



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

July 1, 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 Bureau of Financial Services and the Division of Health Quality Assurance in response to our report #12-04, *Agency Accounts Receivable Process Audit* published on June 25, 2013.

Management has indicated corrective action has been completed for one of our outstanding issues. A detailed description of all issues, recommendations, and management's responses can be found in the attached table. We will schedule another follow-up review in six months to assess the status of the efforts taken by the Bureau of Financial Services and the Division of Health Quality Assurance 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/mbs
Enclosure

cc: Jenn Ungru, Chief of Staff
Michelle Dahnke, Director of Communications
Tonya Kidd, Deputy Secretary of Operations
Molly McKinstry, Deputy Secretary of Health Quality Assurance
Anita Hicks, Financial Services Director



Agency for Health Care Administration
Office of Inspector General – Internal Audit
Report No. and Title: 12-04 Agency Accounts Receivable Process Audit, issued 6/25/13
Twelve-Month Follow-up Status as of June 25, 2014

No.	Finding	Recommendation	Previous Management Response(s)	Twelve-Month Status Update	Anticipated Completion Date and Contact
1	MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity	In order to send notification letters timely, we recommend the MAR unit clarify circumstances that are acceptable exceptions to their policy of sending late payment notification every 30 days.	Completed	N/A	N/A
2	MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity	We also recommend the new accounts receivable system include a means of identifying late payment dates and automatically generating notices if a payment has not been received by set deadlines.	Due to recent turnover in staff, the completion date for this project has been extended. The Bureau of Financial Services is in the process of engaging a consultant to evaluate current stand-alone systems and recommend options that best meet all of our business needs. <i>Anticipated date of completion: June 30, 2015</i>	The Bureau of Financial Services plans to have a draft RFQ by late September or early October 2014.	<i>June 30, 2015</i> <i>Anita B. Hicks</i>
3	MAR Collection Efforts Are Impeded by Manual Monitoring of Receivables for Payment Activity	We further recommend that the new accounts receivable system include the ability to generate reports that allow monitoring for payment timeliness. Such reports should include information that shows the chronology of Agency action taken (i.e. Final Order, FAR, notification letter), the date of that action, the date(s) the provider is overdue, the number of days an amount is overdue, and if an amount paid is in compliance with the amount owed.	Due to recent turnover in staff, the completion date for this project has been extended. The Bureau of Financial Services is in the process of engaging a consultant to evaluate current stand-alone systems and recommend options that best meet all of our business needs. <i>Anticipated date of completion: June 30, 2015</i>	The Bureau of Financial Services plans to have a draft RFQ by late September or early October 2014.	<i>June 30, 2015</i> <i>Anita B. Hicks</i>
4	MAR Case Set-up Could Be More Efficient by Importing Provider Information from FMMIS	To improve efficiency and expedite data entry, the new accounts receivable system should consider an interface that would automatically populate these fields from FMMIS.	Due to recent turnover in staff, the completion date for this project has been extended. The Bureau of Financial Services is in the process of engaging a consultant to evaluate current stand-alone systems and recommend options that best meet all of our business needs. <i>Anticipated date of completion: June 30, 2015</i>	The Bureau of Financial Services plans to have a draft RFQ by late September or early October 2014.	<i>June 30, 2015</i> <i>Anita B. Hicks</i>
5	Cases Designated for Referral to a Collection Agency May Be Delayed	In order to enhance prompt collection, we recommend F&A develop a written policy or guidelines that meet the approval of the Office of General Counsel specifying how frequently the list of referrals should be sent to the collection agency.	Completed	N/A	N/A

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6	Collection Agency Report Balances Did Not Agree with the Account Balances in the MAR System	To ensure that cases referred to collection agencies are correctly recorded and their balances are accurate, we recommend MAR staff periodically reconcile the information on the collection agencies' reports with the receivables identified in MAR.	The MAR Unit is continuing to work with the collection agency in acquiring a Collections Inventory Report. We anticipate receiving the report by December 13, 2013. Upon receipt of the report, the Bureau of Financial Services will complete the reconciliation. <i>Anticipated date of completion: January 31, 2014</i>	The MAR Unit received MSB's Collection Inventory Report on December 19, 2013 for the period of August 11, 2011 through December 19, 2013 and NCO's Collection Inventory Report on December 10, 2013 for the period of August 16, 2011 through December 10, 2013. The report from NCO included cases rolled over from the GRC collection agency. The reconciliation of both reports was completed on December 19, 2013. Auditor's note: This reconciliation was the first one to be performed. Our next follow-up will request evidence that this is a routine practice.	Completed
7	Payment Plan Finalization May Be Delayed	We recommend that F&A consider adopting a policy limiting the number of negotiations allowed or setting a deadline so that payment plans can be finalized more timely.	Completed	N/A	N/A
8	The Coordination of Restitution Cases Could be Improved between MFCU and F&A	To clarify the roles and responsibilities between MFCU and F&A, we recommend that the current Memorandum of Understanding be revised and signed specifying: 1. How often periodic reconciliations of open case balances should be performed and documented; and 2. A clarification of responsibilities for monitoring delinquent cases, contacting probation officers in cases of delinquent payment by probationers and referral to a collections agency for non-payment.	During a recent meeting between the Office of Inspector General and MFCU, the Bureau of Financial Services submitted a list of improvements for collections, to be discussed by the AHCA/IG on November 13, 2013. Follow-up with MFCU and Office of the Inspector General is pending. <i>Anticipated date of completion: February 28, 2014</i>	During a meeting with the Office of Inspector General and MFCU, the Bureau of Financial Services submitted the below recommendations: 1. Defendant's probationary terms – Restitution is included in the terms of probation and probation officers work with the Agency to establish a repayment schedule/plan. 2. Case information – A case information sheet was submitted for new case referrals to make it easier to identify the amounts owed to the Agency and to clarify if funds are all state monies. 3. Collections – Provide defendant's telephone number, last known address, and probation officer. In the course of follow-up telephone conversations, it was determined that reconciliations would be completed each month on all payments received from MFCU. The Agency is currently receiving a	Partially Completed

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				<p>spreadsheet of all cases processed each month by MFCU and this spreadsheet is used for reconciliations.</p> <p>A meeting has been set for June 12, 2014, with MFCU to discuss the following expectations:</p> <ol style="list-style-type: none"> 1. Confirm the frequency of reconciliations for collections and how often case reconciliation will be performed. 2. Discuss procedural processes of collections and clarify the responsibilities for monitoring the delinquent cases. <p>Upon completion of the meeting, the Memorandum of Understanding will be drafted and approved to implement the collection procedural change at the beginning of the fiscal year.</p>	
9	Queries Used to Run Reports in OPC Track Billing Are Ineffective	The new accounts receivable system includes accurate and relevant queries needed to produce reliable reports for OPC Track Billing.	Completed	N/A	N/A
10	Manual Processes	To improve efficiency and information security, we recommended the new accounts receivable system accommodate all accounts receivable types so that the areas can discontinue the use of maintaining accounts receivable in MS Excel.	The Bureau of Financial Services' goal is to incorporate all accounts receivable activity into one AR system. However, due to recent turnover in staff, the completion date of this project has been extended. <i>Anticipated date of completion: June 30, 2015</i>	<p>Bureau of Financial Services response: The Bureau of Financial Services plans to have a draft RFQ by late September or early October 2014.</p> <p>HQA response: Prior to Financial Services staff turnover, HQA worked closely with Financial Services on system requirements related to HQA receivables (specifically PMATF assessments and Plans and Construction Site Visit Billing – OPC Track). HQA currently works closely with Financial Services on online payment issues for the Online Licensing and Background Screening Clearinghouse and has a bi-weekly stakeholder meeting on Online Payment and Single Sign-On issues. The Agency also has monthly strategic planning meetings that discuss, among other things, automation and both HQA and Financial Services</p>	<p><i>June 30, 2015</i></p> <p><i>Anita B. Hicks (Financial Services)</i></p> <p><i>Sharon Woodberry/Ryan Fitch (HQA)</i></p>

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				are represented at these meetings.	
11	Use of Versa as an Accounts Receivable System	The identified accounts be maintained in the new accounts receivable system instead of Versa.	The Bureau of Financial Services is the official keeper of financial records for the Agency; therefore, any AR systems should be housed and maintained by the Bureau of Financial Services. However, the Bureau will continue to work with HQA to integrate the two systems for data sharing, direct staff access, report building, and automate and electronic transference of data. <i>Anticipated date of completion: June 30, 2015</i>	Bureau of Financial Services response: The Bureau of Financial Services plans to have a draft RFQ by late September or early October 2014. HQA response: Prior to Financial Services staff turnover, HQA worked closely with Financial Services on system requirements related to HQA receivables (specifically PMATF assessments and Plans and Construction Site Visit Billing – OPC Track). HQA currently works closely with Financial Services on online payment issues for the Online Licensing and Background Screening Clearinghouse and has a bi-weekly stakeholder meeting on Online Payment and Single Sign-On issues. The Agency also has monthly strategic planning meetings that discuss, among other things, automation and both HQA and Financial Services are represented at these meetings.	<i>June 30, 2015</i> <i>Anita B. Hicks</i> <i>(Financial Services)</i> <i>Sharon Woodberry/Ryan Fitch (HQA)</i>
12	Revenue Management's Documentation Processes Are Inconsistent	We recommended F&A management and staff evaluate current processes and written procedures to identify process improvements such as updating and/or removing unnecessary forms.	The Bureau of Financial Services is in the process of developing and undergoing a functional analysis of its policies, procedures, and processes. Workgroups will be created consisting of internal and external staff of the Agency. <i>Anticipated date of completion: June 30, 2015</i>	Financial Services had its kickoff meeting on Friday, January 17, 2014 to discuss the functional assessment of the bureau. Meetings are held on Fridays from 2:30 p.m. – 4:30 p.m. We have completed Phase I and Phase II, which includes listing all tasks and determining the unit the task should be assigned to.	<i>June 30, 2015</i> <i>Anita B. Hicks</i> <i>(Financial Services)</i>