



DALLAS COUNTY
COUNTY AUDITOR

Memorandum

To: Zachary Thompson
Director Health & Human Services

From: Virginia Porter *Virginia Porter*
County Auditor *VP*

Subject: International Travel
Inventory Report

DATE: Issued: October 18, 2011
Released: October 27, 2011

On August 31, 2011, our Internal Audit staff performed the annual physical vaccine inventory of International Travel.

Our specific procedures, findings, recommendations and departmental responses are listed in the attached report. Procedural changes regarding inventory control are needed. The report is intended for information and the use of management. We believe that enhanced record keeping procedures will allow for more effective operation and control of the inventory.

We appreciate the level of courtesy and cooperation extended during our review.

Attachments

cc: VP: tb

DALLAS COUNTY, TEXAS-COUNTY AUDITORS OFFICE
HHS-INTERNATIONAL TRAVEL DEPARTMENT VACCINE INVENTORY
10/13/2011

Scope

As a part of ongoing review of Health & Human Services (HHS) financial controls, the processes relevant to HHS-International Travel (IT) vaccine inventory were tested as of August 31, 2011. 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.

Background

Principal areas of responsibility for HHS-IT are to provide Dallas County citizens 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.

Procedures

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.

Procedures included but were not limited to:

- generating listing of inventory items
- physically counting stock
- listing items issued during the taking of the inventory
- reviewing current pricing for vaccines purchased
- calculating "book" inventories based on monthly reports to Texas Department of State Health Services
- review and testing a sample of purchases and issues of vaccines
- comparison of purchases to the general ledger

Findings

1. Inventory as follows:

	<u>Unit</u>	<u>Inventory</u>	<u>Average</u>
August 31, 2011	11,217	\$340,420.91	\$30.35
August 31, 2010	<u>5,633</u>	<u>\$283,448.99</u>	<u>\$50.32</u>
Net Change	5,584	\$ 56,971.92	\$(19.97)

	Sept '09 thru Aug '10	Sept '10 thru Aug '11	Increase / Decrease	Percentage Change
Patients Seen	6,047	5,633	(414)	(6.846%)
Adjusted Vaccine Purchases (excludes supplies)	\$533,193.12	\$646,082.06	\$112,888.94	21.17%
Revenue	\$795,126.62	\$816,465.94	\$ 21,339.32	2.684%

DALLAS COUNTY, TEXAS-COUNTY AUDITORS OFFICE
HHS-INTERNATIONAL TRAVEL DEPARTMENT VACCINE INVENTORY
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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. 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.

The "Net" variance between the ending physical count, and the calculated "Book" inventory was 6 (0.053%) units over of the vaccines on hand as of August 31, 2011. Conversion of the variance to a monetary amount based on ending inventory prices results in a \$333.71 decrease in "Book" inventory.

HHS completes a self inventory each month and compares to the calculated inventory. Comparison of monthly data from October 2010 through August 2011 revealed the calculated inventory balance was 109 units under the actual physical inventory count on August 31, 2011 with most of the difference related to Influenza vaccines. A summary of variances (physical count over (under) calculated count) exceeding \$100.00 as confirmed by Internal Audit for the month of August 2011 only vaccine inventory is listed below:

Typhoid (Inject) was under by 7 doses totaling \$335.05

2. Fee increases were submitted to Commissioners Court for approval prior to review by Internal Audit.

Recommendations

The physical inventory value of \$340,420.91 as of August 31, 2011 should be updated to reflect actual value as of September 30, 2011 for reporting on the CAFR.

1. Establish a perpetual inventory system and determine variances between physical and book inventories monthly with variances documented throughout the year and inventory balances adjusted accordingly. Lot numbers should be properly recorded and referenced on all inventory transactions.

Response: HHS will continue to keep track of vaccine inventory through daily logs, monthly stock-taking process and the monthly reporting process. Variances in inventory between book balance and actual count will be explained and documented as is done regularly. Lot numbers will be recorded and referenced on all inventory transactions.

2. Continue annual review of fees for cost recovery and submit to Audit for review prior to briefing Commissioners Court on proposed changes.

Response: HHS will continue to review the fee schedule annually and make any necessary fee increases.

Summary

This review is intended to support management of this office in evaluating internal controls over financial issues and inventory. Adherence to and follow through with the recommendations should strengthen internal controls.

Dallas County, Texas
 Health Human Services
 International Travel Vaccines
 Draft Report
 as of
 August 31, 2011

Vaccine	FY 2011 Cost per Dose	Ending Inventory 7/31/2011	Adjustment to Beginning Inventory	Beginning Inventory 8/01/2011	Receipts	Doses Administered	Issues (Doses Transferred Out/Doses Found)	Adjustment for Vaccine Expiration	Ending Calculated Count 8/31/2011	Ending Calculated Value 8/31/2011	% Physica I Count 8/31/20	Total Ending Inventory Value 8/31/2011	Variance Units	Variance Amount
Hepatitis A Adult	\$ 22.16	711	0	711	0	76	0	0	635	\$ 14,070.13	635	\$ 14,070.13	0	\$ -
Hepatitis B Adult	\$ 30.24	472	0	472	0	34	0	0	438	\$ 13,246.62	437	\$ 13,216.38	-1	\$ (30.24)
HIB	\$ 23.15	79	0	79	0	2	0	0	77	\$ 1,782.47	77	\$ 1,782.47	0	\$ -
HPV-Gardasil	\$ -	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Influenza (Fluzone)	\$ 12.11	0	0	0	6530	0	0	0	6,530	\$ 79,096.90	6530	\$ 79,096.90	0	\$ -
IPV	\$ 25.30	482	0	482	0	46	0	0	436	\$ 11,031.39	438	\$ 11,081.99	2	\$ 50.60
Japanese Encephalitis	\$ 223.68	10	0	10	0	0	0	0	10	\$ 2,236.75	10	\$ 2,236.75	0	\$ -
MMR	\$ 57.98	289	0	289	0	44	0	0	245	\$ 14,204.65	245	\$ 14,204.65	0	\$ -
Meningococcal / Menomur	\$ 105.62	148	0	148	200	18	0	0	330	\$ 34,855.53	330	\$ 34,855.53	0	\$ -
Pneumococcal	\$ 58.30	0	0	0	50	0	0	0	50	\$ 2,914.75	50	\$ 2,914.75	0	\$ -
Rabies	\$ 186.92	282	0	282	0	27	0	0	255	\$ 47,665.64	255	\$ 47,665.64	0	\$ -
Tetanus/Diphtheria	\$ 20.28	433	0	433	0	69	0	0	364	\$ 7,381.26	364	\$ 7,381.26	0	\$ -
TDAP (Adacel)	\$ 31.80	164	0	164	0	39	0	0	125	\$ 3,974.43	126	\$ 4,006.23	1	\$ 31.80
Twinrix	\$ 50.82	80	0	80	200	64	0	0	216	\$ 10,976.33	215	\$ 10,925.51	-1	\$ (50.82)
Typhoid (Oral)	\$ 34.40	548	0	548	0	96	0	0	452	\$ 15,548.80	452	\$ 15,548.80	0	\$ -
Typhoid (Inject)	\$ 47.86	386	0	386	0	74	0	0	312	\$ 14,933.77	305	\$ 14,598.72	-7	\$ (335.05)
Varicella	\$ 92.62	382	0	382	0	27	0	0	355	\$ 32,880.81	355	\$ 32,880.81	0	\$ -
Yellow Fever**	\$ 86.40	500	0	500	0	107	0	0	393	\$ 33,954.41	393	\$ 33,954.41	0	\$ -
Zostavax	\$ -	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Totals		4,966	0	4,966	6,980	723	0	0	11,223	\$ 340,754.63	11,217	\$ 340,420.91	(6.00)	\$ (333.71)

¥ From FY 2011 Adult Biological Report
 z From FY 2011 Count Sheet