Office of Inspector General

Internal Audit

Report No. AHCA-1617-07-A
April 2019

Accounts Receivable Collection and Write-Off Process

EXECUTIVE SUMMARY

As part of the Agency for Health Care Administration (Agency or AHCA) Audit Plan, our office conducted an audit of the Division of Operations, Bureau of Financial Services (Financial Services) Accounts Receivable Collection and Write-Off Process.

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

- Financial Services and Office of Plans and Construction (OPC) did not actively monitor or collect on delinquent OPC accounts receivable;
- Financial Services did not assign delinquent accounts to the collection agency in accordance with statutory time requirements and the Department of Financial Services (DFS) exemption letter;
- Financial Services did not always report collection agency assignments to DFS as required by Florida Statutes (F.S.);
- Documentation provided by Financial Services showed that uncollectable accounts were not submitted for write-off consistently or within a reasonable amount of time;
- Financial Services did not maintain proper segregation of duties when processing OPC receivables; and
- Some collection agency documentation was not retained in accordance with the State of Florida General Records Schedule.

The Findings and Recommendations section provides details of the results of our audit.

OBJECTIVES, SCOPE, AND METHODOLOGY

The scope of this engagement includes accounts receivable activities performed by Financial Services within the Division of Operations. Our Office reviewed Agency collection and write-off activities and processes for calendar years 2013 through 2017, and related activities through the conclusion of the audit fieldwork.

The objectives of our engagement were to:

- Determine whether accounts receivable balances were effectively maintained and monitored.
- Determine whether delinquent accounts receivable balances were assigned to a collection agency and subsequently written-off, as appropriate.

To accomplish our engagement objectives, we reviewed applicable laws, rules, and regulations; interviewed appropriate Agency staff; reviewed policies, procedures, and Agency practices; observed and documented collection and write-off operations and activities; reviewed and analyzed relevant reports and documentation provided by Agency staff and other parties involved with the accounts receivable collection process; and evaluated additional internal controls.

BACKGROUND

The Bureau of Financial Services is located within the Agency's Division of Operations. The Revenue Administrator manages the Revenue Management Section within Financial Services and makes organizational, procedural, and staffing recommendations to the Chief Financial Officer. The Revenue Management Section describes their goal as striving to “secure every state and federal dollar the Agency is eligible to receive, while accounting for the required state cost-share” and “ensure the highest accuracy in revenue records keeping and the efficient processing of revenues coming into the Agency.”

The Revenue Administrator is responsible for the activities and operations within the Grants Reporting Unit, the Revenue Management Unit, and the Medicaid Accounts Receivables (MAR) Unit. This audit focused on the Revenue Management and the MAR Units.

The Revenue Management Unit includes Revenue Intake and Management and Revenue Financial Records Management activities. This audit focused specifically on the Revenue Financial Records Management activities and their role in the invoicing, processing, and monitoring of payments.

The Revenue Management Unit utilizes four standalone computer systems to track Agency accounts receivable as described below:

1. The MAR system manages receivables for the Bureau of Medicaid Program Integrity abuse or sanctions cases, nursing home retro-rate adjustments, and restitution due to the Agency from the Office of Attorney General’s Medicaid Fraud Control Unit. MAR also records accounts receivable for final orders

issued by the Division of Health Quality Assurance (HQA).

2. The Hospital Accounts Receivable (HAR) system creates invoices that are sent to health care facilities. Examples include Debit Memos for dishonored payments, Biennial Assessments, Public Medical Assistance Trust Fund (PMATF) Quarterly Assessments, Hospital Assessments, and Final Orders with 45 day fine delinquencies.

3. The Receipts and Accounts Receivable Application (RARA) manages receivables for Intermediate Care Facilities for the Developmentally Disabled and Nursing Homes. Facilities generate invoices online by entering patient census data each month and mailing invoices to the Agency with payment.

4. The Financial Accounting Business system (FABS) is used to generate OPC invoices and Financial Services' overnight revenue uploads into the State's Florida Accounting Information Resource (FLAIR). OPC architects and engineers charge facilities for their services and enter hours into the OPC Track Timesheet which is uploaded into FABS.

The MAR Unit is responsible for collecting Medicaid fraud, abuse, and overpayments and past-due fees, assessments, and fines. The MAR Unit also negotiates debt repayment plan terms for debts owed to the Agency and generates final orders and settlement agreements for past due fees, fines, and assessments. Staff monitor and enforce compliance with payment plans. The MAR Unit tracks accounts receivable and records debt payments, and ensures revenue is accurately accounted for in the Agency's financial records.

The MAR Unit is responsible for referring delinquent accounts to the State of Florida's contracted collection agency after exhausting internal Agency collection actions. Section 17.20(3), F.S., requires that delinquent accounts be assigned to the collection agency "no later than 120 days after the date on which the account or other claim was due and payable." Financial Services was granted an exemption to the 120-day requirement by DFS on August 2, 2011, which extended the period for delinquent Medicaid overpayment recoupments and assessments to various health care facilities to be referred to the collection agency to one year. The request for the extension was based on the Agency's ability to deny a license renewal or deny a request for change in ownership when a facility has a delinquent debt. Other debt types were not specifically mentioned in the exemption letter.

MAR Unit staff upload a spreadsheet containing a list of delinquent accounts receivable. The collection agency confirms receipt of the listed accounts receivable with an acknowledgment receipt (acknowledgement). According to Financial Services, monthly status reports provide the status of funds collected by the collection agency and lists the status of other accounts receivable. After a period of two years at the collection agency, or at any time based on the discretion of Financial

Services, delinquent accounts receivable are returned to the Agency at the request of Financial Services.

Delinquent accounts receivable determined to be uncollectable are sent to DFS for write-off. DFS requires specific information to include a description of the Agency's due diligence and efforts to collect the debt prior to collection agency assignment. Debts over one year old that have been at the collection agency for more than 6 months, bankruptcy, or other reasons specified are required for write-off referral. According to DFS, accounts are written-off for financial statement purposes and collection efforts continue until the agency exhausts all collection efforts.

FINDINGS AND RECOMMENDATIONS

Finding 1: Collection Process for OPC Delinquent Accounts	
Finding Statement	Financial Services and OPC did not actively monitor or collect on delinquent OPC accounts receivable.
Criteria	Section 17.20(3), F.S. states, "*Each agency shall be responsible for exercising due diligence in securing full payment of all accounts receivable and other claims due the state.*" Section 69I-21.003(1), Florida Administrative Code (F.A.C.), states, *"Section 17.20, F.S., requires each agency to exercise due diligence in securing full payment of all accounts and claims due to the state. When determining the level of due diligence to exercise, consideration shall be given to the agency's independent statutory authority to collect delinquent accounts; the type, age and amount of delinquent accounts; and whether or not the actions taken by the agency are reasonable and cost effective. Agencies shall establish, document and maintain policies and procedures which fully explain the process of exercising due diligence*."
Condition	OPC engineers and architects post their time into the OPC Track Timesheet. The OPC Time Tracking information is uploaded into FABS, which the Revenue Management Unit utilizes to invoice OPC costs to facilities. At the beginning of each month, the Revenue Management Unit generates OPC invoices from FABS for work performed after the previous month's invoice. Unpaid amounts from previous invoices are not included in the new invoice. The Revenue Management Unit prints the invoices, places them in envelopes, and mails the invoices. Upon receipt, payments are recorded by invoice number within FABS and uploaded into FLAIR. Although the Revenue Management Unit has written procedures for generating invoices and recording payments for OPC receivables, there were no written procedures or processes in place to monitor delinquent OPC receivables. Financial Services management stated that delinquent OPC receivables were not actively sought for collection since this was the responsibility of OPC staff. Conversely, OPC management

	stated that they do not monitor unpaid receivables since that is Financial Services' role. There was no indication that any delinquency notices were sent to facilities with unpaid past due balances during the audit testing period. Internal Audit obtained a Past Due Report dated June 15, 2018 of unpaid OPC invoices that showed OPC account delinquencies dating back to 2013, totaling more than \$3,000,000. During our audit-testing period, Financial Services did not provide documentation of monitoring delinquent OPC accounts. Furthermore, there was no indication that the collection of delinquent OPC accounts was actively sought. For example, many facilities such as hospitals and surgery centers had amassed OPC billing delinquencies over multiple years as shown by the OPC Past Due Report. To further document the lack of monitoring, Internal Audit selected nine facilities from the OPC Past Due Report and reviewed license renewal information for these facilities. All nine of the facilities were approved for license renewal in either 2016 or 2017 despite carrying past due OPC balances dating back to 2013.
Cause	There were no procedures in place to monitor delinquent OPC receivables. Financial Services indicated that they relied on OPC to collect outstanding amounts prior to working on new projects. OPC management indicated that although it is common for larger facilities to carry a balance for a short duration of time due to the number of construction projects, unpaid balances should not remain uncollected for years. OPC management stated that OPC staff responsibilities were limited only to entering time and expenditures into OPC Time Track. This information was uploaded into the FABS application and OPC staff had no control over the generating, printing, or sending of invoices to the facility. In addition, OPC management indicated they did not monitor the payment of unpaid balances since this is a function of Financial Services.

FINDINGS AND RECOMMENDATIONS

Effect	Since neither Financial Services nor OPC actively monitored or sought collection of past due OPC receivables, approximately $3,000,000 OPC receivables were delinquent as of June 15, 2018. In addition, since outstanding OPC receivables were not actively monitored and reported to Facility Regulation, facility license renewals were granted despite outstanding OPC unpaid balances. The Agency had leverage with facilities when their licenses were due for renewal. The license renewal period represented an ideal time to clear all unpaid balances. By not addressing unpaid balances during license renewal, an opportunity to collect these debts was lost.
Recommendation	1. We recommend that Financial Services begin actively collecting and monitoring delinquent OPC receivables by utilizing an aging report or other means to keep track of delinquent receivables. 2. We recommend that Financial Services develop and implement comprehensive written procedures for actively monitoring and collecting OPC payments and delinquent receivables. 3. We recommend that Financial Services create a billing statement that includes both the current and past due OPC receivables on one invoice. 4. We recommend that Financial Services coordinate with Facility Regulation in an effort to collect unpaid OPC past due balances during the license renewal period, or during any other type of licensure change in which the Agency has leverage over the facility. 5. We also recommend that Financial Services provide Facility Regulation periodic outstanding accounts receivable aging reports or view only access to Financial Services accounts receivable computer systems so that unpaid balances are known by Facility Regulation at the time of licensure renewal or change in ownership.
Management Response	Financial Services will finalize the bureau’s comprehensive procedures for the active monitoring and collection of all

	outstanding debts and recoupments, including OPC invoices. Part of these comprehensive procedures included the Past Due tracking spreadsheets. Beginning in July 1, 2018, Financial Services, through the staff of the Revenue Management Unit and Medicaid Accounts Receivable (MAR) Unit combined efforts, created Past Due tracking spreadsheets, which tracked the Past Due Notices sent to Providers and generated Default Final Orders. These additional tracking tools leveraged the collections tools already available to the Agency. Financial Services will work with OPC managers and staff to implement a collection process for their revenue type, which will deploy the same collections tools as the other revenue types.
Anticipated Completion Date	July 1, 2019

FINDINGS AND RECOMMENDATIONS

Finding 2: Receivables Assigned to a Collection Agency	
Finding Statement	Financial Services did not assign delinquent accounts to the collection agency in accordance with statutory time requirements and the DFS exemption letter.
Criteria	Section 17.20(3), F.S., states, *"Each agency shall be responsible for exercising due diligence in securing full payment of all accounts receivable and other claims due the state.* *(a) No later than 120 days after the date on which the account or other claim was due and payable, unless another period is approved by the Chief Financial Officer, and after exhausting other lawful measures available to the agency, each agency shall report the delinquent accounts receivable as directed by the Chief Financial Officer to the appropriate collection agent for further action, excluding those agencies that collect delinquent accounts pursuant to independent statutory authority.* *(c) Agencies that have delinquent accounts receivable, which accounts are of such a nature that it would not be appropriate to transfer collection of those delinquent accounts to the Chief Financial Officer within 120 days after the date that are due and payable, may request in writing a different period of time for transfer of collection of such accounts. The request shall fully explain the nature of the delinquent accounts receivable and include a recommendation as to an appropriate period."* Financial Services was granted an exemption to the 120-day requirement by DFS on August 2, 2011. The approval was effective for FY 2010-2011, and extended the period in which delinquent accounts receivable must be sent to the collection agency to one year. Financial Services requested an exemption specifically for "Medicaid overpayment recoupments" and "assessments to various health care facilities." The request for the extension was based on the Agency's ability to deny a license renewal or deny a request for change in ownership when a facility has a delinquent debt. Other debt types were not specifically mentioned in the exemption letter.
Condition	Our Office reviewed several documents to assess Financial Services' timeliness as set forth for the referral of delinquent

accounts receivable to the State of Florida's contracted collection agency, factoring in the one-year exemption. These documents included a batch referral spreadsheet (batch referral) that listed the delinquent accounts receivable that were sent to the collection agency, and seven of the collection agency's acknowledgement receipts of the delinquent accounts sent. The seven acknowledgments were dated November 18, 2014; December 2, 2014; December 1, 2016; February 1, 2017; March 1, 2017; May 10, 2017; and September 21, 2017. No other acknowledgments were available or provided by Financial Services.

To determine timeliness of referrals, we reviewed 134 delinquent accounts included on the December 1, 2016, collection agency acknowledgment receipt and Financial Services corresponding batch referral spreadsheet. Fifty-one accounts had payment plan arrangements in which payments stopped after one or more payments were received. Since not all 51 had a last day of collection noted, Internal Audit excluded them from our testing. Of the remaining 83 delinquent accounts with no payments noted, we analyzed the time when the delinquent accounts were referred to the collection agency beyond the one-year referral exemption.

Despite the one-year extension granted by the exemption, all of the delinquent accounts were referred after the extension expiration. Ninety-five percent (95%) or 79 out of the 83 accounts were submitted more than three years after the expiration of the extension and over four years after the original due date. Seven of these accounts were referred after five years, with one account at the Agency longer than eight years prior to collection agency referral. The results are shown in the following chart:

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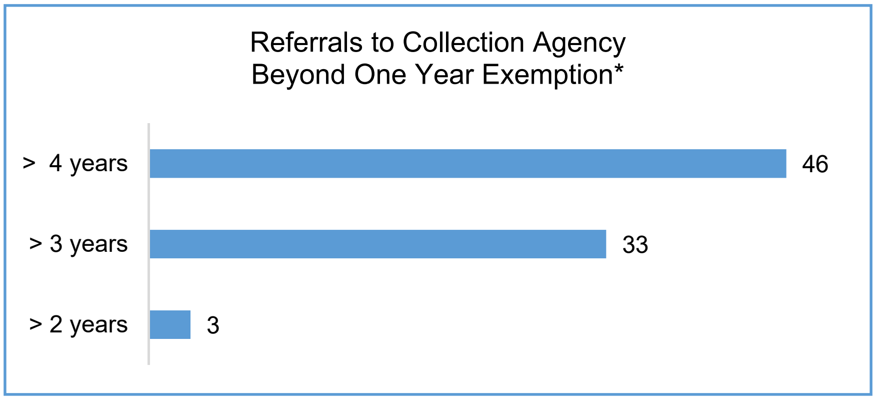

*One account was referred to the collection agency after 383 days.
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<td>Cause</td>
<td>Financial Services stated it did not have a set schedule for when uncollectable debts were sent to the collection agency nor was any monitoring or aging analysis done to determine when uncollectable debts should be referred.

Internal Audit noted that Financial Services' procedures referenced Medicaid receivables only. In addition, the 2016 referral batch analyzed as well as, a 2017 listing of debts returned from the collection agency included only Medicaid-related debts, it did not include other receivables such as assessments to various health care facilities. It also did not include other debt types such as returned checks, not specifically exempted per the DFS exemption.</td>
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<td>Effect</td>
<td>The timeliness of the referral to the collection agency did not comply with the Agency's one-year extension to the 120-day statutory requirement. A collection agency is more likely to recover uncollectable debts the earlier the accounts are assigned to them. As a result, the Agency may have reduced its collection of delinquent accounts and increased Agency exposure to financial, legal, and reputational risks.</td>
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<td>Recommendation</td>
<td>1. We recommend that Financial Services abide by Section 17.20(3)(a), F.S., to assign all delinquent accounts receivable to the collection agency according to statutory requirements, or approved DFS exemptions.

2. We recommend that Financial Services monitor account receivables by creating and utilizing an aging analysis report</td>
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FINDINGS AND RECOMMENDATIONS

	to determine when uncollectible debts should be referred to the collection agency. 3. We recommend that Financial Services update and finalize their draft collection agency referral procedures to include referrals for non-Medicaid receivables such as returned checks and facility assessments.
Management Response	Financial Services did assign many debts to a collection agency in accordance with statutory time requirements and in accordance with the DFS exemption letter. However, some delinquent debts were not referred to the collection agency during a period of time. This issue was addressed since the completion of the audit. In July 2018, clearer direction and accountability was set as part of the move of collection of unpaid assessments to the MAR Unit. Procedures were enhanced to document this new process. Part of these procedures will include interaction with other offices like the Revenue Management Unit and the General Counsel's Office that assist with the determination of delinquent accounts. These enhanced procedures should be completed by June 30, 2019.
Anticipated Completion Date	June 30, 2019

FINDINGS AND RECOMMENDATIONS

Finding 3: Collection Agency Assignments Reported to DFS	
Finding Statement	Financial Services did not always report collection agency assignments to DFS as required by Florida Statutes.
Criteria	Section 17.20(4), F.S. states, "*Each October 1, each agency shall submit a report to the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial Officer which includes:* *(a) A detailed list and total of all accounts that were referred for collection and the status of such accounts, including the date referred, any amounts collected, and the total that remains uncollected.* *(b) A list and total of all delinquent accounts that were not referred to a collection agency, the reasons for not referring those accounts, and the actions taken by the agency to collect.* *(c) A list of all accounts or claims, including a description and the total amount of each account or claim, which were written off or waived by the agency for any reason during the prior fiscal year, the reason for being written off, and whether any of those accounts continue to be pursued by a collection agent.*"
Condition	DFS' Annual Debt Collection Report for FY(Fiscal Year) 2015-2016, which documents collection agency claims reported to the State Chief Financial Officer by different agencies, indicated that the Agency had no collection agency assignments reported to DFS for FY 2012-2013, FY 2014-2015, and FY 2015-2016. However, based on collection agency acknowledgement documents available, Financial Services assigned delinquent accounts to the collection agency in the months of November and December 2014.
Cause	Although Financial Services indicated that draft procedures to report debts to the collection agency were currently being updated, these draft procedures did not address the statutory requirement to send the Annual Debt Collection Report to DFS.
Effect	By not reporting collection agency activity, the Agency did not comply with Florida Statutes.

FINDINGS AND RECOMMENDATIONS

Recommendation	1. We recommend that Financial Services develop and implement comprehensive and approved written procedures for reporting delinquent accounts receivable which adhere to Section 17.20(4), F.S. 2. We recommend that Financial Services provide adequate oversight to ensure compliance with relevant statutory reporting requirements.
Management Response	Financial Services has put into place current and future oversight to ensure compliance with relevant statutory reporting. These procedures will note how the bureau has realigned activities that are more appropriate to the MAR unit and developing a business solution to assist with this process. As mentioned in the above responses, comprehensive procedures are being enhanced and should be completed by June 30, 2019.
Anticipated Completion Date	June 30, 2019

FINDINGS AND RECOMMENDATIONS

Finding 4: Writing Off Receivables	
Finding Statement	Documentation provided by Financial Services showed that uncollectable accounts were not submitted for write-off consistently or within a reasonable amount of time.
Criteria	Pursuant to Section 17.04, F.S., DFS is charged to examine, audit, adjust, and settle the accounts of the state. To receive write-off approval from DFS, specific information must be submitted to DFS to include, a description of the Agency's due diligence and efforts to collect the debt prior to placing the accounts with a collection agency. Justification for the write-off are as follows: • Bankruptcy; • Deceased; • Statute of Limitations; • Over one year old and in collections for more than 6 months; or • Other (a reason should be provided). The write-off process does not stop the collection process. According to DFS, "accounts are written-off for financial statement purposes only and collection efforts should continue until the agency can no longer collect on the account (e.g., the debtor is deceased)."
Condition	Financial Services' write-off procedures received at the beginning of this audit specify cases that can be sent to DFS for write-off. These are cases that have been at the collection agency for 6 months; cases in bankruptcy where a claim has been filed with Legal; and if the provider is deceased and a claim has been filed against the estate. Financial Services later provided Internal Audit with a draft policy/procedure entitled “Agency Debt Write-off Method,” dated May 1, 2017. The purpose of the policy was “to establish a debt write-off policy/procedure that will ensure the most timely, efficient and accurate method of processing uncollectable debt.” The draft document references the Agency Write-off Committee (Committee). The Committee is charged to "effectively evaluate if all collection actions have been taken, and to determine the appropriateness to seek write-off authority of DFS." The

	Committee is required "to meet at least quarterly, but as frequently as needed to timely resolve matters of debts eligible for write-off." Internal Audit examined available documentation in order to assess Financial Services' write-off process. The most recent write-off request sent to DFS during the audit testing period was made in June 2017. The previous write-off request was made in April 2014. There was no documentation provided to indicate that any write-off requests were made for FY 2014-2015 and FY 2015-2016.
Cause	Prior to June 2017, Committee meetings were sporadic thus uncollectable receivables were not submitted for write-off or evaluated for potential write-off in accordance with Agency procedures. There was also no indication of a monitoring and follow-up process by Financial Services to ensure uncollectable receivables eligible for write-off were reviewed and submitted for write-off to DFS.
Effect	Delays in monitoring uncollectable debts to determine that they are eligible for write-off can affect the accuracy of the Agency's financial statement. This also increases Agency exposure to legal and reputational risks.
Recommendation	1. We recommend that the Committee meet at least quarterly and determine which debts will be submitted to DFS for write-off. 2. We recommend Financial Services finalize and approve written procedures to monitor and evaluate potential write-offs of all uncollectable receivables. 3. We recommend that Financial Services ensure that once a debt has been determined as uncollectable that it be submitted to DFS for write-off approval at least quarterly.
Management Response	Financial Services is evaluating a more timely and efficient approach to making a determination of referral of uncollectable debts for write-off. Part of these procedures will include a determination on the most relevant referral period that are

	based on the volume and frequency of debts eligible and compiled for referral to DFS. This process will be included in the comprehensive procedures that will be completed by June 30, 2019.
Anticipated Completion Date	June 30, 2019

Finding 5: Segregation of Duties	
Finding Statement	Financial Services did not maintain proper segregation of duties when processing OPC receivables.
Criteria	According to the American Institute of Certified Public Accountants, segregation of duties "is a basic building block of sustainable risk management and internal controls." The principle is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or organizational unit. Without this separation in key processes, fraud and error risks are more likely.
Condition	A staff member of the Revenue Management Unit generated OPC invoices and then printed, folded, and mailed the bills each month. Once the payments were received, the same staff member applied the payments to the OPC client's accounts. However, this staff member also periodically assisted in the Cash Room[1] by opening mail and batching and totaling the checks. These additional Cash Room duties are incompatible with the staff member's responsibilities for invoicing and posting OPC payments.
Cause	The Revenue Management Unit assigned incompatible duties to a staff member who processed OPC receivables.
Effect	Errors or fraudulent activities are more difficult to detect when critical functions of a process are not dispersed throughout the unit's staff. Without segregation of duties, an organization runs the risk of errors not being detected and irregularities occurring.
Recommendation	1. We recommend that Financial Services appropriately segregate incompatible duties in order to manage internal control and mitigate risk. 2. Alternatively, if additional staffing is not available, we recommend that Financial Services use job rotation, or other compensating internal controls, as a means to minimize segregation of duties conflicts.

[1] The Cash Room receives and deposits the various checks mailed to the Agency.

FINDINGS AND RECOMMENDATIONS

Management Response	After a review of procedures, methods and staffing needs, Financial Services has determined to have the following process improvements in-place, by June 30, 2019: • Revenue reconciliation, based on the original accounts receivable file sent to Revenue Management Unit, will be reconciled against cash received, revenue deposited and transactions recorded in FLAIR, by an accountant other than the accountant assigned to the specific revenue type(s); • Multiple reviews by separate staff members, of cash received and moved through the Cash Room processes for deposit. These include having alternating staff verifying batches, multiple adding machine tapes to verify totals, documentation of balances on tracking forms and the retention of supporting documentation. A third permanent staff member will be added to the Cash Room operation, to reduce the reliance on non-Cash Room staff to operate on a day-to-day basis.
Anticipated Completion Date	June 30, 2019

FINDINGS AND RECOMMENDATIONS

Finding 6: Record Retention Requirements	
Finding Statement	Some collection agency documentation was not retained in accordance with State of Florida General Records Schedule.
Criteria	Section 69I-21.003 F.A.C. states: "*Agencies shall establish, document and maintain policies and procedures which fully explain the process of exercising due diligence.*" The State of Florida General Records Schedule GS1-SL Item #366 states: ***"RECEIPT/REVENUE RECORDS: SUMMARY*** *This record series consists of records providing summary or aggregate documentation of receipts/revenue collected by an agency. The series may include, but is not limited to, records such as trial balance reports, bank statements, credit and debit card reports, revenue reconciliations, collection balance sheets, and other accounts receivable summary and related documentation.* ***RETENTION:*** *10 fiscal years."*
Condition	In order to assess delinquent account submissions to the collection agency, Internal Audit requested collection agency acknowledgments from Financial Services. According to Financial Services staff, not all acknowledgements were available due to the lack of retention by employees responsible for this activity. The oldest assignment acknowledgments maintained in the MAR Unit was for the months of November and December 2014. However, DFS's Annual Collection Report for FY 2015-16 shows collection agency assignments to at least before FY 2010-11.
Cause	There were no procedures in place to ensure records were retained according to State of Florida General Records Schedule. Employees formerly responsible for this activity did not retain the assignment acknowledgments. There was no indication or documentation of oversight or monitoring to help ensure employees complied with state record retention requirements.

FINDINGS AND RECOMMENDATIONS

Effect	The Agency did not comply with State of Florida record retention requirements. This lack of compliance creates heightened legal and reputational risks to the Agency.
Recommendation	1. We recommend that Financial Services retain records as required by the State of Florida records retention requirements. 2. We recommend that Financial Services regularly conduct record retention training and provide adequate oversight to ensure compliance with record retention requirements.
Management Response	Financial Services will enhance our procedures to address this issue and training will be provided to MAR Unit staff as part of the on-going training plan for the Unit. The target completion date for the annual training is June 30, 2019.
Anticipated Completion Date	June 30, 2019

PROJECT TEAM

Gordon Stoor, CISA, CISSP; and Joann Hartmann, CIGA, conducted the audit under the supervision of Steven Henry, Senior Management Analyst Supervisor, JD, CGAP, CIGA; and Pilar Zaki, Audit Director, JD, CIGA.

FINAL COMMENTS

Internal Audit would like to thank the management and staff of the Agency's Division of Operations, Bureau of Financial Services and the Division of Health Quality Assurance, Bureau of Central Services, Bureau of Health Facility Regulation, and the Office of Plans and Construction for their assistance and cooperation extended to us during this engagement.

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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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Mail Stop #5, Tallahassee, FL 32308.