OFFICE OF INSPECTOR GENERAL

INTERNAL AUDIT UNIT

Controls over Collection of Vital Statistics Fee Receipts and Certificate Issuance at CHDs

A-0910DOH-016 **April 25, 2011**

SUMMARY

The Department of Health (DOH), Office of the Inspector General conducted an audit of internal controls over the collection of vital statistics (VS) fees and certificate issuance at county health departments (CHDs).

Our evaluation consisted of reviewing the controls in four selected CHDs including Alachua, Holmes, Lake, and Union counties. We judgmentally selected these CHDs in order to compare and contrast controls utilized within CHDs of various staff sizes. This affords management a better ability to assess potential control issues within all CHDs throughout the state.

The purpose of our audit was to determine whether adequate internal controls over collection of VS fee receipts were in place and operating effectively, sufficient to mitigate the risk of loss. We also wanted to determine whether VS certificates were issued and accounted for, in accordance with applicable law, policy, and procedures.

To accomplish our objectives, we:

- reviewed applicable law, policy, and procedures;
- visited each of the four CHDs;
- interviewed appropriate personnel at the Bureau of Vital Statistics (BVS) and the CHDs;
- examined a judgmental sample of VS certificate issuance reports and fee receipt transactions that occurred during the month of December 2009 and reviewed supporting documentation; and,
- evaluated risks and selected internal controls to determine whether the controls were in place and working effectively.

The audit was conducted in conformance with *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors (January 2009), as provided by Section 20.055(5)(a), *Florida Statutes,* and as recommended by Quality Standards for Audits by Offices of Inspector General (*Principles and Standards for Offices of Inspectors General*, Association of Inspectors General, 2004 Revision).

In general, we found controls over collection of VS fee receipts at the selected CHDs to be operating effectively and sufficient to mitigate the risk of loss. We also found that VS certificates were issued in accordance with applicable policy and procedures at the selected CHDs. However, we noted a few areas where controls could be strengthened to further ensure these functions operate effectively and efficiently to mitigate risk of loss.

Although our findings are based on the results of our examination at the selected CHDs, our general approach was to include recommendations in this report that should be reviewed at all CHDs.

The following issues were identified during our audit and should receive additional

review and corrective action by management across all CHDs:

- Instances were noted where VS safety paper lacked sufficient accountability and custody controls.
- User-access rights to the e-Vitals system were still given to past-employees and employees that no longer work in the VS program area.

INTRODUCTION

Section 20.055, *Florida Statutes,* charges DOH's Office of the Inspector General responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government. Audits are conducted to review and evaluate internal controls necessary to ensure the fiscal accountability of DOH.

This audit was included in the Office of the Inspector General's *Three Year Audit Plan beginning 2009-2010*, which is the result of an annual risk-assessment.

Audit fieldwork took place February through June 2010 at DOH headquarters in Tallahassee, as well as at each of the CHDs included in this examination. The audit was conducted by Office of the Inspector General audit staff Kim Rolfe, Certified Government Auditing Professional, Management Review Specialist, Auditor, under the supervision of Michael J. Bennett, Certified Internal Auditor, Director of Auditing.

BACKGROUND

Pursuant to Section 382.003, *Florida Statutes*, DOH shall, "establish an Office of Vital Statistics under the direction of a State Registrar for the uniform and efficient registration, compilation, storage, and preservation of all vital records in the state. VS services are to "procure the complete registration of all vital records in each registration district (CHD) and the Office of Vital Statistics.

Section 382.0255(3), *Florida Statutes*, authorizes DOH to establish fees by rule and must be sufficient to meet the cost of providing the service.

Chapter 4 of the Office of Vital Statistics' *Chief Deputy Registrar Operations Manual, November 2009 Revision* states, "In 1987, it became mandatory that all certified copies be issued on safety paper." For the purpose of this audit, all paper used to print birth and death certificates are referred to as 'safety paper'.

VS certificate fee receipts included cash, checks, money orders, and credit cards for the purposes of this report.

We selected one large, one medium, and two smaller CHDs as a means of comparing and contrasting different sized CHDs. There is fewer staff to assign various duties of the fee collections process to at smaller CHDs. It was particularly important to review smaller CHDs because of the inherent limitations of sufficient segregation of duties and associated risks.

During our audit period CHDs used the e-Vitals systems to collect the required fees and for the issuance of birth and death certificates.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES AND CORRECTIVE ACTION PLANS

The following findings and recommendations address issues that should receive additional review by management.

FINDING 1 – *Instances were noted where VS safety paper lacked sufficient accountability and custody controls.*

Each of the CHDs we examined used VS pre-numbered safety paper. DOH's policy 11APM21-*Internal Control and Review Procedures* was applied to VS safety paper. The policy explains that, "Inventories shall be

safeguarded in locked areas with access restricted to designated personnel and records shall be periodically reconciled with physical counts".

Meanwhile, Chapter 4 of the Office of Vital Statistics' *Chief Deputy Registrar Operations Manual, November 2009 Revision* states, "A physical inventory of sealed cartons and packages on hand must be made on a monthly basis with this fact being noted in the Inventory Log. The log must be maintained for five fiscal years. With **daily** accounting of safety paper, any break in numerical sequence becomes evident immediately". Additionally, it further states, "a regular inventory of ***all*** safety paper must be done and recorded on the Inventory Log. It must be done at the same time **each month**, at a time to be determined by the Chief Deputy Registrar".

Our examination revealed two areas of non-compliance:

Safety paper was not routinely inventoried on a daily or monthly basis to confirm accuracy or completeness.

The CHDs visited did not maintain complete daily and/or monthly inventory logs to document safety paper on hand. Therefore, they were unable to accurately determine the disposition of safety paper (who it had been issued to, if it was being used out of sequence or even if it was missing).

Specifically, it was noted that:

- Alachua CHD was not conducting any type of inventory counts. Alachua CHD also had duplicate certificate numbers in the e-Vitals database. We discovered Alachua CHD had certificate numbers appearing in the e-Vitals system as issued but the actual safety papers were still in the VS office as part of the available inventory as they were out of sequence within an open pack of safety paper.
- Holmes CHD had just begun conducting inventory counts at the time of audit fieldwork and offered no historical evidence of such counts prior to our audit.
- Lake CHD conducted inventory counts only when a new pack of paper was opened, which happened either every few days or only once every few months depending on location.
- Union CHD had duplicate certificate numbers in the e-Vitals database. While they were conducting monthly counts, they were not verifying the daily inventory which did not catch the re-using of certificate numbers.

During fieldwork, it was noted that all safety papers have barcodes pre-printed on them. The bar code number matches the stamped number on the safety paper. Discussions with Mike Sentman, Assistant Deputy Secretary during the exit conference; and e-mails with Kevin Wright, J.D., Operations Manager, Vital Records Section, Florida Bureau of Vital Statistics; confirmed that it is possible for the CHDs to scan the bar code of at the time of certificate printing to ensure the accuracy of the certificate number entered into the e-Vitals system.

While control numbers are removed from birth and death certificates before destroying them. The numbers are not always organized or reviewed to document total accountability.

VS safety paper becomes voided when it cannot be issued to an applicant because the safety paper has becomes obsolete, there were misprints, paper jams or other errors. Per the Office of Vital Statistics, Chief *Deputy Registrar Operations Manual, November 2009 Revision,* Chapter 4, page 25; A stub of the paper containing the stamped number is to be removed and retained by the CHD prior to the destruction (by shredding) of the safety paper. The destruction of the paper(s) is to be recorded in the e-Vitals system. An "e-Vitals Voided Safety Paper" report is then generated and the stubs are to be attached for record keeping purposes.

We found that Alachua kept the stubs loose in an envelope and not documented in

accordance with DOH policy. Since our site visit, the CHD has begun to enter all voided stubs into a binder documenting the date of the void by the clerk who voided the certificate.

RECOMMENDATIONS:

We recommend the Bureau of Vital Statistics in conjunction with CHD leadership remind all CHD Business Managers and VS offices that an inventory log of VS safety paper must be maintained in accordance with the Office of Vital Statistics' *Chief Deputy Registrar Operations Manual, November 2009 Revision*. Both daily and monthly inventory counts should be conducted and include a count of all safety paper on hand in safes and printers.

Furthermore, we recommend the Bureau of Vital Statistics in conjunction with the Office of the Deputy Secretary for Health look into the feasibility of requiring all safety paper to be barcode scanned into the system at the time of printing and issuance to supplement and enhance the daily inventory counts. The scanning would enhance and ensure the accuracy and validity of each certificate issued.

We also recommend the CHD VS offices ensure pre-printed number of voided VS safety paper be attached to the "e-Vitals Voided Safety Paper" report as required in the Office of Vital Statistics' *Chief Deputy Registrar Operations Manual*, November 2009 Revision. This will provide additional supporting documentation as to which numbers were voided and why.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

The Bureau of Vital Statistics concurs with the recommendations. We would like to note that the Safety Paper Inventory is also listed as one of the items on the Annual Quality Improvement Self Assessment Tool (SAT) used by the county office to ensure they are in compliance with the policies. This item is listed in the SAT under Safety Paper, item 9, "Safety Paper inventoried and recorded to Inventory Log at least monthly". This is a Yes or No answer, with No requiring a Corrective Action to be provided. This topic was discussed on the March/August/September 2010, March 2011 Chief Deputy Registrar Conference Calls

BVS reviewed the requirements for handling safety paper and directed staff to comply as outlined in the *Chief Deputy Registrar Operations Manual* (COM) & SAT. We will continue to discuss on future calls. We will discuss this with the CHD business managers and remind them of the importance of this step and its directive in both the COM & the SAT. (NOTE: On the SAT, under Safety Paper, item 25, the business manager is charged with the responsibility to conduct a "…quarterly review of VS office to ensure compliance ".)

We would also like to note that the use of a scanner for recording a voided number and for establishing the DocSequence within e-Vitals is listed as items 14e & 17, respectively, in the SAT under Safety Paper. This topic was discussed on the August/September 2010, March 2011 Chief Deputy Registrar Conference Calls.

BVS reviewed the recommendation to use the scanner and directed staff to comply as outlined in the SAT. We will continue to discuss this topic on future calls. We will discuss the importance of the use of the scanner with the CHD business managers and will add this directive to the COM.

Furthermore, we would like to note that the both the COM and the SAT (Safety Paper, item 14b) directs the county to either tape/paste the torn audit control number to the printed Void Report OR they can put the numbers into an envelope and staple the envelope to the printed Void Report (this second option is used when there are too many to tape to the report). This topic was discussed on the March/August/September 2010, March 2011 Chief Deputy Registrar (CDR) Conference Calls.

BVS reviewed the void requirements and directed county vitals staff to comply as outlined in the COM and SAT. We will continue to discuss on future calls and will discuss this topic with CHD business managers.

Anticipated completion date: On-going.

FINDING 2 – *User-access rights to the e-Vitals system were still given to past-employees and employees that no longer work in the VS program area.*

DOH 50-10n-07, *Information Resource Management Security*, states, "A system administrator will deactivate a worker's account for "termination of employment or contact, nonuse of the account for 60 consecutive days, or notification of security violation…". The *Correspondence Accounting System (CAS) Training Manual* for the e-Vitals system instructs how to add and remove users. Therefore, should an e-Vitals user no longer be associated with the VS unit, they are to be removed from the system. If a user has been properly removed from the e-Vitals system, their name will be completely deleted from the user list.

A request was made of the Bureau of Vital Statistics to provide a list of all users and their access level in the e-Vitals system for each of the four CHDs as of December 2009 and March 2010. Each CHD had at least one person listed in the e-Vitals system that was not an employee of the e-Vitals unit at that time.

Further inquiries confirmed that if a CHD requests that a user be removed from the e-Vitals system, the user's access profile is removed from the data system. Deactivating a user, on the other hand, does not remove the user from the data system and thus does not meet the requirement that their user name be completely deleted from the list of authorized users.

Three of the four CHDs visited still had persons listed as users in the e-Vitals data system that either no longer work at the CHD or continue to work at the CHD, but in another program area.

- Alachua CHD had one person listed in the e-Vitals system that was no longer employed with the CHD. Additionally, Alachua CHD had four employees that were not part of the VS unit still listed as having access to the e-Vitals system.
- Holmes CHD had two people listed in the e-Vitals system that were no longer employed or had not been employed with the CHD.
- Lake CHD had one employee still in the e-Vitals system even though she was not part of the VS staff.

There is a level of risk to DOH from any person that has approved access and no longer works within VS. However, the risk that records could be issued or otherwise inappropriately used is increased where employees still work within the CHD, but no longer need access to the e-Vitals system due to changes in job responsibilities.

With attrition, management may forget to remove access for these employees but it is important that controls be built into the process that will help trigger the need to alter access rights, when warranted.

RECOMMENDATIONS:

We recommend, as required per DOH policy *DOH 50-10n-07*, *Information Resource Management Security* and the *Correspondence Accounting System (CAS) Training Manual,* the Bureau of Vital Statistics work with CHD leadership to ensure a control is in place to routinely remove persons from the e-Vitals database that leave the CHD Vital Statistics offices, including those employees who are promoted or reassigned to other program areas within the CHD. A control should also be in place to periodically and routinely review all access rights to ensure the list is current and accurate.

MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:

The Bureau of Vital Statistics concurs with the recommendations. We discussed on multiple CDR calls (July/August 2010, March 2011) that for any user terminating their position or no longer working in BVS, the CDR must submit a User Access Delete form to the state office; BVS monitors all system users and will lock the user out of the system after 30 consecutive days of inactivity (the Department allows up to 60 days). If/when the user calls to have the account unlocked, they will have to provide their name, location and last four digits of their social security number. These factors will be verified to ensure access is being granted to the authorized person.

BVS reviewed the system delete user requirements and directed CHD staff to comply as outlined in the COM & SAT. BVS will continue to discuss on future calls and will discuss the issue and its security importance with the CHD business managers. This item has been added to 2010 revision of the COM, Chapter 2, Functions of the Local Vital Statistics Office, Minimum Functions; and the 2011 SAT, under Physical/System Security, item 9.

Anticipated completion date: Completed.

REPORT DISTRIBUTION

Pursuant to Section 20.055(5)(b), *Florida Statutes*, this report is a public record as defined by Section 119.011(12), *Florida Statutes.*

CLOSING COMMENTS

We would like to thank management and staff of Alachua, Holmes, Lake, and Union CHDs for providing their cooperation and assistance to us during the course of this audit. We would also like to thank the Division of Administration and Bureau of Vital Statistics for providing their assistance.