



OFFICE OF THE STATE AUDITOR



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POOR CONTRACTING PRACTICES FOUND IN IMMUNIZATION PROGRAM'S USE OF CERTAIN FUNDS

DENVER—The Colorado Office of the State Auditor (OSA) has released its audit of the Department of Public Health and Environment's Immunization Program (program), as it pertains to the use of Tobacco Master Settlement Agreement (MSA) funds, and has found some program staff had conflicts of interest with a vendor, the Department did not justify some of its no-bid contracts with the vendor, and the Department did not sufficiently monitor the vendor contract. "While the problems we found at the Immunization Program were concentrated on one vendor with sole source contracts, the issues may raise concerns for the larger department because of how many sole source contracts they have each year compared to other state agencies," said Legislative Auditor Manager, Nina Frant. The audit also identified barriers to the Department's ability to enforce School Entry Immunization statutes.

The Immunization Program receives federal funds, state General Funds, as well as MSA funds, and tobacco tax funds, all totaling approximately \$52 million annually. The audit focused on the use of MSA funds, which total about \$800,000 annually for the Immunization Program. Most of the Program's funding is used for the purchase and distribution of vaccines for federal programs. Additionally, the program administers grants to local

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public health agencies and contracts, and the Colorado Immunization Information System - a statewide immunization registry.

Auditors found that between 2010 and 2015, three Department staff involved in the contracting process also served on the Board of Directors of a nonprofit immunization coalition with which the Department had MSA-funded contracts, creating a conflict of interest. Auditors further found that this same single vendor, which the program contracted with for immunization policy advocacy and public outreach, reported that half of its total revenue for Calendar Years 2012 through 2014, came from Department contracts.

In all, auditors found that the Department's procurement activities related to this vendor did not follow state requirements or Department guidance. Further, the Department lacked effective oversight of these contracts, as evidenced in Fiscal Year 2015 when not only did the Department not receive all contract deliverables, but it failed to include a performance measure in the contract to provide a valid basis for assessing the vendor's performance.

According to Colorado School Entry Immunization requirements, children attending school must be immunized against certain diseases, unless they are exempt. Statute charges the Department with enforcing these requirements, but schools are generally under the authority of other state departments, such as the Departments of Education and Higher Education. As a result, the Department is unable to fully carry out these enforcement responsibilities.

The audit makes three recommendations.

The full report is available @ www.state.co.us/auditor.

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with

laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.