce workload, and eliminate potential errors. The new background screening system allows us to scan fingerprints, receive results from FDLE and the FBI via e-mail within 24 hours, and track results by generating reports. This new process eliminates issues with missing documents and ensure a more organized process.</p>	<p>Complete - November 2007 Tawandra James 414-5602</p>

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Finding # 7	Recommendation(s)	Management response as of October 26, 2007	Status as of April 26, 2008	Anticipated completion date and contact
<p>The Agency did not facilitate hospital payment of assessments by no later than the first day of each quarter, the payment due date set by law.</p>	<p>To maximize the State's interest earnings and ensure statutory compliance, we recommend the Agency enhance hospital assessment invoicing procedures to facilitate hospital payment of assessments by no later than the first day of each calendar quarter.</p>	<p>The system that generates the invoices has been changed so that the invoice due date will correspond to the date as directed by the statutes.</p>	<p>Invoices have been changed to reflect the correct due date.</p>	<p>Completed for invoices with due date of October 1, 2007. Paula Shirley 922-8452</p>

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Finding #8	Recommendation(s)	Management response as of October 26, 2007	Status as of April 26, 2008	Anticipated completion date and contact
<p>The Agency did not follow policies and procedures established to reasonably ensure that State-owned cellular telephones were used for an authorized public purpose and that any incidental personal use was identified and reimbursed.</p>	<p>We recommend the Agency enforce established policies by requiring the submission of users' certifications. The certifications should be reviewed to ensure that all charges serve an authorized public purpose and, as applicable, personal calls are reimbursed.</p>	<p>The Agency did send out confirmation requests that cell phones were used for business, and any personal calls were to be reimbursed. The follow-up process has been changed to require additional action by Finance and Accounting staff to ensure all responses are received.</p>	<p>The procedure that has been put into practice is that second notices are sent the next month if the first notice was not answered. After the second notice the issue is escalated to the supervisor to call respective office supervisor. If necessary, it will be escalated to the Bureau Chief.</p>	<p>Second notices covering July 2007 through January 2008 were sent out February 28, 2008. Paula Shirley 922-8452</p>

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Finding #9	Recommendation(s)	Management response as of October 26, 2007	Status as of April 26, 2008	Anticipated completion date and contact
<p>The Agency needs to continue efforts to implement rules for the Florida KidCare Program.</p>	<p>In order to allow for public input and to help ensure consistent application of Program policies and procedures, we recommend the Agency continue efforts to promulgate rules for key components of the KidCare Program, as required by Statute.</p>	<p>The Agency's Office of the General Counsel reviewed the Agency's administrative rule authority in s. 409.818 (3)(f), and determined it was only necessary to develop a rule for investigating and resolving complaints and grievances. The Agency's Office of the General Counsel concluded that the other items listed were adequately explained in statute and thus a rule would be duplicative.</p> <p>The Agency has developed a draft rule for the KidCare complaint and grievance process. A Rule Development Workshop was held November 20, 2006. Representatives</p>	<p>59G-14.001 through 59G-14.007, regarding the KidCare grievance process became a rule on 2/20/08.</p> <p>The Agency received correspondence from JAPC on 1/31/08 concerning the Agency's rule authority for the other policy areas in s. 409.818(3)(f). We responded on 2/20/08, stating that the Agency's legal counsel's recommendation was that further rule development was unnecessary. JAPC responded on 3/18/08 with further questions. The Agency responded 3/21/08 that we are seeking legal counsel's review. We will respond to JAPC after this review.</p>	<p>May 31, 2008 Gail Hansen 850-922-7890</p>

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		<p>from Legal Aid Services and Florida Healthy Kids Corporation attended the workshop and provided comments and both followed up with written comments. These comments were reviewed, and the draft rule was re-written.</p> <p>The KidCare complaint process is handled by Florida Healthy Kids Corporation and they advised the Agency that they were in the process of revising their procedure. The Florida Healthy Kids Corporation Board must approve of the revisions to the complaint process before it can be implemented. The Board met on June 8, 2007 and approved the revisions. The draft rule has been re-written to incorporate the changes made and approved by</p>		
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		<p>Florida Healthy Kids Corporation.</p> <p>The draft rule has been circulating through the Agency for approval, and currently only needs the Secretary's approval. Once the draft rule has been approved by the Agency, a Notice of Proposed Rule Making will be published and a public hearing will be advertised.</p>		
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