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Executive Director

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October 15, 2009

Rear Admiral LeRoy Collins, Jr.
Executive Director
Florida Department of Veterans' Affairs
11351 Ulmerton Road, Suite 311-K
Largo, FL 33778

Subject: Auditor General Report No. 2009-197
Operational Audit July 2006 through February 2008 and Selected Actions Through
June 2008

Dear Admiral Collins:

As required by Section 20.055(5)(g), Florida Statutes, I have prepared the attached status of corrective actions taken by the Florida Department of Veterans' Affairs for findings and recommendations contained in Auditor General Report No. 2009-197. This report was for an Operational Audit. The review period was July 2006 through February 2008 and Selected Actions Through June 2008.

Let me know if you have any questions or need any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth Oliver".

Kenneth Oliver
Inspector General

cc: Auditor General
Joint Legislative Auditing Committee

Florida Department of Veterans' Affairs
Office of Inspector General

REPORT TITLE: Operational Audit

Audit Source: Auditor General

Report #: 2009-197

Date: April 2009

Finding 1: Sims Nursing Home – Resident Contribution Determinations

Recommendation: We recommend that the Department appropriately adjust the accounts of residents who were improperly charged. In addition, the Department should review and monitor the resident contribution determination procedures as implemented by Sims Nursing Home staff. Proper procedures should ensure that:

Residents' contributions to the costs of their care are appropriately determined in accordance with governing laws and rules.

Each resident's contribution is based on the resident's verified income and consideration of available benefits from third-party sources.

Documentation of the contribution determination process, including the date of the determination be retained.

Management's Initial Response: The Department must complete the audits of the accounts identified to ensure accurate refund to the resident/resident family. The procedure for resident contribution FDVA 5040.5-E – Resident Liability, implemented at all facilities in May 2008, defines the process for determining the resident's cost of care according to all applicable State and Federal Regulations. Training has been conducted with the staff at the Sims facility. Follow-up by the Largo office will ensure that determinations are accurate. In addition, verification of income is part of the Admission and Financial agreement process with annual financial updates according to FDVA Standards/Procedures 5040.5-D – Annual Financial Update.

Six Month Response: Annual Resident Financial updates are currently being requested at all FDVA facilities including the Sims facility. To ensure accurate resident liability, the Resident Income Status Report (which is a listing of each resident by payer type, income source and current patient liability), is updated as changes occur. This report is monitored by the Homes Program Office Regional Business Manager Largo office. Any account with inaccuracies is identified and the staff continue to work with residents and families to correct any question regarding the account.

Current Status: Completed October 2009.

Florida Department of Veterans' Affairs
Office of Inspector General

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Finding 2: Third-Party Reimbursement Filings

Recommendation: To ensure that requests for third-party reimbursements are timely filed and that documentation of the filings is properly maintained, the Department should review and monitor the timeliness of third-party filings for reimbursement of costs related to nursing home residents' care.

Management's Initial Response: In July 2007, new billing software, SOLACE, was implemented. There was a major problem due to the state system firewall which required significant programming changes. The new system has reduced data entry time and decreased the number of data entry errors. Medicare and Medicaid filings are reviewed and maintained in the Largo office. During the period May 2008 through December 2008, the billing process was centralized in the Largo office which has facilitated the timely reimbursement from Third Parties. United States Veterans Affairs Per Diem filings are completed according to FDVA Standards/Procedures 5040.7-J – VA Per Diem Billing Procedures (implemented in May 2008) and are monitored in the Largo office.

Six Month Response: Third party billing for all facilities is submitted monthly and electronically via the Solace software. Staff is responsible for monitoring all denials and or delays in receipt of reimbursement. Currently, the Medicaid and Medicare monthly billings are processed by the tenth business day of the month. The documentation of the filings is maintained by the Accounting Services Supervisor in the Homes Program billing office and is stored electronically in SOLACE for access by the facilities. A review of the U.S. Department of Veterans Affairs (VA) Per Diem billings since January 2009, indicate that the billings to VA are being completed timely according to FDVA Standards/Procedures 5040.7-J. However, VA Per Diem payments are subject to the VA processing time. Florida Department of Veterans' Affairs Fiscal Office routinely follows-up when payment has not been received by the 25th of the following month after submission.

Current Status: Completed October 2009.

Florida Department of Veterans' Affairs
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Finding 3: Cost-of-Care Collections

Recommendation: The Department should review and monitor the collection procedures implemented at the facilities noted above. Proper procedures should ensure that any unpaid amounts are timely pursued and appropriately resolved, that all checks are restrictively endorsed immediately upon receipt, and that validated deposit tickets or other documentation evidencing that funds were deposited intact be timely obtained from the bank.

Management's Initial Response: FDVA Standards/Procedures 5040.7-S – Business Office Procedures for Collections, Adjustments and Write-Offs of Bad Debt, implemented May 2008, provides the step by step process for collections. To ensure compliance, the standards and procedures have been reviewed with facility staff and will be monitored by the Nursing Home Administrators. A monthly report will be completed which will provide a detail of delinquent accounts and the status of collections. The appropriate handling of checks and deposits outlined in FDVA Standards/Procedures FDVA 5040.7-A – Funds Received, was implemented in July 2008 and is currently monitored by the Regional Business Manager.

Six Month Response: The Program Director and Regional Business Office Manager review all delinquent accounts on a monthly basis. There has been significant progress in the collection of resident liabilities. Collection letters are sent out in a timely manner. If letters are ignored then referrals are made to the FDVA general counsel for further action. In addition, FDVA submits uncollectable accounts to the Department of Financial Services for additional collection efforts in accordance with FDVA Standards /Procedures 5040.7-S. FDVA Standards and Procedures are being followed for the appropriate handling of deposits and the restrictive endorsement of checks. The Regional Business Office Manager provides monitoring and follow-up as needed.

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Florida Department of Veterans' Affairs
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Finding 4: Sims Nursing Home – Residents' Cost-of-Care Account Ledger Maintenance

Recommendation: The Department should require that Sims Nursing Home procedures be enhanced to ensure that resident account ledgers are accurately maintained. In addition, Department management should closely monitor the adherence of Sims Nursing Home staff to those procedures.

Management's Initial Response: The Business Office Manager ensures that the resident account ledgers are accurately maintained. FDVA Standards/Procedures FDVA 5040.7-M – Monthly Statements, will be revised to include clear direction in the maintenance of each resident account. This revision will include monitoring by the Regional Business Manager.

Six Month Response: Modifications have been made in the ULTRACare system that delete any charges from the statement that are not the resident's responsibility. Monthly statements clearly reflect the actual monthly room and board charges and balance due. The Regional Business Office Managers provides monitoring of the maintenance of resident accounts.

Current Status: Completed October 2009.

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Finding 5: Accounting Records Reconciliation

Recommendation: The Department should establish and implement procedures to ensure that data recorded in the ULTRACare System are periodically reconciled to related information in FLAIR.

Management's Initial Response: The Department has established procedure FDVA 5040.7-A – Fund Received, implemented July 2008. The Fiscal Office, effective September 2008, is now consistently reconciling nursing home revenues recorded in the ULTRA Care System to the revenues recorded in the State's accounting system, the Florida Information Resource Subsystem (FLAIR).

Six Month Response: The Department has implemented procedures to reconcile the revenue recorded in the ULTRACare System to the revenue recorded in the State's accounting system (FLAIR) on monthly basis. Once reconciled, the supporting documentation is sent to the facility's Business Manager via the Regional Business Manager. The facility's Business Manager addresses any discrepancies/reconciling items in the reconciliation of the revenue in ULTRACare System by researching and resolving no later than the 5th calendar day of the following month. The Fiscal Office's Accountant IV addresses any discrepancies in the reconciliation of the revenue in FLAIR by researching and resolving the discrepancies/reconciling items no later than the 5th calendar day of the following month. The Accounting Services Manager inputs the reconciliation adjusting entries into FLAIR.

Current Status: Completed October 2009.

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Finding 6: Residents' Deposits Trust Funds Procedures

Recommendation: We again recommend that the Department enhance control procedures over the Residents' Deposits Trust Funds. In addition, Department management should monitor Domiciliary and nursing home staff implementation of and adherence to such procedures.

Management's Initial Response: The Department has centralized the Accounts Payable and Billing functions so that the Resident Trust Fund can be a focus of the facility business office staff. All Resident Trust Accounts will be managed according to FDVA Standards/Procedures 5040.6-A – Residents' Trust Fund, implemented July 2008. The Regional Business Office Manager monitors the closing of Resident Trust Accounts on a monthly basis.

Six Month Response: : As of July 8, 2009 only one account at one facility was not closed in 30 days, a 97% improvement from when monitoring began in July 2008. Monthly monitoring is conducted by the Accounting and Finance Director.

Currently, the posting of interest to the resident trust fund and the clearing of outstanding checks are occurring in accordance with FDVA Standards/Procedures 5040.6-A – Residents' Trust Fund.

Current Status: Completed October 2009.

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Finding 7: Sims Nursing Home – Resident Account Close-Out Process

Recommendation: To ensure that resident Trust Fund accounts are timely closed out and that any amounts paid are accurate, we recommend that Department management monitor nursing home and Department staff implementation of the expanded resident accounts close-out procedures.

Management's Initial Response: The Department has centralized accounts payable and billing allowing the Business Offices to focus on Resident Trust Accounts. The Department implemented FDVA Standards/Procedures FDVA 5040.6-A - Residents' Trust Fund, in July 2008 providing for the accurate and timely closing of resident accounts. A training session was provided in July 2008 to all Business Office Staff and these Standards/Procedures were reviewed in subsequent facility conference calls.

Six Month Response: As of July 8, 2009 only one account at one facility was not closed in 30 days, a 97% improvement from when monitoring began in July 2008. The Accounting and Finance Director monitors the close out of accounts on a monthly basis.

Current Status: Completed October 2009

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Finding 8: Fixed Capital Outlay Project management

Recommendation: The Department should strengthen FCO procedures to ensure that project accounts are accurately maintained, obligated FCO appropriation amounts are timely reported to the Executive Office of the Governor, and Federal reimbursement for allowable expenditures is timely requested.

Management's Initial Response: The Department has implemented monitoring procedures over all Fixed Capital Outlay (FCO) appropriations and processing of payments. Project subsidiary ledgers will be reconciled to budget appropriations monthly. FCO appropriations that were expended, contracted or committed were properly approved for continuation for the past two fiscal years. Procedures are in place to ensure that all FCO funding is properly certified forward in accordance with State Law. The first phase of the Daytona Beach Nursing Home renovation has been completed and the final reimbursement request has been submitted to the USDVA.

Six Month Response: The Department has strengthened its Fixed Capital Outlay (FCO) procedure and currently all project subsidiary ledgers are reconciled to budget appropriations monthly. The Home's Program Administrator and the Professional Accountant Specialist plan, review and approve all FCO financial commitments and funding. Federal reimbursements for allowable expenditures are submitted monthly for grant compensation. Monthly meetings are conducted to identify, research and resolve any reconciliation discrepancies.

Current Status: Completed October 2009.

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Finding 9: Timeliness of Vendor Payments

Recommendation: To ensure timely payment of amounts due, we again recommend that Department management monitor the timeliness of vendor payments.

Management's Initial Response: Procedures have been improved to alleviate late payments of any Fixed Capital Outlay invoices. The Department of Management Services (DMS) manages FDVA construction and major renovation projects. As such, all invoices are initially submitted by the vendor to DMS for validation. Once validated, DMS forwards the invoices to FDVA's Home Program. The Homes program records the date the invoice was received from DMS and reviews and approves the invoice. The invoice is then forwarded to Fiscal for processing for additional review. The Fiscal Office strives to process the invoice within 5 days of the received date. This should, excluding unforeseen circumstances, remedy any invoices being processed late.

Six Month Response: An enhanced procedure to eliminate late payments of Fixed Capital Outlay invoices was implemented in April 2009. During the period from April to September 2009, the Department has processed approximately 37 construction invoices with the State's Chief Financial Officer within 20 days after the invoice was received in the Fiscal Office. The Department's average prompt payment compliance for the period of April to September 2009 is 96.82%. The implementation of the Department's enhanced fiscal oversight is targeted to reach a 98% prompt payment compliance to ensure the timeliness of invoice payments.

Current Status: Completed October 2009.