



DALLAS COUNTY
COUNTY AUDITOR

Memorandum

To: Zachary Thompson
Director Health & Human Services

From: Virginia Porter *Virginia Porter*
County Auditor

Subject: International Travel
Inventory Report

DATE: Issued: October 11, 2010
Released: October 22, 2010

On August 31, 2010, 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
10/11/2010

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, 2010. 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 director, a deputy director, a cashier, and a nurse. The International Travel office is located in the Dallas County Health and Human Services building located at 2377 North Stemmons Freeway, Dallas, Texas.

FY2010 fee increases (effective October 1, 2010) approved on court order 2009-1532 approximate \$5 per vaccine.

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 is as follows:

	<u>Unit</u>	<u>Inventory</u>	<u>Average</u>
August 31, 2010	5,633	\$283,448.99	\$50.32
August 31, 2009	14,062*	\$304,473.98*	\$21.65*
Net Change	(8,429)	\$(21,024.99)	\$28.67

* = Includes 9,111 doses of Influenza valued at \$74,937.98 purchased in August 2009 at a cost of \$8.225 per dose.

	Sept '08 thru Aug '09	Sept '09 thru Aug '10	Increase / Decrease	Percentage Change
Patients Seen	6153	6,047	(106)	(1.72%)
Adjusted Vaccine Purchases	\$655,789.18	\$532,053.17	\$(123,736.01)	(18.87%)
Revenue	\$846,865.86	\$795,126.62	\$(51,739.24)	(6.11%)

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 3 units or (0.053%) of the vaccines on hand as of August 31, 2010. Conversion of the variance to a monetary amount based on ending inventory prices results in a \$101.21 decrease in "Book" inventory.

HHS completes a self inventory each month and compares to the calculated inventory. A summary of variances (physical count over (under) calculated count) exceeding \$100.00 as confirmed by Internal Audit for the August 31, 2010 vaccine inventory is listed below:

Typhoid (Inject) was over by 3 doses totaling \$134.71

Recommendations

The physical inventory value of \$ \$283,448.99 as of August 31, 2010 should be updated to reflect actual value as of September 30, 2010 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. Upgrading current point of sale software to include an inventory system to enhance record keeping is recommended.

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. The current point of sale system has been replaced by the county wide receipting system.

2. Continue annual review of fees for cost recovery.

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
Final Report
as of
August 31, 2010

Vaccine	FY 2010 Cost per Dose	¥ Ending Inventory 7/31/10	¥ Adjustment to Beginning Inventory	¥ Beginning Inventory 8/01/10	¥ Receipts	¥ Doses Administered	¥ Issues (Doses Transferred Out/Doses Found)	¥ Adjustment for Vaccine Expiration	Ending Calculated Count 8/31/10	Ending Calculated Value 8/31/10	% Physical Count 8/31/10	Total Ending Inventory Value 8/31/10	Variance Units	Variance Amount
Hepatitis A Adult	\$ 22.070	222	0	222	0	80	50	0	92	\$ 2,030.44	91	\$ 2,008.37	-1	\$ (22.07)
Hepatitis B Adult	\$ 30.266	207	0	207	600	29	0	0	778	\$ 23,547.29	777	\$ 23,517.02	-1	\$ (30.27)
HIB	\$ 23.148	3	0	3	0	2	0	0	1	\$ 23.15	1	\$ 23.15	0	\$ -
HPV-Gardasil	\$152.590	12	0	12	0	7	0	0	5	\$ 762.95	5	\$ 762.95	0	\$ -
Influenza (Fluzone)	\$ -	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
IPV	\$ 24.590	239	0	239	400	45	10	0	584	\$ 14,360.46	584	\$ 14,360.46	0	\$ -
Japanese Encephalitis	\$283.123	1	0	1	0	0	0	0	1	\$ 283.12	1	\$ 283.12	0	\$ -
MMR	\$ 55.531	141	0	141	400	38	0	0	503	\$ 27,931.90	502	\$ 27,876.37	-1	\$ (55.53)
Meningococcal / Menom	\$102.883	23	0	23	300	22	0	0	301	\$ 30,967.85	301	\$ 30,967.85	0	\$ -
Pneumococcal	\$ -	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Rabies	\$241.420	38	0	38	0	17	0	0	21	\$ 5,069.82	21	\$ 5,069.82	0	\$ -
Tetanus/Diphtheria	\$ 19.350	184	0	184	600	104	0	0	680	\$ 13,157.93	680	\$ 13,157.93	0	\$ -
TDAP (Adacel)	\$ 34.611	120	0	120	0	22	0	0	98	\$ 3,391.88	98	\$ 3,391.88	0	\$ -
Twinrix	\$ 47.627	323	0	323	600	85	0	0	838	\$ 39,911.79	836	\$ 39,816.53	-2	\$ (95.25)
Typhoid (Oral)	\$ 32.790	207	0	207	300	63	0	0	444	\$ 14,558.76	443	\$ 14,525.97	-1	\$ (32.79)
Typhoid (Inject)	\$ 44.902	132	0	132	0	72	0	0	60	\$ 2,694.11	63	\$ 2,828.82	3	\$ 134.71
Varicella	\$ 92.622	220	0	220	400	17	0	0	603	\$ 55,851.07	603	\$ 55,851.07	0	\$ -
Yellow Fever**	\$ 78.162	722	0	722	0	95	0	0	627	\$ 49,007.69	627	\$ 49,007.69	0	\$ -
Zostavax	\$ -	0	0	0	0	0	0	0	0	\$ -	0	\$ -	0	\$ -
Totals		2,794	0	2,794	3,600	698	60	0	5,636	\$283,550.20	5,633	\$ 283,448.99	(3.00)	\$ (101.21)

¥ From FY 2010 Adult Biological Report

% From FY 2010 Count Sheet