



**Mecklenburg County
Department of Internal Audit**

Mecklenburg County Health Department
Community Alternatives Program Follow-Up Audit
Report 1819

October 10, 2018

**Internal Audit's
Mission**

To support key stakeholders in cultivating an environment of accountability, transparency and good governance.

Internal Audit Contacts

Joanne Prakapas, CPA/ CFF, CIA, CRMA, CFE, Audit Director
(980) 314-2889 or joanne.prakapas@mecklenburgcountync.gov

Felicia Stokes, CIA, CISA, CRMA, Audit Manager
(980) 314-2893 or felicia.stokes@mecklenburgcountync.gov

**Staff
Acknowledgements**

Chinyere Brown, CIA, CFE, Auditor-in-Charge
Brian Roberts, CPA, CFE, Senior Auditor
Samita Shrestha, ACCA, Internal Auditor

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<https://www.mecknc.gov/Audit/reports/Pages/default.aspx?>



MECKLENBURG COUNTY
Department of Internal Audit

To: Dena Diorio, County Manager

From: Joanne Prakapas, Director, Department of Internal Audit

Date: October 10, 2018

Subject: Mecklenburg County Health Department Community Alternatives Program Follow-Up Audit Report 1819

The Department of Internal Audit completed a follow-up audit on reported issues from the Mecklenburg County Health Department Community Alternatives Program (CAP) Audit Report 1561 issued April 19, 2016. The follow-up audit objective was to determine with reasonable but not absolute assurance whether management took effective corrective action on the issues presented in the audit report.

Internal Audit staff interviewed key personnel; observed operations; reviewed written policies, procedures, and other documents; and tested specific transactions where applicable. Internal Audit conducted this audit in conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

FOLLOW-UP SUMMARY

There were fifteen recommendations in the Mecklenburg County Health Department Community Alternatives Program (CAP) Audit Report 1561. The following table provides the original number of recommendations and summarizes the follow-up audit results performed to date.

Fiscal Year	Audit Report	Implemented	Open	Not Implemented¹	Withdrawn	Total Carryforward
2016	1561 ²	N/A				15
2018	1819	13	1		1	1

¹ Management assuming risk for not taking corrective action

² Initial report

The attached **Follow-Up Results** matrix provides details for the most recent follow-up audit. Internal Audit will review any carryforward issues later to verify recommendations are fully implemented and working as intended.

The cooperation and assistance of the Health Department staff are recognized and appreciated.

c: Deputy County Manager
Assistant County Managers
Deputy County Attorney
Senior County Attorney
Board of County Commissioners
Audit Review Committee
Director, Public Health Department

Follow-Up Results
Mecklenburg County Health Department Community Alternatives Program (CAP) Audit Report 1561

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

				Implementation Status	
Issue No.	Recommendation	Management's Risk Mitigation Strategy	Original Implementation Date	Current Status	Comments
1.1	Internal Audit recommends management develop and implement formal, documented policies and procedures for all CAP program activities and train staff accordingly. The policies and procedures should include, at a minimum: <ul style="list-style-type: none"> • Claim and invoice processing procedures, including recordation in the general ledger • Staff roles and responsibilities • Staff training • Management oversight and supervisory review • Policy and procedure reviews and updates • Record retention and disposition schedules for all operational documents 	The CAP Program developed and implemented Policy C.17 Service Claims and Supply Invoices in January 2015, which established guidelines for the review and approval of waiver and lead agency service claims and supplies. We will provide Internal Audit the policy during their follow-up review for evaluation. CAP will also develop policies for management oversight and supervisory review; policy/procedure review and updates; general ledger recordation and review; CAP staff roles and responsibilities; staff training; and record retention and disposition schedules by June 30, 2016.	06/2016	I (2)	
1.2	Internal Audit recommends management annually review and update all CAP program policies and procedures.	CAP will implement an annual review and update of all CAP Program policies/procedures to be completed by June 30th of each year. The first annual review and update will be completed by June 30, 2016.	06/2016	I	

Follow-Up Results
Mecklenburg County Health Department Community Alternatives Program (CAP) Audit Report 1561

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

2.1	Internal Audit recommends management ensure CNRs are completed in accordance with CAP program requirements.	CAP began to use a new State mandated electronic record documentation system on June 2, 2014. This system was newly created by the Electronic Record Vendor and the system had internal glitches that prevented some Continued Need Review Assessments (CNRs) from being submitted by the required due date. The CAP Program management implemented a process in February 2015 that utilizes a report generated by the electronic record documentation system to ensure that CNRs are completed in accordance with DMA CAP Program requirements.	02/2015	I	
2.2	Internal Audit recommends management ensure case managers contact beneficiaries and service providers as required by the Division of Medical Assistance.	The CAP Program management implemented a process in February 2016 that utilizes the electronic record documentation system's Monitoring Module to prompt CAP Staff when monitoring tasks are due for each beneficiary. Tasks remain in the Monitoring Module queue until completed. Manager/Supervisors review the monitoring queue at least monthly to ensure tasks are completed.	02/2016	IO	Internal Audit determined beneficiary and service provider monitoring activities are not consistently conducted in accordance with the Division of Medical Assistance (DMA) requirements and CAP policy.
3.1	Internal Audit recommends management ensure staff timely submits all CAP program billing claims with the required supporting documentation. In addition, staff should reconcile billing claims against case notes, checking for accuracy and completeness.	This process will be implemented with the release of claims in March 2016: <ul style="list-style-type: none"> • The CAP Program Manager will run a Claims Hold report monthly after claims are submitted for Medicaid billing to determine that all claims were appropriately released. 	03/2016	I (2)	

Follow-Up Results

Mecklenburg County Health Department Community Alternatives Program (CAP) Audit Report 1561

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

		<p>The May 2015 Case Management Bill Review process will be revised to include that staff compare their Case Management Bill Reports to the documentation in each beneficiary’s record. Staff will be oriented to this revised process during the March 2016 Staff Meeting. This process will be implemented with the release of claims in March 2016:</p> <ul style="list-style-type: none"> • The CAP Program Manager will run a Claims Hold report monthly after claims are submitted for Medicaid billing to determine that all claims were appropriately released. <p>The May 2015 Case Management Bill Review process will be revised to include that staff compare their Case Management Bill Reports to the documentation in each beneficiary’s record. Staff will be oriented to this revised process during the March 2016 Staff Meeting.</p>			
	Furthermore, management should ensure overpaid Medicaid reimbursements are returned and any recoverable underpaid reimbursements are recovered from Medicaid before the recovery period ends.	The CAP Program reviewed the claims identified as over and underpaid by the Auditors in October 2015 and submitted claim adjustments to Medicaid in October 2015.	10/2015	W	The recoverable period has now ended for these resubmissions so the recommendation has been withdrawn.
4.1	Internal Audit recommends management ensure Encounter forms are complete, accurate, and appropriately retained.	In March 2016, the CAP Encounter Data Forms Policy/Procedure was revised to include the Program’s standard operating procedures which include the use of the Case Management Bill Report and the Additions to Case Management Bill Report Form. This revised policy will be provided to Internal Audit during their follow-up review for evaluation.	03/2016	I (3)	

Follow-Up Results
Mecklenburg County Health Department Community Alternatives Program (CAP) Audit Report 1561

- **Implemented** – Audit issue has been adequately addressed by implementing the original or alternative corrective action plan (**I**)
- **Open** – Corrective action for audit issue initiated but not completed (**P**); Implemented but not operating as intended (**IO**); Not been addressed but management fully intends to address issue (**O**)
- **Not Implemented** – Audit issue not addressed and management has assumed the risk of not taking corrective action (**NI**)
- **Withdrawn** – Audit issue no longer exist due to operational changes (**W**)

5.1	Internal Audit recommends management ensure case managers reconcile waiver supply invoices against the beneficiaries' approved POCs and the NCDMA fee schedule. All invoices should have a supporting POC and any variances between the POC and invoice should be investigated and corrected.	CAP implemented Policy C.17 Service Claims and Supply Invoices in January 2015, which establishes guidelines for the review and approval of waiver and lead agency service claims and supplies. We will provide the policy to Internal Audit during their follow-up review for their evaluation.	01/2015	I (3)	
5.2	Internal Audit recommends management ensure case managers consistently document in the case management system their review and approval of vendor invoices.	CAP implemented Policy C.17 Service Claims and Supply Invoices in January 2015, which establishes guidelines for the review and approval of waiver and lead agency service claims and supplies. We will provide the policy to Internal Audit during their follow-up review for their evaluation.	01/2015	I	