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Internal Audit Manager

February 26, 2010

Assignment 10224

To: Distribution List

Subject: Internal Audit Report – VMC McKesson System Audit

We have completed an audit of the Valley Medical Center's purchasing system. We conducted the audit from October 2009 to January 2010.

We thank the Resource Management and Pharmacy purchasing staff and management, particularly information systems support. Their assistance and cooperation contributed to the timely and successful completion of the audit.

Respectfully submitted,

Signature on file

Bill Perrone, CIA  
Internal Audit Manager

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COUNTY OF SANTA CLARA

CONTROLLER-TREASURER DEPARTMENT - INTERNAL AUDIT DIVISION

**INTERNAL AUDIT REPORT**  
**VMC McKesson System Audit**



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## **Executive Summary**

**Conclusion** Based on audit results, the controls over changes, access and back-up of the Valley Medical Center purchasing system, also known as Pathways Material Management (PMM) were satisfactory.

Day to day changes required supervisor approval and a written request. Application upgrades and updates followed detailed guidelines and procedures provided by the vendor, McKesson Corporation. The maintenance contract with the vendor also provided consulting services as needed.

There was a separate copy of the database for Pharmacy purchasing with its own information system support personnel and access controls, affording maximum compliance with the Health Insurance, Portability and Accountability Act of 1996 (HIPAA).

Requesting department supervisors reviewed and approved user access. Information system staff updated authorized user listings continuously. In Pharmacy purchasing, access was further restricted to the specific computer to which the user was authorized.

There were written procedures for downtime operation and triaging. If the application was unavailable for any extended time, manual requisition procedures would be used. With major suppliers, there is an understanding to repeat the last order, if all means to order is not possible.

The two information system analysts have designated back-up persons. The system server is replicated daily.

We found no negative reportable issues within the scope of this audit.

The clients agree with the above observations contained in this report.

**Audit Objective** The objective was to evaluate the system controls and processes governing the Valley Medical Center's McKesson System (PMM).

**Audit Scope** The scope included:

- Policies and procedures for the process governing changes to the system
- Authorization and maintenance of user access listings
- Backing up the system to sustain continuity of business operation

As required by the Health Insurance, Portability and Accountability Act of 1996 (HIPAA), VMC's Pharmacy Purchasing has its own copy of the database. The audit covered both databases.

**Audit Background** The McKesson (PMM) system is used to purchase supplies and pharmaceuticals. The Resource Management Department is responsible for this system and works closely with General Accounting and Reimbursement. Pharmacy purchasing has its own separate database and information support staff.

We conducted the audit based on the results of our FY07 macro risk assessment. There has been no prior audit since the implementation of this system. We conducted the audit in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors.

Signature on file

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