



Charlie Crist
Governor

Ana M. Viamonte Ros, M.D., M.P.H.
State Surgeon General

September 7, 2009

Ana M. Viamonte Ros, M.D., M.P.H.
State Surgeon General
4052 Bald Cypress Way
Tallahassee, Florida 32399

Dear Dr. Viamonte Ros:

Pursuant to Section 20.055(5)(g), *Florida Statutes*, our office is to update you on the status of corrective actions taken since March 5, 2009 when the Auditor General published its Report Number 09-144, *Statewide Federal Award, Year Ending June 30, 2008*. Management's assessment of the current status of corrective actions is included in the enclosed document.

At six months after publication, management reports they have initiated all corrective action plans made in response to recommendations from the Auditor General's report. Nine corrective action plans are completed and four remain in progress.

If I may answer any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "James D. Boyd".

James D. Boyd, C.P.A., M.B.A.
Inspector General

JDB/kir
Attachment
cc: Kathy DuBose, Staff Director
Joint Legislative Auditing Committee
Michael J. Bennett, C.I.A.
Director of Auditing

OFFICE OF THE INSPECTOR GENERAL

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Status of Findings

09-144

Statewide Federal Award, Year Ending June 30, 2008

<i>Number</i>	<i>Finding</i>	<i>Recommendation</i>	<i>Corrective Action Plan</i>	<i>Status of Finding</i>
1	<p>Contrary to State law, Florida Department of Health (FDOH) made payments to a health science center affiliate (component unit) of University of Florida (UF) that was not a party to the contract under which the payments were made. Additionally, FDOH and UF had not effectively implemented policies and procedures to monitor Federally-funded contracts.</p>	<p>FDOH should implement adequate procedures to ensure that payments for all Federal contracts go directly to the party stated in the contract. Also, FDOH should enter into a subaward agreement with the Component Unit (CU) if it is necessary for the funds to go directly to the CU.</p> <p>UF should follow established directives and procedures to ensure that Federal contracts for which UF has responsibility are executed by the appropriate contracting authority and subjected to the institution's oversight and controls.</p>	<p>FDOH will implement the following measures to further strengthen the payment process of contracts:</p> <ol style="list-style-type: none">1. Amend Children's Medical Services (CMS) contract to ensure that payments are made and sent to the contractual entity name as specified in the contract.2. Require contractual providers to submit a W-9 form to ensure that the name of the legal entity and Federal Employer Identification (FEID) number agrees.3. Enhance existing procedures within the Contract Disbursements section to ensure agreement between the remittance address and Contractual Entity Name.	<p>Completed.</p>
2	<p>Contrary to Federal requirements, FDOH did not always maintain records to support salary and benefits charged to the Program. Additionally, FDOH charged a portion of the salary of one contract employee to the Program when the employee's job duties were related to another person.</p>	<p>We recommend that the FDOH maintain time and effort records or payroll certifications as appropriate for all employees that work on Federal programs. We also recommend that FDOH restore to the Program, funds inappropriately charged for the contract employee who did not work on that Program.</p>	<ol style="list-style-type: none">1. Implement Department of Health Policy (DOHP) 57-03-07 Time Keeping Requirement for Federal Programs.2. The Office of Public Health Preparedness will contact Department of Health and Human Services (DHHS) to determine whether funds charged to the incorrect program can be repaid from correct current grant year program since services were directly related to the grant. The Department will adhere to the final decision produced by the grantor agency.	<ol style="list-style-type: none">1. Complete. DOHP 57-03-07 Bureau of Revenue Management Time Keeping Requirements for Federal Programs has been implemented.2. Complete. Center for Disease Control (CDC) approved the request submitted on January 28, 2009 for payment as documented in the Notice of Grant Award dated February 20, 2009.

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3	FDOH charged the Federal grant award for obligations incurred prior to the grant award period.	As this is an isolated instance, we recommend that FDOH consult with the Federal grantor agency as to resolution of this matter.	FDOH will implement a year end federal award review process that ensures encumbrances for a given award period are fully expended within that award period. FDOH to consult with DHHS on process to request approval for charging federal grant expenditures which occurred in a prior period to a current period award. FDOH will document process for future should this isolated instance occur.	Partially completed. On February 26, 2009, the DHHS' Assistant Secretary for Preparedness & Response (ASPR) Grants Management Specialist denied our request to use current year grant funds to pay for previous grant year services. The Department has moved these expenditures to alternate funding sources.
4	FDOH procedures were not adequate to ensure that CMS payments were accurate and made on behalf of eligible individuals.	We recommend that FDOH CMS enhance procedures to ensure that payments are for services to State Children's Health Insurance Program (SCHIP) eligible clients and in the correct amount.	CMS will continue to re-enforce the need to accurately reflect provider status in the CMDS.	An Invitation to Negotiate (ITN) for third party administrator (TPA) has been issued. Proposals are to be received by Close of Business Sept. 8, 2009. Anticipate that a contract will be in place by mid-October. This will begin the process of design and development work to shift our internal payment processes to the external TPA.
5	As reported on the Summary Schedule of Prior Audit Findings, FDOH conducted technical assistance training and revised training materials to improve efforts to maintain adequate documentation of client eligibility. However, our tests disclosed one instance where client income documentation could not be provided.	We recommend that FDOH continue its efforts to obtain and properly maintain documentation for eligibility determinations.	The Bureau will continue to conduct eligibility training and distribute the eligibility manual to staff on a routine bases. The Bureau staff will also provide specific technical assistance to individual field staff as needed or requested.	These activities have been completed and are on a recurring basis. The trainings are conducted on a quarterly basis and as requested from the field as needed.
6	FDOH had established procedures to document employee time and effort as a basis for allocating salaries and benefits to multiple Federal programs or cost objectives. However, the procedures were not consistently applied to pharmacy employees, nor was an approved alternative method implemented for such employees.	We recommend that FDOH maintain time and effort records as required by Office of Management and Budget (OMB) Circular A-87 or if deemed appropriate, seek DHHS approval for an alternative method.	The Bureau will contact the pharmacy on a quarterly basis to confirm that staff partially funded by the Ryan White Grant are completing timesheets to document the amount of time spent on Ryan White related activities.	Completed.

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7	We noted one instance in which FDOH paid for goods prior to receipt and had not subsequently documented in the procurement records that the goods were received. Additionally, FDOH did not ensure that items were recorded in the property records at the correct costs.	We recommend that FDOH ensure that payments are made only for goods actually received. Additionally, FDOH should record property items at the appropriate cost in the property records.	<ol style="list-style-type: none"> 1. Schedule training on procedures approval and payment of good using MyFloridaMarketplace (MFMP). 2. Implement FDOH Asset Management Policy as updated on 10/6/08. 	<ol style="list-style-type: none"> 1. Completed. The Department's Bureau of Finance and Accounting provided additional training and instruction in regards to proper procedures for the approval and payment of goods in MFMP. (December 2008) 2. Completed. All program offices were notified during a budget lead meeting/conference call conducted in early 2009 by the OPHP Grants Management Team.
8	Certain access security controls were not in place to prevent and timely detect any unauthorized changes in the database and data files of the Florida State Health Online Tracking System (SHOTS).	We recommend that FDOH management enforce the use of unique user IDs and passwords. We also recommend that FDOH management continue to pursue updating outdated Cache software and implementing appropriate actions to strengthen its security control features. FDOH should periodically review the ongoing appropriateness of access capabilities for SHOTS programs and data to ensure that there is appropriate separation of duties regarding access to production data and programs.	Implement Cache upgrade to 2008.x by date indicated. Ensure access policy is communicated to and followed by project staff.	Cache upgrade delayed due to priority placed on H1N1 activities. All Florida SHOTS resources are currently working on H1N1 functionality to allow vaccine ordering via Florida SHOTS.

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9	<p>In audit report No. 2009-018, dated October 2008, we disclosed deficiencies related to FDOH information technology controls. The deficiencies described in finding Nos. 1, 2 and 4 relate to general, application, or security control weaknesses that we consider to be significant deficiencies. Details of the findings, including descriptions of criteria, condition, cause, and effect, as well as FDOH management's corrective action plan, are included in that report.</p> <p>The audit included a review of information technology controls for the shared resources center and various information systems. The information systems included AIDS Drug Assistance Program, Children's Medical Services Vendor Payment System, Children's Medical Services Case Management Data System, Management Information and Payment System, API Imaging System, Asset Manager System, and Florida Accounting Information Resource Subsystem.</p> <p>The systems were used in administering the following FDOH major programs: 10.558 – Child and Adult Care Food Program 84.181 – Special Education-Grants for Infants and Families 93.069 – Public Health Emergency Preparedness 93.268 – Immunization</p>	NO RESPONSE REQUIRED		

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	Grants 93.889 – National Bioterrorism Hospital Preparedness Program 93.917 – HIV Care Formula Grants			

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10	<p>FDOH used the Other Cost Accumulator (OCA) field as an essential control for identifying and recording revenue and expenditures in the State's accounting system relative to specific activities. To account for Federal grants, the FDOH maintains the Other Cost Accumulator Management System (OCAMAN) that provides a description of the activities and the funding source for each OCA.</p> <p>In audit report No. 2006-152, finding No. FA 05-040, we noted that FDOH procedures for identifying accounting codes associated with Federal Programs should be improved. We recommended that FDOH review the data recorded in OCAMAN to ensure its accuracy and ensure that it is properly maintained. Additionally, in audit report No. 2007-110, dated February 2007, we indicated that FDOH had not corrected inaccurate and incomplete information to OCAMAN.</p> <p>FDOH reported on the Summary Schedule of Prior Audit Findings that the prior audit finding was partially completed.</p> <p>During the 2007-08 fiscal year, FDOH used OCAMAN to administer various Federal Programs including the following major programs: 10.558 – Child and Adult Care Food Program 84.181 – Special Education-Grants for Infants and</p>	<p>FDOH management indicated that they are in the process of redesigning the OCAMAN system. We recommend that FDOH establish and implement monitoring procedures to ensure that OCAMAN is accurately maintained.</p>	<p>The Bureau of Revenue Management committed additional staff to assist with the upkeep of OCAMAN. The system was redesigned to include more query capabilities and improve the navigation experience and data output. The Bureau is working with the Division of Information Technology to provide a new link for department wide access. The Master Grant Listing document was reassigned to a person to maintain and to ensure better accuracy and timeliness of the file upload to the Department's Intranet site.</p>	<p>Complete. OCAMAN redesign was tested and operational 6/30/08. http://dohswebchd6402/OCAMan/</p>

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	Families 93.069 – Public Health Emergency Preparedness 93.268 – Immunization Grants 93.889 – National Bioterrorism Hospital Preparedness Program 93.917 – HIV Care Formula Grants			
11	FDOH implemented corrective actions to resolve issues noted during prior audits regarding capitation payments charged to SCHIP; however, the cash balance for the SCHIP capitation account remained high at June 30, 2008. We also noted that FAHCA and FDOH were working with Federal officials to resolve related prior audit findings.	We recommend that Florida Agency for Health Care Administration (ACHA) and FDOH continue to monitor capitation rates to determine whether additional reductions are needed to prevent the accumulation of excess cash and work with CMS to promptly resolve other prior audit findings.	CMS will continue monitoring cash balances and recommend Corrective Action Plan (CAP) Premium adjustments as indicated thru the KidCare Estimating Conference.	Completed. CMS will continue monitoring cash balances and recommend CAP Premium adjustments as indicated thru the KidCare Estimating Conference.
12	FDOH procedures for preparing the Schedule of Expenditures of Federal Awards (SEFA) data form were not sufficient to ensure amounts reported were accurate.	We recommend FSOH ensure its procedures for determining amounts to report on the SEFA data form include use of complete and accurate financial and contract information. Additionally, FDOH should ensure that the methodology used to determine accounts payable accrual amounts at fiscal year-end provides a reasonable estimate of actual amounts due for goods and services received prior to July 1.	<ol style="list-style-type: none"> 1. Review procedures to determine amount to report on SEFA is accurate and complete. 2. FDOH will re-evaluate the automation process and its methodology to prevent future re-occurrences. 	Completed.

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13	FDOH continued to utilize contracts to acquire staff to administer FDOH grant activities, although the statutory authority for doing so had not been clarified.	We recommend that FDOH obtain the legal interpretation from the Florida Department of Management Services, and provide it to the DHHS Inspector General's office for consideration. We will review subsequent Program Determination Letters in regard to the resolution of this and prior audit findings.	Coordinate with DHHS and other Federal agencies to secure a final resolution to satisfactorily close the prior year findings.	Finding No Longer Valid. DHHS agreed with the Legal Opinion from Florida Department of Management Services and FDOH.