



RON DESANTIS
GOVERNOR

JASON WEIDA
SECRETARY

June 29, 2023

Jason Weida, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Weida:

Attached is Report #AHCA-2223-01-A, *Contract Monitoring Process*. This audit was conducted as part of the Agency's annual audit plan. The objectives of the audit were to determine the efficiency and effectiveness of controls in place for the Contract Monitoring Process and to ensure contract monitoring is in accordance with Section 287.057, Florida Statutes. Our audit revealed areas where improvements could be made to strengthen the controls.

Management's responses to our recommendations are included in the report. We will schedule a follow-up review in six months to assess the status of the efforts taken by management to correct all remaining open issues.

If you have any questions or concerns regarding this report, please let me know.

Sincerely,

Brian P. Langston
Inspector General

BPL/jc

Attachment

cc: Stefan Grow, Chief of Staff
Bailey Smith, Communications Director
Austin Noll, Deputy Secretary for Medicaid Policy, Quality and Operations
Ken Knipmann, Assistant Deputy for Medicaid Quality and Policy
Kristin Sokoloski, Deputy Chief of Staff for Medicaid Operations and Contracts
Trey Collins, Bureau Chief of Purchasing and Contract Administration
Melissa Vergeson, Bureau Chief of Medicaid Quality
Ann Dalton, Bureau Chief of Medicaid Policy
Melinda M. Miguel, Chief Inspector General
Sherrill F. Norman, Auditor General





Report No. AHCA-2223-01-A

June 2023

Contract Monitoring Process

EXECUTIVE SUMMARY

As part of the Agency for Health Care Administration (AHCA) Office of Inspector General's Audit Plan, Internal Audit conducted an audit of the Contract Monitoring Process, which included contracts from the bureaus of Medicaid Policy (Medicaid Policy) and Medicaid Quality (Medicaid Quality). We also reviewed contract monitoring processes as established by the Bureau of Purchasing and Contract Administration (Procurement).

During our audit, we noted areas where improvements could be made to strengthen controls in the following areas:

- The Bureau of Medicaid Policy could not provide supporting documentation for the payment of invoices for one of the reviewed contracts; and
- The Bureau of Purchasing and Contract Administration annual reviews of Contract Manager files were not completed.

The Findings and Recommendations section provides details of the audit results. Management responses are included in the Management Response Table on pages six and seven.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine the efficiency and effectiveness of controls in place for the Contract Monitoring Process and to ensure contract monitoring is in accordance with Section 287.057, Florida Statutes (F.S.). The scope of this audit included a review of selected contracts from January 1, 2022, through October 31, 2022.

The methodology for this audit included the following:

- Review of relevant laws, rules, policies, and procedures;
- Interviews with staff within Medicaid Quality, Medicaid Policy, and Procurement; and
- Survey of Contract Managers in Medicaid Quality and Medicaid Policy.

BACKGROUND

Medicaid Quality (within the Division of Medicaid Policy, Quality and Operations) provides data-driven, focused, and systematic feedback on the quality of Florida's Medicaid program to federal and state agencies, Medicaid recipients, Medicaid-managed care plans, and providers.

Medicaid Policy (also within the Division of Medicaid Policy, Quality and Operations) is responsible for the development, coordination and implementation of Florida Medicaid program policy related to services covered by Florida Medicaid. It coordinates policy development with the federal government, other state agencies and external stakeholders.

Procurement encompasses all functions pertaining to acquiring goods or services including need identification, drafting a description of the scope of services, solicitation, award of contract, and all phases of contract administration.

Section 287.057(15)(b), F.S., states, "The Chief Financial Officer (CFO) shall establish and disseminate uniform procedures ... to ensure that contractual services have been rendered in accordance with the contract terms before the agency processes the invoice for payment."

According to the Chief Financial Officer Memorandum No. 05 (Memorandum No.5), effective July 1, 2021, "(T)he contract file must also document the contract manager's activities to verify that the deliverables were received and were in compliance with criteria established in the agreement. Monitoring activities provided by the contract manager must be adequate to provide reasonable assurance that contract deliverables have been provided as required by the agreement."

FINDINGS AND RECOMMENDATIONS

Finding 1 – The Bureau of Medicaid Policy could not provide supporting documentation for the payment of invoices for one of the reviewed contracts.

AHCA Policy and Procedure 4006, (P&P 4006) *Procurement of Goods and Services*, states, "It is the responsibility of the Contract Manager to maintain a complete and organized contract file." It further states, "an electronic contract file in a shared, but secure, location" is required for the use of maintaining contract documents.

In addition, Procurement's AHCA *Contract Monitoring Reference Series* (Reference Series) states, "(T)he contract manager is responsible for reviewing monitoring activities of their assigned contracts..." One of those activities includes Invoice Reviews.

The Reference Series also includes the format a contract manager must use to maintain the electronic contract file documentation, which includes a Payment Tracking Log. The Payment Tracking Log is to include:

- Invoice number, due date, received date and approval date;
- Invoice processed date (date sent to the Bureau of Financial Services);
- Deliverable descriptions;
- Invoice amount;
- Remaining contract balance; and
- Match funding (if applicable).

Information from the Reference Series is duplicated in the *Division of Medicaid Monitoring Playbook (Playbook)*, Medicaid's desk procedures.

Internal audit sampled four Medicaid contracts; three contracts were from Medicaid Quality and one contract was from Medicaid Policy. Three months were sampled for all four contracts. Medicaid Quality's three contracts had no deficiencies, whereas Medicaid Policy's one contract had deficiencies for all three months sampled.

Medicaid Policy did not always follow P&P 4006, Memorandum No.5, the Reference Series, nor the Playbook. Supervisors did not review their Contract Manager's contract files. Additionally, the Contract Managers were unable to locate the Payment Tracking Log and the supporting documents for the payment of the invoices for one of the contracts sampled.

The deficiencies noted above could cause invoices to be paid without supporting documentation of deliverables.

Recommendations

1. We recommend all supporting documentation for the payment of invoices, and the Payment Tracking Log be saved in the required electronic Contract Monitoring folder in the Program Area's share drive.
2. We also recommend all Contract Managers follow AHCA Policy and Procedure 4006, *Procurement of Goods and Services*, the *AHCA Contract Monitoring Reference Series*, and the *Division of Medicaid Playbook*, including how to set up, organize and use the required electronic contract file.

Finding 2 – The Bureau of Purchasing and Contract Administration annual reviews of Contract Manager files were not completed.

The Reference Series states, "A member of the Contract Administration Unit will review the Contract Manager's files once every state fiscal year." Procurement did not complete the annual review of the contract manager's contract file due to staff shortages.

The deficiency noted above could cause invoices to be paid without supporting documentation of deliverables.

In conversations with Procurement, they stated they will return to reviewing contract files since their staffing shortages were resolved.

Recommendations

1. We recommend Procurement follows through with reinstating the review of the Contract Manger's contract files once every state fiscal year.
2. We also recommend the Contract Manger Supervisors regularly review the contract file for all appropriate documents.

ACKNOWLEDGEMENT

The Office of Inspector General Internal Audit staff would like to thank management and staff of the Agency's bureaus of Medicaid Policy, Medicaid Quality, and Purchasing and Contract Administration for their assistance and cooperation extended to our Office during this engagement.

PROJECT TEAM

Jeremiah Carter, FCCM, Senior Management Analyst II, and Tamiko Christophe, MASS, Senior Management Analyst II, conducted the audit under the supervision of Joann Hartmann, MAT, CIGA, Senior Management Analyst Supervisor; Karen Preacher, CIA, CFE, CIGA, Audit Director; and Brian Langston, CIG, CIGA, CIGI, Inspector General.

The Agency for Health Care Administration's mission is
Better Health Care for All Floridians.

The Inspector General's Office conducts audits and reviews of Agency programs to assist the Secretary and other agency management in fulfilling this mission.

This engagement was conducted pursuant to Section 20.055, Florida Statutes, and in accordance with the *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors. Please address inquiries regarding this report to the AHCA Audit Director at (850) 412-3990.

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https://ahca.myflorida.com/Executive/Inspector_General/Internal_Audit/Reports.shtml

Copies may also be requested by telephone at (850) 412-3990, in person, or by mail at Agency for Health Care Administration, 2727 Mahan Drive, Mail Stop #5, Tallahassee, FL 32308.

No.	Finding Statements	Recommendations	Management Responses	Anticipated Completion Dates and Contacts
1	The Bureau of Medicaid Policy could not provide supporting documentation for the payment of invoices for one of the reviewed contracts.	1. We recommend all supporting documentation for the payment of invoices, and the Payment Tracking Log be saved in the required electronic Contract Monitoring folder in the Program Area’s share drive.	Management has taken additional steps to ensure that documentation is regularly and routinely saved in the proper electronic folders.	<p><i>Anticipated Completion Date:</i> Implemented</p> <p><i>Contacts:</i> Ann Dalton, Bureau Chief of Medicaid Policy.</p> <p>Auditor comment: Internal Audit will validate the Bureau of Medicaid Policy response at the six-month follow-up.</p>
		2. We recommend all Contract Managers follow AHCA Policy and Procedure 4006, Procurement of Goods and Services, the AHCA Contract Monitoring Reference Series, and the Division of Medicaid Playbook, including how to set up, organize and use the required electronic contract file.	Management is providing training to new and existing staff to insure familiarity with AHCA policies.	<p><i>Anticipated Completion Date:</i> Ongoing</p> <p><i>Contacts:</i> Ann Dalton, Bureau Chief of Medicaid Policy</p> <p>Auditor comment: Internal Audit will validate the Bureau of Medicaid Policy response at the six-month follow-up.</p>

No.	Finding Statements	Recommendations	Management Responses	Anticipated Completion Dates and Contacts
2	The Bureau of Purchasing and Contract Administration reviews of Contract Manager files were not completed.	1. We recommend Procurement follows through with reinstating the review of the Contract Manger’s contract files once every state fiscal year.	Bureau of Purchasing and Contract Administration agrees with the finding and plans to resume conducting contract file reviews in Fiscal Year 2023-2024.	<p><i>Anticipated Completion Date:</i> Not Provided.</p> <p><i>Contacts:</i> Trey Collins, Bureau Chief Bureau of Purchasing and Contract Administration</p> <p>Auditor comment: Internal Audit will validate the Bureau of Purchasing and Contract Administration’s response at the six-month follow-up since a completion date was not provided.</p>
		2. We also recommend the Contract Manger Supervisors regularly review the contract file for all appropriate documents.	Bureau of Purchasing and Contract Administration agrees with the finding and plans to resume conducting contract file reviews in Fiscal Year 2023-2024.	<p><i>Anticipated Completion Date:</i> Not Provided.</p> <p><i>Contacts:</i> Trey Collins Bureau Chief Bureau of Purchasing and Contract Administration</p> <p>Auditor comment: Internal Audit will validate the Bureau of Purchasing and Contract Administration’s response at the six-month follow-up since a completion date was not provided.</p>