



**Office of the Inspector General  
Internal Audit**

**Report No. 14-17  
October 2014**

**REVIEW OF TLO**

## **EXECUTIVE SUMMARY**

As part of the Agency for Health Care Administration's (Agency) fiscal year 2012-13 audit plan, we conducted a review to determine whether there were adequate internal controls in place to govern the use of TLO by the Fraud Prevention and Compliance Unit (FPCU)<sup>1</sup> within the Division of Medicaid and whether the use was appropriate and efficient.

Overall, the FPCU has inadequate controls in place to govern TLO software use. In addition, TLO use has not always been appropriate. We identified opportunities for improvements in documentation, processes, policy/procedure, and forms development and training. The Findings and Recommendations section of this report provides details of our results.

On a positive note, we are pleased to report FPCU updated their TLO agreement within the three-year requirement as required by the Agency's Policy/Procedure 4006, *Procurement of Goods and Services*.

## **SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of this engagement included the FPCU's use of TLO from July 2013 to May 2014. Our objectives were to determine if 1) adequate internal controls are in place to govern the FPCU's use of TLO and 2) the use is appropriate and efficient.

To accomplish our objectives, we reviewed TLO agreements, related documents; interviewed and surveyed appropriate Agency staff; evaluated controls over use; and analyzed frequency of TLO use by staff.

<sup>1</sup> One HQA employee was assigned TLO access intermittently during the scope of the project.

## BACKGROUND

TLOxp®, offered by TransUnion, is an online database of public and proprietary records available to authenticate information for people, businesses and assets. TLOxp® is used by global corporations, financial institutions, insurance carriers and law enforcement agencies to investigate and research people, locations and companies. It is an investigative and risk management tool that can be used to:

- Verify identity
- Prevent and detect internal and external fraud
- Link people, businesses, and assets
- Conduct enhanced due diligence
- Increase the effectiveness of current fraud prevention and legislative compliance programs
- Identify relationships between customers, people, and businesses
- Investigate potential conflicts of interest.

Users access TLOxp® through its main web link: [www.tlo.com](http://www.tlo.com). The Account Administrator, who is a FPCU staff person, is responsible for both assigning and terminating access to TLO. When signing in, users are asked to respond to four categories: “Permissible Use,” “GLB (Gramm-Leach-Bliley Act),” “DPPA (Driver’s Privacy Protection Act)” and “TLO (Terms and Conditions).”

In the 2011 TLO agreement, the Agency stated the specific purpose for TLO use is “preliminary investigations related to suspected fraud and abuse within the Medicaid program.” Based on the choices for “Permissible Use,” the best fitting option that should be selected is “Fraud Prevention.”

Searches can be initiated by name (business or personal), Social Security Number or other identifiers. Information categories include: People, Business Plus, Criminal Records, Courts and Assets. The Account Administrator can produce reports on TLO use by person and date range.

In October 2011, the Unit Supervisor signed an agreement for TLO use with TLO, LLC. The agreement did not list who would be using TLO. It mentioned the Agency and the Medicaid program in the specific purpose statement.<sup>2</sup> In January 2014, the Unit Supervisor signed a new agreement with TransUnion (TU), who provides access to products, which include TLO. The agreement did not identify any specific users, only the authorized signer and proposed administrator.

---

<sup>2</sup> Complete language is as follows: “The Agency for Health Care Administration is responsible for a broad range of regulatory function [sic] related to health care in Florida. The Agency administers the Florida Medicaid program, and the functions related to the program. These functions also involve preliminary investigations related to suspected fraud and abuse within the Medicaid program. Additionally, the Agency licenses and regulates health care facilities with the state of Florida. Other organizations for which AHCA contracts for access to search engines/databases typically include our functions in quasi-law enforcement/government regulation and we are afforded broad permissions.”

The Agency has committed significant resources to aggressively fight fraud in the Florida Medicaid program, but the Division of Medicaid has a responsibility to ensure a specific focus on program oversight, implementation of utilization controls, and other targeted initiatives to develop program safeguards. FPCU's primary responsibility is to aid the Agency in overall efforts to increase Medicaid program oversight and to minimize the risk of improper payments within the program. The FPCU assists others in improvements, implementation of fraud prevention measures, and analysis of recommendations for program changes.

The FPCU team consists of both headquarters and field staff. Employees are located in Tallahassee, Miami, Tampa, Ft. Lauderdale and Orlando. Current FPCU staff members using TLO are located in Tallahassee, Orlando and Tampa. During this project, a staff person from the Background Screening Unit (located with the Division of Health Quality Assurance in Tallahassee) was granted TLO use intermittently. The cost of TLO licenses for fiscal year 2013-2014 totaled \$5,775 and was billed to the Division of Medicaid.

## FINDINGS AND RECOMMENDATIONS

<b>Finding 1: User Access</b>	
<b>Finding Statement</b>	The FPCU does not have a documented process for adding and deleting TLO users.
<b>Criteria</b>	<p>According to the FPCU's original and current TLO agreements, the Account Administrator is responsible for:</p> <ul style="list-style-type: none"> <li>“(i) allowing only appropriate employees to obtain TU Products in compliance with this Agreement;”</li> <li>“(iii) maintaining accurate records of all current employees with access to TU Products, and all former employees who have ever accessed them;”</li> <li>“(v) terminating access when a user is no longer employed by Subscriber, is transferred to new duties not requiring access, or is suspected of improper access or use of TU Products.”</li> </ul>
<b>Condition</b>	The Account Administrator does not maintain documentation of any TLO user additions and terminations. One former FPCU employee, whose last day with FPCU was March 13, 2014, did not have her access terminated until May 2014.
<b>Cause</b>	There are no written procedures for timely notifications when users leave the Agency, move within the Agency, have a change in duties that do not require TLO use, or are suspected of misuse.
<b>Effect</b>	The risk of inappropriate use is elevated.
<b>Recommendation</b>	<ol style="list-style-type: none"> <li>1. FPCU should develop written procedures to address user access and termination requests, and distribute them to identified parties. All requests should be documented in writing.</li> <li>2. The Account Administrator should maintain written documentation for no less than five years for each TLO addition or termination.</li> </ol>
<b>Management Response</b>	<ol style="list-style-type: none"> <li>1. Medicaid Fraud Prevention and Control Unit amended its policy to read as follows: “User access and termination must be submitted in writing (via email) by the unit manager to the Account Manager. If the user anticipates being out of the office in excess of ten business days, he/she should notify the unit manager so that accounts can be managed</li> </ol>

## FINDINGS AND RECOMMENDATIONS

	<p>appropriately. A file of all requests must be maintained for no less than five years.”</p> <ol style="list-style-type: none"><li>2. A shared drive folder for TLO has been created to store administrative items and it will be maintained consistent with Agency record retention requirements.</li></ol>
<b>Anticipated Completion Date</b>	<ol style="list-style-type: none"><li>1. Completed - 9/25/2014</li><li>2. Completed - 8/11/2014</li></ol>

## FINDINGS AND RECOMMENDATIONS

<b>Finding 2: Confidentiality and Security</b>	
<b>Finding Statement</b>	FPCU may not be complying with the Driver's Privacy Protection Act (DPPA) and related state laws.
<b>Criteria</b>	<p>Before users are allowed access to TLO, they must respond to several items; one of the items that must be answered is "DPPA (Driver's Privacy Protection Act)." There is also a warning that "TLOxp contains data governed by the GLB DPPA Laws."<sup>3</sup></p> <p>Section 119.0712(2)(b), Florida Statutes states, "Personal information, including highly restricted personal information as defined in 18 U.S.C. s. 2725, [defined below] contained in a motor vehicle record is confidential pursuant to the federal Driver's Privacy Protection Act of 1994, 18 U.S.C. ss. 2721 et seq. Such information may be released only as authorized by that act...."</p> <p>A good business practice is to have individuals with access to restricted personal information from a motor vehicle record be instructed of and acknowledge their understanding of the confidential nature of the information. For example, the Florida Department of Highway Safety and Motor Vehicles requires users accessing driver license and motor vehicle data to acknowledge in writing the confidential nature of the information.</p>
<b>Condition</b>	<p>According to both the current Account Administrator and Unit Supervisor, TLO users have been instructed on the confidential nature of the information available in TLO; however, users are not required to acknowledge their understanding in writing.</p> <p>According to TLO user survey responses, TLO information may be saved in their case files, the employee's hard drive (C:) or home drive (H:), or on a CD. When requested, TLO information is shared with the Agency's Office of General Counsel, Office of Medicaid Program Integrity, or the Medicaid Fraud Control Unit of</p>

<sup>3</sup> Actual wording is:

- (1) Use by any government agency, including any court or law enforcement agency, in carrying out its functions, or any private person or entity acting on behalf of a Federal, State, or local agency in carrying out that agency's functions.
- (2) Use in connection with any civil, criminal, administrative, or arbitral proceeding, in any federal, state, or local court or agency, or before any self-regulatory body, including the service of process, investigation in anticipation of litigation, and the execution or enforcement of judgments and orders, or pursuant to an order of a federal, state, or local court.
- (3) No use permitted by DPPA.

## FINDINGS AND RECOMMENDATIONS

	the Office of the Attorney General.
<b>Cause</b>	There are no written procedures for handling confidential information obtained through TLO.
<b>Effect</b>	<p>Depending on the storage method, information may be inadvertently shared with outside parties without confidential information being redacted.</p> <p>According to 18 U.S.C. ss. 2724, “A person who knowingly obtains, discloses or uses personal information, from a motor vehicle record, for a purpose not permitted under this chapter shall be liable to the individual to whom the information pertains.” The Agency may be considered a liable party if an employee violates federal or state laws.</p>
<b>Recommendation</b>	<ol style="list-style-type: none"> <li>1. FPCU should develop written procedures to ensure TLO users and any associated personnel understand the confidentiality/security of data obtained from TLO. These procedures should also address the consistent and secure storage of TLO related information.</li> <li>2. FPCU should develop and implement a Confidentiality Acknowledgement form for all TLO users to sign when given access. These forms should be in a central file maintained by the Account Administrator for documentation purposes.</li> </ol>
<b>Management Response</b>	<ol style="list-style-type: none"> <li>1. The TLO user protocol was amended in June to include protocols for securing query results.</li> <li>2. The TLO user protocol will be further amended to include an acknowledgement signature block for each user.</li> </ol>
<b>Anticipated Completion Date</b>	<ol style="list-style-type: none"> <li>1. Completed - 8/11/14</li> <li>2. 10/15/2014</li> </ol>

## FINDINGS AND RECOMMENDATIONS

Finding 3: Use of TLO Software	
<b>Finding Statement</b>	Some users do not use TLO on a routine basis.
<b>Criteria</b>	Organizations establish and maintain control processes to support the management of risks and achievement of established and communicated objectives. These control processes should ensure operations are performed efficiently and help achieve established objectives. <sup>4</sup>
<b>Condition</b>	<p>According to the TLO user survey, one responder accesses TLO on a daily basis, three on a weekly basis and one less than twice a month.</p> <p>From January 22 to April 14, 2014, seven users performed TLO searches on 54 of the possible 59 days (excluding Saturdays and Sundays).<sup>5</sup> There was no usage on any week-ends in the review period.</p> <p>FPCU pays \$75.00 per month per user for 6 users. It does not appear that FPCU pays extra for some of the reports they access in TLO.</p>
<b>Cause</b>	The Unit Supervisor does not monitor usage to determine how efficiently or frequently TLO is used. There are no usage reports, which would show the lack of use or overuse, provided to the Unit Supervisor.
<b>Effect</b>	FPCU pays, on average, \$5,400 each year for TLO use. FPCU is paying for licenses that are not often used.
<b>Recommendation</b>	<ol style="list-style-type: none"> <li>1. The Unit Supervisor should periodically monitor TLO usage reports and determine how many licenses are necessary to perform the intended function.</li> <li>2. FPCU should develop written procedures to address the Unit Supervisor's periodic monitoring of staff TLO usage.</li> </ol>
<b>Management Response</b>	<ol style="list-style-type: none"> <li>1. The extremely low annual cost of TLO renders it a very high return on investment tool even where usage is low. Formal</li> </ol>

<sup>4</sup> IIA Practice Advisories, 2130-Control, International Professional Practices Framework, 2013.

<sup>5</sup> Licenses were reassigned during the time period; so only six staff was using TLO at any given time.



## FINDINGS AND RECOMMENDATIONS

	<p>usage reviews were not previously conducted because the value of the tool is not based upon the number of queries. That said, while not a particularly accurate manner of evaluating the value of the tool, usage reviews will be conducted.</p> <ol style="list-style-type: none"><li>2. The protocols for reviewing and monitoring staff's usage have been drafted.</li></ol>
<b>Anticipated Completion Date</b>	<ol style="list-style-type: none"><li>1. 10/15/2014</li><li>2. Completed – 8/11/2014</li></ol>

## FINDINGS AND RECOMMENDATIONS

<b>Finding 4: Maintaining Documentation Support and Conducting Reviews</b>	
<b>Finding Statement</b>	The FPCU does not have adequate internal controls to ensure TLO is used for identified purposes and that there is no misuse of information.
<b>Criteria</b>	<p>According to the FPCU's original and current agreement:</p> <ul style="list-style-type: none"> <li>• The Account Administrator is responsible for "(ii) monitoring appropriate use of TU Products [TLO] by the Subscriber [FPCU] and its employees" and "(iv) issuing guidelines for the appropriate use of TU Products by its users".</li> <li>• "TU may audit Subscriber's use of TU Products. Subscriber agrees to cooperate and to provide TU all documentation reasonably requested relating to Subscriber's account."</li> <li>•</li> </ul> <p>A good business practice of recording searches and monitoring these searches plays an important role in an organization's enterprise risk management strategy.</p>
<b>Condition</b>	<p>The FPCU did not have written guidelines addressing TLO use or review of searches; did not require documenting the reason searches were made; had not conducted a documented review of users' searches, and had not trained staff in the consequences of TLO misuse.</p> <p>FPCU had one Office of Inspector General investigation in the past year that involved allegations of TLO misuse. The allegation was substantiated.</p>
<b>Cause</b>	The FPCU has not developed a documented process for the use of TLO.
<b>Effect</b>	<p>A lack of written procedures or regular monitoring of TLO use may result in misuse by staff.</p> <p>The FPCU is not complying with conditions listed in the agreement that could result in termination of their agreement.</p>

## FINDINGS AND RECOMMENDATIONS

<b>Recommendation</b>	<ol style="list-style-type: none"> <li>1. FPCU should develop written procedures to address TLO use. The procedures should also require TLO users to document the reason(s) for each search; for example, reference number, reason for search and the name of requestor.</li> <li>2. FPCU should ensure reviews of TLO searches are performed by an independent person on a quarterly basis. All reviews should be documented and maintained for no less than five years.</li> <li>3. FPCU should develop written desk procedures for quarterly usage reviews.</li> <li>4. Overall Recommendation: FPCU should ensure all staff are trained in the proper use of TLO, maintaining documentation of searches and any other procedures addressed in this report.</li> </ol>
<b>Management Response</b>	<ol style="list-style-type: none"> <li>1. The user protocol has been amended and a formal tracking log template created along with a document explaining how to track usage, further elaborating on usage and describing the protocol for review of usage.</li> <li>2. A review process has been formalized, and documentation of the reviews will be maintained in accordance with Agency record retention policies.</li> <li>3. The procedure for conducting the reviews has been documented.</li> <li>4. Staff training has been conducted and will be a routine (at least annually) topic for training.</li> </ol>
<b>Anticipated Completion Date</b>	<ol style="list-style-type: none"> <li>1. Completed – 8/11/2014</li> <li>2. 10/15/2014</li> <li>3. Completed – 8/11/2014</li> <li>4. Completed – 8/11/2014</li> </ol>

## **FINAL COMMENTS AND PROJECT TEAM**

### **FINAL COMMENTS**

Internal Audit would like to thank the management and staff of FPCU for their assistance and cooperation extended to us during this audit.

### **PROJECT TEAM**

The review was conducted by Karen Calhoun, CISA, CIGA, under the supervision of Mary Beth Sheffield, Audit Director, CPA, CIA, CFE, CIG.

**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 and staff in fulfilling this mission.**

This review 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) 412-3978.

Copies of final reports may be viewed and downloaded via the internet at:  
[ahca.myflorida.com/Executive/Inspector\\_General/Internal\\_Audit/audit.shtml](http://ahca.myflorida.com/Executive/Inspector_General/Internal_Audit/audit.shtml).

Copies may also be obtained by telephone (850) 412-3990, by FAX (850) 487-4108, in person, or by mail at Agency for Health Care Administration, Fort Knox Center, 2727 Mahan Drive, Mail Stop #5, Tallahassee, FL 32308.