

OFFICE OF THE STATE AUDITOR

PERFORMANCE AUDIT FOLLOW-UP REPORT

Status of Recommendations

Use of State-Supplied Vaccines by a Provider

Report No. 3030.1

May 19, 2016



Robert R. Peterson, State Auditor



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May 19, 2016

Honorable Jack Dalrymple, Governor

Members of the North Dakota Legislative Assembly

Dr. Terry Dwelle, State Health Officer

A fundamental objective of the Office of the State Auditor's work is to bring about improvements through recommendations. To achieve this, our recommendations need to be timely and effectively implemented. The Legislative Audit and Fiscal Review Committee (LAFRC) has requested the Office of the State Auditor to perform follow-up work after presentation of performance audit reports to the Committee and to report those agencies which have not implemented audit recommendations.

The Office of the State Auditor conducted an audit follow-up on the performance audit entitled *Use of State-Supplied Vaccines* (report #3030) dated September 29, 2011. The objective of this follow-up audit was to determine the status of the 5 recommendations included in the performance audit report. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives. The audit period for which information was collected and reviewed was July 1, 2014 through December 31, 2015. Included in the report are the conclusions we made regarding the status of the recommendations included in the performance audit.

We want to extend our appreciation to the immunization personnel of the Department of Health for their assistance and cooperation during the follow-up audit.

Sincerely,

A handwritten signature in cursive script that reads "Bob Peterson".

Robert R. Peterson
State Auditor



OFFICE OF THE STATE AUDITOR

Performance Audit Follow-Up Use of State-Supplied Vaccines by a Provider Summary of Recommendations

The objective of the performance audit conducted on the Department of Health was to answer the following question:

“Were state-supplied vaccines used in compliance with agreed upon terms and conditions by the provider?”

A summary of our conclusions made during this follow-up regarding the status of the 5 recommendations made during the performance audit are as follows:

Status of Recommendation	Number	Percentage
Fully Implemented	5	100%
Partially Implemented	0	0%
Not Implemented	0	0%
No Longer Applicable	0	0%

A draft copy of the report was provided to management of the Department of Health. A response provided from management stated:

“The Department of Health concurs with the findings of the Office of the State Auditor and appreciates their work in making improvements to our immunization program.”

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State-Supplied Vaccines

Recommendation 1-1 **We recommend the Department of Health meet with the Office of the Attorney General to discuss concerns noted with the review of information regarding the terminated provider and determine the next appropriate step(s) to take.**

Action Taken Free vaccines are made available to providers through the Vaccines for Children (VFC) program or through the federal Section 317 vaccine program. For a provider to receive free vaccines, the provider must annually enroll with the Department of Health (Department) in the Prevention Partnership Program. In the original audit, we concluded state-supplied vaccines were inappropriately used by a provider. The Department met with representatives of the Office of the Attorney General regarding the inappropriate use of vaccines. The provider was terminated from the program and was not eligible to receive free vaccines. The Department entered into a settlement agreement with the terminated provider to pay \$35,000. The Department has received over \$20,000. The last payment received was in August 2014.

Status Fully implemented.

Recommendation 1-2 **We recommend the Department of Health periodically review vaccination data related to providers receiving state-supplied vaccines. At a minimum, the Department should:**

- a) Establish parameters, data outliers, or other criteria to identify potential problem areas; and**
- b) Establish policies and procedures regarding the use of such information and action to be taken by the Department.**

Action Taken The Department has established policies and procedures to review vaccination data on a periodic basis and the actions to be taken when thresholds are exceeded. The Department runs a monthly error report to identify potential problem areas. For example, the report identifies providers administering state-supplied vaccines to non-eligible individuals, vaccinations to individuals not meeting certain age requirements, private vaccines to eligible vaccine for children individuals, etc. The Department uses the report to identify enrolled providers exceeding established thresholds. The Department follows up with providers exceeding thresholds.

Status Fully implemented.

Recommendation 1-3 **We recommend the Department of Health make changes to on-site reviews of providers receiving state-supplied vaccines to ensure program requirements are met and the Department is properly informed of results.**

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Action Taken The Center for Disease Control (CDC) requires enrolled providers to receive a site visit every other year. Site visits of providers are conducted by employees of the Department. The Department uses the CDC's information system to conduct and document on-site inspections. The system is programed with questions to answer during the inspection and depending on the answer given, a corrective action is prompted, if applicable. The Department also developed a manual to provide additional guidance for employees performing inspections.

Status Fully implemented.

Recommendation 1-4 We recommend the Department of Health conduct a formal cost/benefit analysis of the use of separate entities to perform on-site reviews of providers receiving state-supplied vaccines. Based on the results of this cost/benefit analysis, the Department should either:

- a) Take appropriate action to obtain the necessary resources to perform the on-site visits with state personnel; or
- b) Establish a monitoring process of contractors to ensure on-site reviews are performed as required.

Action Taken The Department conducted a cost/benefit analysis. The results identified an insignificant difference between costs associated with having on-site inspections performed by contractors and the anticipated costs of having inspections performed by state personnel. The Department concluded the benefit of having state employees conduct the on-site inspections outweighed the minimal difference in costs. The Department did not renew the contracts for an outside entity to conduct the inspections. Department employees perform on-site inspections of enrolled providers.

Status Fully implemented.

Recommendation 1-5 We recommend the Department of Health make improvements related to the borrowing of state-supplied vaccines to ensure it occurs only in rare, unplanned situations. If additional training, additional requirements added to the enrollment process, and/or monitoring is unable to improve compliance with borrowing requirements, the Department should mandate no borrowing of state-supplied vaccine without prior written authorization.

Action Taken The Department has made changes to borrowing guidance and reporting forms. The Department uses a monthly report to monitor borrowing by providers. If a provider is borrowing above the established thresholds, the Department will contact the provider to require corrections be made and/or provide necessary education. The Department does monitor the actions taken by providers. In addition, when the Department conducts on-site

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inspections, a review of the provider's borrow and return reports is performed. The CDC's information system requires follow-up action to be taken when errors are identified with borrowing.

Status

Fully implemented.