

**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 4, 2015

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 5, 2015 when the Office of the Auditor General published its Report Number 2015-119, *Regulation of Health Care Professions*. 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. Nine corrective actions have been completed and three are 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  
J. Martin Stubblefield, Deputy Secretary for Administration

**Florida Department of Health**

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# Status of Findings



Report Number: 2015-119  
 Report Title: *Regulation of Health Care Professions*  
 Report Date: March 5, 2015  
 Status As Of: September 5, 2015

No.	Finding	Recommendation	Corrective Action Plan	
<b>Trust Fund Management</b>				
1	The Division of Medical Quality Assurance (Division) did not always take sufficient actions to maintain the financial integrity of each profession's Medical Quality Assurance Trust Fund account (MQATF).	<p>To ensure that license fees and cash balances for the regulated health care professions are managed in accordance with State law, we recommend that Division management work in concert with the boards to:</p> <ul style="list-style-type: none"> <li>• Establish a reasonable cash balance for each profession's MQATF account.</li> <li>• Recommend to the Legislature that a renewal license fee cap be increased when the cost to regulate a profession consistently exceeds the statutory fee cap.</li> <li>• Adopt rules regarding the advancement of funds, and related interest charges, to professions with negative cash balances.</li> </ul> <p>Additionally, Division management should consider proposing that State law be revised to require that renewal fees be based on projected costs rather than actual prior biennium costs.</p>	<ul style="list-style-type: none"> <li>• The Division is in the process of developing by rule, the definition of a reasonable cash balance. The Division will recommend statutory changes to address deficit cash balances by professions that are already charging fees at their statutory fee cap. The recommendations will be aligned to the statutory requirement that fees not serve as a deterrent to practicing in the profession and that they should be based upon potential earnings from working under the scope of the profession.</li> <li>• The Division has maintained that there was not an advancement of funds due to the fact that there were no transfers of cash from one cash account to another, therefore interest would not be charged. Further, the Division is opposed to charging interest to those professions that have a negative cash balance, which would hinder solvency. The Division will propose legislation in the 2016 legislative session to eliminate the statutory requirement.</li> </ul>	<p><b>In Progress</b>          Projected Completion Date - 2016 Legislative Session</p>

No.	Finding	Recommendation	Corrective Action Plan	In Progress
2a	The rate used to allocate Department of Health (Department) indirect costs to the Division was not adequately supported and did not appear to provide for a proportionate allocation of costs to the account of each profession.	We recommend that Department management ensure that the account of each profession is allocated a proportionate share of the indirect costs incurred by the Department in the performance of its duties with respect to each regulated profession.	The Office of Budget and Revenue Management will establish an internal procedure using the most recently approved departmental cost allocation plan to establish an appropriate rate to charge the MQATF for administrative overhead each fiscal year.	<p><b>In Progress</b>                      Projected Completion Date - October 30, 2015.</p> <p>The Office of Budget and Revenue Management is currently establishing an internal operating procedure for the approved departmental cost allocation plan.</p>
2b	The rate used to allocate Department indirect costs to the Division was not adequately supported and did not appear to provide for a proportionate allocation of costs to the account of each profession.	Additionally, we recommend that Department management ensure that appropriate documentation is maintained to demonstrate the accuracy of the indirect rates and the calculations used to allocate the indirect costs to each profession's account.	The Office of Budget and Revenue Management will establish an internal procedure using the most recently approved departmental cost allocation plan to establish an appropriate rate to charge the MQATF for administrative overhead each fiscal year.	<p><b>In Progress</b>                      Projected Completion Date - October 30, 2015.</p> <p>The Office of Budget and Revenue Management is currently establishing an internal operating procedure for the approved departmental cost allocation plan.</p>
<b>Regulatory Oversight</b>				
3	Division management could not always demonstrate that employees had received required training or that training records were complete.	We recommend that Division management enhance established procedures to ensure that training activities are appropriately recorded in the TrainingFinder Real-Time Affiliate Integrated Network (TRAIN) system and to ensure and demonstrate that all Division employees have received appropriate training.	The Division's Bureau of Enforcement will enhance its process of submitting all sign-in sheets for in-service training to the Division's TRAIN liaison for entry into the system. This process will ensure timely entry and a record of all training offered and completed by employees in one central database.	Previously completed.

No.	Finding	Recommendation	Corrective Action Plan	Completed
4a	<p>Contrary to State law, Division staff did not inspect the facilities of dispensing practitioners prior to initial licensure or upon a change of ownership, name, or location. In addition, Division staff did not inspect certain other medical facilities prior to initial licensure or registration or upon a change of a facility's ownership, name, or location as, according to Division management, the Department lacked the necessary statutory authority to inspect.</p>	<p>We recommend that Department management ensure that all inspections are conducted as required by State law.</p>	<p>The Division's Bureau of Enforcement is implementing processes and measures to ensure compliance with State law.</p>	<p>Dispensing practitioners are now treated the same as new facilities when applying for a new dispensing modifier on their license. Licensure services and each board office use a new transaction code which will not allow the modifier to be approved until a new inspection is requested. A training document went out to all board staff affected by the change. Routine inspection frequency for dispensing practitioners is now exactly the same as the pharmacy inspection frequency through an automation change in the <i>Licensing &amp; Enforcement Information Database System</i> (LEIDS). Change of ownership and name do not apply to dispensing practitioners, since the license belongs to the person rather than the facility. Change of location inspections will require a significant technology change, and the Department is currently awaiting an estimate from the vendor for that change. While the change in technology is pending, the Division's Investigative Services Unit (ISU) will utilize a current report in LEIDS which identifies an address change. The ISU will review this report on a weekly basis to verify new addresses and assign new change of location inspections.</p>

No.	Finding	Recommendation	Corrective Action Plan	
4b	<p>Contrary to State law, Division staff did not inspect the facilities of dispensing practitioners prior to initial licensure or upon a change of ownership, name, or location. In addition, Division staff did not inspect certain other medical facilities prior to initial licensure or registration or upon a change of a facility's ownership, name, or location as, according to Division management, the Department lacked the necessary statutory authority to inspect.</p>	<p>We also recommend that the Department seek appropriate statutory authority for the inspection of all health care facilities and establishments prior to licensure and upon a change in ownership, name, or location.</p>	<p>The Division's Bureau of Enforcement conducts inspections pursuant to State laws and rules. Inspection of all health care facilities and establishments prior to licensure and upon a change in ownership, name or location is not required by law. Therefore no further action will be taken.</p>	<p>Previously completed.</p>
<b>Service Organization Management</b>				
5	<p>The Division's contract with a service organization for licensing support and payment processing services needs amending to require an independent service auditor's report that provides appropriate assurances related to the effectiveness of the controls designed and established by the service organization relevant to the contracted services.</p>	<p>We recommend that Division management revise the contract with the service organization to explicitly require the service organization to annually obtain and timely submit to the Division a <i>Statement on Standards for Attestation Engagements</i> (SSAE) No. 16 Service Organization Controls (SOC) 1 - Type 2 report. Upon receipt of the report, Division management should review the report findings and ensure that the report contains all the required information and auditor conclusions.</p>	<p>The Division will amend the contract with its service organization, Image API, to include the SSAE No. 16 SOC 1 - Type 2 report.</p>	<p><b>Completed</b></p> <p>The contract with the Department's vendor, Image API, was amended to include the SSAE 16 SOC 1 - Type 2 report. The amendment was executed March 31, 2015.</p>

No.	Finding	Recommendation	Corrective Action Plan	Completed
6a	The Department did not ensure that service organization employees with access to information that was confidential and exempt from public inspection received required level 2 background screenings.	We recommend that Division management amend the service organization's contract to require level 2 background screenings for all service organization employees with access to the Division's licensing system.	The Division will amend the contract with its service organization, Image API, to require level 2 background screenings for all service organization employees with access to the Division's licensing and enforcement system.	The contract (COMX5) with the Department's vendor, Image API, was amended to include the level 2 background screenings for all service organizations employees with access to the Division's licensing system. The contract manager will continue to monitor this deliverable throughout the rest of the contract term. The amendment was executed March 31, 2015.
6b	The Department did not ensure that service organization employees with access to information that was confidential and exempt from public inspection received required level 2 background screenings.	Additionally, we recommend that Division management review the results of the level 2 background screenings prior to authorizing licensing system user access privileges.	The Division will review results received from the level 2 background screenings of service organization employees who access the Division's licensing system prior to granting access and will deny access to employees with convictions.	The contract (COMX5) with the Department's vendor, Image API, was amended to include the Division management review the results of the level 2 background screenings prior to authorizing licensing system user access privileges. The amendment was executed March 31, 2015.
<b>Information Technology Controls</b>				
7a	Department controls over access to the Customer Oriented Medical Practitioner Administration System (COMPAS) need improvement.	We recommend that Division management ensure that each COMPAS user account is assigned to a specific individual.	The Division modified its policy to ensure user accounts in the Division's licensing system are assigned only to a specific individual	Previously completed.
7b	Department controls over access to COMPAS need improvement.	We also recommend that Division management amend procedures to require periodic reviews of the appropriateness of user access privileges and that notice be provided to Division staff managing COMPAS access privileges either prior to or the day of a user's employment termination.	The Division amended its existing user access control procedures for the Division's licensing system to require Division management to notify System Support Services prior to or the day of a user's employment termination and to include periodic reviews of user access privileges.	Previously completed.

No.	Finding	Recommendation	Corrective Action Plan	Completed
7c	Department controls over access to COMPAS need improvement.	In addition, we recommend that the Division maintain documentation demonstrating that user access privileges were approved by the users' supervisors and that Division management ensure that access to COMPAS is timely deactivated when users terminate employment or transfer to a position where access is no longer required. The Division should also modify COMPAS to provide for a record of when an account was last used.	The Division will: <ul style="list-style-type: none"> <li>• Establish procedures for maintaining documentation of user access which includes establishing and terminating user access to the Division's licensing system.</li> <li>• Modify the Division's licensing system to record the date a user last accessed and used the system.</li> </ul>	Procedures have been modified for maintaining documentation of user access which includes establishing and terminating user access to the Division's licensing system. The system was modified to record the date a user last accessed and used the system.