

509 SOUTH SIXTH STREET, ROOM 151  
SPRINGFIELD, ILLINOIS 62701-1878  
PHONE: 217/782-6046  
FAX: 217/785-8222  
TDD: 217/524-4646



100 WEST RANDOLPH STREET, SUITE 4-100  
CHICAGO, ILLINOIS 60601-3219  
PHONE: 312/814-4000  
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

**REPORT DIGEST**

**ILLINOIS DEPARTMENT OF PUBLIC HEALTH  
FINANCIAL AND COMPLIANCE AUDIT  
FOR THE TWO YEARS ENDED JUNE 30, 1993**

**SYNOPSIS**

- The Department has not adopted comprehensive agency-wide fiscal policies and procedures.
- The Department has continued to pay some employees' commuting expenses even though State travel policy makes such expenses not reimbursable.
- The Department's Internal Audit function does not fully meet the requirements of the Fiscal Control and Internal Auditing Act.
- The Department's personal services cost-allocation system was inadequate and required a downward adjustment for personal service costs charged to federal programs.
- The General Assembly may wish to consider legislation to resolve or clarify issues related to the Baccalaureate Nursing Assistance Program and to the Health and Hazardous Substances Registry.

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

**DEPARTMENT OF PUBLIC HEALTH  
COMPLIANCE AUDIT  
For The Two Years Ended June 30, 1993**

EXPENDITURE STATISTICS	FY 1993	FY 1992	FY 1991
• Total Expenditures (All Funds) . . . . .	\$295,781,293	\$293,713,400	\$279,605,387
<u>OPERATIONS TOTAL</u> . . . . .	\$76,171,637	\$77,585,783	\$72,465,034
% of Total Expenditures . . . . .	25.8%	26.4%	25.9%
Personal Services . . . . .	\$34,562,195	\$38,918,800	\$27,440,564
% of Operations Expenditures . . . . .	45.4%	50.2%	51.7%
Average No. of Employees . . . . .	1,216	1,327	1,336
Other Payroll Costs (FICA, Retirement) . . . . .	\$5,343,599	\$5,142,067	\$4,267,491
% of Operations Expenditures . . . . .	7.0%	6.6%	5.9%
Contractual Services . . . . .	\$7,533,497	\$9,034,643	\$8,177,908
% of Operations Expenditures . . . . .	9.9%	11.7%	11.3%
All Other Operations Items . . . . .	\$28,732,346	\$24,490,273	\$22,579,071
% of Operations Expenditures . . . . .	37.7%	31.6%	31.2%
<u>GRANTS TOTAL</u> . . . . .	\$219,609,656	\$216,127,617	\$207,140,353
% of Total Expenditures . . . . .	74.2%	73.6%	74.1%
• Cost of Property and Equipment . . . . .	\$16,548,710	\$14,590,402	\$14,435,486

SELECTED ACTIVITY MEASURES	FY 1993	FY 1992	FY 1991
• Doses of Vaccines Distributed . . . . .	1,912,000	1,392,000	1,100,000
• Persons Receiving WIC Supplements Per Month	213,000	211,000	203,000
• Specimens Tested for HIV Antibodies . . . . .	58,020	52,062	25,849
• Health Care Regulation Hot-Line Calls . . . . .	21,121	22,361	19,900

AGENCY DIRECTOR(S)
John R. Lumpkin, M.D., M.P.H. 535 W. Jefferson Springfield

## FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

There were 46 material findings in the Department's 1991 audit report, which compares to 20 material findings in this report. Of those 20 findings, 14 are repeated from the 1991 report, but it should be pointed out that, with regard to most of them, the Department has been making progress toward their elimination.

### FAILURE TO DEVELOP FISCAL POLICIES AND PROCEDURES

The Department has not adopted comprehensive agency-wide fiscal policies and procedures. On June 30, 1987 all fiscal directives of the Department were rescinded, but no replacement directives were adopted. The failure to adequately standardize and control fiscal operations results in the Department being in noncompliance with certain State and federal regulations such as the Fiscal Control and Internal Auditing Act and the State Records Act. Furthermore, the issues presented in findings 4, 5, 11, 13, 14, 29, and 30 are related to the failure to maintain written agency-wide fiscal policies and procedures.

We recommended the Department make the development and implementation of fiscal controls a priority in its overall operations and staffing plans, and the Department concurred. (Finding 1, page 13)

### REIMBURSEMENT OF COMMUTING MILES

The Department has continued to allow some employees to be reimbursed for some of their personal automobile commuting expenses. This contradicts State travel policy which specifically makes expenses associated with commuting between an employee's residence and headquarters not reimbursable. The Department has designated specific buildings as "headquarters", rather than designating a city or geographic location as recommended in the Governor's Travel Control Board (GTCB) Travel Guide. Using this approach, individuals have been allowed personal mileage reimbursements from home to their headquarters city if a stop is first made at a fieldwork site in that city prior to going to the office. This is also contradictory to the Internal Revenue Service's definition of commuting mileage, and it puts those employees at risk for additional taxes and penalties in the event they are subjected to an IRS examination.

We recommended that IDPH recognize that "headquarters" is intended to mean a corporate city limits or geographic area (i.e., Chicago Loop area) and discontinue the practice of allowing some employees to recoup some of their commuting expenses. (Finding 2, page 14)

The Department states that it has not violated the GTCB regulations and that it feels that designation of a building as headquarters for personal automobile mileage travel reimbursement is acceptable.

## **NONCOMPLIANCE WITH THE FISCAL CONTROL AND INTERNAL AUDITING ACT (FCIAA)**

The Department's internal audit program does not fully meet statutory requirements of the Fiscal Control and Internal Auditing Act (FCIAA). During our audit we noted that the internal audit unit:

- had not conducted the statutorily required audits of internal control systems during the two year period under audit,
- conducted no audits on federal programs,
- was involved in performing operational duties, and
- had not performed any reviews of new EDP systems.

We recommended the Department allocate sufficient resources to its internal audit unit to ensure compliance with FCIAA and reassign operational duties outside the internal audit unit. The Department concurred. (Finding 3, page 16)

## **INADEQUATE COST ALLOCATION SYSTEM FOR FEDERAL PROGRAMS**

During our current and prior audits, we noted that there was inadequate support for the payroll cost allocations charged to federal programs. Federal auditors conducted a review of the cost allocation system and informed IDPH that it would have to forego future awards of \$692,773 for inadequately supported personal services cost allocations. Subsequently, the Department was able to negotiate a reduction of these questioned costs to \$40,660.

We recommended the Department continue to enhance its Time Reporting System and reconcile it with its Generalized Accounting System, in order to be able to provide documentation which supports its federal cost allocations for personal services. The Department concurred. (Finding 28, page 124)

## **MATTERS FOR CONSIDERATION BY THE GENERAL ASSEMBLY**

During the course of our audit, issues arose concerning The Baccalaureate Assistance Law for Registered Nurses (Act) (110 ILCS 915/1 et seq.) and The Health and Hazardous Substance Registry Act (Registry Act) (410 ILCS 525/1 et seq.) which may require legislative action to effect solutions. (page 44)

### **Baccalaureate Nursing Assistance Program**

This program was designed to provide loans to registered nurses for the purpose of obtaining a Baccalaureate degree in nursing. Students were to repay the loans upon receiving their degree either through cash payments or completing a service requirement.

During Fiscal Year 1993, funding for this program was eliminated. While there is a provision relieving IDPH of any ongoing obligation to the students in the event of a cessation of appropriations, the Act is silent regarding any existing obligation of the students with respect to the need to repay loans already received. The Department's position is that since it breached the contract, there is no obligation on the part of currently enrolled students to repay those loans.

The General Assembly may wish to consider amending the Act in order that this issue may be clarified.

### **Health and Hazardous Substances Registry**

The Health and Hazardous Substances Registry Act charges the IDPH with maintaining a Registry and states that monies in the Hazardous Waste Research Fund (Fund) shall be available to IDPH for administration of the Registry.

IDPH has not complied with some provisions of the Registry Act and cites a lack of availability of Registry Act funds. The Department of Energy and Natural Resources serves as custodian of the Fund and has denied funding to the IDPH, citing both the Environmental Protection Agency Act (415 ILCS 5/22.2) which states that monies in the fund may be used to administer the Registry, and the lack of sufficient monies in the fund.

The General Assembly may wish to consider amending one or both of these Acts to ensure consistency in the State agencies' approach to this matter.

### **OTHER FINDINGS**

The remaining findings are less significant due to the attention given them by IDPH management during the audit period. We will review progress toward implementation of our recommendations during our next audit.

### **AUDITORS' OPINION**

Our auditors report that the financial statements of the Illinois Department of Public Health for the year ended June 30, 1993 are fairly presented. Our auditors also report that the financial statements of the Illinois Department of Public Health for the year ended June 30, 1992 (with the exception of certain noted deficiencies carried forward from the prior audit) are fairly presented.



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WILLIAM G. HOLLAND, Auditor General

WGH:RR:pp  
April 14, 1994

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	20	46
Repeated findings	14	21
Recommendations implemented or not repeated	32	20

**SPECIAL ASSISTANT AUDITORS**

Our special assistant auditors for this audit were Kerber, Eck & Braeckel.