

REPORT DIGEST

DEPARTMENT OF PUBLIC HEALTH

COMPLIANCE EXAMINATION

For the Two Years Ended:
June 30, 2009

Summary of Findings:

Total this report: 22

Total last report: 25

Repeated from last report: 19

Release Date:
May 11, 2010



State of Illinois
Office of the Auditor General
WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- The Department did not adequately document its procedures and monitoring of grants. The Department expended \$178,331,050 for awards and grants.
- The Department did not have adequate support for the allocation of legal services expenses pursuant to an interagency agreement with the Office of the Governor.
- The Department did not correctly report and support financial information for immunization grants.
- The Department overstated capital assets and depreciation by \$395,000.
- The Department did not comply with all provisions of the Nursing Home Care Act.

{Expenditures and Activity Measures are summarized on the reverse page.}

DEPARTMENT OF PUBLIC HEALTH
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

EXPENDITURE STATISTICS	FY 2009	FY 2008	FY 2007
Total Expenditures (All Funds).....	\$361,745,181	\$359,274,059	\$333,310,088
<u>OPERATIONS TOTAL</u>	\$278,200,554	\$264,547,012	\$249,238,943
% of Total Expenditures	77%	74%	75%
Personal Services	\$46,554,226	\$47,122,227	\$47,279,854
% of Operations Expenditures	17%	18%	19%
Average No. of Employees	1,117	1,104	1,092
Other Payroll Costs (FICA, Retirement)	\$15,674,787	\$13,814,498	\$11,480,128
% of Operations Expenditures	6%	5%	5%
Contractual Services	\$12,069,668	\$10,033,368	\$10,607,401
% of Operations Expenditures	4%	4%	4%
Lump Sums	\$198,989,755	\$188,281,633	\$174,480,702
% of Operations Expenditures	71%	71%	70%
All Other Operations Items	\$4,912,118	\$5,295,286	\$5,390,858
% of Operations Expenditures	2%	2%	2%
<u>GRANTS TOTAL</u>.....	\$83,544,627	\$94,727,047	\$84,071,145
% of Total Expenditures	23%	26%	25%
Cost of Property and Equipment	\$27,410,148	\$28,703,317	\$28,131,463

SELECTED ACTIVITY MEASURES (not examined)	FY 2009	FY 2008	FY 2007
Number of Licensed LTC Beds	121,437	122,045	123,620
Number of LTC Facility Annual Inspections	1,150	1,145	1,107
Newborns Genetic/Metabolic Disorder Screening Performed.....	180,000	181,500	181,000
Vision and Hearing Screenings Performed	2,086,489	2,246,519	2,100,000
Number of Requests to Women's Health Helpline.....	13,845	12,369	5,561

AGENCY DIRECTORS	
During Audit Period:	Eric E. Whitaker, M.D., M.P.H. (through 9/30/07)
	Damon T. Arnold, M.D., M.P.H. (10/1/07 – current)
Currently:	Damon T. Arnold, M.D., M.P.H.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

WEAKNESSES IN GRANT DOCUMENTATION

The Department did not adequately document its procedures and monitoring of its awards and grants programs.

The Department expended \$178,331,050 or 25% of its total expenditures for awards and grants. We tested ten grant programs from four offices and noted the following weaknesses:

No written procedures

- The Department did not have written procedures established to guide its administration of the awards and grants programs tested.

No follow up on missing grant reports

- The Department did not ensure it adequately monitored and reviewed programmatic and financial reports for 72 of 91 (79%) grants tested totaling \$21,524,676. The Department did not follow up on missing reports, nor did the files contain documentation of any other monitoring activities. Two grants resulted in refunds of \$77,681 which were not collected timely due to poor grant monitoring. (Finding 1, pages 12-13)

No documentation of monitoring activities

We recommended the Department develop a comprehensive grant administration program that includes the development and implementation of written procedures over the awarding of all of the Department's grant awards; reviewing the programmatic and financial reports of grant recipients; scheduling, conducting, and documenting grantee site visits; and timely collecting refunds due the Department.

Department officials concurred with the finding

Department officials concurred in the finding and stated grant monitoring compliance will be stressed to staff. Further, officials stated a multi-agency grants management committee is also addressing general oversight and management of grants.

LACK OF DOCUMENTATION FOR INTERAGENCY AGREEMENTS

The Department did not have adequate support detailing the methodology for the allocation to be paid for legal services provided to the State.

No supporting documentation for the allocation of legal costs

The Department entered into interagency agreements with the Office of the Governor for an allocable share of legal fees incurred. There was no supporting documentation detailing the methodology used for determining the percent allocation of 3% to 100% which was to be paid by the Department. The Department was instructed by the Office of the Governor to pay \$227,614 without supporting documentation for the Department's allocable share of expenses. (Finding 3, page 16)

We recommended the Department require and maintain sufficient documentation to ensure that all billed contracted services has been provided and that the expenditures are reasonable and necessary.

Department officials concurred

Department officials concurred in the finding and recommendation and stated that additional supporting documentation would be sought for future legal allocations.

NEED TO IMPROVE FINANCIAL REPORTING

The Department did not correctly report financial information for immunization grants on the Grant/Contract Analysis (SCO-563) form to the Illinois Office of the Comptroller.

Expenditures were overstated by \$59,000

The Department inaccurately reported a non-cash award on one SCO-563 form, overstating expenditures by \$59,000. Further, the accuracy of \$76.159 million of reported receipts could not be determined due to insufficient documentation. (Finding 4, pages 17-18)

Receipts for a non-cash award were not properly supported

We recommended the Department comply with the Statewide Accounting Management System to ensure accurate financial information is submitted to the Illinois Office of the Comptroller. Further, we recommended the Department review and revise as necessary its current system used to gather and document the financial information that will be reported.

Department officials concurred

Department officials concurred in the finding and recommendation and stated they will utilize immunization distribution reports from the distributor to document reported financial information.

INACCURATE REPORTING OF CAPITAL ASSETS

The Department did not accurately report accumulated depreciation information on the Capital Asset Summary (SCO-538) form to the Office of the State Comptroller.

Capital assets and depreciation were overstated by \$395,000

We noted the Department's ending capital asset balance and accumulated depreciation at June 30, 2009 did not agree to the property records maintained by the Department. Total capital assets and total accumulated depreciation were each overstated by \$395,000. (Finding 5, pages 19-20)

We recommended the Department carefully review and report capital assets accurately and in accordance with the procedures outlined in the SAMS manual. We also recommended the Department submit corrected capital asset information to the Comptroller.

Department officials concurred

Department officials concurred in the finding and recommendation and stated a review of processes has been completed and revised to ensure proper reporting.

NONCOMPLIANCE WITH THE NURSING HOME CARE ACT

The Department did not comply with all provisions of the Nursing Home Care Act. We noted:

Written restraint policies were not always reviewed

- The Department did not ensure nursing facilities had written policies regarding restraints and seclusion unless noncompliance was observed.

Criminal History Analyses were incomplete and untimely

- We tested 25 Criminal History Analysis reports for new residents identified as felons or sex offenders. We noted 100% were missing the date the background check was requested, 32% were completed 4 to 60 days late, 24% did not contain consultations with the parole agent or probation

officer, 72% did not contain a review of the statement of facts, police reports, and victim impact statements.

Facility plan reviews were not timely inspected and approved

- We tested seven facility plan reviews of completed construction projects. We noted 29% had inadequate documentation to determine timeliness of on-site inspection, 14% of inspections were completed three days late, and 57% of projects were approved for occupancy 12 to 66 days late. (Finding 21, pages 50-53)

We recommended the Department:

- Verify the existence of a written restraint policy during nursing home visits or seek legislative change;
- Obtain nursing home background check request dates to verify timeliness;
- Ensure timeliness and completeness of Criminal History Analyses;
- Maintain inspection dates of facility plan reviews and ensure timeliness; and
- Provide timely written approval of the Department's final inspection of facility plans.

Department officials concurred

Department officials concurred with the finding and recommendations and they would seek statutory changes regarding outdated restraint standards. Further, officials stated a system has been implemented to better track and monitor Criminal History Analyses and to document why cases are late. Officials stated that parole and probation officers are not always cooperative and timely.

OTHER FINDINGS

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

ACCOUNTANTS REPORT

We conducted a compliance examination of the Department as required by the Illinois State Auditing Act. The Accountant's Report noted the Department did not comply in all material respects with the requirements regarding laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

WILLIAM G. HOLLAND, Auditor General

WGH:lkw

SPECIAL ASSISTANT AUDITORS

Sikich LLP was our special assistant auditor for this engagement.