

**Post-Audit Review 13-07:  
Pharmacy Cash Collections**

**November 2014**

**City Auditor**

Stan Sewell, CPA, CGFM, CFE

**Senior Auditor**

Lisa Culver, CFE





# OFFICE OF INTERNAL AUDIT

## Stan Sewell, City Auditor

November 3, 2014

To: Mayor Andy Berke  
City Council Members

Subject: Post-Audit Review of Pharmacy Cash Collections (Report #13-07)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2013 Pharmacy Cash Collections report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Pharmacy collections were not always deposited to the Treasurer's Office in the time required;
2. A management review was not being performed to verify the City is receiving all the pharmacy sales.

The audit had 6 recommendations to improve efficiency and effectiveness of the collection process as well as address internal control deficiencies observed. At the time of this Post-Audit Review, (2) two recommendations were not implemented, (1) one was partially implemented, and (3) three were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel, On-Site Rx staff and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE  
City Auditor

Attachment

cc: Travis McDonough, Chief of Staff  
Daisy Madison, Chief Financial Officer  
Brent Goldberg, Chief Operating Officer  
Todd Dockery, Human Resources Administrator  
Audit Committee Members

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## RECOMMENDATIONS NOT IMPLEMENTED (2)

Recommendation	Actions Taken
3 We recommended Human Resources management perform a monthly review of pharmacy sales deposited in Oracle to the amount listed on the On-Site Utilization Report for sales.	HR management has not implemented this review process yet but they are aware of its importance and stated they will begin the process in the near future.
4 We recommended Human Resources management perform an annual review of pharmacy sales verses Cost of Goods Sold which could possibly identify any major or systematic misappropriations.	HR management has not performed this annual review but they have access to the reports needed to perform it and stated they will work with On-Site Rx to pull all the information together to make an accurate analysis.

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## RECOMMENDATION PARTIALLY IMPLEMENTED (1)

Recommendation	Actions Taken
5 We recommended Human Resources management require On-Site Rx pharmacy staff have a manager approve all voids and refunds in the system before they are processed. HR Management should follow-up with On-Site Rx management until they can ensure all void transactions are captured on all end of day reports and match.	On-Site Rx Pharmacist approves all voids by signing the void receipt and providing an explanation. However, the daily reports have not been corrected to ensure all voids are being accurately captured.

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## RECOMMENDATIONS FULLY IMPLEMENTED (3)

<b>Recommendation</b>	<b>Actions Taken</b>
1 We recommended Human Resources management perform a review of each day's pharmacy sales. The review would include noting the amount listed on the sealed bag for cash and matching it to the totals listed on the collection report and the amount listed on the Bank Deposit Reconciliation. The review should include ensuring all daily report totals match with the collection report details. This should be performed prior to transporting the collection to the Treasurer's Office. Once verified, HR management personnel should sign the collection report.	HR management has implemented this process and reviews the pharmacy's daily collections prior to signing the report.
2 We recommended Human Resources management make a note when any collection report has a discrepancy. The note should be signed by HR management and initialed by the Treasurer's Office staff. Follow-up should be made with pharmacy staff about this discrepancy and documented.	A review was made of nineteen (19) pharmacy collections for the period August 1 to October 2, 2014 and one overage was reported during this period. HR management did provide an explanation on the collection report. The collection report was properly signed.
6 We recommended Human Resources management ensure pharmacy collections are deposited to the Treasurer's Office on a daily basis. If that is not possible, then within 3 days of the initial receipt.	A review was made of nineteen (19) pharmacy collections for the period August 1 to October 2, 2014. All daily collections were remitted within (3) three days as required.

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