



MICHIGAN

OFFICE OF THE AUDITOR GENERAL



THOMAS H. McTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

Audit report information can be accessed at:

<http://audgen.michigan.gov>



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
201 N. WASHINGTON SQUARE
LANSING, MICHIGAN 48913
(517) 334-8050
FAX (517) 334-8079

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

March 15, 2012

Ms. Olga Dazzo, Director
Department of Community Health
Capitol View Building
Lansing, Michigan

Dear Ms. Dazzo:

This is our report on our follow-up of the 2 material conditions (Findings 1 and 2), 9 reportable conditions (Findings 3 through 11), and 13 corresponding recommendations reported in the performance audit of Vital Records and Health Data Statistics, Bureau of Epidemiology, Department of Community Health (DCH). That audit report was issued and distributed in August 2005. Additional copies are available on request or at <http://www.audgen.michigan.gov>.

Our follow-up disclosed that DCH had complied with 6 recommendations, had substantially complied with 3 recommendations, had partially complied with 2 recommendations, and had not complied with 2 recommendations. Reportable conditions still exist related to Findings 1, 7, 9, and 11.

If you have any questions, please call me or Scott M. Strong, C.P.A., C.I.A., Deputy Auditor General.

Sincerely,

A handwritten signature in black ink that reads "Thomas H. McTavish".

Thomas H. McTavish, C.P.A.
Auditor General

TABLE OF CONTENTS

**VITAL RECORDS AND HEALTH DATA STATISTICS
BUREAU OF LOCAL HEALTH AND ADMINISTRATIVE SERVICES
DEPARTMENT OF COMMUNITY HEALTH
FOLLOW-UP REPORT**

	<u>Page</u>
Report Letter	1
Introduction	4
Purpose of Follow-Up	4
Background	4
Scope	6
Follow-Up Results	
Effectiveness in Safeguarding Vital Records and Health Data	7
1. Periodic Reviews of Local Registrar Offices and Hospitals	7
2. Retrieval of Vital Records From Local Clerk Offices	9
3. Retention of Supporting Documentation	10
4. Periodic Inspections of Vital Record Contractors	11
5. Controls Over High-Risk Delayed Registrations of Birth	13
6. Environmental Conditions in the Vital Records Vault	14
7. Central Paternity Registry (CPR) Database	15
8. Microfilm Files	16
9. Quality of Microfilmed Vital Records	18
Effectiveness and Efficiency in Providing Vital Record Information and Health Related Data	19
10. Vital Statistics Reporting	19
11. Operating Policies and Procedures	20
Glossary of Acronyms and Terms	22

**VITAL RECORDS AND HEALTH DATA STATISTICS
BUREAU OF LOCAL HEALTH
AND ADMINISTRATIVE SERVICES
DEPARTMENT OF COMMUNITY HEALTH
FOLLOW-UP REPORT**

INTRODUCTION

This report contains the results of our follow-up of the material conditions* and reportable conditions*, the corresponding recommendations, and the agency's preliminary response as reported in our performance audit* of Vital Records and Health Data Statistics, Bureau of Epidemiology, Department of Community Health (DCH) (39-145-04), which was issued and distributed in August 2005. That audit report included 2 material conditions (Findings 1 and 2) and 9 reportable conditions (Findings 3 through 11).

PURPOSE OF FOLLOW-UP

The purpose of this follow-up was to determine whether DCH has taken appropriate corrective measures in response to the 2 material conditions, 9 reportable conditions, and 13 corresponding recommendations.

BACKGROUND

The Division for Vital Records and Health Statistics, formerly operated as part of the Bureau of Epidemiology, now operates as part of the Bureau of Local Health and Administrative Services. The Division's mission* is to maintain the Statewide vital records* system and provide health related data and information. The Statewide vital records system contains over 33 million records dating back to 1867. During calendar

* See glossary at end of report for definition.

year 2010, the Division made legal changes to approximately 15,800 vital records and received approximately 290,000 new records.

The Division is responsible for determining if individuals requesting information are eligible to receive the information and for processing incoming requests, identifying the location of the vital records, pulling requested documents, and forwarding certified copies of requested records. The Division is also responsible for determining if requests to change vital record information are properly supported and for documenting the change on the vital record. In addition, the Division inputs birth certificates into the Birth Registry System* and processes requests for vital records from the Department of Human Services (DHS). Further, the Division obtains health data from health data providers, compiles and analyzes the data, and provides information to the public in a useful format.

In addition, the Division accepts vital records from local registrars, extracts data from vital records, develops data files, creates and maintains statistical reports, and provides information to the National Center for Health Statistics and to the Centers for Disease Control and Prevention. The Division is responsible for microfilming vital records for permanent storage, processing affidavits of paternity, and maintaining information within the Central Paternity Registry* (CPR).

The Division provides training and support for users of the Web-based electronic Birth Registry System and Death Registration System*. The Division receives no General Fund/general purpose appropriations to fund its activities but rather obtains its funding from a variety of other sources, including user fees, the federal government, and DHS. During fiscal year 2010-11, the Division recorded expenditures of \$7,878,900 for activities related to vital records and health statistics. As of September 2011, the Division had 74 full-time equated employees working on vital records and health data statistics.

* See glossary at end of report for definition.

SCOPE

Our fieldwork was conducted from late August to early November 2011. We reviewed DCH policies and legislation to determine whether there were any changes since our performance audit of Vital Records and Health Data Statistics issued in August 2005. We interviewed DCH personnel and reviewed DCH's corrective action plans. Also, we analyzed DCH expenditure data from the Relational Standard Accounting and Reporting System* (R*STARS) and obtained and reviewed program documentation to determine the status of compliance with our recommendations for all 11 findings.

** See glossary at end of report for definition.*

FOLLOW-UP RESULTS

EFFECTIVENESS* IN SAFEGUARDING VITAL RECORDS AND HEALTH DATA

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

1. Periodic Reviews of Local Registrar Offices and Hospitals

RECOMMENDATION

We again recommend that the Bureau periodically review the controls of local registrar offices and hospitals to ensure that these local units have sufficient safeguards over vital records, safety paper*, and blank documents used to generate vital records.

AGENCY PRELIMINARY RESPONSE

The Bureau accepted the finding relating to the controls in place at local registrar offices and hospitals and agreed in principle with the recommendation. However, the Bureau pointed out that while State statute provides the State Registrar with superintending control over local registrar offices and control over the activities of local officials, the statute is silent concerning the degree of authority or control that the State Registrar could realistically impose over those offices and activities. Also, while it recognizes that vital record documents and blank forms are potential targets for theft and misuse and that it is important for local registrar offices and hospitals to develop and follow appropriate procedures to ensure the security of these records, the Bureau does not necessarily agree that the only solution is through on-site monitoring. The Bureau added that because it no longer has staff or a budget to fund a field program, periodic on-site monitoring is not practical.

The Bureau informed us that it is currently reviewing the findings identified in the audit and will develop a strategy for communicating and reinforcing the importance of these issues through future training sessions. The Bureau indicated that a number of efforts are planned to address and reinforce the understanding of local registrars and hospitals on secure handling of vital records. The Bureau also indicated that it is in the process of revising and replacing instructional manuals

* See glossary at end of report for definition.

issued to local registrars and expects these manuals to be distributed in fall 2005. The Bureau informed us that it will also continually review and assess the feasibility of conducting and implementing on-site monitoring of local registrar offices and hospitals should resources become available.

FOLLOW-UP CONCLUSION

We concluded that DCH had not complied with this recommendation as it relates to local registrar offices. A reportable condition still exists.

Our follow-up disclosed that DCH performed site visits in fiscal year 2005-06 for 11 of the 12 local registrar offices we visited during our previous audit. However, because of funding constraints, DCH did not subsequently perform reviews of controls of local registrar offices to help ensure sufficient safeguards over vital records, safety paper, and blank documents used to generate vital records.

In relation to local registrar offices, DCH indicated that instead of performing periodic on-site reviews, it provided training to local registrars, updated policies and procedures, and increased its routine communication with local registrars. However, we noted that not all of the local registrars attended the training sessions or subsequently requested the training materials, that the policies and procedures were still in draft form, and that the increase in communication was not documented. To help ensure that DCH has reasonable assurance that controls at the local registrar offices are sufficient to safeguard vital records, safety paper, and blank documents used to generate vital records, it could increase its efforts to:

- Ensure that all registrars either attend training provided by DCH or provide training materials to those who did not attend.
- Finalize draft policies and procedures and disseminate them to the local registrars.
- Obtain evidence that all registrars adhered to the recommended policies and procedures by requesting annual written representation from local office management asserting all policies and procedures are implemented.

- Document routine communication with the local registrars to identify common areas of concern and best practices that can be incorporated into future training.
- Develop a risk based approach to identifying local registrars that could benefit from on-site visits and then evaluate the local registrar's implementation of DCH's policies and procedures via a periodic site visit.

DCH informed us that since our prior audit, hospitals have implemented a birth registry system that eliminated the use of safety paper and allows hospitals to electronically forward birth certificates. Because of the significant changes in the processes at hospitals, we considered this recommendation no longer applicable to hospitals and did not perform further follow-up procedures related to the hospitals.

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

2. Retrieval of Vital Records From Local Clerk Offices

RECOMMENDATION

We again recommend that the Bureau retrieve vital records in the possession of local clerk offices that no longer have the legal authority to accept or issue those documents.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed; however, the Bureau informed us that, as it indicated in its response to Finding 1, it simply does not have the staff or budget to fund a field program that would enable it to conduct on-site visits of local clerk offices. The Bureau also informed us that a series of actions were initiated to address this issue when it surfaced as part of the audit issued in 1991, that extensive surveys of local offices were conducted, that communications were distributed to closed offices with records in their files, and that funds were requested but not approved to develop a comprehensive program to recover and inventory the vital records.

To address the issue, the Bureau informed us that it will contact every local office believed to continue to retain vital records by letter, by certified letter, and by phone, if necessary. Each office will be advised of the need to secure these

records, to prevent access to them, and to refrain from issuing copies. The Bureau will again request that all of those documents and all blank vital records forms be forwarded to the Bureau. The Bureau also informed us that it has started this project and will follow up with telephone calls to any office that fails to respond and, while it will not be possible to visit every local office, the Bureau will attempt to conduct further follow-up, as necessary, through site visits to the local offices. The Bureau expects to have this issue resolved by May 2006.

FOLLOW-UP CONCLUSION

We concluded that DCH had complied with this recommendation.

We determined that DCH conducted a survey of closed vital records offices during fiscal year 2006-07 and obtained written representation from each office indicating that the vital records had been surrendered. We selected a sample of these survey responses and determined that all respondents asserted that their offices had surrendered vital records in their possession.

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

3. Retention of Supporting Documentation

RECOMMENDATION

We recommend that the Bureau retain all documentation to support changes to vital records and customer requests for information consistent with established retention periods.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that procedural changes were made in 1999 to discontinue the storage and maintenance of applications to change vital records and records of adoption. The Bureau also informed us that an electronic listing of the documents used to make changes was maintained; however, the applications, copies of evidence, and records of adoptions were destroyed without being microfilmed. In addition, the Bureau informed us that this practice was stopped in June 2003, and since that time, these documents have been maintained and are being handled according to the disposal and retention schedule.

The Bureau informed us that it has also developed written policies to ensure that it retains requests for exemplified copies of vital records for five years as required by the disposal and retention schedule. The Bureau also informed us that it currently has requests for exemplified copies dating back to September 2003.

FOLLOW-UP CONCLUSION

We concluded that DCH had complied with this recommendation.

We made inquiries to management and examined a sample of vital records activity for the period January 2008 through September 2011, including requests for changes, records of adoption, and requests for exemplified copies of records. As a result of our follow-up, we concluded:

- a. DCH retained original documents requesting changes to vital records for three years and converted these documents to microfilm for indefinite retention in accordance with the disposal and retention schedule.
- b. DCH retained original documents of adoptions for three years and converted these documents to microfilm for indefinite retention in accordance with the disposal and retention schedule.
- c. DCH retained original documents requesting exemplified copies of vital records for five years in accordance with the disposal and retention schedule.

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

4. Periodic Inspections of Vital Record Contractors

RECOMMENDATION

We recommend that the Bureau require periodic inspections of contractors responsible for the microfilming and data entry of vital records to ensure that the contractors properly secure the vital records that are in their possession.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that there currently are three vendors under contract that work with vital records. The Bureau also informed us that the State Records Center notified the Bureau that the vendor responsible for microfilming and data entry was visited on five occasions in 2004 (May 11, May 27, June 15, August 16, and December 17) for the purposes of ensuring compliance with the existing contract and that these visits did not find anything significant regarding security over these records. In addition, the Bureau informed us that a joint site visit of this same vendor with State Records Center and DCH personnel was conducted on June 20, 2005 and there were no significant findings and that a report on the visit and recommendations on the need for modifications to the terms of this contract and/or the need for a data security agreement with the vendor is pending and is expected to be completed by July 15, 2005.

The Bureau informed us that it conducted a site visit on May 5, 2005 with another vendor that provides scanning and keying services for historical indexes for birth records and found that the vendor adequately secured the information. The Bureau also informed us that a security agreement has been developed and implemented with the third vendor to ensure that responsibilities are clearly defined. The Bureau indicated that the agreement addresses procedures for assigning staff who will access these records and processes for securely handling the documents and resulting vital records copies or files of vital records information. In addition, the Bureau informed us that, on May 19, 2005, the Bureau conducted a site visit of the vendor's work location and a report summarizing the results of the inspection was completed on June 30, 2005.

FOLLOW-UP CONCLUSION

We concluded that DCH had substantially complied with this recommendation.

Our follow-up disclosed that DCH had conducted site visits of contractor facilities as required by DCH procedure 172-04 SR. This procedure requires inspection of a new contractor within the first year of the contract. However, subsequent to the first inspection, the procedure does not address future periodic inspections unless events are present that would indicate that the vendor may have deviated from required procedures. DCH has agreed to amend its procedures to require periodic inspections of all contractors responsible for the microfilming and data entry of vital

records whether or not there are events present that would indicate the vendor may have deviated from required procedures.

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

5. Controls Over High-Risk Delayed Registrations of Birth

RECOMMENDATION

We recommend that the Bureau establish controls to ensure that applications for high-risk delayed registrations of birth* are notarized and that Bureau management reviews these applications.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that, following a discussion with the audit staff in May 2004, a new cover sheet was developed to assist vital records staff in the decision-making process. The Bureau informed us that the cover sheet also serves as documentation of management sign-off on these requests and that, beginning in May 2004, the Bureau expanded Bureau Policy 91-400 to consider all requests for delayed birth certificates as "high risk." The Bureau also informed us that, since that time, all requests for delayed birth certificates must be reviewed and approved by the manager of the Vital Records and Health Data Services Section, prior to issuing the new record or denying the request. In addition, the Bureau informed us that it has revised the application to create a delayed birth record, which requires notarization by a notary public* per *Michigan Administrative Code* R 325.3220(2), and that the revised application has been in place since August 2004.

FOLLOW-UP CONCLUSION

We concluded that DCH had complied with this recommendation.

Our follow-up disclosed that DCH had developed and implemented policy OSR-07 400 (effective November 2007) establishing delayed registration of birth procedures. These procedures require that the applications for high-risk delayed birth registrations be notarized and reviewed and approved by Division management before processing.

* See glossary at end of report for definition.

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

6. Environmental Conditions in the Vital Records Vault

RECOMMENDATION

We again recommend that the Bureau monitor the environmental conditions within its Lansing vault used to store vital records.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that, after discussions with the auditors, it started to actively monitor the environmental conditions in the vault on May 27, 2004 and that the supervisor of the Record Search Subunit is now responsible for conducting weekly checks on the temperature and humidity within the vault. The Bureau also informed us that because of the audit and the supervisor's monitoring, the Bureau discovered problems with the environmental conditions within the vault. In addition, the Bureau informed us that, with assistance from the Department of Management and Budget (DMB) [now the Department of Technology, Management, and Budget] Building Management Section, the Bureau had the humidity and temperature gauge evaluated for accuracy and that this evaluation determined that the calibration of the unit was appropriate. However, the age and condition of the mechanical system in the vault has made it difficult to maintain proper temperature and humidity control.

The Bureau informed us that because it is physically moving the vital records to a new location in fall 2005, the Bureau cannot justify spending additional funds to upgrade the mechanical system for the few remaining months at the present location. However, the Bureau also informed us that this experience has allowed it to adequately prepare the construction and mechanical requirements of the vault in the new location.

FOLLOW-UP CONCLUSION

We concluded that DCH had complied with this recommendation.

Our follow-up disclosed that DCH had established and implemented DCH procedure 132-05 ADM. This procedure requires that weekly checks of the vault temperature and humidity be documented to help ensure that environmental

conditions remain within acceptable ranges. The vault supervisor is required to initiate an e-mail notice to the secretary of the Vital Records and Health Data Services Section when variances outside the acceptable ranges are noted. The vault supervisor is also required to print and retain all related correspondence through the repair or remedy of the problem.

We obtained and reviewed the weekly log entries for the most recent three-year period. We also reviewed documentation reporting instances when readings were not within the established ranges and the appropriate disposition of these instances. We noted that, since our prior audit, the Division had relocated into a newer facility, which allowed incorporation of more advanced and reliable equipment to help ensure consistent environmental conditions.

RECOMMENDATIONS AND RESPONSE AS REPORTED IN AUGUST 2005:

7. Central Paternity Registry (CPR) Database

RECOMMENDATIONS

We recommend that the Bureau maintain security agreements for all individuals who have access to the CPR database.

We also recommend that the Bureau monitor usage of the CPR database.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that the original security agreements signed by the system users were transferred to the Department of Information Technology (DIT) [now the Department of Technology, Management, and Budget] and not retained. The Bureau also informed us that in calendar year 2000, the responsibility for establishing user accounts on the CPR database was transferred to DCH and that signed agreements have all been retained since that time. In addition, the Bureau informed us that all active users, without a signed agreement on file, have now been contacted and required to resubmit an agreement as a condition of continued access.

The current interagency agreement between DCH and DHS requires DHS to ensure that the use and disclosure of information within the CPR database is restricted to purposes required by State and federal law. However, the agreement does not require DHS to report on any actions that it may undertake to provide this assurance. The Bureau informed us that discussions with DHS have been held to establish a clear understanding of the need for a usage monitoring procedure by DHS staff in order to ensure appropriate use of the CPR database. The Bureau also informed us that the agreed upon approach will be included in the interagency agreement concerning the operation of the CPR database covering fiscal year 2005-06 activities.

FOLLOW-UP CONCLUSION

We concluded that DCH had complied with the first recommendation and had not complied with the second recommendation. A reportable condition still exists.

Specifically, our follow-up disclosed:

- a. DCH maintained security agreements for individuals who have access to the CPR database.
- b. DCH had not monitored the usage of the CPR database. However, DCH did recognize the limited capabilities of the CPR database currently in use. As a result, DCH decided to work with the DHS to design and incorporate auditing and usage functions into the scheduled replacement CPR database, rather than devoting resources to improve the capabilities of the CPR database currently in use. The projected implementation date for the redesigned CPR database is early in 2012.

RECOMMENDATIONS AND RESPONSE AS REPORTED IN AUGUST 2005:

8. Microfilm Files

RECOMMENDATIONS

We again recommend that the Bureau preserve all vital record information on microfilm for inclusion into the Bureau's archive files.

We also again recommend that the Bureau perform periodic physical inventories of its backup and archival microfilm.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that, because it did not physically retain applications as discussed in Finding 3, it is no longer possible for the Bureau to microfilm the documents referred to in item a. of this finding. Relating to item b. of this finding, the Bureau informed us that it intends to microfilm all of the delayed records for the period January 1999 through June 2004, which will ensure that the records are maintained in more than one medium. The Bureau also informed us that electronic indexing of these records was completed in fall 2004, that the records have been boxed and sent to the vendor for microfilming, and that the entire project should be completed by August 1, 2005.

The Bureau informed us that, in conjunction with State Records Center staff, it has completed a physical inventory of microfilm maintained in its office, at the State Records Center, and also at an off-site record location. The Bureau also informed us that inventories of microfilm for all vital record types, except birth, are in an electronic format and that the birth inventory of microfilm is still on paper but is being converted to an electronic format.

FOLLOW-UP CONCLUSION

We concluded that DCH had substantially complied with both of these recommendations.

Our follow-up of microfilm files disclosed:

- a. DCH had recorded applications for record changes on microfilm as required by the retention and disposal schedule. We examined a sample of vital records activity for the period January 2008 through September 2011, including requests for changes to birth certificates.
- b. DCH had substantially completed the process to microfilm delayed records. However, of the 101,182 delayed records that were not microfilmed at the time of our prior audit, we determined that approximately 4,000 (4%) of the records had not yet been microfilmed. DCH indicated that these records will be filmed as the record categories accumulate to a full reel capacity.

- c. DCH had completed a physical inventory of all records on microfilm. However, DCH had not created or implemented a policy or a procedure to specify the timing or method for completing future physical inventories.

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

9. Quality of Microfilmed Vital Records

RECOMMENDATION

We again recommend that the Bureau periodically inspect backup and archival microfilm records to ensure that they are in satisfactory condition.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that, with assistance from State Records Center staff, it has completed an inspection and physical inventory of all microfilm of vital records in storage at the State Records Center. The Bureau informed us that this effort also included an intensive quality check by State Records Center staff of each and every microfilm to determine whether any of this microfilm has deteriorated and needs to be replaced. The Bureau also informed us that a summary report has been prepared that addresses the quality of the microfilm and other critical issues that the Bureau is in the process of addressing. In addition, the Bureau informed us that once this effort is completed, the Bureau will develop a plan by the end of August 2005 for inspecting all microfilm holdings currently stored in non-State facilities and will implement the plan in fiscal year 2005-06 subject to the availability of funds. Further, the Bureau informed us that, in conjunction with staff from the State Records Center, the Bureau will develop a plan to initiate appropriate periodic physical inventories of both its backup and archival microfilm on an annual basis.

FOLLOW-UP CONCLUSION

We concluded that DCH had partially complied with this recommendation. However, a reportable condition still exists.

Our follow-up disclosed that DCH had completed an inspection of all backup and archival microfilm records and had identified microfilm that needs replacement. We noted that DCH had devised a priority schedule to commence this work and was awaiting confirmation from the contractor. DCH had developed an inspection procedure during the time of our follow-up; however, the procedure did not specify the timing or method of future inspections. Such specifics could help ensure that the microfilm remains in satisfactory condition.

EFFECTIVENESS AND EFFICIENCY* IN PROVIDING VITAL RECORD INFORMATION AND HEALTH RELATED DATA

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

10. Vital Statistics Reporting

RECOMMENDATION

We recommend that the Bureau report health data related to live births in accordance with National Center for Health Statistics (NCHS) requirements.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that a revised birth certificate that complies with new federal requirements has been developed and approved by an advisory panel of partner agencies and associations and that the implementation of the revised form is being held pending development of revised birth certificate reporting software and systems. The Bureau also informed us that funds for this revision have been identified and efforts to replace the existing software have been under way since March 2004; that software products, capable of reporting live birth health data that meets NCHS requirements, were purchased in August 2004; and that it is currently pursuing a contract to make all necessary modifications to the software. In addition, the Bureau informed us that the request for modifications has been approved by DIT and is pending further approvals at this time and that it expects reporting changes can be implemented within 12 months of awarding this contract.

* See glossary at end of report for definition.

FOLLOW-UP CONCLUSION

We concluded that DCH had complied with this recommendation.

Our follow-up disclosed that DCH reported health data related to live births in accordance with NCHS requirements.

RECOMMENDATION AND RESPONSE AS REPORTED IN AUGUST 2005:

11. Operating Policies and Procedures

RECOMMENDATION

We recommend that the Bureau maintain up-to-date written operating policies and procedures.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed and informed us that the State Registrar has approved a comprehensive policy and procedure manual containing 21 policies, 31 procedures, and 6 informational memorandums on June 23, 2004, which is accessible to all of the Bureau's employees through the common drive on the Bureau's computer network. The Bureau also informed us that it conducted training sessions of the manual as well as a new computer system for customer service tracking in September and October 2004.

The Bureau informed us that additional policies and procedures relating to fraud investigations and processing have also been developed after a January 21, 2005 meeting between the Bureau, the Department of Attorney General, and the Department of State. The Bureau added that this meeting discussed the implementation of the State's new identity theft laws, which became effective on March 1, 2005.

FOLLOW-UP CONCLUSION

We concluded that DCH had partially complied with this recommendation. However, a reportable condition still exists.

Our follow-up disclosed that DCH had updated several of its documented procedures to reflect current activities but was still in the process of completing a comprehensive examination and revision of all policies and procedures. Specifically, our follow-up disclosed:

- a. DCH had updated procedures for vital record processing, including vault monitoring, safety paper, and front desk operations. However, DCH still needs to clarify policies and procedures, such as the monitoring of contractors that have access to vital records and the necessary frequency and extent of inspecting and accounting for permanent records stored on microfilm.
- b. DCH had documented the processes to prepare and report statistics for public use but had not fully organized them in a format that allowed a centralized index and review. For example, six procedures to link infant death and birth records were incorporated in procedure OSR-92 603, while procedures to extract and report data to the Social Security Administration were not assigned a procedure number and were not listed on a central index for the Division.
- c. DCH had created and implemented operating policies and procedures relating to the investigation of potential fraudulent requests for vital records.

Glossary of Acronyms and Terms

affidavit of paternity	A sworn statement by the parents of a child, stating that they are the child's parents.
Birth Registry System	The electronic system used by DCH to enter birth data, change birth records, index requests, and issue birth records.
Central Paternity Registry (CPR)	The electronic system used by DCH, DHS, and county prosecuting attorney offices to track paternity information. Information on this database system is obtained from affidavit of paternity documents.
DCH	Department of Community Health.
Death Registration System	A Web-based application, developed and maintained by the Department of Technology, Management, and Budget, used by the Division for Vital Records and Health Statistics to register deaths in Michigan. The system allows for on-line collaboration among multiple death registration participants, including funeral directors, physicians, medical examiners, and State and local registrars resulting in improved timeliness and quality of death reporting.
DHS	Department of Health Services.
DIT	Department of Information Technology.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.

high-risk delayed registration of birth	Birth records submitted to DCH more than one year after the birth in which: the applicant is between 18 and 35 years old; the application documentation appears suspicious; the application is based solely on a baptismal record and an affidavit of personal knowledge; or both parents are foreign born.
material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
mission	The agency's main purpose or the reason that the agency was established.
NCHS	National Center for Health Statistics.
notary public	A public officer authorized by law to certify documents, take affidavits, and administer oaths.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.
Relational Standard Accounting and Reporting System (R*STARS)	The State's comprehensive financial information system that provides for accounting, budgetary control, and financial reporting within the Michigan Administrative Information Network.

reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.
safety paper	Specially treated paper that reveals attempts to alter or duplicate the paper. This paper is designed with unique watermark images embedded into it.
vital records	A certificate or registration of birth, death, marriage, or divorce or an acknowledgment of parentage or other related data.

