



Daniel W. "Danny" Burgess, Jr.
Executive Director

State of Florida
DEPARTMENT OF VETERANS' AFFAIRS
Office of the Inspector General
11351 Ulmerton Road, #311-K
Largo, FL 33778-1630
Phone: (727) 518-3202 Fax: (727) 518-3403
www.FloridaVets.org

Ron DeSantis
Governor
Ashley Moody
Attorney General
Jimmy Patronis
Chief Financial Officer
Nikki Fried
Commissioner of Agriculture

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Daniel W. "Danny" Burgess, Jr.
Executive Director
The Capitol, Suite 2105
400 South Monroe Street
Tallahassee, Florida 32399-4001

Subject: Six-month status update, Auditor General Report 2019-013, Department of Veterans' Affairs - Procurement, Veteran Services Billing, and Prior Audit Follow-up Operational Audit.

Dear Mr. Burgess:

This letter is to provide you with the six-month status update, pursuant to Florida Statute 20.055(6)(h), of the Florida Department of Veterans' Affairs' (FDVA) corrective actions to the findings of the Auditor General Report 2019-013, Department of Veterans' Affairs - Procurement, Veteran Services Billing, and Prior Audit Follow-up Operational Audit. Please contact me if you should need any further information.

Sincerely,

David Marzullo
Inspector General

Cc: Joint Legislative Auditing Committee

Finding No. 1: Non-Competitive Contract Procurement

In some instances, Department records did not adequately evidence the decision to noncompetitively procure contractual services and commodities, demonstrate compliance with State law, or evidence the economical reasonableness of the purchases.

Recommendation:

Department management take steps to ensure that commodities and contractual services are procured in accordance with State law. In addition, Department management should ensure that decisions to noncompetitively procure commodities and contractual services are clearly documented, demonstrate compliance with State law, and evidence the economical reasonableness of the purchases.

Agency Initial Response:

The Department updated the State Veterans' Homes Emergency Letter to ensure quotes are obtained from two prospective vendors, if applicable.

The Department will ensure that commodities and contractual services are procured in accordance with State law and documentation clearly demonstrate compliance with State law, and evidence the economical reasonableness of the purchases.

Agency Six-Month Response:

The Department is currently complying with state laws to ensure that all commodities and contractual services are procured in accordance with all state laws and documentation clearly demonstrates compliance as evidence of the economical reasonableness of the purchases.

Finding No. 2: Department controls for billing resident bed holds need enhancement.

Due to nursing home staff oversights, the Jacobson, Lopez, and Nininger Nursing Homes did not always appropriately bill residents for bed holds in accordance with Department policies and procedures.

Recommendation:

Department management enhance billing procedures to ensure the residents are appropriately billed for bed holds.

Agency Initial Response:

The agency concurs that the Homes Department management should enhance bed hold billing procedures to ensure that the residents are billed correctly. Those resident accounts identified as inaccurately billed according to the Auditor General's findings have been corrected to reflect the correct billing charges.

An in-service will be held for the Homes Business Office Personnel and Administrators on Augusts 16, 2018 to discuss Audit Finding # 2: Bed Holds.

Effective August 2018 the resident bed hold billing set up will be verified/audited monthly to ensure accuracy by the Professional Accountant Specialist. The purpose is to ensure billing is correct for resident on bed holds. The Business Office Manager and Administrator will be notified of any issues or concerns.

As appropriate, audits, inspections, reports, and/or other materials will be maintained by the Professional Accountant Specialist. The documents will be available in electronic or hardcopy for audit purposes.

Agency Six-Month Response:

An in-service was completed for the Homes Business Office Personnel and Administrators on August 16, 2018, to discuss Audit Finding # 2: Bed Holds.

We are auditing resident bed hold billing monthly to ensure accuracy by the Professional Accountant Specialist. The purpose is to ensure billing is correct for residents on bed holds. The Business Office Manager and Administrator are notified of any issues or concerns.

Appropriate, audits, inspections, reports, and other materials are maintained by the Professional Accountant Specialist in electronic or hardcopy for audit purposes and available for inspection.

Finding No. 3: As similarly noted in our report No. 2016-027, annual financial information used to verify resident income and determine resident assessments was not always obtained or timely updated at the nursing homes and Domiciliary. In addition, department records did not always include appropriately completed financial agreement letters.

Recommendation:

Department management take appropriate steps to promote the timely receipt of Financial Data Update forms and ensure that Department records evidence the appropriate completion of all required financial agreement letters.

Agency Initial Response:

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

An in-service will be held (August 16th) with the Homes Business Office Personnel and Administrators to discuss the importance of continuing to promote timely receipt of the Financial Data forms and supporting documentation as required by standards and procedure #2200.

The Business Office Manager is responsible for ensuring the business office staff complies with standard and procedure #2200's yearly requirements of requesting financial information and supporting documentation from the facilities resident, family members, and/or legal guardians.

The Business Office Manager/personnel will be responsible for the mailing of letters, updating the Annual Financial Update Spreadsheets, updating MatrixCare with notes, and the follow up of any delinquent documents.

After the Annual Financial letters are mailed (in December), the Professional Accountant Specialist will perform regular audits beginning January 10th on each facility annual financial income spreadsheet to ensure that current and accurate financial information has been obtained for residents.

The Professional Accountant Specialist will follow up with the Business Office Manager, Administrator, Homes Program Administrator, and Division Director via email on the status of any missing or incomplete financial information.

As appropriate, audits, inspections, reports, and/or other materials will be maintained by the Professional Accountant Specialist. The documents will be available in electronic or hardcopy for audit purposes.

Agency Six-Month Response:

An in-service was completed on August 16, 2018, with the Homes Business Office Personnel and Administrators to discuss of the importance of continuing to promote timely receipt of the Financial Data forms and supporting documentation as required by SOP #2200.

The Business Office Manager is ensuring that business office staff complies with SOP #2200's yearly requirements of requesting financial information and supporting documentation from the facilities resident, family members, and/or legal guardians. The Business Office Manager/Personnel are responsible for the mailing of letters, updating the Annual Financial Spreadsheets, updating MatrixCare with notes, and the follow up of any delinquent documents. The Professional Accountant Specialist performs regular audits on each facilities annual financial income spreadsheet to ensure that current and accurate financial information has been obtained for residents.

The Professional Accountant Specialist follows up with the Business Office Manager, Administrator, Homes Program Administrator, and Division Director via email on the status of any missing or incomplete financial information during the audit.

Appropriate audits, inspections, reports, and other materials will be maintained by the Professional Accountant Specialist. The documents are available in electronic or hardcopy for audit purposes.

Finding No. 4: As similarly noted in our report No. 2016-027, the Department had not established a risk management program or categorized information technology (IT) risks in accordance with governing rules.

Recommendation:

Again recommend that Department management implement a documented and approved risk management program and categorize IT risks in accordance with FIPS Publication 199.

Agency Initial Response:

Information Technology Program acknowledges that the Agency currently does not have Risk Management Program. During the 2016-2017 Legislative Session, an Information Security Manager position was approved for our Agency with a lapse start date of August 2017. The Information Security Manager was hired, December 2017, and is working on establishing a Risk Management Program. As this program is very detailed, it is expected to take over a year to fully develop and implement the program. Projected completion date is July 1, 2019.

Agency Six-Month Response:

A Risk Management Program has been developed. This program will continue to evolve as standards change. The agency is continuing to review and improve its IT Security Posture. The agency has started reviewing and preparing the next three year Agency Strategic and Operational Plan (ASOP) and will have it submitted to AST by the July deadline. The Risk Management, Information Security Governance, CSIRT, Information Security Policies have been updated and are currently under legal review. This review is the last step prior to being implemented.

The Information Security Manager (ISM) is reviewing existing monitoring/auditing tools, utilizing Manage Engine Products, to identify if they will continue to meet the needs of the agency. If they do not fully meet the needs, the ISM will review other monitoring tools to select the best one for the agency. The agency is working with Department of Homeland Security to complete an Operational Assurance Assessment, Validated Architecture Design Review Assessment, and Penetration Testing.

Finding No. 5: Certain security controls related to vulnerability management need improvement to ensure the confidentiality, integrity, and availability of Department data and related IT resources.

Recommendation:

Department management improve certain security controls related to vulnerability management to ensure the confidentiality, integrity, and availability of Department data and other Department IT resources.

Agency Initial Response:

Information Technology Program acknowledges that the Agency needs to improve certain security controls related to vulnerability management within the FDVA network. These controls are part of Risk Management and will be addressed during the development and implementation of the Risk Management Program. Projected completion date is July 1, 2019.

Agency Six-Month Response:

A Risk Management Program has been developed. This program will continue to evolve as standards change. The agency is continuing to review and improve its IT Security Posture. The agency has started reviewing and preparing the next three year Agency Strategic and Operational Plan (ASOP) and will have it submitted to AST by the July deadline.

Finding No. 6: The Department did not timely obtain and review the independent service auditor's report related to the controls designed and established by the subservice organization used by the Department's Vendor for MatrixCare. A similar finding was included in our report No. 2016-027.

Recommendation:

Department management timely request, obtain, and document reviews of, service auditor's reports on the effectiveness of subservice organization controls established for MatrixCare. Additionally, to better ensure compliance with Department requirements, we again recommend that Department management establish a policy and procedure for monitoring the activities of third-party IT service providers.

Agency Initial Response:

Information Technology Program acknowledges that there is a need for a policy and procedure for monitoring the activities of third party IT Service Providers. The policy will reference the timeliness of requesting and receiving service auditors' reports on the effectiveness of subservice organization controls established for MatrixCare. Project completion date is December 31, 2018.

Agency Six-Month Response:

The agency has received the 2018 Microsoft Azure SOC2 report for MatrixCare and will request all future SOC2 reports. The agency drafted 5030.616, Cloud Service Provider Security Policy, which is currently under Board of Directors and legal review.