



RON DESANTIS
GOVERNOR

MARY C. MAYHEW
SECRETARY

February 28, 2019

Ms. Mary C. Mayhew, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Mayhew,

Enclosed is a six-month status report on the Auditor General's *Operational Audit of the Agency for Health Care Administration, Medicaid Enterprise System Procurement Project and Selected Administrative Activities*, Report No. 2019-015, issued August 2018. This status report is issued in accordance with the statutory requirement to report on corrective actions resulting from the Auditor General's recommendations six months from the report date.

If you have any questions about this status report, please contact Pilar Zaki, Audit Director, at 412-3986.

Sincerely,

Mary Beth Sheffield
Inspector General

MBS/szg

Enclosure: Six-Month Status Report on AG Report No. 2019-015

cc/enc: Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General, EOG
Toby Philpot, AHCA Chief of Staff
Mallory McManus, AHCA Communications Director
Beth Kidder, Deputy Secretary, Division of Medicaid
Jon Manalo, Deputy Secretary, Division of Operations



**Agency for Health Care Administration
Auditor General Operational Audit 2018 –
Medicaid Enterprise System Procurement Project and
Selected Administrative Activities (Report # 2019-015)
Six-Month Status Report as of February 28, 2019**

Medicaid Enterprise System Procurement Project

Finding No. 1:

MES Procurement Project Governance. The establishment of a MES procurement project governance committee composed of Agency management and key project stakeholders with clearly defined committee member roles, responsibilities, and authorities would better ensure that project management activities are sufficiently monitored and guided and that the project meets Agency organizational, strategic, and operational goals.

Recommendation:

We recommend that Agency management establish a MES procurement project governance committee with clearly defined committee member roles, responsibilities, and authorities to ensure that project management activities are sufficiently monitored, guided, and that the project meets Agency organizational, strategic, and operational goals. We also recommend that Agency management ensure that Agency records evidence any risks, potential concerns, and required actions discussed by the committee.

Agency Response as of August 28, 2018:

This item is complete, and in fact the Agency informed the Auditor General that it was already implementing a project governance system during the audit, although full implementation did not occur until after the audit period. The Agency has and had always planned to implement a new MES governance structure. In fact, the design and oversight of governance was a deliverable in the first year of the Strategic Enterprise Advisory Services (SEAS) contract. That deliverable is now complete, and the Agency had implemented a robust MES project governance that meets all project management standards. The Agency has committed an intense level of resources and leadership attention to this system transformation, and at no time was the project without appropriate Agency oversight and leadership.

The SEAS vendor submitted the final draft Governance Plan deliverable, in accordance with its contract, on February 14, 2018. After a series of discussions between Agency leadership and the vendor, the plan was approved on April 3, 2018. Agency leadership launched the Governance committees with an announcement accompanied by the charters, committee membership, and structure. The Governance committees are meeting and making MES project decisions. In September the Agency and SEAS vendor will assess MES Governance for process improvement and committee membership revisions.

During the time between formal governance structures, the MES procurement project received regular and frequent guidance from the Agency's leadership team, following the chain of command. The project team operated an interim Project Management Office (PMO) that ensured that standard project management activities were performed, reported, and known to Agency leadership and that the project was aligned with the Agency goals. The PMO met weekly, tracked risks and mitigation plans, and maintained a project schedule and spend plan. A monthly report was prepared and shared with the Project Sponsor and Executive Sponsor and other Agency management, as needed. This information was also shared with the Agency for State Technology and the Centers for Medicare and Medicaid Services.

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In addition, once the SEAS vendor was in place, intensive work with Agency leadership began to further shape strategic priorities. For example, from November 2017 through May 2018, there were 11 sessions to prepare a strategic plan for the project, develop governance, and target project domains. These sessions were typically an hour, but ranged up to four hours, and were held with top Agency management, including the Secretary, Division directors, and bureau chiefs.

We are pleased the Agency has already addressed this finding and also pleased that the other areas examined during this audit showed no findings. This further supports that the project has been appropriately managed at all times. The audit examined the following areas, and there were no findings:

- *There were sufficient and qualified staff assigned to the project team.*
- *The Agency's Procurement Strategy for the MES procurement project appropriately defined the project's scope, was planned, and there was an established change control process.*
- *The MES project team identified and implemented risk mitigation plans for project risks.*
- *MES-related procurements for Strategic Enterprise Advisory Services and Independent Verification and Validation were conducted in accordance with applicable laws and the Agency's Procurement Strategy.*
- *The Agency established effective monitoring controls and enforced corrective actions if project vendors failed to satisfy required deliverables schedules.*
- *The Agency's monthly status report to the Agency for State Technology was complete, and included the report period, project status, project progress, issues and risks identified, and project costs.*

Agency Response as of February 28, 2019

This item has been completed. Please see the August 2018 response.

Agency Contact

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Selected Administrative Activities

Finding No. 2:

Contract Information Reporting. The Agency did not post information for all Agency contracts to the Florida Accountability Contract Tracking System as required by State law.

Recommendation:

We recommend that Agency management establish procedures, including procedures to timely reconcile CATS contract data to FACTS contract data, to ensure that all Agency contract information is timely posted to FACTS in accordance with State law.

Agency Response as of August 28, 2018:

Since January 2018 the Agency has been working to establish and implement a procedure to reconcile CATS data to FACTS data on a bi-weekly basis to ensure compliance with State law. As the Agency shared with the Auditor General during their audit, this process is ongoing.

The current structure of FACTS limits the Agency's ability to load these contracts and its related documentation that accurately reflects the unit prices and deliverables, total compensation paid under the contract, applicable performance measure and invoicing data. However, the Agency is and has always been committed to being transparent, therefore the Agency posts these contracts to the Agency's public website.

The Agency has continued to seek guidance from DFS for the appropriate treatment in FACTS of contracts that are not paid through DFS.

Agency Response as of February 28, 2019

The Agency has established and implemented a procedure to reconcile CATS data to FACTS data on a bi-weekly basis to ensure compliance with State law. This process was fully implemented on September 1, 2018.

The Agency has continued to seek guidance from DFS for the appropriate treatment in FACTS of contracts that are not paid through DFS.

Agency Contact

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