

**DEPARTMENT OF HEALTH**

Biomedical Research Program  
and Selected Administrative Activities  
Prior Audit Follow-Up



Sherrill F. Norman, CPA  
Auditor General

### **State Surgeon General and State Health Officer**

The Department of Health is established by Section 20.43, Florida Statutes. The head of the Department is the State Surgeon General and State Health Officer who is appointed by the Governor subject to confirmation by the Senate. During the period of our audit, the following individuals served as the State Surgeon General and State Health Officer:

Dr. Celeste Philip	From May 18, 2016 Interim, March 11, 2016, through May 17, 2016
Dr. John H. Armstrong	Through March 10, 2016

The team leader was Nick Pappas, CPA, and the audit was supervised by Samantha Perry, CPA.

Please address inquiries regarding this report to Karen Van Amburg, CPA, Audit Manager, by e-mail at [karenavanamburg@aud.state.fl.us](mailto:karenavanamburg@aud.state.fl.us) or by telephone at (850) 412-2766.

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# DEPARTMENT OF HEALTH

## Biomedical Research Program and Selected Administrative Activities Prior Audit Follow-Up

### SUMMARY

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This operational audit of the Department of Health (Department) focused on the Children's Medical Services Managed Care Plan Office and the Children's Medical Services Division - Bureau of Early Steps and Newborn Screening. The audit also included a follow-up on the findings noted in our report No. 2016-014 related to the Biomedical Research Program (Program) and the applicable findings noted in our report No. 2016-087. Our audit disclosed the following:

#### Biomedical Research Program

**Finding 1:** As similarly noted in prior audit reports, most recently in our report No. 2016-014, Program grant applications and agreements could be enhanced to specify that grant recipients are to adhere to the policies and procedures outlined in the Program's *Grant Administration Manual*. In addition, the Department did not provide the *Manual* to Program grant recipients at the time of grant award.

#### Selected Administrative Activities

**Finding 2:** Department controls over employee access to FLAIR continue to need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.

**Finding 3:** As similarly noted in prior audit reports, most recently in our report No. 2016-087, the Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.

### BACKGROUND

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State law<sup>1</sup> specifies that the Department of Health (Department) is to protect and promote the health of all residents and visitors in the State. The Department operates through a State health office in Tallahassee, 67 county health departments, 22 Children's Medical Services area offices, 12 Medical Quality Assurance regional offices, 9 Disability Determinations regional offices, and 4 public health laboratories.

### FINDINGS AND RECOMMENDATIONS

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BIOMEDICAL RESEARCH PROGRAM
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The Department, Division of Community Health Promotion, Office of Public Health Research, administered the Biomedical Research Program (Program). The Program included two grant-funding programs: the James and Esther King Biomedical Research Program (JEK) and the Bankhead-Coley

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<sup>1</sup> Section 20.43(1), Florida Statutes.

Cancer Research Program (BCP).<sup>2</sup> State law<sup>3</sup> provides that researchers at any State university or established research institute may apply for grant funding. The JEK is to provide an annual and perpetual source of funding to support research initiatives that address the health care problems of Floridians in the areas of tobacco-related cancer, cardiovascular disease, stroke, and pulmonary disease.<sup>4</sup> The BCP is to advance progress toward cures for cancer<sup>5</sup> and grants for both programs are to be made on the basis of scientific merit, as determined by a competitive, open peer-reviewed process that ensures objectivity, consistency, and high-quality. Funds credited to the Department's Biomedical Research Trust Fund<sup>6</sup> as well as General Revenue funds were used to carry out the purposes of the Program. For the 2016-17 fiscal year, JEK and BCP appropriations totaled \$20 million.<sup>7</sup>

## **Finding 1: Grant Awards**

The Program's *Grant Administration Manual (Manual)* includes policies and procedures to be adhered to by grantees receiving Program funds. The *Manual* defines grantee and Department roles and responsibilities and includes policies and procedures for items such as the allowable uses of grant funds, requirements for spending 90 percent of funds within the State, the acquisition and disposition of property purchased with grant funds, and how proposed changes in key personnel or protocol are to be submitted to the Department for approval.

In our report No. 2016-014 (Finding 2), we noted that the Department had not specified in grant applications or the terms and conditions of grant agreements that recipients were to comply with the policies and procedures set forth in the *Manual*. According to Department management, although neither the *Manual* nor other Department policies or procedures directed grant managers to provide the *Manual* to grantees, grant managers were to provide the *Manual* to grantees upon grant execution. During the period March 2016 through June 2017, the Department executed 35 grant agreements with awards totaling \$33,320,246 to various entities for JEK and BCP research. As part of our audit follow-up procedures, we examined the Department's JEK and BCP grant applications and grant agreements and again noted that the Department had not specified in the grant applications or the terms and conditions of its grant agreements that recipients were to comply with the policies and procedures set forth in the *Manual*.

In addition, we examined Department records for 10 of the grants agreements, with awards totaling \$9,421,889, to determine whether the Department timely provided the *Manual* to grantees. Our examination disclosed that:

- For three grants awarded during March and April 2016, the Department did not provide the grantees the *Manual* until March 2017.
- For one grant awarded during March 2016, the Department did not provide the grantee the *Manual* prior to the expiration of the grant in August 2016.

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<sup>2</sup> Sections 215.5602 and 381.922, Florida Statutes.

<sup>3</sup> Sections 215.5602(5)(a), and 381.922(3)(a), Florida Statutes.

<sup>4</sup> Section 215.5602(1), Florida Statutes.

<sup>5</sup> Section 381.922(1), Florida Statutes.

<sup>6</sup> Section 20.435(7), Florida Statutes.

<sup>7</sup> Chapter 2016-66, Laws of Florida.

- For one grant awarded during March 2016 and one grant awarded during March 2017, the Department did not provide the grantees the *Manual* until January 2018 and July 2017, respectively, and subsequent to our audit inquiry.

In response to our audit inquiry, Department management indicated that the *Manual* was not sent at the time of these grant awards due to employee oversight.

Specifying within the grant applications and terms and conditions of each grant agreement that recipients are to adhere to the policies and procedures included in the *Manual* and providing the *Manual* to grantees at the time grants are awarded would better ensure that recipients are fully aware of all applicable grant requirements and improve the enforceability of those requirements.

**Recommendation:** We again recommend that Department management revise Program grant applications and grant agreements to specifically require recipients to adhere to the policies and procedures included in *Manual* and enhance procedures to ensure that the *Manual* is provided to grantees at the time of grant award.

#### SELECTED ADMINISTRATIVE ACTIVITIES

As part of our audit, we also evaluated selected Department administrative activities and controls, including those related to Florida Accounting Information Resource Subsystem (FLAIR) access privileges and purchasing cards.

#### Finding 2: FLAIR Access Controls

The Department utilizes FLAIR to authorize payment of Department obligations and to record and report financial transactions. Controls over employee access to FLAIR are necessary to help prevent and detect any improper or unauthorized use of FLAIR access. Accordingly, FLAIR access should be: (1) limited to properly authorized employees, (2) appropriate for the employee's assigned duties and responsibilities, (3) promptly deactivated when employees separate from Department employment or are reassigned to a position requiring a new FLAIR user account, and (4) periodically reviewed for continued appropriateness.

Department policies and procedures<sup>8</sup> required that, upon an employee's separation from Department employment or transfer to a position requiring different FLAIR access privileges, the employee's supervisor submit a *FLAIR End-User Access Request* form to a FLAIR Access Control Custodian indicating that FLAIR user access privileges were to be deactivated or changed. Department policies and procedures also specified that, on a quarterly basis, FLAIR Access Control Custodians were to review authorized FLAIR user accounts to ensure that the authorized access was still appropriate. Additionally, each month the Administrative and Financial Application Management Security Administrator was to compare active FLAIR access control records to Department personnel data in People First, the State's human resource information system, and deactivate non-active employee user accounts.

In our report No. 2016-087 (Finding 3), we noted that Department controls were not always effective to ensure that FLAIR access privileges were periodically evaluated, appropriately granted, or timely

<sup>8</sup> Department Policy and Procedure IOP 250-10-16, *FLAIR and RACF Access and Control*.

deactivated. As part of our audit follow-up procedures, we evaluated Department controls for granting FLAIR user access privileges, periodically reviewing FLAIR user access privileges to ensure the continued appropriateness of the access, and deactivating FLAIR user access privileges upon a user's separation from Department employment or transfer to a position where a new user account was required. Our audit procedures again disclosed that Department controls were not always effective to ensure that FLAIR user access privileges were appropriately granted or timely deactivated. Specifically:

- Our examination of FLAIR access records for the 1,403 Department and county health department employees with update privileges as of January 2017 disclosed that, for 232 user accounts assigned to 218 employees, the employees were granted update capabilities to incompatible functions in FLAIR. Our further examination of Department records for 29 of the user accounts assigned to 25 employees found incompatible update capabilities for:
  - 13 user accounts with update capabilities to the disbursement, cash receipts, and vendor employee functions.
  - 7 user accounts with update capabilities to both the disbursement and cash receipts functions.
  - 5 user accounts with update capabilities to both the disbursement and vendor employee functions.
  - 2 user accounts with update capabilities to the disbursement, cash receipts, vendor employee, fixed assets accounting, and fixed assets custodial functions.
  - 1 user account with update capabilities to the cash disbursement, cash receipts, fixed assets accounting, and fixed assets custodial functions.
  - 1 user account with update capabilities to both the fixed assets accounting and fixed assets custodial functions.

In response to our audit inquiry, Department management indicated that some or all the access privileges for 9 user accounts were not necessary and would be removed. For the other 20 user accounts, Department management provided explanations for the incompatible update capabilities. For example, in some instances, Department management indicated that limited county health department staffing necessitated that employees handle multiple roles or serve as backup to other employees. Our further inquiries of Department management disclosed that the Department had not established specific policies and procedures or guidance for Department and county health department staff related to avoiding the assignment of incompatible FLAIR access privileges, or for ensuring that, where incompatible access was necessary, compensating controls were in place and documented.

- Our examination of FLAIR access and People First records for Department and county health department employees who separated from employment or transferred to a position where a new user account was required during the period March 2016 through January 2017 identified 93 employees whose user access privileges had not been deactivated within 1 business day of the employees' separation from Department or county health department employment. Our further examination of records for 15 of the 93 employees disclosed that:
  - The 15 users' access privileges remained active 3 to 87 business days (an average of 27 business days) after the employees' separation dates. In response to our audit inquiry, Department management indicated that the user access privileges remained active due to delays in obtaining notification that the employees separated from Department employment. In addition, our examination of FLAIR access control records disclosed that 1 employee's account was used to access the voucher printing function subsequent to the employee's separation from Department employment. Department management was unable to identify who utilized the employee's account subsequent to their separation from Department employment.

- User access privileges remained active for 1 employee who transferred to a position that required a new user account. Subsequent to our audit inquiry, and 158 business days after the employee's transfer date, the employee's user access privileges were deactivated. In response to our audit inquiry, Department management indicated that the employee's FLAIR access should have been deactivated upon the employee's transfer.

The effective separation of incompatible accounting duties and prompt deactivation of access privileges upon an employee's separation from employment or transfer to a position where a new user account is required reduces the risks of unauthorized disclosure, modification, and destruction of Department data.

**Recommendation: We recommend that Department management provide staff additional guidance regarding the assignment of appropriate FLAIR access privileges and require that, where incompatible access privileges are necessary, compensating controls be established and documented. We also recommend that Department management ensure that FLAIR access privileges are timely deactivated when an employee separates from Department or county health department employment or transfers to a position where a new user account is required.**

### **Finding 3: Purchasing Card Controls**

As a participant in the State's purchasing card program, the Department is responsible for implementing key controls, including procedures for timely canceling purchasing cards upon a cardholder's separation from Department employment or when an employee no longer requires a purchasing card to perform their job duties. Department policies and procedures<sup>9</sup> specified that a cardholder's supervisor was responsible for promptly notifying the Department Purchasing Card Administration (PCA) Office to cancel an employee's purchasing card upon notification of the cardholder's separation from Department employment. The Department Purchasing Card Program Administrator was responsible for the prompt cancellation of purchasing cards.

In prior audit reports, most recently in our report No. 2016-087 (Finding 5), we noted that the Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment. Our audit follow-up procedures included comparing Department employee separation dates recorded in People First to purchasing card cancellation dates recorded in FLAIR purchasing card records for the period March 2016 through January 2017. We identified 119 employees whose purchasing card cancellation date was subsequent to their People First separation date or whose purchasing card appeared to still be active as of January 31, 2017.

Our further examination of Department records for 20 of the 119 cardholders disclosed that 19 of the employees' purchasing cards were canceled 4 to 184 business days (an average of 48 business days) after the employees' separation dates and 1 employee's purchasing card was still active as of January 31, 2017. Subsequent to our audit inquiry and 114 business days after the employee's separation date, the Department deactivated the card. Our audit tests also disclosed that 10 charges, totaling \$1,175, were incurred on 3 of the employees' purchasing cards subsequent to their separation dates and prior to cancellation of the purchasing cards. In response to our audit inquiry, Department management indicated that the delays in canceling purchasing cards were due to supervisors not notifying the PCA Office when employees separated from Department employment. Department

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<sup>9</sup> Department Policy and Procedure IOP 56-44-16, *Purchasing Card Guidelines*.

management also indicated that the charges incurred on the 3 employees' purchasing cards subsequent to their separation from Department employment were automatic charges processed by Department vendors.

Timely cancellation of purchasing cards upon a cardholder's separation from Department employment reduces the risk that unauthorized purchases will be made.

**Recommendation:** We again recommend that Department management promptly cancel purchasing cards upon a cardholder's separation from Department employment.

#### **Follow-Up to Management's Response**

*Department management indicated in their written response that the Department Purchasing Card Administrator will update Department policy to require supervisors to contact the Purchasing Card Administration at least 5 business days after an employee's separation date in People First. However, modifying the Department's policy to allow 5 days, rather than immediate notification, to cancel an employee's purchasing card does not appropriately minimize the risk that unauthorized purchases may be made. Consequently, we continue to recommend that Department management promptly cancel purchasing cards upon a cardholder's separation from Department employment.*

### **PRIOR AUDIT FOLLOW-UP**

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2016-014 and the applicable findings included in our report No. 2016-087 (Findings 3, 5, and 7).

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2017 through December 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Health (Department) focused on the Children's Medical Services Managed Care Plan (CMS Plan) Office and the Children's Medical Services Division - Bureau of Early Steps and Newborn Screening (Bureau). The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.



- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2016-014 and selected deficiencies noted in our report No. 2016-087 (Findings 3, 5, and 7).

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of the CMS Plan and Bureau operations.
- From the population of 9,010,735 CMS Plan provider claims, totaling \$1,069,073,550 and paid during the period July 2015 through January 2017, examined Department records for 60 selected provider claims, totaling \$1,110,385, to determine whether the provider claims were paid in accordance with the terms and conditions of the contract between the Department and the Agency for Health Care Administration (AHCA) for CMS Plan services.

- From the population of 67,027 children determined eligible for the CMS Plan during the period July 2015 through January 2017, examined Department records for 40 selected children to determine whether Department records adequately evidenced the basis for the eligibility determinations.
- Examined Department records for the five CMS Plan Integrated Care Systems and third-party administrator contracts monitored by the Department during the period July 2015 through January 2017 to determine whether Department records evidenced that contract terms were monitored, monitoring tools were completed, monitoring reports were timely provided to the contractors and reflected issues identified during monitoring, and the Department timely followed up on all issues identified in the monitoring reports.
- From the population of 1,820 CMS Plan contract payments, totaling \$107,328,458 and made during the period July 2015 through January 2017, examined Department records for 40 selected contract payments, totaling \$12,959,416, to determine whether the contract payments were accurately recorded and properly authorized, supported, reviewed, and paid only after receipt of contract deliverables, in accordance with applicable laws, rules, contract provisions, and other guidelines.
- From the population of 11 CMS Plan reports prepared by the CMS Plan Office and submitted to AHCA during the period July 2015 through January 2017, examined Department records for 3 selected CMS Plan reports to determine whether the Department provided CMS Plan information to AHCA in accordance with contract terms and whether the reported information was accurate and adequately supported.
- From the population of 19,499 expenditure transactions, totaling \$12,618,554, and the population of 23,676 payroll transactions, totaling \$34,517,507, made during the period July 2015 through January 2017, examined Department records for 40 selected CMS Plan Office expenditure transactions, totaling \$425,089, and 5 selected CMS Plan Office payroll transactions, totaling \$25,456, to determine whether the expenditure and payroll transactions were properly supported and made in accordance with applicable laws, rules, regulations, policies and procedures, and other guidelines.
- Performed inquiries of Department personnel and examined selected Department records to evaluate the adequacy of Department budgeting and settle-to-expense processes for the CMS Plan for the 2015-16 fiscal year.
- Performed inquiries of Bureau personnel and examined Bureau records related to the Department's certification of the annual cost of uniform testing and reporting procedures of the newborn screening program for the 2015-16 fiscal year to determine whether the information presented in the Inspector General's *Certification of Expenditures of Newborn Screening Program* report<sup>10</sup> for the 2015-16 fiscal year was correct and supported by appropriate documentation.
- From the population of 5,480 expenditure transactions, totaling \$13,020,902, included in the cost of uniform testing of the newborn screening program for the 2015-16 fiscal year, examined Bureau records for 25 selected expenditure transactions, totaling \$71,825, to determine whether the expenditures were reasonable and directly associated with the administration of the uniform testing and reporting procedures of the newborn screening program.
- Analyzed Bureau records related to the newborn screening fees assessed to hospitals and birthing centers by the Bureau for the 2016-17 fiscal year to determine whether the Bureau correctly calculated the fees in accordance with State law and Department rules.

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<sup>10</sup> Section 383.14(3)(g)2., Florida Statutes, requires the Department to submit, as part of the Department's legislative budget request, a certification by the Department's Inspector General of the annual costs of the uniform testing and reporting procedures of the newborn screening program. In certifying the annual costs, the Inspector General is to calculate the direct costs of the uniform testing and reporting procedures, including applicable administrative costs.

- Examined Bureau records for 20 of the 162 hospitals and birthing centers for which the Bureau assessed newborn screening fees for the 2016-17 fiscal year to determine whether the Bureau correctly billed, collected, and recorded the fees in compliance with State law and Department rules.
- From the population of 23,980 children determined eligible for the Early Steps program during the period July 2015 through January 2017, examined Bureau records for 30 selected children to determine whether Bureau records adequately evidenced the basis for the eligibility determinations. In addition, for the 12 children for which Bureau records indicated that services had been denied by Medicaid or the child's private insurance, examined Bureau records to determine whether the Bureau appropriately made payment from Individuals with Disabilities Education Act funds as the payor of last resort.
- Performed inquiries of Bureau personnel and examined selected Bureau records to determine whether Bureau management had designed and implemented sufficient controls, including policies and procedures, for monitoring Early Steps and newborn screening program contracts.
- From the population of 21 Early Steps and newborn screening services contracts monitored by the Bureau during the period July 2015 through January 2017, examined Bureau records for 7 selected contracts to determine whether Bureau records evidenced that contract terms were monitored; monitoring tools were completed; monitoring reports were timely provided to the contractors and reflected issues identified during monitoring; and the Bureau timely followed up on all issues identified in the monitoring reports.
- From the population of 314 Early Steps and newborn screening program contract payments, totaling \$46,072,538 and made during the period July 2015 through January 2017, examined Bureau records for 25 selected contract payments, totaling \$8,174,300, to determine whether the contract payments were accurately recorded and properly authorized, supported, reviewed, and paid only after receipt of contract deliverables, in accordance with applicable laws, rules, contract provisions, and other guidelines.
- From the population of six Early Steps and newborn screening program contracts, totaling \$13,209,272 and procured during the period July 2015 through January 2017, examined Bureau records for three selected contracts, totaling \$5,226,480, to determine whether Bureau staff made concerted efforts to obtain the contracted services at an appropriate price and complied with established contract procurement policies and procedures.
- From the population of 5,652 Early Steps and newborn screening program administrative expenditure transactions, totaling \$14,451,018 and made during the period July 2015 through January 2017, examined Bureau records for 25 selected expenditure transactions, totaling \$971,584, to determine whether the transactions were properly supported and made in accordance with applicable laws, rules, regulations, policies and procedures, and other guidelines.
- Evaluated Department actions to correct the applicable findings noted in our report Nos. 2016-014 and 2016-087. Specifically, we:
  - From the population of 76 Biomedical Research Program (Program) grant payments, totaling \$7,039,993, related to 30 Program grants made during the period October 2015 through January 2017, examined Department records related to 10 selected grant payments, totaling \$843,079, to determine whether Department staff monitored grant recipients to ensure the appropriateness of grant payments.
  - From the population of 34 Program grants, totaling \$13,269,259, that ended during the period October 2015 through January 2017, examined Department records for 10 selected grants, totaling \$4,587,493, to determine whether the Department reconciled final grant expenditures to the approved budget and adjusted the final invoice for any unallowable expenditures.

- From the population of 35 Program grants, totaling \$33,320,246, executed during the period March 2016 through June 2017, examined Department records for 10 selected grants, totaling \$9,421,889, to determine whether the Department timely notified the grant recipients regarding the requirement to comply with Department policies and procedures and whether the grant award was reviewed and approved by Department management.
- From the population of 260 Program administrative expenditure transactions, totaling \$749,361, made during the period October 2015 through January 2017, examined Department records for 36 selected expenditure transactions, totaling \$351,072, to determine whether the expenditures were timely approved and paid and correctly recorded in FLAIR.
- Examined Department records for 2 of the 7 FLAIR user access privilege reviews completed by the Department during the period March 2016 through January 2017 to determine whether the Department appropriately completed the reviews and followed up on user access privileges that were identified as no longer needed.
- For the period March 2016 through January 2017, compared Department and county health department employee separation dates recorded in People First to the dates FLAIR user access privileges were deactivated and identified 93 employees whose user access privileges remained active after the employees' separation dates. For 15 of the 93 employees, inquired of Department management and examined People First and FLAIR access control records to assess the timeliness of the Department's deactivation of the FLAIR access privileges.
- From the population of 11 Department and county health department employees with FLAIR access privileges who transferred to another position during the period March 2016 through January 2017, examined FLAIR access control records for 5 selected employees to determine whether the access privileges were timely and appropriately updated.
- For the period March 2016 through January 2017, examined FLAIR access control records and identified 218 Department and county health department employees with access to incompatible functions in FLAIR. For 25 of the 218 employees, inquired of Department management and examined FLAIR access control records to evaluate the appropriateness of the employees' access privileges.
- For the period March 2016 through January 2017, compared Department employee separation dates recorded in People First to purchasing card cancellation dates recorded in FLAIR purchasing card records and identified 119 cardholders whose purchasing card cancellation dates were subsequent to their recorded People First separation dates. For 20 of the 119 cardholders, examined Department records to determine whether the Department timely canceled the purchasing cards and whether any charges had been incurred subsequent to the employees' separation dates.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
  - Purchasing activities.
  - The administration of purchasing cards in accordance with applicable guidelines. As of June 2016, the Department had 2,527 active purchasing cards.
  - The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2015 through December 2016, Department travel expenditures totaled \$12,059,607.
  - The assignment and use of wireless devices with related costs totaling \$2,542,417 during the period July 2015 through January 2017.

- The administration of the requirements of the Florida Single Audit Act. During the period July 2015 through January 2017, the Department expended \$229,877,931 for 56 State Financial Assistance programs.
- The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of June 2016, the Department was responsible for 53 active real property leases.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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**Mission:**

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



**Rick Scott**  
Governor

**Celeste Philip, MD, MPH**  
Surgeon General and Secretary

**Vision:** To be the Healthiest State in the Nation

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June 8, 2018

Ms. Sherrill F. Norman, CPA  
Auditor General  
Room G74, Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Ms. Norman:

We are pleased to respond to the preliminary and tentative audit findings and recommendations made during the Office of the Auditor General's audit of the *Department of Health, Biomedical Research Program and Selected Administrative Activities Prior Audit Follow-Up*. Our response to the findings, as required by Section 11.45(4)(d), *Florida Statutes*, is enclosed.

We appreciate the efforts of you and your staff in assisting to improve our operations. Please contact our Director of Auditing, Mark H. Boehmer, CPA, by calling (850) 245-4150, should you have any questions.

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

Sincerely,

Celeste Philip, MD, MPH  
Surgeon General and Secretary

CP/akm  
Enclosure

cc: Les Beitsch, MD, JD, Deputy Secretary for Health  
Michele Tallent, Deputy Secretary for Operations  
Mark H. Boehmer, CPA, Director of Auditing

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**Florida Department of Health**  
**Office of the State Surgeon General**  
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**FloridaHealth.gov**

 **Accredited Health Department**  
Public Health Accreditation Board

## Status of Corrective Action Plans



**Report Number:** To be determined

**Report Title:** *Department of Health, Biomedical Research Program and Selected Administrative Activities  
Prior Audit Follow-Up*

**Report Date:** To be determined

No.	Finding	Recommendation	Management Response	Corrective Action Plan
1	As similarly noted in prior audit reports, most recently in Auditor General Report No. 2016-014, Biomedical Research Program (Program) grant applications and agreements could be enhanced to specify that grant recipients are to adhere to the policies and procedures outlined in the Program's <i>Grant Administration Manual (Manual)</i> . In addition, the Department of Health (Department) did not provide the <i>Manual</i> to Program grant recipients at the time of grant award.	We again recommend that Department management revise Program grant applications and grant agreements to specifically require recipients to adhere to the policies and procedures included in the <i>Manual</i> and enhance procedures to ensure that the <i>Manual</i> is provided to grantees at the time of grant award.	We concur.	<p><b>In progress.</b></p> <p>Reference to the <i>Manual</i> has been added to the revised drafts of the annual Funding Opportunity Announcement and the Terms and Conditions. These drafts will be finalized for use by July 9, 2018.</p> <p><i>Anticipated Completion Date: July 9, 2018</i></p>

Preliminary and Tentative Findings - Biomedical Research Program and Selected Administrative Activities Prior Audit Follow-Up

No.	Finding	Recommendation	Management Response	Corrective Action Plan
2	Department controls over employee access to the Florida Accounting Information Resource (FLAIR) continue to need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.	<p>(2.1) We recommend that Department management provide staff additional guidance regarding the assignment of appropriate FLAIR access privileges and require that, where incompatible access privileges are necessary, compensating controls be established and documented.</p> <p>(2.2) We also recommend that Department management ensure that FLAIR access privileges are timely deactivated when an employee separates from Department or county health department (CHD) employment or transfers to a position where a new user account is required.</p>	<p>We concur.</p> <p>We concur.</p>	<p>(2.1) <b>In progress.</b></p> <p>The Department will provide additional direction within the internal operating procedure in regard to FLAIR access privileges.</p> <p><i>Anticipated Completion Date: October 31, 2018</i></p> <p>(2.2) <b>Completed.</b></p> <p>As previously reported in the Auditor General's Report No. 2016-087, <i>Pharmacy Services and Selected Administrative Activities Prior Audit Follow-Up</i>, the Administrative and Financial Application Management (AFAM) section performs monthly FLAIR user audits. These audits compare FLAIR data and Resource Access Control Facility data to People First data. The AFAM section also reviews a semi-monthly termination report and receives Personnel Action Request emails from the Bureau of Personnel and Human Resource Management identifying employee role changes.</p>
3	As similarly noted in prior audit reports, most recently in Auditor General Report No. 2016-087, the Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.	We again recommend that Department management promptly cancel purchasing cards upon a cardholder's separation from Department employment.	We concur.	<p><b>In progress.</b></p> <p>The Department Purchasing Card Administrator will update Department policy to require supervisors to contact the Purchasing Card Administration at least five business days after an employee's separation date in People First. The Department will also implement a metric to monitor compliance among the CHDs and central office.</p> <p><i>Anticipated Completion Date: October 31, 2018</i></p>