



Department of Aging BELTSS Licensing Audit

Audit Period: July 2017 through March 2018

Results Summary:

| Objective | Conclusion* |
|--|--------------------|
| Initial and Renewal License Processing | Improvement Needed |

* Refer to Appendix A for classification of audit objective conclusions.



Executive Summary

Background

The Department of Aging (AGE) is a cabinet-level agency responsible for providing support services for older Ohioans. In addition, AGE houses and supports the Board of Executives of Long-Term Services and Supports (BELTSS), acting as BELTSS' fiscal agent. AGE also provides payroll, IT, legal and HR services for BELTSS.

BELTSS is responsible for developing and enforcing standards for nursing home administrators; formulating appropriate examinations; and issuing, revoking, and suspending licenses of nursing home administrators licensed in Ohio. The board issues Nursing Home Administrator (NHA) licenses via several different paths, including: Administrator-in-Training, Direct College, Endorsement, and Re-Licensure. BELTSS also investigates complaints, and evaluates and approves continuing education courses to meet license renewal requirements. During the period of July 2017 through March 2018, BELTSS processed 1,375 renewal licenses and 71 new licenses for approximately \$428,000 in revenues.

During the audit, OIA identified opportunities for BELTSS to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank AGE and BELTSS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff was engaged to perform an assurance audit related to the controls over the BELTSS licensure process. This work was completed March 2018 through June 2018. The scope of this audit included the following BELTSS licensing paths for licenses issued during the period of July 2017 through March 2018:

- Nursing Home Administrators (NHA)
- Administrators-in-Training (AIT)
- Direct College
- Endorsement
- Re-Licensure

The objective of the review was to evaluate the design and effectiveness of controls over the initial and renewal licensing processes. This review focused only on the activities of the BELTSS staff and did not include a review of activities performed by AGE.



Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.

Observation 1 – Lack of Supervisory Review over License Issuance and Renewal

An effective system of internal controls includes supervisory reviews of work performed to ensure processes are performed completely, accurately, and timely. The reviews and results should be documented and any issues identified should be communicated to staff to provide assurance procedures are followed and issues are addressed. This is a standard business practice that promotes accountability and provides management with assurance that the agency’s objectives are carried out.

The Board Administrator and Renewal Specialist are responsible for reviewing and processing Nursing Home Administrator (“NHA”) licensure applications for an initial or renewal license. The Board Administrator reviews and processes license applications from applicants in the Direct College and Re-Licensure paths, while the Renewal Specialist focuses on renewal applications. The current process does not include a secondary or supervisory review of any of these applications to ensure all eligibility requirements have been met for the licensure path taken. No issues were noted during testing of renewal licenses; however, the following errors were noted during testing of initial licensure applications:

- Two individuals were charged the Administrator-in-Training (AIT) program fee of \$50 even though they were Direct College applicants which does not require a program fee. Once this was noted, the Board Administrator worked to ensure a refund was issued to these individuals.
- Two other individuals were listed incorrectly within the BELTSS 2.0 licensing system as AIT licensure applicants instead of Direct College applicants. However, both individuals paid the appropriate fee.

Failure to regularly review NHA licensure issuance activity increases the risk of licenses being inappropriately issued and/or denied. Furthermore, not having an adequate secondary or supervisory review process in place increases the possibility of errors going undetected, decreases the likelihood of compliance with policies, laws and regulations.

Recommendation

Develop and implement procedures to conduct supervisory/secondary reviews of all applications processed by BELTSS staff that result in the issuance or denial of a license. Procedures should



address verifying fee amounts invoiced, timing for completing the reviews, and documentation required to be maintained to evidence completion of the review.

All initial license applications should have a supervisory/secondary review prior to the license being issued. However, given the quantity of renewal applications processed each quarter and the limited staff involved, supervisory/secondary reviews may consist of periodic spot checks of set numbers or percentages of licenses renewed. Management should determine and formally document the required frequency for the reviews and the number or percentage of renewal licenses to be spot-checked.

All policies and procedures should be periodically reviewed by management to ensure they reflect current processes and requirements.

Management Response

Each quarter, the Executive Director or Board Administrator will generate the renewal report from the BELTSS 2.0 System to determine the number of renewals processed in the previous quarter. BELTSS will take a sample of 10% of these renewals and review them for the following: ensuring that the licensee paid the correct fee, the licensee completed the correct number and type of CEUs, and the licensee is listed in BELTSS 2.0 accurately. The renewals selected and the review results will include the individual who completed the review, and the date the review was completed. This documentation will be maintained in a filing cabinet in the file room and will be subject to a records retention policy.

Additionally, all Direct College and Re Licensure path files will be reviewed by the Executive Director or Designee to ensure all license requirements were met. The Executive Director or Designees will document review of the file by initialing and dating the attached checklist. Files will not be given to the License Renewal Specialist for processing until they have been reviewed. The BELTSS procedures will be updated to reflect these changes.

| Risk* | Remediation Owner | Estimated Completion Date |
|----------|---------------------------|---------------------------|
| Moderate | BELTSS Executive Director | September 30, 2018 |

* Refer to Appendix A for classification of audit observations.

Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested above. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

| Conclusion | Description of Factors |
|--|---|
| Well-Controlled | The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor. |
| Well-Controlled with Improvement Needed | The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives. |
| Improvement Needed | Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread. |
| Major Improvement Needed | Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses. |

Classification of Audit Observations

| Rating | Description of Factors | Reporting Level |
|-----------------|--|---|
| Low | Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity. | Agency Management; State Audit Committee (Not reported) |
| Moderate | Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention. | Agency Management and State Audit Committee |
| High | Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation. | Agency Management and State Audit Committee |