



Glenn Sutphin
Interim Executive Director

State of Florida
DEPARTMENT OF VETERANS' AFFAIRS

Office of the Executive Director
The Capitol, Suite 2105, 400 Monroe Street
Tallahassee, FL 32399-0001
Phone: (850) 487-1533 Fax: (850) 488-4001
www.FloridaVets.org

Rick Scott
Governor
Pam Bondi
Attorney General
Jeff Atwater
Chief Financial Officer
Adam Putnam
Commissioner of Agriculture

17 June 2016

Ms. Sherrill F. Norman, Auditor General
State of Florida Auditor General
111 West Madison Street
Tallahassee FL 32399-1450

Dear Ms. Norman:

This letter is to provide you with the six-month response, pursuant to Florida Statute 20.055 (6)(h), of the Florida Department of Veterans' Affairs (FDVA) corrective actions to the findings of the 2015 Operational Audit (Report #2016-027).

FDVA has been diligent in making improvements and strives for excellence in our operational processes and appreciates your assistance in further improving our operations.

If you have any questions, please contact the FDVA Office of Inspector General at 727-518-3202 extension 5570.

Sincerely,

A handwritten signature in blue ink that reads "Glenn W. Sutphin".

Glenn Sutphin
Lieutenant Colonel, U.S. Army (Retired)
Interim Executive Director

Finding No. 1: Collection Safeguards

- Restrictive endorsement of collections - the agency's policies and procedures did not specify the employee position responsible for endorsing checks received at the nursing homes and Domiciliary that were not addressed to a resident. At Lopez, Nininger, and Sims Nursing Homes, non-resident checks were not restrictively endorsed at the point and time of receipt.
- Transfer of custodial responsibility - Bennett, Lopez, and Nininger Nursing Home staff did not document the transfer of collections from one employee to another. The agency's policies and procedures did not provide an appropriate agency wide document to track the transfer of funds from one employee to another.
- Records reconciliation - Nininger Nursing Home staff did not reconcile pre-numbered collection receipts to the Cash Receipt Register used to prepare bank deposits.

Agency Response:

The agency concurs that the Homes did not consistently practice restricted endorsement of collections, transfer of custodial responsibility, and records reconciliation.

Corrective Action Plan:

An in-service training was held on 21 October 2015, for the Homes Business Office personnel to discuss audit finding #1, Collection Safeguards. The Homes Administrators, Business Managers, Accountant II's and Receptionists discussed, and agreed to change standards and procedures #2207 so that all the homes would conform to the same standards and procedures. The agreed upon changes to standards and procedure #2207 will be updated by the Accounting Specialist and will be posted under- the Veteran's Homes " Standard Operating Procedures."

The Business Manager provides oversight to the Accountant II and Receptionist in the Homes business office. The Business Manager is responsible for ensuring the Business Office staff complies with the standards and procedures #2207 requirement of restrictively endorsing checks at point of receipt; establishing and maintaining the chain of custody between employees; and the receipt, recording, depositing and timely reconciling of bank deposit records.

Quarterly Audits will be performed on each of the Homes by the Homes' Department Professional Accountant Specialist to ensure standards and procedures #2207 endorsement requirements; chain of custody of collections between employees; and the receipt, recording, depositing and reconciling of funds are being followed.

Agency Six-Month Response:

FDVA Standards and Procedures #2207 was updated and implemented on 8 December 2015. Quarterly audits have been performed and each home is in compliance with SOP #2207.

Finding No. 2: Annual Financial Update

The Domiciliary Annual Financial Update Tracking log disclosed that as of 05 May 2015, 15 of 134 residents had not returned a completed Financial Data Update form and 64 residents had returned completed forms from 1 to 68 days (an average of 22 days) after the February 15th deadline.

Agency Response:

The agency concurs that not all of the residents' Annual Financial Updates were completed by the February 15th deadline.

Corrective Action Plan:

An in-service training was held on 21 October 2015, for all of the Homes Business Office personnel to discuss audit finding #2, Annual Financial Update. The Homes Administrators, Business Managers, Accountant II's and Receptionists discussed, and agreed upon the importance of continuing to promote timely receipt of the Financial Data forms and supporting documentation as required by standards and procedures #2200. The Professional Accountant Specialist will post the standards and procedures #2200 under the Veteran's Homes "Standard Operating Procedure."

The Business Manager provides oversight to the Accountant II and Receptionist in the Homes business office. The Business Manager is responsible for ensuring the business office staff complies with standards and procedures #2200 yearly requirement of requesting financial information and supporting documentation from the facilities residents, family members or legal guardians.

Yearly Audits will be performed on each of the Homes by the Homes' Department Professional Accountant Specialist to ensure timely receipt of the required financial update forms and supporting documentation.

Agency Six-Month Response:

FDVA Standards and Procedures #2200 has been posted on the FDVA Intranet. An audit was conducted at each home and each home was timely in receipt of the required financial update forms and supporting documentation.

Finding No. 3: Residents' Deposits Trust Fund Policies and Procedures

- The Sims Nursing Home Administrator, who resigned on 16 September 2013, was not removed as an authorized check signer on one account until 25 February 2015. The Deputy Executive Director of the agency was listed as an authorized signer for one bank account, which did not appear to be necessary and in accordance with agency policies and procedures.
- Sims and Nininger Nursing Homes did not always obtain written authorizations for disbursements nor the signature of two witnesses to support resident's verbal authorizations for disbursements in accordance with agency policies and procedures.

Agency Response:

The agency concurs that the Homes did not consistently adhere to agency policy and procedure on the administration of Residents' Deposits Trust Fund accounts.

Corrective Action Plan:

An in-service training was held on 21 October 2015, for the Homes Business Office personnel to discuss audit finding #3, Residents' Deposits Trust Fund Policies and Procedures. The Homes Administrators, Business Managers, Accountant II's and Receptionists discussed, and agreed upon changes to standards and procedures #2205 and #2206 which will be updated by the Accounting Specialist and posted under the Veteran's Homes "Standard Operating Procedures." The Business Manager provides oversight to the Accountant II and Receptionist in the facility's business office. The Business Manager and Facility's Administrator are responsible for standards and procedures #2205 Safeguarding Facility and Resident Funds specifically maintaining valid signatures and bank signature cards at all times. The Business Manager is responsible for ensuring the Business office staff complies with standards and procedures #2206, Withdrawal of Resident Trust Fund Monies, specifically the requirement for two witnesses to support each verbal authorization for a resident disbursement.

Quarterly Audits will be performed on each of the Homes by the Homes' Department Professional Accountant Specialist to ensure standards and procedures #2206, Withdrawal of Resident Trust Fund Monies, are being followed, specifically the requirement for two witnesses to support each verbal authorization for a resident disbursement. The Professional Accountant Specialist will also perform quarterly audits on the bank signature cards and validate signatures for each facility per standards and procedures #2205, Safeguarding Facility and Resident Funds.

Agency Six-Month Response:

FDVA Standards and Procedures #2205 was updated and implemented on 6 January 2016. FDVA Standards and Procedures #2206-E was updated 7 January 2016. Quarterly audits have been conducted and each home is in compliance with SOP's #2205 and #2206.

Finding No. 4: Medicaid Asset Limit

- Bennett and Sims Nursing Homes staff could not provide documentation demonstrating that a spending plan, and the potential for becoming ineligible for Medicaid, had always been discussed with the applicable resident (or their representative) when the Resident Trust Fund account balances were near or at \$1,500.
- Bennett and Sims Nursing Homes staff could not provide documentation that the agency always sent a letter notifying the applicable resident or their representative that the Medicaid asset limit was being approached when the Resident Trust Fund account balances reached \$1,800.
- The Medicaid asset limit policies and procedures did not specify the anticipated costs that could be factored into, or the resources that could be excluded from, the determination of a Resident Trust Fund account balance for Medicaid asset limit purposes.

Agency Response:

The agency concurs that the Medicaid participating residents were not consistently notified in a proper and timely manner of potential Medicaid program ineligibility in accordance to agency policies and procedures. In addition, the agency policies and procedures do not specify the anticipated costs that may be factored into, and the resources that may be excluded from, the determination of the Resident Trust Fund account balance for the Medicaid asset limit.

Corrective Action Plan:

An in-service training was held on 21 October 2015, for the Homes Business Office personnel to discuss audit finding #4, Medicaid Asset limit. The Administrator's, Business Manager's and Accountant II's discussed, and agreed to further enhance standards and procedure #2206-K. The changes to standards and procedures #2206-K will be updated by the Accounting Specialist and will be posted under the Veteran's Homes "Standard Operating Procedures."

The Business Manager provides oversight to the Accountant II in the facility business office. The Business Manager is responsible for ensuring that the Business Office staff compiles with the standards and procedures #2206-K requirement notifying residents properly and timely of potential Medicaid Program ineligibly. The Business Office Manager will run a Resident Trust Fund account balance report on a monthly basis after Room and Board costs are transferred. Additionally:

- If a Medicaid resident's account balance is near or at \$1,500, the Activities personnel, the Social Worker, and the Business Manager will coordinate a spending plan based on the resident's needs and will communicate to the resident and/or the resident's representative. The information will be documented in MATRIXCare by the Business Manager and in Care Plan by the Social Worker.
- If a Medicaid resident's account balance is within \$200 of the \$1,800 threshold, a notification letter will be sent to the resident and/or the resident's representative informing them that the account balance may exceed the Medicaid asset limit (\$2,000) and may affect their eligibility. The information will be documented in MATRIXCare.
- If a Medicaid resident's account balance exceeds \$2,000, the Business Manager will send a "Client Discharge/Change Notice" to the Department of Children and Families to advise them of the status of the resident. The information will be documented in MATRIXCare.

On a monthly basis the Business Manager or/Accountant II will provide to the Professional Accountant Specialist a Resident Trust Fund Medicaid Asset Limit report on account balances greater than \$1,900. The Professional Accounting Specialist will follow up with the business office on any Medicaid ineligible resident.

Agency Six-Month Response:

FDVA Standards and Procedures #2206-K was updated and implemented on 15 December 2015. The Professional Accountant has received a monthly report from the homes.

Finding No. 5: Resident Account Close-Out Process

For 2 of 15 accounts examined at the Nininger Nursing Home, staff disbursed resident funds, totaling \$50 and \$108, 35 and 49 days, after the former resident's discharge or death.

Agency Response:

The agency concurs that resident funds were not consistently closed out within thirty (30) days for discharged/expired residents in accordance to Florida Statute 400.022(1)(h)(4), Residents' Rights.

Corrective Action Plan:

An in-service training was held on 21 October 2015, for the Homes Business Office personnel to discuss audit finding #5, Resident Account Close-Out Process. The Administrators, Business Managers and Accountant II's discussed, and agreed on the importance of following standards and procedures #2206-F, Death and Discharge of Resident Monies in Resident Trust Fund. The Business Manager provides oversight to the Accountant II in the facility's business office. The Business Manager is responsible for ensuring that the business office staff complies with standards and procedures #2206-F requirement of a timely audit on all discharged or expired resident trust fund accounts. Any refunds due to the resident and or beneficiary are due within 30 days by the facility.

Quarterly audits will be performed at each of the facilities by the Homes' Department Professional Accountant Specialist to ensure standards and procedure #2206-F, Death and Discharge of Residents Monies is being followed.

Agency Six-Month Response:

Quarterly audits have been conducted and each home is in compliance with SOP #2206-F.

Finding No. 6: Risk Management Program

The Department had not established a risk management program and categorized IT risks in accordance with governing rules. In addition, Department monitoring of IT controls need improvement.

Agency Response:

We concur that the agency has not implemented a documented and approved risk management program that categorizes IT risks in accordance to FIPS.

Corrective Action Plan:

The areas identified in the audit were already annotated in the Risk Assessment Survey as areas of improvement with a completion within twelve months. The Chief Information Officer and Information System Management are scheduled to complete the Risk Management Framework Training provided by Florida Agency for State Technology the week of 02 November 2015. Additionally, the Department will enhance monitoring of IT controls.

Agency Six-Month Response:

The Chief Information Officer and appointed Information Security Manager completed the Risk Management Framework Training Provided by the Florida Agency for State Technology the week of 02 November 2015. The firewalls in all of the nursing homes and headquarters locations have been upgraded. Included in this upgrade was the purchase of a network monitoring and analyzing tool. FDVA is requesting in this year's LBR, personnel to fully develop and manage the Agency's Risk Management Program. In the interim, the Agency continues to see out additional monitoring to minimize the network security risks.

Finding No. 7: Continuity of Operations and Disaster Recovery

The Agency's Continuity of Operations Plan (COOP) and certain backup and recovery policies and procedures need enhancement.

Agency Response:

We concur that the agency has not approved an updated COOP that includes enhanced backup location provisions, establishes policies and procedures for backing up and recovering all critical IT systems and data, and documents recovery test results.

Corrective Action Plan:

The Agency is currently reviewing and updating the COOP and Disaster Recovery Plans (DRP) to reflect the current environment. The updated documents will go through the management approval process and will be completed by 01 January 2016.

The agency currently uses Data Protection Manager that is mirrored to the off-site location at Land O'Lakes. The IT division will purchase a Tape Drive within the next budget cycle to complete a monthly backup of the following data for archiving purposes: Microsoft Exchange, File Server, ULTRACare, and potentially VBOLTS. These tapes will be kept for seven years. The IT division will establish a backup policy and procedure concerning backup and recovery that will include a documented recovery test plan. The test results will be annotated and kept in the ServiceDesk application.

The agency is accepting the risk of the off-site location being within 50 miles from the primary location. A letter to that affect will be drafted and kept with the COOP and DRP plan by 01 January 2016.

Agency Six-Month Response:

FDVA updated and implemented the COOP and DRP on 7 January 2016. The IT Division has been researching backup and archiving options and will look to acquire a backup solution, if funding permits, during the 2016- 2017 fiscal year. The backup policy will be developed once the backup solution has been purchased.

Finding No. 8: Evaluation of Service Auditor's Reports

The agency had not requested or reviewed the service auditor's reports on the effectiveness of the controls established by the Department's vendor for MatrixCare, nor established policies and procedures for monitoring third party IT service provider compliance with the agency's requirements.

Agency Response:

We concur the agency has not requested, obtained, or reviewed the service auditor's reports as well as established a policy and procedure for monitoring third party IT service providers.

Corrective Action Plan:

The IT department will establish a policy and procedure for monitoring third-party IT service providers to ensure compliance with agency requirements. These policies and procedures will be in place by 30 June 2016. The ServiceDesk application that the IT department uses will provide additional monitoring tools by annotating trouble tickets pertaining to the third party applications. The implementation of the ServiceDesk monitoring of trouble tickets has been completed.

Agency Six-Month Response:

FDVA has received the MatrixCare SOC report. FDVA is still developing policy and procedures for monitoring third party IT service providers.

Finding No. 9: IT Policies and Procedures

The risk assessment survey completed by the agency identified that the agency had not:

- Kept selected agency security documentation up to date.
- Documented data security policies and procedures.
- Created a system security plan.
- Documented secure coding policies.
- Documented device configuration standards and,
- Documented network security procedures for perimeter control and secure wireless implementation.

Agency Response:

We concur that the agency has not establish effective and up to date policies and procedures for each IT function identified in the risk assessment survey.

Corrective Action Plan:

The IT department is in the process of updating all IT policies and procedures as well as creating a system security and risk management plan. The agency will insert the device configuration standards as part of the updating of the IT Policies and Procedures. All IT Policies and Procedures will be updated and/or created within the next 12 months.

The agency does not conduct any database programming thus does not need secure coding policies. The agency is implementing a new perimeter control system that will provide monitoring and analyzing capabilities. The projected date of completion for this system is 01 January 2016.

Agency Six-Month Response:

Electronic Mail, Telecommunications, and Mobile Device Policies have been updated. The remaining are still under revision.

Finding No. 10: IT Access Controls

The agency did not always timely deactivate IT user access privileges upon an employee's separation from the agency employment. Additionally, the agency did not always ensure that network access privileges were necessary.

Agency Response:

We concur that the agency did not consistently deactivate IT access privileges immediately upon a user's separation from employment; and that all IT access privileges were not necessary and commensurate with user job duties.

Corrective Action Plan:

Upon the department, directorate, or activities notification of an employee leaving the agency, the employee out-processing checklist is initiated. Included on this departure checklist will be the requirement to clear network access with the IT Directorate. The IT Directorate currently requires managers to complete a "Network Access/Termination Form" that is located on the agency's intranet. It is currently the manager's responsibility to identify what access their employees have to what applications. This form will then be automatically submitted into the helpdesk ticketing system where it is assigned and confirmed completion of the requested tasks. The FDVA Human Resources Office will revise its out-processing checklist to add this requirement. The projected update to the policy will be 01 January 2016.

Agency Six-Month Response:

The "Network Access/Termination Form" is automatically submitted to the IT HelpDesk upon completion by area manager for the employee separating service. The Human Resources out-processing checklist was updated and implemented 10 December 2015 adding "Network Access Removal Form Sent to HR." The termination policy is in development.