

Mission:

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.



Rick Scott
Governor

Celeste Philip, MD, MPH
Surgeon General and Secretary

Vision: To be the Healthiest State in the Nation

June 12, 2017

Celeste Philip, MD, MPH
Surgeon General and Secretary
4052 Bald Cypress Way
Tallahassee, Florida 32399

Dear Dr. Philip:

Attached are two reports that summarize our audit of *Pharmacy Inventory Controls*. One report summarizes our independent evaluation of the Bureau of Public Health Pharmacy's current processes utilized at the Central Pharmacy and warehouse, specifically focusing on the inventory process, documentation of pharmaceuticals returned from county health departments, and other related topics discovered during the audit engagement.

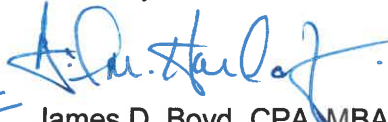
The second report summarizes a finding related to security weaknesses. It is classified as exempt from public records in accordance with Section 119.071(3), Florida Statutes. It is labeled as CONFIDENTIAL and not available for public distribution. Exempt reports are only disclosed to individuals appropriate to the activity that was audited.

The audit was conducted by Ashlea K. Mincy, CIGA, and was supervised by Mark Boehmer, CPA, Director of Auditing.

Management agreed with the findings identified in the reports. We will provide you an update in six months detailing the progress management has made towards addressing their proposed corrective actions included in these reports.

If you wish to discuss this report, please let me know.

Sincerely,


James D. Boyd, CPA, MBA
Inspector General

JDB/akm
Enclosure

cc: Kelli T. Wells, MD, Deputy Secretary for Health
Eric Miller, Chief Inspector General, Executive Office of the Governor
Lisa A. Norman, CPA, Florida Auditor General



AUDIT OF PHARMACY INVENTORY CONTROLS

Report # A-1617DOH-023 • June 12, 2017

PURPOSE OF THIS PROJECT

Evaluate the Bureau of Public Health Pharmacy's (Bureau) inventory controls, to determine whether the Bureau:

- Uses and promotes acceptable controls during Central Pharmacy (Central Pharmacy) and Warehouse inventory counts.
- Maintains complete and accurate records of pharmaceuticals returned from the county health departments (CHD).

WHAT WE EVALUATED

Our review period was September 1, 2016 through February 28, 2017, with interviews and observations through end of fieldwork.

BACKGROUND

Section 381.0203(2), *Florida Statutes*, authorizes the Department of Health (Department) to establish and maintain a pharmacy services program. The Bureau's Central Pharmacy's responsibilities include packaging and shipping patient-specific medications to CHDs. The Bureau also operates a Warehouse where pharmaceuticals are received and repackaged and bulk drug products are reshipped.

Some pharmaceuticals are shipped to CHDs for the Nurse Issuance Program (Nurse Issuance). Nurse Issuance is a unique Department program allowing Registered Nurses or Physician Assistants under a written protocol, to assess a patient and issue Bureau repacked medications when a physician is not on the premises, according to a Nurse Issuance Formulary.

DETAILED RESULTS AND RECOMMENDATIONS

Management should address the following identified control weaknesses:

1. Return merchandise authorizations were not always submitted.

- BPHP 044-16, *Quarantine and Disposition of Pharmaceuticals*, states when items are returned from a CHD, "a Return Merchandise Authorization (RMA) must be completed through the Pharmaceutical Forms System (PFS). A copy of the form is placed in the package to act as the product packing list."
- Using the RMA starts a record that can be tracked in PFS when pharmaceuticals are returned to the Bureau.
- We observed Central Pharmacy staff processing the return of pharmaceuticals from three CHDs where the return was not initiated by the CHD in PFS.

- We interviewed CHD staff who included lack of awareness and technical difficulties as reasons a RMA was not initiated in PFS.

As previously recommended in Auditor General Report No. 2016-087, we recommend the Bureau of Public Health Pharmacy work with CHD staff to use the Pharmaceutical Forms System to properly document the return of all prescription pharmaceuticals to the Central Pharmacy and Warehouse in accordance with established procedures.

SUPPLEMENTAL INFORMATION

Section 20.055, *Florida Statutes*, charges the Department's Office of Inspector General with responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

Ashlea K. Mincy, CIGA, Senior Management Analyst II, conducted the audit under the supervision of Mark H. Boehmer, CPA, Director of Auditing.

Our methodology included interviewing management and staff at Central Pharmacy and the Warehouse. We reviewed applicable laws, rules, policies and procedures. We observed staff conducting inventory at Central Pharmacy and the Warehouse. We reviewed documentation related to the inventory process and the return of pharmaceuticals from the CHDs.

We made management aware through a separate report, of security issues we identified. That report is classified as exempt from public records pursuant to Section 119.071(3), *Florida Statutes*, and is labeled **CONFIDENTIAL**. That report is not available for public distribution and was disclosed only to individuals appropriate to the activity audited.

This audit was conducted in conformance with *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors, as provided by Section 20.055(6)(a), *Florida Statutes*, and as recommended by Quality Standards for Audits by Offices of Inspector General (*Principles and Standards for Offices of Inspectors General*, Association of Inspectors General).

We want to thank management and staff in the Bureau of Public Health Pharmacy for the information and documentation they provided, and for their cooperation throughout the project.

Copies of all final reports are available on our website at www.floridahealth.gov (search: internal audit). If you have questions or comments, please contact us by the following means:

Address:
4052 Bald Cypress Way, Bin A03,
Tallahassee, FL 32399

Email:
inspectorgeneral@flhealth.gov

Phone:
(850) 245-4141

APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
1	<p>As previously recommended in Auditor General Report No. 2016-087, we recommend the Bureau of Public Health Pharmacy work with CHD staff to use the Pharmaceutical Forms System to properly document the return of all prescription pharmaceuticals to the Central Pharmacy and Warehouse in accordance with established procedures.</p>	<p>We concur.</p> <p>CHDs do not always complete RMAs and we currently do not have the authority to make them use RMAs at the Bureau level. However, higher officials have been notified and conversations have begun to determine the most effective way to implement the mandatory use of RMAs. With the completion of the integration of PFS and HMS, CHDs must use the PFS inventory module including RMAs. The integration is set to be completed by October 1, 2017.</p> <p><i>Contact:</i> Darren Evans, PharmD, MPH, Chief Bureau of Public Health Pharmacy</p> <p><i>Anticipated Completion Date:</i> September 29, 2017</p>