

Mission:

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.

**Rick Scott**

Governor

John H. Armstrong, MD, FACS

State Surgeon General & Secretary

Vision: To be the Healthiest State in the Nation

August 31, 2015

John H. Armstrong, MD, FACS
Surgeon General & Secretary
4052 Bald Cypress Way
Tallahassee, Florida 32399

Dear Dr. Armstrong:

Pursuant to Section 20.055(5)(g), *Florida Statutes*, our office is to update you on the status of corrective actions taken since March 30, 2015 when the Office of the Auditor General published its Report Number 2015-166, *Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2014*. Management's assessment of the current status of corrective actions is included in the enclosed document.

At five months after publication, management reports the corrective action for the Refugee and Entrant Assistance – State Administered Programs has been completed. Management did not concur with the finding related to the Children's Health Insurance Program. No corrective action was taken.

If I may answer any questions, please let me know.

Sincerely,

James D. Boyd, CPA, MBA
Inspector General

JDB/mhb
Enclosure

cc: Michael J. Bennett, CIA, Director of Auditing
Kathy DuBose, Staff Director, Joint Legislative Auditing Committee
Melinda M. Miguel, Chief Inspector General, Office of the Governor
Celeste Philip, MD, MPH, Deputy Secretary for Health, Deputy State Health Officer for CMS

Florida Department of Health

Office of Inspector General
4052 Bald Cypress Way, Bin A-03 • Tallahassee, FL 32399-1704
PHONE: 850/245-4141 • FAX 850/413-8985

www.FloridaHealth.gov

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Status of Findings



Report Number 2015-166
 Report Title: *Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2014*
 Report Date: March 30, 2015
 Six Month Update as of August 31, 2015

No.	Finding	Recommendation	Corrective Action Plan	Status of Finding
1 2014-029	The Florida Department of Health (Department) did not always correctly allocate salary and benefits expenditures to the Refugee and Entrant Assistance – State Administered Programs (REAP).	We recommend that the Department ensure that the salary and benefits costs charged to REAP are appropriate and properly supported.	<p>The Refugee Health Program Office within the Bureau of Family Health Services communicated via email with the counties referenced in the finding to review the finding, coordinate an interim response, and correct erroneous staff salary charges.</p> <p>The Refugee Health Program has a unique program component in the <i>Employee Activity Record System</i> (EARS). This program component is included in the Department's <i>Time Coding Manual</i>. EARS coding requirements and allowable expenditure criteria (including staff salary) have been placed in the revised <i>Refugee Health Program Guidelines</i> and Program Attachment I. The Refugee Health Program Administrator, or designee, sends trimester reminders to all Refugee Health Program managers and administrators at county health departments to ensure staff are properly coding their time in EARS and all expenditures charged to the REAP are related to the provision of Refugee Health services.</p> <p>Proper EARS coding and salary allocations based on EARS coding has been added to the program's quality improvement monitoring tool and will be reviewed during the desk review portion of the monitoring. Identified discrepancies will be noted as a finding, and an associated response and corrective action plan will be required.</p>	<p>Completed.</p> <p>Additional monitoring mechanisms the Program has implemented are 1) the Program Analyst provides an <i>EARS to Payroll</i> report each month to each county health department to ensure staff are coding appropriately and 2) the Program Analyst provides technical guidance to the staff in establishing set records in the <i>Financial & Information Reporting System</i> (FIRS) to trigger automatic payroll reallocations for staff who are coding to the Program.</p>

No.	Finding	Recommendation	Corrective Action Plan	Status of Finding
2 2014-034	Department procedures were not sufficient to prevent the accumulation of a significant cash balance in the Children’s Health Insurance Program (CHIP) capitation account.	To prevent the accumulation of excess CHIP funds, we recommend that the Department request funds based on actual Program costs and work with the Florida Agency for Health Care Administration (AHCA) to facilitate the drawdown of Federal funds.	We do not concur. The cash balance for the Other Cost Accumulator KIDCM-Florida KidCare Program Title XXI-Children’s Medical Services as of June 30, 2014 was \$18,067,848.89. Final payments totaling \$13,420,805.60 were paid Certified Forward, leaving an adjusted cash balance of \$4,647,043.29. The remaining adjusted cash balance represents providers having 12 months to invoice for services rendered as of June 30, 2014. Office of the Auditor General’s remarks to this finding: The Department’s response refers to an adjusted cash balance totaling \$4,647,043.29 after final 2013-14 fiscal year Certified Forward payments. However, the Department’s calculation of the cash balance failed to include approximately \$18 million in Federal funds deposited into the CHIP capitation account during the Certified Forward payment period. Regardless of the State’s appropriation process and the Certified Forward payments made, the point to our finding was that the Department did not request Federal funds from AHCA based on actual Program costs and, as a result, the CHIP capitation account maintained a cash balance in excess of Program actual and immediate cash needs throughout the 2013-14 fiscal year.	No action was taken. The Department respectfully disagreed with both the finding and recommendation. The Department did not have excess CHIP cash.