



Department of Legislative Services
Office of Legislative Audits

Department of Health and
Mental Hygiene

Office of the Secretary and
Other Units

Report dated August 8, 2007

Presentation to
Maryland General Assembly
Senate Budget and Taxation Committee
Health, Education, and Human Resources
Subcommittee

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Audit Overview

- The Department of Health and Mental Hygiene (DHMH) is responsible for promoting the health of the public and for strengthening partnerships between State and local governments, the business community, and all health care providers in Maryland regarding health care. The following units were included in this audit:
 - Office of the Secretary (excluding the Health Professional Boards and Commission)
 - Deputy Secretary for Health Care Financing
 - Operations
 - Deputy Secretary for Public Health Services
 - During FY 2006, expenditures for these four units totaled approximately \$55 million.
 - Audit report included 14 findings. 8 findings from DHMH's preceding audit report were repeated.
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Key Audit Issues

- Adequate controls were not established over the issuance of, accounting for, and safeguarding of vital records, including birth certificates.
- DHMH did not properly oversee the issuance and security of vital records by the local health departments.
- Access to DHMH's vital records automated system was not adequately restricted.
- Subprovider budgets were not always reviewed and expenditures were not always audited.
- Various health care facilities were not inspected annually as required by State law.



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Inadequate Controls Over Vital Records

- Sufficient documentation was not always provided by applicants for certified copies of birth certificates. (Finding 1)
 - DHMH did not use prenumbered forms for all vital records. As a result, DHMH could not adequately account for the forms and the related collections.
 - For the forms that were prenumbered, DHMH did not adequately account for the forms as to issued, voided, or on hand.
 - Original birth certificates, prenumbered blank stock certificates, and completed applications were not always adequately secured.
 - Most of these deficiencies were commented upon in our preceding audit report. The lack of controls over prenumbered certificates has been commented upon in our reports dating back to 1999.
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Lack of Oversight of Local Health Departments

- DHMH did not properly oversee the issuance and security of vital records by the local health departments (LHDs) to ensure compliance with laws, regulations and security procedures. (Finding 2)
- As a result, procedures over issuance of certificates were inconsistent and not always adequate.
- Because certificates are issued in many locations, the need for proper oversight is critical.
- A similar situation was commented upon in our preceding audit report.



Access to Automated System Not Restricted

- DHMH did not periodically review access to the automated vital records system to ensure that capabilities assigned to employees were proper. (Finding 3)
- Consequently, users were assigned additional capabilities that were not needed, which could result in birth certificates being issued to unauthorized individuals.
- For example, we noted 26 users that had the capability to add and/or change birth information and to print the related certificates. Another 5 users had this capability but also had routine access to cash collections received from the sale of the certificates.
- A similar situation was commented upon in our preceding audit report.



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Inadequate Monitoring of Subproviders

- DHMH provided \$438 million in annual financial assistance to local health departments (LHDs) and private providers during FY 2006. In many instances, these primary providers subsequently awarded funding to subproviders, such as drug treatment programs and family planning clinics. (Finding 4)
 - DHMH did not ensure that subprovider budgets were reviewed and related expenditures were audited.
 - For example, our test of 8 FY 2006 grants to LHDs totaling \$28.2 million disclosed that subprovider budgets for 7 of these grants (\$24.4 million) were not reviewed by the LHDs or by the funding units.
 - Inadequate review of subprovider budgets and lack of subprovider expenditure audits were commented upon in our two preceding audit reports.
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Health Care Facilities Not Inspected Annually

- DHMH had not inspected 73 percent of the 1,567 licensed assisted living facilities and 59 percent of the 186 facilities for the developmentally disabled in FY 2006. (Finding 5)
- As of November 2006, inspections had not been performed for most of the 337 unlicensed assisting living facilities that had applied for licensure as far back as 1998.
- These facilities will continue to operate unless significant violations are reported.
- State law requires that these facilities be inspected at least annually.
- Similar conditions were commented upon in our prior audit report.



Other Findings of Interest

- As of October 26, 2006, taxpayer donations to the Cancer Fund totaling \$890,000 had not been spent since the Fund's inception in April 2005. (Finding 6)
- This fund was established by State law for cancer research, prevention, and treatment.
- A federal fund reimbursement totaling \$72.9 million was not requested timely, resulting in a loss of interest income to the General Fund of approximately \$396,000. (Finding 7)
- Consequently, State general funds, which would have otherwise been available for investment, were used to finance federal fund expenditures for extended periods.



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Conclusion

DHMH should:

- Establish adequate controls over the issuance of, accounting for, and safeguarding of vital records, both at DHMH headquarters and at the local health departments.
 - Restrict and periodically review access to the vital records automated system
 - Ensure that thorough reviews of subprovider budgets and audits of subprovider expenditures are performed.
 - Ensure that annual inspections of health care facilities are conducted as required.
 - Correct other deficiencies identified in the report.
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