



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

May 12, 2015

Ms. Elizabeth Dudek, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Dear Secretary Dudek,

Enclosed is a six-month status report on the Auditor General's *Operational Audit of the Agency for Health Care Administration Financial Management*, Report Number 2015-045, issued November 2014. This status report is issued in accordance with the statutory requirement to report on corrective actions resulting from the Auditor General's recommendations six months from the report date.

If you have any questions about this status report, please contact Mary Beth Sheffield at 412-3978.

Sincerely,

Eric W. Miller
Inspector General

EWM/szg

Enclosure: Six-Month Status Report of AG Report# 2015-045
cc/enc: Kathy DuBose, Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General, EOG
Tonya Kidd, Deputy Secretary, Division of Operations



Agency for Health Care Administration
Auditor General 2014 Operational Audit- Financial Management (Report# 2015-045)
Six-Month Status Report as of May 12, 2015

Finding No. 1:

The Bureau had not established sufficiently comprehensive policies and procedures or developed a Bureau-specific training program to ensure that staff were provided appropriate guidance and training related to the Agency's complex accounting and budgeting tasks.

Recommendation:

We recommend that Bureau management enhance existing policies and procedures to ensure that the Bureau's responsibilities and unique operations are sufficiently addressed. The enhanced policies and procedures should promote compliance with applicable laws, rules, regulations, and accounting standards, and provide sufficient guidance to staff to ensure consistency in the event of staff turnover. In addition, we recommend that Bureau management develop a staff training program that is specifically tailored to address the complexity of the Agency's financial operations and that Bureau management consider revising the Bureau's position descriptions to specify the relevant education and experience needed to perform the Agency's complex accounting and budgeting tasks.

Agency Response as of November 17, 2014:

The Bureau routinely provides staff with on the job training opportunities, which could include one member of the staff imparting knowledge that would assist another member with an assignment. However, at the time of this audit period, the Bureau was not maintaining a log. A training log has since been implemented to document training.

The Bureau has initiated a policy and procedures review and will include references to applicable laws, rules, regulations, and accounting standards in our final document as another method of ensuring that staff fully understands the background as to why procedures are performed in a specific manner. However, the fact that the policy and procedures manual did not reference applicable laws, rules, regulations, and accounting standards does not mean that staff were not aware or made aware of the applicable laws, rules, regulations, and accounting standards related to their job responsibilities. The staff is also provided guidance and instructions through verbal communication such as staff meetings, one-on-one meetings, and topic specific workshops.

When the State adopted a broadband classification system, there were no longer specific minimum education and experience requirements for a particular position title. Therefore, the Agency allows each hiring manager to set the standard for their positions based upon the need of their section; thus, setting the required knowledge, skills, and abilities for each position. In an effort to select and hire the best candidate, the Bureau's selections are based upon work experience, education, work sample (when applicable), face-to-face interviews, and reference checks. In addition, the Bureau uses a selection committee to conduct the first level interview. The committee is normally comprised of the hiring manager and another staff member from the Bureau with knowledge of the area hiring the applicant. The selection committee develops specific questions to assess the knowledge, skills, and abilities of the candidate. There are normally two or three rounds of interviews to make sure the best candidate is selected. However, no single minimum requirement for hiring a position can guarantee the selection of a perfect candidate. Currently, there are 47 established full-time positions in the Bureau, and 10 (or 21.28 percent) of staff members have a degree. It has been the experience of the Bureau that when staff members with a degree are hired in positions in a pay grade 18 or below, the Bureau is unable to retain staff members due to the pay for those positions.

Agency Response as of May 12, 2015

The Bureau continues to provide guidance and instructions to staff on its complex financial operations through topic specific workshops, joint meetings with other program areas, individual meetings, and one-on-one and group trainings. The Bureau has reviewed several of its financial operations and found opportunities to improve the process resulting in better efficiency, effectiveness, and accountability. The Bureau is continuing to document formal and informal training on the training log. The following processes

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have been reviewed and changes implemented: Federal Draw Process, Logging and Reconciliation of Federal Draws, CMIA Reporting, SEFA Reporting, and OCA Naming and Tracking Matrix.

Agency Contact:

Anita Hicks
(850) 412-3815

Finding No. 2:

The Bureau had not established appropriate controls to ensure that sufficient documentation was always maintained to support accounting transactions or to ensure that transactions were timely and correctly entered in the State's accounting system.

Recommendation:

We recommend that Bureau management ensure that sufficient documentation is maintained to support the amount, purpose, timeliness, and approval of all Agency accounting transactions. We also recommend that Bureau management take appropriate actions to improve the accuracy and timeliness of FLAIR accounting transactions. Such actions should include enhancing Bureau policies and procedures to promote the proper recording of accounting transactions and to provide for the thorough scrutiny of transactions and support during the approval process. In addition, Bureau management should ensure that Bureau staff receives the training necessary to fully implement the enhanced policies and procedures.

Agency Response November 17, 2014:

The Bureau has initiated a committee to review the documentation process. The committee will develop a procedure to ensure appropriate documentation is maintained to support the amount, purpose, timeliness, and approval of all Agency accounting transactions.

The Bureau began using a new automated FLAIR reconciliation system in June of 2014. With the automated system, the Bureau is able to provide reconciling items to the Bureau supervisors within 5 workdays of closing each month. As a result of implementing the automated system, policies are currently in place to ensure and verify that pending reconciliation items are reviewed and corrected in a timely manner.

Agency Response as of May 12, 2015

Supervisory staff has conducted group trainings with their staff to ensure each employee is aware of best practices in regards to documentation of accounting transactions. In addition, the Bureau Chief has created process improvement workgroups to review certain processes for effectiveness and efficiency.

Agency Contact:

Anita Hicks
(850) 412-3815

Finding No. 3:

The Bureau's year-end closing process needs enhancement to ensure timely, accurate, and complete financial reporting in compliance with applicable accounting standards and State and Federal requirements.

Recommendation:

We recommend that Bureau management continue efforts to enhance the policies and procedures for the year-end closing and preparation of financial statements. Additionally, we recommend that Agency management provide sufficient training and guidance to Bureau staff to ensure accurate, complete, and timely financial reporting, in compliance with applicable accounting standards and State and Federal requirements.

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Agency Response November 17, 2014:

The Bureau will continue to enhance the year-end closing and preparation of financial statements process. Training of staff for year-end responsibilities was implemented last fiscal year and will continue to be performed annually. This training will be documented on the implemented training log. Procedures will be reviewed to ensure best practices are used during the initiated policy and procedure review.

Agency Response as of May 12, 2015

The process for year-end closing and preparation of financial statements starts in late May/early June. The supervisor of the Policy and Systems unit will take the lead and ensure all staff involved in this process are adequately trained. All training will be documented in the Bureau's training log.

Agency Contact:

Anita Hicks
(850) 412-3815