



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

February 11, 2014

Elizabeth Dudek, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Dudek:

In accordance with Internal Auditing Standards, attached is the twelve-month status report from the Division of Medicaid in response to our report *#12-10 Medicaid Risk Management Processes Review* published on February 11, 2013.

The Division of Medicaid has not made substantive progress in establishing an enterprise risk management framework due to the workload of the Division's transition to the Statewide Medicaid Managed Care program. We will schedule another follow-up review in six months to assess the status of the efforts taken to correct all open issues.

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

Sincerely,

Eric W. Miller
Inspector General

EWM/lfs
Enclosure

cc: Jenn Ungru, Chief of Staff
Michelle Dahnke, Director of Communications
Justin Senior, Deputy Secretary of Medicaid
Stacey Lampkin, Assistant Deputy Secretary of Medicaid Finance
Beth Kidder, Assistant Deputy Secretary of Medicaid Operations
David Rogers, Assistant Deputy Secretary of Medicaid Health Systems



Agency for Health Care Administration
Office of Inspector General –Internal Audit
Report No. and Title: 12-10 Medicaid Risk Management Processes Review, issued 2/11/2013
Twelve-Month Follow-up Status as of February 11, 2014

ERM Component	No.	Recommendations	Previous Management Response	Status Update	Anticipated Date of Completion and Contact Name
Internal Environment	1.	Medicaid formally establish an ERM Steering Committee to oversee efforts to identify, assess, measure, respond to, monitor, and report risks. The Committee should include an executive sponsor and articulate the benefits of ERM.	A risk management steering committee has been established.	A risk management steering committee has been established.	In progress July 2015 Kristin Sokoloski
	2.	Medicaid establish a core team consisting of individuals from the various bureaus. The team should: <ul style="list-style-type: none"> • Become familiar with the framework’s components, concepts, and principles to obtain a common understanding, language, and foundation base needed to design and implement an ERM process; • Assess how ERM components, concepts, and principles are currently being applied across Medicaid; • Develop a ERM Vision that explains how ERM will integrate within Medicaid to achieve its objectives and goals including how to align risk appetite and strategy; and • Develop an implementation plan to adopt ERM. 	A risk management steering committee has been established and consists of the Deputy Secretary for Medicaid, the Assistant Deputy Secretary’s for Medicaid and the Administrator of the Divisions External Affairs and Project Management Unit.	A risk management steering committee has been established and consists of the Deputy Secretary for Medicaid, the Assistant Deputy Secretary’s for Medicaid and the Administrator of the Divisions External Affairs and Project Management Unit.	July 2015 Kristin Sokoloski

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	3.	Medicaid develop a comprehensive ERM policy. An ERM policy should also clearly communicate Medicaid's risk management philosophy. Components of an ERM policy should include: <ul style="list-style-type: none"> • Purpose of the policy; • Owner of the policy and stakeholders; • Background information (definition of ERM, its components, and other related terms); • Responsible parties and duties including the roles of the business units as a part of an active ERM process; and • Identification of person(s) who can test compliance with the policy. 	The issue of an agency wide enterprise risk management approach has been raised with the Agency Management Team.	The issue of an agency wide enterprise risk management approach has been raised with the Agency Management Team.	July 2015 Kristin Sokoloski
	4.	Medicaid appoint an ERM Officer and a business unit responsible for promoting and teaching risk assessment methods to business owners throughout Medicaid.	The issue of an agency wide enterprise risk management approach has been raised with the Agency Management Team.	The issue of an agency wide enterprise risk management approach has been raised with the Agency Management Team.	July 2015 Kristin Sokoloski
Objective Setting	1.	The Bureaus formalize and document their process of setting objectives.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski

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	2.	Medicaid management periodically reviews objectives to determine if they continue to be consistent with the Agency’s and Medicaid’s goals and objectives. The review should also be documented.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
Event Identification	1.	Medicaid develop and document the process of identifying events that could impact the Agency.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
	2.	Medicaid identify risks related to each objective (i.e. Strategic, Operations, Reporting, and Compliance).	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
	3.	Medicaid identify risks related to each objective (i.e. Strategic, Operations, Reporting, and Compliance).	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
	4.	Medicaid management periodically review risks with senior management.	This is occurring through the structure of the risk management steering committee.	This is occurring through the structure of the risk management steering committee.	In progress July 2015 Kristin Sokoloski

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Risk Assessment	1.	Bureaus periodically conduct and document a formal risk assessment.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
	2.	Medicaid assign the duty of compiling all assessments into a comprehensive risk assessment to the ERM Officer and a business unit.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
Risk Response	1.	Bureaus formalize and document risk response as a part of the risk assessment.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
	2.	Bureaus create an implementation plan to outline how responses are executed.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
Control Activities	1.	Bureaus identify control activities that help mitigate identified risks as a part of their risk assessment.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski

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				established.	
	2.	Medicaid management periodically review control activities to identify potential gaps and vulnerabilities and to ensure that the controls are current.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
Information and Communication	1.	Medicaid review its information and communication systems and corresponding outputs to determine if they are sufficient to implement the ERM process.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
	2.	Medicaid management should establish formal communication protocols and procedures, such as meeting minutes, to share risk information.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski
Monitoring	1.	Medicaid management create and document processes to assess and monitor the effectiveness of the ERM framework.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski

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	2.	Medicaid management create and document processes and procedures for reporting and tracking deficiencies discovered during its monitoring activities.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	At this time, formal structures and/or processes outside of the risk management steering committee have not been established.	No earlier than 2015 Kristin Sokoloski