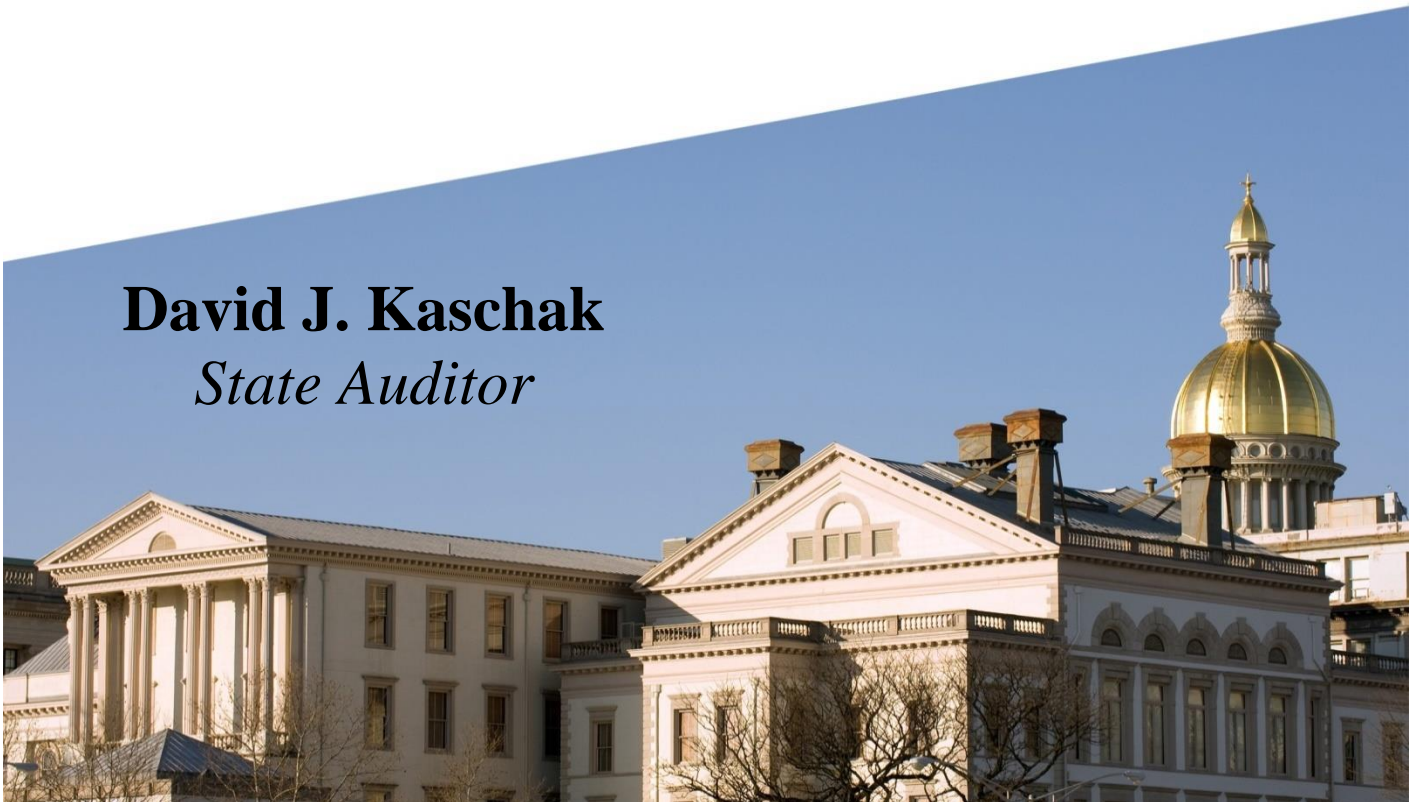


New Jersey Legislature
★ *Office of* LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

Department of Health
Selected Programs Accounted for in the
Division of Epidemiology,
Environmental and Occupational Health

July 1, 2018 to May 31, 2022

David J. Kaschak
State Auditor



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The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Department of Health, Selected Programs Accounted for in the Division of Epidemiology, Environmental and Occupational Health for the period of July 1, 2018 to May 31, 2022. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in cursive script that reads "David J. Kaschak".

David J. Kaschak
State Auditor
April 12, 2023

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Scope

We have completed an audit of the Department of Health (department), selected programs accounted for in the Division of Epidemiology, Environmental and Occupational Health (division) for the period July 1, 2018 to May 31, 2022. Our audit included financial activities accounted for in the state’s General Fund. The division tracks reportable diseases/conditions and outbreaks, with a goal of preventing disease and injury by reducing or eliminating exposures and hazards in the environment and workplace and informing the public. During our audit period, annual revenues and expenditures of the division averaged \$145.4 million and \$166.3 million, respectively, as shown in the following table:

| (In Millions) | FY 2019 | FY 2020 | FY 2021 | FY 2022 through May 2022 | Annual Average |
|------------------------------|----------------|----------------|----------------|-----------------------------|-------------------|
| Revenue - Federal Funds | \$43.2 | \$55.8 | \$184.0 | \$253.5 | \$137.0 |
| Revenue - State Funds | \$10.7 | \$10.2 | \$6.1 | \$5.7 | \$8.4 |
| Total Revenue | \$53.9 | \$66.0 | \$190.1 | \$259.2 | \$145.4 |
| Expenditures - Federal Funds | \$43.3 | \$50.3 | \$137.2 | \$126.5 | \$91.2 |
| Expenditures - State Funds | \$72.7 | \$82.9 | \$69.0 | \$69.5 | \$75.1 |
| Total Expenditures | \$116.0 | \$133.2 | \$206.2 | \$196.0 | \$166.3 |

Our scope included activities of the Medical Marijuana Program and the COVID-19 contact tracing program. The two programs, while accounted for in the division’s appropriation organization code 4230, are administered by Public Health Services and the Office of the Commissioner, Chief of Staff, respectively.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the programs, were reasonable, and were recorded properly in the accounting systems. An additional objective was to evaluate the internal controls over the COVID-19 contact tracing program and the Medicinal Marijuana Registry’s application process and application revenue.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, federal grant agreements, circulars promulgated by the Department of the Treasury, and policies and circulars of the department. Provisions we considered significant were documented, and compliance with those requirements was verified by interview, observation, and through our testing of financial transactions. We also read the budget messages, reviewed financial trends, and interviewed personnel to obtain an understanding of the programs and the internal controls. In order to achieve our objectives, we performed various tests and analyses, as we determined necessary. Additional detail regarding our methodology and work performed can be found in the Appendix, as well as in the findings section when testing resulted in a reportable condition.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions on our audit objectives, as well as internal controls and compliance. Sample populations were sorted, and transactions were judgmentally and randomly selected for testing. Because we used a nonstatistical sampling approach for our tests, we could not project the results to the respective populations.

Data Reliability

We relied on data from the New Jersey Comprehensive Financial System. Our office assesses the reliability of the data annually, and we have determined it to be sufficiently reliable for the purposes of this report.

Certain other data in our report were used to provide background information. Data that we used for this purpose were obtained from the best available sources. *Government Auditing Standards* do not require us to complete a data reliability assessment for data used for this purpose.

Conclusions

We found the financial transactions included in our testing were related to the division's programs, were reasonable, and were recorded properly in the accounting systems. In making these determinations, we noted certain weaknesses in internal controls regarding purchasing, the timeliness of deposits, and the COVID-19 contact tracing program. In addition, we found some aspects of the contact tracing contract did not appear reasonable.

Contact Tracing Program

Monitoring of the COVID-19 contact tracing program needs improvement.

Background

Contact tracing is a core disease control measure employed by public health agencies for decades. Contact tracing involves working with a patient who has been diagnosed with an infectious disease to identify and provide support to individuals (contacts) who may have been infected through exposure to the patient. The objective of the COVID-19 contact tracing program is to help break the chain of transmission and slow community spread by identifying individuals who may have come into contact with someone infected by COVID-19.

In July 2020, in response to the COVID-19 pandemic, the state entered into a contract with a consultant (contractor) to manage its contact tracing program in an effort to curtail the spread of the COVID-19 virus by assisting the state’s efforts to provide additional contact tracing capacity to county and local health departments. Contact tracers were hired by the contractor and its three subcontractors to remotely perform case investigations in collaboration with local health departments. The following chart shows the number of contact tracers from September 2020 through May 2022:

| Contact Tracers Billed by | | | | | |
|---------------------------|------|--------------|-----------------------|---------|--|
| Month | Year | Contractor | Dollar Amount | Cases | |
| September | 2020 | 694 | \$ 809,854 | 13,315 | |
| October | 2020 | 834 | 3,049,788 | 32,611 | |
| November | 2020 | 1,850 | 4,394,543 | 99,418 | |
| December | 2020 | 2,114 | 6,800,570 | 140,056 | |
| January | 2021 | 2,098 | 10,314,750 | 146,181 | |
| February | 2021 | 1,958 | 8,473,025 | 78,184 | |
| March | 2021 | 1,951 | 8,197,366 | 97,666 | |
| April | 2021 | 1,806 | 7,866,367 | 73,536 | |
| May | 2021 | 1,741 | 9,346,904 | 14,772 | |
| June | 2021 | 1,638 | 6,541,131 | 5,284 | |
| July | 2021 | 1,101 | 4,567,836 | 14,266 | |
| August | 2021 | 794 | 3,490,616 | 44,554 | |
| September | 2021 | 884 | 3,755,274 | 51,809 | |
| October | 2021 | 911 | 4,909,545 | 38,681 | |
| November | 2021 | 890 | 3,983,236 | 44,429 | |
| December | 2021 | 1,033 | 4,514,952 | 258,041 | |
| January | 2022 | 1,170 | 6,597,679 | 481,631 | |
| February | 2022 | 1,100 | 4,895,235 | 46,241 | |
| March | 2022 | 1,077 | 4,547,156 | 26,122 | |
| April | 2022 | 1,046 | 4,010,864 | 50,062 | |
| May | 2022 | 586 | 2,880,463 | 106,534 | |
| | | Total | \$ 113,947,154 | | |

The cost of the contact tracing program is 100 percent reimbursed through federal funds. The contractor is reimbursed contact tracing salary costs: \$25 per hour for contact tracers and \$35 per hour for contact tracing supervisors, plus a markup of 40.5 percent for indirect costs. In addition, the contractor received a monthly management fee of \$464,900 in fiscal year 2021 and \$410,900 in fiscal year 2022, as summarized below:

Monthly Management Fee Breakdown (rounded to nearest \$100)

| Task/Line Item | Description | FY 2021 | FY 2022 |
|--|--|------------------|------------------|
| Project Management and Subcontractor Oversight | Project management implementation, ongoing PM, and oversight of subcontractors | \$180,700 | \$180,700 |
| IT Provisioning | Distribution of laptops, inventory management, collection of laptops, and shipping | \$37,800 | \$11,300 |
| Community Engagement Subcontractor | Community engagement efforts and collaboration with Community-Based Organizations | \$45,800 | \$18,300 |
| Quality Assurance Staff and Support | Staff to evaluate performance of staff, managing productivity, call monitoring, training tracking, and remedial training | \$86,700 | \$86,700 |
| Call Center & Workforce Management | Scheduling of staff and work hours based upon volume of cases and management of call center functions | \$109,700 | \$109,700 |
| Insurance Costs (Liability) | General insurance costs (removed in home site liability insurance coverage) | \$4,200 | \$4,200 |
| Total Monthly Management Fee | | \$464,900 | \$410,900 |

For the 23-month period from July 2020 through May 2022, the division paid the contractor \$113.9 million for contact tracing expenses and \$10.1 million in management fees. Management fees and contact tracing expenditures commenced in July 2020 and September 2020, respectively.

Our review of the contact tracing program found control weaknesses related to contact tracer work schedules, contractor invoices, and laptop purchases as well as certain aspects of the contact tracing contract that did not appear reasonable.

Contact Tracer Work Schedules

A centralized work schedule used by all contact tracers could be an important management tool to help minimize labor costs by allocating contact tracers based on daily need. The contractor

informed us that the “online scheduling functionality exists to effectively articulate schedules for staff with automated schedule distribution, and schedule oversight for the client.” The centralized work schedule provided by the contractor includes a portal that could allow the Office of the Commissioner, Chief of Staff to review contract tracer timesheets and schedules.

As part of the monthly management fee, the division paid the contractor \$109,700 for the scheduling of contact tracers’ work hours and the management of a call center. Six counties opted out of using the contractor’s work scheduling system because they already had their own system in place. As of December 2021, only 619 contact tracers of the 969 (64 percent) were using the contractor’s work scheduling system. Despite the six counties opting out of using the contractor’s work scheduling system, the monthly management fee paid by the division to the contractor included funds to provide work schedules for all contract tracers throughout the state.

Contractor Invoices

According to Department of the Treasury Circular No. 14-08-DPP, the appointed State Contract Manager (contract manager) is responsible for the overall management and administration of a state contract. The duties and responsibilities related to managing a state contract include communicating with the contractor, reviewing all contractor billing (invoices), and ensuring the contractor is paid only for services rendered and goods delivered. On a biweekly basis, the contractor requests payment for services rendered by providing invoices of all hours worked by contact tracers, including overtime hours, based on the contracted reimbursement rates. The division’s contract manager did not perform a sufficient review of the invoices before approving payment. Based on our review of eight invoices totaling \$32.3 million of a population of 44 invoices totaling \$113.9 million, we found eight employee overpayments totaling \$20,299, including one for a person with the name of a fictitious character. The contractor claimed the name was included for testing purposes. Based on our inquiry, the contractor subsequently issued a full credit to the division for these overpayments.

Recommendation

We recommend the division encourage the six counties to use the centralized work schedule furnished by the contractor or adjust the monthly management fee to reflect the reduction in services provided by the contractor because of counties opting out. We further recommend the division require the contract manager (or designee) perform an extensive review of the monthly invoices before approving payments.



Contact Tracing Program – Laptop Inventory

The department did not comply with asset inventory requirements.

Contact tracers work remotely using either a state-issued laptop or their own personal computer. In July 2020, the department purchased 1,000 laptops to be used exclusively by contact tracers for \$1.3 million using federal COVID-19 funds.

The Department of the Treasury Circular No. 19-12-OMB requires all state agencies to manage the inventory of property owned by or the responsibility of the agency. The circular provides the minimum requirements for subsidiary records, including the location of the asset and the organization/division unit and name of the employee charged with custody. In order to ensure that agencies are able to efficiently record, manage, and track asset inventories as described in the circular, the state has adopted a cloud-based state-wide software application (inventory system).

In addition, the department's internal procedure requires the facility management unit to verify the physical existence of each asset and affix an internal inventory tag prior to uploading the asset's information to the inventory system. The department did not follow its procedure and instead permitted the vendor to affix inventory tags to each laptop prior to shipping. The vendor provided the department with a computerized inventory list including serial numbers and internal departmental inventory tags upon delivery. The list indicated all of the laptops were at the location where they were initially received by the department in July 2020 (location A).

In December 2021, we requested an inventory list of the laptops and were provided with a download from the inventory system. The download was the same list initially provided by the vendor, which the department had not uploaded to the inventory system until December 2021. In the 18 months since the laptops were purchased, the department reported the contractor had received 49 laptops, with only 9 distributed to contact tracers because the majority of contact tracers were able to perform their duties using their personal computer. The department further reported 2 laptops had been used for software testing purposes and 41 had been deployed to employees of the division's vaccine command center's mobile rapid response team, leaving 908 laptops to account for. The December 2021 inventory system download incorrectly indicated all of the laptops purchased were at the location where they were initially received by the department in July 2020 despite the laptops being at the various locations indicated above.

Prior to uploading the vendor-prepared inventory list to the inventory system in December 2021, the department accounted for the laptops by creating subsidiary lists of the laptops by location and employee assignment. Because of the inaccurate inventory records on the inventory system, we relied on the subsidiary lists provided by the department to prepare a schedule of the locations of the 1,000 laptops as of January 2022. According to the subsidiary lists, 76 laptops were moved from their original location (Location A) to another location (Location B), leaving 832 laptops that should have remained at Location A.

| | |
|--|-------|
| Laptops purchased | 1,000 |
| Less: Laptops assigned to contractor | (49) |
| Less: Laptops assigned for testing phase | (2) |
| Less: Laptops assigned to department employees | (41) |
| Laptops unassigned (Two building locations) | 908 |
| Less: Laptops stored at Location B | (76) |
| Remaining laptops stored at Location A | 832 |

In January 2022, we selected a random sample of 25 laptops from the 832 laptops thought to be stored at Location A to test for physical existence; however, we were unable to conduct the test because of the disorganized and random manner in which the laptops were stored. According to the circular, “a physical asset inventory should be taken annually.” However, the department’s facility management unit had not performed an annual physical inventory of the laptops prior to our inquiries. In February 2022, following our inquiries, the department completed an inventory scan of all of the laptops at Location A in an attempt to locate the 25 sampled laptops; however, the department was unable to locate 1 of the 25 laptops. The department speculated the laptop that was unaccounted for could have been removed from its original serial-numbered box and repackaged into a different box when the laptops were removed from their original boxes in preparation for deployment.

After the department completed inventory scans of the laptops in storage in February 2022, the inventory system indicated 42 of the 1,000 laptops had never been scanned or distributed. As of May 2022, the department did not know the location of these 42 laptops.

Recommendation

We recommend the department tag all assets upon receipt to be entered into the inventory system, maintain accurate inventory records, and conduct a physical inventory annually as required by the Department of the Treasury Circular No. 19-12-OMB. We further recommend the department immediately takes steps to locate the 42 unaccounted for laptops.



Contact Tracing Contractor – Monthly Management Fee for IT Provisioning

The monthly management fee for IT provisioning does not appear reasonable based on the number of laptops distributed by the contractor to contract tracers.

A portion of the monthly management fee paid to the contact tracing contractor was for the contractor’s cost of managing laptops issued to contact tracers. For fiscal years 2021 and 2022, the contractor was paid a monthly fee of \$37,800 and \$11,300, respectively, to distribute and manage contact tracer laptops. The contractor was paid a total of \$567,400 as of May 2022 for receiving 49 laptops and distributing only 9 to contact tracers. Although the division did decrease the monthly IT provisioning fee for the second year of the contract, the total amount paid does

not appear reasonable considering the number of laptops managed and distributed by the contractor.

Recommendation

We recommend the division consider using a “per unit” pricing methodology for future contracts when the level of service to be provided cannot be reasonably predicted.



Purchasing

The department made payments to vendors without proper receiving documentation.

The division uses two purchasing systems: the Management Acquisition Control System (MACSE) and the state’s eProcurement portal (NJSTART). The department’s fiscal unit requires an internal requisition from the division before issuing a purchase order. The division initiates internal requisitions and furnishes receiving documentation, while the department’s fiscal unit processes purchase orders and authorizes payments to vendors.

According to a department circular, all receiving documents, including vendor packing slips, must be submitted to the department’s fiscal unit as soon as the merchandise is received. After the receiving documents are matched with the state payment voucher or invoice, the vendor is to be paid. The receiving agency must complete and forward to the fiscal unit a receiving document indicating the receipt of all materials, services, supplies, and equipment ordered by purchase order within 48 hours of receipt.

We judgmentally, based on new vendors, high dollar payments to vendors, and large increases in payments to vendors, sampled and tested 25 payments totaling \$1.9 million from a population of 4,306 transactions totaling \$71 million during the period July 2018 through April 2021. We found two payments for N95 masks and hand sanitizing dispensing stands totaling \$498,000 were paid without receiving documentation at the time disbursements were made. Subsequently, the department’s fiscal unit was able to provide supporting documentation to indicate the goods were received prior to payment. However, this documentation should have been available and recorded before the vendor payment was authorized. Lack of proper receiving documentation at the time of payment increases the risk goods and/or services were not received.

Recommendation

The department’s fiscal unit should ensure it obtains all receiving documentation before payment is made to the vendor.



Untimely Deposits

Deposits are not being made timely.

The division has multiple programs that receive revenue for different types of fees and federal grants. The revenue is comprised of federal drawdowns, checks received in the mail, and credit card and electronic check payments. The checks are recorded on a revenue account log prior to deposit. Typically, the revenue account log date represents the last check received. According to Department of the Treasury Circular No. 12-02-OMB, agencies are to ensure all state funds are deposited on the same day as received. When checks are not deposited timely, there is an increased risk of checks getting lost or stolen. The circular also requires all deposits to be recorded in the state's accounting system with dates that are consistent with the actual credit date to the state's bank account.

We randomly selected a sample of 25 revenue transactions totaling \$1,559,052 from a population of 3,323 transactions totaling \$250,970,819 during the period July 2018 through April 2021 . Our sample included 7 federal drawdowns totaling \$1,492,772, 1 medicinal marijuana dispensary license transaction totaling \$20,000, and 17 transactions totaling \$46,280 representing fees paid by check. Comparing the revenue account log to the bank deposit date, we found 11 of the 17 fees paid by check, totaling \$37,106, were not deposited in a timely manner, ranging from 2 to 11 days late.

We expanded our testing to include four additional programs not included in our previous sample. We selected one transaction from each of the four programs. The four transactions were comprised of 18 deposits totaling \$7,410, and we found none were deposited in a timely manner, ranging from 5 to 30 days late.

Recommendation

We recommend the division comply with Department of the Treasury Circular No. 12-02-OMB.



Appendix

Methodologies to Achieve Audit Objectives

To determine whether the division's Medicinal Marijuana Registry complied with the administrative code requirements, we reviewed supporting documentation for regular and reduced-fee payments. From July 2018 through September 2020, the division received 58,565 regular payments totaling \$5,856,500 and 42,864 reduced-fee payments totaling \$857,280. We selected a random sample of 20 regular payments totaling \$2,000 and 20 reduced-fee payments totaling \$400 for testing.

To determine if NJSTART transactions were properly recorded in the state accounting system and had adequate supporting documentation, we selected a random sample of 25 transactions from July 2021 to September 2021 totaling \$168,754 from 198 transactions totaling \$1,004,236. We also tested for the existence of the purchased item.

To determine if the contractor followed the department's decision to scale down the number of contact tracers to reflect changes to the environment and updated recommendations by the Centers for Disease Control and Prevention as of February 28, 2022, we reviewed the number of contact tracers being billed as of May 2022.

To determine whether contact tracers were improperly paid after their employment separation date, we reviewed the wage payments for all 1,617 contract tracers with separation dates from November 15, 2020 to September 11, 2021.

To determine the validity of contact tracer hours billed by the contractor, we judgmentally sampled 20 contact tracers from 1,236 contact tracers included on the contractor's invoice for the week ending April 24, 2021. The 20 contact tracers accounted for \$26,549 of \$1.3 million billed for the period. For each sampled contact tracer, we traced the hours paid to an approved timesheet, work schedule, and productivity documentation.



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JUDITH M. PERSICILLI, RN, BSN, MA
Commissioner

March 28, 2023

Mr. Brian Klingele, Assistant State Auditor
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, NJ 08625-0067
Bklingele@njleg.org

Re: Response to Department of Health, Selected Programs Accounted for in the Division of Epidemiology, Environmental and Occupational Health Audit.

Dear Mr. Klingele,

The New Jersey Department of Health (the Department) is in receipt of the above-mentioned Office of the State Auditor's (OSA's) audit report titled, "Department of Health, Selected Programs Accounted for in the Division of Epidemiology, Environmental and Occupational." We appreciate the OSA's review and thank you for the opportunity to comment on the audit report.

Please find below the following responses to the audit report.

First, we want to point out that the audit started in December 2019, just at the start of the COVID-19 outbreak. The Department in January 2020 was in the beginning stages of what was becoming a major pandemic and the Department did not receive its first funding through the Centers for Disease Control until May 2020. The Department became the focal point for everything COVID related for the State of New Jersey to include battling critical care, vaccinations, testing, analytics, scientific and administrative functions. The Medicinal Marijuana Program was transferred to the Department of Treasury effective financially in July 2020 and reorganized as the Cannabis Regulatory Commission.

Our comments on the findings and recommendations are as follows:

Contact Tracing Program

Monitoring of the COVID-19 contact tracing program needs improvement.

We recommend the division encourage the six counties to use the centralized work schedule furnished by the contractor or adjust the monthly management fee to reflect the reduction in services provided by the contractor because of counties opting out. We further recommend the division require the contract manager (or designee) perform an extensive review of the monthly invoices before approving payments.

Comments:

We acknowledge the recommendation to use the contractor-provided, or other uniformed scheduling tools if ever this circumstance arises in the future. We acknowledge the recommendation for more detailed invoice reviews. This recommendation was shared earlier in the audit process and more detailed invoice reviews have been conducted since. Further, also at the recommendation of our audit team, our program, and fiscal leads require the vendor to send a detailed spreadsheet to back up the invoices and perform recurring random deep dives to monitor accuracy.

Contact Tracing Program – Laptop Inventory

The department did not comply with asset inventory requirements.

We recommend the department tag all assets upon receipt to be entered into the inventory system, maintain accurate inventory records, and conduct a physical inventory annually as required by the Department of Treasury Circular No. 19-12-OMB. We further recommend the department immediately takes steps to locate the 42 unaccounted-for tops.

Comments:

The initial asset tags installed on the laptops by DELL (Vendor) are being systematically replaced with DOH specific asset tags as the tags installed by DELL did not meet our quality standards. All tags are recorded and names of staff/locations receiving the units will be included in WASP upon assignment. DOH Facilities Management (FM) is preparing its annual physical inventory for FY23, per Treasury Circular (19-12-OMB). DOH Health Information Technology (HIT) unit is working with DOH FM unit to employ HIT tools and resources (i.e., Absolute Computrace, Microsoft Endpoint Computer Manager as well as WASP) to track assigned laptops and identify the unaccounted computers cited above.

Contact Tracing Contractor – Monthly Management Fee for IT Provisioning

The monthly management fee for IT provisioning does not appear reasonable based on the number of laptops distributed by the contractor to contract tracers.

We recommend the division consider using a “per unit” pricing methodology for future contracts when the level of service to be provided cannot be reasonably predicted.

Comments:

We acknowledge this recommendation and will work to apply it to future contracts when the level of service to be provided cannot be reasonably predicted.

Purchasing

The department made payments to vendors without proper receiving documentation.

The department's fiscal unit should ensure it obtains all receiving documentation before payment is made to the vendor.

Comments:

We acknowledge that documentation for two payments made for N95 masks and hand sanitizing dispensing stands was not available at the time of payment, which increased the risk that goods and/or services were not received. However, we are pleased to report that the fiscal unit was able to provide supporting documentation indicating that the goods were received prior to payment. While we are glad that the goods were received and the payments were appropriate, we recognize that proper documentation should have been available and recorded before the vendor payment was authorized.

We will review and improve our procurement and payment processes to ensure that documentation is properly recorded and readily available before vendor payments are authorized. Specifically, we will implement additional controls to ensure that receiving documentation is obtained and recorded before authorizing vendor payments, including conducting regular training for our staff to emphasize the importance of proper documentation and following State/Department Procurement policies and procedures.

Untimely Deposits

Deposits are not being made timely.

We recommend the division comply with Department of the Treasury Circular No. 12-02-OMB.

Comments:

We acknowledge that Department of the Treasury Circular No. 12-02-OMB requires state agencies are to ensure all state funds to be deposited on the same day as received, and all deposits to be recorded in the accounting system with dates consistent with the actual credit date to the bank account. We acknowledge that a sample of 25 revenue transactions from a population of 3,323 transactions during the audit period did not meet the policy requirements for timely deposits and consistent recording in the accounting system. We also acknowledge that 18 deposits in the expanded test were not deposited in a timely manner.

We will investigate the root cause of the delayed deposits and inconsistent recording of deposits in the accounting system. This will include reviewing existing policies and procedures, evaluating staffing levels and workload, and assessing the effectiveness of existing controls. Based on our investigation, we will develop a corrective action plan to address the root cause of the delayed deposits and inconsistent recording of deposits in the accounting system. This plan will include the following:

1. Revise policies and procedures to clearly state the requirement for timely deposits and consistent recording of deposits in the accounting system.
2. Provide training to all relevant staff on the revised policies and procedures, emphasizing the importance of timely deposits and consistent recording of deposits in the accounting system.
3. Establish a regular monthly review of the deposit records and follow-up on any delayed deposits and inconsistent recording of deposits in the accounting system.
4. Document the review results, and report progress to management quarterly.

Sincerely,

A handwritten signature in black ink, reading "Judith M Persichilli". The signature is written in a cursive style with a large initial "J".

Judith M Persichilli, R.N., B.S.N., M.A.
Commissioner

C: Andrea Martinez-Mejia, Chief of Staff, DOH
Thalia Sirjue, Deputy Chief of Staff, DOH
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Audit File