



AUDITOR GENERAL

DAVID W. MARTIN, CPA



DEPARTMENT OF HEALTH INFORMATION TECHNOLOGY AND SELECTED ADMINISTRATIVE MATTERS

Operational Audit

SUMMARY

This operational audit of the Department of Health (Department) for the period July 2006 through February 2008, and selected actions through May 2008, focused on selected Department information technology (IT) controls and selected administrative matters. Specifically, these administrative matters included tangible personal property records and physical inventories, purchasing card use, Florida Accounting Information Resource Subsystem (FLAIR) user access, MyFloridaMarketPlace utilization, the People First payroll audit process, leave balance audits, additional employment notifications, and contract management.

Information Technology Controls

SHARED RESOURCE CENTER ACCESS

Finding No. 1: Department supervisors did not adequately review or document the Shared Resource Center (SRC) access needs of staff, and SRC access privileges were not always timely removed.

PROGRAM CHANGES

Finding No. 2: The Department did not always properly document requests for, or the testing of, program changes. In addition, approved program changes were not held in a separate environment prior to being moved into production, and supervisory personnel did not log, review, or monitor the program changes when they were moved into production.

FLAIR ACCESS

Finding No. 3: Department procedures did not ensure timely deletion of FLAIR user access for terminated employees.

SECURITY CONTROLS

Finding No. 4: In addition to the matters discussed in finding Nos. 1 through 3, certain security controls needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Department data and IT resources.

Tangible Personal Property

RECORDING PROPERTY ACQUISITIONS

Finding No. 5: The Department did not always timely record property items in the FLAIR Property Subsystem.

PROPERTY ACQUISITION COST

Finding No. 6: The Department did not always accurately record the acquisition cost of property items in the FLAIR Property Subsystem.

PHYSICAL INVENTORIES

Finding No. 7: Physical inventories were not always conducted by appropriate Department staff.

PROPERTY DISPOSALS

Finding No. 8: The Department did not document property disposals in accordance with applicable laws and rules.

Other Administrative Matters

ADDITIONAL EMPLOYMENT

Finding No. 9: In some instances, Department employees either did not complete or did not appropriately complete notifications of additional employment.

LEAVE BALANCE AUDITS

Finding No. 10: The Department did not always conduct leave balance audits for employees separating from the Department. In addition, leave balance audit adjustments were not always reviewed for accuracy.

BACKGROUND

The Department is responsible for the State's public health system and as such provides administrative support and oversight of various health programs primarily delivered in partnership with the 67 county health departments (CHD). The head of the Department is the State Surgeon General and State Health Officer¹ who is appointed by the Governor subject to confirmation by the Senate. During the audit period, the following individuals served as Department head:

- Dr. M. Rony François from July 2006 to December 2006.
- Dr. Ana M. Viamonte Ros from January 2007.

The Department is organized into 11 divisions, including, among others, the Division of Administration and the Division of Information Technology.

¹ Chapter 2007-40, Laws of Florida, amended Section 20.43, Florida Statutes, effective July 1, 2007, designating the State Surgeon General and State Health Officer as the Department head. Formerly, the Department head was designated as the Secretary of Health and State Health Officer.

FINDINGS AND RECOMMENDATIONS

Information Technology Controls

Finding No. 1: Shared Resource Center Access

The Department uses the Shared Resource Center (SRC)² to maintain many of its computer resources. Employee and vendor access to computing resources at the SRC must be authorized by Department management.

Information Security Policy 4 (DOHP 50-10c-07) states that supervisors should regularly review the access privileges of staff and ensure that access is appropriate based on job responsibilities. As of February 11, 2008, the Department had authorized SRC access for 28 Division of Information Technology (Division) staff, 12 contractors and vendors, and 14 employees in other divisions.

Division staff indicated that they review the SRC access authorization list at least annually. However, in response to audit request, they were only able to provide written documentation of one review performed during the 20 months of the audit period, and that review was dated February 11, 2008. In addition, Division staff may not be adequately reviewing the SRC access authorization list. For instance, we noted:

- Access was not removed for five employees and one vendor until 159 to 591 days after their respective termination dates.
- SRC access remained active for another six individuals, although these individuals did not access the SRC for a period of at least 20 months (July 2006 through February 2008). Department staff indicated that these individuals had job duties in which access to the SRC was necessary; however, it may have been more appropriate to grant access to these individuals on an as-needed basis.

² The SRC is operated by the Department of Management Services, Communications and Information Technology Services Group.

Inadequate review and untimely removal of SRC access privileges may increase the risk of unauthorized access to Department computer resources and data.

Recommendation: We recommend that Division staff document their periodic review of SRC access and timely remove SRC access upon employee or vendor termination. In addition, we recommend that Division management consider granting SRC access on an as-needed basis for individuals who may not require regular access.

Finding No. 2: Program Changes

Through the evolution of business processes, it may become necessary to modify or enhance IT applications. Effective controls for program changes provide assurance that only changes that are properly authorized, tested, and approved are moved into the production environment for use with live data.

The Division's *IT Production Control Standard Operating Procedures* (No. 642630-A-001) addresses program changes. Change requests are to be documented on a change request form and processed through a change management tracking system. Changes are to be assigned to programmers who create and test program changes in the development environment. Changes then are to be moved into the test environment for testing by the requestor or an independent analyst or supervisor.

Our tests of documentation to support ten program changes made during the audit period disclosed that:

- For two of the ten program changes reviewed, the Division could not provide written documentation supporting the requests for the changes. Documentation of the request evidences that only changes requested by authorized personnel are processed.
- For eight of the ten program changes, the Division could not provide written documentation to support the independent testing of the program changes before the change was moved to the production environment. Independent testing verifies that the program change produces the expected results by running the modified program against test data.

Division procedures require that once the program changes are tested, the changes are to be approved by Division production control staff before the program changes are moved to the production environment to process live Department data. However, Division procedures did not require that, for the period of time after testing and before the changes were moved to the production environment, the changes be stored in a separate holding environment. In addition, Division procedures did not require that program changes moved to the production environment be logged, reviewed, or monitored by supervisory staff. Absent a separate holding environment and monitoring and tracking of program changes, the risk of Department data impairment due to unauthorized modifications to program changes is increased.

Recommendation: We recommend that the Division document program change activities. In addition, Division management should implement procedures to ensure that tested and approved program changes are not modified prior to moving the change into the production environment.

Finding No. 3: FLAIR Access

The Department established policies and procedures for the deletion of FLAIR access for terminated employees. The Office of Policy and Systems in the Bureau of Finance and Accounting, designates access control custodians who are responsible for assigning accounting user names and access privileges for their respective staffs. On a quarterly basis, each access control custodian is responsible for reviewing authorized FLAIR user names to ensure that the authorized access is still appropriate. In addition, the custodians are required to delete a user's access upon the user's termination of employment.

In audit report No. 2007-110, we included a finding related to the untimely removal of FLAIR access for terminated employees. To determine the effect of any Department actions taken to correct the prior audit finding, we created a list of terminated employees with active FLAIR access as of April 30, 2008, and calculated the number of months from the employee's

termination date through April 30, 2008. For the 104 identified employees, the period ranged from 2 to 20 months.

In response to the prior audit finding, Department management indicated that a process would be developed to compare employees with FLAIR access to payroll files. We noted that, as of May 13, 2008, the Department had created a report of terminated employees from July 2007 through January 2008, and was in the process of identifying terminated employees who should have had their FLAIR access removed.

In order to protect the integrity of Department accounting records, access control custodians should ensure that access privileges for terminated employees are removed timely.

Recommendation: To ensure that only authorized individuals have access to Department accounting records, we recommend that the Department finalize a process to timely remove FLAIR user access upon an employee's separation from the Department.

Finding No. 4: Security Controls

The objective of security controls is to protect the integrity, confidentiality, and availability of data and IT resources. During our audit, we identified other deficiencies in the Department's IT security controls. Specific details of these deficiencies are not disclosed in this report to avoid the possibility of compromising Department data and IT resources. However, the appropriate Department staff has been notified of the deficiencies.

Recommendation: The Department should implement appropriate action to correct the security control deficiencies.

Tangible Personal Property

Chapter 273, Florida Statutes, and Department of Financial Services (DFS) Rules, Chapter 69I-72, Florida Administrative Code, provide standards governing the control, safeguard, and records for

State-owned tangible personal property.³ DFS Rules define property as "all tangible personal property with a value or cost of \$1,000 or more and having a projected useful life of one year or more." Property items meeting this definition are required to be recorded in the State's accounting system (FLAIR).

Pursuant to Section 273.03, Florida Statutes, custodians are primarily responsible for the supervision, control, and disposition of the property in their custody. Custodians may delegate immediate control of property to a person under their supervision.

Department management has established in *Asset Management Policy and Procedures* (DOHP 250-11-05), the steps to be taken in the identification, control, and management of tangible personal property. At February 29, 2008, the value of Department tangible personal property recorded in FLAIR totaled \$70.4 million.

Finding No. 5: Recording Property Acquisitions

For property acquisitions meeting established criteria, a FLAIR record is created and maintained in a pending file until such time that required information, including the asset decal number, is added. The item is then to be entered into the FLAIR Property Subsystem.

As similarly noted in audit report No. 2007-110, Department staff did not always timely record property acquisitions in Department property records. Our test of 36 property items acquired during the audit period at a total cost of \$549,073 disclosed the following:

- Seven property items, with costs totaling \$31,811 and purchase dates ranging from June

³ Effective July 1, 2006, Sections 273.02, 273.025, and 273.055, Florida Statutes, require the Chief Financial Officer (CFO) to establish rules related to the recording, reporting, and inventory of State-owned property and the maintenance of property disposition records. Until DFS Rules, Chapter 69I-72, Florida Administrative Code, became effective on January 13, 2008, CFO Memorandum No. 2 (2006-07) required agencies to continue to comply with related Rules of the Auditor General.

2007 to January 2008, had not been recorded in the FLAIR Property Subsystem as of February 29, 2008. Six of these items remained in the Department property pending file as of April 24, 2008. The seventh item had been recorded in a county's property records when it should have been recorded in Department records.

- Sixteen property items with costs totaling \$210,998 were added to the FLAIR Property Subsystem 41 to 293 days after the dates the property items were received.

Absent timely recording of property acquisitions, Department property records will not be complete and Department assets may not be adequately safeguarded.

Prior to January 2008, the Department did not consistently document its communications with property custodians to ensure that acquired property items were timely recorded. In January 2008, the Department implemented the property pending tracker system, a database designed to assist Department personnel in ensuring that property acquisitions were timely entered into the FLAIR Property Subsystem. For property acquisitions listed in the database for more than 30 days (and periodically thereafter), property custodians are to be sent a notice to remind them that action must be taken before the item can be entered into the property records.

Recommendation: We recommend that the Department continue its efforts to ensure property acquisitions are timely recorded.

Finding No. 6: Property Acquisition Cost

Our test of 29 property items recorded in the FLAIR Property Subsystem during the audit period disclosed that the related acquisition costs were not always accurately recorded. Specifically, for 8 property items with recorded costs totaling \$200,911 we noted that:

- For 5 items, the acquisition cost did not include shipping and handling, installation, or delivery charges. As a result, the costs of the items were understated by \$23,396. DFS Rule 69I-72.001, Florida Administrative Code, defines property acquisition cost as the invoice price, plus freight and installation charges, less discounts.

- For 1 item totaling \$1,292, the acquisition cost was incorrectly recorded as \$6,171, which was the cost of four computers purchased as a group. As a result, the cost of the item was overstated by \$4,879. Of the 3 remaining items in the group, one computer was assigned an acquisition cost of zero and the other two computers were not recorded in FLAIR.
- For 2 items, the acquisition costs were overstated by \$1,449 due to data entry errors.

Department *Asset Management Policy and Procedures* did not define acquisition cost or include other instructions as to the amounts that should or should not be included in a property item's acquisition cost. Without clear and communicated guidance on the composition of a property item's acquisition cost, property item costs may not be accurately recorded in Department property records.

Recommendation: To ensure that property items are correctly valued, we recommend that the Department strengthen its policies and procedures to better define the elements of acquisition cost.

Finding No. 7: Physical Inventories

Pursuant to DFS Rule 69I-72.006, Florida Administrative Code, a physical inventory should be taken at least once each fiscal year. In conducting the inventory, the custodian's delegate should not perform the inventory for items for which he or she is personally responsible. Department *Asset Management Policy and Procedures* state that the custodian and delegate should not perform the annual physical inventory.

We reviewed the physical inventory records for 26 locations and noted that for 3 locations with tangible personal property valued at \$3,255,450, \$63,543, and \$14,204, the physical inventory was conducted by the custodian's delegate. In response to audit inquiries, Department staff agreed that the delegate should not have performed the physical inventory. Department staff indicated that in one instance, the delegate had been instructed to perform the inventory and in the

other two instances, the delegate was new and unaware of the restriction.

The conduct of physical inventories by individuals who are not personally responsible for the items provides Department management with additional assurances regarding the accuracy of tangible personal property records and the timely detection of errors and missing property items.

Recommendation: We recommend that the Department take appropriate actions to monitor policy and procedure compliance to better ensure that the property custodian’s delegates do not perform the required annual physical inventories.

Finding No. 8: Property Disposals

Pursuant to DFS Rule 69I-72.005, Florida Administrative Code, the property records for each item lawfully disposed of should include the date of disposition, authority for disposition, manner of disposition, identity of the employee(s) witnessing the disposition (if cannibalized, scrapped, or destroyed), a notation identifying any related transactions such as sales receipts or insurance proceeds, and for property certified as surplus, evidence that the property item was disposed of in a manner prescribed by Section 273.055(3), Florida Statutes.

Prior to October 2006, Department staff had made provision for the documentation of the required manner of disposition information through the completion of a Memorandum of Disposal form. However, beginning in October 2006, the Department no longer required the form’s use. As a result, our test of 40 property items disposed of during the audit period disclosed that for 30 items with recorded values totaling \$52,827, there was no documentation of the manner of disposal. Similar issues related to the documentation of property disposals were noted in audit report No. 2007-110.

During the audit period, the Department disposed of property items with recorded values totaling \$7.4 million. Absent records showing the disposal information required by applicable laws and rules, the Department may not be able to demonstrate that

property disposals and property record adjustments were made in accordance with governing laws and rules. In response to audit inquiries, Department staff indicated that they will be re-establishing the use of the Memorandum of Disposal form.

Recommendation: We recommend the Department re-establish the use of the Memorandum of Disposal form or require some other method of documentation to ensure that future disposals and related records conform to the requirements of applicable laws and rules.

Other Administrative Matters

Finding No. 9: Additional Employment

The Department’s Code of Ethics provides guidance regarding additional employment to ensure it does not interfere with the employee’s ability and availability to perform assigned Department job duties or constitute a conflict of interest. The Code of Ethics requires that employees notify their immediate supervisor by completing the Notification of Additional Employment Outside of State Government form (Notification) when accepting additional employment. The Notification is to include the name and nature of the business, work hours, location, and an outline of the duties to be performed. The supervisor is to review, acknowledge receipt, date, and forward submitted forms to the appropriate personnel office for filing.

By matching Department payroll records with recorded vendor payments, we identified employees who, during the audit period, also had an apparent vendor relationship with the Department and, thus, additional employment that should have been reported. For 9 of the identified employees, with vendor payments totaling \$440,972, we reviewed Department records to determine whether the required Notification had been submitted and reviewed. We noted, for 8 of the 9 employees, the following in regards to compliance with the Notification requirements:

- Notifications were not available for 4 employees receiving payments totaling \$98,382.
- Notifications on file for 2 employees described services which were not consistent with the services for which the employees received payments totaling \$322,974. For example, 1 employee provided services on a daily basis rather than the four days per month specified by the submitted form.
- Notifications for 2 employees were signed after the services were provided and payments totaling \$4,991 were made. In both instances, the Notification was signed subsequent to audit inquiry.

In response to audit inquiries, Department staff indicated that Department policy had not been followed for these 8 employees. Absent notification and review of additional employment, the Department has reduced assurance that the additional employment will not interfere with the employee's ability and availability to perform his or her job duties or otherwise result in a conflict of interest.

Recommendation: We recommend that the Department communicate the need to adhere to established policies regarding additional employment. We also recommend that the Department, through the performance of record matching procedures, periodically identify employees who also have a vendor relationship with the Department and ensure that the relationship has been reported to and appropriately reviewed by supervisory staff.

Finding No. 10: Leave Balance Audits

Accurate and complete records of employee leave balances are necessary to precisely track leave availability and usage, calculate amounts due to employees upon termination, and accurately report the State's liability for compensated absences. To ensure the accuracy of employee leave balances, the Department, in 2005, developed the *Desk Manual for Conducting a Leave Audit* to provide instructions for leave balance audits. The *Desk Manual* includes a requirement for the conduct of leave balance audits upon an employee's termination from the Department

and also provides guidelines for the periodic conduct of random leave balance audits for current employees.

We tested the leave balance records of 10 current employees who had random leave balance audits conducted during the audit period and 10 employees who had terminated during the audit period. Our audit test disclosed, as similarly noted in audit report No. 2007-087, deficiencies in the conduct of leave balance audits. Specifically, our test of the records for 6 headquarters and 14 CHD employees revealed the following:

- A leave balance audit was not conducted at the time that three CHD employees terminated employment with the Department. Two of these employees were located at the Broward CHD and one was located at the Pinellas CHD. Department staff subsequently reminded the CHDs to complete the required leave balance audits for terminated employees.
- For one CHD employee, the results of the CHD's random leave balance audit indicated that a correction was necessary to reduce the employee's annual leave balance by 55.25 hours. However, the adjustment was added to, rather than subtracted from, the employee's leave balance. While Department staff indicated that the *Desk Manual* requires that leave balances be adjusted accordingly, the *Desk Manual* did not require a review process to ensure that adjustments were correctly and accurately made.

Recommendation: We recommend that the Department continue to remind CHDs to perform leave balance audits for terminating employees. In addition, we recommend that the Department implement procedures for the review of leave balance record adjustments.

PRIOR AUDIT FOLLOW-UP

As part of our audit, we determined that Department staff had corrected, or were in the process of correcting, the applicable findings included in audit report Nos. 2007-013, 2007-062, 2007-063, 2007-076, 2007-087, and 2007-110, unless otherwise noted above.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit focused on selected Department information technology controls and selected administrative matters. Specifically, these administrative matters included tangible personal property records and physical inventories, purchasing card use, FLAIR user access, MyFloridaMarketPlace utilization, the People First payroll audit process, leave balance audits, additional employment notifications, and contract management. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To determine whether management had corrected, or was in the process of correcting, all applicable deficiencies disclosed in prior audit report Nos. 2007-013, 2007-062, 2007-063, 2007-076, 2007-087, and 2007-110.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

We conducted this operational audit in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the period July 2006 through February 2008, and selected actions through May 2008. In conducting our audit we:

- Obtained an understanding of IT controls, assessed the risks of those controls, evaluated whether selected general and application IT controls were in place, and tested the effectiveness of the controls for the following information systems:
 - AIDS Drug Assistance Program.
 - Children's Medical Services Vendor Payment System.
 - Children's Medical Services Case Management Data System.
 - Management Information and Payment System.
 - API Imaging System.
 - Asset Manager System.
- Interviewed selected Department staff.
- Obtained an understanding of internal controls and observed, documented, and tested key processes and procedures.
- Examined 36 property purchases to determine whether the property items were timely and accurately recorded in Department property records.
- Examined physical inventory records for 26 locations to determine whether the physical inventory was conducted and the results were reconciled to the property records in accordance with applicable laws and rules.
- Examined missing property documentation for 35 missing property items to determine whether missing property was timely investigated in accordance with applicable laws and rules.
- Examined disposal documentation for 40 property items to determine whether disposals were made in accordance with laws and rules and that nonpublic information was removed prior to disposal.
- Analyzed expenditure detail to identify miscoded property items.
- Examined 30 purchasing cardholder's profiles and cardholder agreements to determine whether purchasing cards were properly

authorized and whether training was received prior to issuance of a purchasing card.

- Examined 30 purchasing card transactions to determine whether the transaction was appropriate and in compliance with governing laws and guidelines.
- Examined 20 purchasing card monthly reconciliations to determine whether reconciliation and monitoring of transactions was adequate to timely detect errors or abuse.
- Performed an analysis to determine whether purchasing cards were timely canceled for cardholders whose employment terminated.
- Examined payments made to 10 terminated employees and 10 employees with leave without pay to determine whether the employee's gross pay was correct for the pay period.
- Examined 10 random leave balance audits for current employees to determine whether any discrepancies were correctly adjusted. Also examined leave balance records for 10 terminated employees to determine whether leave balance audits were conducted and whether any discrepancies were correctly adjusted.
- Examined the Personnel Action Request (PAR) for 10 newly hired employees and 10 salary increases to determine whether the PAR was properly authorized.
- Matched payroll records to vendor files to identify employees with a potential vendor relationship with the Department to determine whether the additional employment had been reported to and reviewed by supervisory staff.
- Performed procedures to follow-up on prior audit findings related to Department utilization of MyFloridaMarketPlace. The results of our survey of Department MFMP utilization will be disclosed in our operational audit report issued on the Department of Management Services.
- Performed an analysis of employees with active FLAIR access to identify terminated employees whose access had not been removed.
- Examined procurement documents for 20 contracts totaling \$87 million to determine

whether the method of procurement met the statutory requirements.

- Examined invoices totaling \$7.5 million for 20 contracts to determine whether the payment was appropriate and in accordance with contractual provisions.
- Determined whether Department contract administrative monitoring procedures were reasonable and effective.
- Examined programmatic monitoring documentation for 20 contracts totaling \$78.7 million to determine whether monitoring conformed with established procedures.
- Examined reconciliations of budgeted contract costs to actual expenditures for eight fixed-price contracts at contract expiration or termination to determine whether identified excess payments were returned to the Department.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit on each State agency on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT RESPONSE

In a letter dated October 3, 2008, the State Surgeon General provided a response to our preliminary and tentative audit findings. The letter is included at the end of this report as [APPENDIX A](#).

This audit was conducted by Cheryl B. Jones, CPA, and supervised by Mary Stewart, CPA. Please address inquiries regarding this report to Jane Flowers, CPA, Audit Manager, by e-mail (janeflowers@aud.state.fl.us) or by telephone (850-487-9136).

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APPENDIX A
MANAGEMENT RESPONSE



Charlie Crist
Governor

Ana M. Viamonte Ros, M.D., M.P.H.
State Surgeon General

October 3, 2008

Mr. David W. Martin, C.P.A.
Auditor General
Room G74, Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

We are pleased to respond to the preliminary and tentative audit findings and recommendations concerning the:

**Operational Audit of the Department of Health,
Information Technology and Selected Administrative Matters,
July 2006 through February 2008 and selected actions through May 2008**

As required by section 11.45(4)(d), *Florida Statutes*, our response to the findings is enclosed.

We appreciate the effort of you and your staff in assisting to improve our operations. If you have any questions, please contact our Director of Auditing, Lynn Riley at 245-4444 extension 2146.

Sincerely,

A handwritten signature in black ink that reads "Ana M. Viamonte Ros".

Ana M. Viamonte Ros, M.D., M.P.H.
State Surgeon General

AMVR/kir

Attachment

cc: James D. Boyd, C.P.A., M.B.A.
Inspector General
Lynn H. Riley, C.P.A.
Director of Auditing
Karen Zeiler
Chief of Staff

**APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)**

Operational Audit of the Department of Health, Information Technology and Selected Administrative Matters, July 2006 through February 2008 and selected actions through May 2008

Para. # Finding:	Recommendation:	Management Response:	Corrective Action Plan:
<p>1 Department supervisors did not adequately review or document the Shared Resource Center (SRC) access needs of staff, and SRC access privileges were not always timely removed.</p>	<p>We recommend that Division staff document their periodic review of SRC access and timely remove SRC access upon employee or vendor termination. In addition, we recommend that Division management consider granting SRC access on an as-needed basis for individuals who may not require regular access.</p>	<p>We agree with the statement and recommendation in this finding.</p>	<p>The Division of Information Technology (DIT) created an Identity Desk which will manage network access requests. The DIT is going through a phased approach to ensure all account creations, modifications and deletions go through the centralized Identity Desk. As part of this process, the SSRC access will be terminated in concert with deletion of the network access. The non-DOH staff (vendors) will follow this same process for temporary access to the SSRC. The non-DOH staff (vendors) will be escorted by a DOH employee at all times while they are assisting DOH. Access for the non-DOH staff (vendors) will be terminated upon completion of the task(s).</p>
<p>2 The Department did not always properly document requests for, or the testing of, program changes. In addition, approved program changes were not held in a separate environment prior to being moved into production, and supervisory personnel did not log, review, or monitor the program changes when they were moved into production.</p>	<p>We recommend that the Division document program change activities. In addition, Division management should implement procedures to ensure that tested and approved program changes are not modified prior to moving the change into the production environment.</p>	<p>A variety of artifacts are used to document program changes, test results and user acceptance test results. The department acknowledges that a more consistent approach for documenting those items should be implemented. All program changes are moved directly into production from the test environment. There is no isolated staging environment available for final tested software.</p>	<p>DOH IT is in the process of implementing ITIL compliant Change Management and Release Management processes that will provide consistent and accurately documented software changes.</p>

**APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)**

<i>Para. # Finding:</i>	<i>Recommendation:</i>	<i>Management Response:</i>	<i>Corrective Action Plan:</i>
3	<p>Department procedures did not ensure timely deletion of FLAIR user access for terminated employees.</p>	<p>To ensure that only authorized individuals have access to Department accounting records, we recommend that the Department finalize a process to timely remove FLAIR user access upon an employee's separation from the Department.</p>	<p>Concur. Completed. A process was established where Personnel will provide the Office of Policy and Systems a monthly listing of employees separated from the department during that month. Policy and Systems will compare this listing against FLAIR RACF and Access Control records deleting records or revoking authority as appropriate for active FLAIR security records with a matching entry on the separation listing.</p>
4	<p>In addition to the matters discussed in finding Nos. 1 through 3, certain security controls needed improvement. Specific details of these issues are not disclosed in this report to avoid the possibility of compromising Department data and IT resources.</p>	<p>The Department should implement appropriate action to correct the security control deficiencies.</p>	<p>DOH is in the process of implementing controls that will eliminate some of the deficiencies noted during the operational audit.</p>
5	<p>The Department did not always timely record property items in the FLAIR Property Subsystem.</p>	<p>We recommend that the Department continue its efforts to ensure property acquisitions are timely recorded.</p>	<p>Concur.</p> <p>Communicate with end users to ensure that property receiving reports are completed timely.</p>
6	<p>The Department did not always accurately record the acquisition cost of property items in the FLAIR Property Subsystem.</p>	<p>To ensure that property items are correctly valued, we recommend that the Department strengthen its policies and procedures to better define the elements of acquisition cost.</p>	<p>Concur.</p> <ol style="list-style-type: none"> 1. Update DOHP 250-11-05 policy to include the definition of acquisition cost. 2. Disseminate the policy to end users.

**APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)**

<i>Para. # Finding:</i>	<i>Recommendation:</i>	<i>Management Response:</i>	<i>Corrective Action Plan:</i>
7	Physical inventories were not always conducted by appropriate Department staff.	We recommend that the Department take appropriate actions to monitor policy and procedure compliance to better ensure that the property custodian's delegates do not perform the required annual physical inventories.	Clarify the inventory package instructions to ensure inventories are conducted as outlined in the DOHP 250-11-05 policy.
8	The Department did not document property disposals in accordance with applicable laws and rules.	We recommend the Department re-establish the use of the Memorandum of Disposal form or require some other method of documentation to ensure that future disposals and related records conform to the requirements of applicable laws and rules.	<ol style="list-style-type: none"> 1. Revise the Certificate of State Surplus Property Form (DH1100). 2. Make accessible through the Asset Manager System and the DOH intranet electronic forms warehouse.
9	In some instances, Department employees either did not complete or did not appropriately complete notifications of additional employment.	We recommend that the Department communicate the need to adhere to established policies regarding additional employment. We also recommend that the Department, through the performance of record matching procedures, periodically identify employees who also have a vendor relationship with the Department and ensure that the relationship has been reported to and appropriately reviewed by supervisory staff.	Request the Dual Employment report from the Department of Management Services twice per year to verify the receipt of Dual Employment forms.

APPENDIX A
MANAGEMENT RESPONSE (CONTINUED)

<i>Para. # Finding:</i>	<i>Recommendation:</i>	<i>Management Response:</i>	<i>Corrective Action Plan:</i>
10 The Department did not always conduct leave balance audits for employees separating from the Department. In addition, leave balance audit adjustments were not always reviewed for accuracy.	We recommend that the Department continue to remind CHDs to perform leave balance audits for terminating employees. In addition, we recommend that the Department implement procedures for the review of leave balance record adjustments.	Concur. Leave and attendance audits are a requirement due to the problems with the People First system. County health departments are instructed to complete leave and attendance audits upon termination and randomly. It has also been recommended that leave balance adjustments be verified the day after the input occurs. Additionally, the Leave and Attendance Desk Manual was updated to reflect the verification of any leave balance adjustment made.	Completed.

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