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Health Department

Background

The Kane County (County) Health Department (KCHD) is governed by several sources such as state statutes 55 ILCS 5-25 (County and Multi-county Health Departments) and 20 ILCS 2310 (Department of Public Health Powers & Duties Law), Kane County Code chapter 11.5 (Health and Sanitation), National Public Health Accreditation Standards and the 2012-2016 Community Health Improvement Plan as well as various grant requirements.

Following are excerpts (*in italics*) from Kane County Code chapter 11.5, Health and Sanitation:

The Kane County board of health (“board of health”) shall be established consisting of all of the members of the Kane County board, including the chairman thereof.

In accordance with section 1a of “an act relating to the care and treatment by counties of persons afflicted with tuberculosis and providing the means therefore”, approved June 28, 1915, as amended:

- A. The tuberculosis sanatorium and board are abolished and the employees, assets and liabilities of the sanatorium and board transferred to and assumed by the board of health; and*
- B. A tax be imposed by the health department up to the maximum rate of 0.05, which shall not be increased at any time. (Ord. 09-245, 7-14-2009). State statute ILCS 5/5-25003 authorizes another 0.05, for a total of 0.1. The 2015 actual rate was 0.016393.*

(in regards to Personal Health Fees) Assessment of Fees: Administration fees may be assessed upon each individual receiving personal health services and collected by the health department. However, no eligible individual may be denied services because of inability to pay.

(in regards to Environmental Health Fees) Assessment of Fees: Administration fees may be assessed upon each individual receiving environmental health services and collected by the health department.

(in regards to Food Sanitation) This article regulates food service establishments, temporary food service establishments, the operation of such establishments and equipment, and requires permitting of food service

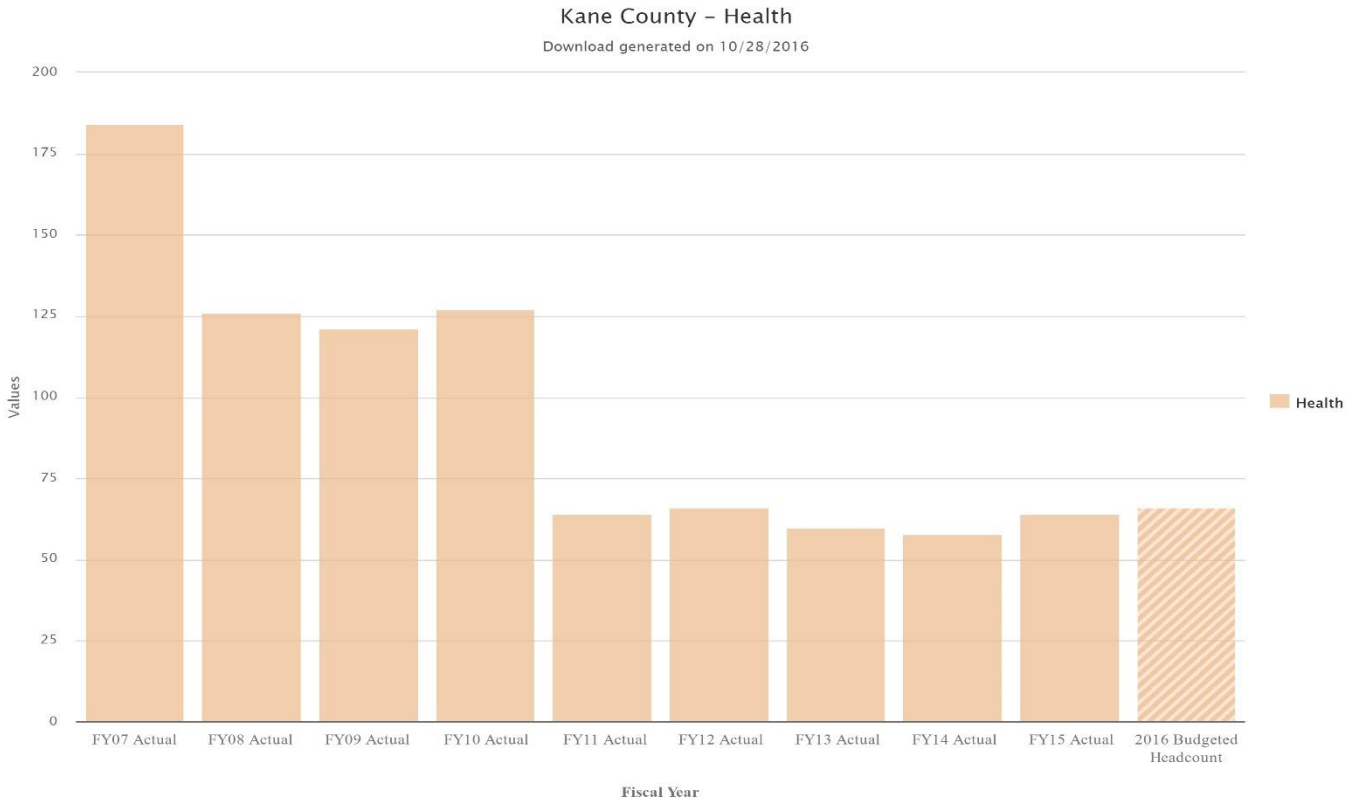
establishments and temporary food service establishments within the limits of Kane County. (Ord 15-283, 10-13-2015)

KCHD website (www.kanehealth.com) lists the following Ten Essential Services of Public Health:

1. Monitor health status and understand health issues facing the community.
2. Protect people from health problems and health hazards.
3. Give people the information they need to make healthy choices.
4. Engage the community to identify and solve health problems.
5. Develop public health policies and plans.
6. Enforce public health laws and regulations.
7. Help people receive health services.
8. Maintain a competent public health workforce.
9. Evaluate and improve programs and interventions.
10. Contribute to and apply the evidence base of public health.

KCHD is structured into three areas: administrative (including finance, grant specialist and emergency response), disease prevention (including clinical), and health promotion (including environmental health). Grants may fall within any of the three areas.

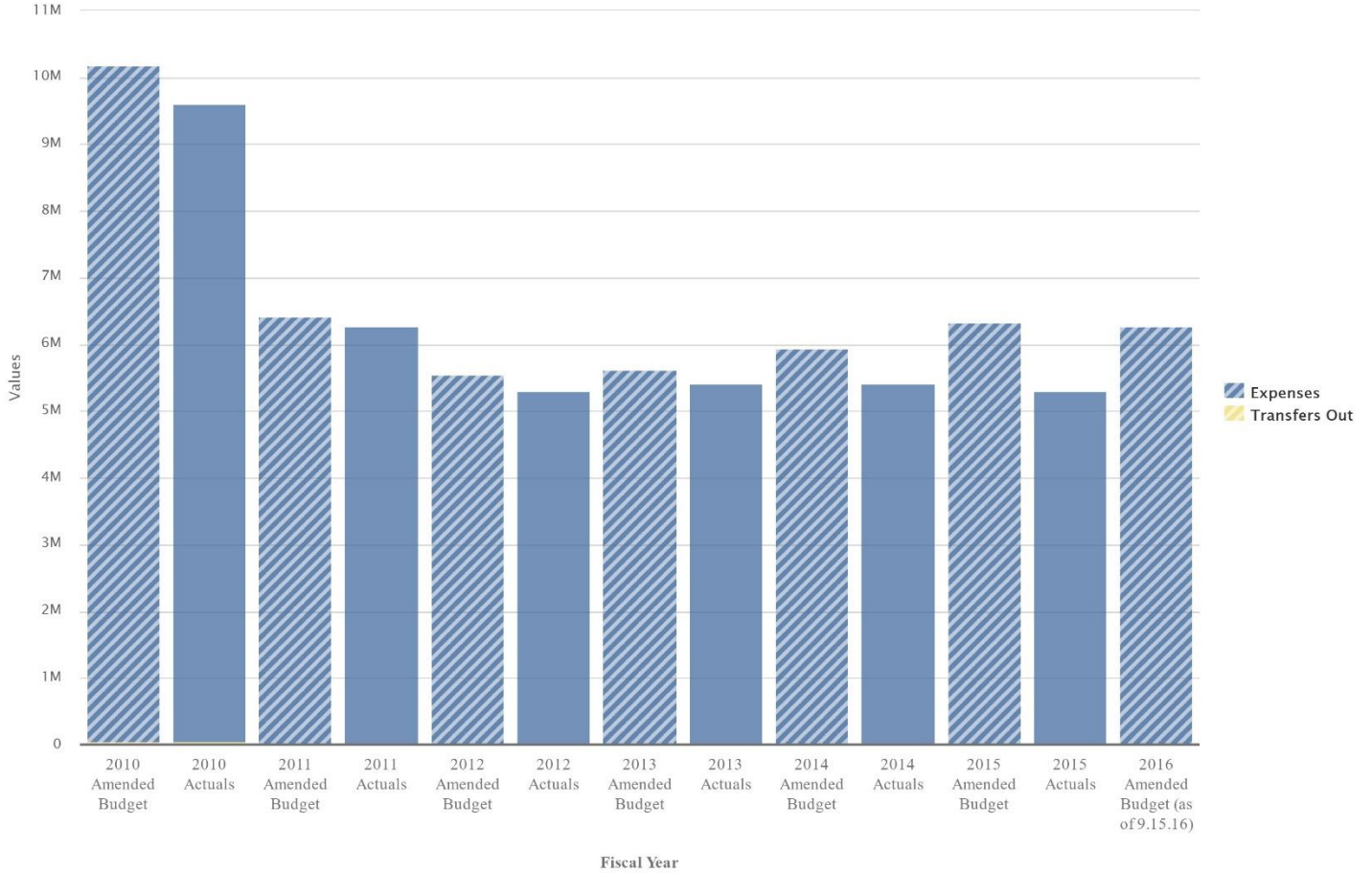
Below is KCHD headcount by year (2007 actuals through 2016 budget), where significant reductions occurred in 2008 (decrease of 58) and 2011 (decrease of 63) when clinical services were scaled back.



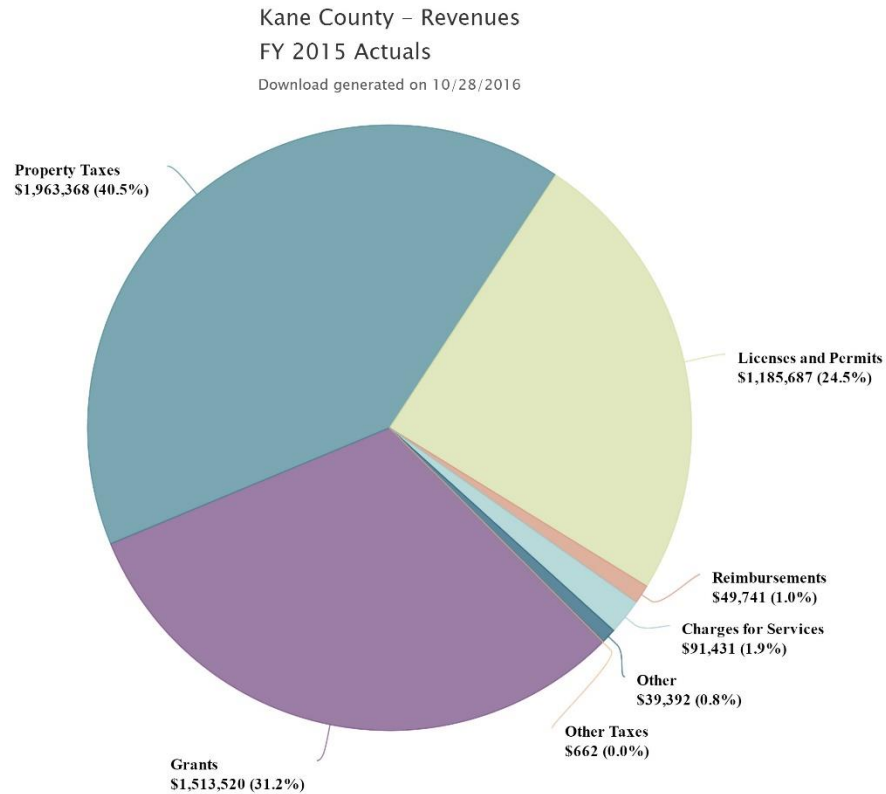
Below are total expenses for KCHD (budgeted amounts are shaded) by year for 2010 through 2016. The decrease in expenses from 2010 to 2011 reflects the decrease in clinical services and related headcount.

Kane County – Types

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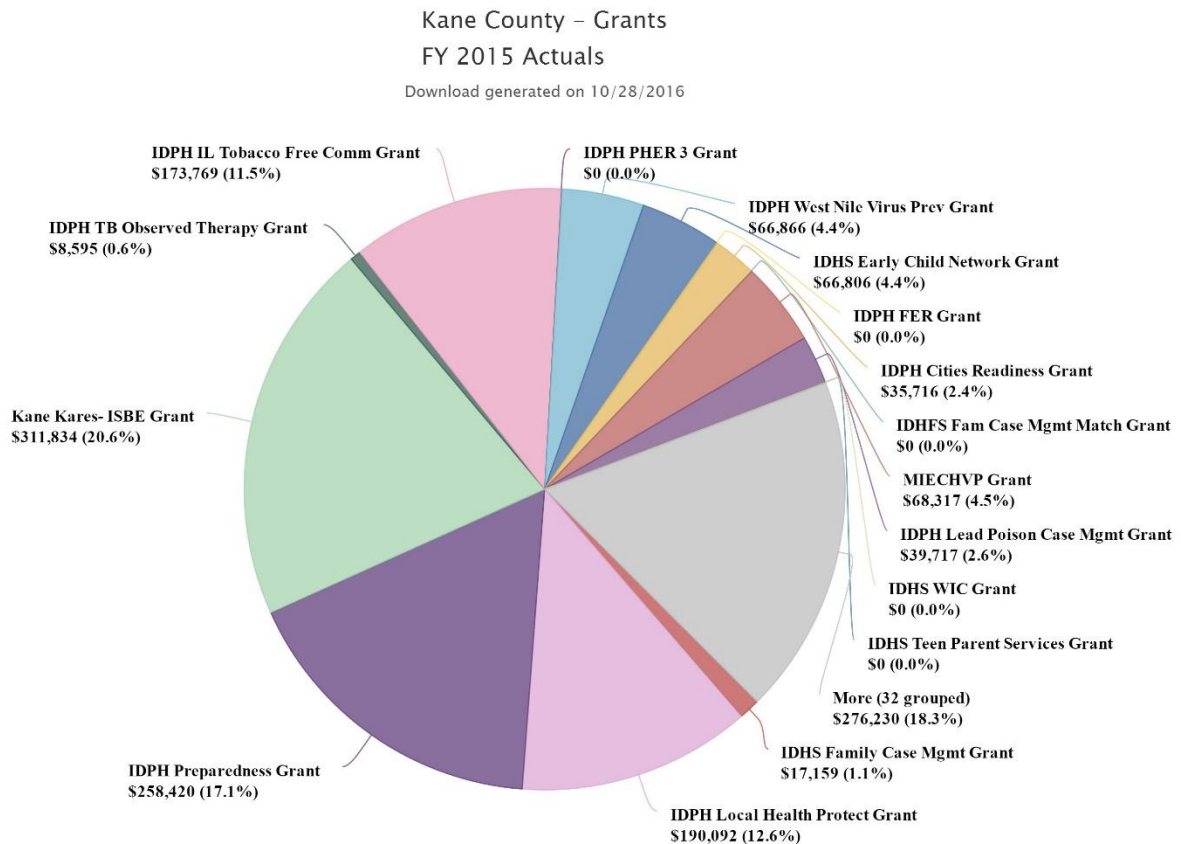
Following is a breakout of FY2015 KCHD revenue by type of revenue. Property tax revenue relates to the Kane County Code cited above for a 0.05 rate.



The following shows five years of actual revenue broken out by type of revenue. The split between grant revenue and other revenue has remained relatively steady at an approximate 40/60 split. The decrease from 2014 to 2015 is due to timing of grant income as well as a decrease in tuberculosis (TB) funding.

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Grants					
Federal Grants	1,592,137	919,589	947,163	1,200,587	709,694
State Grants	874,780	913,897	1,179,754	1,102,248	784,028
Private/Misc Grants	287,438	127,540	210,124	99,607	19,800
Total Grants	2,754,355	1,961,026	2,337,041	2,402,442	1,513,522
Other Revenue					
Property Taxes	1,966,890	1,965,374	1,959,454	1,964,028	1,963,368
Licenses & Permits	1,055,068	1,080,801	1,131,202	1,157,267	1,185,687
Reimbursements	281,988	12,524	19,011	33,917	49,741
Charges for Services	150,052	134,362	89,295	97,689	91,431
Other	45,635	19,371	8,544	35,497	40,054
Total Other	3,499,633	3,212,432	3,207,506	3,288,398	3,330,281
Total Revenue	6,253,988	5,173,458	5,544,547	5,690,840	4,843,803
Revenue % Split					
Grant	44%	38%	42%	42%	31%
Other	56%	62%	58%	58%	69%

Below represents the 2015 actual grant revenue by grant.



Summary of Procedures Performed

Performed the following procedures:

- Reviewed background information such as state statutes, organization chart, County Ordinance, 2012-16 Community Health Improvement Plan, etc.
- Interviewed key personnel to document policies and procedures.
- Performed fluctuation analysis for the following:
 - 2015 actuals, 2016 amended budget and 2016 YTD through August for total expenses and revenue
 - Five year, year-over-year comparison by expense category (Salaries & Wages, Benefits, etc.) and revenue categories (e.g., Grants, Property Taxes, etc.)
- Reviewed a selection of cash deposits, agreeing the amounts to supporting documentation and tracing the amounts into the general ledger.

- Obtained inventory lists and performed test counts.
- Obtained the fixed asset schedule, randomly selected three assets to physically locate.
- Selected 43 invoices from current year payments through July 31, 2016 to review for proper authorization, g/l coding, contracts/quotes, supporting documentation and proper grant expense (where applicable).
- Pulled total spend by vendor for fiscal year 2015 to ensure contracts are on file for spend greater than \$30k.
- Selected three state grants to review grant agreements and grant reporting.

Recommendations and Management Response

Recommendation 1 – The cash registers for environmental and clinical fees are basic and not directly linked to an underlying system which allows for potential misappropriation of cash. Using a food permit as an example, the KCHD employee could accept cash payment for the permit, pocket the cash and then mark the application/permit as paid in the KPASS system. A similar situation exists for clinical fees.

Recommend implementing additional controls such as not accepting cash or segregating the duties between employee accepting cash and employee marking applicant as paid with the second step requiring proof of payment such as a cash register receipt or copy of the check, etc.

Management Response – KCHD’s Environmental Health section agrees to develop and implement a new procedure for cash transactions utilizing systems available to the section with reasonable cost efficient controls to protect the resources of the department. The division of Disease Prevention of KCHD will develop and implement a new cash procedure for clinical fees to provide reasonable cost efficient controls to protect the resources of the department.

Recommendation 2 – KCHD expenses TB drugs and flu shots as purchased; thus, no inventory is in the general ledger. In test counts of the TB drugs, the actual count differed substantially from the tracking sheet and the tracking sheet excludes drugs moved to the clinic cart. Given the potential for misappropriation, **recommend that an inventory listing be maintained for TB drugs, immunizations and flu shots; changes to the inventory have supporting documentation; and periodic test counts be performed to test the accuracy of the listing.**

Management Response – The KCHD’s division of Disease Prevention will develop and implement a new inventory procedure for TB drugs with controls which include an excel tracking form, periodic test counts of TB drugs, processing of new inventory and inventory listing and tracking form for the medication cart in the clinic. Immunizations will continue to be tracked by the ICare system as required by IDPH. Since the flu shots & TB drugs are acquired seasonally and utilized within a 12 month period, the cost is properly treated as an expensed item.

Recommendation 3 – The clinical area of the KCHD has had some substantial changes in the last few years such as the decrease in clinical services and headcount and a new insurance arena with managed care organizations. KCHD is re-evaluating the best approach for the following:

- Patient file retainage and documentation without an electronic medical record in order to have a history of services
- Retainage of patient payment history
- Insurance billing to avoid rejections, maximize reimbursement, avoid duplicate processing fees and avoid any potential fraudulent insurance billing
- Correct NPI number. Currently, KCHD has two NPI's. One number was established with the Illinois Public Health Association pilot billing system, Upp; the other number is associated with Medicaid billing.
- Contractual agreements with Managed Care Organizations

Recommend to complete the evaluation and implement best practice while weighing cost and benefits to each option.

Management Response – The KCHD's division of Disease Prevention will continue working with its external partner using the UPP billing system to determine the best practice and options to correct the NPI number and complete contractual agreements with MCO's.

Recommendation 4 – KCHD has responsibility for agency account 716, Health Dept Special Fund. This account has had no activity since 2010 and has a minimal balance of approximately \$3,700. **Recommend working with the Finance Department to close the account.**

Management Response – KCHD will request the Finance Department to close agency account 716 by transferring the balance to fund 350.

Recommendation 5 – In testing deposits, noticed that a check for grant reimbursement had been made out to a Kane County employee and then signed over to the County. The check was for \$10,767 intended as salary reimbursement. In the case of grant salary reimbursement, the County pays the employee and incurs the expense, then the grant should reimburse the County. **Recommend working with grantors to ensure that no checks are made payable to individual County employees.**

Management Response – KCHD was not the grantee for the grant. KCHD provided staff support to another Kane County department for the deliverables in the grant agreement. It is management's practice to ensure grantors issue checks with KCHD as the payee. KCHD has returned a check to the CFFV (grantor) to be re-

issued to KCHD as the payee. In the case noted by the auditor, KCHD was not the grantee and the one-time action taken was considered reasonable and efficient.

Recommendation 6 – In testing fixed assets, noted fixed assets which have been disposed of but are still in the County’s fixed asset listing. The assets are:

<u>Number</u>	<u>Description</u>	<u>Acquisition Date</u>	<u>Orig Purchase Price</u>	<u>Current Net Value</u>
361	Computer, GS-35F-0326M Poweredge, ET	4/12/2006	10,311	-
363	Computer, GS-35F-0326M Poweredge, ET	4/12/2006	10,311	-
364	Ireach version 5.0 software module, customized	9/19/2006	52,500	-
366	Infocom Systems SE (Final Pay 17,500 FY 2007)	2/1/2007	17,500	-
358	Medisoft Upgrade - SISA	3/31/2007	24,482	-
	Total		\$ 115,104	\$ -

Recommend notifying the Finance Department of the disposal of the assets in order to have them removed from the fixed asset listing.

Management Response – The hardware and software listed above have been confirmed to be out of service by the IT Department. KCHD will provide an updated Fixed Asset list to the Finance Department disposing of the following asset numbers: 361, 363, 364, 366 and 358.

Recommendation 7 – During the invoice sample review, noted the following:

- County wide, g/l code 50150, Contractual/Consulting Services, is overused. **Recommend using the most descriptive g/l code.** For example, software licenses should be coded to 50340 SW Licensing Costs; temporary help should be coded to 50600, Temporary Help; and Fit for Kids awards should be coded to 55010, External grants.

Management response – Historically KCHD has used g/l code 50150 to record the cost of contractual services and related expense based on an agreement between the Health Department and service provider. It allows for the inclusion of the account definition of the grant agreements. The reclassification would impact the year over year comparability, analysis and forecasting of the accounts. KCHD suggests that a county-wide list of definitions of g/l codes would be helpful.

- Health Department has an internal Purchase Requisition form. In the sample of accounts payable, noted that a contract was entered into before the purchase requisition was complete (example: Elgin Community College invoice #15-3032 for \$1,950). Best practice is to have the purchase requisition approved prior to products or services being ordered and prior to contracts being signed. **Recommend the Purchase Requisition form be approved prior to goods or services being procured.**

Management response – The need to expedite the acquisition of goods or services on occasion has impacted the timing of internal processing of documents. KCHD management agrees the proper review and approval process must be followed. Management also notes on occasion the timing of the execution of the grant agreement and implementation of program activities to achieve the grant deliverables.

- County has a county wide contract with The Agency Staffing (Peoplelink Staffing Solutions); however, the contract is limited to a set number of positions at a set rate. Positions outside of the contract are not covered by the county wide contract. KCHD fiscal year 2015 spend with The Agency Staffing was \$54,829. **Recommend that KCHD work with the Purchasing Department to include other positions under the contract.**

Management Response – KCHD uses contractual and temporary assistance to meet grant requirements, avoid long-term commitment of resources and provide flexibility due to uncertainty of the timing of funding. KCHD will work with the Purchasing Department to update the positions in the contract.

Recommendation 8 – The internal deposit summary sheet does not have the most up to date g/l codes. For example, the deposit summary sheet lists TB Med Fees as g/l code 35150 TB Meds Fees, but revenue is actually recorded to 37460 TB Med Admin IHFS Reimbursement. Likewise, Radon Test is listed as g/l code 32710 IEMA Indoor Radon Grant, but actually is recorded to 37440 Radon Kit Reimbursement; TB Test Fees is listed as 35140 TB Test Fees, but goes to 37400 TB Test IHFS Reimbursement; and TB Office Visit is listed as g/l code 35160 TB Office Visit Fees, but goes to 37410 TB Office Visit IHFS Reimbursement. **Recommend updating the deposit summary sheet to reflect actual g/l codes used.**

Management Response – The New World utilizes “payment codes” for the entry of cash receipts. Although the internal deposit summary has not been updated, correct use of the payment codes has properly recorded the revenue in the g/l. KCHD will update the deposit summary sheet.

Recommendation 9 – Noted the following sections of County Code (*in italics*) pertaining to the KCHD which need to be updated. **Recommend working with the County Board Office, Sterling Codifiers and the County Clerk’s Office to update the code.**

- *11.5-16 A.2. Schedule of Fees: The fee schedule for this section is on file in the office of the county clerk.*

11.5-16 A.2.B. “Credit of Fees: Fees collected shall be credited to fund 042 (health fund), line item 16-99 (fees). (Ord. 09-245, 7-14-2009).

This section refers to clinical fees. No schedule of fees could be found on file with the Office of the County Clerk. Furthermore, the account codes mentioned refer to an earlier financial system which predates New World which has been in place since 2009.

- *11.5-17 A.2. Schedule of Fees: The fee schedule for this section is on file in the office of the county clerk. (Ord. 09-245, 7-14-2009).*

This section refers to environmental health fees. While a fee schedule is on file with the County Clerk's Office, the fee schedule is outdated. KCHD website has the most current fee schedule.

- *11.5-28 C.1. Schedule of Fees: The fee schedule for this section is on file in the office of the county clerk.*

This section refers to permits and fees. While a fee schedule is on file with the County Clerk's Office, the fee schedule is outdated. KCHD website has the most current fee schedule.

Management Response – The KCHD's Environmental Health section will file the upcoming year's fee schedule for all Environmental Health fees with the County Clerk's Office each December. The Division of Disease Prevention will submit a schedule of clinical fees to the Office of the County Clerk each December.

Recommendation 10 – The County Financial Policy states, "It shall be each department head's responsibility to maintain an inventory of all furniture and equipment within their custody having a cost basis more than \$500 and less than \$10,000, other than computer equipment included in the Information Technology Department's inventory. **Recommend developing a schedule to track such items within the Health Department. Currently a g/l code exists for Equipment < \$1,000, 60490, and Equipment > \$1,000. Recommend exploring with the Finance Department the potential for changing the g/l accounts to "Equipment < \$500" and "Equipment > \$500 and < \$10,000" in order to align the account descriptions with policy as well as adding another category for assets obtained under grant funding which require external authorization prior to disposal.** Utilizing the "Equipment > \$500 and < \$10,000" account would allow offices/departments to track items which should be included in their internal listing.

Management Response – KCHD agrees to establish a process, system and report to track equipment with a cost between \$500 and \$10,000.

Recommendation 11 – Currently, the Tax Extension Detail Report maintained by the County Clerk's Office lists the maximum rate for the Health Department as 0.10. While this is true for most health departments in the state of Illinois, because our Health Department was formed through an ordinance and not through a referendum, the Kane County Health Department's maximum tax rate is capped at 0.05. For tax year 2015, the actual tax rate for the Health Department was 0.016393 which is below the maximum of 0.05. **Recommend working with the County Clerk's Office to adjust the maximum rate.**

Management Response – KCHD understands the available spread between the actual and maximum tax rate. The Health Department maintains its support of the County's practice not to increase the property tax revenue. Management will continue to follow the guidance from the Kane County Finance Department to analyze, forecast and manage its resources, which allows KCHD to serve the community.

Recommendation 12 – In testing grant revenue, noted that documents submitted to the grantor to substantiate revenue (e.g., number of inspections performed, number of closed cases and number of blood specimens) were not retained after submission. Without the supporting documents, (1) the grantor is not able to audit the submissions and (2) the documentation trail is lost which would link actual inspections performed and paid for to the number of inspections submitted. Without the documentation, there is no way to know if the Health Department is receiving the correct amount of revenue (too little or too much). Recommend that supporting documentation be retained for each submission to each grantor in order to validate the submission.

Management Response – The payment KCHD receives for the fee-for-service Lead Case Management Investigations grant is calculated based on a contract flat rate times the number of inspections and blood specimens completed during the period. The Lead Program Staff enters their activity counts in the State electronic system to request payment. Since the dollar amount is based on the level of activity, the actual cost and supporting documents are not required to determine the amount of payment. KCHD is mandated to provide the service. The Director of Disease Prevention will update the record keeping procedure to align it with the submission for payment.

We would like to thank personnel in the Health Department for their time, subject area knowledge and responsiveness.

Sincerely,



Terry Hunt – Kane County Auditor



Andrea Rich – Chief Deputy Auditor