



# OFFICE OF THE STATE AUDITOR



October 11, 2016

DIANNE E. RAY, CPA  
STATE AUDITOR

## IMMUNIZATION PROGRAM – USE OF TOBACCO SETTLEMENT FUNDS (JANUARY 2016) – STATUS REPORT

Members of the Legislative Audit Committee:

Attached is the status report from the Department of Public Health and Environment (Department) on the implementation of recommendations contained in the Office of the State Auditor's (OSA) *Immunization Program – Use of Tobacco Settlement Funds* performance audit.

### OSA REVIEW OF DOCUMENTATION

As part of the status report process, we requested and received supporting documentation for each recommendation that the Department reported as having been implemented. Specifically, we reviewed the following documentation:

- The Department's conflict of interest policy, created February 2016.
- Conflict of interest disclosure forms for employees of the Immunization Program.
- The conflict of interest management plan created and approved in September 2016 related to one Immunization Program employee's May 2016 disclosed potential conflict of interest.
- The Department's revised sole source justification form and the revised Supervisor Desk Manual for the Contracts & Purchasing Unit for providing guidance to staff on approving sole source contracts.

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- Documentation relating to the assigned contract monitor for each Immunization Program contract.
- An example scope of work for an Immunization Program contract, created in January 2016, and training materials related to developing scopes of work and deliverables.
- Training materials related to contract monitoring, including compliance with Section 24-103.5-101 et seq., C.R.S.
- The Department's scope of work development checklist, which includes checklist items related to identifying expected outcomes and how to measure those outcomes.

Based on our review, the supporting documentation substantiates the Department's reported implementation status.



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October 4, 2016

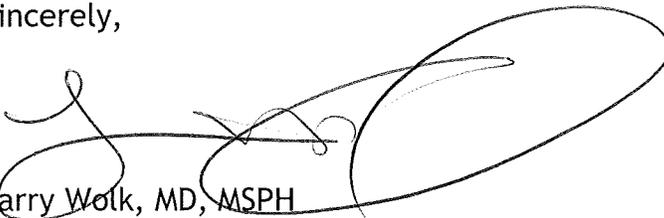
Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
1525 Sherman St., 7<sup>th</sup> Floor  
Denver, CO 80203

Dear Auditor Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the *Immunization Program - Use of Tobacco Settlement Funds*. The attached report provides a brief explanation of the actions taken by the *Department of Public Health and Environment* to implement each recommendation.

If you have any questions, please do not hesitate to contact me at 303-692-2012 or by email at [larry.wolk@state.co.us](mailto:larry.wolk@state.co.us).

Sincerely,



Larry Wolk, MD, MSPH  
Executive Director and Chief Medical Officer





# AUDIT RECOMMENDATION STATUS REPORT

**AUDIT NAME:** Immunization Program – Use of Tobacco Settlement Funds

**AUDIT NUMBER:** 1417P

**DEPARTMENT:** Public Health and Environment

**DATE OF STATUS REPORT:** October 4, 2016

## SUMMARY INFORMATION

| Rec. Number | Agency's Response | Original Implementation Date | Implementation Status   | Revised Implementation Date (If applicable) |
|-------------|-------------------|------------------------------|-------------------------|---|
| 1a          | Agree             | March 2016                   | Implemented             |   |
| 1b          | Agree             | March 2016                   | Implemented             |   |
| 2           | Agree             | January 2016                 | Implemented             |   |
| 3a          | Agree             | January 2016                 | Implemented             |   |
| 3b          | Agree             | January 2016                 | Implemented             |   |
| 3c          | Agree             | July 2016                    | Implemented and Ongoing |   |

## DETAIL OF IMPLEMENTATION STATUS

**Note:** The Department agreed with all of the audit recommendations.

### Recommendation No. 1:

The Department of Public Health and Environment should improve its controls over conflicts of interest in procurement by:

- A. Establishing broader conflict of interest policies to help staff identify, disclose, and mitigate all types of conflicts of interest.

**Current Implementation Status for Rec. 1, part a:** Implemented.

### Agency's Update:

A conflict of interest policy and acknowledgement form was created, and signed by all staff in the immunization branch.

- B. Holding staff accountable to standards established in PART A of the recommendation, such as by monitoring staff compliance and taking action when conflicts of interest are identified.

**Current Implementation Status for Rec. 1, part b:** Implemented.

**Agency's Update:**

All staff in Immunizations have read the conflict of interest policy and have completed the required conflict of interest disclosure form. Any conflicts will be addressed in accordance with the Conflict of Interest Policy that was established by the Department on March 1, 2016.

**Recommendation No. 2:**

The Department of Public Health and Environment should improve its controls over procurement by developing and implementing written internal policies, procedures, or guidance to identify key steps for procurement staff to follow in reviewing sole source justifications and verifying the information included by program staff.

**Current Implementation Status for Rec. 2:** Implemented.

**Agency's Update:**

The Purchasing & Contracts Unit revised our sole source form and instructions for programs on 1/31/16. This information included more robust guidance on documenting research to justify a sole source request. This information was distributed to the contract user group and Fiscal Service Managers. We also updated at the same time our Purchasing & Contracts Unit Supervisor Desk Manual to include enhanced procedures on reviewing, researching and approving program requests. We continue to educate and counsel programs on each request submitted to date.

**Recommendation No. 3:**

The Department of Public Health and Environment should improve its contract administration by:

- A. Designating one individual as ultimately responsible for ensuring all deliverables are received.

**Current Implementation Status for Rec. 3, part a:** Implemented.

**Agency's Update:**

In most cases, one contract monitor is responsible for all contract deliverables. In the case of the vendor described in the audit, more than one immunization branch employee was receiving documents. The Immunization Branch has changed this process, and the primary contract monitor for each contract will be responsible for collecting all documents and deliverables before approving each invoice.

- B. Ensuring its contracts include firm deadlines for deliverables that staff can monitor against.

**Current Implementation Status for Rec. 3, part b:** Implemented.

**Agency's Update:**

Each immunization contract scope of work approved beginning 1/1/16 will be scrutinized by a trained scope of work specialist within the division to ensure firm deadlines and deliverables that can be monitored and approved. The Department has recently implemented standardized training of scope of work specialists to ensure that appropriate scope of work development expertise exists in each division. Application of this standardized work should ensure that all contracts include firm deadlines for deliverables.

- C. Modifying the Immunization Program's contract monitoring procedures to ensure compliance with statute [Section 24-103.5-101 et. seq., C.R.S.] including creating valid performance measures, ensuring vendors achieve performance measures, and certifying contract compliance before renewing contracts.

**Current Implementation Status for Rec. 3, part c:** Implemented and Ongoing.

**Agency's Update:**

Supervisors and contract monitors within the immunization program have attended department wide training for all CDPHE staff on the standardized contract monitoring process. The performance measures are established through the creation of the scope of work as outlined in Section 10 of the Statement of Work Checklist. The achievement of those measures are evaluated through the monitoring of those activities and deliverables that occur through the fiscal and programmatic monitoring practices outlined throughout the Contract Monitoring Program Manual.