



INTEROFFICE MEMORANDUM

TO: Fulton County Board of Commissioners
FROM: Anthony Nicks, County Auditor *Anthony Nicks (13)*
DATE: February 2, 2016
RE: Audit Response- Health and Wellness Audit Report-
Management Responses

The Office of the County Auditor completed the Department of Health and Wellness' Comprehensive Audit dated December 29, 2015. Preliminary management responses pertaining to the findings were included with the initial distribution of the audit report. Attached are the corresponding final management responses received from the Department of Health and Wellness in relation to the findings referenced in the audit.

If you have any questions or need additional information, please contact me at extension 21019. Thank you.

Attachments: Final Management Responses to the Health and Wellness Audit Report dated December 29, 2015

Cc: Richard "Dick" Anderson, County Manager
David Sarnow, Director, Health and Wellness



INTEROFFICE MEMORANDUM

TO: Anthony Nicks, County Auditor

THROUGH: Todd Long, Chief Operations Officer

FROM: David Sarnow, Director, Dept. of Health and Wellness

DATE: January 19, 2016

RE: Response to Audit Findings – FCDHW – 12/29/2015

This document serves as the Fulton County Department of Health and Wellness response to a comprehensive audit by the Office of the County Auditor conducted at the end of 2015 and released on December 29, 2015. The audit period covered principally calendar year 2014.

I was hired as a medical program manager and Deputy Director in September of 2015 and have been serving as Interim Director since October of 2015. In the preparation of this response, I have consulted with the Department of Finance, who have taken over many of the financial functions of the Health Department under the 'Shared Services' program as well as the various Division Chiefs within the Health Department.

Fortunately, many of the problems have already been addressed. We are committed to rectifying all of the shortfalls identified within this document and initiating changes as outline in this document.

Table of Contents

| | |
|--|----|
| SUMMARY and BACKGROUND | 3 |
| FINDING 1 - Lack of Segregation of Duties in Fiscal Services | 4 |
| FINDING 2 - Failure to Perform Reconciliations..... | 4 |
| FINDING 3 - Intentional Destruction of Records | 4 |
| FINDING 4 - Failure to Deposit in a Timely Manner..... | 5 |
| FINDING 5 - Cash Receipts not entered into AMS in a timely Manner | 5 |
| FINDING 6 - Failure to Resolve Medicaid Denials | 6 |
| FINDING 7 - Lack of Financial Management..... | 6 |
| FINDING 8 - Lack of Cash Management Procedures in Environmental health | 6 |
| FINDING 9 - Ineffective Process for Billing and Collection of Environmental Health Fees..... | 7 |
| FINDING 10 - Non-compliance with Food Service Rules and Regulations | 7 |
| FINDING 11 - Inefficient Process for Payment Agreements..... | 8 |
| FINDING 12 - Failure to Adhere to Intake Procedures..... | 9 |
| FINDING 13 - Inadequate Supporting Documentation for Key Performance Indicators..... | 9 |
| FINDING 15 - Lack of Standardized Tracking for Evidence Based Outcomes..... | 9 |
| FINDING 14 - Missing and Incomplete Patient Records | 10 |
| FINDING 16 - Lack of Adequate Staffing | 10 |
| FINDING 17 - Inadequate Supporting Documentation in BHDD | 11 |
| FINDING 18 - Reporting of State-Funded Services BHDD..... | 11 |
| CONCLUSION | 12 |

SUMMARY and BACKGROUND

In response to a request from the Fulton County Board of Commissioners, the Office of the County Auditor conducted a comprehensive audit of the Department of Health and Wellness. The objectives of the audit included evaluating the reliability of financial information, effectiveness of operations, compliance with established regulations and procedures, and overall performance.

It is significant to note that the audit period covered January 1st through December 31st 2014. (Some of the financial record reviews extended through June 30th, 2015.) Many changes occurred within and outside of the Department in the intervening time. Among these are: the 'Shared Services' initiative that consolidated financial services under the County Financial Department; the new strategic plan for the county; increased staffing in Environmental Health in 2015 and changes in the billing and record-keeping in Behavioral Health.

It is also important to note that several of the findings in the audit report were directly connected to the behavior of a single Accounting Supervisor, who upon notification of the audit, proceeded to shred records and subsequently resigned from and moved out of the County. Further investigation is still pending and is in the hands of the county legal department.

The Department does not disagree with any of the findings of the auditors, and, under new leadership, is committed to the improved processes already in place at the time of this writing and new initiatives created in response to these findings. The Findings are shortened to a summary format in our responses attached.

FINDING 1 - Lack of Segregation of Duties in Fiscal Services

During the audit, auditors noted instances where the Accounting Supervisor (at the time) in the HHS Fiscal Services Division performed cash collections and recorded cash receipts unassisted and without proper oversight. They found cash receipts that were not properly recorded or did not reflect the accurate amount of funds collected. Additionally, as a result of inadequate management and oversight of the Accounting Supervisor, instances were found where cash receipts prepared by other employees may have been modified by the Accounting Supervisor which may have resulted in a possible misappropriation of County funds.

RESPONSE:

As a part of the 'Shared Services' initiative, billing and collection responsibilities were transferred to the Cash Management Division of the Finance Department in September 2015. This unit has addressed the issue with separation of duties for cash collections, revenue recording, and the reconciliation process for the health billing unit staff. The collection of cash at the cashiering stations is reconciled under dual control as has always been in the past. The daily revenues are then locked in cash bags under dual control with the end of day control reports (e.g. M&M, CareLogic, DHD, and cash register EOD report) and a drafted cash receipt and the cash bags are couriered directly to the Finance's Treasury Unit for review and approval. Only the Finance's Treasury Unit staff has the ability to record the revenue into AMS Financials, after verifying that all cash, checks, and credit card receipts balance to the control reports. These Policies and Procedures have been recommunicated to all Billing Staff and have also been communicated to the Health Centers and Environmental Health.

FINDING 2 - Failure to Perform Reconciliations

Auditors noted that the Fiscal Services Division failed to conduct periodic reconciliations of the cash receipts to the AMS financial reports. A review of the cash receipts at the Aldredge Health Center indicated that the AMS entries contained errors including a deposit totaling \$1,017.50 being posted twice that related to environmental health services. In addition, there were several AMS entries that did not agree to the related cash receipt forms and instances where cash receipts were not recorded in AMS.

RESPONSE:

The Finance A/R Billing Unit has hired a new Accounting Supervisor that started with the County on December 14, 2015. This individual will not be cash receipting revenues and will be responsible for reconciling the revenues posted in AMS against the collections reports from the billing systems to ensure that all revenues being collected are being cash receipted into the County coffers.

FINDING 3 - Intentional Destruction of Records

When auditors discovered missing financial documents, the Accounting Supervisor (at the time) notified us that at her direction supporting documentation had recently been shredded prior to our arrival. They were not provided with any reasonable rationale as to her decision

to shred the documents. Additionally, there appears to be a lack of internal controls in the HHS Fiscal Services Division to prevent inappropriate shredding of documents.

RESPONSE:

The Department by policy conforms to the County's retention and destruction policies, though a specific individual took it upon themselves to violate that policy. The person responsible for the destruction of records is no longer with the County. All cash receipt permanent records, including all supporting documentation and control documents, are now being stored in the Finance Cash Management vault which is a secured area and destruction of any documents are now in accordance with the County's retention policy which complies with the State of Georgia's Retention Policy.

FINDING 4 - Failure to Deposit in a Timely Manner

Auditors discovered eleven {11} checks related to payments made by WellCare of Georgia, Inc. for Medicaid services were neither deposited nor receipted. The checks totaled \$3,444.03. They were dated from November 2014 to April 2015 and were found unsecured in an office filing cabinet. It appears the checks were not receipted or deposited due to an oversight by the (then) Accounting Supervisor in the Fiscal Services Division.

RESPONSE:

The health centers are required to courier their revenues on a daily basis to Finance Cash Management Division to ensure timely posting of all revenues. These Standard Operating procedures have been recomunicated to all Cashiering stations, Health clinics, and Environmental Health. The stale dated checks were cash receipted and deposited into the County coffers and have not been returned by the Bank.

FINDING 5 - Cash Receipts not entered into AMS in a timely Manner

Auditors traced a sample of cash receipts related to Medicaid reimbursements for 2015 to AMS. Based on a sample of 23 deposits, they noted an average of 290 days between the date of the cash receipt and the date the cash receipt was recorded in AMS. In addition, they noted several of the cash receipt dates were from 2013; however, they were not deposited until 2015.

RESPONSE:

The Finance A/R billing unit has researched and cleared all outstanding Medicaid, Medicaid CMO, Medicare, and Private Insurer reimbursements received up through 6/30/2015. July - October 2015 reimbursements are being researched and were substantially cleared before year-end. The remaining 25 outstanding payments will be cash receipted and cleared during 1Q2016. Finance is working with new Accounting Supervisor to implement new procedures to ensure all reimbursements are cash receipted into AMS within 5 days of receipt going forward. The County is also ensuring that all GAAP regulations are being followed.

FINDING 6 - Failure to Resolve Medicaid Denials

Auditors reviewed Medicaid charges reported in the Mitchell & McCormick (M&M) system. The FCDHW bills in four (4) month increments. As a result, they selected the four (4) month billing cycle of February 2015 through May 2015 for review. Based on the review, they noted out of 650 Medicaid claims filed, twelve (12) claims totaling \$177.84 were paid. However, a total of \$25,096 claims were denied due to posting errors and eligibility documentation. Ultimately, no actions were taken to resolve the denied amount.

RESPONSE:

Finance A/R billing unit is implementing new clearinghouse denial management software which will be completed 1Q 2016. This software along with process improvements will eliminate all issues related to denial management for all Payors. Periodic reviews will be made of Medicaid activities to measure the effectiveness of the revenue collection.

FINDING 7 - Lack of Financial Management

Auditors were unable to obtain any management reports related to the FCDHW's financial performance that can be used as a tool to monitor the trends and patterns of the FCDHW's financial activity. Management of HHS failed to provide the necessary oversight and monitoring over the financial information

RESPONSE:

The newly appointed Accounting Supervisor (as described above) will be responsible for implementing the necessary reporting and reconciling procedures in order to strengthen the financial controls around billing and revenue recognition.

FINDING 8 – Lack of Cash Management Procedures in Environmental health

After an audit of the cash management procedures within Environmental Health for CY 2014, the findings were:

- *Cash receipts were not receipted in a timely manner after collection.*
- *Cash receipts were not properly safeguarded.*
- *Cash receipts were not accurately recorded.*
- *The Central District Office is unable to accept credit or debit cards when a customer pays fees in the Environmental Health Division.*

RESPONSE:

A new division chief of Environmental Health (EH) was hired in November of 2014 and has implemented several changes. As a result of the discovery of held checks, a new policy was put in place wherein All EH offices now do daily deposits. Each office sends the deposits via interoffice courier in a locked bag daily to Fiscal Services. Each office Supervisor/ Manager checks and signs off for each bag. This is documented in new Standard Operating Procedures (SOP) and all staff members have been instructed. Additionally, Environmental Health Billing has Standard Operating Procedures which were last revised June 16, 2014. The Finance Accounts Receivable billing unit is

currently working to streamline these procedures and will be updating the SOPs and redistributing to staff in 1Q 2016. The Accounting Supervisor will be responsible for periodic reconciliation of the fees posted in DHD Billing system against revenue posted in AMS.

FINDING 9 – Ineffective Process for Billing and Collection of Environmental Health Fees

During the review of 2014, the following deficiencies were noted:

- *Instances where invoices were sent to businesses that were no longer operating and/or were closed;*
- *Instances where the food service establishment had a change in ownership and the current and former owners were both billed for a permit renewal;*
- *Several environmental health fee receipts were found for new customers that were not established in the DHD system. The payments were posted to the DHD system in a miscellaneous cash ledger designed for receipts not related to Customer Accounts such as copy fees;*
- *Instances where the establishment's account was forwarded to collections for nonpayment of a renewal when the fee to renew the permit had already been paid;*
- *Instances where fees were paid on time but not recorded until after the due date;*
- *Lack of a reconciliation process; and*
- *Lack of communication between the Environmental Health Division and the HHS Fiscal Services Division.*

RESPONSE:

In addition to the changes mentioned in item #8 above, a new SOP (Standard Operating Procedure) has been put in place to close out all facilities that perform a change of ownership. It is being discovered by EH staff that a lot of the 2 years past due food service inspections (see below) are for establishments that have actually closed - but were not appropriately updated in the computer system (and therefore do not present any risk to the public). As specialists reach out each year for re-inspection, facility details are updated. Research is being done to look at the feasibility of converting to mobile data systems for uploading of inspections rather than having to return to the office. This will require estimates and bids for new computers and communications as well as wireless plans. Budgetary considerations may apply. This last also applies to finding #10 below. Additionally, The Finance AR Billing Unit has performed an initial evaluation of the billing and collections of Environmental Health Fees and has identified several initiatives for process improvements including transitioning the account receivables to the County's AMS Financials AR module, outsourcing the print/ mailing of monthly invoices, and establishing a lockbox account for payment remittance. The Finance AR billing unit will work with the new Director of Environmental Health Division to implement process improvements to ensure timely and accurate recording of information, especially as it relates to the sharing of data to ensure accurate billing.

FINDING 10 - Non-compliance with Food Service Rules and Regulations

Upon review of the 1,757 food inspections completed in the first quarter of 2014, auditors found approximately 2.5% of the establishments' last inspections were completed between the years of 2010 through 2012. The Division is not in compliance with the frequency of inspections as outlined in Chapter 290-5-14 Food Services Rules and Regulations. In addition, we noted the Division failed to meet the requirements of inspecting new establishments within

sixty (60) days of the opening date. The failure to conduct inspections as required is mainly due to inadequate staffing

RESPONSE:

The Environmental Health Division has multiple responsibilities. The most time-intensive is the food facility inspections addressed in this finding, but they are also responsible for hotel occupancy, pool sanitation and certain elements of environmental safety. In 2014, Environmental Health performed 5,490 food safety inspections. This still left 2,237 past due for 1 year and 384 past due for 2 years (as indicated in the report). In mid-2014, the division acquired and then trained 8 additional staff members (and has since lost 2 that have not been replaced, with subsequent cuts in funding due to 'unfunded vacant positions'). In 2015 (as of December 1st) they completed 6,993 inspections with overdue inspections dropping to 400 and 185 for 1 and 2 years respectively. Although still not fully in compliance, this represents a significant improvement and the Division Chief is working on procedures to increase compliance, but is still hampered by staff shortages. As the amount of 'backlog' was reduced by 77% in 2015, and barring any further reduction in staffing, should be able to be completely cleared in CY 2016.

The number of facilities that need to be inspected each year is approximately 5,269 with a breakdown of over 1,200 Category 1, over 3,060 Category 2 and over 290 Category 3; resulting in over 8,190 unique visits. (Of note: the 'category' of a facility indicates the minimum number of inspections that are required per year.) Also, many of these facilities (estimated 50%) require at least one follow-up visit, effectively increasing this number to over 12,000. Even the 5,490 inspections accomplished in 2015 to date, spread over approximately 260 working days per year, is over 20 inspections per day. The number needed to be accomplished based on the estimate above is 48/day. This does not count approximately 200 new establishments opening up with the new stadium that will also require inspection. It also doesn't even address the approximately 1,800 pools and 250 hotels that also require at least annual inspections (an additional 2,050 unique visits). When considered collectively, these numbers results in over 14,000 visits per year in addition to any special environmental response that needs to be accomplished. This is a minimum of 55 individual inspections per work day.

It should be noted that although food service facilities are inspected at a minimum of annually, a lack of inspection does not automatically result in unsafe food practices or a significant increase in public health risk in the short term. Still, it is a priority of FCDHW to clear any overdue inspections and maintain currency going forward.

Staff has been instructed to comply with the Food Services Rules and Regulations that have already been developed. This includes proper training to effectively conduct inspections. As mentioned in #9 above, the option of a mobile data entry system is being evaluated for cost-benefit and efficaciousness (i.e. through workflow analysis).

FINDING 11 - Inefficient Process for Payment Agreements

During the audit period the following findings were noted:

- *Balances reflected in the M&M system were understated by 24.92% or a total of \$13,728.45;*
- *Several payment agreements did not have charges entered into the M&M system;*
- *Several payment agreements did not contain proof of the patient's identification; and*

- *Instances where patients did not meet the Fulton County residency requirements. Moreover, the current process for determining the discount income eligibility is conducted prior to the patient receiving services as the payment agreements are based on an estimate and not the actual charges for all services provided to the patient. This resulted in significant undercharges in the cases where patients were discovered to have conditions requiring more services than estimated.*

RESPONSE - (See Finding 12 below)

FINDING 12 - Failure to Adhere to Intake Procedures

The audit results in this area showed inaccurate data collection resulting in inappropriate billing of the wrong Medicaid Care Management Organizations (CMO). This resulted in rejected claims that were in many cases not followed up on, with a subsequent loss of income.

RESPONSE

For findings 11 and 12: During 2015, significant improvements have been made on the registration, intake, and billing processes for health centers to ensure clean claims are submitted initially to the Payors. The County continues its recovery efforts for correcting and re-submitting those outstanding claims which are still collectible. Additionally, the implementation of new software during 1Q2016 which will perform verification of the insurance information in the billing system and scrub claims data before submitting the claims for payment. We expect this will have a substantial impact on claim payments and limit our denial management and re-bill activities. The revenue cycle committee will continue to evaluate all aspects of the billing process including changes that can be made to provide a final check out to ensure all billable services provided are included. Training will be reinforced to all intake staff through use of a checklist, to assure all appropriate information is collected and input into the new system outlined above.

FINDING 13 - Inadequate Supporting Documentation for Key Performance Indicators

Auditors were unable to trace data reported on the Key Performance Indicator report to the supporting documentation provided to us by management for 54% of the programs reviewed.

RESPONSE - (See Finding 15 below)

FINDING 15 - Lack of Standardized Tracking for Evidence Based Outcomes

The FCDHW lacks a standardized tracking mechanism for evidence-based outcomes. Without a system to track evidence-based outcomes, the FCDHW impedes its ability to offer significant opportunities to improve efficiency, lessen waste and provide a reasonable standard of care both to the patients' and physicians' satisfaction

RESPONSE

For Findings 13 & 15 - Previous Key Performance Indicators were not aligned with an overall strategic plan nor were they specifically linked to outcomes that demonstrated successful health

programs. The county has developed new strategic goals just recently approved, including goals specific to health programs. In light of these, the health department will be re-assessing and re-defining its Key Performance Indicators to align with these goals and provide meaningful assessment of programmatic impact. This will be a program-by-program endeavor with input from the subject matter experts involved. Of note, many public health goals and objectives are long-term and may not show significant impact on a large scale for 5, 10 or more years. Our efforts in this regard are limited by reduced staffing resulting from several years of cutbacks. The department has only one Epidemiologist on staff (not tied to grant-specific programs) and is in the process of hiring another. Our current epidemiologist has to prioritize mandatory reporting requirements, leaving little time for data gathering for other purposes.

FINDING 14 - Missing and Incomplete Patient Records

During the review of supporting documentation for the Key Performance Indicators (Finding 13 above), the auditors discovered records that were missing from their respective locations and files that were missing pertinent information such as: date stamps on proof of residency and/or identification forms, incomplete certification statements and interview notes.

RESPONSE:

Based on this finding, the Director's recommendation for implementation is a quarterly chart review, where a random representative sample of charts are pulled periodically to review documentation standards based on a developed checklist, with any errors brought to the attention of staff. Error trends would be subject to additional training. This could be coupled with medical peer review or done separately.

FINDING 16 - Lack of Adequate Staffing

During the audit, auditors noted programs and/or service areas where there were inadequate levels of staffing and various vacant positions. The lack of adequate staffing may be due to the FCDHW's budgetary cuts and inability to find qualified individuals. However, the lack of adequate staffing could impact the quality of health services and programs provided as the needs of the County continue to rise.

RESPONSE

Staffing shortages have been ubiquitous across the Health Department and the county in general. In some cases, it has been difficult to hire the appropriately skilled staff, but far more frequently, it is the result of progressive budget cuts over several years. In this ensuing time, the department as a whole has tried to maintain all previous services, programs and levels of access with decreasing staff and resources. This has resulted in decreased ability to provide services (as with finding #10 above), longer wait times for access to care, and staff performing duties outside their original departments (in some cases pushing the boundaries of scope of work), working longer hours in some cases, and increased stress with decreased morale. In light of the fact that additional funding is not likely to be forthcoming (the proposed budget for 2016 includes a \$1.7 million cut), the only remaining solution is to contract the scope of services provided by the department. Department leadership is currently investigating program lines for areas that might be contracted or eliminated to bolster program lines that are required or have the most value-added. Although most of these

cut or contracted services do provide value, a priority-based decision must be made. In fact, the department's health education and health promotion divisions have been previously cut to approximately 5 personnel, this includes epidemiology as mentioned in #13 above. The department recently stood up a Health Partnerships program that should be able to help leverage community based resources to some degree. We would also like to pursue additional non-county funding opportunities, but our grants division was one of the first to be cut in prior years, and we no longer have subject matter expertise in this area.

FINDING 17 - Inadequate Supporting Documentation in BHDD

During an audit review of the "superbill" process previously used (during the audit period) for patient tracking, reporting and reimbursement (when applicable), the auditors found on a sample of charts the following examples:

- *Superbills were not available for the days we reviewed during 2014; therefore, we were unable to determine if the client was present or absent during those days;*
- *Appropriate staff signatures were not documented for six (6) separate days on the Superbills during 2014 for one (1) out of five (5) clients sampled. Therefore, we were unable to determine if these Superbills were reviewed and approved by Administrative staff; and*
- *Two (2) instances in which the Superbill did not agree with the attendance logs. In one (1) instance, the client was documented on the Superbill as present but the attendance log documented the same client as absent. In the other instance, the client was documented on the Superbill as absent while the same client was documented on the attendance log as present.*

RESPONSE - (See Finding 18 below)

FINDING 18 - Reporting of State-Funded Services BHDD

Auditors found a mismatch in the numbers of clients provided services by the Developmental Disabilities program and the numbers provided to the state, resulting in a shortage of reimbursement.

RESPONSE

To Findings 17 & 18 - In 2014 BHDD utilized 'Superbills' (a paper-based billing and coding system) to manually track daily attendance and units of service provided on all clients served. The information captured on the daily Superbills was extracted to complete the monthly State report for Medicaid Waiver reimbursement for services. Effective November 2014, BHDD transitioned to an electronic health record discontinuing the use of paper Superbills for daily attendance and units of services provided. Through the implementation of the electronic health record (HER) with an anticipated 18 month transition, attendance and the delivery of services are electronically entered to generate electronic claims for service reimbursements. By the end of the 2016 1st quarter the utilization of the EHR will decrease the error rate, increase data reliability, and maximize service reimbursement. In addition revisions to the HER infrastructure to include but not limited to the development of a utilization management team, reassignment of claims & billing procedures, & reassignment of a system administrator will permit the efficient use of the system. The utilization management team is responsible for weekly reviews of medical records: to verify the presence of

necessary documentation for service delivery & corresponding billing, to quickly resolve errors identified through a system response files prior to a claim submission, & provide bi-monthly reports on the status of failed activities/resolutions. The reassignment of claims and billing procedures will increase the generation of revenue through the assurance of appropriate procedure codes, matrix tables, payor profiles, claim submission, and billing resolutions. The reassignment of a system administrator will decrease the rate of registration and authorization errors and enhance the accuracy of response files for claim & billing submissions.

CONCLUSION

We consider this audit report valuable input for addressing shortfalls in Department management, and the Department's new leadership is committed to maintaining and/or creating the various initiatives described above to improve efficiencies and reduce error. We are confident that financial expertise provided by the County Finance Department within the Health Department will result in more reliable accounts receivable collection.