

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Public Health
Two Years Ended June 30, 2003

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**REVIEW: 4197
DEPARTMENT OF PUBLIC HEALTH
TWO YEARS ENDED JUNE 30, 2003**

FINDINGS/RECOMMENDATIONS - 8

ACCEPTED - 8

REPEATED RECOMMENDATIONS - 2

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 7

This review summarizes an audit of the Illinois Department of Public Health for the two years ended June 30, 2003, filed with the Legislative Audit Commission March 2, 2004. The auditors performed a financial and compliance audit in accordance with State law and *Government Auditing Standards*.

The Department of Public Health promotes the health of the citizens of Illinois through the prevention and control of disease and injury. This mission is the foundation for the Department's health promotion, disease prevention, community health protection and regulation activities.

During the majority of the two-year period under review, Dr. John R. Lumpkin was the Director of the Department. Dr. Eric Whitaker was appointed Director effective April 1, 2003. Dr. Whitaker was not formerly employed by the Department.

The average number of full-time equivalent employees was:

Division	FY03	FY02	FY01
Director's Office	60	46	47
Finance and Administration	199	228	235
Epidemiology & Health Systems Development	71	81	86
Health Promotion	73	74	67
Health Care Regulation	350	400	416
Health Protection and Laboratories	418	450	455
Women's Health	16	15	13
TOTAL	1,187	1,294	1,319

Expenditures From Appropriations

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The General Assembly appropriated \$315,841,100 to the Department in FY03. Of the total appropriation, \$125,521,000 was from the General Revenue Fund, and the remaining \$190.3 million was from 36 other funds. Total expenditures were \$247,683,935 in FY03 compared to \$268,307,183 in FY02, a decrease of \$20,623,248, or 7.7%. Appendix A presents a summary of appropriations and expenditures for FY01-FY03 by both fund and major object code. Below are explanations of the significant changes in expenditures from FY02 to FY03.

- \$2.57 million increase in contractual services due to a lawsuit settlement;
- \$3.03 million decrease in personnel lines due to a reduction in the number of employees;
- \$236,000 decrease in grants from the Severns Cancer Fund after only eight applications were selected based on the review criteria;
- \$39.5 million decrease in Tobacco Settlement Recovery Fund due to decreases in programming and elimination of appropriations; and
- \$20 million increase in the Public Health Services Fund due to increases in grants, primarily a \$15.6 million bio-terrorism federal grant.

Cash Receipts

The Department of Public Health has collection responsibility for approximately 35 licenses, fees, or other types of revenue that are deposited into the General Revenue Fund. The Department's General Revenue Fund cash receipts increased from \$4.9 million in FY02 to \$6 million in FY03. Overall receipts were up \$14.7 million largely due to an increase in federal revenues for public health services. Appendix B provides a summary of the Department's cash receipts.

Property and Equipment

Appendix C provides a summary of property and equipment for which the Department was accountable for during FY03 and FY02. The value of the Department's property and equipment increased from \$28,177,000 as of July 1, 2001 to \$29,370,000 as of June 30, 2003.

Activities and Performance Indicators

Appendix D provides a summary of the Department's activities and performance indicators. The information was taken directly from the Agency's Service Efforts and Accomplishments forms for FY03 and FY02.

Accountants' Findings and Recommendations

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Condensed below are the eight findings and recommendations included in the audit report. Two are repeated from prior audits. The following recommendations and responses are presented on the basis of information provided by Gary Robinson, Chief Financial Officer, in the audit report.

Accepted

1. Implement controls to ensure compliance with the Fiscal Control and Internal Auditing Act. (Repeated-1987)

Findings: The Division of Internal Audit did not perform all the scheduled audits, as outlined in the Audit Plan for FY02 and FY03. Also, the Division did not perform procedures to review the design of major new electronic data processing systems before their installation to ensure the systems provided for adequate audit trails and accountability.

Response: The Department concurs with the finding and recommendation. Effective October 1, 2003, the Department's Division of Internal Audits was consolidated/transferred to the Department of Central Management Services' Illinois Office of Internal Audit. This consolidation, coupled with the preparation of an audit risk assessment plan, will bring resources to bear on priority audit areas and compliance with requirements of the Fiscal Control and Internal Auditing Act.

2. Comply with various reporting requirements and continue to seek legislative remedy for statutory mandate provisions. (Repeated-1997)

Findings: The Department did not adhere to various reporting requirements established by State statute as follows:

- The Department is to prepare and submit a comprehensive plan providing for the best possible use of available resources for the development of the State's human resources and the provision of social services by the Department. The report due in April 2003 was not submitted because many of the direct service duties are now provided by DHS.
- The Department is to report each year upon the performance of its State long-term care facility licensure inspections, survey and evaluation duties and its actions in enforcement under the law, including the number and needs of the Department personnel engaged in such activities. The report due April 1 was filed September 1 in both 2002 and 2003.
- The Department has not convened or reported on a task force to access the feasibility and curriculum for a Certified Nurse Assistant Career Ladders Program.

Accepted - continued

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Response: The Department concurs with the finding and recommendation. This Department has distributed to the members of the General Assembly its report of the long-term care facility licensure inspections and is in the process of including a curriculum for a Certified Nurse Assistant Cancer Ladders Program. The Welfare and Rehabilitation Services are no longer provided by the Department as those services are the responsibility of the Department of Human Services. The Department utilizes a strategic planning process and annual performance management planning to report on existing Department activities and operations.

3. Comply with the requirements of the Field Sanitation Act or seek legislative change to assist with compliance of this statutory requirement.

Findings: Three of nine field inspections of farm operations performed in both FY02 and FY03 did not include the assessment of fines even though violations were noted on the field inspection forms.

Response: The Department concurs with the finding and recommendation. The possibility of assessing fines has certainly been a positive influence for violations being corrected in a very timely manner, many the same day. Those not corrected while the inspector is on-site are still corrected promptly and the Department is notified by telephone, fax or letter. It has not been necessary to assess fines in this program although that authority exists if the violation is severe or not corrected in a timely manner.

4. Comply with the requirements of the Youth Camp Act or seek legislative changes to assist with compliance of this statutory requirement.

Findings: In nine out of 50 youth camps tested, the Department did not issue a renewal license upon expiration of the previous license at December 31. Therefore, the camps did not have an active license for a period of time. In one of 50 camps tested, the Department issued a license without obtaining the proper application from the youth camp.

Response: The Department concurs with the finding and recommendation. As indicated, licenses expire on December 31 each year and the Department sends renewal notices in sufficient time to receive renewal applications back from most of the "regular" youth camps. Some, however, are closed during the winter months and therefore do not receive their renewal notices prior to December 31. Since these camps operate during the summer months, there is still sufficient time to license those camps prior to operation.

5. Comply with the requirements of the Illinois Migrant Labor Camp Law to inspect camps as set forth in the statute or seek legislative changes to assist with compliance of this statutory requirement.

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Findings: In 19 of 21 migrant labor camps tested, the Department inspected the camps. However, the camps were not inspected 30 days prior to camp commencement and licenses were not issued 15 days prior to camp commencement. Department personnel stated that inspections and issuance of licenses were not performed timely because migrant labor camps operate based on available housing, crop growth and the location of the work. These factors change from year to year and the Department is usually notified less than 30 days from the date of operation; therefore, an inspection cannot be performed and proper license issued as mandated.

Response: The Department concurs with the finding and recommendation. Approval of applications and inspections are completed when requested by migrant labor camps. However, due to the factors described above and the fact that many migrant labor camps are often established just prior to the intended operational date, statutory timeframes are often missed. As soon as possible upon notice, the camps are inspected to ensure compliance with the requirements of the Migrant Labor Camp Law. The nature and type of migrant labor camps have changed extensively since this Act was passed and the Department will determine what changes to this Act are most appropriate.

6. Prepare GAAP reporting packages in accordance with the proper SAMS procedures and Governmental Accounting Standards Board requirements.

Findings: The Department did not follow prescribed accounting procedures for the recognition of its non-federal accounts receivable. The Department incorrectly recognized revenue in its GAAP packages sent to the Office of the State Comptroller resulting in an overstatement of revenues of \$7.4 million in FY03 and \$7.5 million in FY02. Department officials stated they were unaware of the requirement to report non-federal receivables as deferred revenues, if not received within the availability period.

Response: The Department concurs with this finding and recommendation. The Department did recognize and classify all federal government revenues for amounts not meeting the availability criteria as deferred revenue in accordance with GASB 33 standards. However, the Department overlooked the classification of non-federal revenue from fines and penalties that were not available during the accounting period. This error was communicated to the Comptroller's Office in sufficient time to be reflected in the Comprehensive Annual Financial Report (CAFR). The Department will take all the necessary steps in the future to report deferred revenue as required by GASB 33.

7. Comply with the Innovations in Long-Term Care Quality Grants Act or seek legislative remedy.

Accepted - concluded

Findings: The Department did not comply with the Innovations in Long-Term Care Quality Grants Act. The auditors noted the following:

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- The Department did not establish a long-term care grant program that demonstrates the best practices and innovations for long-term care service, delivery and housing. Also, the Department did not provide grants to long-term care facilities to fund programs that demonstrate creativity in service provisions through the scope of their programs or services as required by law.
- The Department deposited approximately \$1.1 million of federal civil monetary penalties collected into the Public Health Service Fund. These funds should have been deposited into the Long-Term Care Monitor/Receiver Fund as required by law.

Response: The Department concurs with the finding and recommendation. This is a new program that has required a lengthy start-up due to the legislative requirement that the federal Centers for Medicaid and Medicare must approve the use of the federal civil monetary penalties for grants under the Innovations in Long-Term Care Quality Grants Act. The Department will establish an advisory commission, as required by statute, that will review, rank, and recommend grant applications. The advisory commission must be composed of representatives from a variety of specified groups. The Department is working with these groups to receive nominations for the commission. Lastly, the Department will seek a legislative change to the Act that correctly clarifies the 50% deposit of federal civil monetary penalties so grants can be made appropriately from the newly established Long-Term Care Quality Demonstration Grants Fund.

8. Comply with the State Finance Act and file the Travel Headquarter forms as required.

Findings: The Department did not file any of the four required Travel Headquarter (TA-2) forms with the Legislative Audit Commission. Each agency is required to file a list of all employees who spend more than 50% of their working time away from their designated headquarters.

Response: The Department concurs with the finding and recommendation. The Department will submit along with a corresponding transmittal memorandum, the required TA-2 forms to the Legislative Audit Commission by the filing deadlines.

Emergency Purchases

The Illinois Purchasing Act (30 ILCS 505/1) states “The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts” The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies “involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services or to insure the integrity of State records. The Chief procurement officer may promulgate rules extending the circumstances by which a

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purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY02 and FY03 the Department filed 27 affidavits for emergency purchases totaling \$4.8 million. \$3 million was for bio-terrorism preparedness. The remaining \$1.8 million was for vaccine, lead testing equipment and various items to inform people and track another possible outbreak of the West Nile virus during 2003.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State Agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

The Department did not file the semiannual reports in FY03. On July 22, 1998 the Department indicated it had 564 employees assigned to locations other than official headquarters.