



AUDIT REPORT

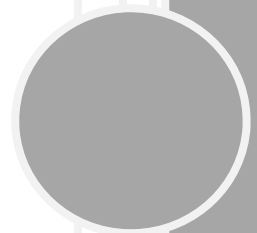
DALLAS COUNTY

Foreign Travel Vaccine Inventory - FY2021

Darryl D. Thomas
Dallas County Auditor

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Foreign Travel Vaccine Inventory - FY2021

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Dr. Philip Huang
HHS Director
Dallas, Texas

Attached is the County Auditor's final report entitled "Foreign Travel Vaccine Inventory - FY2021" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

Darryl D. Thomas

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County Auditor

EXECUTIVE SUMMARY

Health and Human Services (HHS) - International Travel has the principal areas of responsibility to provide Dallas County citizens with lower cost alternatives to vaccinations required by schools and other governmental agencies. The department is a part of the Preventative Health unit and consists of one nursing supervisor, four clerks, a cashier, and two nurses. The International Travel Office is located in the Dallas County Health and Human Services building located at 2377 North Stemmons Freeway, Dallas, Texas.

Summary of Significant Observations

- None identified

Repeat Observations from Previous Audits:

- Non-material variances

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

On September 1, 2021, Internal Audit staff performed the annual physical vaccine inventory of International Travel for the period then ended as a part of ongoing review of Health & Human Services (HHS) financial controls. The purpose of this review was limited to the reconciliation of departmental records to physical count and the official general ledger. Other procedures for testing internal control and any findings are reported separately. This report details the flow of vaccines into and out of the department, and lists the physical balances, by vaccine, at month end. There was no perpetual inventory in place at the time of this review. This audit covered the period of September 1, 2020 through August 31, 2021

The audit procedures will include interviews with key process owners, a physical count of inventory, review of current pricing for vaccines purchased, and comparison of purchase orders to the general ledger.



DETAILS

Vaccine Summary

Prices per dose are reviewed annually by the Assistant Director of Finance, Budget and Contracts and adjusted appropriately based on costs. Multiple vaccine suppliers are used to purchase vaccines. Inventory tracking is accomplished by the use of TWICES and Adult Biological Reports. Product cost is recorded to the General Ledger expenditure accounts with year-end reclass to inventory based on physical counts. The book inventory is derived from the Monthly Adult Biological Reports (Actual Physical Count Prior Month + Dose Received Current Month + Usable Doses Returned Current Month – Doses Administered Current Month – Expired Doses Returned Current Month – Doses Transferred Out Current Month) as reported by HHS. HHS completes a self-inventory each month that is compared to the calculated inventory and verified by our Internal Audit staff. The monthly beginning inventory counts are adjusted based on the self-inventory counts.

On September 1, 2021, our Internal Audit staff performed the annual physical vaccine inventory of International Travel for the period then ended as a part of ongoing review of Health & Human Services (HHS) financial controls. The purpose of this review was limited to the reconciliation of departmental records to physical count and the official general ledger. Other procedures for testing internal control and any findings are reported separately. This report details the flow of vaccines into and out of the department, and lists the physical balances, by vaccine, at month end. There was no perpetual inventory in place at the time of this review.

Inventory result fiscal year comparisons are as follows:

	Unit	Inventory	Average
August 2021	6,400	\$190,322.02	\$29.74
August 2020	<u>5,040</u>	<u>\$240,598.00</u>	<u>\$47.74</u>
Net Change	<u>1,360</u>	<u>(\$50,275.99)</u>	<u>(\$18.00)</u>

The physical inventory value of \$190,322.02 as of August 31, 2021 will be updated to reflect actual value as of September 30, 2021 for reporting on the CAFR.

Description	September 2020 - August 2021	September 2019 - August 2020	Increases/Decreases	Percent Change
Patients Seen	1,038	1,095	(867)	(45.512)%



Adjusted Vaccine				
Purchases (only)	\$383,892.97	\$430,454.88	(\$46,561.91)	(10.817%)\$
Revenues	\$121,125.93	\$298,660.29	(\$177,534.36)	(59.444)%

A summary of vaccine activity for the twelve months ended August 31, 2021 and the physical count variances over (under) calculated count as confirmed by the audit team on September 1, 2021 revealed: seven vaccines had variances over (under) for the twelve months ended August 31, 2021 totaling \$535.79 and two vaccine had variances from the physical count for August 2021 for a net of (\$2.47).

County Code Sec. 90-373 states that all department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records and Sec. 90-351 responsible to ensure that the property inventory records are up to date and accurate in all respects. (Admin. Policy Manual, § F (3.02, 3.03)).

Best practices require separation of duties, documented procedures, and immediate reconciliation and updates for transactions. Inventory control procedures should include timely verification and follow-up on all variances. Inventory records should be updated timely and accurately. Vaccine count differences should be identified monthly by lot numbers and the quantity adjusted accordingly. Operational practices and review steps relevant to application interfaces should include procedural controls that provide reasonable assurance of accurate use of record counts, control totals, or some other type of logging vaccine information. Written procedures for proper inventory controls should be developed and implemented. Periodic inventory counts should be performed during the fiscal year to update inventory records for all quantities on hand.

A lack of automated controls and a perpetual inventory system resulting in delays in identifying inventory variance causes and clerical errors in maintaining vaccine counts which increases the potential for vaccine losses, vaccine misappropriations, and financial losses to Dallas County.



Recommendation

Vaccine Summary

HHS Foreign Travel Vaccine management should implement procedures that include:

- Establishing a perpetual inventory system
- Investigating vaccine count variances between physical and book inventories monthly with all variances documented.
- Adjusting inventory balances timely to ensure that lot numbers are properly recorded and referenced on all inventory transactions.
- Establishing vaccine inventory controls with the nurses that includes balancing at the end of each day

Management Action Plan

- The program will follow-up on the project of establishing the automated inventory system to aid the process of tracking vaccines on a perpetual basis. Management will continue to keep track of vaccine inventory through daily logs, monthly stock taking process and the monthly reporting process.
- DCHHS will continue to investigate and report vaccine variances on the monthly Vaccine End-Of-The-Month Report. In addition, spoilage, expirations, and spillages are recorded on the Vaccine Waste Log to document such occurrences and accompany the Vaccine End-Of-Month-report. Please note that the majority of the variances (96.4%) were associated with influenza vaccines. Most of these vaccines were multi-dose vials, which typically yield 2-3 doses more than the actual count. This inherently causes overages in balances reflected in the reporting. Effective immediately, program nurse's were instructed to only withdraw the number of doses stated on the vaccine label and dispose remaining doses stated on the vaccine label and dispose remaining doses in accordance to manufacturer's guidelines.
- DCHHS will continue to make timely adjustments to vaccine inventory balances with accurate lot numbers documented.
- DCHHS will continue to balance vaccine inventory on a daily basis by reconciling daily vaccine logs and vaccine waste log to actual vaccines remaining.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator