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Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2015-31 dated October 8, 2015 - Follow-Up Audit of Human Services' Community Help & Electronic Data Application System (CHEDAS).
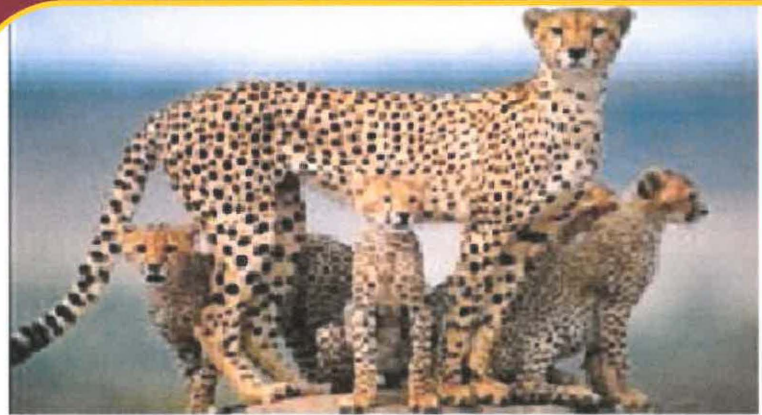
DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

FOLLOW-UP AUDIT OF HUMAN SERVICES' COMMUNITY HELP & ELECTRONIC DATA APPLICATION SYSTEM (CHEDAS)

CHEDAS

Community Help & Electronic Data Application System

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Inspectors General

Hector Collazo Jr.
Inspector General/Chief Audit Executive

Audit Team
Melissa Dondero, CPA, CIA, CIGA, CITP, CRMA – Inspector General Manager

OCTOBER 8, 2015
REPORT NO. 2015-31

Ken Burke, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

Clerk of the County Court
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

October 8, 2015

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted a Follow-Up Audit of Human Services' Community Help and Electronic Data Application System (CHEDAS). The objective of our review was to determine the implementation status of our previous recommendations.

Of the four recommendations contained in the audit report, we determined that all four have been implemented. The status of each recommendation is presented in this follow-up review.

We appreciate the cooperation shown by the staff of Human Services during the course of this review.

Respectfully Submitted,

Hector Collazo Jr.
Inspector General/Chief Audit Executive

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor

*Regulated by the State of Florida

An Accredited Office of
Inspectors General

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INTRODUCTION

Scope and Methodology

We conducted a follow-up audit of Human Services' (HS) Community Help and Electronic Data Application System (CHEDAS). The purpose of our follow-up review is to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

1) Determine that adequate audit trails have been designed into the system.
2) Determine that adequate input processing, error correction procedures, balancing, and reconciliation have been designed and functioning to provide reasonable assurance of the completeness and accuracy of system data.

To determine the current status of our previous recommendations, we surveyed and/or interviewed management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the process of the recommendations for improvement.

Our follow-up audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General,* and, accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our follow-up testing was performed during the month of September 2015. The original audit period was October 1, 2012 through January 31, 2013. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

Of the four recommendations in the report, we determined that all four were implemented. We commend management for implementation of all of our recommendations.

Status of Action Plan

OFI NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1	*The CHEDAS Accounting Application Program Interface And Oracle Financial Accounts Payable Data Interface Lack Adequate Internal Controls.*					
	HS management develop procedures for reconciling exported CHEDAS payment request transaction files to the imported Oracle Financial Accounts Payable transactions.	✓				
2	*There Are No Policies And Procedures For The CHEDAS Accounts Payable Function.*					
	HS management develop written policies and procedures that communicate management's expectations for the CHEDAS accounts payable function. The policies should clearly spell out the monitoring and control reports that management will need to review to evaluate the efficiency and effectiveness of the accounts payable function.	✓				
3	*Time Sensitive Invoice Payments Were Not Processed Timely At The Beginning Of The Audit, But Have Since Been Resolved.*					
A	HS management develop policies and procedures that specify time periods for HS to submit time sensitive invoices to Finance Accounts Payable to ensure prompt payment.	✓				
B	HS management develop a monitoring method that sets out measurements for lateness so management can take necessary action.	✓				

Background

Human Services Department

The Department of Human Services (previously known as Health & Community Services) provides health care and other essential community services to disadvantaged Pinellas County residents to assist them in reaching their maximum potential for self-sufficiency. The Department's Health Services include funding for:

- Medical homes
- Specialty care
- Pharmacy
- Dental
- Mental health
- Home health
- Hospitalization for residents with limited income and assets who do not qualify for other health care coverage
- Mobile medical services which provide preventive primary care for the homeless

Funding is also provided for:

- State-mandated funding for local mental health organizations, the county's share of Medicaid nursing homes, and in-patient hospital bills.
- The disposition of indigent and unclaimed bodies.

The Department's Community Services assist residents in becoming self-sufficient primarily through assistance with rent and utility payments and advocacy in attaining Social Security or Veteran's benefits. Various other community social service needs are met through Social Action Funding and Community Mental Health Support Programs that provide funding to local non-profit social service agencies.

An additional fund, the Pinellas County Health Program, provides the budgetary framework to separately account for the revenues and expenditures restricted for indigent health care services. The County receives funding from local hospitals that is restricted for indigent health care services and must appropriate the funds from a Trust and Agency account to this Special Revenue Fund.

Expenditures By Fund			
Fund	**FY12 Actual**	**FY13 Budget**	**FY14 Request**
General Fund	$45,424,013	$54,556,530	$52,062,010
Summer Food Program	$383,885	$164,670	$0
Pinellas County Health Program	$7,808,735	$8,000,000	$5,066,480*
Expenditures by Fund Total	$53,616,633	$62,721,200	$57,128,490

*The Pinellas County Health Program Fund, created in Fiscal Year 2012, decreased in Fiscal Year 2014 from Fiscal Year 2013 about $3 million or 37%. This fund helps provide medical services to Pinellas County residents who do not qualify for Medicaid, but are in need of assistance. The revenue for this fund is provided by community partners and can only be used for this purpose.

Human Services CHEDAS System

The CHEDAS System consists of three major applications and several interfaces as follows:

Applications:

- Care Scope is the case management system containing client profiles and service history.
- NextGen is the case imaging system containing client charts, labs, pharmacy orders, invoices, and other documents.
- Accounting contains the financial records for the clients.

Interfaces:

- Accounting Application Program Interface (AAPI)
- Pharmacy Enrollment and Billing interfaces
- Hospital Enrollment interface
- Emdeon (clearinghouse) interface
- Agency for Health Care Administration (AHCA) format interface

The interfaces join the three applications together and allow connections to external partners and other systems, such as Pinellas County Oracle Financials. The external partners include pharmacy services, specialty care, data collaborative, hospitals, and medical homes. The AAPI was written by Pinellas County Business Technology Services (BTS) with the support of the CHEDAS contractor and maintained by BTS. The AAPI produces the transaction files for upload to the Oracle Financial Accounts Payable application.

Human Services CHEDAS Process

Citizens in need of medical services or financial assistance come to Human Services to apply for benefits. In Care Scope, a case is opened for the citizen to determine their eligibility to receive benefits.

Citizens meeting eligibility standards then become clients in CHEDAS. The Human Services Case Managers will then authorize medical service or financial assistance.

The authorization is called a "Service Pending Payment Authorization," which records the person/date/time of the approval. After the treatment/service pricing review, the rationale is that if the invoice from the service provider matches the authorization, no further approval is deemed necessary to pay the invoice. The Human Services Accountant "Approved" status records the person/date/time that the Accountant matched the authorization to the invoice. The Human Services Accountant then "Submits" the approved invoice transaction to the CHEDAS Accounting application, which is exported by the AAPI to a file. The output file is transmitted to Oracle Financial Accounts Payable for payment processing.

STATUS OF RECOMMENDATIONS

This section reports our follow-up on actions taken by management on the Recommendations for Improvement in our original audit of Human Services' Community Help and Electronic Data Application System (CHEDAS). The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

1. The CHEDAS Accounting Application Program Interface And Oracle Financial Accounts Payable Data Interface Lack Adequate Internal Controls.

The CHEDAS Accounting application data uploaded to Oracle Financial Accounts Payable by the Accounting Application Program Interface (AAPI) process does not contain standard internal controls over data. The process incorporates both automated and manual steps to generate payments for the invoices. The internal control weakness could result in invoices for rent and utilities that are time sensitive to not be paid timely.

The CHEDAS AAPI configuration was developed as an in-house custom program that generates an output file in a format that can be uploaded to Oracle Financial Accounts Payable. The program customization did not include standard data control reports needed to assure the interface process integrity. The output files do not contain headers or footers with hash totals or other control totals that could be used to verify counts or amounts.

Human Services CHEDAS Payment Process

A. Services are authorized by the Human Services (HS) Case Managers through Care Scope; a unique "Service History" identification number is created for the "Service Pending Payment" transaction.

B. Authorized services are provided to the clients.

C. The invoices for the authorized services are mailed from the service providers to the HS Finance Section.

D. The HS Finance Section clerks enter the invoice information into CHEDAS Accounting and the invoice information is matched to the "Service Pending Payment" transaction.

E. The invoice is scanned in the NextGen imaging system.

F. The AAPI exports the payment requests into a file four times per day. Since the procedure to generate the AAPI files is incorporated into the automated task scheduler, it provides assurance that the export file generation will be maintained during any CHEDAS upgrades.

G. The AAPI generates an output file in a format that can be uploaded to the Oracle Financial Accounts Payable.

Finance Accounts Payable has access to the file subdirectory where the CHEDAS output file is stored for uploading to Oracle Financial Accounts Payable. Princeton University's definition of an application program interface (API) is:

> *"A particular set of rules and specifications that a software program can follow to access and make use of the services and resources provided by another particular software program that implements that API. It serves as an interface between different software programs and facilitates their interaction, similar to the way the user interface facilitates interaction between humans and computers."*

In this case, CHEDAS exports payment request transactions in a file that can be input or loaded into Oracle Financial Accounts Payable.

In summary, the AAPI payment request transaction files become the input files that are uploaded to Oracle Financial Accounts Payable for payment of invoices. The total invoice count and amounts for each batch file uploaded are emailed back to HS by Finance Accounts Payable for approval. HS responds with their approval, but it is not based on any verification of the number of files, invoices or amounts, or other control totals.

When data is being transferred between two applications that contain both automated and manual operations, adequate balancing, reconciliation, and error routines have to be designed and in place to provide reasonable assurance of the completeness and accuracy of system data interface.

- On the CHEDAS side of the AAPI, there are weak internal controls over the files and their contents that are exported to Oracle Financial Accounts Payable. The application does not generate control reports regarding the four transaction files.
- On the Oracle Financial Accounts Payable side of the AAPI, Finance is requesting confirmation and approval of totals that HS does not have available.

We Recommended HS management develop procedures for reconciling exported CHEDAS payment request transaction files to the imported Oracle Financial Accounts Payable transactions.

Status:

Implemented. HS has developed a report that summarizes the transaction files exported from CHEDAS to Oracle Financial Accounts Payable. This report is reconciled against daily e-mails sent to HS by Finance with file totals imported into Oracle Financial Accounts Payable. All differences are investigated and resolved prior to approval of the transaction file.

2. *There Are No Policies And Procedures For The CHEDAS Accounts Payable Function.*

HS did not have formal written policies and procedures that cover management's oversight of the CHEDAS accounts payable function. The function is defined as the CHEDAS Accounting application, the AAPI, and the Oracle Financial Accounts Payable processes. We did observe that HS was practicing many basic procedures that provide control over the payment process, but there were no written policies and procedures to measure against to determine adequacy of the process and internal controls.

For instance, the Supervisor can view outstanding invoices, which is done on a daily basis. After a few days, the Accounting Support Specialist is contacted to follow up. A more effective procedure would include established time frames and guidance on usual problems such as:

- Invoices of significant amounts
- Past due invoices
- When clients will be affected
- Vendors that usually fail to provide adequate invoices

Written policies and procedures serve as a basis for management planning, control, and evaluation of activities. They communicate management's expectations of timeliness, responsibility, authority, and restrictions. Additionally, a procedure manual serves as a guide for personnel in performance of daily operations and assistance in routine problem solving. These procedures can also provide standards for performance, and are useful in training new employees.

There is also a legal requirement that the County pay invoices in a timely manner or pay interest penalties (Florida Prompt Payment Act). HS has the responsibility to process invoices within a period that will allow Finance to make timely payment.

Directly related to the CHEDAS accounts payable function, written procedures would be able to identify and provide information to solve routine processing problems and escalate corrective action to management. HS has to perform review and approval of invoices in a timely manner to allow Finance to pay the vendor promptly.

We recommended HS management develop written policies and procedures that communicate management's expectations for the CHEDAS accounts payable function. The policies should clearly spell out the monitoring and control reports that management will need to review and evaluate the efficiency and effectiveness of the accounts payable function.

Status:

Implemented. HS has developed written policies and procedures for the CHEDAS accounts payable function. The policies include a report that details the transaction file exported from

CHEDAS to Oracle Financial Accounts Payable. This report is used to monitor, review, and evaluate the efficiency and effectiveness of CHEDAS accounts payable activity.

3. *Time Sensitive Invoice Payments Were Not Processed Timely At The Beginning Of The Audit, But Have Since Been Resolved.*

At the beginning of the audit, HS management reported that time critical invoice payments for clients' rent and utilities were not being paid timely. The issue resulted in vendor complaints of not receiving payments and for utilities stopping service.

At management's request, we performed an analysis on the payment process for rent and utilities. Information was obtained from the General Ledger application for April 2013. The result of the test showed that rent payment time averaged eight days and utility payment time averaged 22 days. The cause was determined that Finance Accounts Payable are two to three weeks behind in processing utility invoice payments.

We performed a follow-up analysis in August 2013 to determine if the problem was resolved. The result of the test showed that rent payment time averaged three days and utility payment time averaged six days. Payments over six or more days were a result of holds by Finance Accounts Payable for additional information requested from HS. Additional analysis found that the missing information needed by Finance Accounts Payable was not present in "NextGen" (the CHEDAS application that stores scanned invoices by HS). The HS process is for the invoice to be scanned on Friday, but the request for payment made earlier in the week. HS is now scanning invoices the same day as the request for payment is input to the CHEDAS Accounting application.

A key service requirement for HS is to assure time sensitive payments are not being delayed by the applications, interface processing of invoice/payment requests, and manual procedures. By the end of the audit, there was no backlog of payments for HS and Finance Accounts Payable operations.

We recommended HS management:

A. Develop policies and procedures that specify time periods for HS to submit time sensitive invoices to Finance Accounts Payable to ensure prompt payment. (Prior to the issuance of this report, HS management was currently developing the procedures and written policies.)

B. Develop a monitoring method that sets out measurements for lateness so management can take necessary action. (Prior to the issuance of this report, HS management was currently developing these metrics.)

Status:

A. **Implemented.** HS has developed written policies that specify time standards for the submission of all invoices to Finance Accounts Payable ensuring prompt payment.

B. **Implemented.** HS has developed a report that details the transaction file exported from CHEDAS to Oracle Financial Accounts Payable. This report includes data detailing the invoice received date and invoice processed date. A comparison of these dates is reviewed daily by the Accountant 2 and weekly by the Section Manager. All exceptions to processing time standards are investigated and resolved.

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