



RON DESANTIS
GOVERNOR

SIMONE MARSTILLER
SECRETARY

October 12, 2021

Ms. Simone Marsteller, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Marsteller,

Enclosed is a six-month status report on the Auditor General's *Operational Audit of the Agency for Health Care Administration, MediKids Program Funding and Selected Administrative Activities*, Report No. 2021-198, issued April 2021. 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/sgb

Enclosure: Six-Month Status Report on AG Report No. 2021-198
cc: Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General, EOG
Cody Farrill, AHCA Chief of Staff
Tiffany Vause, AHCA Deputy Chief of Staff
Tom Wallace, Deputy Secretary, Division of Medicaid
Julie Madden, Deputy Secretary, Division of Operations
Kim Smoak, Deputy Secretary, Division of HQA
Scott Ward, Director, Division of Information Technology
Pilar Zaki, Audit Director, Office of the Inspector General



**Agency for Health Care Administration
Auditor General Operational Audit 2020
MediKids Program Funding and Selected Administrative
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Six-Month Status Report as of October 12, 2021**

MediKids Program

Finding No. 1:

MediKids Funding

Contrary to State law, amounts collected from families whose children participated in the full-pay portion of the MediKids program were not sufficient to pay for the full cost of the MediKids program.

Recommendation:

We recommend that Agency management take steps to ensure that families enrolled in the full-pay portion of MediKids pay the full cost of the premium in accordance with State law.

Agency Response as of October 12, 2021:

The Agency has worked with our actuarial firm and determined there is a need for an increase in the full-pay family premium. The Agency is currently working with the Florida Healthy Kids Corporation to notify the MediKids full-pay recipients of the premium increase. It is anticipated that the increase will be effective January 1, 2022. The Agency will continue to monitor the program in the future to determine if there is a need for further increases or decreases in the full-pay premium.

Anticipated Completion Date:

January 1, 2022

Agency Contact

*Carla Sims
Division of Medicaid
(850)412-4013*

Agency Response as of April 9, 2021:

The 2020 Florida Legislature authorized the blending of the MediKids and MediKids Full Pay programs and appropriated \$2.6M in general revenue effective July 1, 2020. The Agency has implemented this blending effective October 1, 2020, and the premiums for full pay increased to about \$189 per month. The Agency will continue to monitor and have our actuarial firm perform a yearly analysis to determine potential increases or decreases in the premium to ensure the full cost is covered by the families.

In addition, the Bureau of Financial Services (BFS) has implemented a monthly process to identify the amount of the original full-pay costs, determine the amount of funds to be returned to the Centers for Medicare and Medicaid Services, transfer cash to original funding sources to account for the original expenditures and notify Medicaid managers of the outcome of the monthly variance analysis between premium cost and premium collection.

Anticipated Completion Date:

Implemented

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Agency Contact

*Carla Sims
Division of Medicaid
(850)412-4013*

*Eileen Lin
Bureau of Financial Services
(850) 412-4108*

Selected Administrative Activities

Finding No. 2:

Accounting and Budgeting Policies and Procedures and Staff Training

The Bureau of Financial Services (BFS) had not established sufficiently comprehensive policies and procedures or developed a BFS-specific training program to ensure that staff received sufficient training related to the Agency's complex accounting and budgeting tasks. A similar finding was noted in prior audit reports, most recently in our report No. 2018-172.

Recommendation:

We recommend that BFS management update policies and procedures to ensure that BFS responsibilities and unique operations are sufficiently addressed. The updated policies and procedures should promote compliance with applicable laws, rules, regulations, and accounting standards, and provide sufficient guidance to ensure consistency in the event of staff turnover. In addition, we again recommend that BFS management develop a staff training program that is specifically tailored to address the complexity of the Agency's financial operations and maintain appropriate documentation demonstrating BFS staff attendance at training activities or why formal training activities were not required.

Agency Response as of October 12, 2021:

BFS has established the Agency standard for policies and procedures and completed several draft procedures, which are in final review at this time. Completion of the remaining procedures is underway.

A training plan for the Revenue Section has been implemented. BFS is working on the remaining staff training plans, which will meet the operational needs of each section.

Anticipated Completion Date:

January 31, 2022

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Agency Response as of April 9, 2021:

Accounting and Budgeting Policies and Procedures

BFS agrees with the recommendation. BFS has initiated a project to review all procedures, make improvements, and generate policies and procedures bureau-wide. BFS will ensure the updated policies and procedures are comprehensive and sufficiently address the recommended elements suggested by the Auditor General.

Training Plan

BFS has initiated a project to develop a bureau-wide training plan which will include all staff and incorporate the training needs for the bureau business processes. The goal of the training program is to provide the knowledge and skills needed for employee's current job and retention of staff long-term.

Anticipated Completion Date:

September 1, 2021

Agency Contact

Eileen Lin

Bureau of Financial Services

(850) 412-4108

Finding No. 3:

Accounting Transactions

BFS controls continue to need enhancement to ensure that accounting transactions are properly reviewed and approved.

Recommendation:

We recommend that BFS management update review and approval processes to encompass the accounting transactions noted on audit and ensure that Agency records evidence the review and approval of all Agency accounting transactions.

Agency Response as of October 12, 2021:

BFS is still reviewing and updating policy and procedures that will improve the review controls for different accounting cycles and maintain the review and approval evidence.

Anticipated Completion Date:

Nov 1, 2021

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Agency Response as of April 9, 2021:

Upon research, the transactions in question in Finding No.3 are solely related to TR10s which are directly related to the preparations of the Statewide Financial Statements, recording of releases, indirect adjustments and alignment of cash per expenditure within trust fund, Other Cost Accumulators (OCAs) in accordance with AHCA and Department of Financial Services (DFS) guidelines.

BFS will enhance current processes by performing the following:

- Ensure a second level of review is conducted by a supervisor prior to entering transactional data into the Florida Accounting Information Resource Subsystem (FLAIR.)*
- The approval will be provided via email.*
- Approvals will be kept and maintained in a separate folder as supporting documentation for future reference.*

In addition, BFS will enhance the review and approval controls in different accounting cycles, update the current policy and procedures and maintain the review and approval evidence.

Anticipated Completion Date:

September 1, 2021

Agency Contact

*Eileen Lin
Bureau of Financial Services
(850) 412-4108*

Finding No. 4:

Prompt Payments

BFS controls need enhancement to ensure that payments are accurately recorded in the Florida Accounting Information Resource Subsystem (FLAIR) and comply with statutory prompt payment requirements. A similar finding was noted in prior audit reports, most recently in our report No. 2018-172.

Recommendation:

We again recommend that BFS management strengthen invoice payment and processing controls to promote compliance with statutory prompt payment requirements.

Agency Response as of October 12, 2021:

BFS regularly communicates with all team members the importance of using the correct transaction dates, however, additional training will be given to all the Disbursement Unit team members on choosing the correct transaction date. We continue to use the report for the purpose of tracking prompt payment and update our measure on a bi-weekly basis. The team has also initiated a new weekly process for management to ensure invoices follow the prompt payment law.

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Anticipated Completion Date:

Nov 1, 2021

Agency Response as of April 9, 2021:

BFS does regularly communicate with all team members the importance of not only ensuring that the correct transaction date has been entered during the review process, but also placing emphasis on prompt payment compliance timeframes.

BFS designed a report in May 2020 for the purpose of tracking prompt payment compliance with the goal of remaining at the rate of above 95%. The report is updated on a bi-weekly basis. From April 2020 through December 2020, the compliance rate remained above 95% with a quarterly average of 97.51%.

BFS will continue to identify additional methods of monitoring as a means of working towards 100% compliance.

BFS will conduct a thorough review of procedures while implementing policies along with training materials that incorporate effective controls regarding this finding.

Anticipated Completion Date:

September 1, 2021

Agency Contact

Eileen Lin
Bureau of Financial Services
(850) 412-4108

Finding No. 5:

Mobile Device Security Controls

Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Agency data and information technology (IT) resources.

Recommendation:

We recommend that Agency management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of Agency data and related IT resources.

Agency Response as of October 12, 2021:

Implemented Microsoft Azure Sentinel in May of 2021, with User Behavior Analytics functionality to identify all unknown access attempts. Devices that are not recognized are investigated by the Agency IT Security Team. Remote Desktop Protocol will continue to be phased-out as the

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COVID Pandemic emergency subsidies. The Agency will turn to Virtual Private Network services on state issued devices for Agency use in the future outside any state-of-emergencies that require emergency IT needs.

Anticipated Completion Date:

Completed

Agency Response as of April 9, 2021:

The Agency is phasing-out older controls as budget allows. Agency policy requires employees with personally owned mobile devices to take individual responsibility for use of their personal device including patching and anti-virus. The Agency requires Multi-Factor Authentication for Microsoft Outlook Web Access.

Anticipated Completion Date:

March 31, 2022

Agency Contact

Scott Ward

Division of Information Technology

(850) 412-4844

Finding No. 6:

Property Inventories

Agency tangible personal property controls need enhancement to ensure that physical property inventories are timely conducted and the results submitted to the Agency Property Administrator in accordance with established time frames.

Recommendation:

We recommend that Agency management take steps to ensure that physical inventories of tangible personal property are timely performed and the results of the inventories are submitted to the Agency Property Administrator in accordance with established time frames.

Agency Response as of October 12, 2021:

The Agency performed the FY 2020-2021 physical inventory of tangible personal property and completed the entire process within the target of 90 days. No additional changes to the policies and procedures were needed.

Anticipated Completion Date:

Completed

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Agency Response as of April 9, 2021:

The Agency has revised the Property Management Policy regarding the promptness of submissions and the reporting to management of unaccounted items. After implementing changes, the fiscal year 2019-20 inventory response times were much improved, and only one submission was 16 days past due. The Agency will continue to modify policies and procedures as necessary to continue to improve our processes and the timeliness of completion.

Anticipated Completion Date:

July 1, 2021

Agency Contact

*Brian Kenyon
Office of General Services
(850) 412-3899*

Finding No. 7:

Property Records

Agency controls regarding the accuracy and completeness of the information needed to correctly report and maintain proper accountability over Agency property and demonstrate compliance with applicable Department of Financial Services rules need enhancement.

Recommendation:

We recommend that Agency management enhance controls to promote the complete and accurate recording of all required property information in Agency property records.

Agency Response as of October 12, 2021:

The Agency has revised the procedures for property recording. With the Agency's upcoming inventory, we will be continuing the process of reviewing data.

Property recorded in FLAIR using the TR16 does not produce a voucher number. As of May 2021, the agency has begun to enter the requested voucher number associated with a recorded property entry into the Other Document Number (ODN) description field within FLAIR. Upon beginning this solution, it has been discovered that although the voucher number is entered in the ODN field when inputting the TR 16 it does not show on the Property Master File. However, it does show when the transaction history for the entry is pulled.

Note: According to the DFS Asset Management FLAIR Procedure Manual (p 28) the voucher number is not an input requirement when creating a transaction on the Property Master File.

Anticipated Completion Date:

Completed

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Agency Response as of April 9, 2021:

The Agency is revising its procedures for the recording of all required property information into the property module within FLAIR and will be performing a review of all recorded items to ensure that all required data has been entered.

The Agency has updated all the property records that did not include manufacturer information, and serial numbers. With the implementation of the new policy, the Agency has been recording the property data in a timely manner and has reduced errors in record entry. With regards to missing voucher numbers, property that cannot be recorded through any other transaction type into FLAIR is completed using a transaction (TR16), which does not produce a voucher number. The Agency will begin to enter the voucher number associated with the recorded entry into the Other Document Number (ODN) Description field within FLAIR.

Anticipated Completion Date:

September 1, 2021

Agency Contact

*Brian Kenyon
Office of General Services
(850) 412-3899*

*Eileen Lin
Bureau of Financial Services
(850) 412-4108*

Finding No. 8:

Property Acquisitions

As similarly noted in prior audit reports, most recently in our report No. 2018-002, the Agency did not always timely or accurately record tangible personal property acquisitions in Agency property records.

Recommendation:

We again recommend that Agency management enhance tangible personal property controls to ensure that Agency property records are timely updated for tangible personal property acquisitions and accurately maintained in accordance with DFS rules. Such tangible personal property control enhancements should include a specified time frame for recording tangible personal property acquisitions to Agency property records and guidance addressing the recording of property items at the correct cost.

Agency Response as of October 12, 2021:

The Agency has implemented revised property management procedures. Submissions are being processed in a timely manner. The Agency will continue to educate and provide more guidance to ensure that proper procedures are followed.

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Anticipated Completion Date:

Completed

Agency Response as of April 9, 2021:

The Agency has revised the property management policy regarding the promptness of submissions and the reporting to management of unaccounted items. In the fiscal year 2019-20 inventory, response times improved and only one submission was 16 days past due. The Agency will continue to modify policies and procedures as necessary to continue to improve our processes and the timeliness of completion.

In addition, BFS and the Bureau of Support Services will continue to educate and provide guidance to all Agency team members involved in the process to ensure Property Tags and Property Identification Forms submitted for review and entry into property records are not only correctly coded to reflect accurate allocation of goods and services ordered, but also to place emphasis on the importance of timely submission. A second level review will also be conducted prior to the submission of Property Tags and Property Identification Forms. The Agency will be drafting new instructions and procedures for the recording of property at the correct cost and will include a specified time frame for the completion of the process.

Anticipated Completion Date:

September 1, 2021

Agency Contact

*Brian Kenyon
Office of General Services
(850) 412-3899*

*Eileen Lin
Bureau of Financial Services
(850) 412-4108*

Finding No. 9:

Contract Information Reporting

The Agency did not post information for all Agency contracts to the Florida Accountability Contract Tracking System (FACTS) as required by State law. A similar finding was noted in our report No. 2019-015.

Recommendation:

We recommend that Agency management enhance controls to ensure that required contract information for all Agency contracts is timely posted to FACTS in accordance with State law.

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Agency Response as of October 12, 2021:

As of October 8, 2021, the Bureau of Purchasing and Contract Administration has entered 44 Statewide Medicaid Managed Care (SMMC) and Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) contracts into FACTS.

Anticipated Completion Date:

Completed

Agency Response as of April 9, 2021:

The Agency agrees with this recommendation and is working in consultation with DFS to determine how to add the Medicaid managed care contracts to FACTS. Additionally, the Agency will review all contracts in the Agency's Contract Administration Tracking System to ensure that the Agency is in compliance with the requirement to post applicable contracts in FACTS.

Anticipated Completion Date:

September 1, 2021

Agency Contact

*Trey Collins
Office of Procurement
(850) 412-3896*

Information Technology

Finding No. 10:

VERSA Regulation System and Clearinghouse Access Controls

As similarly noted in our report No. 2018-172, IT user access controls for the Versa Regulation system and Care Provider Background Screening Clearinghouse need improvement to ensure that periodic reviews of user access privileges are adequately performed and documented and Agency records demonstrate that user access privileges are timely deactivated when access is no longer needed.

Recommendation:

We again recommend that Agency management strengthen controls to ensure that periodic reviews of VERSA Regulation system and Clearinghouse user access privileges are adequately performed and documented in Agency records. We also recommend that Agency management enhance controls to ensure that VERSA Regulation system user access privileges are deactivated immediately upon a user's separation from Agency employment.

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Agency Response as of October 12, 2021:

The Transfer, Promotion and Separation (TPS) process for Versa and the Clearinghouse has been enhanced by increasing the IT Help Desk surveillance of tasks assigned to ensure user access privileges are deactivated. The Background Screening Clearinghouse will be using a new single-sign-on (SSO) application within the next six months to assist with the management of Clearinghouse external user accounts including periodic reviews.

Anticipated Completion Date:

April 29, 2022

Agency Response as of April 9, 2021:

The Agency will be enhancing the VERSA Regulation system access privilege processes. The Division of Operations and Division of IT will be collaborating and leveraging existing scheduled review processes. The Agency Transfer, Promotion & Separation (TPS) procedure will be enhanced to strengthen controls. The Background Screening Clearinghouse regularly scheduled privilege reviews will also be enhanced and scheduled where needed.

Anticipated Completion Date:

February 28, 2022

Agency Contact

Scott Ward

Division of Information Technology

(850) 412-4844

Finding No. 11:

FLAIR Access Controls

Agency controls over employee access to FLAIR continue to need improvement to help prevent and detect any improper or unauthorized use of FLAIR access privileges.

Recommendation:

We recommend that Agency management enhance FLAIR access controls to ensure the appropriate assignment and timely removal of FLAIR user access privileges. Such enhancements should include:

- Conducting complete periodic FLAIR access reviews and maintaining appropriate documentation for changes in FLAIR user access privileges necessitated by the reviews.
- Limiting FLAIR user access privileges to promote an appropriate separation of duties and requiring that, where incompatible access privileges are necessary, establishing and documenting compensating controls.
- Removing FLAIR user access privileges immediately upon a user's separation from Department employment.

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Agency Response as of October 12, 2021:

BFS: BFS has implemented revised procedures for FLAIR access. Requests are being documented in a timely manner. All policies and procedures have been updated.

IT: Division of IT System Access Review process has been enhanced.

Anticipated Completion Date:

BFS: Completed

IT: Completed

Agency Response as of April 9, 2021:

BFS monitored FLAIR access controls on a bi-annual basis. BFS will continue to enhance and improve our current FLAIR Access internal controls by implementing the following procedures:

- Incorporating a 2nd level review by another FLAIR Administrator to ensure accuracy and timely removal or access adjustment.
- BFS will ensure that documentation can be provided via capturing a screenshot of the FLAIR access removal and save in a separate file for future reference due to the FLAIR application purging files or data after a period of time.
- Add the TPS separation and internal movement notifications received to the shared Policy & Systems calendar with follow up reminders prior to the employee action effective date.
- Existing policies and procedures will also be updated to reflect this change.

The Division of IT will be enhancing the system access privilege processes. The Division of Operations and Division of IT will be collaborating and leveraging existing system access scheduled review processes.

Anticipated Completion Date:

July 1, 2021

Agency Contact

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William Armstrong
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