



**DALLAS COUNTY
COUNTY AUDITOR**

Memorandum

To: Zachary Thompson
Director Health & Human Services

From: Virginia Porter
County Auditor

Virginia Porter

Subject: International Travel
Inventory Report

DATE: Issued: October 8, 2014
Released: November 5, 2014

On August 29, 2014, 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
10/8/2014

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 29, 2014. 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 29, 2014	3,965	\$ 234,127.00	\$59.05
August 31, 2013	<u>5,895</u>	<u>\$ 226,084.47</u>	<u>\$38.35</u>
Net Change	(1,930)	\$ 8,042.53	\$20.70

	Sept '12 thru Aug '13	Sept '13 thru Aug '14	Increase / Decrease	Percentage Change
Patients Seen	6,750	5,654	(1,096)	-16.237%
Adjusted Vaccine Purchases (excludes supplies)	\$ 573,859.66	\$ 729,697.90	\$ 155,838.24	27.156%
Revenue	\$ 982,644.17	\$ 802,190.70	\$ (180,453.47)	-18.364%

DALLAS COUNTY, TEXAS-COUNTY AUDITORS OFFICE
HHS-INTERNATIONAL TRAVEL DEPARTMENT VACCINE INVENTORY
10/8/2014

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 calculated “Book” vaccine inventory was eleven or 0.277% units under the actual physical count on hand as of August 29, 2014. Conversion of the variance to a monetary amount based on ending inventory prices results in a \$ 484.94 increase needed to the “Book” inventory.

HHS completes a self-inventory each month and compares to the calculated inventory. Comparison of monthly data from October 2013 through August 2014 revealed the calculated inventory balance was 145 units under the actual physical inventory count on August 29, 2014. A summary of variances (physical count over (under) calculated count) exceeding \$100 as confirmed by Internal Audit for the month of August 2014 only vaccine inventory is listed below:

HPV-Gardasil was under by 4 doses totaling \$(601.43)
Meningococcal (Menactra) was over by 1 dose totaling \$107.49
Typhoid (Inject) was over by 8 doses totaling \$413.40
HPV (PED) was over by 3 doses totaling \$408.57

Recommendations

The physical inventory value of \$234,127.00 as of August 29, 2014 should be updated to reflect actual value as of September 30, 2014 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.
2. Continue annual review of fees for cost recovery.

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
 Final Report

Vaccine	FY 2014 Cost per Dose	Ending Inventory 7/31/2014	Adjustment to Beginning Inventory	Beginning Inventory 8/01/2014	Receipts	Usable Doses Returned	Doses Administered	Issues (Doses Transferred Out/Doses Found)	Adjustment for Vaccine Expiration	Ending Calculated Count 8/31/2014	Ending Calculated Value 8/31/2014	% Physical Count 8/31/2014	Total Ending Inventory Value 8/31/2014	Variance Units	Variance Amount
Hepatitis A Adult	\$ 29.46	258	0	258	0	0	86	0	0	172	\$ 5,067.12	172	\$ 5,067.12	0	\$ -
Hepatitis B Adult	\$ 34.11	519	0	519	0	0	15	0	0	504	\$ 17,193.52	504	\$ 17,193.52	0	\$ -
HIB	\$ 19.79	19	0	19	0	0	2	0	0	17	\$ 336.40	17	\$ 336.40	0	\$ -
HPV-Gardasil	\$ 150.36	62	0	62	0	0	1	0	0	61	\$ 9,171.80	57	\$ 8,570.37	(4)	\$ (601.43)
Influenza (Fluzone)	\$ 25.45	0	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Influenza (PF)	\$ 15.00	0	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Influenza-Quad	\$ 26.89	251	0	251	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
IPV	\$ 217.87	42	0	42	14	0	26	0	0	225	\$ 6,051.09	226	\$ 6,077.98	1	\$ 26.89
Japanese Encephalitis	\$ 56.72	348	0	348	0	0	2	0	0	54	\$ 11,764.98	54	\$ 11,764.98	0	\$ -
MMR	\$ 107.49	174	0	174	100	0	44	0	0	304	\$ 17,244.05	305	\$ 17,300.78	1	\$ 56.72
Meningococcal (Menactra)	\$ 116.91	18	0	18	30	0	143	0	0	131	\$ 14,081.61	132	\$ 14,189.11	1	\$ 107.49
Meningococcal (Menomune)	\$ 74.29	60	0	60	0	0	11	0	0	37	\$ 4,325.75	37	\$ 4,325.75	0	\$ -
Pneumococcal (PPSV23)	\$ 221.42	113	0	113	0	0	0	0	0	60	\$ 4,457.21	60	\$ 4,457.21	0	\$ -
Rabies	\$ 21.91	483	0	483	0	0	11	0	1	101	\$ 22,363.88	101	\$ 22,363.88	0	\$ -
Tetanus/Diphtheria	\$ 32.45	151	0	151	0	0	34	0	0	449	\$ 9,836.10	449	\$ 9,836.10	0	\$ -
TDAP (Adacel)	\$ -	0	0	0	0	0	72	0	0	79	\$ 2,563.69	80	\$ 2,596.14	1	\$ 32.45
Tdap (Boostrix)	\$ 56.41	229	0	229	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Twinnix	\$ 36.00	239	0	239	300	0	35	0	0	194	\$ 10,943.42	193	\$ 10,887.01	(1)	\$ (56.41)
Typhoid (Oral)	\$ 51.68	473	0	473	0	0	64	0	0	475	\$ 17,100.00	475	\$ 17,100.00	0	\$ -
Typhoid (Inject)	\$ 97.25	77	0	77	200	0	55	0	0	418	\$ 21,600.31	426	\$ 22,013.71	8	\$ 413.40
Varicella	\$ 101.39	368	0	368	0	0	78	0	0	199	\$ 19,351.95	200	\$ 19,449.20	1	\$ 97.25
Yellow Fever**	\$ -	0	0	0	0	0	75	0	0	293	\$ 29,706.85	293	\$ 29,706.85	0	\$ -
Zostavax	\$ -	0	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
DT Pedi	\$ 18.75	26	0	26	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Dtap	\$ 64.46	37	0	37	0	0	1	0	0	25	\$ 468.68	25	\$ 468.68	0	\$ -
Dtap-HepB-IPV (Pediarix)	\$ 49.42	19	0	19	0	0	3	0	0	34	\$ 2,191.64	34	\$ 2,191.64	0	\$ -
Dtap-IPV (Kinrix)	\$ 19.46	56	0	56	0	0	5	0	0	14	\$ 691.88	14	\$ 691.88	0	\$ -
Hep A Ped/Adolescent	\$ 12.93	25	0	25	0	0	15	0	0	41	\$ 797.86	41	\$ 797.86	0	\$ -
Hep B Ped/Adolescent	\$ 136.19	34	0	34	0	0	5	0	0	20	\$ 258.66	20	\$ 258.66	0	\$ -
HPV (Ped)	\$ 128.76	14	0	14	0	0	2	0	0	32	\$ 4,358.08	35	\$ 4,766.65	3	\$ 408.57
PCV-13	\$ 74.79	4	0	4	0	0	3	0	0	11	\$ 1,416.36	11	\$ 1,416.36	0	\$ -
Rota Virus			0	0	0	0	0	0	0	4	\$ 299.16	4	\$ 299.16	0	\$ -
Totals		4,099	0	4,099	644	0	788	0	1	3954	\$ 233,642.05	3965	\$ 234,127.00	11	\$ 484.94

From Adult Biological Report
 From Count Sheet