

Mission:

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.



Rick Scott
Governor

Celeste Philip, MD, MPH
Surgeon General and Secretary

Vision: To be the **Healthiest State** in the Nation

August 11, 2016

Celeste Philip, MD, MPH
Surgeon General and Secretary
4052 Bald Cypress Way
Tallahassee, Florida 32399

Dear Dr. Philip:

Pursuant to Section 20.055(6)(h), *Florida Statutes*, our office is to update you on the status of corrective actions taken since February 11, 2016 when the Office of the Auditor General published its Report Number 2016-087, *Pharmacy Services and Selected Administrative Activities Prior Audit Follow-Up*. Management's assessment of the current status of corrective actions is included in the enclosed document.

At six months after publication, management reports some of the corrective actions made in response to recommendations from the Office of the Auditor General have been completed. Seven corrective actions have been completed and seven are still in progress.

If I may answer any questions, please let me know.

Sincerely,

James D. Boyd, CPA, MBA
Inspector General

JDB/mhb
Enclosure

cc: Kathy DuBose, Staff Director, Joint Legislative Auditing Committee
Melinda M. Miguel, Chief Inspector General, Office of the Governor
Anna Likos, MD, MPH, Interim Deputy Secretary for Health
Michele Tallent, Acting Deputy Secretary for Administration
John S. Curran, MD, Deputy Secretary for Children's Medical Services
Michael J. Bennett, CIA, Director of Auditing

Status of Corrective Action Plans



Report Number: 2016-087
 Report Title: *Pharmacy Services and Selected Administrative Activities Prior Audit Follow-Up*
 Report Date: February 11, 2016
 Status As Of: August 11, 2016

| No. | Finding | Recommendation | Corrective Action Plan | Status of Corrective Action Plan |
|--------------------------|---|--|--|--|
| Pharmacy Services | | | | |
| 1 | As similarly noted in our report No. 2014-014, the Bureau of Public Health Pharmacy (Bureau) did not always conduct physical inventory counts and adjust inventory records in accordance with established procedures. | We again recommend that Bureau management ensure that physical inventory counts are performed in accordance with established procedures and that differences, if any, between physical inventory counts and inventory records are appropriately investigated prior to adjusting inventory records. | <p>The Bureau has revised BPHP 058-16, <i>Procedure for Inventory Reconciliation and Documentation for Logistics</i>. One of the areas that has been revised includes additional roles and responsibilities.</p> <p>Enhancements to the Pharmaceutical Forms System (PFS) will be implemented to capture inventory reconciliation with pharmacist verification. BPHP 022-16, <i>Inventory Management Systems and Functions</i>, will be revised to ensure an improved methodology for conducting inventory counts and adjusting inventory records. This IOP is under management review and approval.</p> | <p>In progress. Projected Completion Date – December 30, 2016</p> <p>BPHP 058-16, <i>Procedure for Inventory Reconciliation and Documentation for Logistics</i>, and BPHP 022-16, <i>Inventory Management Systems and Functions</i>, have been approved.</p> <p>The Bureau is replacing the QS/1® pharmacy management software. A Request for Proposal has been initiated.</p> <p>PFS is implementing a new automated inventory module. Beta testing is in progress.</p> |

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| 2.1 | <p>The Bureau did not maintain complete and accurate records of drugs returned from county health departments (CHDs) and, as similarly noted in our report No. 2014-014, the CHDs did not always use Bureau <i>Return Merchandise Authorization</i> (RMA) forms when returning drugs to the Central Pharmacy and the warehouse.</p> | <p>We recommend that Bureau management maintain complete and accurate records of all drugs returned from the CHDs.</p> | <p>RMA forms were not housed in PFS at the time of the audit. PFS now contains a Quarantine Module for record keeping, which includes RMAs.</p> <p>BPHP 036-16, <i>Procedure for On-site Receiving of Pharmaceuticals</i>, and BPHP 044-16, <i>Procedure for the Quarantine and Disposition of Pharmaceuticals</i>, have been revised to emphasize the steps for CHDs returning drugs to follow, by using the RMA form. The steps in these IOPs have been discussed on the Statewide Pharmaceutical conference calls. DOHP 395-1, <i>Public Health Pharmacy Policy and Procedures for County Health Departments</i>, has been revised and is currently under review by management.</p> <p>The return of quarantined/expired pharmaceuticals continues to be discussed on the Statewide Pharmaceutical conference calls.</p> | <p>In progress. Projected Completion Date – December 30, 2016</p> <p>BPHP 036-16, <i>Procedure for On-site Receiving of Pharmaceuticals</i>, and BPHP 044-16, <i>Procedure for the Quarantine and Disposition of Pharmaceuticals</i>, have been approved.</p> <p>A new inventory module has been implemented. PFS is currently unable to capture returns after one year. A protocol is being developed so that CHDs are required to contact a reverse distributor to dispose of quarantined drugs. A method to capture this information is under development.</p> |
| 2.2 | <p>The Bureau did not maintain complete and accurate records of drugs returned from CHDs and, as similarly noted in our report No. 2014-014, the CHDs did not always use Bureau <i>Return Merchandise Authorization</i> forms when returning drugs to the Central Pharmacy and the warehouse.</p> | <p>We recommend that Bureau management work with CHD staff to use PFS to properly document the return of all prescription drugs to the Central Pharmacy and the warehouse in accordance with established procedures.</p> | <p>A help file is available in PFS regarding RMAs. The RMA is required for all returned drugs to ensure a complete control record. Notification of RMA requirements is transmitted through the system. BPHP 044-16, <i>Procedure for the Quarantine and Disposition of Pharmaceuticals</i>, has been revised to clarify the steps for CHDs returning drugs to follow, by using the RMA form. These steps in the IOP have been discussed on the Statewide Pharmaceutical conference call. Department policy 395-1, <i>Public Health Pharmacy Policy and Procedures for County Health Departments</i>, has been revised and is currently under review by management.</p> | <p>In progress. Projected Completion Date – December 30, 2016</p> <p>BPHP 044-16, <i>Procedure for the Quarantine and Disposition of Pharmaceuticals</i>, has been approved. The requirement for RMA forms will be discussed on the Statewide Pharmaceutical conference call, Medical Directors' conference call, Nursing Directors' conference call, and at the Division Leadership Meetings.</p> <p>Department policy 395-1, <i>Public Health Pharmacy Policy and Procedures for County Health Departments</i>, is currently under review by management.</p> |

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|---|--|--|---|----------------------------------|
| Selected Administrative Activities | | | | |
| 3.1 | <p>Department of Health (Department) controls over employee access to the Florida Accounting Information Resource Subsystem (FLAIR) continue to need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.</p> | <p>To aid in the identification and resolution of any instances where excess or incompatible FLAIR user access privileges have been granted or access privileges are no longer required, we recommend that Department management conduct periodic reviews of FLAIR access privileges in accordance with established policies and procedures.</p> | <p>The Administrative and Financial Application Management (AFAM) section in the Bureau of Finance and Accounting (F&A) now performs a monthly review of FLAIR users. The review compares FLAIR data and Resource Access Control Facility data to People First data.</p> <p>The AFAM section also now reviews and compares a semi-monthly termination report and Personnel Action Request (PAR) emails that identify employee role changes, to ensure FLAIR access for terminated employees is removed. The termination report is received from the Purchasing Card Administrator in F&A. The PAR emails are received from the Bureau of Personnel and Human Resource Management (Personnel).</p> | Previously completed. |
| 3.2 | <p>Department controls over employee access to FLAIR continue to need improvement to reduce the risk of unauthorized disclosure, modification, or destruction of Department data.</p> | <p>We recommend that Department management ensure that FLAIR access privileges are timely deactivated upon an employee's separation from Department employment or transfer to a position where a new user account is required.</p> | <p>The Administrative and Financial Application Management (AFAM) section in F&A now performs a monthly review of FLAIR users. The review compares FLAIR data and Resource Access Control Facility data to People First data.</p> <p>The AFAM section also now reviews and compares a semi-monthly termination report and PAR emails that identify employee role changes, to ensure FLAIR access for terminated employees is removed. The termination report is received from the Purchasing Card Administrator in F&A. The PAR emails are received from Personnel.</p> | Previously completed. |

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| 4 The Department had not conducted periodic reviews of user access privileges to Department applications in accordance with established policies and procedures. In addition, as similarly noted in our report No. 2014-014, information technology access to Department applications was not always timely deactivated upon a users' separation from employment. | We again recommend that Department management strengthen controls, including the establishment of applicable policies and procedures for the conduct of periodic reviews of Automated Receipts System (ARS), Environmental Health Database (EHD), Health Management System (HMS), PFS, and Active Directory (AD) access privileges, to ensure that access privileges are timely deactivated upon a users' separation from employment. | <u>Division of Administration</u> - for ARS The AFAM section in F&A will add a monthly user validation to AFAM's monthly activities. | <u>Division of Administration</u> - for ARS Completed. A monthly user validation of ARS users has been added to the monthly FLAIR User Audit. |
| | | <u>Division of Disease Control and Health Protection</u> - for EHD The Inactive Users List has been re-activated. Environmental Health (EH) Directors have been educated on its existence and use. Our team now receives automated alerts when a user is added to the Inactive Users List, so we can take immediate action to affirm the user has been deactivated and has had their access removed at all levels. | <u>Division of Disease Control and Health Protection</u> - for EHD Completed. The processes defined in the response for EHD have been successfully activated. EHD receives a data feed each night which contains the active directory information for all active users. On the last day of every month, all active EHD users are compared against the active directory table to determine if the user exists as an active user in the active directory table. If not, the user account is marked as inactive in EHD. The inactive accounts are then removed from the Exchange users group. EH Directors are reminded of the Inactive Users List every month and have been fulfilling the requirement to remove users from all access points (Active Directory and EHD). The checks and balances are now in place to assure staff, after leaving an Environmental Health field office, no longer will have access to EHD. |
| | | We now have access to an up-to-date table of validated employees that is created from Active Directory nightly. A Structured Query Language (SQL) job is being created to compare the tables and notify us of any employee that has been removed from Active Directory but is still listed as "active" in the EHD Employee Table. This process has been re-instated to provide the EH Directors with a SharePoint site to note an employee who is leaving the Department or transferring to another county. The process alerts EHD staff so we can follow-up on the employee, disabling his or her access in EHD. Another process using an automated batch job is being developed to assure we catch those employees that have left the Department but were not deactivated by the EH Directors. With these two methods, we will remove access privileges in a time manner when users' separate from employment. | |
| | | <u>Office of Information Technology</u> - for HMS There is currently not a consistent policy for CHD staff governing the restriction and removal of employee access rights to HMS in the event of a separation from the Department or a change of position. For separations, the current procedure is to immediately suspend Department Network access. | <u>Office of IT</u> - for HMS In progress. Projected Completion Date – August 31, 2016 |

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For HMS, which employs a Single Sign On utility that validates the employee through the Department Active Directory, Network suspension restricts HMS access. However, removal of HMS access is not consistently reviewed and suspended across the CHDs.

We will:

- 1) Review and update existing Department policies and procedures to ensure CHD staff with HMS access control responsibilities have clear guidelines for either removal or modification of HMS access in the event of a separation or change of position. Policy should speak to periodic review of HMS to identify actionable inappropriate access rights for removal or modification. A workgroup of CHD staff with HMS access control responsibilities will be convened to discuss issues and solutions.
- 2) Develop report tools to assist CHD staff with HMS access control responsibilities in the review and identification of employees with inappropriate access.

Bureau of Public Health Pharmacy - for PFS

The Bureau's Human Resources Liaison currently notifies the Bureau's information technology staff when an employee separates from employment. BPHP 052-16, *Personnel Hiring and Exit/Separation Process*, has been revised to incorporate the specific steps for the Bureau's information technology staff to follow in order to terminate employees' access to PFS, QS1® and the Inventory Resource Management System (IRMS). PFS requirements will be revised to deactivate terminated employees within 28-45 days instead of 90 days.

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Bureau of Public Health Pharmacy – for PFS
In progress.

Projected Completion Date – December 30, 2016

BPHP 052-16, *Personnel Hiring and Exit/Separation Process*, has been approved. A maintenance request has been submitted to system consultants to meet the user account deactivation requirements. The PFS system requirements will be revised to deactivate terminated employees within 30-60 days instead of 90 days.

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| | | | <p><u>Office of Information Technology</u> - for AD The Office of Information Technology (IT) will create a utility system that will allow appropriate supervisors and up-the-chain managers to deactivate user AD accounts. Upon a manager taking action to deactivate a user's AD account, no other human intervention will be required. The option will be provided to deactivate immediately or deactivate on an upcoming date. The utility system will be worked into the Human Resources (HR) process as well, to ensure this step is accomplished.</p> <p>The Office of IT will recommend to the Divisions and Offices that, where possible, Single Sign On (which integrates with AD) be implemented for their applications so that access to a business system will not be possible once a user's AD account has been deactivated.</p> | <p><u>Office of IT</u> - for AD In progress. Projected Completion Date – October 31, 2016</p> <p>Development of the utility system is underway.</p> |
| 5 | <p>As similarly noted in our report No. 2014-014, the Department did not always timely cancel purchasing cards upon a cardholder's separation from Department employment.</p> | <p>We again recommend that Department management promptly cancel purchasing cards upon a cardholder's separation from Department employment.</p> | <p>The Bureau of Finance and Accounting began receiving email notifications as of March 24, 2015 directly from Personnel for each employee separation.</p> <p>To monitor this process an Employee Separation report from the People First website is run twice a month. This process began June 1, 2015. In addition, the Employee Verification report from the Department of Financial Services' Purchasing Card website is run twice a month. This process began February 20, 2015.</p> | <p>Previously completed.</p> |
| 6 | <p>Department staff did not always appropriately conduct leave balance audits for employees separating from Department employment. A similar finding was noted in prior audit reports, most recently in our report No. 2014-014.</p> | <p>To provide for the proper conduct of leave audits, Department management should continue staff training efforts and ensure that staff adhere to established procedures and utilize standard leave audit templates.</p> | <p>The Department is transitioning the CHDs to six HR regions. Each region, as part of the transition, will be trained in all aspects of HR management, and will comply with consistent practices that have been developed for each area of HR. In addition, a monitoring tool, to be used annually, is being developed to ensure each HR region office complies with processes.</p> | <p>In progress. Projected Completion Date - April 30, 2017</p> |

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| 7 | As similarly noted in prior audit reports, most recently in our report No. 2014-014, the Department did not always document the basis for Children’s Medical Services (CMS) contract awards in accordance with established policies and procedures or evidence that such services were obtained in the best interests of the State. | We again recommend that Department management ensure that the basis for CMS contract awards is appropriately and adequately documented in accordance with established policies and procedures and that such documentation evidence that CMS services are obtained in the best interests of the State. | <p><u>Division of CMS</u> - for Contracts COQVC and COQVF</p> <ol style="list-style-type: none"> 1. Education and training will be provided to contract managers: CMS will have each contract manager review and acknowledge Department policy 250-14-11, <i>Contractual Services Policy and Procedures</i>. CMS will also provide educational opportunities to its contract managers. This will be achieved by verifying that all contract managers have taken the required on-line contract management training as required by the Department’s Office of Contracts. We will also ensure all contract managers are aware of upcoming training opportunities. 2. Procurement process: CMS will have each contract manager review and acknowledge DOHP 250-9-14, <i>Purchasing</i>, and IOP 250-01-15, <i>Methods of Procurement</i>. CMS will put into place a process requiring contract managers to send all procurement documents to the CMS Contract Administration Unit for review before submission to purchasing. | <p><u>CMS</u> - for Contracts COQVC and COQVF Completed.</p> <p>Training on Department policy and procedures for contract managers was completed on or before February 29, 2016. We verified that all contract managers reviewed policy and procedures for contract managers, and that all contract managers had taken the required on-line contract management training as required by the Office of Contracts. We now ensure all contract managers are not only aware of upcoming training opportunities, but attend all required trainings.</p> <p>Training on Department policy and procedures for purchasing and methods of procurement, DOHP 250-9-14, <i>Purchasing</i>, and IOP 250-01-15, <i>Methods of Procurement</i>, was completed on or before February 29, 2016. A process is also in place for the CMS Contract Administration Unit to review all procurement documents before submission to purchasing.</p> |

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| | | | <p><u>Office of CMS Managed Care Plan (CMS MCP)</u> - for Contracts COQUZ, COQVD and COQVE The CMS MCP is in the process of reviewing all CMS MCP contracts to ensure that contract files are in compliance with established policies and procedures.</p> <p>Additionally, all CMS MCP contract managers have been directed to complete all available trainings in the on-line learning management system offered by the Department's Office of Contracts.</p> <p>Finally, all CMS MCP contract managers have been asked to review Department policy 250-14-11, <i>Contractual Services Policy and Procedures</i>, again to ensure their contract files are in compliance with Department policy. An oversight system is in place to ensure compliance with ongoing and newly executed contract requirements.</p> | <p><u>CMS MCP</u> - for Contracts COQUZ, COQVD and COQVE Completed.</p> <p>All CMS MCP contract managers have reviewed and attested to knowledge of pertinent law, policies, procedures, and have completed all trainings offered by the Department's Office of Contracts through the Department's online learning management system.</p> <p>A new Contracts Office Administrator for the CMS MCP was hired in May 2016. The Office is responsible for over 60 contracts and is in the process of reviewing those contracts to ensure that contract files are in compliance with established policies and procedures, as well as ensuring timely completion of required training.</p> |