



Fairfax County Internal Audit Office

**Department of Family Services
18-10-03 DFS Financial and Medical Services Audit —
Medical Care for Children Partnership (MCCP) Program
Final Report
May 2019**

"promoting efficient & effective local government"

Executive Summary

The Department of Family Services (DFS), Self-Sufficiency Division operates various assistance programs for Fairfax County residents. The Medical Care for Children Partnership (MCCP) program offers low-income families reduced-cost health care for children up to the age 19. Depending on the number of slots provided by Kaiser Permanente, a portion of the children will have their medical costs fully covered. For the remaining children, the costs are deeply discounted and covered by the MCCP Foundation's Gift Fund, which the County manages. During our audit period this program was administered by DFS in partnership with the Northern Virginia Family Services (NVFS). NVFS had responsibility for the operation and management of the MCCP program, the scope of services included eligibility determination and payment to providers of medical and dental care services. DFS had one manager working with the program to provide continual oversight and assess the reasonableness of the payment due to the contractor.

Our audit was performed to obtain an understanding of management's objectives for the MCCP program and the operational processes that were implemented to meet those objectives. Moreover, we assessed the design effectiveness of the program internal controls supporting those processes by determining whether the controls satisfied the company's objectives and could effectively prevent or detect errors. During our survey phase, we found that MCCP management had in-depth knowledge of the processes. However, we noted the effectiveness of program controls were impaired by weaknesses in the internal control design and operation. We have the following recommendations for DFS to strengthen internal control effectiveness:

- Formalize and document a governance policy that provides program objectives, direction for executing the overall program, and defines who has authority to make and approve changes to the program as no such documentation had been retained.
- Define requirements for a single system of record from the four program databases currently in use and determine if an existing DFS system or another solution should be used for program management. This should improve program operation reporting efficiency and reduce the risk of data integrity issues.
- Designate primary and secondary database administrators for program databases and develop documentation to provide guidance on the management and operation of program systems to prevent gaps in system operation or management controls when there is turnover in administrators.
- Perform a secondary review of eligibility determination for program applications that are solely for MCCP for consistency in how all program applications (MCCP only or joint with Community Health Care Network) are accepted or denied.
- Require a formal review of cases closed due to participant changes outside of the renewal window to ensure all closed cases are validated.
- Strengthen the program quality review sampling approach to provide coverage over each enrollment specialists and case workers and all application types to decrease the likelihood of erroneous awarding or denial of benefits and the risk of inaccurate assessment of staff performance.

Scope and Objectives

This audit was performed as part of our FY2018 Annual Audit Plan and was conducted 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 audit covered the period July 2017 through June 2018 (FY2018). The objectives of the audit were to obtain an understanding of the general process for managing the MCCP program and to determine if:

- Accurate information was used and entered when applying for aid or performing re-certifications.
- Staff performed an adequate and timely review of new applications and re-certifications by complying with procedural requirements.
- There was adequate management oversight to ensure timeliness and accuracy of claims.
- Staff was provided adequate training to process applications.
- There were effective and efficient processes for monitoring programs and caseloads.
- There were adequate internal controls for funding and program operations.
- The program was in compliance with the state, local, and federal funding regulations.
- The program was designed to properly secure access to information.
- The contractor provided adequate services, properly billed the county, and accurately paid the doctors.
- The MCCP Foundation reimbursed the County timely for the payment to doctors.

Methodology

Our audit methodology shifted from performing survey and fieldwork phases to just completing the survey phase. During our survey phase, DFS started planning significant changes to the MCCP program. DFS indicated that changes would be made to program staffing, operations and IT systems that impact the design and operation of program internal controls. As such, we only completed procedures to gain an understanding of program internal controls in effect during our audit period which included interviews with employees and management; and a design walkthrough of the processes for new applications, renewals, and closing a case.

The Fairfax County Internal Audit Office (IAO) is free from organizational impairments to independence in our reporting as defined by Government Auditing Standards. We report directly and are accountable to the County Executive. Organizationally, we are outside the staff or line management function of the units we audit. We report the results of our audits to the County Executive and the Board of Supervisors, and IAO reports are available to the public.

Findings, Recommendations, and Management Response

1. Lack of Program Governance Policy

Formal guidance governing the over-arching requirements and operation of the program could not be provided. We were provided the Standard Operating Procedures (SOP) and MCCP Enrollment Policy. However, they did not contain governance policies, memos, or other over-arching documents that provide objectives and outcomes; the basis for eligibility criteria; and set forth parties responsible for deciding and approving changes to program participation criteria and scope of services. An element of a good and mature internal control environment includes the retention of governance policies or memos that provides objectives, the basis for eligibility criteria, and authority to make and approve changes. The lack of a governance policy increases the likelihood that management and staff may not meet the programs' objectives or not operate the program in compliance with its requirements. The longevity of the program (30 years) and transition among various county agencies contributed to governance documentation not being retained or misplaced.

Recommendation: DFS should develop a governance policy that provides program objectives, direction for executing the overall program, and defines who has authority to make and approve changes.

Management Response: Due to the history and transition of the program over its more than 30-year existence, documents may have been in place, but we agree that there is a need for a governance structure. As the program transitions to operations within DFS, this will be a top priority.

2. Inefficient Information Technology Systems

Currently the MCCP program operates with four databases (i.e., Intake Database, Private Database, Brown Database, and Health Community Access Program (HCAP) Database) which results in staff having to re-enter the same data into multiple systems and pull data from multiple systems for reporting and monitoring. Program operation efficiency is impaired by the extra steps required. An element of a good and mature internal control environment is to have efficient information technology solutions that serve as a single system of record to capture all transaction activity. The re-work and duplicate entry of data creates inefficiencies, is time consuming, and increases the chances of poor data integrity through errors. The current databases were inherited from previous groups that operated the program.

Recommendation: DFS should define the business system requirements for a single system/database of record for the MCCP program which should include but not be limited to items such as management reporting, monitoring and capturing transaction activity, and case approvals. DFS should assess existing systems to determine if any can be used for program management or if another solution should be sought by the division.

Management Response: Currently, this program operates with a contract with NVFS who manages the case management including all approvals for services. Approved cases are entered into ETO, which is the NVFS case management system where demographics, medical and dental info is entered. HCAP and the Intake Access database tracks approvals. The challenge is tracking for reporting purposes. Through our contract monitoring, we are confident that there is an approval process and system of record for MCCP. As the program transitions to operations within DFS, finding a system that meets these requirements is a top priority.

3. No Back-up Database Administrators

There was no backup administrator for the Brown database. No program staff were trained to assume administrator duties if they were to leave nor was there a formal transition of the duties. In addition, a minimal amount of documentation existed on the operation of the database. Per discussion with management, since the administrator has departed, they had difficulties in managing the database, such as, being able to modify the database' tables and queries. An element of a good and mature internal control environment is to have individuals designated as primary and secondary administrator, and to have documentation for managing information technology. Not identifying a replacement or having a documented procedures manual for managing the system increases the risk of a detrimental operational impact such as the inability to query data and update data tables. In addition, it increases the risk that important application controls over areas such as granting or removing user access will be omitted, as appointing a new administrator and training them will be prolonged. Management did not develop a formal plan to ensure key information and details about database management were transferred prior to staff departure.

Recommendation: DFS should designate a primary and secondary database administrator for all databases being used by the program. In addition, documentation (e.g., configuration manual) should be retained to provide guidance on how to manage the system.

Management Response: Upon the departure of the administrator, the Health Access Assistance Team (HAAT) Manager, Marcela Castro assumed all duties. There were meetings held and information conveyed. We are working internally to resolve administrator rights issues etc. DFS is working with our IT partners to ensure that MCCP is included in the current Open Text project for document management. Our goal is to incorporate the MCCP program into existing DFS IT systems that are maintained on a regular basis with a primary and back up administrator. This will assist with having a consistent data collection tool and configuration manual to ensure knowledge is shared.

4. No Secondary Approval for Eligibility

Eligibility determination for *MCCP Only* applications are not verified by a second reviewer. A secondary review is not performed for program applications that are solely for MCCP, which are not a joint submission between MCCP and the Community Health Care Network (CHCN). Inherently applications jointly submitted to both programs were

reviewed by each program independently resulting in a secondary review. In addition, the CHCN approval for joint submissions are not documented in the system. A county best practice requires and documents a secondary review for eligibility determination. The lack of a secondary review increases the risk of error in determining the eligibility of individuals for program benefits. Management did not require a secondary review for *MCCP Only* cases and the system did not have functionality to capture both approvals for cases approved by both a HAAT staff and MCCP staff.

Recommendation: DFS should consider requiring a secondary review for *MCCP Only* cases, and, if this review is not done, a business justification should be documented. If a secondary review is required, procedures should be updated to require both reviews and create an audit trail to capture evidence of performance.

Management Response: As the program transitions to operations within DFS, this will be remedied and the current policy and procedures regarding reviews will be reviewed (as per the yet to be created governance document).

5. Insufficient Review of Closed Cases

Cases closed due to ad-hoc changes (e.g., client reports a notification of change to leave Fairfax or change jobs) are not reviewed. Cases closed due to participant aging out of the program or failing renewal are subject to review. A county best practice for managing other county programs is to require a secondary review when determining if cases were closed timely. An insufficient review of closed cases increases the likelihood that cases are not closed timely, and/or are closed for an improper reason leading to eligible individuals not receiving benefits. Management did not require a secondary review of the various types of closed cases.

Recommendation: DFS should consider requiring a secondary review for all types of closed cases, and document in policy the required level of review for each type and how management will perform such a review. In addition, an audit trail of management's review should be developed and implemented.

Management Response: As the program transitions to operations within DFS, this will be remedied and the current policy and procedures regarding closures will be reviewed (as per the yet to be created governance document).

6. Inadequate Methodology for Quality Review Sample Selection

We found the methodology for the supervisor's cases review sampling did not provide adequate coverage over all enrollment specialists or all application types. Supervisors sampled cases by each case manager irrespective of the Enrollment Specialist and the type of MCCP application (i.e., MCCP Only Cases, MCCP Cases assessed by both HAAT and MCCP staff, etc). In performing quality reviews or checks of work, samples should include all employees and all types of transactions. An inadequate sampling of cases for quality review increases the likelihood that individuals erroneously receive or are denied benefits. In addition, it increases the risk that management's assessment of staff performance may not be accurate. Managements' sampling approach for a quality

of review was not designed to ensure coverage over each enrollment specialist and all types of MCCP applications.

Recommendation: DFS should consider strengthening their quality review sampling approach to provide coverage over each enrollment specialists and case workers, and all MCCP applications types. In addition, the approach should be documented in the departmental policy or procedure.

Management Response: As the program transitions to operations within DFS, this will be remedied and the current policy and procedures regarding quality checks will be reviewed (as per the yet to be created governance document).