



CHARLIE CRIST
GOVERNOR

HOLLY BENSON
SECRETARY

August 21, 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 Contract Management Audit*, Report Number 2008-091, issued February 21, 2007. 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 Mike Blackburn at 414-5419.

Sincerely,

D. Kenneth Yon
Interim Inspector General

KY/mb
Enclosure

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



**Six-Month Status on Auditor General Report:
2008-091 Audit of Contract Management
Six-Month Status as of: August 21, 2008**

Finding #1	Recommendation	Management Response as of February 21, 2008	Status as of August 21, 2008	Anticipated Completion Date & Contact
<p>The Agency should enhance its contract monitoring policies and procedures to ensure that contract monitoring is adequately conducted. In addition, the written policies and procedures required updates to reflect current practices.</p>	<p>The Agency should update its written policies and procedures to reflect management's intent with respect to the Unit's contract management oversight procedures. The Agency should also implement procedures to ensure that contract monitoring plans and attachments are timely submitted to the Contract Administration Unit. Further, the Agency should consider revising the summarized plan format to include provision for written approval by the contract manager's supervisor.</p>	<p>Contract Monitoring Plan submission is now required prior to contract execution. Agency Procurement Policies and Procedures will be revised to indicate this new requirement. Additionally, the existing Contract Monitoring Plan form will be revised to include a requirement for contract manager supervisor signature.</p>	<p>Complete</p>	

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Finding #2	Recommendation	Management Response as of February 21, 2008	Status as of August 21, 2008	Anticipated Completion Date & Contact
<p>The Agency needed to significantly improve oversight of Health Maintenance Organization (HMO) contracts.</p>	<p>The Agency should adopt written policies and procedures to govern the monitoring of HMO contractors. The written policies and procedures should specifically assign responsibility for particular monitoring activities and ensure that all monitoring results are communicated to the applicable contract manager. The HMO contract manager should ensure that contracts are adequately monitored and that the level of planned monitoring is adequately explained and documented in the monitoring plan. In addition, the Contract Administration Unit should address all applicable activities during the review of HMO contracts.</p>	<p>The two Bureaus (Health Systems Development and Managed Care) responsible for the oversight of Medicaid HMO contracts will jointly develop written policies and procedures to implement the recommendation. The Contract Administration Unit will verify adherence to the established policies and procedures during annual file reviews.</p>	<p>Policy development complete and was implemented July 1, 2008. Verification will be ongoing. To ensure we have a sufficient amount of data to review, first file review will be scheduled for early January 2009.</p>	<p>January 31, 2009</p>

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Finding #3	Recommendation(s)	Management Response as of February 21, 2008	Status as of August 21, 2008	Anticipated Completion Date & Contact
<p>Contract managers' files did not always contain adequate documentation demonstrating the performance of contract monitoring, including adherence to established standards and criteria, communication of deficiencies to the contractor, and follow up on the contractor's corrective actions.</p>	<p>The Agency should enhance its documentation policies and procedures to ensure that all documentation supporting monitoring activities is maintained in the contract manager's files.</p>	<p>The Agency will continue to enhance existing policies and procedures as they relate to monitoring documentation requirements. Additionally, the Contract Administration Unit will develop new forms and guides to assist Contract Managers in documenting monitoring activities.</p>	<p>In process</p>	<p>10/31/2008</p>

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Finding #4	Recommendation(s)	Management Response as of February 21, 2008	Status as of August 21, 2008	Anticipated Completion Date & Contact
<p>The Agency needs to enhance its contract management policies and procedures by requiring individuals taking part in the contract award or contract monitoring processes to attest in writing that they are independent of, and have no conflicts of interest with respect to, entities selected or monitored.</p>	<p>The Agency should continue efforts to enhance policies and procedures to ensure that there are no conflicts of interest for employees involved in the award of contracts. Due to the importance of the contract manager's involvement in the management of contracts, the Agency should also consider adopting procedures requiring contract managers to periodically identify in writing any actual or perceived conflicts of interest that may impact the performance of their assigned duties.</p>	<p>Conflict of Interest Questionnaires are now required of every individual involved in the decision making process. (This does not include those individuals reviewing for administrative purposes.) Conflict of Interest Questionnaires are also required any time a change in Contract Manager is requested. Agency policy will be revised to reflect these new requirements. Additionally, Agency policy will be revised to require annual attestation of no conflict from employees actively managing a contract.</p>	<p>Complete</p>	