



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS DEPARTMENT OF PUBLIC HEALTH

Compliance Examination
 For the Two Years Ended June 30, 2017

Release Date: August 15, 2018

FINDINGS THIS AUDIT: 28	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	4	5	2015		13,15,16,21,22	
Category 2:	9	14	23	2013	1,3	5,6,8,10	
Category 3:	0	0	0	2011	2	7,19	
TOTAL	10	18	28	2007	17	4,11	
				2003		12	
FINDINGS LAST AUDIT: 24							

SYNOPSIS

- (17-01) The Department did not exercise adequate internal controls over its commodities inventories.
- (17-02) The Department did not have adequate controls over its purchased and leased computer equipment.
- (17-03) The Department did not maintain adequate controls over its property and related records.
- (17-17) Controls were not maintained over the administration of State vehicles.
- (17-24) The Department did not comply with the MC/DD Act.
- (17-28) The Department failed to ensure the Vaccines for Children program was providing proper reimbursement to the Centers for Disease Control.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**DEPARTMENT OF PUBLIC HEALTH
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

EXPENDITURE STATISTICS	2017	2016	2015
Total Expenditures	\$ 372,816,753	\$ 348,252,507	\$ 405,772,214
OPERATIONS TOTAL.....	\$ 201,313,548	\$ 189,562,465	\$ 199,628,888
% of Total Expenditures.....	54.0%	54.4%	49.2%
Personal Services.....	89,191,519	92,615,713	97,854,689
Other Payroll Costs (FICA, Retirement, etc).....	39,227,577	41,498,200	40,722,826
Interfund Cash Transfers.....	679,000	679,000	679,000
All Other Operating Expenditures.....	72,215,452	54,769,552	60,372,373
AWARDS AND GRANTS.....	\$ 171,435,442	\$ 158,668,898	\$ 206,090,978
% of Total Expenditures.....	46.0%	45.6%	50.8%
REFUNDS.....	\$ 67,763	\$ 21,144	\$ 52,348
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts	\$ 234,751,422	\$ 266,018,894	\$ 259,864,403
Average Number of Employees (Not Examined)	1,100	1,110	1,183
SELECTED ACTIVITY MEASURES (Not Examined)	2017	2016	2015
Total newborn screening test results reported.....	173,419	175,788	178,040
Number of lead poisoning cases investigated.....	1,614	656	1,293
Immunization rate - all Illinois children under 2.....	55%	51%	44%
Number of hospitals designated as trauma centers.....	67	66	66
Number of LTC facility annual inspections.....	974	1,003	1,014
Percent of LTC facilities in compliance at first revisit....	90%	88%	90%
Newborns Genetic/Metabolic Disorder Screening.....	169,787	178,746	178,812
Number of birth certificates issued through vital records..	70,604	61,553	45,281
Number of calls to the Illinois Tobacco Quitline.....	62,314	66,583	79,133
Number of medical cannabis registry cards approved.....	14,439	5,044	N/A
AGENCY DIRECTOR			
During Examination Period:	Dr. Nirav D. Shah, M.D., J.D.		
Currently:	Dr. Nirav D. Shah, M.D., J.D.		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER
COMMODITIES**

The Department did not exercise adequate internal controls over its commodities inventories. The Department reported a commodities inventory balance of \$5,574,641 at June 30, 2017.

Nine of 22 (41%) programs or divisions did not report commodities inventory

During testing, we noted nine of 22 (41%) Department programs or divisions did not report the dollar amount of their commodities inventory in the June 30 balance.

Accountants unable to conclude the Department's inventory records were sufficiently precise and detailed

Due to these conditions, the accountants were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's commodities inventories. (Finding 1, page 16) **This finding has been repeated since 2013.**

We recommended the Department implement procedures to maintain records of its complete commodities inventories to ensure accurate accounting records and reports.

Department agrees with auditors

Department officials concurred with the finding and stated the Department will implement procedures to strengthen internal controls over the reporting of commodities inventories. They further stated, in an effort to accurately report commodities inventories, all programs will be advised of the importance of ensuring that June 30 balances are reported. (*For the previous Department response, see Digest Footnote #1.*)

**INADEQUATE CONTROLS OVER COMPUTER
INVENTORY**

The Department did not have adequate controls over its purchased and leased computer equipment.

During our review of the Department's computer equipment inventory for the Fiscal Years 2016 and 2017, we noted the following:

Unable to locate 25 desktop and 10 laptop computers

- The Department was unable to locate 25 desktop computers and 10 laptop computers during its annual inventories. The Department conducts an annual physical inventory of all equipment with an acquisition cost of \$500 or more and reported it was unable to locate missing computer inventory totaling \$16,019 in Fiscal Year 2016 and \$20,746 in Fiscal Year 2017.

Did not determine whether computers contained confidential information

- The Department did not perform a detailed assessment at the time the computers could not be located; and, therefore, had not determined whether the missing computers may have contained confidential information.

No policy for clearing data

- The Department did not have a policy for clearing data and software from computer equipment before transfer either outside or within the Department.

Updated computer listings not maintained

- The Department did not maintain updated purchased and leased computer inventory listings. The computer inventory listing included surplus computers. Twelve of 12 (100%) purchased computers tested were already in surplus, but the items were still listed in the Department's computer inventory. Three of 25 (12%) leased computers tested could not be located because the list was not updated with the correct location. Auditors noted five stolen/lost laptops were not removed from the leased computer inventory listing. Finding 2, pages 17-18) **This finding has been repeated since 2011.**

Computers could not be located

We recommended the Department perform a detailed inventory of computer equipment to ensure accuracy and determine whether confidential information is stored on each unit. We also recommended the Department establish procedures to immediately assess if a computer may have contained confidential information whenever it is reported lost, stolen or missing during the annual physical inventory, and document the results of the assessment. Further, we recommended the Department establish policies and procedures to ensure compliance with the Data Security on State Computers Act.

Department agrees with auditors

Department officials concurred with the finding and stated due to the rapid staff turnover, the Department was without a Property Coordinator for the majority of the Fiscal Year 2016 inventory period. Since hiring a new coordinator, the individual has worked diligently to clean up and maintain better control on the areas listed in this finding. Department officials also stated the Department has been working with DCMS to have them sign and return surpluses in a timely manner and are developing improved procedures and documents, so the Location Coordinators can have better instruction, guidance, and more responsibility for the equipment assigned to them. *(For the previous Department response, see Digest Footnote #2.)*

PROPERTY CONTROL WEAKNESSES

The Department did not maintain adequate controls over its property and related records. Some of the conditions noted included:

- For 12 of 60 (20%) property deletions tested, totaling

Detailed supporting documentation for property deletions not maintained

\$64,608, the Department did not maintain the required detailed supporting documentation. In addition, four of 60 (7%) property deletions tested, totaling \$16,557, were assigned improper transaction codes.

Deletions lacked documentation of approval by DCMS

- Five of 60 (8%) deletions tested, totaling \$13,419, lacked documentation of the approval by the DCMS's Property Control Division.

Items did not have a property tag

- Eight of 120 (7%) items tested did not have a property tag.

Items were not recorded in the property records

- Thirteen of 60 (22%) items tested during the physical inspection were not recorded in the property records.

No cost recorded

- No cost was recorded in the property records for 48 equipment items purchased in May 2017 as of June 30, 2017.

In addition, during testing, copies of the Accounting for Leases-Lessee (SCO-560) Forms submitted to the Office of the Comptroller's during Fiscal Years 2017 and 2016 were not provided to the accountants.

Accountants unable to conclude the Department's records for capital leases were sufficiently precise and detailed

Due to these conditions, the accountants were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's capital lease assets. In addition, due to these limitations, the accountants were unable to conclude the Department's Schedule of Changes in State Property on page 111 was complete and appropriately reported. (Finding 3, pages 19-22) **This finding has been repeated since 2013.**

We recommended the Department designate sufficient trained backup staff and strengthen procedures over property and equipment to ensure timely and accurate recordkeeping for all State assets. We further recommended the Department include a supervisory review process in its procedures to ensure clerical, technical, and other errors are promptly detected and corrected. In addition, we recommended the Department regularly survey inventories for transferable equipment and report any such equipment to the Property Control Division of DCMS. Assets that are obsolete, damaged or unused should be identified and, if necessary, removed from the Department's records.

Department agrees with auditors

Department officials concurred with the finding and stated due to the rapid staff turnover, the Department was without a Property Coordinator for the majority of the Fiscal Year 2016 inventory period. Since hiring a new coordinator, the individual has worked diligently to clean up and maintain better control on the areas listed in this finding. Department officials

also stated the Department has been working with DCMS to have them sign and return surpluses in a timely manner and is developing improved procedures and documents so the Location Coordinators can have better instruction, guidance, and more responsibility for the equipment assigned to them. *(For the previous Department response, see Digest Footnote #3.)*

INADEQUATE CONTROLS OVER THE ADMINISTRATION OF STATE VEHICLES

The Department did not have adequate controls over the reporting of vehicle accidents, fringe benefits for personal use of State vehicles, changes to vehicle assignments, maintaining vehicle records, or obtaining annual certifications of license and vehicle liability coverage.

Some of the conditions noted include the following:

Vehicle accidents not submitted to DCMS

- The Department was unable to provide supporting documentation showing submission of two of nine (22%) vehicle accident reports reviewed to the Department of Central Management Services (DCMS).

Vehicles did not receive oil changes

- Thirty-four of 37 (92%) vehicles tested received oil changes 1,300 to 12,000 miles or one to four months past the allowed oil change interval;

Justification for employee commuting miles not maintained

- For seven of 37 (19%) employees tested who were assigned State vehicles, the Department was unable to provide justification for the commuting miles of more than 30% of the vehicle's total mileage. Five of these employees had commuting miles that ranged from 2,243 to 4,814 miles or 32% to 53% of the vehicles' total mileage during Fiscal Year 2016. Two employees had commuting miles of 3,447 and 4,832 miles or 34% and 42% of the vehicles' total mileage during Fiscal Year 2017.

Annual vehicle report not fully completed or submitted timely

- The Fiscal Year 2017 Annual Report on Individually Assigned Vehicles was not fully completed and timely submitted to DCMS. An incomplete report, lacking required details and management certifications, was submitted 35 days late. (Finding 17, pages 52-56)
This finding has been repeated since 2007.

We recommended the Department:

- Designate and train sufficient;
- Monitor the submission of accident reports;
- Enforce vehicle maintenance schedules;
- Ensure proper reporting of fringe benefits;

- Review and enforce procedures over the timely filing of annual license and liability insurance certifications; and
- Remind staff and monitor to ensure timely reporting of employee vehicle changes and the annual report on Individually Assigned Vehicles.

Department agrees with auditors

Department officials concurred with the finding and stated the new Agency Vehicle Coordinator was assigned duties and responsibilities for vehicles on December 16, 2016, a time frame for the last six months of the audit cycle. Since that timeframe, the new Vehicle Coordinator has been in communication with the program offices to timely receive and monitor information relative to vehicle maintenance and inspection schedules. *(For the previous Department response, see Digest Footnote #4.)*

NONCOMPLIANCE WITH THE MC/DD ACT

The Department did not comply with provisions of the MC/DD Act (Act). The Act, effective July 29, 2015, required long-term care facilities for individuals under age 22 to be known and licensed as medically complex for the developmentally disabled under the Act instead of the Intermediate Care Facility/Individual Intellectually Disabled (ID/DD) Community Care Act.

Some of the conditions noted included:

Code not updated for periodic review of restraints

- The Administrative Code was not updated to address the requirement that each policy should include periodic review of the use of restraints.

No database of residents who have injured others

- The Department did not develop a de-identified database of residents who have injured facility staff, facility visitors, and other residents.

No emergency rules filed

- The Department did not file emergency rules with the Office of the Secretary of State's (Office) regarding the provision of services to identified offenders. (Finding 24, pages 71-73)

We recommended the Department ensure it complies with all provisions of the Act.

Department agrees with auditors

Department officials concurred with the finding and stated the Department is currently working on the rules to be drafted to meet the provision of the Act and working with industry providers who are seeking legislative remedy by repealing appropriate language to ensure the Department's compliance.

INSUFFICIENT REIMBURSEMENTS FOR THE VACCINES FOR CHILDREN PROGRAM

Department notifies auditors it must replace vaccines

The Department failed to ensure the Vaccines for Children (VFC) program was providing proper reimbursements to the Centers for Disease Control (CDC).

The Department notified auditors on May 2, 2018 of its responsibility to replace vaccine doses to the CDC which was subsequent to the auditor's original report date, April 27, 2018.

The VFC program is a federally-funded program that provides vaccines at no cost to children ages 18 and younger who might not otherwise be vaccinated because of the inability to pay. In order to utilize the VFC's vaccine distribution infrastructure for the State-funded Children Health Insurance Program (CHIP), the Department and the Department of Healthcare and Family Services (HFS) entered into an Intergovernmental Agreement (Agreement) beginning July 1, 2012, subject to an annual amendment, that allowed HFS to reimburse the Department for vaccines used for the CHIP program based on the actual costs of vaccines used and handling fees. This Agreement was terminated October 1, 2016.

An estimated 502,190 vaccines must be replaced over a seven year period

As of the end of fieldwork, the Department continued to negotiate with the CDC over the specific terms of replacement, and estimates it will need to replace 502,190 vaccine doses totaling \$24,161,267 over a seven year period. The Department submitted a replacement plan for approval to the CDC on June 5, 2018. (Finding 28, pages 82-85)

We recommended the Department monitor its programs to ensure all parties involved are following the required provisions. We also recommended the Department ensure it complies with an approved vaccine replacement plan as required.

Department agrees with auditors

Department officials concurred with our recommendation.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will review the Department's progress toward the implementation of our recommendations during our next examination.

ACCOUNTANT'S REPORT

The accountants conducted a compliance examination of the Department for the two years ended June 30, 2017, as required by the Illinois State Auditing Act. The auditors qualified their report on State Compliance for findings 2017-001, 2017-002, 2017-003, 2017-017 and 2017-028. Except for the noncompliance described in these findings, the auditors state the Department complied, in all material respects, with the requirements described in the report.

The compliance examination was conducted by E.C. Ortiz & Co., LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:ph

DIGEST FOOTNOTES

#1 – Weakness in Controls Over Year-End Inventory Balances - Previous Department Response

2015: The Department concurs with the finding. Warehouse space is limited, which causes an inability to store all inventory items being overlooked when conducting the warehouse inventory. One step OHP staff in the Sexually Transmitted Diseases (STD) Section has taken to avoid overstatement of inventory items is to compare inventory counts with prior years' counts. Large discrepancies will be investigated and the count will be performed again to ensure accuracy. In addition, the OHP Division of Laboratories is currently working on a solution to better track inventories. Currently, the Springfield Laboratory is evaluating a software solution designed to monitor supplies. This software is a free web-based service which is accessible from an internet-connected device. The Division of Laboratories is also developing a standard operating procedure (SOP) to direct laboratory supervisors to use a consistent methodology for inventory maintenance. Depending on the results of the software pilot in Springfield, use of that system may be incorporated into the SOP.

#2 - Inadequate Controls over Computer Inventory – Previous Department Response

2015: The Department concurs with the finding. The Department is currently performing an inventory audit of existing PC's and is working with the IT Coordinators. In order to address this finding, IDPH will revise and update its IT Directives and Guidance to reiterate and reinforce the existing requirement that storage of data that may contain sensitive or personally identifiable information on a device drive requires written permission from the agency Chief Information Officer (CIO). Additionally, IDPH will develop a survey document to identify the agency programs where sensitive and/or personally identifiable information would be likely to be accessed as a part of programmatic activities. The Department will purchase and provide to the IT coordinators for those identified programs, software to wipe the drive of any electronic data processing equipment utilized in those identified programs and will require as a part of the process that the IT coordinators wipe those computers prior to transfer or surplus. The Department will continue to complete a CMS Enterprise Service Request (ESR) to surplus equipment which is collected by Central Management Services. Central Management Services has implemented a policy to mandate that all hard drives of surplus electronic data processing equipment be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data and software before being sold, donated, or transferred. The Department will ensure they receive the certificates back from CMS documenting the hard drive has been wiped. While the Department's continued control will be to ensure an ESR is completed by authorized Department staff in order to surplus or transfer equipment (etc. an IT Coordinator or IT Security Staff), the added layer of identification and erasure of all data from devices utilized in program areas where sensitive data may be utilized will further ensure compliance with the requirements identified in the finding. Current practices covered under the "Guidance 07-01, 03/27/2012 Information Technology (IT) Policies" and "Division of Information Technology Surplus Inventory Procedures" will be reviewed and revised, as necessary, to enhance and reduce or prevent the theft or loss of computers. Changes to existing guidelines or practices for PC transfers, surplus, or storing of sensitive data on PC's will be documented and communicated to the IT Coordinators.

#3- Inaccurate Property and Fixed Asset Record Keeping – Previous Department Response

2015: The Department concurs with the finding. The finding regarding the Department's not maintaining accurate property and fixed asset records is driven by the limitations associated with only having one individual dedicated to the Property Control function for several dispersed locations and the extended vacancy in that position, as well as the accountability for ensuring the adequacy of the annual inventory submission not being placed at a high enough level to reinforce the importance of the exercise.

Because of the extended vacancy in the Property Control Coordinator position, efforts to complete property transfer forms were not prioritized given the Unit Manager's primary responsibilities and the associated changes were sometimes not incorporated into the inventory system. Now the Coordinator position has been filled and new management has taken over at both

the Unit-level and Deputy Director-level, during the learning process, gaps in the process have been identified and improved. Enhanced and standardized procedures are in the process of being documented such that the Property Control Liaisons for each location can eventually be trained on the new requirement. In doing so, accountability can be enforced. In fact, accountability enhancements began with the annual inventory currently in process, whereby the respective Deputy Director for each location was required to sign off on their inventory submissions for the first time.

In an effort to minimize the number of discrepancies discovered at the end of the year when the annual inventory is conducted, the new procedures developed will require Property Control Liaisons at the various locations to submit quarterly assessments regarding the disposition of individual assets valued at \$10,000 or more.

#4- Inadequate Controls over the Administration of State Vehicles – Previous Department Response

2015: The Department concurs with the finding. In response to the finding that controls over reporting of vehicle accidents, fringe benefits for personal use of State vehicles, changes to vehicle assignments, maintaining vehicle records, or obtaining annual certifications of license and vehicle liability coverage, the Department acknowledges these findings and is putting in place the following changes that resulted from previously noted staffing constraints and inadequate communications between all parties involved.

- Reassignment of Vehicle Coordinator responsibilities to the Department's Travel Coordinator given the logical synergies between the two functions and the observation by the new Deputy Director for Finance and Administration that the workload of the previous Vehicle Coordinator when combined with this individual's extended leave may have impacted the deficiencies noted in this audit.
- Development of a revised Vehicle Policy that indicates in detail the Department's implementation of the Statewide vehicle requirements, with documented receipt of the revised policy to all individuals with individually assigned vehicles, and posting of the revised policy on the Department's intranet for all others. Included in the revised policy will be the following:
 - Standardization of the monthly vehicle usage report forms and timely follow up on missing submissions with notification to the associated staff member's Deputy Director of delinquencies which should facilitate more timely consolidation of information for annual reports to be submitted to CMS by stated deadline.
 - Vehicle reassignment procedures and final sign off by the Vehicle Coordinator.
 - Accident reporting requirements with stated documentation required and timelines for various requirements and individuals and external entities that must be advised.
 - Log to track notification of required maintenance and documentation to confirm maintenance has been conducted for inclusion in the vehicle's file.
 - Flow of commuting mileage, i.e. Vehicle Coordinator to advise Payroll to ensure consistency.
 - Senior management is also considering whether several of

the vehicles where commuting miles exceed the 30% usage level should be converted to pool vehicles for a more effective use of limited assets given statewide demand for vehicles during this economically challenging period.