



Office of Inspector General
Internal Audit

Report No. AHCA-2223-02-A
September 2023

Audit of Agency Cash Collection Processes

EXECUTIVE SUMMARY

As part of the Agency for Health Care Administration (Agency or AHCA) Office of Inspector General's Annual Audit Plan, Internal Audit conducted an audit of the Agency's cash¹ collection processes. The audit encompassed nine areas of the Agency. During the audit, we noted where improvements could strengthen controls in the following areas:

- There is no comprehensive uniform policy and procedure for cash collection across the Agency;
- The Agency is not adequately safeguarding cash in transport or storage;
- The Agency is not adequately safeguarding copies of negotiable instruments;² and
- The Agency is not preparing records for final disposition when the records have met their retention schedule.³

The Findings and Recommendations section provides details of the audit results. The recommendations identified in this audit are immediate solutions. However, the Agency should consider long-term solutions to maximize efficiency of the cash collection process. Long-term solutions could include moving all cash collections to the Bureau of Financial Services and working toward an electronic payment system.

Management responses are included in the Management Response Table on pages seven (7) through twelve (12).

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine the purpose of the decentralization of the cash collection processes and to determine if the current monitoring procedures and internal controls are sufficient. The scope of this audit included the period of July 1, 2021, to July 31, 2022, and included review of the procedures and controls in place through the end of fieldwork.

¹ In this audit, the term "cash" refers to any non-electronic form of payment.

² Negotiable instruments include but are not limited to checks, money orders, and cashier's checks.

³ The retention schedule is the period of time in which record series are required to be retained before being scheduled for disposal.

The methodology for this audit included the following:

- Review of relevant laws, rules, policies, and procedures;
- Interviews and walkthroughs with staff in areas which receive cash on behalf of the Agency; and
- Review of safeguarding processes regarding confidential financial information, and transport and storage of cash.

BACKGROUND

This audit was requested by the previous Deputy Secretary for the Division of Operations. The Deputy Secretary asked Internal Audit to look at ways to improve efficiency and uniformity in the Agency's cash collection processes.

The Agency collects funds for various purposes, which leads to multiple sections within the Agency directly receiving funds. The Agency obtains funds through two methods: online payments and cash that is either sent by mail or delivered in person. We reviewed the following sections in the Agency which collect cash:

- Bureau of Central Services (BCS) – BCS handles several responsibilities which support other bureaus in the Division of Health Care Policy and Oversight;
- Cash Room Unit (CRU) – CRU is under the Bureau of Financial Services and receives documents and completes banking deposits of cash received at the Agency;
- Central Mailroom – The Central Mailroom is the Agency's mail processing center located at Headquarters whose responsibility is to receive and sort incoming mail and provide a central area for outgoing mail;
- Florida Center for Health Information and Transparency (Florida Center) – The Florida Center is responsible for collecting, compiling, coordinating, analyzing, and disseminating health related data and statistics for the purpose of developing public policy and promoting the transparency of consumer health care information through www.FloridaHealthFinder.gov;
- Gainwell Technologies LLC, Banking Operations department – The Banking Operations department performs functions relating to the payment of provider claims;
- Medicaid Program Finance (MPF) – MPF is responsible for the fiscal planning of the Florida Medicaid Services budget;
- Medicaid Program Integrity (MPI) – MPI serves as the primary office within the Agency to design, coordinate, and implement the Medicaid program's fraud, abuse, and waste prevention and detection efforts;
- Office of General Counsel (OGC) – OGC provides legal advice and representation for the Agency on all legal matters; and
- Office of Plans and Construction (OPC) – OPC is responsible for enforcing the codes and standards for the design and construction of hospitals, nursing homes, ambulatory surgical centers, and Intermediate Care Facilities for the Developmentally Disabled.

The sections which receive cash prepare and log it in accordance with their established processes and systems. Once completed, the cash is transferred to the CRU for deposit. It is critical the funds are timely processed to comply with Chapter 116, Florida Statutes.

FINDINGS AND RECOMMENDATIONS

Finding 1 – The Agency lacks a comprehensive uniform policy and procedure for cash collection.

We found the Agency does not have a comprehensive uniform cash collection policy and procedure to which all areas must adhere. Areas within the Agency which collect cash have their own policies and procedures in varying degrees of completeness, detail, and accuracy. Without a comprehensive uniform policy and procedure, negotiable instruments could go missing or be deposited late⁴ due to untimely delivery to CRU.

Best practice⁵ identifies that organizations responsible for handling cash must maintain written policies and procedures outlining each step in the cash handling process. These policies and procedures should address the security of funds during the workday and storage for overnight safekeeping and should be reviewed at least annually to ensure the procedures are current.

Recommendations

1. We recommend the Bureau of Financial Services update applicable policies and procedures to include a uniform process for collecting cash and transporting cash from area to area, and from area to the Cash Room. This policy and procedure should establish requirements regarding:
 - Areas securing cash under lock and key;
 - Areas securing copies of negotiable instruments under lock and key;
 - Areas securely transporting cash between areas, contracted entities, and the Post Office, under lock and key;
 - Areas transporting cash to utilize a uniform custody form;
 - Areas needing to have two persons present and accountable when opening the mail, or set in place a mitigation if staffing is insufficient;
 - Redaction process; and
 - Disposal process.

The updated policies and procedures should: apply to all areas in the Agency which collect cash, including contracted entities; be disseminated to all areas in the Agency which collect cash, including contracted entities; and be made readily accessible to all Agency employees.

2. We recommend the Bureau of Financial Services periodically monitor compliance with the updated policies and procedures.

⁴ Section 116.01, Florida Statutes, requires funds be deposited not later than 7 working days from the close of the week in which the officer received the funds.

⁵ University of Richmond

Finding 2 – The Agency is not adequately safeguarding cash.

We found there is no comprehensive uniform policy and procedure for Agency staff to follow regarding safeguarding cash. There are also inadequate security controls, such as doors with no locks. Best practice⁶ indicates all forms of money should be safeguarded at all times.

Negotiable instruments are transported between bureaus and to the Cash Room in varying methods which do not ensure adequate security precautions. Negotiable instruments are taken in unsecured physical compartments (envelopes) and without proper control of custody. Negotiable instruments are also stored in unsecured locations, without proper safeguarding of keys. Without adequate security controls, cash or negotiable instruments can be stolen. Conspicuous and unsecured transportation of cash can make Agency staff a target for theft or harm.

Recommendation

Refer to the recommendations relating to the policy and procedure requirements in Finding 1 of this audit.

Finding 3 – The Agency is not adequately safeguarding financial information.

We found the Agency is not adequately safeguarding physical confidential financial information, as the areas are not consistently storing unredacted financial information under lock and key. There is no requirement in Agency policy to safeguard confidential information in a locked room or in a locked filing cabinet. Failure to adequately secure confidential financial information can lead to fraud, identity theft, or similar harms.

AHCA Policy #4004, *Records Management*, requires staff to ensure security of records physically stored at their location. Best practice⁷ suggests storing paper documents in a locked room or in a locked filing cabinet and to control who has a key, and the number of keys.

Recommendations

1. We recommend the Agency safeguard physical confidential financial information under lock and key when not in use.
2. We recommend the Bureau of Financial Services establish the requirements in the uniform policy and procedure referenced in the recommendations in Finding 1 of this audit to safeguard physical confidential financial information in locked rooms or filing cabinets and secure the keys for those rooms or cabinets, and to periodically verify compliance with those requirements.

⁶ University of Utah

⁷ Federal Trade Commission

Finding 4 – The Agency is not disposing of records which have met their retention schedule.

We found the Agency is not following Agency Policy #4004, *Records Management*. This policy states each bureau must systematically dispose of public records which have met their retention requirements and are no longer needed, regardless of the medium in which they exist.

Each area which collects cash for the Agency with whom we spoke stated they do not and have not disposed of physical or electronic copies of negotiable instruments. Some areas in the Agency have both physical and electronic copies of the same negotiable instruments. Physical copies of negotiable instruments are also being sent to the State storage facility.⁸

The contracted entity⁹ which collects and processes negotiable instruments on behalf of the Agency also stores their copies of negotiable instruments in a locked closet and in filing cabinets at their office location. The contracted entity has not disposed of records, as they stated the Agency must request disposal of Agency records.

The *General Records Schedule GS1-SL for State and Local Government Agencies*¹⁰ and AHCA's Internal Schedule¹¹ identifies types of records and their respective required retention periods. The retention period for duplicates (copies of records which are not the official record of an agency) is always "Retain until obsolete, superseded, or administrative value is lost" unless otherwise specified.

Without an effective and economical records management program, the Agency can lose the following benefits: saving space, reducing expenses, retrieving information more efficiently, complying with legal records retention and disposition requirements, controlling creation of new records, and identifying historical records.

Recommendations

1. We recommend the Agency, in consultation with the Office of General Counsel, identify the physical and electronic records which: may contain confidential financial information; have met their retention schedule; and are ready for final disposition. Furthermore, we recommend the Agency implement an annual requirement in policy for the final disposition of those records, in compliance with applicable laws and regulations. This process should apply to all areas of the Agency, as well as contracted entities.
2. We recommend the Agency monitor the retention and disposal processes.

⁸ The State storage facility is the Edward N. Johnson State Records and Information Center in Tallahassee, run by the Florida Department of State.

⁹ Gainwell Technologies LLC

¹⁰ Commonly referred to as the GS1-SL. The GS1-SL is issued by the Department of State's Division of Library and Information Services, in accordance with the statutory provisions of Chapters 119 and 257, Florida Statutes.

¹¹ Agencies may establish retention requirements for records which are unique to them and not in a general schedule.

3. We recommend the Agency dispose of physical duplicates of all records which may have confidential financial information in a timely manner if the electronic copy has been quality-assured and secured.

ACKNOWLEDGEMENT

The Office of Inspector General Internal Audit staff would like to thank the management and staff of the Agency's divisions and bureaus for their assistance and the cooperation extended to our Office during this engagement.

PROJECT TEAM

The audit was conducted and supervised by:

- Molly Donovan, CIGA, Senior Management Analyst II;
- 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 Agency lacks a comprehensive uniform policy and procedure for cash collection.	<p>1. We recommend the Bureau of Financial Services update applicable policies and procedures to include a uniform process for collecting cash and transporting cash from area to area, and from area to the Cash Room. This policy and procedure should establish requirements regarding:</p> <ul style="list-style-type: none"> • Areas securing cash under lock and key; • Areas securing copies of negotiable instruments under lock and key; • Areas securely transporting cash between areas, contracted entities, and the Post Office, under lock and key; • Areas transporting cash to utilize a uniform custody form; • Areas needing to have two persons present and accountable when opening the mail, or set in place a mitigation if staffing is insufficient; • Redaction process; and • Disposal process. <p>The updated policies and procedures should: apply to all areas in the Agency which collect cash, including contracted entities; be disseminated to all areas in the Agency which collect cash, including contracted entities; and be made readily accessible to all Agency employees.</p>	<p>Since the finding and recommendation apply to all areas in the Agency, workgroup meetings will be held to discuss the current policies and procedures in order to determine whether they should be updated as well as to establish the recommended requirements if they are not being done by the areas already. Therefore, Bureau of Financial Services' (BFS) staff will actively be involved in the meetings and will provide assistance to update the policies and procedures in order to include the recommended requirements.</p> <p>Based on two follow-up meetings with the Office of the Inspector General (OIG), the OIG staff agreed to facilitate the workgroup meetings. A meeting invitation was sent to AHCA staff who are involved in the Cash Collection Process on Monday, August 14, 2023, and the first workgroup meeting is scheduled for Tuesday, August 29, 2023.</p>	<p><u>Anticipated Completion Date:</u> TBD – The completion date depends on when the workgroup meetings will be held, the number of meetings that will be necessary, and the outcome of the meetings.</p> <p><u>Contacts:</u> <u>BFS Staff</u> Rafael DeCambra, Accountant Supervisor II Gale Smith-Johnson, Finance & Accounting Director III Sonya Smith, Chief of Financial Services</p>

No.	Finding Statements	Recommendations	Management Responses	Anticipated Completion Dates and Contacts
		<p>2. We recommend the Bureau of Financial Services periodically monitor compliance with the updated policies and procedures.</p>	<p>This audit impacts various areas in the Agency including the Bureau of Financial Services (BFS). In addition, the Agency collects funds for various purposes and multiple areas within the Agency receive the funds. Therefore, BFS proposes that monitoring compliance of the updated policies and procedures should be included in the Office of the Inspector General's (OIG/Office) annual audit plan as a follow-up audit/review and be performed by the Internal Audit staff.</p> <p>BFS believes that it will be more appropriate for the OIG to conduct the follow-up audit/review on an annual basis or as needed because the Office:</p> <ul style="list-style-type: none"> • Is responsible for activities that promote accountability, integrity and efficiency in state government and the Agency; • Is charged with identifying, auditing, and investigating fraud, waste, abuse, embezzlement, and mismanagement of any kind within the Agency; and • Has the ultimate goal of preventing inefficient or unlawful operations at the Agency by reviewing and evaluating necessary internal controls to ensure its fiscal accountability. <p>Internal Audit Response: The <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i> restrict Internal Audit from performing an operational role in Agency activities. The responsibility for day-to-day operational activities including monitoring resides with Agency Management.</p>	<p>Anticipated Completion Date: N/A based on BFS Response</p> <p>Contacts: N/A based on BFS Response</p>

No.	Finding Statements	Recommendations	Management Responses	Anticipated Completion Dates and Contacts
2	The Agency is not adequately safeguarding cash.	1. Refer to the recommendations relating to the policy and procedure requirements in Finding 1 of this audit.	<p>Since the finding and recommendation apply to all areas in the Agency, workgroup meetings will be held to discuss the current policies and procedures in order to determine whether they should be updated as well as to establish the recommended requirements if they are not being done by the areas already. Therefore, Bureau of Financial Services' (BFS) staff will actively be involved in the meetings and will provide assistance to update the policies and procedures in order to include the recommended requirements.</p> <p>Based on two follow-up meetings with the Office of the Inspector General (OIG), the OIG staff agreed to facilitate the workgroup meetings. A meeting invitation was sent to AHCA staff who are involved in the Cash Collection Process on Monday, August 14, 2023, and the first workgroup meeting is scheduled for Tuesday, August 29, 2023.</p>	<p><u>Anticipated Completion Date:</u> TBD – The completion date depends on when the workgroup meetings will be held, the number of meetings that will be necessary, and the outcome of the meetings.</p> <p><u>Contacts:</u> <u>BFS Staff</u> Rafael DeCambra, Accountant Supervisor II Gale Smith-Johnson, Finance & Accounting Director III Sonya Smith, Chief of Financial Services</p>
3	The Agency is not adequately safeguarding financial information.	1. We recommend the Agency safeguard physical confidential financial information under lock and key when not in use.	<p>Since the finding and recommendation apply to all areas in the Agency, workgroup meetings will be held to discuss the current policies and procedures in order to determine whether they should be updated as well as to establish the recommended requirements if they are not being done by the areas already. Therefore, Bureau of Financial Services' (BFS) staff will actively be involved in the meetings and will provide assistance to update the policies and procedures in order to include the recommended requirements.</p> <p>Based on two follow-up meetings with the Office of the Inspector General (OIG), the OIG staff agreed to facilitate the workgroup meetings. A meeting invitation was sent to AHCA staff who are involved in the Cash Collection Process on Monday, August 14, 2023, and the first workgroup meeting is scheduled for Tuesday, August 29, 2023.</p>	<p><u>Anticipated Completion Date:</u> TBD – The completion date depends on when the workgroup meetings will be held, the number of meetings that will be necessary, and the outcome of the meetings.</p> <p><u>Contacts:</u> <u>BFS Staff</u> Rafael DeCambra, Accountant Supervisor II Gale Smith-Johnson, Finance & Accounting Director III Sonya Smith, Chief of Financial Services</p>

No.	Finding Statements	Recommendations	Management Responses	Anticipated Completion Dates and Contacts
		<p>2. We recommend the Bureau of Financial Services establish the requirements in the uniform policy and procedure referenced in the recommendations in Finding 1 of this audit to safeguard physical confidential financial information in locked rooms or filing cabinets and secure the keys for those rooms or cabinets, and to periodically verify compliance with those requirements.</p>	<p>Since the finding and recommendation apply to all areas in the Agency, workgroup meetings will be held to discuss the current policies and procedures in order to determine whether they should be updated as well as to establish the recommended requirements if they are not being done by the areas already. Therefore, Bureau of Financial Services' (BFS) staff will actively be involved in the meetings and will provide assistance to update the policies and procedures in order to include the recommended requirements.</p> <p>Based on two follow-up meetings with the Office of the Inspector General (OIG/Office), the OIG staff agreed to facilitate the workgroup meetings. A meeting invitation was sent to AHCA staff who are involved in the Cash Collection Process on Monday, August 14, 2023, and the first workgroup meeting is scheduled for Tuesday, August 29, 2023.</p> <p>In addition, this audit impacts various areas in the Agency including the Bureau of Financial Services (BFS). The Agency also collects funds for various purposes and multiple areas within the Agency receive the funds. Therefore, BFS proposes that monitoring compliance of the updated policies and procedures should be included in the OIG's annual audit plan as a follow-up audit/review and be performed by the Internal Audit staff.</p> <p>BFS believes that it will be more appropriate for the OIG to conduct the follow-up audit/review on an annual basis or as needed because the Office:</p> <ul style="list-style-type: none"> • Is responsible for activities that promote accountability, integrity and efficiency in state government and the Agency; • Is charged with identifying, auditing, and investigating fraud, waste, abuse, embezzlement, and mismanagement of any kind within the Agency; and • Has the ultimate goal of preventing inefficient or unlawful operations at the Agency by reviewing and evaluating necessary internal controls to ensure its fiscal accountability. 	<p><u>Anticipated Completion Date:</u> TBD – The completion date depends on when the workgroup meetings will be held, the number of meetings that will be necessary, and the outcome of the meetings.</p> <p><u>Contacts:</u> <u>BFS Staff</u> Rafael DeCambra, Accountant Supervisor II Gale Smith-Johnson, Finance & Accounting Director III Sonya Smith, Chief of Financial Services</p>

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			<p>Internal Audit Response: The <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i> restrict Internal Audit from performing an operational role in Agency activities. The responsibility for day-to-day operational activities including monitoring resides with Agency Management.</p>	
4	The Agency is not disposing of records which have met their retention schedule.	<p>1. We recommend the Agency, in consultation with the Office of General Counsel, identify the physical and electronic records which may contain confidential financial information; have met their retention schedule; and are ready for final disposition. Furthermore, we recommend the Agency implement an annual requirement in policy for the final disposition of those records, in compliance with applicable laws and regulations. This process should apply to all areas of the Agency, as well as contracted entities.</p>	<p>Since the finding and recommendation apply to all areas in the Agency, workgroup meetings will be held to discuss the current policies and procedures in order to determine whether they should be updated as well as to establish the recommended requirements if they are not being done by the areas already. Therefore, Bureau of Financial Services' (BFS) staff will actively be involved in the meetings and will provide assistance to update the policies and procedures in order to include the recommended requirements.</p> <p>Based on two follow-up meetings with the Office of the Inspector General (OIG), the OIG staff agreed to facilitate the workgroup meetings. A meeting invitation was sent to AHCA staff who are involved in the Cash Collection Process on Monday, August 14, 2023, and the first workgroup meeting is scheduled for Tuesday, August 29, 2023.</p>	<p><u>Anticipated Completion Date:</u> TBD – The completion date depends on when the workgroup meetings will be held, the number of meetings that will be necessary, and the outcome of the meetings.</p> <p><u>Contacts:</u> <u>BFS Staff</u> Rafael DeCambra, Accountant Supervisor II Gale Smith-Johnson, Finance & Accounting Director III Sonya Smith, Chief of Financial Services</p>

No.	Finding Statements	Recommendations	Management Responses	Anticipated Completion Dates and Contacts
		<p>2. We recommend the Agency monitor the retention and disposal processes.</p>	<p>Since the finding and recommendation apply to all areas in the Agency, workgroup meetings will be held to discuss the current policies and procedures in order to determine whether they should be updated, to establish the recommended requirements if they are not being done by the areas already, and to decide which Agency staff will be responsible for monitoring the related processes. Therefore, Bureau of Financial Services' (BFS) staff will actively be involved in the meetings and will provide assistance to update the policies and procedures in order to include the recommended requirements such as monitoring the processes.</p> <p>Based on two follow-up meetings with the Office of the Inspector General (OIG), the OIG staff agreed to facilitate the workgroup meetings. A meeting invitation was sent to AHCA staff who are involved in the Cash Collection Process on Monday, August 14, 2023, and the first workgroup meeting is scheduled for Tuesday, August 29, 2023.</p>	<p><u>Anticipated Completion Date:</u> TBD – The completion date depends on when the workgroup meetings will be held, the number of meetings that will be necessary, and the outcome of the meetings.</p> <p><u>Contacts:</u> <u>BFS Staff</u> Rafael DeCambra, Accountant Supervisor II Gale Smith-Johnson, Finance & Accounting Director III Sonya Smith, Chief of Financial Services</p>
		<p>3. We recommend the Agency dispose of physical duplicates of all records which may have confidential financial information in a timely manner if the electronic copy has been quality-assured and secured.</p>	<p>Since the finding and recommendation apply to all areas in the Agency, workgroup meetings will be held to discuss the current policies and procedures in order to determine whether they should be updated as well as to establish the recommended requirements if they are not being done by the areas already. Therefore, Bureau of Financial Services' (BFS) staff will actively be involved in the meetings and will provide assistance to update the policies and procedures in order to include the recommended requirements.</p> <p>Based on two follow-up meetings with the Office of the Inspector General (OIG), the OIG staff agreed to facilitate the workgroup meetings. A meeting invitation was sent to AHCA staff who are involved in the Cash Collection Process on Monday, August 14, 2023, and the first workgroup meeting is scheduled for Tuesday, August 29, 2023.</p>	<p><u>Anticipated Completion Date:</u> TBD – The completion date depends on when the workgroup meetings will be held, the number of meetings that will be necessary, and the outcome of the meetings.</p> <p><u>Contacts:</u> <u>BFS Staff</u> Rafael DeCambra, Accountant Supervisor II Gale Smith-Johnson, Finance & Accounting Director III Sonya Smith, Chief of Financial Services</p>