Application System Audit Report

Pharmacy Point of Sale

Administered by Health Care Authority

Office of the Washington State Auditor
Pat McCarthy

July 7, 2025

MaryAnne Lindeblad
Interim Director
Health Care Authority
Olympia, Washington

Report on Application System Audit

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Pharmacy Point of Sale system's application and general information technology controls. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined related to the Pharmacy Point of Sale system's application, interface and general information technology (IT) controls. In those selected areas, controls were adequately designed and implemented to provide reasonable assurance of complete, accurate, secure and available data.

In keeping with general auditing practices, we did not examine every function or aspect of the application system. Instead, based on our audit objectives, we examined those key application, interface and general IT controls representing the highest risk to the application system's security, availability and processing integrity. Our assessment of controls related to data security was limited to electronic access to the application. Our audit was not designed to assess or provide assurance on the Authority's overall security posture.

About the audit

This report contains the results of our independent audit of the Authority's Pharmacy Point of Sale system. Our audit examined the controls in place from June 1, 2024 through June 30, 2025.

The Pharmacy Point of Sale system manages pharmacy transactions, including receiving and adjudicating claims, and processing drug rebate invoicing, all while integrating with pharmacies' front-end operations.   The Authority contracted with Conduent to replace the legacy pharmacy system to align with industry standards and improve claims adjudication processes.   The new Pharmacy Point of Sale system went live in June 2024.

Management is responsible for ensuring IT systems are designed, implemented and maintained to provide reasonable assurance of security, availability and processing integrity. This includes establishing controls over acquiring, developing and maintaining technology assets relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the Washington State Auditor to examine the financial affairs of all state agencies. Our audit involved obtaining evidence about the Pharmacy Point of Sale system's key application and interface controls, along with related general IT controls. The procedures we performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment, we examined the following areas during this audit period:

- **Application controls** related to claims and drug rebates. Application controls include input, processing and output controls. These controls are designed to ensure the data entered into, processed by and output from an information system is complete, accurate and valid.
- **General IT controls** related to change management and user access. General IT controls are designed to ensure proper development, integrity and security of system and computer operations.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone:
  (564) 999-0950

- Toll-free Citizen Hotline:
  (866) 902-3900

- Email:
  webmaster@sao.wa.gov