

AUDITOR'S REPORT

HARRIS HEALTH SYSTEM CENTRAL FILL - POST IMPLEMENTATION



April 28, 2016

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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

April 28, 2016

Mr. George Masi
President and Chief Executive Officer
Harris Health System
2525 Holly Hall
Houston, Texas 77054

RE: Harris Health System Central Fill – Post Implementation for the three months ended April 30, 2015

The Audit Services Department performed procedures relative to the Harris Health System (Harris Health) Central Fill – Post Implementation engagement for the three months ended April 30, 2015. The purpose of the engagement was to evaluate critical controls for filling outpatient prescriptions at the Harris Health Central Fill Pharmacy (Central Fill). Our procedures included evaluating and selectively testing critical controls for:

- Granting, monitoring, and terminating information system access to the Central Fill prescription filling and tracking information system (Symphony).
- Granting and monitoring employee and non-employee physical access to the Central Fill physical facility.
- Monitoring prescriptions filled by Central Fill for timely filling and delivery to Harris Health outpatient pharmacies.
- Ordering and maintaining pharmaceutical inventory at Central Fill.
- Maintaining controlled substances inventories and controlling wasted and expired drugs at Central Fill.

The engagement process included providing you with engagement and scope letters and conducting an entrance and exit conference with your personnel. The purpose of the letters and conferences were to explain the process, identify areas of concern, describe the procedures to be performed, discuss issues identified during the engagement, and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

Our procedures did not include any kind of review of remote access. In addition, the procedures performed required our staff to exercise judgement in completing. As the procedures were not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during this engagement. Harris Health therefore, retains the responsibility for the accuracy and

Mr. George Masi
President and Chief Executive Officer

completeness of their financial records and ensuring sufficient controls are in place to detect and prevent fraud.

The enclosed Auditor's Report presents the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations. Less significant issues and recommendations have been verbally communicated to your staff.

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Barbara J. Schott", with a long horizontal flourish extending to the right.

Barbara J. Schott
County Auditor

cc: Harris Health System Board of Managers
District Judges
County Judge Ed Emmett
Commissioners:
 R. Jack Cagle
 Jack Morman
 Steve Radack
 Gene Locke
Devon Anderson
Vince Ryan
William J. Jackson

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OVERVIEW

Harris Health outpatients can go to a Harris Health outpatient pharmacy and wait for a prescription to be filled (or refilled), or they can order their prescriptions to be picked up later. Outpatient prescriptions that patients choose to pick up the next day or later may be sent to Harris Health’s Central Fill pharmacy location to be filled. Once filled, the prescriptions are returned to the outpatient pharmacy for pick up by the patient.

Central Fill stocks approximately 425 high-turnover pharmaceuticals, including a limited number of Schedule III through V controlled substances. Central Fill opened in June 2014, and the number and percentage of prescriptions filled for each outpatient pharmacy during the three months ended April 30, 2015, are presented below:

Harris Health Outpatient Pharmacy Location	Number of Prescriptions (Unaudited)		
	Total Prescriptions	Filled at Central Fill	% Filled at Central Fill
Northwest Health Center	59,366	33,940	57.2%
El Franco Lee Health Center	56,113	36,651	65.3%
Vallbona Health Center	46,997	25,869	55.0%
Acres Home Health Center	43,856	24,983	57.0%
Gulfgate Health Center	41,248	23,689	57.4%
Strawberry Health Center	40,648	21,085	51.9%
Aldine Health Center	40,256	24,679	61.3%
Settegast Health Center	38,964	20,758	53.3%
Ben Taub General Hospital	37,998	7,194	18.9%
Lyndon B. Johnson General Hospital	37,348	8,371	22.4%
Casa De Amigos Health Center	33,618	19,417	57.8%
M. L. “Squatty” Lyons Health Center	31,322	19,095	61.0%
Thomas Street Health Center	29,340	5,147	17.5%
Baytown Health Center	25,176	12,923	51.3%
Martin Luther King Jr. Health Center	22,281	11,662	52.3%
Smith Clinic	12,421	2,657	21.4%
Total Prescriptions	596,952	298,120	49.9%

Source: Outpatient Pharmacy Management Reports

Approximately 70% of Central Fill prescriptions are filled using robotic equipment (robots or semiautomatic stations). A conveyor belt transports filled and labeled bottles (including those filled manually) to workstations where prescriptions are verified by a Pharmacist, and to a final workstation for packing and shipment to the outpatient pharmacies.

Central Fill charges the outpatient pharmacies for the cost of the pharmaceuticals used to fill prescriptions monthly. Pharmaceutical cost information is obtained from software provided by Harris Health's primary drug distributor, Morris & Dickson (M&D) and sent to the Financial Systems Supervisor in Financial Accounting to record the interdepartmental charges to the financial records.

RESULTS

Based on procedures performed, controls for filling outpatient pharmacy prescriptions at Central Fill were working effectively in the following areas:

- Granting and monitoring employee and non-employee physical access to the Central Fill facility.
- Monitoring prescriptions filled by Central Fill for timely filling and delivery to outpatient pharmacies.
- Ordering and maintaining pharmaceutical inventory at Central Fill.
- Maintaining controlled substances inventories and controlling wasted and expired drugs at Central Fill.

Controls over the following activities should be improved as follows:

- Formal written procedures should be developed for providing employee access to Symphony and consideration given to reducing the number of employees with administrative access.
- Generic access codes to Symphony should be deactivated.
- Adjustments to Symphony's inventory records should be recorded by employees not performing test counts, and reviewing and witnessing of the test count procedures should be documented.
- Central Fill employees should be cross-trained to ensure necessary coverage.

These issues are discussed in more detail in the following Issues and Recommendations matrix.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Restricting Symphony Access	There are 33 employees that work at the Central Fill facility and have access to Symphony. The level of access provided is based on the employees' job responsibilities. Five employees (four Outpatient Pharmacy management level employees and one non-management employee) have been provided with administrative access. Employees with administrative access can add, delete, and change employee access in Symphony.	<p>The process for providing and monitoring access to Symphony is not formally documented. In addition, more employees than necessary have administrative access to Symphony and can also perform pharmaceutical operating functions.</p> <p>As a result, some employees may have access that exceeds what is required to perform their job responsibilities, which could result in inappropriate viewing of information in Symphony and increases the risk of inappropriate system changes or transactions.</p>	<p>Outpatient Pharmacy Management should develop formal written procedures for providing employees access to Symphony which includes:</p> <ul style="list-style-type: none"> • Documenting the level of access provided and identifying the Central Fill management employee approving the access. • Documenting periodic reviews of employee access. <p>In addition, consideration should be given to reducing the number of employees that can perform administrative activities and also perform operating pharmaceutical functions in Symphony. The activities of employees that perform administrative activities in Symphony should</p>	<p>Upon review, we accept the first 2 points of this recommendation. An addendum to the Central Fill Standard Operating Procedures will be added (Effective date 11/01/2015 pending OPC committee approval) to list appropriate permissions for all staff members. The requirement will also be added that they be reviewed monthly by the Central Fill Pharmacy Supervisor for correction or deactivation and documentation.</p> <p>At this time, we have determined due to the limited access to the Central Fill system it would not be necessary to reduce the number of employees that can perform administrative activities and also perform operating pharmaceutical functions in Symphony. Any reduction could lead to</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
(Continued) Restricting Symphony Access			periodically be monitored by a management level employee that cannot perform administrative activities.	disruption of Central Fill function in case of emergency or other extenuating circumstances. We currently only have 4 employees with this access which would allow flexibility in case of limited physical access to Central Fill as a result of weather or other circumstances.
Using Generic Access Codes	Certain users, including employees of the Symphony application service provider and employees of Harris Health's Information Technology area, use generic access codes to perform administrative activities in Symphony.	Users that access Symphony using generic access codes cannot be identified. As a result, users signed in using generic access codes may not be held accountable if they make improper or erroneous entries in Symphony, and the need for training or counseling for the users may not be identified.	Outpatient Pharmacy Management should disable all generic access codes and ensure that all users accessing Symphony for administrative or operating purposes can be identified through individual login identification codes.	(Completed) Upon review we accept this recommendation. The generic codes were used during our original testing and rollout, but are no longer necessary at this time. All generic or non-descript codes have been deactivated in the system at this time and can no longer be used.

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Adjustments to Inventory Records	<p>The System Specialist tests the accuracy of dispensing by the robots and semiautomatic stations by randomly test counting canisters throughout the month. The counts are recorded on worksheets and compared to Symphony's inventory records, and if necessary, the System Specialist adjusts Symphony's records to the number counted.</p> <p>When the System Specialist counts canisters holding controlled substances, the counts are required to be witnessed by a Pharmacist. Separate worksheets are used to document the counts and any adjustments for controlled substances.</p>	<p>The System Specialist performs test counts and records adjustments to Symphony's inventory records, but the review of the counts and adjustments by the Central Fill Pharmacy Supervisor is not documented. In addition, there is no documentation of a Pharmacist witnessing the System Specialist's counts of controlled substances.</p> <p>As a result, there is inadequate separation of duties for employees performing counts and recording adjustments. In addition, there is inadequate documentation of the Central Fill Pharmacy Supervisor's review of counts and adjustments, and of a Pharmacist's witnessing controlled substance counts.</p>	<p>Outpatient Pharmacy Management should require an employee other than the one performing test counts to record Symphony inventory adjustments. In addition, the Central Fill Pharmacy Supervisor should document their review of worksheets documenting counts and adjustments and a Pharmacist should sign or initial each line on the worksheets where they witnessed a test count of a controlled substance.</p>	<p>(Completed) After review, this recommendation has been accepted. An addendum has been added to reflect changes in the canister audit process in the Central Fill Standard Operating Procedures. The pharmacist witnessing the audit conducted by the System Analyst or staff designee will be responsible for adjusting the on hand quantity in the Symphony software system if needed. The pharmacist will also be responsible for initialing each audit as it is completed. The Central Fill Pharmacy Supervisor will review the completed audits each month and sign off on their completion.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Cross-Training Employees		<p>The System Specialist is the only Central Fill employee that is trained to perform procedures such as random test counting of canisters and bi-weekly equipment maintenance.</p> <p>As a result, there are no back-up employees to perform the duties, which could result in the procedures not being timely or properly performed if the System Specialist is absent.</p>	<p>Outpatient Pharmacy Management should cross-train additional employees to perform the critical duties of the System Specialist.</p>	<p>(Completed) After review, this recommendation has been accepted. Cross training with the System Analyst has been completed with one current staff member and is in process with another staff member as of 10-21-2015. This will allow critical duties such as canister audits and basic maintenance to be conducted even during the absence of the System Analyst.</p>

RISK ASSESSMENT AND SUMMARY OF RECOMMENDATIONS

The risk matrix below presents the assessed level of risk or exposure identified during our procedures. Inherent risk relates to factors that because of their nature cannot be controlled or mitigated by management. Inherent risk includes factors such as legislative changes, number and dollar amount of transactions processed and/or complex nature of transactions. Control risks relate to factors that can be influenced or controlled by management. Controls such as policies and procedures, electronic or manual approvals, system security access, and separation of job responsibilities may be instituted by management in order to mitigate control risk. Control risk is assessed during the planning phase in order to establish the nature, timing, and extent of testing and at the conclusion of the engagement in order to incorporate actions taken to implement our recommendations. The overall risk considers a combination of inherent and control risks.

Inherent Risk:	Control Risk:		Overall Risk:
<input checked="" type="checkbox"/> High <input type="checkbox"/> Moderate <input type="checkbox"/> Low	Prior to Procedures	After Procedures	<input type="checkbox"/> High <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> Low
	Adequate	Adequate	
Type of Procedures: Audit			
Purpose: To evaluate critical controls for filling outpatient prescriptions at the Harris Health Central Fill Pharmacy.			
Outstanding Audit Recommendations:			
Priority Rating:	Audit Recommendations: Harris Health System		
2	Develop formal written procedures for providing employee access to Symphony. Consider reducing the number of employees that can perform administrative activities in Symphony and periodically monitor their activities.		
1	Disable all generic access codes and ensure that all users accessing Symphony can be identified through individual login identification codes.		
1	An employee not performing test counts should record Symphony inventory adjustments. The Supervisor should document review of counts and adjustments and a Pharmacist should sign or initial test counts of controlled substances.		
1	Cross-train additional employees to perform the critical duties of the System Specialist.		
Priority Rating	1. Implement immediately (30 – 90 days) – Serious internal control deficiencies; or recommendations to reduce costs, maximize revenues, or improve internal controls that can be easily implemented. 2. Work towards implementing (6 – 18 months) – Less serious internal control deficiencies, or recommendations that cannot be implemented immediately because of constraints imposed on the department (i.e., budgetary, technological constraints, etc.). 3. Implement in the future (two – three years) – Recommendations that should be implemented, but that cannot be implemented until significant and/or uncontrolled events occur (i.e., legislative changes, buy and install major systems, requires third party cooperation, etc.).		