



December 20, 2007

TO: Uma S. Ahluwalia, Director
Department of Health and Human Services

FROM: Christopher Giusti
Deputy Inspector General

SUBJECT: Review of Pharmacy Program, Department of Health and Human Services

The basis for this review was allegations received by the Office of Inspector General (OIG) that the pharmacy program, a component of Pharmacy and Lab Services administered by the Department of Health and Human Services (HHS), was mismanaged and narcotics are often unaccounted for and/or missing without an explanation.

Background

In fiscal year 2007, the HHS Transition Pharmacy Services provided approximately 2,033 prescriptions to 820 consumers at 18 locations in Montgomery County that cost approximately \$227,350. This service allowed low income clients to receive psychotropic medications on a short-term basis as part of their outpatient mental health treatment. The program is managed by Behavioral Health Specialty Services and is funded with a combination of State and County funds.

OIG Investigative Results

Our investigation in October 2007 disclosed the allegation of unaccounted for and/or missing narcotics could not be substantiated because the manager of the program does not maintain an inventory of narcotics. The psychiatrist at each participating location faxes a prescription to the manager of the program. The manager performs a clinical review of each prescription prior to approval and forwards the approved prescription to the pharmacy under contract with the County. The pharmacy sends the prescription directly to the ordering psychiatrist.

A review of a sample of prescriptions approved by the manager in May and June 2007 determined the narcotics prescribed by psychiatrists and approved by the manager were documented and recorded. The manager explained if any prescriptions were lost or missing, she would be notified immediately by the ordering psychiatrist.

Although the allegations were not substantiated, the following conditions and recommendations to improve internal controls were discussed with the Manager, Behavioral Health Specialty Services, and Manager, Crisis, Victims & Behavioral Health Specialty Services.

1. The management of the Pharmacy and Lab Services program is a collateral duty for the Manager, Behavioral Health Specialty Services. The manager is responsible for approving prescriptions which have increased by approximately 14 percent over the previous fiscal year. After the prescriptions have

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been approved and forwarded to the pharmacy, the manager is also responsible for approving the monthly invoices from the pharmacy and conducting periodic detailed reviews of the invoices in order to reconcile itemized drug billing reports provided by the vendor to the original prescriptions.

The HHS employee who approves prescriptions should not be responsible for approving the invoices and performing the detailed periodic reviews. A fundamental principle in developing effective internal controls is that one person should not control or perform all key aspects of a transaction. There should be a separation of duties in order to detect errors and prevent fraud, waste or abuse. When there are limited resources to create separation of duties, there should be strong management oversight and periodic reviews of the program.

Corrective Action reported by Behavioral Health and Crisis Services:

Designate an administrative staff person from the Core Services Agency to approve the invoices and conduct a periodic review. This will be implemented in December 2007.

2. The current criteria for the destruction of documents and files pertaining to the pharmacy program are based on the volume of documents generated by the program and limited storage space. The documents are destroyed when the volume of documents is too large to manage using the limited storage space. As a result of these procedures, our access to FY 2007 records was limited.

It is recommended that a policy be implemented that requires documents and files related to this program be maintained for the current fiscal year and at a minimum the previous fiscal year. This will enhance the internal controls and provide management with the proper documentation for oversight and accountability.

Corrective Action reported by Behavioral Health and Crisis Services:

The monthly lists of prescriptions filled by the Pharmacy and the invoices have already been kept for several years, and now the process of keeping the actual prescription requests for a minimum of 2 years has been implemented.

We wish to acknowledge the cooperation extended to us by your staff. If you have any questions, please contact me.

CG:dg

cc: Timothy Firestine, CAO
Michael Knapp, Council President
George Leventhal, Chair, HHS Committee

Re: #0031