

**Mission:**

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.



**Rick Scott**  
Governor

**John H. Armstrong, MD, FACS**  
State Surgeon General & Secretary

**Vision:** To be the **Healthiest State** in the Nation

September 30, 2014

John H. Armstrong, MD, FACS  
Surgeon General & Secretary  
4052 Bald Cypress Way  
Tallahassee, Florida 32399

Dear Dr. Armstrong:

Pursuant to Section 20.055(5)(g), *Florida Statutes*, our office is to update you on the status of corrective actions taken since March 31, 2014 when the Office of the Auditor General published its Report Number 2014-173, *Compliance and Internal Controls over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2013*. 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 completed most of the corrective actions made in response to recommendations from the Office of the Auditor General. Three corrective actions are completed and one is still in progress.

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

Sincerely,

James D. Boyd, CPA, MBA  
Inspector General

JDB/mhb  
Enclosure

cc: Michael J. Bennett, CIA, Director of Auditing  
Kathy DuBose, Staff Director, Joint Legislative Auditing Committee  
Melinda M. Miguel, Chief Inspector General, Office of the Governor  
Celeste Philip, MD, MPH, Deputy State Health Officer for CMS  
J. Martin Stubblefield, Deputy Secretary for Administration

## Status of Findings



Report Number 2014-173  
 Report Title: *Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2013*  
 Report Date: March 31, 2014  
 Six Month Status Update as of September 30, 2014

No.	Finding	Recommendation	Corrective Action Plan	Status of Finding
1 2013-049	Florida Department of Health (DOH) procedures were not sufficient to prevent the accumulation of a significant cash balance in the Children's Health Insurance Program (CHIP) capitation account.	We continue to recommend that the DOH monitor capitation rates to determine whether reductions are needed to prevent the accumulation of excess CHIP funds.	DOH will continue to: 1. Reconcile cash monthly. 2. Request capitation rate adjustments at the Social Services Estimating Conference as reflected in the expenditure analysis; and/or; 3. Adjust claims made to the Agency for Health Care Administration (AHCA) to maintain an appropriate cash balance. 4. Schedule a meeting with the auditors to discuss the appropriate cash balance necessary to cover 10% reserve and one month's claims.	<b>In Progress.</b>  CMS continues to monitor its cash balance to ensure that it does not accrue excessive funds. The cash balance as of June 30, 2014 was \$18,067,848.89. This balance is not sufficient to cover the 10% reserve (\$12.9 million) and the \$9,833,836.56 premium for June 2014. DOH met with Office of the Auditor General staff (Auditors) July 31, 2014 to discuss the appropriate cash balance for the CHIP account. DOH is waiting for a resolution from the Auditors regarding the appropriate balance allowed to cover both a 10% reserve and one month's claims.
2 2013-057	Eligibility determination procedures were not sufficient to ensure that only eligible individuals received AIDS Drug Assistance Program (ADAP) benefits.	We recommend that the DOH conduct periodic matches of client records in the ADAP database to those in the Medicaid system to better ensure that Medicaid eligible clients are not provided ADAP benefits.	The DOH HIV/AIDS & Hepatitis Section is currently conducting weekly matches with the Medicaid system. AHCA has informed us that they do not currently have the resources to conduct daily matches. Our staff will contact AHCA on a quarterly basis to find out if resources are available for a daily exchange. Once available, we will move to daily matches.	<b>Completed.</b>  The ADAP Program coordinates with the Section's Reporting unit on Medicaid matches. All ADAP clients are in the CAREWare database that is matched with AHCA on a weekly basis. The ADAP Program office has determined that running a match daily or weekly is an undue burden on local county health department (CHD) staff members, and that monthly Medicaid matches yield adequate results for identifying clients who have become Medicaid eligible. Once a monthly match is complete, the ADAP office submits the information to the local CHDs for review and reconciliation. The corrective action has been fully implemented by the program. Ongoing review and assessment will continue.

No.	Finding	Recommendation	Corrective Action Plan	Status of Finding
3 2013-044	The DOH did not always correctly allocate salary and benefit expenditures charged to Refugee and Entrant Assistance Program (REAP).	We recommend that the DOH ensure that the salary and benefits costs charged to REAP are appropriate and properly supported.	<ol style="list-style-type: none"> <li>1. The Refugee Health Program will be provided a unique program component in the <i>Employee Activity Records</i> (EARs). This program component will be recognized in the DOH Time Coding Manual. The unique program component in EARs will also facilitate the proper allocation of salary costs for staff working in the Refugee Health Program through the <i>County Health Department Contract Management System</i> (CONMAN). This has been completed and implemented in all CHDs.</li> <li>2. EARs coding requirements and allowable expenditure criteria (including staff salary) will be placed in the revised <i>Refugee Health Program Guidelines</i> and Program Attachment I. The Refugee Health Program Administrator will send trimester reminders to all Refugee Health Program managers and administrators at CHDs to ensure staff are properly coding their time in EARs and all expenditures charged to the REAP are related to the provision of Refugee Health services. The new program guidelines and Attachment I were sent to all Refugee Health Program contacts and local health department Administrators and Directors. Additional budget and expenditure requirements were also sent to Refugee Health Program contacts and local health department Administrators and Directors.</li> <li>3. County program expenditures will be reviewed on a trimester basis to evaluate allowable and appropriate expenditures. Staff salary charges will be cross-referenced with EARs coding to ensure proper allocations have been made. The process for this action has been implemented and will be ongoing. County program budgets were submitted by November 22, 2013 and the first round of trimester expenditure reporting is due February 10, 2014.</li> <li>4. Salary allocation corrections were made for the Miami-Dade and Sarasota County employees by November 30, 2013.</li> </ol>	Previously Completed.

No.	Finding	Recommendation	Corrective Action Plan	Status of Finding
4 2013-012	The DOH did not always maintain appropriate records to support the salary and benefits costs charged to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).	We recommend that the DOH follow its established procedures to ensure that the salary and benefit costs charged to the WIC Program are supported by periodic certifications.	<p>The Bureau of WIC Program Services misinterpreted a DOH policy change related to CHD staff completing 100% time reporting as applying to headquarters staff. Semi-annual certifications have been completed for prior time periods and have been reinstated as a result of this audit.</p> <p>The Bureau of WIC Program Services immediately reinstated its former office procedure to collect semi-annually the <i>Single Federal Award Certification Form</i> (Certification Forms) for all Bureau staff working 100% on WIC program activities. Certification Forms were immediately completed and on file. Certification Forms have been completed and are on file for the July 2013 – December 2013 period.</p>	Previously Completed.