



RON DESANTIS  
GOVERNOR

MARY C. MAYHEW  
SECRETARY

October 10, 2019

Mary C. Mayhew, Secretary  
Agency for Health Care Administration  
2727 Mahan Drive  
Tallahassee, Florida 32308

Dear Secretary Mayhew:

In accordance with Internal Auditing Standards, attached is a status update from the Division of Operations, Bureau of Financial Services in response to our report number *AHCA-1617-07-A, Accounts Receivable Collection and Write-Off Process* published on April 10, 2019

Management has indicated corrective action has been either initiated or completed for each of our report recommendations. 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 Division of Operations, Bureau of Financial Services to correct all open issues.

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

Sincerely,

Mary Beth Sheffield  
Inspector General

MBS/jh

Attachment

cc: Toby Philpot, Chief of Staff  
Mallory McManus, Communications Director  
James Miller, Chief Strategic Officer  
Molly McKinstry, Deputy Secretary, Division of Health Quality Assurance  
Stephanie Scanlon, Interim CFO, Bureau of Financial Services  
Scott Waltz, Bureau Chief, Office of Plans and Construction



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**Office of Inspector General – Internal Audit**  
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**Six-Month Follow-up Status as of October 10, 2019**

No.	Finding(s)	Recommendation(s)	Previous Management Response(s)	Status Update, Anticipated Completion Date and Contact
1	Financial Services and Office of Plans and Construction (OPC) did not actively monitor or collect on delinquent OPC accounts receivable.	<p>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.</p>	<p><u>Status as of April 10, 2019</u>            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.</p> <p>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.</p> <p><i>Anticipated Completion Date: July 1, 2019</i>  <i>Michael Murphy</i></p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i>  <i>Michael Murphy</i></p>
		<p>2. We recommend that Financial Services develop and implement comprehensive written procedures for actively monitoring and</p>	<p><u>Status as of April 10, 2019</u>            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 MAR Unit combined</p>	<p><b>Completed</b></p>

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		<p>collecting OPC payments and delinquent receivables.</p>	<p>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.</p> <p>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.</p> <p><i>Anticipated Completion Date: July 1, 2019</i> <i>Michael Murphy</i></p>	
		<p>3. We recommend that Financial Services create a billing statement that includes both the current and past due OPC receivables on one invoice.</p>	<p><u>Status as of April 10, 2019</u>            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 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.</p> <p>Financial Services will work with OPC managers and staff to implement a collection process for their revenue type,</p>	<p>Partially Completed – The Comprehensive Accounts Management (CAM) system has the recommended statements built into the system, but the OPC revenue type has not been migrated from the FABS accounting system. That migration has been prioritized, based on critical needs and available resources for January 2020.</p> <p><i>Anticipated Completion: January 31, 2020</i> <i>Michael Murphy</i></p>

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			<p>which will deploy the same collections tools as the other revenue types.</p> <p><i>Anticipated Completion Date: July 1, 2019</i>  <i>Michael Murphy</i></p>	
		<p>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.</p>	<p><u>Status as of April 10, 2019</u>            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 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.</p> <p>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.</p> <p><i>Anticipated Completion Date: July 1, 2019</i>  <i>Michael Murphy</i></p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i>  <i>Michael Murphy</i></p>

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		<p>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.</p>	<p><u>Status as of April 10, 2019</u>            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 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.</p> <p>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.</p> <p><i>Anticipated Completion Date: July 1, 2019</i>  <i>Michael Murphy</i></p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i>  <i>Michael Murphy</i></p>
2	<p>Financial Services did not assign delinquent accounts to the collection agency in accordance with statutory time requirements and</p>	<p>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</p>	<p><u>Status as of April 10, 2019</u>            Financial Services did assign many debts to a collection agency in accordance with statutory time requirements and in accordance with the Department of Financial Services (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.</p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i>  <i>Michael Murphy</i></p>

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	the DFS exemption letter.	according to statutory requirements, or approved DFS exemptions.	<p>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.</p> <p><i>Anticipated Completion Date: June 30, 2019</i>  <i>Michael Murphy</i></p>	
		2. We recommend that Financial Services monitor account receivables by creating and utilizing an aging analysis report to determine when uncollectible debts should be referred to the collection agency.	<p><u>Status as of April 10, 2019</u>  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.</p> <p>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.</p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i>  <i>Michael Murphy</i></p>

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		<p>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.</p>	<p><i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i></p> <p><u>Status as of April 10, 2019</u> 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.</p> <p>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.</p> <p><i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i></p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i> <i>Michael Murphy</i></p>
3	Financial Services did not always report collection agency assignments to the DFS as required by Florida Statutes.	1. We recommend that Financial Services develop and implement comprehensive and approved written procedures for	<p><u>Status as of April 10, 2019</u> 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.</p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i> <i>Michael Murphy</i></p>

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		reporting delinquent accounts receivable which adhere to Section 17.20(4), F.S.	As mentioned in the above responses, comprehensive procedures are being enhanced and should be completed by June 30, 2019.  <i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i>	
		2. We recommend that Financial Services provide adequate oversight to ensure compliance with relevant statutory reporting requirements.	<u>Status as of April 10, 2019</u> 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.  <i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i>	The Bureau of Financial Services is in the process of implementing this recommendation.  <i>Anticipated Completion: April 10, 2020</i> <i>Michael Murphy</i>
4	Documentation provided by Financial Services showed that uncollectable accounts were not submitted for write-off consistently or	1. We recommend that the Committee meet at least quarterly and determine which debts will be submitted to DFS for write-off.	<u>Status as of April 10, 2019</u> 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	The Bureau of Financial Services is in the process of implementing this recommendation.  <i>Anticipated Completion: April 10, 2020</i> <i>Michael Murphy</i>



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	within a reasonable amount of time.		<p>process will be included in the comprehensive procedures that will be completed by June 30, 2019.</p> <p><i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i></p>	
		<p>2. We recommend Financial Services finalize and approve written procedures to monitor and evaluate potential write-offs of all uncollectable receivables.</p>	<p><u>Status as of April 10, 2019</u>            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.</p> <p><i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i></p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i> <i>Michael Murphy</i></p>
		<p>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.</p>	<p><u>Status as of April 10, 2019</u>            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.</p> <p><i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i></p>	<p>The Bureau of Financial Services is in the process of implementing this recommendation.</p> <p><i>Anticipated Completion: April 10, 2020</i> <i>Michael Murphy</i></p>

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5	Financial Services did not maintain proper segregation of duties when processing OPC receivables.	1. We recommend that Financial Services appropriately segregate incompatible duties in order to manage internal control and mitigate risk.	<p><u>Status as of April 10, 2019</u>            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:</p> <ul style="list-style-type: none"> <li>• 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 Florida Accounting Information Resource (FLAIR), by an accountant other than the accountant assigned to the specific revenue type(s);</li> <li>• 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.</li> </ul> <p>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.</p> <p><i>Anticipated Completion Date: June 30, 2019</i>  <i>Michael Murphy</i></p>	<p><b>Completed</b></p>

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		<p>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.</p>	<p><u>Status as of April 10, 2019</u>  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:</p> <ul style="list-style-type: none"> <li>• 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);</li> <li>• 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.</li> </ul> <p>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.</p> <p><i>Anticipated Completion Date: June 30, 2019</i>  <i>Michael Murphy</i></p>	<p style="text-align: center;"><b>Completed</b></p>

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6	Some collection agency documentation was not retained in accordance with State of Florida General Records Schedule.	1. We recommend that Financial Services retain records as required by the State of Florida records retention requirements.	<u>Status as of April 10, 2019</u> 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.  <i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i>	The Bureau of Financial Services is in the process of implementing this recommendation.  <i>Anticipated Completion: April 10, 2020</i> <i>Michael Murphy</i>
		2. We recommend that Financial Services regularly conduct record retention training and provide adequate oversight to ensure compliance with record retention requirements.	<u>Status as of April 10, 2019</u> 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.  <i>Anticipated Completion Date: June 30, 2019</i> <i>Michael Murphy</i>	<b>Completed</b>