



REVIEW OF GENERAL CONTROLS AT CHDs - 2019

Report # R-1819-009 • August 19, 2019

Purpose of this project:

Review general controls related to a variety of regulatory and policy requirements at selected county health departments (CHD), help local CHD management identify areas where improvements could be made, and identify to Central Office management systemic and/or critical weaknesses that should be addressed from a comprehensive perspective.

What we reviewed:

We visited 20 CHDs between March and May 2019 to analyze selected controls as of the date of our site visit. Our visits included the Department of Health (Department) offices in the following counties: Alachua, Bay, Clay, Collier, Dixie, Duval, Franklin, Gilchrist, Gulf, Hamilton, Lafayette, Lee, Levy, Madison, Marion, Monroe, Okeechobee, Orange, St. Johns, and Washington.

We reviewed general controls and requirements related to the following topics: server room security and environmental controls; system access to information resources; information technology resource management; disaster recovery; cash controls; purchasing; pharmaceuticals; security of safety paper; client incentives; grants management; biomedical waste policy; patient privacy rights; retention, archiving, and disposition of records; building safety and physical security; storage buildings; panic button(s); and SunPass transponders.

Intent of this Report:

This report provides summary information and contains only the issues we identified with high frequency or were considered critical.

We discussed with individual CHD management where improvements could be made specific to their facility(ies), and provided a detailed report at the conclusion of each visit. We did not request a corrective action plan from each individual CHD. Central Office management and CHD management may use this information to further evaluate whether controls are working effectively.

Summary of Results:

We are pleased to report we generally observed well-designed processes and effective controls during our visit to each CHD in the following areas: server room doors were locked with reliable locking systems; server rooms temperatures were appropriately regulated; pharmaceutical storage areas were locked with reliable locking systems; pharmaceuticals were stored in clean, well-lit, and adequately ventilated rooms; pharmaceuticals requiring refrigeration or freezing were properly maintained; CHD dental programs dispensed pharmaceuticals and medical supplies using the shortest expiration date first; unused computer equipment was stored in a secure area; security cameras were properly positioned, captured a clear image, and stored the images for a reasonable amount of time; and employee and client access control throughout the facility were appropriate to mitigate safety issues and information disclosure.

Listed in the “Control Weaknesses and Recommendations” section below are the controls we identified that warrant further review by management. Management’s response to the issues noted in this report may be found in **Appendix A**.

CONTROL WEAKNESSES AND RECOMMENDATIONS

The following issues reflect areas Central Office management and CHD management should discuss to assist in future evaluation and control improvements to help ensure more uniform compliance with state regulations and/or Department policies and procedures, and reduce risks to the Department. Some issues noted are recurring issues mentioned in previous CHD review reports issued by the Office of Inspector General (OIG). Management should pay particular attention to these recurring issues to ensure corrective actions are taken.

1. **Various general controls were found to be deficient or non-existent within the 20 CHDs visited.**

Secured Areas

- **Designated secured areas were not documented in the local information security and privacy procedures at three of 17 CHDs tested.**
Department Policy [DOHP] 50-10.3-16, Information Security and Privacy Policy 3, *Secured Areas and Physical Security*, requires “Each designated secured area shall be documented in the local information security and privacy procedures.”
- **Not all persons on the Access Control List (ACL) matched documentation of authorized key distribution at three of 13 CHDs tested.**
DOHP 50-10.3-16, Information Security and Privacy Policy 3, *Secured Areas and Physical Security*, requires “Documentation of the number of keys distributed for each secured area shall be maintained. Documentation must include the signature of the person receiving and returning the key. No key shall be provided for persons not on the list of personnel with authorized access.”
- **Not all persons on the ACL for drug storage areas were authorized to handle drugs at eight of 19 CHDs tested.**
DOHP 395-1-18, *Public Health Pharmacy Policies and Procedures for County Health Departments*, requires that, “Access to the drug storage areas must be restricted to personnel authorized to handle drugs.”

Pharmaceuticals

- **A minimum of two personnel did not verify shipment and certify receipt of pharmaceuticals at four of 18 CHDs tested.**
DOHP 395-1-18, *Public Health Pharmacy Policies and Procedures for County Health Departments*, explains “Upon receiving drugs from the [Bureau of Public Health Pharmacy (BPHP)], or an order placed with BPHP but shipped by the wholesaler or manufacturer...At a minimum, two (2) DOH personnel shall verify the shipment and certify the receipt.”
- **The CHD Business Manager at two of 18 CHDs tested did not maintain a *Documents List* of the physical location of all drug-related documents, including the physical location of the most recent completed physical drug inventory count.**
DOHP 395-1-18, *Public Health Pharmacy Policies and Procedures for County Health Departments*, explains “The CHD pharmacy manager (in a CHD with a licensed pharmacy) or CHD business manager (in a CHD without a licensed pharmacy) shall maintain a *Documents*

List indicating the physical location of all documentation (e.g., invoices, issue documents, transfer documents, et al.) that might be required during an audit or inspection. This list shall also include the physical location of the most recent complete physical pharmaceutical inventory conducted in the CHD.”

- **Expired drugs were still available for dispensing to clients at two of 20 CHDs tested, and were not returned to BPHP at least monthly at two of 19 CHDs tested.**

DOHP 395-1-18, *Public Health Pharmacy Policies and Procedures for County Health Departments*, explains “Expiration dates for pharmaceuticals will be checked in CHDs without a licensed pharmacy at least monthly...Outdated pharmaceuticals should be returned at least monthly.”

- **All previously-identified expired drugs were not quarantined in a segregated area that was specifically marked at three of three CHDs that had expired drugs.**

DOHP 395-1-18, *Public Health Pharmacy Policies and Procedures for County Health Departments*, explains “Each CHD shall establish a minimum of two (2) designated, clearly marked and defined quarantine areas for non-usable pharmaceuticals. A drug quarantine section shall be clearly marked and designated separate and apart from any other place where drugs are stored so that products therein shall not be confused with usable products being held for distribution. There should be two (2) quarantine areas: (1) Drugs Received from the BPHP: Any drug received from the DOH BPHP and placed in quarantine will be segregated from other usable inventory and from other quarantined drugs. (2) Drugs Received from Other Sources: Any drug received from a source other than the DOH BPHP and placed in quarantine will be segregated from other usable inventory and from other quarantined drugs.”

Data Classification and Protection

- **Management at two of 19 CHDs tested had not developed their own written local operating procedures to address data classification, including information and data classified as “Public” and “Confidential”.**

DOHP 50-13-17, *Data*, explains “...CHD directors and administrators are the data owners of the data assets managed within their program areas...[d]ata owners are responsible for the...[p]roper classification of the data in terms of the level of confidentiality, and the criticality of data integrity and availability.”

Additionally, DOHP 50-10.4-16, Information Security and Privacy Policy 4, *Data Classification and Protection*, requires “[l]ocal operating procedures shall be established to ensure information is classified correctly and is released only in accordance with federal and state laws and Department policies, protocols, and procedures.”

User Access Rights

- **Management at four of 18 CHDs tested did not routinely review access rights of employees and other users to various systems with and without Social Security numbers (SSNs).**

DOHP 50-10.10-16, Information Security and Privacy Policy 10, *Information Technology Security*, explains “Access to data and information systems must be controlled to ensure only authorized individuals are allowed access to information and that access is granted upon a ‘need-to-know’ basis only.”

- **Management at three of 18 CHDs tested did not routinely review records of information system activity or did not have documentation of such a review.**
DOHP 50-10.10-16, Information Security and Privacy Policy 10, *Information Technology Security*, explains “Procedures to review records of information system activity, such as system audit and security logs, shall be implemented.”
- **Management at four of 17 CHDs tested did not conduct quarterly reviews of systems that store SSNs.**
DOHP 50-19-15, *Access Control of Social Security Numbers*, requires “...County Health Department Directors/Administrators...who have responsibility for employees who have access to Department systems applications which store SSNs, will...[c]onduct quarterly review of all registered users with access to each system/application to...[e]nsure all users are current and active [and] [e]nsure that all user’s privileges and rights to personal identifiers are appropriate to their current role with the Department.”

Cash Handling

- **The combination to the safe was not changed when staff with a documented need either left or changed duties at eight of 19 CHDs tested.**
DOHP 56-14-18, *Internal Control and Review*, explains, “Safe combinations must be reviewed and changed when staff members who have safe access leave or change duties.”
- **There was no written local policy describing the segregation of duties between employees who authorize refunds versus those who disburse funds to complete refunds to appropriate payers at four of 17 CHDs tested.**
IOP 57-07-17, *Cash Handling*, explains, “Each office accepting receipts will designate in a written local policy the segregation of duties between employees who authorize refunds versus those who disburse funds to complete refunds to appropriate payers.”
- **There was not adequate separation of duties over the entire cash handling and change funds processes at three of 18 CHDs tested.**
DOHP 56-14-18, *Internal Controls and Review*, explains anyone who records transactions and has access to assets ordinarily can perpetrate errors or irregularities. Appropriate segregation of duties helps to detect errors in a timely manner and deter fraud, waste, and abuse. Segregation of duties involves assigning duties so that different employees handle different parts of the same process.
- **The mail opener was not independent of the cash collection process at two of 19 CHDs tested.**
DOHP 56-14-16, *Internal Control and Review*, explains, “The mail opener must be independent of the cash collection process.”
- **Quarterly unannounced change fund audits were performed on the same routine day of the month, or before the cash drawer is used at the beginning of the day at three of 19 CHDs tested.**
Performing unannounced audits on the same date each quarter, typically the last day of the quarter, is not unannounced, as cashiers come to anticipate this process. Counting the pre-set beginning dollar amount of cash at the beginning of the day negates the usefulness of this control.

Other

- **At least one annual disposition of inactive records had not been requested at four of 11 CHDs tested.**
IOP 250-6-18, *Records Management*, explains the designated local records management liaison officer (RMLLO) must “Create a list or inventory of records to help identify and describe

the type of record(s) on hand. The *Records Inventory Worksheet* is a good resource to use. Review the inventory annually to determine those records eligible for disposition.”

- **There were unlocked state/county vehicles on the premises at three of 13 CHDs tested.** DOHP 250-12-18, *Management and Operation of Vehicles*, explains vehicle operators must, “[t]ake reasonable measures to ensure the safety and protection of the assigned vehicles...”, and “[l]ock the vehicle when not in use. Secure vehicles....and remove all personal and state-issued property.”
- **Panic buttons, where available, were not periodically tested, at two of six CHDs. There was a slow response time or the system did not work at two of five CHDs where we tested the panic button.**

For the protection and safety of Department employees, periodic testing of the panic button for both operational effectiveness and timeliness will help ensure the buttons work properly in the event a serious situation presents itself.

We recommend Office of Deputy Secretary for County Health Systems management discuss these areas of concern with all CHDs and take actions deemed appropriate to improve statewide operations.

SUPPLEMENTAL INFORMATION

Section 20.055, *Florida Statutes*, charges the Department's OIG with responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

The review team making visits to CHDs included Michael J. Bennett, CIA, CGAP, CIG, Inspector General; Mark H. Boehmer, CPA, Director of Auditing; William T. Bull, Senior Management Analyst II; Ashlea K. Mincy, CIGA, Senior Management Analyst II; and Danielle Myrick, Senior Management Analyst II.

Our methodology included reviewing applicable law, policy and procedure, and visiting selected CHDs to interview personnel, inspect facilities, observe operations, and review documentation.

This project was not an audit, as industry-established auditing standards were not applied. Internal Audit Unit procedures for the performance of reviews were followed and used during this project.

We want to thank management and staff of each CHD visited for providing their cooperation and assistance to us during this review.

Copies of all final reports are available on our website at www.floridahealth.gov (search: internal audit). If you have questions or comments, please contact us by the following means:

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APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
1	<p><i>We recommend Office of Deputy Secretary for County Health Systems (CHS) management discuss these areas of concern with all CHDs and take actions deemed appropriate to improve statewide operations.</i></p>	<p>We concur.</p> <ol style="list-style-type: none"> 1) CHS incorporated this audit report and findings into its presentations at the CHD Health Officer consortia meetings and will present these findings at all eight consortia meetings between the months of August and November 2019. 2) CHS will review the <i>CHD Performance Assessment</i> tool and incorporate any general controls that are not currently included. This tool is used when CHS conducts a CHD Performance Review of a CHD. 3) Using the OIG's tool for General Controls, CHS is creating a checklist for locally required policies. CHDs will be required to use the tool to ensure appropriate policies are in place, once disseminated. 4) CHS will ask the OIG to discuss report and findings on a CHD conference call. <p><i>Contact:</i> Beth A. Paterniti, Interim Deputy Secretary for County Health Systems</p> <p><i>Anticipated Completion Date:</i> December 1, 2019</p>