

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF PUBLIC HEALTH
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2015*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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May 24, 2017

**AUDITORS' REPORT
DEPARTMENT OF PUBLIC HEALTH
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 and 2015**

We have audited certain operations of the Department of Public Health in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2015.

The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions.
2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

For the areas audited, we identified (1) deficiencies in internal controls, (2) apparent noncompliance with legal provisions, and (3) need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Department of Public Health.

COMMENTS

FOREWORD

The Department of Public Health (DPH) operates primarily under the provisions of Title 19a, Chapters 368a through 368l, 368r, 368v, 368x, and Title 20, Chapters 369 through 388, 393a, 395, 398, 399, 400a and 400c of the General Statutes.

DPH states in its statutory responsibility statement, that it "...is the center of a comprehensive network of public health services, and is a partner to local health departments for which it provides coordination and a link to federal initiatives, training and certification, technical assistance and consultation, and specialty services such as risk assessment that are not available at the local level." DPH provides health information to state government and local communities, which is "used to monitor the health status of Connecticut's residents, set health priorities and evaluate the effectiveness of health initiatives...The agency is a regulator focused on positive health outcomes and assuring quality and safety while also minimizing the administrative burden on the personnel, facilities and programs regulated." According to its Healthcare Quality and Safety Branch Statement, DPH "regulates access to health care professions and provides regulatory oversight of health care facilities and services."

The Commissioner of the Department of Public Health is responsible for the overall operation and administration of the department, as well as administering the state's health laws and public health code. Under the provisions of Section 19a-14 of the General Statutes, DPH is also responsible for all administrative functions relating to various boards and commissions and the licensing of regulated professions. The duties of the various boards and commissions consist of assisting the department in setting standards for the various professions, examining applicants for licensure, and taking disciplinary action against any license holder who has been found to engage in illegal, incompetent, or negligent conduct.

Jewel Mullen, M.D. was appointed commissioner in February 2011 and served as commissioner throughout the audited period. Raul Pino, M.D. served as acting commissioner

upon Dr. Mullen's separation on December 21, 2015. Governor Malloy formally appointed Dr. Pino as commissioner on February 11, 2016.

Significant Legislative Changes

Public Act 14-39, effective July 1, 2014, created the Office of Early Childhood (OEC) and designated it as the lead agency for the early care and education of young children. The act transferred day care licensing, inspection, regulation, investigation, and license revocation from DPH to OEC. These responsibilities relate to child day care centers, group day care homes, and family day care homes.

Public Act 14-98, effective October 1, 2014, broadened the scope of the existing Stem Cell Research Fund to include regenerative medicine, shifted administrative responsibility for the fund from DPH to Connecticut Innovations Incorporated (CII), and authorized up to \$40 million in general obligation bonds for the fund from FY 2016 through FY 2019; effective July 1, 2014, established a new grant program for eligible drinking water projects approved by DPH under its Drinking Water State Revolving Fund (DWSRF) program and authorized up to \$50 million in general obligation bonds for the program in FY 2015.

Public Act 14-217, effective July 1, 2014, required the Department of Insurance to deposit the health and welfare fee into the Insurance Fund instead of the General Fund. By law, the insurance commissioner assesses this fee annually against each (1) domestic insurer and HMO conducting health insurance business in Connecticut, (2) third-party administrator (TPA) providing administrative services for self-insured health benefit plans, and (3) domestic insurer exempt from TPA licensure, which administers self-insured health benefits.

By law, the health and welfare fee is used to pay for the purchase, storage, and distribution of vaccines under the DPH Connecticut Vaccine Program, as well as for other vaccine, biologic, and antibiotic purchases and distribution. The Secretary of the Office of Policy and Management (OPM), in consultation with DPH, must annually determine the amount appropriated for these purposes.

The act also required the Insurance Commissioner to (1) identify the health and welfare fee as such on the annual statement he sends to each assessed entity; (2) calculate, in consultation with the DPH commissioner, the difference between the OPM secretary's appropriation and actual expenditures from the prior fiscal year; and (3) adjust the health and welfare fee by the calculated difference.

Public Act 15-223, effective October 1, 2015, made various changes in the emergency medical services (EMS) laws, including emergency scene responsibilities, data reporting requirements, and credentialing. Among other things, the act:

1. Established a hierarchy for determining which EMS provider is responsible for making patient care decisions at the scene of an emergency call, giving decision-making authority to the provider holding the highest classification of licensure or certification;

2. Specified that these provisions do not limit the authority of the fire officer-in-charge to control and direct emergency activities at the scene;
3. Established a civil penalty of up to \$100 per day for an EMS organization's failure to report data as required, in addition to existing penalties;
4. Allowed the DPH commissioner to adopt regulations on the EMS data collection system; and specified certain exemptions from EMS provider certification, extending an existing exemption from paramedic licensure.

Public Act 15-244, effective October 1, 2015, increased license renewal fees for various DPH licensed professionals and directed the revenue generated to fund the professional assistance program for DPH-regulated professionals.

RÉSUMÉ OF OPERATIONS

General Fund

General Fund receipts of DPH totaled \$43,233,733 and \$47,536,927 for the 2014 and 2015 fiscal years, respectively. A comparative summary of General Fund receipts, as compared to the previous fiscal year, is presented below:

	<u>Fiscal Year Ended June 30,</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues and Receipts:			
Licensure, Registration and Inspection Fees	\$33,572,744	\$35,227,444	\$35,944,515
Title XIX State Survey and Medicaid Funds	3,668,594	2,577,592	7,098,710
Expenses Recovered, Hospitals	2,598,177	3,244,019	2,949,525
Fees for Laboratory Services	905,083	1,217,140	266,777
Birth, Marriage and Death Certificates	266,411	258,750	231,993
Fines, Civil Penalties, and Court Costs	383,500	398,266	560,345
Miscellaneous	(119,744)	26,104	8,314
Refunds of Expenditures	<u>510,987</u>	<u>284,418</u>	<u>476,748</u>
Total General Fund Receipts	<u>\$41,785,752</u>	<u>\$43,233,733</u>	<u>\$47,536,927</u>

Hospitals, nursing facilities, and intermediate care facilities for individuals with intellectual disabilities (ICF/IID) that serve Medicaid patients must meet prescribed health and safety standards. A Medicaid agency may not execute a provider agreement with a facility or make Medicaid payments to a facility unless the state survey agency has certified that the facility meets the prescribed standards. DPH performs these surveys and receives the Title XIX State Survey and Medicaid Funds for this purpose.

General Fund expenditures totaled \$108,652,309 and \$78,148,628 for the 2014 and 2015 fiscal years, respectively. A comparative summary of General Fund expenditures, as compared to the previous fiscal year, is presented below:

	<u>Fiscal Year Ended June 30,</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund Expenditures:			
Salaries and Wages	\$34,770,048	\$ 35,615,187	\$36,241,825
State Aid and Other Grants	32,971,139	34,418,044	33,719,168
Purchased Commodities	20,110,998	31,684,019	1,869,459
Premises and Property Expense	2,168,746	2,723,496	2,775,112
Professional Services	1,279,149	1,035,584	1,091,339
Other Services	1,035,275	960,665	1,067,888
Information Technology	581,494	471,244	590,851
Rental and Maintenance – Equipment	507,816	429,002	391,709
OSC Adjusting Entries	-	627,746	(202,865)
Other Miscellaneous Expenditures	<u>654,113</u>	<u>687,322</u>	<u>604,142</u>
 Total General Fund Expenditures	 <u>\$94,078,778</u>	 <u>\$108,652,309</u>	 <u>\$78,148,628</u>

State Aid and Other Grants and Salaries and Wages represent over 74% of total expenditures during the audited period. A significant portion of Purchased Commodities accounts was for the purchase of drugs and pharmaceuticals for the immunization services provided by the department. Public Act 12-1, effective January 1, 2013, required health care providers to obtain vaccines for children from DPH and changed the types of insurers who pay the fee to fund the program. Public Act 14-217, effective July 1, 2014, moved the funding for the vaccine program to the Insurance Fund, resulting in the decrease in FY 2015.

Federal and Other Restricted Accounts

The DPH Federal and Other Restricted Fund receipts, as recorded by the State Comptroller, totaled \$162,767,893 and \$135,441,507 for the fiscal years ended June 30, 2014 and 2015, respectively. The largest federal program was the federal Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). This program averaged receipts of approximately \$43,000,000 over the 2 fiscal years under review.

A number of state and federal programs with funding decreases were responsible for the overall decline in revenues between fiscal years 2014 and 2015. Some of the larger variances were as follows; Ryan White Title 2 Federal Funds and Rebates declined by \$7,247,458 and \$6,565,044 respectively in fiscal year 2015. In addition, the Bioterrorism Hospital Preparedness Program’s receipts decreased by \$2,882,013 and the Affordable Care Act Home Visiting Program’s receipts decreased by \$2,060,912.

Expenditures from the Federal and Other Restricted Fund, as recorded by the State Comptroller for the fiscal years ended June 30, 2014 and 2015, totaled \$151,067,580 and \$149,053,788, respectively. A summary of these expenditures is presented below:

	Fiscal Year Ended June 30,		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Federal and Other Restricted:			
Grants and Grant Transfers	\$ 75,713,978	\$ 77,133,596	\$ 64,767,626
Personnel Services and Employee Benefits	34,055,489	35,365,358	32,819,290
Purchased Commodities	40,532,361	23,906,483	40,005,305
Other Charges	4,921,421	5,934,050	4,627,217
Information Technology	3,436,182	3,623,471	2,499,996
Other Services	2,941,511	2,635,007	2,081,599
Professional, Scientific, & Technical Services	1,886,816	1,116,666	1,136,363
Other Miscellaneous Expenditures	<u>1,108,141</u>	<u>1,352,949</u>	<u>1,116,392</u>
Total Federal and Other Restricted	<u>\$164,595,899</u>	<u>\$151,067,580</u>	<u>\$149,053,788</u>

Purchased Commodities was comprised mainly of food and beverage charges of the Special Supplemental Nutrition Program for the Women, Infants, and Children (WIC) grant. For the first 2 years, through our audit work at the department related to the state's Comprehensive Annual Financial Reports, we found misstatements for WIC Program food purchases due to adjusting entry errors made by the department. Purchased Commodities for fiscal years 2013 and 2015 increased due to several adjusting entry errors made by the department or the Office of the State Comptroller, respectively. Actual food and beverage costs for WIC remained relatively constant over the three-year period presented above, as measured by food instrument presentations to the WIC checking account by program vendors.

Insurance Fund

Insurance Fund expenditures totaled \$0 and \$31,583,177 during the fiscal years ended June 30, 2014 and 2015, respectively. Most of these were amounts used to purchase vaccines, drugs, and pharmaceuticals for Tuberculosis and sexually transmitted diseases. This change was the result of Public Act 14-217, which went into effect July 1, 2014.

Capital Equipment Fund

Capital Equipment Fund expenditures totaled \$784,664 and \$983,740 during the fiscal years ended June 30, 2014 and 2015, respectively. Most of these funds were used to purchase medical, laboratory, and data processing equipment.

Special Revenue Fund – Grants to Local Governments and Others

Grant expenditures to nonprofit providers and community health agencies for facility improvements totaled \$6,190,478 and \$1,420,284 for the fiscal years ended June 30, 2014 and 2015, respectively. These grants are from the Small Town Economic Assistance Program (STEAP) to support economic development, community conservation, and quality of life projects for localities. STEAP funds can be used only for capital projects and cannot be used for programmatic or recurring budget expenditures. As a result, fiscal year expenditures vary based upon the approval and eligibility of projects.

Non-Capital Improvement & Other Projects Fund – Community Conservation and Development Fund

State aid grants funded from the Non-Capital Improvement and Other Projects Fund were \$1,964,923 and \$3,252,059 during the fiscal years ended June 30, 2014 and 2015, respectively.

Capital Projects Funds – Capital Improvements and Other Purposes

Capital Projects Funds expenditures during fiscal years 2014 and 2015, as compared to the previous fiscal year, were as follows:

	<u>Fiscal Year Ended June 30,</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital Projects Funds:			
DPH – New Laboratory	\$2,633,877	\$ 113,947	\$ 975,861
IT Capital Investment Program	-	739,220	462,576
Total Capital Projects Funds	<u>\$2,633,877</u>	<u>\$ 853,167</u>	<u>\$1,438,437</u>

Biomedical Research Trust Fund

Under Section 19a-32c of the General Statutes, DPH may make grants-in-aid from the trust fund to eligible institutions for the purpose of funding biomedical research in the fields of heart disease, cancer and other tobacco-related diseases, Alzheimer’s disease, stroke, and diabetes. Biomedical Research Trust Fund expenditures were \$2,262,895 and \$3,338,297 during the fiscal years ended June 30, 2014 and 2015, respectively.

Drinking Water Federal Loan

Section 22a-477, subsection (s) of the General Statutes provides that amounts in the drinking water federal revolving loan account of the Clean Water Fund shall be available to the Commissioner of Public Health to provide financial assistance to any recipient for construction of eligible drinking water projects approved by DPH. Drinking Water Federal Loan expenditures were \$28,431,651 and \$36,209,607 during the fiscal years ended June 30, 2014 and 2015, respectively. The financial statements of the State of Connecticut Clean Water Fund – Drinking Water Federal Revolving Loan Account are audited by independent public accountants.

PROGRAM EVALUATION

Complaint Processing – Health Care Practitioners and Facilities

Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to perform evaluations of selected agency operations. Since we were made aware of significant delays in the investigations of health care practitioners and facilities, we decided to evaluate the DPH investigatory process.

Our current review of the investigatory process consisted of a couple of objectives. The first was to evaluate the effectiveness of the agency's internal control policies and procedures over the respective complaint process. Our second objective was to assess the timeliness of the DPH investigations.

The DPH, Practitioner Licensing and Investigations Section (PLIS) oversees the approval and distribution of licenses for healthcare practitioners who wish to practice in the State of Connecticut. This section is also responsible for reviewing any complaints received regarding healthcare practitioners. Our review focused on the complaint investigation process and the timeliness of resolving complaint investigations.

The DPH, Facilities Licensing and Investigations Section (FLIS) is responsible for licensing, certification, and investigation of healthcare institutions, including: ambulatory care services, clinical laboratories, dialysis facilities, home care and hospice services, hospital, intermediate care facilities for the intellectually disabled, nursing homes, outpatient surgical facilities, residential care homes, and substance abuse and mental health treatment facilities.

The results of our current review are as follows:

Practitioner Complaint Investigations

Criteria: The Department of Public Health, Practitioner Licensing and Investigations Section (PLIS) performs investigations on complaints received concerning healthcare practitioners. The section has established the following priority ratings to classify complaints based on the severity of impact to the public well-being:

- Class 1 – Issues identified as requiring immediate action or response due to the nature of the allegations. The department has established an investigation timeframe of 90 days for these complaints.
- Class 2 – Issues that do not fall into Class 1, but relate to care and have a direct or indirect impact on quality of care or quality of life. The department has established an investigation timeframe of 180 days for these complaints.

- Class 3 – Issues that do not fall within Class 1 or 2 but appear to be violations of standards of practice, laws or regulations, including but not limited to issues of billing practices, failures to release records, etc. The department has established an investigation timeframe of 180 days for these complaints.

Section 20-204a, subsection (a), of the Connecticut General Statutes provides investigation requirements over veterinarians. Specifically, it states that investigations shall be concluded not later than 12 months from the date the allegation is submitted to the department.

Good business practices suggest that policy and procedures manuals should be kept current.

Condition:

We reviewed a selection of 10 complaints received and a separate selection of 10 complaint investigations completed during the audited period and noted the following:

- PLIS completed 3 investigations outside of the timeframe established by department policy. The delays ranged from 90 to 395 days outside of the required timeframe. Two complaints remained outstanding as of March 29, 2016 and were, at that time, 135 and 202 days outside of the policy timeframe.
- PLIS completed 1 investigation of a veterinarian outside of the twelve-month statutory window.

We requested the PLIS policies and procedures regarding complaint investigations. We were informed on October 1, 2015, that PLIS was updating the manual and were provided with the existing copy. As of March 2016, PLIS had not completed the update. We noted that several portions of the policies and procedures manual have not been updated for up to 20 years. The manual is only available in hard copy.

Effect:

When investigations are not completed in a timely manner, there is an increased risk that individuals who pose a danger to the public will continue the practice for an extended period.

A manual that is not kept up-to-date reduces the likelihood that all staff will be following the most current policies and procedures.

Cause:

DPH has indicated that it has limited resources available to process the numerous investigations and update its policies and procedures manual.

For the 2 outstanding investigations, the department has an open request for a consultant to review the allegations. Due to the stringent

requirements and limited resources available to obtain an impartial consultant, the requests have been open for an extended period.

Recommendation: The Department of Public Health should update its practitioner investigations manual to ensure it reflects current policies and procedures. Furthermore, the department should seek additional resources as necessary to complete investigations within the established policy and statutory timeframes. (See Recommendation 1.)

Agency Response: “The Department of Public Health agrees in part with this finding. During the past few years, the Investigations staff has decreased from 24 staff to 19 staff (20 percent reduction) due to attrition and an inability to refill positions. Concurrently, the number of complaints requiring investigation by the DPH has increased in recent years. The DPH received approximately 1,200 new complaints each year during 2012-2014. The DPH received 1,500 new complaints in 2015 (a 20 percent increase). The current flow of incoming complaints for calendar year 2016 will result in the DPH receiving approximately 1,800 complaints (the DPH has received over 950 complaints from January to July 2016).

The DPH acknowledges that the practitioner investigation manual is not yet updated and that some investigations are completed outside of the timeframe established by department policy.

The DPH plans to update the practitioner investigation manual, including making it electronic for easy updating and access, by the end of the current fiscal year.

The practitioner investigation unit participated in a Lean process within the past few years and has seen much improvement in the overall timeframes of completing an investigation. For example, the unit decreased the average time to secure a physician consultant to review a case from 18 months in 2013 to seven months in late 2015. The unit will continue to identify ways to streamline the investigation process despite the reduction in staffing and increase in investigations.

Besides the staffing and quantity of complaints requiring investigation, some cases are delayed due to challenges in finding an objective reviewer to opine on complaints about alleged violations of standard of care. In order to provide fair and due process to all practitioners that are the subject of a complaint, the department must identify a consultant in the same profession without a conflict of interest and who is willing to review and provide an opinion on the standard of care provided. This can be especially challenging when the allegations are against a practitioner with a rare specialty as most of these practitioners are usually familiar with

each other. This scenario often requires the DPH to seek consultants from outside of Connecticut.

While the audit findings suggest that longer investigation times increase the chance that individuals who pose a risk to the public will continue to practice for an extended period of time, there are mechanisms like summary suspensions and interim consent orders that can protect the public from practitioners who pose a threat during the course of an investigation which have been implemented and used as needed.”

Facility Complaint Investigations

Criteria: The Department of Public Health, Facilities Licensing and Investigations Section (FLIS) performs investigations for complaints received on institutions and agencies (i.e. hospitals, nursing homes, home health care, laboratories). The procedures and timelines presented in the Centers for Medicare & Medicaid Services State Operations Manual (SOM), Chapter 5 – Complaint Procedures are specifically used by the department.

The SOM and DPH policy state that the agency must provide the complainant with a letter acknowledging receipt of the complaint, the course of action that will be taken, and the anticipated time frame for completion of the investigation. Upon such completion, a written report of the investigation’s findings is also to be sent to the complainant.

A complaint/incident record is created in the ASPEN Complaints/ Incidents Tracking System (ACTS), a federal system designed to track, process, and report on complaints and incidents reported against health care providers. The severity and urgency of the complaint are assessed for priority so that appropriate and timely action can be pursued. The priority levels are as follows: Immediate Jeopardy (IJ), Non-IJ High, Non-IJ Medium and Non-IJ Low. Each level and provider type has a maximum time frame in which the investigation must be initiated.

Condition: During our review of complaints received during the fiscal years ended June 30, 2014 and 2015, we noted that:

- In 2 of the 21 investigated claims, the complainant was not sent a letter of acknowledgment with a course of action and the anticipated time frame for completion of the investigation.
- In 2 of the investigated claims, the complainant was not provided with a written report of the investigation’s findings.
- The priority level for one of the investigated claims appeared to have been inappropriately assigned as Non-IJ Medium. However, based on

the description of the complaint, it was noted that it should have been assigned as Immediate Jeopardy (IJ).

- Five investigated complaints did not have an investigation initiated in a timely manner. The delays ranged from 10 to 277 days.
- Four investigated complaints were not resolved and closed in a timely manner. As of April 2016, 3 of the 4 had not been resolved and closed. The delays ranged from 10 to 18 months after the investigation start date.

Effect: When investigations are not completed in a timely manner, there is an increased risk that facilities that pose a danger to the public will continue to operate in an unabated fashion.

Cause: The department has limited resources available to process the numerous investigations.

Recommendation: The Department of Public Health should seek additional resources to complete health care facility investigations within the established time frames and in accordance with the department's policies and procedures. (See Recommendation 2.)

Agency Response: "The Department of Public Health agrees with this finding.

In regards to bullet item one under "Condition": On August 17, 2016 all applicable Facility Licensing and Investigations Section (FLIS) staff will be re-in-serviced on the Policy and Procedures regarding entering complaints into the automated system which includes, in part, processing and sending an acknowledgement correspondence to all complainants. Such acknowledgment letter will indicate whether or not the complaint allegation is entered for investigation and if not, the reason why.

An audit shall be done monthly of 10 percent of all complaints entered for each month to assess compliance with completion of an acknowledgement letter, until such time that 100 percent compliance is identified for 12 consecutive months.

In regards to bullet item two under "Condition": On August 17, 2016 all applicable FLIS staff will be re-in-serviced on the Policy and Procedures regarding the complaint investigation process which includes, in part, providing a written report at the conclusion of the investigation.

An audit shall be done monthly of 10 percent of all complaints entered for each month to assess compliance with this condition, until such time that 100 percent compliance is identified for 12 consecutive months.

In regards to bullet item three under "Condition": Complaint allegations

entered for investigation are assigned a priority classification in accordance with the State Operations Manual (SOM), Chapter 5. On August 17, 2016 all applicable FLIS staff will be re-in-serviced on the Policy and Procedures regarding the priority classification assigned to complaint allegations in accordance with Chapter 5 of the SOM.

An audit shall be done monthly of 10 percent of all complaints assessing priority classification and compliance with Chapter 5 of the SOM, until such time that 100 percent compliance is identified for 12 consecutive months.

In regards to bullet item four under “Condition”: Complaints are investigated in accordance with the priority classification assigned in accordance with Chapter 5 of the SOM. On August 17, 2016 all applicable FLIS staff will be re-in-serviced on the Policy and Procedures regarding initiating investigations in accordance with the priority classification and Chapter 5 of the SOM.

An audit shall be done monthly of 10 percent of all complaints assessing priority classification and timeliness of the investigation and compliance with Chapter 5 of the SOM, until such time that 100 percent compliance is identified for 12 consecutive months.

In regards to bullet item five under “Condition”: On August 17, 2016 all applicable FLIS staff will be re-in-serviced on the Policy and Procedures regarding processing complaints for closing out. All of these complaints have been completely investigated and fully closed out as of August, 2016.

An audit shall be done monthly of 10 percent of all complaints entered for each month to assess compliance with this condition, until such time that 100 percent compliance is identified for 12 consecutive months.”

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Systemwide Accountability and Control

The following recommendation describes a condition that extends beyond a single operational area. The recommendation describes the need to identify operational and reporting risks on an ongoing basis and to take steps to mitigate those risks. The continual process of risk assessment and mitigation expands in importance as the department's operations grow in size and complexity.

Risk Management

Background: The Department of Public Health is the lead agency in the protection of the public's health, and in providing health information, policy and advocacy.

The department is the center of a comprehensive network of public health services and is a partner to local health departments, for which it provides advocacy, training and certification, technical assistance and consultation, and specialty services such as risk assessment that are not available at the local level.

In the Digest of Administrative Reports to the Governor for fiscal year 2014-2015, the department reported that it had 719 employees organized into a number of branches, sections, and offices. DPH prepares, issues, and manages hundreds of contracts, grants and low interest loans in support of for-profit and non-profit service providers, federal and local governments, and individuals. The services funded by these contracts and grants provide health and support services to underserved residents of Connecticut that would otherwise be unavailable.

Criteria: Risks must be managed through a system of controls. Effective management requires that risks be identified through an ongoing assessment process undertaken by staff skilled in such processes, that a plan is developed and implemented to mitigate identified risks, and that once implemented, the plan elements be monitored and reviewed to determine its level of success. Risk assessment includes management's assessment of the risks related to safeguarding the agency's assets and fraudulent reporting.

The information obtained through this process may then be incorporated into the risk assessment process to determine whether plan modifications are required.

Control activities are defined as the actions established through policies and procedures that help ensure management directives mitigating risks to the achievement of objectives are carried out.

Ongoing monitoring activities are designed to assess the quality of internal control performance over time and to communicate that performance to decision makers along with recommendations for improvement.

Condition: The department does not have a dedicated and ongoing risk assessment and mitigation function, nor does it have formal monitoring procedures in place.

Avoidable direct and indirect costs associated with the conditions reported by the Auditors of Public Accounts in various audit reports and unknown costs that have yet to be identified exceed the cost of establishing a basic risk management process within the department.

For example, Recommendation 12 addresses the lack of reconciliation between the returns of pharmaceuticals to supplier credit memoranda. There is a risk that the department did not receive all applicable credits available to them.

Effect: The department is exposed to a higher risk that it will not achieve its operational objectives. Risks that could have been anticipated and avoided by periodic assessments may result in operational ineffectiveness, additional costs and liabilities, and exposure to fraud.

Cause: DPH does not have a formal, dedicated risk assessment and mitigation process. The necessary and appropriate resources have not been allocated by the state or the department to ensure that a risk assessment and mitigation process was performed during the audited period. Many of the recommendations found within our various reports could have been prevented or detected by an internal risk assessment and mitigation process.

Recommendation: The Department of Public Health should develop or acquire a formal risk assessment and mitigation process with the objective of identifying and addressing risks that could impact its operational and reporting objectives. The risk assessment and mitigation process should be independent, formal, and ongoing. (See Recommendation 3.)

Agency Response: “The Department of Public Health agrees with this finding. The DPH agrees that a risk management and mitigation function would prevent or detect significant and material operational deficiencies that would help the department achieve its objectives in a more expedient manner. The DPH submitted a budget option for this activity. However, due to current State

budget constraints, the budget option has not been realized. The DPH continues exploring other options to create a process utilizing its existing departmental resources.”

Boards, Commissions, Committees, Councils etc.

The department has a number of boards, commissions, committees, councils etc. under its purview. The majority of them are covered by the department’s Public Health Hearing Office. They specifically provide support to 14 professional licensing boards and commissions. The recommendations in the following section address the issues noted regarding such entities.

Boards and Commissions – Meeting Minutes and Schedules

Criteria: Section 1-225 of the General Statutes prescribes the following:

- Votes of each member of any public agency upon issue before such public agency shall be reduced to writing and made available for public inspection within 48 hours and shall also be recorded in the minutes of the session at which they were taken.
- Not later than 7 days after the date of the session to which such minutes refer, such minutes shall be available for public inspection and posted on the public agency’s website, if available.
- Not later than January 31st of each year, each public agency of the state shall file the schedule of regular meetings of such public agency for the ensuing year with the Office of the Secretary of the State and shall post such schedule on such public agency’s website.

Robert’s Rules of Order, which is generally used as conventional guidance for the conduct of meetings, provide that minutes of meetings should be signed by a designated representative to indicate that they have been formally approved. In addition, it indicates that if bylaws do not specify what a quorum shall be, it is a majority of the members of an association.

Condition: Upon review of the various boards and commissions that fall under the purview of DPH, we noted the following:

- With the exception of the Connecticut Board of Examiners for Opticians, meeting minutes for 22 other boards and commissions were not signed as approved and finalized by a designated individual.
- Meeting schedules and minutes for 5 boards and commissions were either not posted to the department’s website or were not updated.

- There was no evidence to indicate that annual meeting schedules had been submitted to the Office of the Secretary of the State for 4 of the boards/commissions under the department.
- We noted that 3 boards/commissions held meetings without a quorum.

Effect: In part, there is a lack of compliance with the Freedom of Information Act, proper notification to the public does not always appear to be provided, and the lack of a quorum for meetings leads to the ineffectiveness of the applicable boards.

Cause: It appears that DPH has not properly monitored this area for compliance.

Recommendation: The Department of Public Health should comply with Section 1-225 of the General Statutes and follow Robert's Rules of Order, where applicable. (See Recommendation 4.)

Agency Response: "The Department of Public Health agrees with this finding. Staff resignations/retirements and an inability to refill positions has undermined the DPH's ability to administer Boards. The DPH will explore legislative proposals to eliminate unnecessary Boards and Commissions. In addition to the review of boards and commissions, those boards/commissions that fall under the purview of section 19a-14 of the General Statutes, the DPH will develop a procedure that will ensure all future meeting agendas and minutes will be published on the DPH's website in a timely manner, minutes will be signed, votes will be recorded, meeting schedules will be submitted to the Office of the Secretary of State and training will be held on the use of Robert's Rules of Orders."

Boards and Commissions – Appointments and Vacancies

Criteria: Section 19a-6i of the General Statutes established a school-based health center advisory committee for the purpose of advising the Commissioner of Public Health on matters relating to statutory and regulatory changes to improve health care through access to school-based health centers, and minimum standards for the provision of services in school-based health centers to ensure that high quality health care services are provided. The committee shall meet not less than quarterly and consist of 17 members.

Section 19a-6n of the General Statutes established an advisory council on pediatric autoimmune neuropsychiatric disorder associated with streptococcal infections and pediatric acute neuropsychiatric syndrome to advise the Commissioner of Public Health on research, diagnosis, treatment, and education relating to said disorder and syndrome. The council shall consist of 16 members, with the Commissioner of Public Health or a designee, acting as an ex-officio, nonvoting member. The

council shall meet upon the call of the chairperson or upon the request of a majority of council members.

Section 19a-127l of the General Statutes established a quality of care program within the Department of Public Health. The department shall develop for the purposes of said program (1) a standardized data set to measure the clinical performance of health care facilities, as defined in section 19a-630, and require such data to be collected and reported periodically to the department, including, but not limited to, data for the measurement of comparable patient satisfaction, and (2) methods to provide public accountability for health care delivery systems by such facilities. The statute also established a Quality of Care Advisory Committee to advise the department in carrying out its responsibilities. The committee is to meet at least semiannually and consist of 23 members.

Section 19a-487 of the General Statutes established a board of directors to advise the Department of Public Health on the operations of the mobile field hospital. The board consists of 7 members. According to its bylaws, the board is to meet quarterly.

Section 19a-8 of the General Statutes indicates that not less than one-third of the members of each board and commission identified in subsection (b) of section 19a-14 shall be public members. Public member means an elector of the state who has no substantial financial interest in, is not employed in or by, and is not professionally affiliated with, any industry, profession, occupation, trade or institution regulated or licensed by the board or commission to which he or she is appointed, and who has had no professional affiliation with any such industry, profession, occupation, trade or institution for 3 years preceding appointment to the board or commission.

Section 19a-14 of the General Statutes defines the powers and duties that the department has with regard to the regulated professional boards and commissions. Subsection (b) specifically identifies the 14 professional boards and commissions created under Title 20.

Condition:

In our review of the various boards and commissions under the department, we noted the following:

- Three of 10 separate boards/commissions appeared to have long-standing member vacancies.
 - School-Based Health Center Advisory Committee
 - Advisory Council of Pediatric Autoimmune Neuropsychiatric Disorder Associated with Streptococcal

Infections and Pediatric Acute Neuropsychiatric Syndrome (PANDA)

- Mobile Field Hospital Board
- Four of 10 separate boards/commissions appeared to be missing appointment letters for members.
 - School-Based Health Center Advisory Committee
 - PANDA
 - Quality of Care Advisory Committee
 - Mobile Field Hospital
- For the 14 regulated professional boards, we noted that 7 did not appear to maintain at least 1/3 of its membership as public members.

Effect: Without a full complement of appointed members, the effectiveness of the respective boards' operations may not be optimum due to the absence of certain expertise.

Cause: In part, it appears that there is a lag in appointments being made by the applicable authorities. Additionally, the administration of certain boards appeared somewhat ineffectual.

Recommendation: The Department of Public Health should ensure that boards and commissions under its purview maintain proper membership. The department should document appointments and continue to work with appointing authorities to ensure that such appointments are made promptly to comply with applicable establishing statutes and Section 19a-8 of the General Statutes. (See Recommendation 5.)

Agency Response: "The Department of Public Health agrees with this finding. Staff resignations/retirements and an inability to refill positions has undermined the DPH's ability to administer Boards. DPH will explore legislative proposals to eliminate unnecessary Boards and Commissions. The DPH will continue to inform the Governor's office and Legislative body of vacancies on the boards and commissions we have jurisdiction over. The DPH has also implemented a policy/procedure for tracking members and ensuring appointments are made for vacant positions along with keeping a file of all appointment letters to the Boards and Commissions outside the health care boards captured in section 19a-14. The Commissioner's Office and Office of Government Relations are maintaining a list of all legislatively mandated non health care boards and taskforces which is updated each year as legislation moves forward. The DPH will explore

options to post a complete list of boards and commissions that includes the legislatively mandated health care practitioner boards and non-health care boards and commissions on the DPH's intranet which will be maintained by the Commissioner's Office/Office of Communications and Government Relations. The DPH will develop policies and procedures for chairing, providing administrative support and participating in boards and commissions, as resources permit. The DPH will explore opportunities for training staff with oversight roles for Boards/Commissions in Robert's Rules or other established protocols utilized in other state agencies.”

Inactive Boards and Commissions

Criteria: Section 19a-56 of the General Statutes established a birth defects surveillance program, within available funds, in the Department of Public Health. The program shall monitor the frequency, distribution, and type of birth defects occurring in Connecticut on an annual basis. The Commissioner of Public Health shall establish a system for the collection of information concerning birth defects and other adverse reproductive outcomes. In establishing the system, the commissioner may have access to identifying information in hospital discharge records. In addition, it indicates that the commissioner shall appoint an advisory committee on the implementation of the birth defects surveillance program. Each of the disciplines of the epidemiology, hospital administration, biostatistics, maternal and child health, planning and public health shall be represented on the committee.

Section 20-86d of the General Statutes indicates that the Commissioner of Public Health shall appoint a committee of 3 nurse-midwives, each of whom shall be licensed under this chapter and actively engaged in the practice of nurse-midwifery for not less than 5 years, and shall seek their advice and assistance in the administration of the program of regulation of nurse-midwives. No person who holds an office in the Connecticut Chapter of the American College of Nurse-Midwives may be appointed to the committee.

Condition: We were informed that due to our inquiry on the status of the committees noted above, the department is actively pursuing a repeal of this statute.

Effect: A statute that is no longer implemented would prove to be misleading to the public.

Cause: It appears that the department had not been routinely assessing existing statutory duties under its purview.

Conclusion: The Department of Public Health agreed with our observations and obtained a repeal of those sections of statute via Section 53 of Public Act 16-66, signed by the Governor on May 27, 2016.

General Administration

The department has a significant number of state regulations and reporting requirements to monitor each year. For state regulations, the department must ensure that the language of existing regulations remains current and that any mandated by new legislation are promptly developed and adopted. For statutory reporting requirements, there needs to be effective administrative oversight to ensure that reports are completed timely and submitted to the recipients designated in the statute. The following recommendations address such concerns.

State Regulations

Criteria: Section 19a-14b of the General Statutes indicates that the department shall adopt regulations concerning radon in drinking water that are consistent with the provisions in Title 40 Code of Federal Regulations Parts 141 and 142.

Section 19a-37b of the General Statutes indicates that the department shall adopt regulations to establish radon measurement requirements and procedures for evaluating radon in indoor air and reducing elevated radon gas levels when detected in public schools.

Section 19a-57 of the General Statutes allows for loans for the purchase of hemodialysis treatment machines. Additionally, it indicates that such loans shall be granted subject to regulations and criteria promulgated by the department according to need and not necessarily the income of the applicant.

Section 19a-495a of the General Statutes indicates that the commissioner shall adopt regulations to require each residential care home that admits residents necessitating assistance with medication administration, to designate unlicensed personnel to obtain certification for the administration of medication and to ensure that such unlicensed personnel receive such certification. The regulations shall also establish criteria to be used by such homes in determining the appropriate number of unlicensed personnel who shall obtain such certification and training requirements, including on-going training requirements for such certification. Training requirements shall include, but shall not be limited to, initial orientation, resident rights, identification of the types of medication that may be administered by unlicensed personnel, behavioral management, personal care, nutrition and food safety, and health and safety in general.

Section 19a-522c of the General Statutes indicates that the commissioner shall amend the Public Health Code to implement provisions regarding the in-service training for staff of chronic and convalescent nursing homes and rest homes with nursing supervision.

Section 19a-902 of the General Statutes indicates that the Department of Public Health, in consultation with the Department of Mental Health and Addiction Services, shall amend the department's substance abuse treatment regulations; implement a dual licensure program for behavioral health care providers who provide both mental health services and substance abuse services; and permit the use of saliva-based drug screening or urinalysis when conducting initial and subsequent drug screenings of persons who abuse substances other than alcohol at facilities licensed by DPH.

Condition: The department informed us that certain state regulations required under 6 separate state statutes, as identified in the Criteria above, were not adopted.

Effect: In the absence of state regulations, certain policies and procedures may not be followed as intended.

Cause: It appears that the condition is due in part to a lack of adequate tracking.

Recommendation: The Department of Public Health should either pursue adoption or request legislative change to address the applicable statutory requirements for state regulations. (See Recommendation 6.)

Agency Response: "The Department of Public Health agrees with this finding. The DPH will review the need for regulation development and identify appropriate steps to begin the regulatory drafting process or if regulations are not essential seek legislative change to remove requirement for regulations."

Statutory Reporting Requirements

Criteria: The department is mandated to submit many different reports under various sections of the General Statutes. These reports are due at various times throughout the year. An adequate system of internal control should include a method for management to track or otherwise monitor the submission of all mandated reports.

Condition: Of the 28 statutory reporting requirements we reviewed, we noted:

- Eight reports appeared to be submitted late

- CGS 10-206, 19a-6o, 19a-12a, 19a-111i, 19a-127l, 19a-127n, 19a-177, 19a-490o
- Unable to determine when one report was submitted
 - CGS 19a-490t
- No reporting was found for 6 of the requirements.
 - CGS 19a-7f, 19a-32, 19a-59e, 19a-62a, 19a-131g, 19a-634
- The content of 3 reports did not appear to comply with the required data as identified within the applicable statute.
 - CGS 19a-490o, 19a-538, 25-33n

Effect: Executive and legislative oversight of the department is diminished without timely submission of reports.

Cause: The preparation of statutorily required reports is assigned to various personnel throughout the department. There is no centralized unit tasked with maintaining a list of all required reports and monitoring their timely submission to the required parties.

Recommendation: The Department of Public Health should maintain a complete listing of all of the reporting requirements that are statutorily mandated and consider creating a central reporting control function to monitor the timely submission of the reports. (See Recommendation 7.)

Agency Response: “The Department of Public Health agrees with this finding. The DPH will explore the development of a centralized system for tracking statutorily mandated reports. The tracking tool will be centrally maintained by the Office of Communications and Government Relations and updated annually.”

Payroll and Human Resources

The Payroll and Human Resources Office provides comprehensive personnel management for the department, including labor relations with various bargaining units, managerial, and confidential employees. The recommendations in this section address conditions related to payroll and human resource functions.

Compensatory Time and Overtime

Background: Due to the timing of the issuance of the previous audit report, the accompanying finding, and the implementation of the corrective action

plan, we selected a number of transactions identifying the earning of compensatory time and overtime, which covered the period of June 15, 2015 to September 15, 2015, to determine resolution.

Criteria: The Department of Public Health Employee Handbook states, “All overtime work or compensatory time, except in emergency situations, must receive prior management approval.”

Management Personnel Policy 06-02 issued by the Department of Administrative Services (DAS) and the Office of Policy and Management (OPM) provides that an agency head may grant compensatory time for extra time worked by managers for unique situations. The manager or confidential employee must obtain advance written authorization from the agency head or a designee to work extra hours and record them as compensatory time. The authorization must include the employee’s name and outline the reason(s) for the compensatory time. Proof of the advance authorization must be retained in the employee’s personnel file for audit purposes.

Prudent business practices suggest that controls over compensatory time and overtime should ensure that recorded hours are valid, properly authorized, and completely and accurately recorded.

Condition: In testing 20 instances of compensatory time earned to supporting preapproval forms, we noted that 13 had exceptions – 4 forms were not located, 5 forms were not preapproved, 3 forms with preapproval did not have a reason documented for earning such time and 1 form contained a computerized signature instead of a written one.

In testing 15 instances of overtime to supporting preapproval forms, we noted that 5 did not appear to have proper documented preapproval.

In addition, a separate query was generated from the Core-CT system to determine whether certain departmental employees were assigned to the proper compensatory time plan for purposes of establishing the expiration of said time. We noted that the 10 employees we reviewed appeared to be assigned to an improper plan.

Effect: Accountability over personnel costs is negatively affected when employees at the department have earned compensatory time and overtime hours without obtaining prior authorization or the forms did not properly provide the reasons for earning such time.

In addition, there is increased risk that employees who have been improperly assigned to a compensatory time plan may use earned time

beyond the expiration timeframe identified within the various collective bargaining agreements.

Cause: DPH did not use proper administrative oversight to ensure that overtime and compensatory time were preapproved and that sufficient documentation was retained in support of all approvals. In addition, it appears that there was inadequate oversight in the assigning of compensatory time plans to certain employees.

Recommendation: The Department of Public Health should take the necessary steps to ensure that overtime and compensatory time are properly preapproved and that sufficient documentation is retained in support of those approvals. In addition, the department should reassess the assignment of certain compensatory time plans to employees in Core-CT. (See Recommendation 8.)

Agency Response: “The Department of Public Health agrees with this finding. The DPH agrees that proper documentation authorizing compensatory time and overtime is an important element for exercising accountability and control over personnel costs.

Pre-approval remains the state requirement, per policy. Program areas have been instructed to operationalize this requirement. Payroll staff continues to monitor to ensure a form is on file to support overtime/compensatory time worked. The DPH notes that in the sample, a high percentage did have supervisory authorization, even if the signature occurred after the time was worked. The DPH posts that this is likely because programs find it easier to fill the form out once, rather than twice – once prior to the overtime/compensatory time, and once afterwards to verify the actual number of hours of work performed. There are also emergency responses to public health threats that occur without notice such as disease outbreak investigation and investigating an exposure risk that cannot be planned in advance.

Regarding the assignment of employees to the correct compensatory time plan, the DPH would appreciate the opportunity to review the sampling so that additional research could be performed regarding the accuracy of records, and the ability of Core-CT to track the earning and expiration of compensatory time accurately, based on variations in the collective bargaining agreements.”

Telecommuting Arrangements

Criteria: Section 5-248i of the General Statutes authorizes telecommuting and work-at-home programs for state employees. The Department of Administrative Services is responsible for providing guidelines for

determining whether an employment position is appropriate for the telecommuting or work-at-home program. DAS General Letter 32 specifically provides the guidelines to be used in making such determinations. Subsection (b) of Section 5-248i indicates that any assignment shall be on a temporary basis only, and may be terminated as required by agency operating needs.

DAS General Letter 32 dictates that the maximum duration of a telecommuting arrangement is a nine-month period. If a telecommuter and the agency want to continue the telecommuting arrangement, the employee must submit a new proposal for consideration by the agency. Each state agency shall provide DAS with a copy of any telecommuting or work-at-home program arrangement that it authorizes for any employee of such agency. The DAS commissioner is required to include in the annual report the extent of use by employees of the programs provided.

Condition: We noted that all of the 13 telecommuting arrangements in effect at the department had not been submitted to DAS for the past 2 years, and were well beyond the nine-month maximum duration allowed by DAS General Letter 32. We were informed that they were administratively continued.

Effect: Without a current and fully executed telecommuting arrangement agreement, the department is not able to assess the work activities of its employees against the work proposed in such agreements.

Cause: It appears the department did not complete the necessary corrective action.

Recommendation: The Department of Public Health should develop internal control procedures sufficient to identify telecommuting employees, ensure they have a current executed telecommuting agreement in their personnel file, and provide a copy of each agreement to the Department of Administrative Services in accordance with DAS General Letter 32. (See Recommendation 9.)

Agency Response: “The Department of Public Health agrees that improved controls regarding telecommuting arrangements are needed.

A current review of time & labor records in Core-CT shows that the number of employees who telecommute is down to 10. Furthermore, Commissioner Pino sent an e-mail to all DPH employees on April 29, 2016, which read as follows:

“In these times of fiscal austerity, we are confronted with a great deal of challenges which require us to think about our operations and business practices.

In a very direct way, the fiscal situation has resulted in changes in staffing patterns – there are fewer positions filled, which means fewer of us are here on a daily basis. Faced with this reality, I have given consideration to the issue of telecommuting.

Presently, there are some 13 employees who telecommute as part of an approved telecommuting agreement. This number had once been significantly higher. But, as budgets and staff levels have decreased, the need for resources present at the office has increased.

Therefore, effective immediately, I am imposing a moratorium on new telecommuting agreements at the Department of Public Health. For those 13 employees who are currently telecommuting, I have asked Human Resources to administratively continue those agreements until September 30, 2016. I will revisit the matter of those existing agreements in September, after consultation with Branch Chiefs and Human Resources.

I appreciate your understanding.”

Accordingly, the DPH is scheduled to address the matter of telecommuting arrangements in fall of 2016. At that point, should the need exist, agreements will be brought up to date and controls implemented.”

Physical and Electronic Asset Controls

The recommendations in this section address the controls over physical and electronic assets. Physical controls relate primarily to the safeguarding of assets. Mechanical and electronic controls safeguard assets and enhance the accuracy and reliability of accounting records.

Asset Valuation, Existence, and Recording

Criteria: The State Property Control Manual provides the following guidance for valuing and recording assets:

- “The cost of personal property acquired through purchase includes ancillary costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition.”
- “A custodian should be assigned responsibility for each asset. This assignment facilitates physical inventory procedures and is useful in making inquiries regarding the asset’s condition, status and location.”

- The property control record for equipment owned by the state must contain minimum data such as the asset's specific location, department information, fund, manufacturer's name, and serial number, and useful life of the asset.

The State of Connecticut Internal Control Guide includes a property control questionnaire that provides the following guidance on the proper segregation of duties for property control:

- Responsibilities of individuals who put away supplies are to be separate from those who remove them.
- Responsibilities of individuals who conduct physical inventories of all property are to be separate from those who maintain property records.

Condition:

We selected 40 assets for testing from the department's inventory records and 11 assets from a random inspection of the department's premises and noted the following:

- The cost of 6 assets did not include ancillary charges or did not match the price paid for the asset.
- The location for 17 of the assets did not appear to be correct. One of the assets was transferred to the Department of Energy and Environmental Protection, but the location was still listed as DPH; 7 were listed at the former DPH laboratory location that the department no longer uses; 5 were listed at locations that appeared to be invalid; and the remaining 4 were not found at the identified location.
- We were unable to verify that 5 of the items selected for testing were the items we were shown by the department because there was insufficient identifying information between the physical item and the inventory record.

After finding items coded to the former laboratory location, we performed an expanded analysis of all department assets. We found that 95 additional assets out of 5,220 were still listed as being located at the former laboratory location.

We also followed up on the prior audit findings for assets with nominal costs and missing custodial information. For the nominal asset costs, we reviewed all 5,220 assets held by the department. For the required information, we focused on the department's 1,779 capital assets. We also expanded our review to determine whether other critical data required by the State Property Control Manual resides in the Asset Management

module of Core-CT for the department's inventory. Our review identified the following:

- 229 assets were recorded with a nominal cost entered.
- 91 assets did not have a Department ID recorded.
- 91 assets did not have a fund associated with their respective accounting information.
- 399 assets did not have a custodian recorded.
- 675 assets did not have the manufacturer's serial number recorded.
- 1,345 assets did not have the manufacturer's name recorded.
- 17 assets had a recorded useful life of one month, which did not appear reasonable.

The same individual at the department is responsible for receiving, recording, disposing, and performing the annual physical inventory for all department assets.

Effect: DPH is not in compliance with the State Property Control Manual and the State of Connecticut Internal Control Guide and thus lacks appropriate accountability and segregation of duties over its assets.

Cause: It appears that a lack of proper administrative oversight at the department has contributed to the conditions noted.

Recommendation: The Department of Public Health should comply with the State Property Control Manual and the State of Connecticut Internal Control Guide. (See Recommendation 10.)

Agency Response: "The Department of Public Health agrees with this finding. The lack of staffing, with only one fiscal staff person primarily responsible for the entire DPH asset management processes, including receiving, recording, disposing, monitoring and performing physical inventory presents a significant challenge in the ability to provide sufficient administrative oversight of the asset management program. A provision of additional staff resources will enhance fiscal's ability to address these findings. Existing staff has often been assigned with assisting with the process but not without the expressed challenges.

Staff has been trained on how to properly receive assets in Core-CT so that all ancillary costs associated with an asset is downloaded into the asset management module. The DPH will no longer assign nominal cost

for equipment without actual cost to the DPH. A fair market value will be assigned instead.

Fiscal Services will review the locations of the various assets and ensure that they are updated in the Core-CT Asset module to reflect proper the locations of the assets. A periodic review of the asset location will be performed to ensure compliance.

Fiscal Services will develop and implement the use of a new form for the “Basic Add” process. The Basic Add process is the manual input of asset information that does not automatically download from purchasing module into the asset management module in Core-CT. The process often excludes pertinent information regarding the asset being recorded as all the necessary information about the asset is not provided at the time of entry. The new form will be standardized to ensure that all the pertinent information, including accounting codes, custodian information, manufacturers information as well as the serial number of the asset are collected and used as the source document for the basic add process. The form will be completed by the asset management staff and another staff person will input the information into Core-CT. The asset management staff will perform periodic review of the information to ensure completeness and accuracy in Core-CT.”

Asset Management Inventory Report Form (CO-59)

Criteria:

The Asset Management Inventory Reporting Form (CO-59) reports all property and equipment owned by state agencies. The State Property Control Manual provides guidance on completing the CO-59. Agencies preparing the report using the Asset Management System Module of Core-CT must use specific queries to gather the applicable information.

All agencies using the Core-CT inventory module need to report their stores and supplies and material goods, if applicable. Those agencies using the inventory module to record the inventory transactions will use the inventory queries to complete the CO-59.

The classification on the CO-59 reflects the asset category used in the Core-CT Asset Module. An asset profile is assigned to every asset in the Core-CT Asset Module and matches to the asset classification on the CO-59.

The State Property Control Manual defines a piece of controllable property as “...a unit value less than \$1,000, an expected useful life of one or more years and/or, at the discretion of the agency head requires identity and control.” There is no classification on the CO-59 for reporting controllable property.

The State Property Control Manual defines licensed software as an individual software license with a cost of \$1,000 or more. It defines capitalized software as internally generated software that meets the capital threshold and is owned by the state. In addition, it specifies that any costs for renewing licensed software should be expensed.

Condition:

We reviewed the Department of Public Health's CO-59 for fiscal year 2015, and noted the following:

- The beginning balance of equipment contained \$18,054 in controllable property that appeared to meet the threshold for capitalization as equipment but was not coded as such in Core-CT.
- The beginning balance of licensed software, while supported by the ending balance on the 2014 CO-59, did not reconcile to a department query reporting the beginning balances. We noted a variance of \$1,562,871 between the reported figure and the query. When we attempted to reconcile the difference to the accounting system, we noted \$93,375 in prior period charges for software subscriptions, license renewals, and items that did not meet the threshold for capitalization.
- The beginning balance of licensed software also contained items totaling \$29,040 coded to capitalized software in the accounting system. The description of these items matched the definition of licensed software.
- Equipment additions, while derived from the required comptroller query, included items coded to licensed software, capitalized software, and construction in progress for \$135,231. Equipment additions also contained \$82,462 of controllable property that appeared to meet the threshold for capitalization as equipment but was not coded as such in Core-CT. The department reported the amounts for licensed software and capitalized software under additions for both the software and equipment sections of the CO-59.
- Additions to licensed software included \$60,546 of items that the department reported on the 2014 CO-59. In addition, it contained \$128,366 in items coded to capitalized software in the accounting system, although the description of these items matches the definition of licensed software.
- The department did not provide any supporting documentation for \$399,890 of the deletions to stores and supplies related to tuberculosis and sexually transmitted disease pharmaceuticals.

- DPH did not calculate the ending balance of equipment properly. The department added deletions of \$1,783,819 instead of subtracting them, resulting in an overstatement of the ending balance of \$3,567,638.

Effect: The CO-59 does not accurately represent the value of the assets maintained by the Department of Public Health. The coding of certain software and controllable equipment do not match the definitions prescribed by the State Property Control Manual.

Cause: The variance for the beginning balance of licensed software was because the department did not record additions for fiscal years 2011, 2012, and 2013 in the Core-CT Asset Management Module. At those times, the department did not use the required query to calculate additions, which resulted in the improper inclusion in the report. The additions for equipment, while derived from the comptroller query, were based on the query total instead of the totals for each asset category. The additions for the software inventory was based on the results of a report other than the query required by the comptroller.

For stores and supplies, the department indicated that, due to specific requirements and prior issues of the unit using the inventory module, the reports required by the comptroller were not accurate.

The expenditure coding of some license renewals as license purchases may have caused the department to capitalize the items instead of expensing them.

Recommendation: The Department of Public Health should ensure that the queries and calculations for the Asset Management Inventory Reporting Form are accurate and that the proper fields are used for each category of reporting. The department should ensure that assets are recorded in Core-CT according to the definitions prescribed by the State Property Control Manual. (See Recommendation 11.)

Agency Response: “The Department of Public Health agrees with this finding. Fiscal Services will re-evaluate the method applied during the preparing of the Asset Management Inventory Reporting Form (CO-59) for its properties and equipment to ensure accuracy and compliance with the State Property Control Manual guidelines on completing CO-59.

Fiscal Services is working with the Core-CT Asset Management Team to develop and provide training to pertinent staff on how to properly prepare the CO-59. This will ensure that staff are well informed and will be able to prepare the report consistent with the prescribed asset management reporting guidelines.”

Tuberculosis (TB) and Sexually Transmitted Disease (STD) Program Management

Background: The Department of Public Health uses a specialized vendor to ship its expired or unwanted pharmaceuticals back to the appropriate manufacturer. The manufacturers process the returned pharmaceuticals and issue credits to the sole supplier, who forwards them to the department.

Criteria: Sound business practice requires that the department perform a physical count of expired and unwanted pharmaceuticals prior to turning them over to the returns vendor. The amount of returned pharmaceuticals reported by the returns vendor should be reconciled to the department's physical count. In addition, the credit memorandum issued by the DPH supplier should be reconciled to the report issued by the returns vendor of returnable and non-returnable pharmaceuticals.

The State of Connecticut Internal Control Guide includes a questionnaire that provides guidance on the proper segregation of duties for property control. In particular, it requires separation between individuals who conduct the physical inventories of all property and those who maintain property records.

In the Core-CT Inventory Module, purchases of inventory are added through a specific purchase order receiving process that correlates the associated purchase order information with the change in inventory. This allows information such as cost and purchase quantity to flow from the purchase order to the Core-CT Inventory Module.

Condition: DPH did not reconcile its inventory records to the expired and unwanted pharmaceuticals received and reported by the returns vendor. The department did not reconcile the credit memoranda issued by the sole supplier to the report issued by the returns vendor of returnable and non-returnable pharmaceuticals or to the credit amount posted to the state accounting system. The department accepted the report counts and the credit memo amounts at face value without substantiation or reconciliation.

The individual responsible for custody of the inventory is also responsible for receiving inventory and adjusting records in the Core-CT Inventory Module.

We tested 5 purchase orders for TB and STD pharmaceuticals and attempted to trace the quantities purchased to the inventory records. Through our review, we discovered that 3 of the purchase orders were not properly received into the Core-CT Inventory Module. The

pharmaceuticals were added to the system through adjustments after physical inventory counts.

Effect:

In the absence of reconciliations between the returns vendor reports, supplier credit memoranda, and internal inventory counts, it is uncertain whether the department received all applicable credits for the expired and returned pharmaceuticals.

Assigning one employee the incompatible duties of recordkeeping and custody reduces the integrity of the controls over pharmaceutical inventory.

There were ongoing timing differences between the physical inventory count and the inventory reported in Core-CT. Adding pharmaceuticals to the inventory module using adjustments prevents the inventory record from reflecting the current cost of pharmaceuticals.

Cause:

DPH has cited it is currently not possible to reconcile returned drugs to the returns vendor report. The department said it was working on finding a different person to receive drugs in Core-CT, but has not completed this task. A lack of oversight over the receiving process contributed to the use of adjustments for receiving inventory.

Recommendation:

The Department of Public Health should work with the returns vendor and supplier to develop a reconciliation process between the internal inventory counts, returns vendor report, and credit memoranda. The department should also continue its efforts to resolve the segregation of duties issue and ensure that all inventory items are received properly in the Core-CT Inventory Module. (See Recommendation 12.)

Agency Response:

“The Department of Public Health agrees with this finding.

Fiscal Services made many attempts and failed to obtain the supporting reports from the vendor, Cardinal Health, to enable the proper and accurate reconciliation of the drugs returned. The inability to obtain this information due to lack of response from the vendor presented, and continues to remain, a significant challenge in the DPH’s ability to perform the necessary reconciliation. Fiscal Services is currently working with a new vendor, Amerisource, and has requested this information from Amerisource. Amerisource responded on July 18, 2016 stating that they will review the request and determine how this information can be provided to the DPH.

An additional staff resource has been provided to address the issue of segregation of duties. A staff person will be responsible for maintaining custody of inventory and any adjusting entries while another staff person

will be responsible for receiving the drugs. Fiscal Services and the TB Control Program are working closely together on this issue.

Training has been provided to pertinent staff on how to properly process the requisitions associated with drugs inventory in Core-CT to ensure it is properly completed.”

Software Inventory and Expenditures

Criteria: Chapter 7 of the State Property Control Manual establishes statewide software inventory control policies and procedures. The following is an excerpted list of agency responsibilities enumerated within the State Property Control Manual:

- The agency head, or designee, shall maintain positive control of software, including compliance with the State Comptroller’s software inventory procedures, and shall establish accounting procedures that document purchases of all software.
- A software inventory (or inventories) must be established by all agencies to track and control all of their software media, licenses or end user license agreements, certificates of authenticity (where applicable), documentation, and related items. The library will include all copies of media and at least one copy of the manual and other documentation.
- The software property control record must contain certain minimum data, such as the initial installation date of the software.

Condition: We reviewed 10 purchases of items coded to the IT Software Licenses Account. Our review disclosed the following:

- Three purchases were not properly added to the software inventory control record. One purchase included 120 software licenses totaling \$24,901. The remaining 2 pieces of software were not added to the software inventory control record or the software library.

We reviewed 29 items in the software inventory, and noted the following:

- Four items did not contain a copy of the license or media. One of those items could not be located because the software property control record did not contain enough information to locate it.

While reviewing the software property control record, we noted that 194 of 197 items received during the audited period did not have installation dates recorded.

- Effect:* The department is not in compliance with the State Property Control Manual. The software inventory control record was understated by \$24,901.
- Cause:* DPH has not enforced compliance with the policies and procedures regarding purchasing and recording of IT software. Programmatic areas are able to purchase and receive software without notifying the IT unit.
- Recommendation:* The Department of Public Health should comply with the software inventory policies and procedures established within the State Property Control Manual by recording and maintaining all necessary information in the software property control records and software inventory. (See Recommendation 13.)
- Agency Response:* “The Department of Public Health agrees with this finding. Any software purchase exceeding \$1,000 is received in Core by the Property Control Manager. Although the physical licenses were in the Information Technology (IT) software library, only the licenses that were under \$1,000 were recorded. The requisition (#45875) did not appear on the Year End Software report because the wrong account code was used (# 51750). IT is in the process of developing a database to use for Software Inventory which will include more accounting details. IT will also be able to produce reports and review quarterly purchases in order to maintain an accurate accounting of the software and reconcile with BMC Software and Fiscal Services reports.”

Telecommunications Management

Criteria: The Department of Administrative Services, Bureau of Enterprise Systems and Technology (BEST), has established a telecommunication equipment policy outlining statewide policies and procedures. In support of this policy, DAS provides each state agency with a detailed monthly agency report and an individual usage report. In addition, the Department of Public Health has issued its own policy over usage of state-issued telecommunications equipment and review of usage reports.

DPH issues cell phones and air cards to individuals determined to have an appropriate business need. The DAS telecommunication equipment policy states that it is the responsibility of the department and the individual to verify the accuracy of the bill and to confirm appropriate usage. The policy also states that individual equipment holders will be responsible for repayment of improper charges, as well as personally liable for misuses or abuse of equipment or services. DPH policy requires users to highlight any personal use charges on the usage reports.

Sound business practices would dictate that reviews for bills are completed in a timely manner.

Condition: We reviewed the department's assignment of telecommunications equipment and identified the following:

- Nine individuals were assigned more than one air card or cell phone on the department's list. As a result, there were ten air cards and seven phones that the department may not be utilizing.
- Four cell phones and two air cards were assigned across six individuals who no longer work at the agency.
- Two phones and two air cards were assigned across four individuals with no record of having worked at the department.

We also reviewed 2 billing months in fiscal year 2015 for usage reports with personal use charges and identified 12 such bills. Our review of these bills identified the following:

- Two bills did not have the personal use charges highlighted.
- Six bills contained undated signatures and one bill did not have a supervisor's signature.

DAS prepared the May 2015 billing report in June 2015. The department did not send a letter to employees to review the report until January 2016.

Effect: The department may be paying charges for cell phones and air cards that the department is not using. Without highlighted charges, the department is not able to verify the calculation for payment of personal usage. Delays in approval or lack of authorization for charges increase the risk that the department pays for charges without adequate review.

Cause: DPH does not have policies and procedures to review cell phone and air card assignments to ensure optimal use throughout the agency. The department's policy requires timely response to the usage reports, but does not require timely notification to users. It becomes more difficult for users to identify personal charges the longer the review of such charges occurs from the date of the report.

Recommendation: The Department of Public Health should perform periodic reassessments of assigned telecommunications equipment to ensure they are being fully utilized as intended. In addition, the department should further enhance its existing policies and procedures to correspond with the DAS telecommunications policy, and ensure that reviews of billing reports are adequately completed in a timely manner. (See Recommendation 14.)

Agency Response: "The Department of Public Health agrees with this finding."

Fiscal Services will modify the certification memo accompanying the bills provided to the staff assigned these items to indicate that personal phone calls will be highlighted or marked with any other form of indicator to identify personal use charges. This will expand the identification method and allow for additional flexibility in the process.

Fiscal Services will develop and implement a new tracking spreadsheet tool to monitor staff return of the bills for processing in a timely manner. The spreadsheet will track submissions and delinquent staff will be notified within days of the required return date. Staff failing to comply with the return policy may lose phone use privileges.

Furthermore, Fiscal Services will not process submissions without the appropriate supervisor's signatures and will be return such submissions to the related staff for compliance.

The DPH Information Technology (IT) Section will share the phone number spreadsheet with the Asset Manager in Fiscal Services, who will share the fiscal report with IT. Both will be put on a secure, private shared drive on the DPH network. Additionally, the DPH Chief Fiscal Officer will modify and review the intake form to include the DPH employee number to address any non-DPH employees (contractors, interns, etc.) from gaining air cards, Surface Pro's or cell phones."

Network Access Controls

Criteria: According to the Department of Administrative Services, Bureau of Enterprise Systems and Technology, each state agency must develop its own network security policy that addresses system privileges, limits system access, establishes the process for granting system privileges, and the process for revoking system privileges.

The Department of Public Health information security policy states that access to and use of DPH information is controlled by the principle of least access, which means that each user is given access to the minimum necessary information to accomplish the job.

DPH information security policy provides rules for passwords and account activity, including the requirement that an account be disabled after remaining inactive for 45 days.

The state Health Insurance Portability and Accountability Act (HIPAA) security policies state that access to IT resources shall be terminated when no longer necessary or when determined by management.

Condition: As of January 27, 2016, the department’s system maintained 1,081 active user IDs. Our review of those IDs identified the following:

- Thirty-eight enabled and unexpired user IDs that had not logged into the network for more than 45 days without adequate documentation for keeping the account open. In addition, we noted 58 enabled and unexpired user IDs that did not have any last login date recorded in the system without adequate documentation for keeping the account open.
- Twenty-four active user IDs belonged to individuals who were no longer DPH employees. Of these 24 individuals, 2 of the accounts were used to access the network after the employee’s effective termination date.
- Forty-three user IDs had descriptions or names that indicated they were system accounts but were not clearly assigned to an employee and did not appear to have a purpose. Of these, 6 with current login data, 1 with the previous login more than 45 days ago, and 12 with no login data were disabled by the department after we inquired about their purpose. The remaining 24 identified system accounts were still active but did not have any login data.

Effect: The department’s network security practices do not adequately limit system access in a timely manner when such access is determined to be no longer necessary, or when the business relationship between the individual and the department is severed.

Retaining user IDs that cannot be associated with a specific DPH employee prevents the department from assigning legal and ethical responsibility to individual employees to protect sensitive information, and limit the use of that information and those systems in the performance of their jobs.

Cause: During the audited period, DPH was developing and implementing procedures to identify and disable generic system and unused accounts, but had not completed this process. In addition, DPH IT is not always notified when an employee, consultant, or intern ceases working for the department.

Recommendation: The Department of Public Health should continue to develop and implement policies and procedures to identify and disable unused but active user IDs and user IDs that belong to terminated employees. (See Recommendation 15.)

Agency Response: “The Department of Public Health agrees with this finding. The following are the responses to the bullet items detailed under “Condition”:

First bullet item: There are scenarios in which an account will not be logged in for over 45 days: generic accounts that are not used on a regular basis; employees on medical leave; maternity leave; working from home; and working offsite such as in Hartford and New Haven local health departments. IT is not notified about staff leave, and offsite staff do not log into active directory. They check their email which authenticates with—but does not log into—AD. IT has provided updated logon data for at least 13 employees who were previously inactive for over 45 days.

In the Information Security Policy posted on the intranet, under password standards, it states that “An account that remains inactive for 45 days will be disabled.” IT will devise another statement—and list it outside the password standards section—where it states Active Directory will be reviewed every month, and IT will check with Human Resources (HR) when an account has been inactive for over six months. This will ensure authorized users are not deleted from the system unnecessarily.

Second bullet item: Most of the 24 accounts identified belonged to employees that left several years ago, and there was not a structured policy in place to notify IT of departures. IT disabled the accounts that should be disabled, and identified the accounts with supporting documents as to why the account was still active.

Third bullet item: System accounts cannot be tied to any employee or consultant, they are often used by multiple individuals. IT reviewed and disabled accounts that should be disabled, and provided department information for remaining accounts.”

Disaster Recovery

Criteria: The National Institute of Standards and Technology provides the following definitions for contingency plans:

- “A Continuity of Operations Plan (COOP) focuses on restoring an organization’s mission essential functions at an alternate site and performing those functions for up to 30 days after returning to normal operations...Federal directives distinguish COOP plans as a specific type of plan that should not be confused with...Disaster Recovery Plans (DRP).”
- “The DRP applies to major, unusually physical disruptions to service that deny access to the primary facility infrastructure for an extended period. A DRP is an information-system focused plan to restore operability of the target system, application, or computer facility infrastructure at an alternate site after an emergency. The DRP may support a Business Continuity Plan or COOP by recovering supporting

systems for mission/business process or mission essential functions at an alternate location.”

A contingency plan should be established, approved, updated regularly, and routinely tested to ensure that processes can be recovered and maintained in a timely manner following a disaster.

Condition: In February 2016, the department provided us with a draft of its CT DPH All Hazards COOP, which was created in August 2014. The plan focuses on maintaining critical agency functions in the event of a pandemic or other serious public health emergency. However, there did not appear to be any specific testing of this plan, and it did not appear that the plan was disseminated to critical staff nor approved by the commissioner. The COOP did not contain an aspect that focuses on maintaining access to information systems. The department does not have a disaster recovery plan for any of its on-site systems, applications, or computer facility infrastructures that would support the COOP.

Effect: In the absence of an approved, regularly updated and routinely tested contingency plan, there is an increased likelihood that a timely continuity of operations is not possible in the event of a disaster.

Cause: It appears that a lack of collaboration with other critical staff of the department and the Department of Administrative Services – Bureau of Enterprise Systems and Technology, may have contributed to the condition.

Recommendation: The Department of Public Health should formally establish an approved disaster recovery plan and ensure all contingency plans are updated regularly and routinely tested so its systems can be recovered in a timely manner following a disaster. (See Recommendation 16.)

Agency Response: “The Department of Public Health agrees with this recommendation. The DPH Information Technology (IT) department will investigate using the Bureau of Enterprise Systems and Technology’s (BEST) Threat and Vulnerability Analysis Team to provide a detailed analysis of the specific threats and vulnerabilities associated with the DPH’s information technology system’s environment and configuration. The assessments should be used to develop comprehensive risk management and disaster recovery plans for the DPH. The DPH IT department officially requested this assessment from DAS/BEST the week of July 25, 2016 and are awaiting a response.

Additionally the DPH employs the use of the following tools to protect the DPH network systems: McAfee antivirus (daily), TrustWave internet filter, MAC authentication which controls network access, Server backup

(weekly), use of offsite storage company (William B Meyer) to provide disaster recovery for our tapes, Secure FTP for file transport.”

Data Classification

Criteria: The Chief Information Officer for the State of Connecticut established a data classification policy effective March 30, 2010. The policy requires each executive branch agency to assign a classification to all data for which the agency has custodial responsibility.

Data classification is the act of placing data into categories, and is necessary because these categories dictate the level of internal controls to protect that data against theft, compromise, and inappropriate use. Information security is best managed when the risk associated with each category of data is uniform and understood.

The role of formally classifying information is an integral function within the information security framework. Typically, this role is performed centrally as part of the risk management function or by information security groups.

The methodology for classifying data is specifically outlined in Appendix B of the policy. The policy requires that “Each Executive Branch Agency shall follow the Data Classification Methodology as developed and provided by DOIT.” The Department of Information Technology (DOIT) had merged within the Department of Administrative Services since the establishment of the policy and is now identified as the Bureau of Enterprise Systems and Technology.

Condition: Since the promulgation of the data classification policy, the department has not classified data using the required methodology. The department also has not pursued assistance from the Department of Administrative Services or the Office of Policy and Management, where the policy now resides, in meeting such requirements.

Effect: DPH was not in compliance with the requirements of the data classification policy. As a result, the established controls over data security may not have been adequately designed to properly limit access, theft, or inappropriate use of the data in the custody of the department.

Cause: The department indicated that there was no guidance or example provided for purposes of complying with the data classification policy.

Recommendation: The Department of Public Health should work with the Department of Administrative Services Bureau of Enterprise Systems and Technology and the Office of Policy and Management for guidance in complying with

the data classification policy and classify the department's data according to the methodology promulgated in the policy. (See Recommendation 17.)

Agency Response: “The Department of Public Health agrees with this finding. The Information Technology (IT) manager met with the Office of Policy and Management (OPM) on this topic on February 2, 2016 to seek guidance. IT will continue to meet with OPM and the Bureau of Enterprise Systems and Technology to get clarity, policies and procedures on such.”

Core-CT Access

Criteria: The Core-CT Security Liaison Guide provides instructions and responsibilities to agency security liaisons and password reset liaisons. The guide requires that password reset liaisons lock out Core-CT user account access immediately upon the notice of an employee's termination, retirement, or transfer to another department or agency.

Condition: We reviewed 10 Core-CT accounts that belonged to employees who left state service during fiscal years 2014 and 2015, and noted the following:

- Nine accounts were not locked out immediately upon termination or retirement. Two were delayed 5 days after the employee left state service and 7 accounts remain unlocked as of June 8, 2016. These accounts have remained unlocked for 435 to 677 days.
- Seven accounts were used to access Core-CT after the employee's termination or retirement date.

Effect: DPH is not in compliance with the Core-CT Security Liaison Guide. There is an increased risk that individuals may access data that they should not be able to when accounts are not locked in a timely manner.

Cause: A lack of oversight by the department contributed to the exceptions identified.

Recommendation: The Department of Public Health should comply with the Core-CT Security Liaison Guide by ensuring all terminated or retired employee accounts are locked immediately. (See Recommendation 18.)

Agency Response: “The Department of Public Health agrees with this finding.

The DPH implemented a new procedure requiring Human Resources to notify Fiscal Services, in advance, of any staff person terminating employment with the DPH.

This enhanced the process and enabled Fiscal Services to adequately prepare to implement the lockout process for the departing staff.

Fiscal Services will also implement an additional monitoring procedure requiring a supervisory staff person to conduct periodic reviews to monitor this process and ensure compliance consistent with the Office of the State Comptroller (OSC) Core-CT Security guidelines.”

Revenues, Expenditures and Accounts Receivables

The recommendations in this section address matters related to the department’s revenues, expenditures, and accounts receivables. The Fiscal Services Section administers budget planning and preparation, monitoring of state and federal grant expenditures, revenue accounting, accounts payable/receivable, and purchasing, including emphasis for procurement activities from small and minority-owned vendors.

Purchase Order Approvals

Criteria: Section 4-98 of the General Statutes states that no budgeted agency may incur any obligation except by the issuance of a purchase order and a commitment transmitted to the State Comptroller.

Proper internal controls related to purchasing require that commitment documents be properly authorized prior to the ordering of goods or services.

Condition: During our review of non-payroll expenditures for the fiscal years ended June 30, 2014 and 2015, we noted that:

- The purchase order approval date was after the receipt date for 8 transactions from our departmental audit and 12 transactions reviewed during the FY 2015 Statewide Single Audit (SWSA).
- Seven transactions reviewed during the FY 2015 SWSA did not have a budget check in Core-CT completed; therefore the funds were never committed.
- The respective purchase order balance for 21 transactions reviewed during the FY 2015 SWSA had a negative amount at the time of the expenditure, meaning that the particular purchase order was over expended at that point in time.

Effect: When obligations are incurred prior to the commitment of funds, there is less assurance that agency funding will be available at the time of payment.

Cause: The department’s internal controls were not sufficient to ensure that all purchase orders were completed prior to the ordering of goods and services.

Recommendation: The Department of Public Health should comply with Section 4-98 of the General Statutes by strengthening its internal controls to ensure that funds are committed prior to the ordering of goods and services. (See Recommendation 19.)

Agency Response: “The Department of Public Health agrees with this finding.

Fiscal Services is working and will continue to work with each DPH branch and sections chiefs to develop and implement the policy that will address this issue and ensure compliance.

Current purchasing policy requires that all staff intending to procure any goods and/or services do so through the Fiscal Office Purchasing Unit with the appropriate purchase order authority.

Staff will be advised of the consequences of non-compliance with this policy which may include nonpayment of the related goods and/or services.

Once the policy is implemented, Fiscal Services will routinely notify all staff through email about this process to ensure that staff is adequately informed.”

Purchasing Card (P-Card) Transactions

Criteria: The State Purchasing Card Program Cardholder Work Rules Manual details the requirements for purchasing card use. These include cardholders emphasizing that orders are tax exempt when making purchases and that they are responsible for maintaining adequate transaction documentation. It also states that a reconciliation should be performed by comparing the purchase log activity to the monthly cardholder statement. The purchase log envelope and the cardholder statement must be signed by the cardholder and the cardholder’s reviewer.

Condition: During our review, we tested 20 monthly purchasing card statements and 28 purchasing card transactions. Our testing disclosed the following:

- Three instances out of 20 in which cardholder statements were retained but did not have sign-offs by the cardholder, and 8 instances out of 20 in which the cardholder statements did not have sign-offs by the cardholder reviewer. There was also one instance in which the reviewer signed off on the cardholder statement 4

months later.

- There were 8 instances in which there was no valid supporting documentation for the purchase, with unsupported costs totaling \$8,977. In four of these instances, we were also unable to determine whether the purchases consisted of restricted or unacceptable purchases.
- There were 2 instances in which sales tax was paid on purchases.

Effect: In some instances, the department did not comply with purchasing card policies, which weakened controls over purchasing card transactions.

Cause: Existing controls did not prevent these conditions from occurring.

Recommendation: The Department of Public Health should improve internal controls over purchasing card transactions by complying with the State Purchasing Card Cardholder Work Rules Manual. (See Recommendation 20.)

Agency Response: “The Department of Public Health agrees with this finding.

Inadequate staffing resource resulted in the unit’s inability to conduct the necessary review and monitoring of the process to ensure compliance with the Purchasing Card (P-Card) procedure. This problem has since been addressed. All the P-Card transactions are now being reviewed and approved consistent with the requirements of the P-Card program. A supervisory staff person conducts a monthly review and verification of the P-card package which includes documentation of all purchase orders/requisitions, invoices and proof of receipt of goods and services as well as P-Card statements to ensure compliance.”

Drinking Water Program Expenditures

Background: A Connecticut public water system that receives funding from the federal Drinking Water State Revolving Fund in accordance with a project loan agreement submits payment requests to DPH for loan payment amounts. An engineer assigned by DPH reviews the payment request and supporting documentation to determine whether costs are eligible for payment, or if additional documentation is needed before making a determination of eligibility. They also verify that expenses are within the established budgeted line items to ensure the total payments will not exceed the total budget. The review is documented on a Program Consent/Invoice Transmittal Form, which is then hand signed by the program supervisor.

Criteria: Proper internal control dictates that an individual specifically responsible for the review and assessment of submitted payment requests should document such attestation with an approving signature.

Condition: While we note that the program supervisor signs off on the Program Consent/Invoice Transmittal Form authorizing payment, it is not signed off by the engineer who actually completed the review of the supporting documentation for propriety.

Effect: In the absence of the signature of the engineer attesting to conducting the review of the payment request, it is less certain whether such assessment was actually made.

Cause: DPH policies and procedures call for the program supervisor to sign the form, not the reviewer.

Recommendation: The Department of Public Health Drinking Water Section should consider amending its procedures by having the engineers attest to their reviews of program payment requests with a signature prior to submitting the Program Consent/Invoice Transmittal form to the program supervisor. (See Recommendation 21.)

Agency Response: “The Department of Public Health agrees with this finding.

The DPH has adopted the auditor’s recommendation and has revised the existing procedure to include the signature and title of the engineer that conducted the review process including the date signed.”

GAAP Reporting

Background: The Generally Accepted Accounting Principles (GAAP) closing and reporting procedures refer to the process employed by agencies to gather financial information to make adjustments and additions to the state’s statutory accounting records. The purpose of those adjustments and additions is to produce the state’s Comprehensive Annual Financial Report (CAFR) on a basis consistent with GAAP.

Part of the GAAP closing and reporting procedures includes preparing the GAAP closing package, which is a series of forms containing important reporting or disclosure information. The Department of Public Health prepares GAAP Form 2 – Receivables, GAAP Form 3 – Grants Receivable, and GAAP Form 5 – Contract Commitments.

Due to issues reported in the prior departmental audit, we performed a review of the department’s GAAP Form 2 and GAAP Form 5. Our review of the department’s GAAP Form 2 was limited to the drinking water portion of civil fines and penalties, and the marriage license surcharges.

Criteria: The State Accounting Manual and other instructions to all state agencies require the submission of timely, complete, and accurate GAAP information.

The instructions provided by the Office of the State Comptroller for GAAP Form 2 (receivables) requires the department to report the balance of receivables as of June 30th, the amount of receivables the department estimates to be uncollectable as of June 30th, and the amount of those receivables that the department collected as of August 31st.

The notice of violation issued by the DPH Drinking Water Section states the date a civil penalty will be imposed, and that the civil penalty will accrue every day thereafter until compliance is achieved.

The instructions provided by the Office of the State Comptroller for GAAP Form 5 requires the department to report all outstanding contractual obligations as of June 30th greater than \$300,000. To calculate the outstanding obligation, OSC provides a formula beginning with the contract amount, then subtracts payments, invoices, and amounts retained on the contract as of June 30th.

Condition: Our review of the 35 drinking water civil fines on the fiscal year 2015 GAAP Form 2 identified the following:

- Eight of the fines were imposed during fiscal year 2014; however, the department did not report these fines in its fiscal year 2014 GAAP closing package. As of June 30, 2014, these fines would have amounted to \$3,797,720.
- Seven instances, totaling \$703,630, in which the department did not report the fines. Six of these were because the department rescinded them; however, the fines were rescinded after June 30, 2015 and, therefore, the department should have reported the amounts.
- Seventeen instances in which the department stopped accruing daily late fees on outstanding accounts after a single payment, although it appeared compliance not been achieved. This resulted in an understatement of \$908,860.

We noted that the department recorded the incorrect account code for the \$113,677 of marriage surcharge receivables.

Our review of GAAP Form 5 Contract Commitments for fiscal year 2015 identified the following:

- One contractual obligation that was reported using the incorrect maximum contract amount resulted in an understatement of \$461,214.
- Four contractual obligations that were reported with payments totaling \$1,920,480 were neither paid nor owed before June 30, 2015.
- Eight contracts with a total outstanding obligation of \$6,739,623 that the department did not include in its GAAP Form 5 but meet the requirements for reporting.
- One contractual obligation that was reported using payments that did not agree with the contract file or the state's accounting system, resulting in an understatement of \$178,467.

Effect: There is an increased risk of an undetected material misstatement of the state's financial statements.

Cause: DPH uses a manual process to calculate some information for its GAAP forms. Manual systems are inherently subject to errors. Other errors were caused by a lack of understanding of the reporting requirements.

Recommendation: The Department of Public Health should develop policies and procedures to ensure that the information reported in the GAAP closing package is complete, accurate, and conforms to the programmatic and statutory requirements. (See Recommendation 22.)

Agency Response: "The Department of Public Health agrees with this finding.

Fiscal Services will work with the Drinking Water Section to review the methods by which the civil penalty program works, clarify the process, and develop the appropriate tool to properly calculate the civil penalty fee receivables.

The Core-CT query used for the report was inadequate and produced large volumes of unnecessary and duplicate data. The processing of this data to remove the duplicates and reduce the size of the information was complex and required automated manipulations which resulted in the inadvertent elimination of pertinent information during the preparing of the report.

Fiscal Services is working with the Core-CT Enterprise Performance Management team to develop a Generally Accepted Accounting Principles outstanding contract obligations specific query that will provide proper and complete data, devoid of duplicates and unnecessary information. This will enable the accurate computation of the outstanding contractual obligations for GAAP reporting."

Laboratory Test Fee Schedules

- Background:* The Dr. Katherine A. Kelley State Public Health Laboratory serves all communities in the state through the analysis of clinical specimens and environmental samples submitted by federal and state agencies, local health departments, clinical laboratories, health care providers, and water utilities. The department has established a number of price lists for the tests performed by the lab. The department uses these price list codes in its Laboratory Information Management System to charge customers the appropriate price for lab tests. The application of the price lists vary based upon the customer. The costs of some tests are covered by federal and state grants. Certain tests that are required by the state may also be partially or fully subsidized by the state (i.e. newborn screening). Customers are assigned to a price list based on the department's evaluation of their eligibility to participate in the grants and/or subsidies.
- Criteria:* Section 19a-26 of the General Statutes gives the Department of Public Health the discretion to establish a schedule of lab fees for analytic work. The department has elected to establish and maintain a fee schedule using rates established by the Centers for Medicare and Medicaid Services (CMS), which CMS updates annually.
- Condition:* As of May 12, 2016, the department's fee schedule was based on rates established in January 2015. However, we noted that CMS updated their rates on January 1, 2016. Therefore, it appears that the 2015 rates were improperly used for 132 days.
- Effect:* There is an increased risk that the department overcharged or undercharged customers for lab tests.
- Cause:* The department did not continue to update the lab fee schedule once CMS released newer rates.
- Recommendation:* The Department of Public Health should develop policies and procedures for laboratory fee schedules to ensure that the price lists based on Medicare rates are promptly implemented when such updates become available from the Centers for Medicare and Medicaid Services. (See Recommendation 23.)
- Agency Response:* "The Department of Public Health agrees with this finding. The DPH will take the appropriate steps to address this item. Fiscal Services and the Dr. Katherine A. Kelley State Public Health Laboratory will collaborate on the development of policies and procedures for laboratory fees schedules, which will specify that price lists based on Medicare rates are updated annually when such updates become available from the Centers for

Medicare and Medicaid Services. This will be promulgated as a Fiscal Memorandum, not later than December 31, 2016.”

A new procedure will be implemented to revise the schedule for updating the laboratory rate fee from July to June fiscal year cycle to January to December calendar year cycle. In January 2017, the 2017 rates will be updated and implemented consistent with the requirements of CMS for laboratory fees.”

Excess Petty Cash Balance

Criteria: The State Accounting Manual requires that an authorized petty cash fund should be kept to the lowest amount possible, yet sufficient to adequately meet the needs of the agency. If, at any time, it is determined that the amount of the petty cash fund is excessive, a redeposit of the excess must be made.

Condition: During our review of petty cash for the fiscal years ended June 30, 2014 and 2015, we noted that the department’s monthly petty cash expenditures were significantly less than the authorized petty cash balance of \$50,000. Month ending balances in the Petty Cash Fund Account did not drop below \$26,000 and averaged a monthly ending balance of \$38,238 during the audited period. At the time of our review (March 2016), the authorized balance was still \$50,000.

Effect: There is noncompliance with the State Accounting Manual. Excess funds being held in petty cash by the department prevents the state from use of those funds.

Cause: The petty cash balance was increased in prior years due to an increase in the amount of travel but was never decreased when travel restrictions resulting in less travel were put into place.

Conclusion: The Department of Public Health agreed with our observations and reduced its authorized petty cash balance from \$50,000 to \$30,000 in May 2016.

Petty Cash Travel Advances

Criteria: The Office of the State Comptroller, per the State Accounting Manual (SAM) requires the custodian of the Petty Cash Fund to obtain statements signed by the recipients acknowledging that within 5 working days of returning from travel, they will complete and submit the Form CO-17XP-PR – Employee Reimbursement Voucher with the required documentation to the agency’s business office.

Condition: Our review disclosed that out of 28 travel advances tested, 12 failed to submit Form CO-17XP-PR within 5 business days following the return from travel. The 12 noncompliant submissions were between 1 to 46 days late, with an overall average of 15 days late.

Effect: DPH is not ensuring that employees are submitting the CO-17XP-PR forms within the period after travel as specified by SAM. The Petty Cash Fund is not being replenished in a timely manner and may require a higher authorized amount in order to maintain sufficient funds while awaiting reimbursement of invoices filed later than within the requisite 5 business days.

Cause: The department applies an indefinite “timely fashion” standard for the submission for reimbursement on its internal travel advance request form instead of the five-day standard stated in SAM.

Recommendation: The Department of Public Health should modify its internal travel advance request form to reflect submission of the CO-17XP-PR Employee Reimbursement Voucher within 5 business days following return from travel as indicated within the State Accounting Manual. In addition, the department should promptly follow up on those employees who are delinquent in submitting said voucher. (See Recommendation 24.)

Agency Response: “The Department of Public Health agrees with this finding.

Fiscal Services will revise the internal travel advance request form to reflect the 5 day standard as stated in the State Accounting Manual (SAM) as well as the DPH procedure for submitting travel reimbursements. The revised memo will also include a certification statement to the recipients.

The travel advance policy will be revised to reflect consequences of noncompliance with the return policy which will include loss of travel advance privileges to non-compliant staff.

Fiscal Services will develop and implement a spreadsheet tracking tool to monitor employee submission of the CO-17XP-PR. This tool will enhance the monitoring capability of the travel reimbursement process for compliance. Non-compliant staff will be notified within days of delinquency regarding the late submission.”

Contractor Evaluations

In the prior audit, we included a performance evaluation on contract management. The prior audit work resulted in a number of recommendations, including one on contractor evaluations. We found that the department was not preparing evaluations of contractor performance in

accordance with Office of Policy and Management (OPM) standards. OPM requires that contractor evaluations be completed within 60 days following completion of a contractor's work. Our follow-up on the contractor evaluation prior audit recommendation noted a similar condition.

Contractor Evaluations

- Background:* In order to test whether the department implemented its planned corrective action, we requested completed contractor evaluation forms for contracts closed out between January 1, 2015 and December 31, 2015. What follows is our review of the contractor evaluation forms provided to us by the department for that period.
- Criteria:* According to the Office of Policy and Management (OPM) procurement standards, an agency must prepare a written evaluation of a contractor's performance not later than 60 days after the contractor has completed the work. The agency must use the OPM personal service contractor evaluation form for this purpose. Evaluations of contractors focus on their performance with respect to service (quality of work, reliability, cooperation). Contractor evaluations are intended to provide evidence that the contractor met the conditions of the contract to the satisfaction of the department and the clients to whom the contractors provided service. Contractor evaluations are particularly important when awarding and renewing noncompetitive or sole source contracts.
- Condition:* Upon our request, DPH provided us with 89 contractor evaluations in response to our request for all completed contractor evaluation forms for contracts closed out between January 1st, 2015 and December 31st, 2015. We compared the contract end dates to the contractor evaluation form completion dates and noted that 60 of 89 contracts had contractor evaluations completed 114 to 267 days after the 60-day due date following the contract end date.
- Effect:* In the absence of timely contractor evaluations, the department may be renewing agreements with contractors who have underperformed or failed to perform.
- Cause:* The department informed us that it is aware of the delays in the completion of the contractor evaluations. The department indicated that delays occurred, in part, due to a lack of timely communication between the program units and the Contracts and Grants Management Section.
- Recommendation:* The Department of Public Health should perform contractor evaluations on a timely basis for personal services agreements to better assess the service (quality of work, reliability, and cooperation), as required by the Office of Policy and Management. (See Recommendation 25.)

Agency Response: “The Department of Public Health agrees with this finding in part. The DPH experienced significant difficulty in acquiring information needed to complete contractor evaluations in a timely manner, which was exacerbated by an excessive staff vacancy rate. Available staff efforts were necessarily focused on the critical work of executing/renewing contracts and monitoring contractor: financial expenditures; adherence to contract terms/conditions; processing of payments. These efforts did not allow adequate time for follow-up and timely completion of evaluations. The DPH has increased its efforts to have the contractor evaluations completed in compliance with the sixty-day from contract expiration requirement during the current fiscal year.

The DPH does not agree, however, that the untimely completion of evaluations results in the “Effect” identified in this finding. The decision to renew an agreement with a contractor is made significantly prior to the expiration of an existing agreement and is necessarily made in the absence of such an evaluation, which is completed after expiration. Program staff bases the decision to renew an agreement on their programmatic reviews of contractor services, results of site visits, and verbal/written communications with contractors. Because the contractor evaluation is completed by the same people who collect and review this information, the evaluation results from the analysis of the same information supporting a renewal decision rather than the renewal decision resulting from the evaluation.”

Emergency Medical Services

The Office of Emergency Medical Services (OEMS) administers and enforces emergency medical services (EMS) statutes, regulations, programs and policies. Responsibilities include:

- Developing the emergency medical services plan and training curriculum, including EMS for children
- Providing regulatory oversight of licensing and certifying emergency medical services personnel, licensing and certifying EMS agencies, facilities, and approving sponsor hospital designations
- Conducting complaint investigations
- Inspecting emergency medical response vehicles
- Coordinating emergency planning with the Department of Emergency Services and Public Protection (DESPP)
- Integrating statewide electronic EMS and trauma system data collection

- Providing technical assistance and coordination to facilitate local and regional EMS system development
- Issuing trauma center designations

EMS Data Collection Program

Background: In the prior audit, we recommended that the Department of Public Health take the necessary steps to ensure that all EMS providers and trauma facilities submit their required data and that the department should develop monitoring tools necessary to track in real time the submission of required data from the determined universe of providers. In addition, we indicated that such monitoring tool should include the capability of tracking the department's collection efforts for EMS providers and trauma facilities who fail to submit their data. For those that failed, the department should make use of its enforcement powers to ensure compliance with state statutes and regulations.

Criteria: Section 19a-177 subsection (8)(A) of the General Statutes required that a data collection system be developed by October 1, 2001 that would follow a patient from initial entry into the EMS system through arrival at the emergency room.

Section 19a-177 subsection (8)(A) of the General Statutes states that, "...The commissioner shall, on a quarterly basis, collect the following information from each licensed ambulance service, certified ambulance service or paramedic intercept service that provides emergency medical services...The information required under this subdivision may be submitted in any written or electronic form selected by such licensed ambulance service, certified ambulance service, or paramedic intercept service...and approved by the commissioner...The commissioner may conduct an audit of any such licensed ambulance service, certified ambulance service or paramedic intercept service...as the commissioner deems necessary in order to verify the accuracy of such reported information."

Section 19a-177 subsection (8)(D) of the General Statutes requires that "the commissioner shall collect the information required by subparagraph (A) of this subsection, in the manner provided in said subparagraph, from each person or emergency medical service organization licensed or certified under Section 19a-180 that provides emergency medical services."

An emergency medical service organization is defined under Section 19a-175 subsection (10) of the General Statutes as, "any organization whether

public, private or voluntary that offers transportation or treatment services to patients primarily under emergency conditions.”

Section 19a-177-7 of the Regulations of Connecticut State Agencies requires that each licensed Connecticut acute care hospital submit to the trauma registry information to analyze and evaluate the quality of care of trauma patients. Section 19a-711-1 of the Regulations of Connecticut State Agencies defines trauma as “a wound or injury to the body caused by accident, violence, shock, or pressure, excluding poisoning, drug overdose, smoke inhalation, and drowning.” Included in the trauma registry are all admitted trauma patients, all trauma patients who died, all trauma patients who are transferred, and all traumatic brain injury patients.

Condition:

A review of the status of the prior audit recommendation has indicated that there are still difficulties with the completeness of reporting by EMS providers, mainly due to software issues. The department informed us that if the data sent by the provider had an error in the extensible markup language (XML) code used to transfer the data, the DPH receiving system would only record the data up to the point of the error, and the system would drop the remaining information. The department indicated that until it is fixed, effective enforcement and assessing quality control of the data submitted would be a difficult task. In addition, we noted that the current vendor software product used by DPH does not have the capability to monitor or track the submission of required data from EMS providers in real time.

The department indicated that nothing has changed with the status of the data collection program for the trauma registry. DPH has not made progress in upgrading the trauma system software to enable sorting of data elements.

Effect:

Without comprehensive, reliable data, the department is unable to research, develop, track, and report on appropriate quantifiable outcome measures for the state’s emergency medical services system and to properly report to the General Assembly on such matters.

Cause:

DPH informed us that the lack of funding has negatively affected the department’s ability in making substantial progress on addressing the continuing conditions. In addition, the department’s Office of Emergency Medical Services was operating without a director from September 28, 2015 to April 20, 2016.

Recommendation:

The Department of Public Health should continue to take the necessary steps to ensure that all EMS providers and trauma facilities submit complete required data. In addition, DPH should consider migrating to a software application capable of tracking the department’s collection

efforts in real time for EMS providers and trauma facilities that fail to submit their data on a quarterly basis. (See Recommendation 26.)

Agency Response: “The Department of Public Health agrees in part with this finding. The DPH has taken steps to ensure that all Emergency Medical Service providers and trauma facilities submit their required data. To date, more progress has been made with the EMS data set than with the Trauma set. Unforeseen complex technology problems that could not be easily rectified have been an issue. A new EMS director is on staff as of April 20, 2016 and is actively pursuing solutions with DPH’s Information Technology Section Chief.

The DPH is in the process of upgrading its trauma system software. The new system should enable the DPH to sort the data elements so that the data elements required by the State can be easily extracted. A new Trauma Committee Chairperson, as well as the new EMS director, are actively pursuing state or grant funding to implement a necessary upgrade and use of both EMS data and trauma data systems.”

Annual Report to the General Assembly on Quantifiable Outcome Measures

Criteria: Section 19a-177 subsection (10) through (12) of the General Statutes states that the department will “Research, develop, track and report on appropriate quantifiable outcome measures for the state’s emergency medical services system and submit to the joint standing committee of the General Assembly having cognizance of matters relating to public health, in accordance with the provisions of section 11-4a, on or before July 1, 2002, and annually thereafter, a report on the progress toward the development of such outcome measures and, after such outcome measures are developed, an analysis of emergency medical services system outcomes; Establish primary service areas and assign in writing a primary service area responder for each primary service area; Revoke primary services area assignments upon determination by the commissioner that it is in the best interests of patient care to do so...”

Condition: In the prior audit, we reported that the Department of Public Health should take the necessary steps to improve the collection of quality data from providers and use the collected data to research, develop, track, and report on appropriate quantifiable outcome measures and submit an analysis of the emergency medical service system outcomes to the joint standing committee of the General Assembly having cognizance of matters relating to public health. The department should also evaluate the assignment of primary service areas (PSAs) and the performance of emergency medical service providers against established outcome measures. The results of our follow-up are as follows:

Research and Development of Outcome Measures

Since the inception of the data collection program, the department has not established outcome measures.

While we noted that the department submitted a report in September 2015 on the available 2014 EMS data, the department did not sufficiently subject that data to further analysis and evaluation against established outcome measures to assess the performance of individual emergency medical providers and the statewide emergency medical services system.

The department informed us that the performance standards and methodology for the evaluation of primary service area (PSA) assignments were still not developed.

Reporting

As noted above, the department did submit a report to the General Assembly in accordance with Section 19a-177, subsection (10). However, we noted that DPH submitted it late, and it did not contain complete EMS data due to software issues at the EMS provider level, nor did it sufficiently address any established outcome measures.

Effect:

DPH has not collected quality data from all providers and analyzed that data against established outcome measures to assess the performance of individual emergency medical providers and the statewide emergency medical services system.

The joint standing committee of the General Assembly having cognizance of matters relating to public health has not had all of the statutorily required information available for policymaking decisions.

Cause:

DPH did not allocate the necessary resources to the Office of Emergency Medical Services to analyze and interpret the collected data in the current format.

Recommendation:

The Department of Public Health should take the necessary steps to continue improvement in the collection of quality data from providers and use the collected data to research, develop, track, and report on appropriate quantifiable outcome measures and submit an analysis of the emergency medical service system outcomes to the joint standing committee of the General Assembly having cognizance of matters relating to public health.

The department should also evaluate the assignment of primary service areas and the performance of emergency medical service providers against established outcome measures. (See Recommendation 27.)

Agency Response: “The Department of Public Health agrees with this finding. The DPH Office of Emergency Medical Services has statutory authority for data collection and reporting of statewide Emergency Medical Services information. Public Act 00-151 required the development of a data collection system to document the pre-hospital experience of patients. An annual report to the Connecticut General Assembly was required starting in 2002.

The DPH submitted statistical information in 2012 and 2013 to the Connecticut General Assembly that was presented in a format showing basic and raw data. The DPH submitted an improved and more comprehensive report on September 22, 2015 to the General Assembly for the 2014 data. The 2014 report included data that was reviewed and carefully researched for reliability and integrity. The Data Manager position that was filled in March 2015 greatly assisted in collecting the data from DPH providers ensuring its reliability, and analyzing various fields. The report was well received in the EMS community.

A new EMS Director is on board at DPH as of April 2016, and brings a strong background in performance metrics and education. Evaluation of primary service areas (PSAs) will then be possible in conjunction with Public Act 14-217 which mandated a revised EMS plan, authored by each municipality every five years.

Additional funding is a continued need. There are efforts to work collaboratively with other EMS partners. OEMS is seeking opportunities for additional funding through grants and has been on the forefront. OEMS is currently working with the State of Connecticut Trauma Committee and Department of Transportation’s (DOT) Traffic Records Coordinating Committee (TRCC).”

National Highway Traffic Safety Administration (NHTSA) Technical Assistance Team Reassessment of Connecticut EMS

Background: The National Highway Traffic Safety Administration (NHTSA) used a technical assistance team approach and developed an EMS reassessment program to assist states in measuring their progress since the original assessment. For Connecticut, the original assessment occurred in 2000. The technical assistance team visited Connecticut from July 30 through August 1, 2013, during which time over 30 presenters from the state provided in-depth briefings on EMS and trauma care. The NHTSA review

was a voluntary, proactive effort by the department to establish the overall status of the statewide EMS system in comparison to national standards.

The Reassessment of Emergency Medical Services report issued by NHTSA is a comprehensive and in-depth report. Our review of the report focused on those areas that complement our own recommendations noted above. As a part of that review, we requested from the department any documented progress on the recommendations included in the report since the site visit by the technical assistance team.

Criteria: The reassessment program used 10 component and preparedness standards that reflect the current emergency medical services philosophy. A technical assistance team comprised of subject matter experts applied the standards. The component standards cover the areas of regulation and policy, resource management, human resources and education, transportation, facilities communications, trauma systems, public information and education, medical direction, evaluation, and preparedness.

Condition: Through our review of the NHTSA Reassessment of Emergency Medical Services report, we found conditions and recommendations that were complementary to the two recommendations noted above.

Our follow-up on the NHTSA conditions and recommendations presented below revealed that they remain relatively unchanged from the date of issuance in August 2013. The following represents a select and limited extract from the report:

“Regulation and Policy – The DPH should work with the Governor's Office and the Legislature to improve funding for the EMS system and EMS systems of care.

- The office remains understaffed by one key position found in most state EMS Offices (Trauma Manager).
- Despite mandatory electronic patient care reporting and several genuine efforts to improve EMS data collection, current EMS system funding does not support quality assurance and quality improvement for patient care, nor does it provide for adequate systems of care within the EMS system (e.g. trauma, stroke, cardiac arrest), leading to inconsistencies in care across the state, to the detriment of overall patient care and quality of health for the people of Connecticut.

Resource Management – The DPH should expand and enhance the support of the EMS and trauma data collection systems to ensure that data is readily available to system policymakers, service agencies, and hospitals on an on-going and regular basis. These data are essential to patient care, resource management, and quality assurance.

- A key component of effective resource management is the ability of the regulatory agency and community to understand where resources are, how they are being used and measure the effectiveness of policies related to these resources. Although a statewide data collection system for both EMS and trauma exists, the ability of the lead agency and stakeholders to use these systems for evaluation purposes is greatly limited due to insufficient resources.

Transportation – The DPH should ensure that cost, quality and access to emergency care are standard criteria for the Primary Service Area (PSA) assignments and consistently incorporated into contractual language.

- Issues with the patient care data collection system greatly impact the capabilities of the state to assess the cost, quality, and access to emergency medical care statewide.

This inability to utilize patient care data hampers the assessment process for a PSA, system performance improvement efforts, and further development of a comprehensive and coordinated statewide EMS system.

Facilities – The OEMS should develop a strategy to enforce the existing requirement that all acute care hospitals submit trauma patient data to the state trauma registry in order to begin system performance improvement activities.

- Although all acute care hospitals within the state are required to submit trauma patient care data to the state trauma registry, only 19 (of 21) acute care hospitals submit these data, the 13 trauma centers and 6 others. Two of these non-designated hospitals submit their data to the National Trauma Data Bank as well. There is at least one trauma center participating in the Trauma Quality Improvement Program (TQIP) of the American College of Surgeons.

Evaluation – The DPH should ensure that patient outcome data is available to all levels of the EMS system.

- Overall, the [DPH] lacks sufficient staffing to evaluate the quality of the data going into the system, provide the legislature with

specific reports as required by law, and provide feedback about quality of care and patient outcome.”

Effect: Issues with the patient care data collection system continue to negatively affect the capabilities of the state to assess the cost, quality, and access to emergency medical care statewide.

Cause: According to the NHTSA Technical Assistance Team, the current resources provided to the department for the data collection program are insufficient.

Recommendation: The Department of Public Health should continue to take the corrective actions necessary to address the conditions and recommendations identified in the NHTSA Reassessment of Emergency Medical Services report, with an emphasis on the patient care data collection system. (See Recommendation 28.)

Agency Response: “The Department of Public Health agrees with this finding. The DPH shares the auditors concern that the DPH has insufficient resources to provide the desired quality Emergency Medical Services electronic system and system of care. The DPH would like to recognize that the audit findings are in regards to a voluntary assessment process that was initiated by the DPH as a pro-active, quality enhancement exercise.

The DPH is actively seeking corrective actions when fiscally and resource possible to implement the NHTSA recommendations.

Including hiring a new director at the Office of Emergency Medical Services (April 2016), the DPH has made positive changes including: the DPH has recently promulgated uniform statewide EMS protocols, accepted by all EMS Medical Directors, which are now being implemented. This major step in standardization of EMS Services is one part of implementing a modern, professional EMS system. The protocols also will help move both care and data collection to a standard which residents across Connecticut can expect, including engaging our Commissioner.”

Miscellaneous

The recommendation in this section addresses matters that could not be categorized with any of the preceding recommendations.

Health and Safety Inspections – Termination Procedures

Criteria: The regional office of the Centers for Medicare and Medicaid Services (CMS) makes use of a schedule of termination procedures. The CMS

schedule of termination procedures requires the survey agency to issue a warning letter and form CMS-2567 to providers with identified deficiencies in conditions of participation or coverage by the 10th business day following the last day of the survey.

Condition: We reviewed the most recent surveys of 20 healthcare providers that received Medicaid payments during fiscal year 2015. For 5 of the tested providers, the Department of Public Health did not send warning letters and form CMS-2567 within the required 10 business-day window. The delay ranged from 1 to 18 business days beyond the 10-day window.

Effect: Delays in the termination process may allow providers that should be terminated to operate longer than permissible under the Medicaid program and receive payments for which they are not eligible. It also may prevent the department or regional office from meeting other deadlines outlined in the schedule of termination procedures.

Cause: The department asserted that it does not have sufficient personnel to ensure that all surveys are completed in accordance with the schedule of termination procedures for the applicable documentation and quality standards.

In some circumstances, the department may require additional documentation or interviews with the provider to complete its understanding of the deficiencies identified during an onsite inspection.

Recommendation: The Department of Public Health should allocate the necessary resources to ensure that surveys of providers and follow-up procedures comply with the required CMS schedule of termination procedures. (See Recommendation 29.)

Agency Response: “The Department of Public Health agrees with this finding. On August 17, 2016 all applicable Facility and Licensing and Investigations Section (FLIS) staff will be in-serviced on the Policy and Procedure regarding the timely processing of the statement of deficiencies, Centers for Medicare and Medicaid Services (CMS) Form 2567. The policy requires that should the supervisor who is processing the statement of deficiencies, CMS Form 2567, anticipate that there may be a delay, which exceeds the prescribed 10 days, such supervisor will notify the manager for additional guidance and support. An audit shall be done monthly of 10 percent of all certification surveys processed in such month to assess compliance with the required time frames, until such time that 100 percent compliance is identified for 12 consecutive months. The DPH will examine as needed the root cause for delayed surveys and where factors can be identified for improvement, DPH will make necessary adjustments.”

RECOMMENDATIONS

Our prior auditors' report on the department contained 20 recommendations, 19 of which are being repeated.

Status of Prior Audit Recommendations:

- **The Department of Public Health should take the necessary steps to ensure that all EMS providers and trauma facilities submit their required data. Furthermore, the department should develop the monitoring tools necessary to track in real time the submissions of required data from the determined universe of providers.**

Any such monitoring tool should include the capability of tracking the department's collection efforts for EMS providers and trauma facilities that fail to submit their data. For those EMS providers and trauma facilities, the department should make use of its enforcement powers to ensure compliance with state statutes and regulations.

This recommendation will be repeated in modified form as Recommendation 26.

- **The Department of Public Health should take the necessary steps to ensure the collection of quality data from providers and use the collected data to research, develop, track, and report on appropriate quantifiable outcome measures and submit an analysis of the emergency medical service system outcomes to the joint standing committee of the General Assembly having cognizance of matters relating to public health. The department should evaluate the assignment of PSAs and the performance of emergency medical service providers against established outcome measures.**

This recommendation will be repeated in modified form as Recommendation 27.

- **The Department of Public Health should take the corrective actions necessary to address the conditions and recommendations identified in the NHTSA report, with an emphasis on the patient care data collection system.**

This recommendation will be repeated in modified form as Recommendation 28.

- **The Department of Public Health should develop and utilize a contractor evaluation process that includes objective performance measures to provide decision-useful information concerning the value received from contractors.**

This recommendation will not be repeated in the current audit.

- **The Department of Public Health should perform contractor evaluations on a timely basis to better assess the service delivery (quality of work, reliability, cooperation), as required by the Office of Policy and Management.**

This recommendation will be repeated in modified form as Recommendation 25.

- **The Department of Public Health should develop or acquire a formal risk assessment and mitigation process with the objective of identifying and addressing risks that could impact its operational and reporting objectives. The risk assessment and mitigation process should be independent, formal, and ongoing.**

This recommendation will be repeated as Recommendation 3.

- **The Department of Public Health should take the necessary steps to ensure that overtime and compensatory time are properly pre-approved and that sufficient documentation is retained in support of those approvals.**

This recommendation will be repeated in modified form as Recommendation 8.

- **The Department of Public Health should develop procedures sufficient to identify all telecommuting employees and ensure that all telecommuting employees have an executed telecommuting arrangement.**

The department should also develop procedures to monitor telecommuting arrangements, such that employees and supervisors are accountable for the work produced and the documentation of agreed-upon oversight activities.

This recommendation will be repeated in modified form as Recommendation 9.

- **The Department of Public Health should comply with the State Property Control Manual and include all necessary data for its assets. The department should identify the characteristics of all assets to ensure they are properly capitalized. The department should also record the disposal of items when it occurs.**

This recommendation will be repeated in modified form as Recommendation 10.

- **The Department of Public Health should take the necessary steps to ensure the amounts reported on its Asset Management Inventory Report Form CO-59 are supported by and reconciled to the Core-CT queries specified in the State Property Control Manual. If the values recorded on form CO-59 do not reconcile with Core-CT, the agency should provide a written explanation of the discrepancy in an attachment. The department should ensure the accuracy of its supporting documentation and verify that the calculations are correct.**

This recommendation will be repeated in modified form as Recommendation 11.

- **The Department of Public Health should comply with the State Property Control Manual and Internal Control Guide regarding the segregation of custody and recordkeeping duties for pharmaceutical inventory. The department should ensure that all inventory items are properly received into the Core-CT Inventory Module and that the items are assigned their actual unit costs. The department should take the necessary steps to ensure that the ending inventory valuation is based on a first-in first-out (FIFO) methodology.**

This recommendation will be repeated in part as Recommendation 12.

- **The Department of Public Health should develop and apply the necessary policies and procedures to ensure that reconciliations are completed between its inventory records and returns vendor reports. Also, the department should develop and apply the necessary procedures to complete reconciliations of the credit memos to the returns vendor reports and the credits posted to the state accounting system. The department should ensure that all adjustments to the inventory management module include reason codes as required by its procedures on accountability for pharmaceutical inventory.**

This recommendation will be repeated in part as Recommendation 12.

- **The Department of Public Health should comply with the software inventory policies and procedures established by the Office of the State Comptroller by performing an annual physical inventory of the software library and comparing it to the annual software inventory report. Furthermore, purchased software should be accurately recorded, inventoried with all required documentation, and physically secured.**

This recommendation will be repeated in modified form as Recommendation 13.

- **The Department of Public Health should develop the necessary policies and procedures to verify and certify the accuracy of the monthly telecommunications bill and confirm appropriate usage in accordance with the DAS BEST telecommunication equipment policy.**

The department also should perform periodic reassessments of assigned telecommunications equipment such as air cards to ensure they are being fully utilized as intended.

This recommendation will be repeated in modified form as Recommendation 14.

- **The Department of Public Health should develop the controls necessary to identify and disable user IDs assigned to terminated employees, consultants, interns, and user IDs that have been inactive for a significant period of time.**

This recommendation will be repeated in modified form as Recommendation 15.

- **The Department of Public Health should comply with the Data Classification Policy and classify the department’s data according to the methodology promulgated in the policy.**

This recommendation will be repeated in modified form as Recommendation 17.

- **The Department of Public Health should strengthen its internal controls to ensure that funds are committed prior to purchasing goods and services.**

This recommendation will be repeated in modified form as Recommendation 19.

- **The Department of Public Health should develop the necessary accounting and oversight procedures to ensure that the Generally Accepted Accounting Principles and Reporting Package and the Schedule of Expenditures of Federal Awards submissions are prepared in a timely, complete, and accurate manner and in accordance with the State Comptroller’s instructions.**

This recommendation will be repeated in modified form as Recommendation 22.

- **The Department of Public Health should develop policies and procedures for laboratory fee schedules to ensure that Medicaid and non-Medicaid price lists are periodically updated and that customers are properly evaluated and assigned to those price lists. The department should conduct monthly reconciliations of the sales collection reports to the amounts collected and deposited for laboratory fees.**

This recommendation will be repeated in modified form as Recommendation 23.

- **The Department of Public Health should allocate the necessary resources to ensure that surveys of providers and follow-up procedures comply with the required CMS schedule of termination procedures.**

This recommendation will be repeated in modified form as Recommendation 29.

Current Audit Recommendations:

- 1. The Department of Public Health should update its practitioner investigations manual to ensure it reflects current policies and procedures. Furthermore, the department should seek additional resources as necessary to complete investigations within the established policy and statutory timeframes.**

Comments:

The Practitioner Licensing and Investigations Section had not updated its practitioner investigations manual to ensure it reflects current policies and procedures. DPH also does not appear to be conducting investigations in a timely manner.

- 2. The Department of Public Health should seek additional resources to complete health care facility investigations within the established time frames and in accordance with the department's policies and procedures.**

Comments:

At times, the department did not appear to follow investigation policies and procedures. In addition, it was noted that investigations were not always conducted in a timely manner.

- 3. The Department of Public Health should develop or acquire a formal risk assessment and mitigation process with the objective of identifying and addressing risks that could impact its operational and reporting objectives. The risk assessment and mitigation process should be independent, formal, and ongoing.**

Comments:

The department is exposed to a higher risk that it will not achieve its operational objectives. Risks that could have been anticipated and avoided by periodic assessments may result in operational ineffectiveness, additional costs and liabilities, and exposure to fraud.

- 4. The Department of Public Health should comply with Section 1-225 of the General Statutes and follow Robert's Rules of Order, where applicable.**

Comments:

For certain boards under the department, minutes were not signed as approved and finalized by a designated individual; certain meeting schedules and minutes were either not posted to the department's website or not updated; evidence was lacking that the annual meeting schedules were sent to the Office of the Secretary of the State; and in some cases, boards officially met without a quorum.

- 5. The Department of Public Health should ensure that boards and commissions under its purview maintain proper membership. The department should document appointments and continue to work with appointing authorities to ensure that such appointments are made promptly to comply with applicable establishing statutes and Section 19a-8 of the General Statutes.**

Comments:

For certain boards under the department, it was noted that longstanding vacancies existed and letters of appointment were missing for some members. Of the 14 regulated professional boards, 7 did not appear to maintain at least 1/3 of its membership as public members.

- 6. The Department of Public Health should either pursue adoption or request legislative change to address the applicable statutory requirements for state regulations.**

Comments:

The department failed to adopt regulations as required by 6 separate statutory citations.

- 7. The Department of Public Health should maintain a complete listing of all of the reporting requirements that are statutorily mandated and consider creating a central reporting control function to monitor the timely submission of the reports.**

Comments:

The department does not have a central control function over its statutory reporting responsibilities. It was noted that numerous requirements were not met, submitted late, or the content provided did not meet the respective statutory requirement.

- 8. The Department of Public Health should take the necessary steps to ensure that overtime and compensatory time are properly preapproved and that sufficient documentation is retained in support of those approvals. In addition, the department should reassess the assignment of certain compensatory time plans to employees in Core-CT.**

Comments:

There was insufficient administrative oversight to ensure that overtime and compensatory time requests were preapproved. In addition, it was noted that certain compensatory time plans assigned in Core-CT were improper based upon the employee's position and collective bargaining unit.

- 9. The Department of Public Health should develop internal control procedures sufficient to identify telecommuting employees, ensure they have a current executed telecommuting agreement in their personnel file, and provide a copy of each agreement to the Department of Administrative Services in accordance with DAS General Letter 32.**

Comments:

For the 13 employees under a telecommuting arrangement, it was noted that all agreements were “administratively” continued rather than resubmitted for approval after the initial telecommuting period had expired. In addition, none of the required telecommuting arrangement agreements were on file with the Department of Administrative Services.

- 10. The Department of Public Health should comply with the State Property Control Manual and the State of Connecticut Internal Control Guide.**

Comments:

The cost, location, and other required fields for various departmental assets were either incorrect or missing on the Core-CT Asset Management Module. In addition, the same employee is responsible for receiving, recording, disposing, and performing the annual physical inventory for the department’s assets.

- 11. The Department of Public Health should ensure that the queries and calculations for the Asset Management Inventory Reporting Form (CO-59) are accurate and that the proper fields are used for each category of reporting. The department should ensure that assets are recorded in Core-CT according to the definitions prescribed by the State Property Control Manual.**

Comments:

The department did not properly account for assets or accurately report inventory values on the Asset Management Inventory Reporting Form (CO-59).

- 12. The Department of Public Health should work with the returns vendor and supplier to develop a reconciliation process between the internal inventory counts, returns vendor report, and credit memoranda. The department should also continue its efforts to resolve the segregation of duties issue and ensure that all inventory items are received properly in the Core-CT Inventory Module.**

Comments:

The department did not reconcile its inventory records to the expired and unwanted pharmaceuticals received and reported by the returns vendor. The department accepted the expired pharmaceutical counts reported by the returns vendor without reconciling the supplier credit memoranda against the return vendor reports. In

addition, the individual responsible for the custody of the inventory is also responsible for receiving inventory and adjusting records in the Core-CT Inventory Module.

- 13. The Department of Public Health should comply with the software inventory policies and procedures established within the State Property Control Manual by recording and maintaining all necessary information in the software property control records and software inventory.**

Comments:

The department did not properly record certain software license purchases to inventory records. Certain fields in the software inventory records were not completed.

- 14. The Department of Public Health should perform periodic reassessments of assigned telecommunications equipment to ensure they are being fully utilized as intended. In addition, the department should further enhance its existing policies and procedures to correspond with the DAS telecommunications policy, and ensure that reviews of billing reports are adequately completed in a timely manner.**

Comments:

Air cards and cell phones were assigned in multiples to certain individuals. Others were recorded as assigned to individuals who no longer work at the department or having no record of working at the department. The department did not send telecommunication bills to its respective employees until six months after they were received from DAS. It was also noted that 2 bills did not have personal use identified.

- 15. The Department of Public Health should continue to develop and implement policies and procedures to identify and disable unused but active user IDs and user IDs that belong to terminated employees.**

Comments:

The department had numerous instances of enabled and unexpired user IDs that did not appear to be for active employees, on-leave employees, consultants, or interns.

- 16. The Department of Public Health should formally establish an approved disaster recovery plan and ensure all contingency plans are updated regularly and routinely tested so its systems can be recovered in a timely manner following a disaster.**

Comments:

The department maintained a draft of an All Hazards Continuity of Operations Plan, which had not been approved or disseminated to critical staff or tested for propriety. In addition, it did not appear to contain a disaster recovery plan.

- 17. The Department of Public Health should work with the Department of Administrative Services Bureau of Enterprise Systems and Technology and the Office of Policy and Management for guidance in complying with the data classification policy and classify the department's data according to the methodology promulgated in the policy.**

Comments:

The department remains noncompliant with the data classification policy.

- 18. The Department of Public Health should comply with the Core-CT Security Liaison Guide by ensuring all terminated or retired employee accounts are locked immediately.**

Comments:

The department failed to lock Core-CT accounts in a timely manner after certain employees left state service.

- 19. The Department of Public Health should comply with Section 4-98 of the General Statutes by strengthening its internal controls to ensure that funds are committed prior to the ordering of goods and services.**

Comments:

The department had a number of instances in which goods and services were obligated for purchase prior to a proper commitment of funds being established.

- 20. The Department of Public Health should improve internal controls over purchasing card transactions by complying with the State Purchasing Card Cardholder Work Rules Manual.**

Comments:

Cardholder statements were either not signed as approved by the cardholder or cardholder reviewer. Valid supporting documentation for some purchases was absent. Two instances were noted in which sales tax was paid.

- 21. The Department of Public Health Drinking Water Section should consider amending its procedures by having the engineers attest to their reviews of program**

payment requests with a signature prior to submitting the Program Consent/Invoice Transmittal form to the program supervisor.

Comments:

Program consent or invoice transmittal forms authorizing payment for federal drinking water projects were not signed by the engineer who completed the review of the supporting documentation for propriety.

22. The Department of Public Health should develop policies and procedures to ensure that the information reported in the GAAP closing package is complete, accurate, and conforms to the programmatic and statutory requirements.

Comments:

The department did not properly report receivables on GAAP Form 2 and contractual obligations on GAAP Form 5 for the 2014-2015 fiscal year.

23. The Department of Public Health should develop policies and procedures for laboratory fee schedules to ensure that the price lists based on Medicare rates are promptly implemented when such updates become available from the Centers for Medicare and Medicaid Services.

Comments:

The department did not promptly use the laboratory service billing rates available on January 1st, 2016 from the Centers for Medicare and Medicaid Services. The rates from 2015 were improperly being used through May of 2016.

24. The Department of Public Health should modify its internal travel advance request form to reflect submission of the CO-17XP-PR Employee Reimbursement Voucher within 5 business days following return from travel as indicated within the State Accounting Manual. In addition, the department should promptly follow up on those employees who are delinquent in submitting said voucher.

Comments:

Departmental employees failed to submit Form CO-17XP-PR Employee Reimbursement Vouchers within 5 business days following return from travel.

25. The Department of Public Health should perform contractor evaluations on a timely basis for personal services agreements to better assess the service (quality of work, reliability, and cooperation), as required by the Office of Policy and Management.

Comments:

The department did complete contractor evaluations of personal services agreements in a timely fashion.

- 26. The Department of Public Health should continue to take the necessary steps to ensure that all EMS providers and trauma facilities submit complete required data. In addition, DPH should consider migrating to a software application capable of tracking the department's collection efforts in real time for EMS providers and trauma facilities that fail to submit their data on a quarterly basis.**

Comments:

Data submission from EMS providers remained incomplete due to an error in the transfer of data. The current vendor software did not have the capability to monitor or track the submissions of required data from EMS providers in real time. The department has not made any progress in upgrading the trauma system software to enable the sorting of data elements.

- 27. The Department of Public Health should take the necessary steps to continue improvement in the collection of quality data from providers and use the collected data to research, develop, track, and report on appropriate quantifiable outcome measures and submit an analysis of the emergency medical service system outcomes to the joint standing committee of the General Assembly having cognizance of matters relating to public health.**

The department should also evaluate the assignment of primary service areas and the performance of emergency medical service providers against established outcome measures.

Comments:

Since the inception of the data collection program, the department has not established outcome measures. The department still has not developed performance standards and the methodology for evaluation of primary service area assignments. The report submitted to the General Assembly was late and did not contain complete EMS data due to software issues at the EMS provider level, nor did it sufficiently address any established outcome measures.

- 28. The Department of Public Health should continue to take the corrective actions necessary to address the conditions and recommendations identified in the NHTSA Reassessment of Emergency Medical Services report, with an emphasis on the patient care data collection system.**

Comments:

The National Highway Traffic Safety Administration conducted a review and issued a report on the state's emergency medical services in August of 2013. The department has not yet addressed all the recommendations identified in the report.

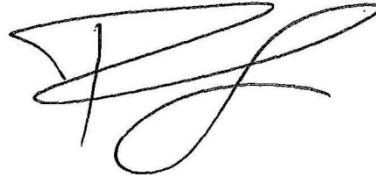
29. The Department of Public Health should allocate the necessary resources to ensure that surveys of providers and follow-up procedures comply with the required CMS schedule of termination procedures.

Comments:

The department did not send warning letters and a form identifying deficiencies to providers within the 10 business-day window.

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Public Health during the course of our examination.



Dennis Collins
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert J. Kane
Auditor of Public Accounts