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**COUNTY OF VENTURA,
CALIFORNIA**

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2018

Compiled by:
Jill K. Ward, Deputy Director, Auditor-Controller
County of Ventura, California



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CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2018

I. FINANCIAL STATEMENT FINDINGS

Finding 2018-001

System Procedures Related to Patient Accounts

Department's Management Response:

- A. The Ventura County Health Care Agency (HCA) Management agrees with the recommendations that the Medical Center review its current policies and procedures related to the testing of its software applications. HCA Management agrees that application testing should be segregated and performed outside of the live/production environment to ensure the accuracy of the accounts receivable and patient charges.
- B. HCA Management agrees that the Medical Center should review the secondary payor electronic posting process and address any system/technical matters related to the Medical Center's Electronic Medical Records System (CERNER).

View of Responsible Officials and Corrective Action:

- A. HCA Management concurs that Medical Center did not maintain policies and procedures to test data in a "test" environment as opposed to the production environment in CERNER.

HCA IT Director implemented the Corrective Action Plan on February 8, 2019 with a written policy that governs the use of test patients in production environment. The written policy addresses the following:

- Test Patient Definition
 - Naming Test Patients
 - Use of Test Patients
 - Clean Up After Use of Test Patients
 - Audit and Control
- B. HCA Management concurs that the CERNER system was not consistently posting contractual allowance adjustments correctly to patient accounts where there was a primary and secondary payor, resulting in certain patient accounts reflecting credit balances (i.e. negative accounts receivable balances).

In January 2019, a task force led by the HCA Assistant CFO began reviewing the process and workflow of posting contractual adjustments to patient accounts with primary and secondary payor. The objective is to identify any deviation and inconsistency between different payer groups. The result from this initial step will be utilized by the task force to develop the Corrective Action Plan (CAP). Target completion of the CAP is April 30, 2019 and milestones to complete each segment of the CAP shall be completed by September 30, 2019.

Name of Responsible Persons:

- A. Terrence Theobald, HCA Director Information Technology
- B. Narcisa Egan, Assistant Chief Financial Officer, HCA

Implementation Date:

- A. Completed February 8, 2019
- B. September 30, 2019

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II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2018-002

Program: Block Grants for Prevention and Treatment of Substance Abuse (SAPT)

CFDA No.: 93.959

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Health and Human Services Agency

Award No. and Year: 94-9088447

Compliance Requirements: Subrecipient Monitoring

Department's Management Response:

HCA Management agrees with the finding. For the three subawards tested, the evaluation of the subrecipient's risk of noncompliance with Federal statutes, regulations and the terms and conditions of the subaward was performed but not documented.

View of Responsible Officials and Corrective Action:

HCA Management acknowledges the need to document adherence to Federal statutes, regulations and terms and conditions of the subaward. Policy and Procedures are being developed to ensure documentation is completed as evidence of compliance.

Name of Responsible Persons:

Leisa Donovan, Senior Manager Accounting, HCA

Narcisa Egan, Assistant Chief Financial Officer, HCA

Implementation Date:

Complete by June 30, 2019 for inclusion in the Fiscal Year 2019-20 Sub-Award Contracts.

Finding 2018-003

Program: Block Grants for Prevention and Treatment of Substance Abuse (SAPT), HOME Investment Partnerships Program (HOME)

CFDA No.: 93.959, 14.239

Federal Grantor: U.S. Department of Health and Human Services, U.S. Department of Housing and Urban Development

Passed-through: California Health and Human Services Agency

Award No. and Year: 94-9088447, Various

Compliance Requirements: Subrecipient Monitoring

A. Block Grants for Prevention and Treatment of Substance Abuse (SAPT)

Department's Management Response:

HCA Management agrees that for the three subawards selected for testing, required award information and applicable requirements were not provided at the time of subaward. The following information was not provided at the time of subaward:

- Subrecipient's unique entity identifier
- Federal award identification number
- Federal award date of award to the recipient by the Federal agency
- Identification of whether the award is research and development

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View of Responsible Officials and Corrective Action:

HCA Management agrees that for three subawards selected for testing, the specified required award information listed above was not communicated to the subrecipient at the time of subaward.

The plan of correction will include a review of the 2 CFR Part 200.331(a) Requirements for Pass Through Entities regulations to ensure that all subrecipients of Federal Awards receive clear identification of the Federal subaward information that is required in accordance with this regulation. The Department will ensure that for Fiscal Year 2019-20:

- Each subrecipient's contract contains a subaward exhibit that includes all the information that is required to be passed through to a subrecipient as required by the regulations. This exhibit will be signed by both the subrecipient and the County upon execution of the contract. Each party to the contract will receive a fully executed copy of the contract.
- Documentation will be maintained in the contract file as evidence that 2 CFR Part 200.331(a) Requirements for Pass Through Entities regulations were followed.

Name of Responsible Persons:

Maryza Seal, VCBH Contracts Manager

Terri Yanez, VCBH Administrative Division Chief

Implementation Date:

Complete by June 30, 2019 for inclusion in the Fiscal Year 2019-20 Sub-Award Contracts.

B. HOME Investment Partnerships Program

Department's Management Response:

Management concurs with the finding that for one subaward selected for testing, required award information was not provided at the time of subaward. The following information was not provided at the time of subaward:

- Subrecipient's unique entity identifier
- Federal award identification number
- Federal award date of award to the recipient by the Federal agency
- CFDA number

View of Responsible Officials and Corrective Action:

Management concurs that the above information was not conveyed to subrecipients at time of subaward. To address the issue of lack of identification of the required elements to the subrecipients at the time of subaward, County Executive Office will modify current policies and procedures to ensure that the Federal Award Identification in accordance with 2 CFR 200.331(a) will be included on official subrecipient documentation for the coming year and into the future.

Name of Responsible Persons:

Tracy McAulay, HOME Management Analyst, County Executive Office – Community Development

Christy Madden, Senior Deputy Executive Officer, County Executive Office – Community Development

Implementation Date:

Complete by June 30, 2019 for Fiscal Year 2019-20 subawards.

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Finding 2018-004

Program: Block Grants for Prevention and Treatment of Substance Abuse (SAPT)

CFDA No.: 93.959

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Health and Human Services Agency

Award No. and Year: 94-9088447

Compliance Requirements: Procurement and Suspension and Debarment

Department's Management Response:

HCA Management concurs with the finding. Three contracts selected for testing relied on a sole source justification from the initial procurement of the contract with the vendor and no evaluation of the sole source justification was documented for the current contract term.

View of Responsible Officials and Corrective Action:

Ventura County Behavioral Health (VCBH) Management acknowledges that evidence of the sole source process was not documented in the procurement file. However, VCBH internally followed sole source requirements but did not adequately document the process and the expenditures incurred with the services provided in the contracts were in accordance with the scope of services of the Federal Award.

Plan of correction will include a review of all contracts funded by Federal Grants to ensure that all bidding requirements comply with Federal Regulations. Department will ensure for fiscal year 2019-20, that:

- All sub-recipient contracts either provide evidence of an exception to the bidding process or evidence that the sub-recipient contracts are selected from a competitive bidding process.
- Documentation is maintained in the contract file as evidence that procurement procedures were followed.

Name of Responsible Persons:

Maryza Seal, VCBH Contracts Manager

Terri Yanez, VCBH Administrative Division Chief

Implementation Date:

Complete by June 30, 2019 for inclusion in the Fiscal Year 2019-20 Sub-Award Contracts.

Finding 2018-005

Program: Block Grants for Prevention and Treatment of Substance Abuse (SAPT)

CFDA No.: 93.959

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Health and Human Services Agency

Award No. and Year: 94-9088447

Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Department's Management Response:

HCA Management concurs with the finding that a selected payroll transaction was not approved by a supervisor. HCA continues to reinforce payroll staff's responsibilities to run the appropriate Bi-weekly Auto Lockdown reports and notify employees that missed approving timesheets. HCA has also made changes to that report to allow for running across multiple periods and multiple budget units for easier administrative use.

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View of Responsible Officials and Corrective Action:

HCA will provide additional training to supervisors and management staff reinforcing the policies of timecard approval. In addition, HCA Payroll will provide a monthly report of unapproved timecards to VCBH Administration to strengthen approval oversight.

Name of Responsible Persons:

Kathy Mulford, Senior Behavioral Health Manager, ADP
Loretta Dennering, VCBH Alcohol and Drug Programs Division Chief

Implementation Date:

March 30, 2019