

LBA Financial Audit Report Summary:

New Hampshire Board of Pharmacy Financial Audit Report for the Six Months Ended December 31, 2008

Reporting Entity And Scope

The reporting entity of this audit and audit report is the New Hampshire Board of Pharmacy. The scope of this audit and audit report includes the financial activity of the Board of Pharmacy for the six months ended December 31, 2008. Unless otherwise indicated, reference to the Board or auditee refers to the Board of Pharmacy.

Organization

The Board of Pharmacy is established by RSA 318:2 to consist of six members: including five practicing pharmacists and one public member, each appointed by the Governor, with the approval of the Executive Council, to a term of five years. No member may serve for more than two consecutive terms.

The Board of Pharmacy is administratively attached, under RSA 21-G:10, to the Department of Health and Human Services by RSA 318:2-a. In accordance with RSA 318:5, the Board has a president, vice-president, secretary, and a treasurer who are elected annually from among the Board members.

The Board, pursuant to RSA 318:9, employs an Executive Secretary to be responsible for the performance of the regular administrative functions of the Board and other duties as the Board may direct. At December 31, 2008, the Board had six full-time and one part-time employees.

The Board of Pharmacy Office is located at 57 Regional Drive in Concord, New Hampshire.

Responsibilities

The Board of Pharmacy's stated mission is "to promote, preserve, and protect the health, safety, and welfare of the citizens of New Hampshire by fostering the provision of quality pharmaceutical care". The duties of the Board include the licensure and regulation of pharmacists, pharmacies, limited retail drug distributors, and prescription drug and device manufacturers and wholesalers. The Board also registers pharmacy technicians and out-of-state mail-order pharmacies. Other responsibilities of the Board include the investigation of pharmacy-related consumer complaints and incidents of prescription and controlled drug diversion.

The Board continuously monitors the practice of pharmacy in New Hampshire through the ongoing inspection of pharmacies throughout the state in order to ensure that the citizens of New Hampshire receive safe, quality pharmaceutical care.

Funding

The financial activity of the New Hampshire Board of Pharmacy is accounted for in the General Fund of the State of New Hampshire. A summary of the Board's revenues and expenditures for the six months ended December 31, 2008 is shown in the following schedule.

**Summary Of Revenues And Expenditures - General Fund
For The Six Months Ended December 31, 2008**

Total Revenues	\$ 550,869
Total Expenditures	<u>385,665</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u><u>\$ 165,204</u></u>

The auditor's report on the Board of Pharmacy's financial statement was qualified, as the financial statement does not constitute a complete financial presentation of the Board in the General Fund.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters. The following is a list of the comments in the report.

Internal Control Comments

Material Weaknesses

- Organizational Structure Should Be Clarified
- Controls Over Financial Activities Must Be Implemented
- Revenue Processing Activities Should Be Improved

Other Significant Deficiencies

- Account Structure Should Be Supplemented
- Formal Fraud Prevention And Detection Program Should Be Established
- Formal Risk Assessment Process Should Be Implemented
- Scope Of Inspectional Efforts Should Be Reviewed
- System To Capture And Report Inspectional Activity Should Be Established
- Policies And Procedures Should Be Established For Non-Domestic Pharmacy Investigations
- Policies And Procedures Should Be Established For Processing Administrative Fines
- Policies And Procedures For Revenue Recognition Should Be Established
- Policies And Procedures For Promoting The Licensing Of Out-Of-State Entities Should Be Established
- Procedures For Licensing Applicants Should Be Reviewed
- Sanctions For Late License Renewals Should Be Considered

Compliance Comments

- Agreements For Inspectional Services Should Be Established
- License Duration Should Not Be Greater Than Statutory Period
- Board Administrative Rules Should Be Reviewed
- Authority To License International Entities Should Be Clarified
- Biennial Report Should Be Filed