MEMORANDUM

Date: December 21, 2018

To: Celeste Philip, MD, MPH, Surgeon General and Secretary

Through: Michael J. Bennett, CIA, CGAP, CIG, Inspector General

Through: Mark H. Boehmer, CPA, Director of Auditing

From: Ashlea K. Mincy, CIGA, Senior Management Analyst II

Subject: R-1819DOH-006 – *Pharmaceutical Shipments and Returns*

Our office published an audit report June 12, 2017, of the Bureau of Public Health Pharmacy's (Bureau) *Pharmacy Inventory Controls*. During follow-up of an open corrective action plan, we became aware of a couple of possible extenuating issues related to quarantined (i.e., expired or contaminated) pharmaceuticals that we considered important and necessary to verify. It appeared:

- Staff at some county health departments (CHDs) were completing *Return Merchandise Authorizations* (RMAs) in the *Pharmaceutical Forms System* (PFS) to remove quarantined pharmaceuticals from inventory even though they did not plan to immediately ship them back to the Bureau. The effect was to show in PFS that the drugs were out of the CHD's inventory.
- Some CHDs were not always recording pharmaceuticals in PFS as "received" at the point shipments were received from the Bureau.

Based upon our review of shipments and returns of pharmaceuticals between January 1, 2018 through June 30, 2018, we found our concern to be accurate.

What we found

Six RMAs created between January 4, 2018 and May 16, 2018 in PFS to document the return of pharmaceuticals to the Bureau, were still outstanding as of June 18, 2018. Of these:

- One RMA was created by staff at the Department of Health (DOH) in Highlands County to remove pharmaceuticals from inventory. However, the pharmaceuticals were not immediately shipped to the Bureau. The pharmaceuticals were held until a significant number of pharmaceuticals were collected, with an objective of saving shipping costs.
- Staff at DOH-Duval erroneously created three RMAs when preparing to dispose of the pharmaceuticals. DOH-Duval uses a contracted reverse distributor to dispose of quarantined pharmaceuticals, lacking the required permits to return pharmaceuticals to the Bureau.

- One RMA at DOH-Palm Beach was created January 4, 2018. DOH-Palm Beach was not able to determine why the RMA was created, or whether the shipment was made, but lost.
- One RMA at DOH - Miami-Dade was associated with a shipment that was received, but misplaced by Bureau staff.

Additionally, DOH - Miami-Dade provided information on another outstanding RMA that was associated with a shipment that was received, but misplaced by Bureau staff.

Section 10, BPHP 044-16, *Procedure for the Quarantine and Disposition of Pharmaceuticals*, requires all quarantined items to be logged from their designated inventory systems, and an RMS be created, documenting the location of the item(s) and the reason for quarantine, to allow the sender the ability to track the progress of the return in PFS.

We also determined CHD staff did not timely record in PFS as "received", nine shipments of new pharmaceuticals from the Bureau to CHDs (Lake, Marion, and Monroe), as of our test date of August 21, 2018. Section VI(D)(5)(a), DOHP 395-1-18, *Public Health Pharmacy Policies and Procedures for County Health Departments*, requires "[a]ll drug orders, regardless of source, must be checked in upon receipt and added to the pharmaceutical inventory."

We recommend the Bureau of Public Health Pharmacy conduct monthly reconciliations of PFS data and notify CHDs of pending action items related to RMAs or pharmaceuticals shipments.

Management's response to the issues noted above may be found in **Appendix A**.

Supplemental information
This project was not an audit, as industry-established auditing standards were not applied. Internal Audit Unit procedures for the performance of reviews were followed and used during this project.

We want to thank management and staff of the Office of County Health Systems, the Bureau of Public Health Pharmacy, and the Department of Health in Duval, Highlands, Miami-Dade, and Palm Beach counties for assisting the OIG with this project.

MJB:akm

cc: Paul D. Myers, Deputy Secretary for County Health Systems
Marsha Lindeman, ARNP, MSN, Assistant Deputy Secretary for Health
Beth Paterniti, Director, Office of Deputy Secretary for County Health Systems
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Robert B. Eadie, JD, Administrator, DOH-Monroe
Alina Alonso, MD, Director, DOH-Palm Beach

APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
1	*We recommend the Bureau of Public Health Pharmacy (BPHP) conduct monthly reconciliations of Pharmaceutical Forms System (PFS) data and notify county health departments (CHDs) of pending action items related to Return Merchandise Authorizations (RMAs) or pharmaceuticals shipments.*	*We concur.* *BPHP will conduct a monthly audit utilizing PFS, to generate a report of RMAs that were submitted/shipped 30 days prior to the date of the report being generated, but have not been received by BPHP. CHDs indicated on the report will be contacted by a staff member of the BPHP to gain insight on the status of the RMA. The first report was generated on December 4, 2018 and it included any outstanding RMAs to conclude a system clean up.* *Contact:* Darren Evans *Anticipated Completion Date:* Completed