

**COUNTY OF VOLUSIA  
MANAGEMENT REPOSSES TO  
INTERNAL CONTROL AND MANAGEMENT COMMENTS**

**Internal Control Over Financial Reporting**

**VOTRAN Accounting**

The County recognizes and values the importance of the segregation of duties as they relate to cash handling. The audit comments primarily relate to the internal controls of the bank account that receipted and expended funds for the Medicaid paratransit service activity. Due to restructuring of that program, these issues were already addressed and eliminated at the beginning of fiscal year 2006-07 prior to the commencement of the annual 2006 audit. The Medicaid funds are being deposited into the County's bank account and payments to the service providers are processed through the County's accounts payable section in Accounting, following the established controls and procedures of the government. VTM is in the processing of closing out the Medicaid bank account, performing a final reconciliation, and remitting any remaining funds to the County, no later than March 31, 2007.

With regards to the operating activities bank accounts, a review of the procedures and controls will be conducted, and necessary changes made, to ensure that proper segregation of duties is maintained. Written procedures assigning roles and responsibilities as they relate to cash management and reconciliation will be prepared and communicated to the appropriate staff. The County will regularly review VTM's completed bank reconciliations and suggest corrective measures and procedural changes as needed.

**Management Comments**

**Risk Management**

1) Risk Management is currently exploring the possibility of bringing in an outside entity to give an independent evaluation of our actuarial data and our underlying claim data. This independent actuarial analysis will include identification of unexpected trends, large changes in estimates, and expected reinsurance impacts. The claim data analysis will address claim closure rates, average cost per claim, costs per medical only claim, and amount of claims per adjuster. The County will be able to use this information to compare to other similar organizations. These independent evaluations will ensure the County has mitigated its overall risk.

2) Risk Management is currently in the process of completing written policies and procedures. Policies and procedures currently being completed include: claim file documentation for both worker's compensation and liability claims, vendor payments, reserve estimates, initial contact and investigation time limits, claim committee thresholds, salvage, total losses, letter acknowledgement, red flag determinations, catastrophe responses, privacy and medical documentation, reporting requirements, accounting and reconciliation, suit review, medication and hearing, fines and penalties, worker's compensation EDI, excess carrier reporting, surveillance, and Medicare set asides. Policies and procedures completed include: fleet management bill payments, interdepartmental charges and approvals, pothole claims, weekly and

monthly check runs, motor vehicle reports, mileage reimbursement, incoming mail, after hours contact, phone coverage, light duty, work flow, and after hours breath alcohol testing. The above mentioned lists are a beginning point, to be ever changing and updated as statutes and regulations change and as new technologies are implemented. These policies and procedures provide guidelines and enable employee's seamless transition into new positions.