



**Purpose of this project:**

Review and evaluate system controls related to fees within the Environmental Health Database (EHD) to determine whether controls ensure accurate fee input and prevent inappropriate modification.

**What we examined:**

We reviewed a sample of environmental health (EH) transactions processed in EHD from January 1, 2017 through June 30, 2017.

Additional details follow below. Final reports will include management's response in **Appendix A**.

## BACKGROUND

The Department of Health's (Department) Bureau of Environmental Health (Bureau) programs reduce the risk of disease or injury of environmental origin in accordance with Section 381.006, *Florida Statutes (FS)*. These programs include, but are not limited to, food service, water quality, body art, and onsite sewage disposal.

The services in each program are provided to the public through county health departments (CHD), with support from the Bureau. The Bureau's support includes providing CHDs technical assistance, policy guidance, evaluation tools, and coordination for statewide initiatives. Additionally, the Bureau maintains EHD to ensure EH program information is maintained and tracked.

The Bureau mandates the use of EHD statewide for all EH services to track, monitor, and analyze data. EHD provides the Department with real time data reporting, while also offering the public and other state agencies access to statewide EH data.

## DETAILED RESULTS AND RECOMMENDATIONS

Our review identified the following opportunities for improving effectiveness and efficiencies in operations:

**1. Controls need improvement to ensure CHDs utilize correct fee codes in EHD.**

Section 154.06(1), *FS*, authorizes the Department to adopt a uniform statewide fee schedule, which is found in Chapter 64E, *Florida Administrative Code*. Section 154.06(2), *FS*, requires

“Fees collected by [CHDs]...for public health services...shall be allocated to the state and the county based upon the pro rata share of funding for each such service.”

The Bureau created fee codes in EHD associated with specific services in the statewide fee schedule to ensure fees are properly collected and distributed between the state and respective county.

- A CHD must request that the Bureau create a fee code for a recurring county permit fee, allowing the CHD to track the issuance and expiration date of the permit. The permit can then be printed. The Bureau does not, however, verify a CHD’s need for these types of fee codes. Documentation of a CHD’s request was not always maintained.
- CHDs currently may establish a fee code in EHD without notifying the Bureau for various county fees not associated with a recurring permit fee (e.g., plan review, water test, late payment, etc.).
- The Office of Inspector General (OIG) previously identified this concern in an April 2015 investigative report<sup>1</sup>, when it was determined “EHD allowed [a CHD’s] EH unit to manipulate the system and create fictitious codes[,] thus allowing the local CHD to withhold surcharges [application and permit fees owed to the Department].”
- Only when notified of a potential issue does the Bureau investigate financial discrepancies. The Bureau did not routinely monitor county fee codes. The OIG’s investigative report previously noted “the [Bureau] acknowledged it did not monitor EH revenue to ensure appropriate fees were collected and forwarded to the [Bureau] account by CHDs.”
- Fees may not be accurately collected and distributed between the Department and the county when a CHD can create its own fee codes. The risk is diminished when the Bureau, which maintains EHD, has sole authority to approve and create all fee codes.

***As previously recommended in the OIG’s investigative report, we recommend the Bureau establish safeguards within EHD to prevent unapproved fictitious codes from being created and used. The Bureau should have sole authority to create fee codes, require CHDs provide documentation supporting the need for a new fee code, and maintain documentation of such requests and approvals.***

***As previously recommended in the OIG’s investigative report, we recommend the Bureau develop a periodic monitoring process to ensure fee codes in EHD are properly designed and provide for the accurate collection and distribution of fees.***

## ***2. EHD did not have refund capability.***

The Bureau created EHD to track accounting requirements, including the invoicing and collection of EH fees.

- EHD does not have a specific refund function and a statewide EH fee refund process has not been developed.
- Currently, to document a refund of EH fees, a CHD may manipulate the original bill. A EHD report of transactions included transactions coded as *null*, *adjustments*, and *waivers*. However, the two refunds processed during the review period were not easily distinguishable.
- There is a risk the lack of a refund capability will result in inconsistencies in the processing of refunds statewide, which may allow individuals to process fraudulent transactions.
- There is a risk manipulating the original bill could result in inaccuracies of statewide EH program data. Additionally, such manipulation may result in a refund being processed utilizing

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<sup>1</sup> OIG Investigative Report #14-113, dated April 30, 2015.

100% Department funds even though the fee collected was distributed between the Department and the county.

**We recommend the Bureau include a refund capability in EHD and develop a EH refund process to ensure consistent processing of EH refunds statewide.**

## SUPPLEMENTAL INFORMATION

Section 20.055, FS, charges the Department's OIG with responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

Ashlea K. Mincy, CIGA, Senior Management Analyst II, conducted the review under the supervision of Mark H. Boehmer, CPA, Director of Auditing.

Our methodology included reviewing applicable law, rule, policy, and operational procedures; reviewing system design documents; and interviewing management and staff.

This project was not an audit, as industry-established auditing standards were not applied. Internal Audit Unit procedures for the performance of reviews were followed and used during this project.

We want to thank management and staff in the Bureau for the information and documentation provided, and for their cooperation throughout the project.

Copies of all final reports are available on our website at [www.floridahealth.gov](http://www.floridahealth.gov) (search: internal audit). If you have questions or comments, please contact us by the following means:

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## APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
1	<p><i>As previously recommended in the OIG's investigative report, we recommend the Bureau establish safeguards within EHD to prevent unapproved fictitious codes from being created and used. The Bureau should have sole authority to create fee codes, require CHDs provide documentation supporting the need for a new fee code, and maintain documentation of such requests and approvals.</i></p> <p><i>As previously recommended in the OIG's investigative report, we recommend the Bureau develop a periodic monitoring process to ensure fee codes in EHD are properly designed and provide for the accurate collection and distribution of fees.</i></p>	<p>We concur.</p> <p>The Department is in a transition period where we are looking for a new product/vendor to provide an upgraded solution to our current database. We are in the end stages of the intent to negotiate with Department procurement. We expect that database to be in place in the next 18 months. We have no plans to enhance the current system. We will ensure that process is in place with the new system as we are looking for that capability.</p> <p>Management accepts any remaining risk associated with the findings.</p>
2	<p><i>We recommend the Bureau include a refund capability in EHD and develop a EH refund process to ensure consistent processing of EH refunds statewide.</i></p>	<p>We concur.</p> <p>The Department is in a transition period where we are looking for a new product/vendor to provide an upgraded solution to our current database. We are in the end stages of the intent to negotiate with Department procurement. We expect that database to be in place in the next 18 months. We have no plans to enhance the current system. We will ensure that process is in place with the new system as we are looking for that capability.</p> <p>Management accepts any remaining risk associated with the findings.</p>