



State of Florida
DEPARTMENT OF VETERANS' AFFAIRS
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Robert F. Milligan
Interim Executive Director

March 23, 2011

General Bob Milligan
Interim Executive Director
Florida Department of Veterans' Affairs
4040 Esplanade Way, Suite 180
Tallahassee, FL 32399-0950

Subject: Auditor General Report No. 2011-015 - Operational Audit

Dear General Milligan:

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. 2011-015. This report was for an Operational Audit of the Florida Department of Veterans' Affairs. This operational audit focused on resident care assessments and collections, Residents' Deposits Trust Funds, and UltraCare.

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

Sincerely,

Kenneth Oliver
Inspector General

cc: Auditor General
Joint Legislative Auditing Committee

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Florida Department of Veterans' Affairs
Office of Inspector General

REPORT TITLE: Operational Audit

Audit Source: Auditor General

Report #: 2011-015

Date: Sept 2010

Finding 1: Collection Safeguards

Recommendation: We recommend that the Department review and monitor the collection procedures implemented at the Sims, Bennett, and Nininger nursing homes. Proper collection controls should ensure that all checks are restrictively endorsed and logged at time of receipt and that all transfers of collections between employees are documented. In addition, to ensure the completeness of nursing home accounting records, UltraCare records should be periodically reconciled to records of initial collection. To serve as an additional safeguard and facilitate the reconciliation of UltraCare records to records of initial collection, lists of checks that are not immediately deposited due to lack of required endorsement should be maintained.

Management's Initial Response: FDVA Standards/Procedures 2200.7-A, Business Office Procedures for Funds Received, was revised September 14, 2010 to include controls to ensure that all transfers of collections between employees are documented and a list of checks that are not endorsed is maintained. An In-Service training on the revised Funds Received procedure was provided to the facility Business Office Managers via a conference call on September 22, 2010.

Six Month Response: The Regional Business Manager has completed spot checks documenting proper transfer of collections between employees and maintenance of lists of checks that were not endorsed. We consider this item closed.

Current Status: Completed March 2011.

Florida Department of Veterans' Affairs
Office of Inspector General

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Finding 2: Resident Care Assessments

Recommendation: The Department should ensure that UltraCare resident account ledger procedures at the Nininger Home be enhanced to ensure that resident account ledgers are charged the correct prices for services and supplies. Such procedures should include independent verification that the amounts charged agree with the applicable Resident Margin Report and require that documentation of the accuracy and approval of any pricing adjustments be maintained. Additionally, Nininger Nursing Home staff should take appropriate actions to correct errors noted.

Management's Initial Response: FDVA Standards/Procedures 2200.7-C, Nursing Home Monthly Billing Procedure Checklist Prior to Statements, was revised September 16, 2010 to ensure that controls are in place to capture all supplies dispensed to residents per the Resident Margin Reports from V-Tracs and are correctly recorded in UltraCare on the residents accounts. An In Service training on the monthly down loading of V-Tracs into UltraCare was provided to the facility Business Office Managers via a conference call on September 22, 2010.

Based upon review of the errors, there was no under billing of the residents due to the pay status of these residents. The items would have been charged and memo billed off as the residents were in an all inclusive payor type, the facility absorbs the cost of these items.

Six Month Response: A review was completed for the month of February 2011 to ensure all supplies dispensed to residents per the Resident Margin Reports from V-Tracs were correctly recorded in UltraCare on the residents' accounts. We consider this finding closed.

Current Status: Completed March 2011.

Florida Department of Veterans' Affairs
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Finding 3: Residents' Deposits Trust Fund Procedures

Recommendation: To ensure the proper administration of the Resident's Deposits Trust Funds, we recommend that Department management monitor Domiciliary Home and Nursing Home staff implementation of and adherence to established Resident's Deposit Trust Funds standards and procedures. In addition, we recommend that the Department continue its efforts to re-perform the bank reconciliations for the Sims Nursing Home and take appropriate action to resolve any reconciling items and stop payment on any outstanding checks.

Management's Initial Response: An In-Service training on the established Residents' Deposits Trust Funds standards and procedures was provided to the facility Business Office Managers via a conference call on September 22, 2010. The Regional Business Office Manager will monitor the domiciliary home and nursing home implementation and adherence of the Residents' Deposits Trust Funds procedures via monthly reports and visits to the facilities.

As of September 22, 2010 all reconciling items and outstanding checks for the domiciliary home and all the nursing homes except Sims has been cleared.

As of September 21, 2010 a review of the Resident's Trust Fund signature cards for the domiciliary home and the nursing homes was performed and all facilities have up to date sign cards on file.

The department is continuing its efforts to re-perform the bank reconciliations for the Sims Nursing Home and will take appropriate action to resolve any reconciling items and outstanding checks.

Six Month Response: As of February 28, 2011 all reconciling items and outstanding checks for the domiciliary home and all the nursing homes except Sims have been cleared. The department is continuing its efforts to re-perform the bank reconciliations for the Sims Nursing Home and will take appropriate action to resolve any reconciling items and outstanding checks.

Current Status: Open

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Finding 4: Resident Account Close-Out Process

Recommendation: The Department should monitor the nursing homes' adherence to Department resident trust fund account close-out procedures to ensure that the nursing homes can demonstrate that the accounts are timely closed out and that amounts are paid in the correct amounts and only to authorized persons. In addition, the Department should retain evidence of all final account reviews performed.

Management's Initial Response: FDVA Standards/Procedures 5040.6-A, Residents' Trust Fund, was revised September 22, 2010 to add the procedure of maintaining a copy of the refund authorization in the resident's Trust Fund folder. An In-Service training on the revised Residents' Deposits Trust Funds procedure was provided to the facility Business Office Managers via a conference call on September 22, 2010.

The Finance and Accounting Director monitors the closing of the Resident Trust Fund Accounts on a monthly basis. As of September 22, 2010 all resident trust fund accounts on residents expired or discharged greater than 30 days old are closed and refunds have been issued as required.

Six Month Response: The Finance and Accounting Director continues to monitor the closing of the Resident Trust Fund Accounts on a monthly basis. As of February 28, 2011, all resident trust fund accounts on residents expired or discharged greater than 30 days old are closed and refunds have been issued as required. We consider this item closed.

Current Status: Completed March 2011.

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Finding 5: Residents' Deposits Trust Fund Reporting

Recommendation: To promote the accurate financial reporting of the Resident's Deposit Trust Funds balances and activities in accordance with generally accepted accounting principles, we recommend that the Department properly record Trust Fund activities and balances in FLAIR and implement effective accounting controls, including supervisory review of required fiscal year-end accounting entries.

Management's Initial Response: The department is in the process of implementing policies and procedures to record the Residents' Deposit Trust Fund activities in the Florida Accounting Information Resource (FLAIR) at fiscal year-end.

At fiscal year-end each Business Manager in the state veterans' homes will submit the "Resident Trust Fund Summary" report that is maintained in UltraCare to the Accounting Service Administrator at the Headquarters Office. The "Resident Trust Fund Summary" report shows the beginning balance, deposits, withdrawals and ending balance in each account at fiscal year-end. The Accounting Services Administrator will be responsible for recording these activities for each Home in FLAIR at fiscal year-end.

The added procedure will be implemented to ensure accurate financial recording of the Residents' Deposit Trust Fund balances and activities in FLAIR in accordance with generally accepted accounting principles. We anticipate recording the balances for the next fiscal year end, June 30, 2011.

Six Month Response: We continue to work with the Department of Financial Services to ensure that the Department opens the proper type of fund to record the Resident's Deposit Trust Funds. We anticipate recording the balances for the next fiscal year end, June 30, 2011.

Current Status: Open.

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Finding 6: Background Investigations

Recommendation: The Department should ensure that security background investigations, including Level 2 screenings, are conducted for all IT staff in accordance with Department policy.

Management's Initial Response: All members of the FDVA IT Program have accomplished the electronic fingerprinting requirements for a Level II Employee Background Check. This measure fully satisfies Finding No. 6 regarding Positions of Special Trust and the department will ensure this step is taken with any new hires in the IT Program

Six Month Response: We consider this closed

Current Status: Completed March 2011.