

**SAN BERNARDINO COUNTY
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR
INTERNAL AUDITS DIVISION**



**DEPARTMENT OF PUBLIC WORKS – SPECIAL DISTRICTS
DIVISION:
BIG BEAR ALPINE ZOO MEDICATION INVENTORY AUDIT**

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Department of Public Works – Special Districts

Division:

Big Bear Alpine Zoo Medication Inventory Audit

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June 26, 2024

Noel Castillo, Director
Public Works
825 East Third Street

RE: Department of Public Works – Special Districts Division Big Bear Alpine Zoo Medication Inventory Audit

We have completed an audit of the Department of Public Works-Special Districts Division Big Bear Alpine Zoo's (Department) Medication Inventory Audit for the period of July 1, 2022, through the date of fieldwork, August 3, 2023. The primary objectives of the audit were to determine whether controls over medication inventory are in place and effective and to determine whether medication inventory is recorded and secured. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.


We identified several procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We sent a draft report to the Department on June 3, 2024. The Department's responses to our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA
Auditor-Controller/Treasurer/Tax Collector
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By: 
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Summary of Audit Results

The table below summarizes the audit findings and recommendations for this audit engagement. For further discussion, refer to the *Audit Findings and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
1	Segregation of duties could be improved.	6
	We recommend the zoo curators document approval of purchases for inventory to mitigate the risk of theft or loss of medication inventory. In developing such procedures, management would decrease the likelihood that any single person could conceal errors or irregularities. We further recommend management review staffing assignments and develop procedures that will segregate duties for ordering, receiving, dispensing, and inventorying medication inventory to mitigate the risk of theft or loss over the medication inventory process. In developing such procedures, management would decrease the likelihood that any single person could conceal errors or irregularities.	
2	Individual substance logs were not properly reconciled.	7
	We recommend management continue to periodically verify the existence and value of assets, as well as reconcile inventory counts with acquisition and dispensation records. Management should investigate any discrepancies found during the reconciliation process.	

INVENTORY AUDIT

The Department

In 2000, the Department of Public Works was established by bringing together several departments including Transportation, Flood Control, Solid Waste, and Surveyor under one departmental structure. In 2020, Special Districts became a Division under the Public Works Department. The primary mission of the Department is to enhance the quality of life in San Bernardino County communities by developing and maintaining public infrastructure and providing a variety of municipal services that complements the County's natural resources and environment. The Big Bear Alpine Zoo (Zoo) currently operates under the Department of Public Works – Special Districts Division.

Established in 1959, the Zoo is a rehabilitation facility offering injured, orphaned, and imprinted wild animals with a safe haven; temporarily while they heal or permanently as they are unable to survive on their own. The Zoo receives approximately 133,000 visitors annually. In 2020, the Zoo relocated to a new location within the city of Big Bear Lake. Additionally, the Zoo is home to over 85 different species of animals with the primary objective to rescue, rehabilitate, and release wild animals.

Medication Process

The Zoo adheres to guidelines placed by the California Veterinary Practice Act (CVPA) and the Drug Enforcement Administration (DEA) to ensure that controlled and non-controlled medications are properly managed.

The Zoo's purpose as a medical facility is to assist the animals with rehabilitation for re-release into the wild and to assist animals that are unable to be re-released. Non-controlled medication can be part of an animal's daily nutrition, seasonal preventative measures, or over-the-counter medication that is also safe for animal consumption. Controlled medication is reserved for emergencies, animal surgeries, or for high pain medication.

Scope and Objectives

Our audit examined the controls over medication inventory at the Big Bear Alpine Zoo for the period of July 1, 2022, through the date of fieldwork, August 3, 2023.

The objectives of our audit were to:

- Determine whether controls over medication inventory are in place and effective.
- Determine whether medication inventory is recorded and secured.

Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Review of applicable laws, regulations, and the Zoo's policies and procedures
- Interviews of Department staff on policies and procedures
- Walkthrough of activities to gain an understanding of the processes.
- Physical examination of inventory and locked key controls
- Examination of documentation related to monitoring and administration of controlled substances.

Finding 1: Segregation of duties could be improved.

The Internal Controls and Cash Manual (ICCM) Chapter 2-3 "Authorization" states all transactions should be properly authorized and approved, which establishes responsibility. Advance authorization increases assurance that transactions are executed in accordance with laws, regulations, and management policies. Authorization should take place at all levels in the organization and can apply either to a group of transactions or to a specific transaction. Authorizations can take many forms, such as laws, ordinances, standard practice manuals, Board resolutions, approved budgets, written policies, and manager's signature.

Chapter 2-3 "Segregation of Duties" states no one person should be assigned concurrent duties that would allow him/her complete control over a transaction or an asset. Effective segregation of duties reduces the risk that any one person could perpetrate and conceal errors and irregularities in the normal course of his/her duties. The custody of assets should be separated from the record-keeping related to these assets; authorization of transactions should be separated from the execution of the transactions; planning should be separated from operations; computer programming should be separated from computer operations.

While conducting our walkthrough visit, we noted that the Department does not have a supervisor or manager's documented approval for controlled and non-controlled substance purchases. Additionally, we noted that the Department's medication logging process was conducted by the Registered Veterinary Technician (RVT), as well as the ordering, receiving, dispensing, and inventorying of controlled and non-controlled substances. For controlled substances, there is a mitigating control of having a second RVT present.

Without a higher-ranking position's documented approval, there is an increased risk that the person purchasing could make unauthorized purchases. Having the same RVT order, receive, dispense, and inventory controlled, and non-controlled substances increases the risk that one person could perpetrate and conceal errors and irregularities in the normal course of their duties.

Recommendation:

We recommend the zoo curators document approval of purchases for inventory to mitigate the risk of theft or loss of medication inventory. In developing such procedures, management would decrease the likelihood that any single person

could conceal errors or irregularities. We further recommend management review staffing assignments and develop procedures that will segregate duties for ordering, receiving, dispensing, and inventorying medication inventory to mitigate the risk of theft or loss over the medication inventory process. In developing such procedures, management would decrease the likelihood that any single person could conceal errors or irregularities.

Management's Response:

Going forward the RVT will send an email to the Curator and Assistant Curator for approval prior to ordering medication as directed by the Veterinarian of Record. Upon receipt of medications, the Assistant Curator or Curator will oversee the receipt (opening of the box) and addition of the medication to the existing inventory to ensure accuracy. Emails regarding the ordering of all medications will be retained electronically for future review of inventory as needed.

All orders from either MWI or Wedgewood pharmacies for any controlled or non-controlled substances can be reviewed by an audit of the order history of either account online.

Additionally, at least two staff members will be trained by the California Veterinary Medical Board to get a controlled substance handling permit, to be completed by 7/30/2024. Until this training is completed, all controlled substance handling and inventory will continue to be done by the staff RVT with the oversight of the Veterinarian of Record or additional RVT and email verification to both the Assistant Curator and Curator. Once the two additional staff members are trained and permitted the zoo will modify its controlled substance management protocols to reflect their participation as permitted controlled substance handlers.

Auditor's Response:

The department's actions and planned actions will correct the deficiencies noted in the finding.

Finding 2: Individual substance logs were not properly reconciled.

The ICCM Chapter 2-3 "Recording" states all transactions and pertinent events should be accurately and properly recorded on documents and records.

Sufficient and relevant data should be recorded to provide an audit trail and to document evidence that a transaction took place. Additionally, according to ICCM Chapter 2-4 "Safeguarding of Assets", assets should be recorded, and access to and use of valuable assets should be controlled. ICCM Chapter 2-4 "Periodic Reconciliation" states the existence and value of assets should be periodically verified and reconciled with prior records.

The ICCM Chapter 2-2 "Control Environment and Procedures" states control procedures are effective only in a supportive control environment, which includes elements such as management's philosophy and operating style and personnel policies and practices.

A prior audit report was issued in February 2022, related to the inventory process over controlled and non-controlled substances. We followed up on the prior audit findings and found that inventory controls have been improved, but we did not find a proper reconciliation for controlled and non-controlled substances. While conducting our walkthrough visit, we noted the department began bi-annual inventory counts and documented with logs for both controlled and non-controlled substances. However, we also noted that non-controlled substances do not have a dispensation log. There were up-to-date acquisition and dispensation logs for controlled substances, which included the bi-annual inventory counts, but there was no reconciliation to document that the existence and value of each medication were reconciled back to acquisition records.

While the DEA regulations do not require a log or record for non-controlled substances, the ICCM requires that all assets should be tracked.

The risk of potential loss or theft of medications increases when reconciliations are not completed on a regular basis. Reconciliation ensures that amounts on hand per inventory counts are proper based on acquisition and dispensation records and that no medication is missing. Well-documented policies and procedures are important to ensure continuity of operations and training when employee turnover occurs.

Recommendations:

We recommend management continue to periodically verify the existence and value of assets, as well as reconcile inventory counts with acquisition and dispensation records. Management should investigate any discrepancies found during the reconciliation process.

Management's Response:

Controlled drugs are required to have a written protocol, acquisition and disposition logs, and an annual or bi-annual inventory with two RVTs present. These logs are maintained on-site by the Veterinarian of Record and the staff RVT with the assistance of an additional RVT. All controlled substance acquisition and disposition logs were reviewed prior to the audit and were accurate and up to date. These were made available to the auditors at the time of the field visit. There were no omissions or inconsistencies with the inventory. Additionally, as part of the on-site audit several controlled substances were selected randomly by auditors, measured by the staff RVT, and compared to on-site logs and there were no discrepancies noted for any of the samples. Staff will also start to reconcile these inventories back to acquisition records and document at least bi-annually to satisfy internal audit recommendations.

All medication distribution is logged in 4 different areas: 1) within ZIMS (electronic zoological animal records) under Veterinarian record, 2) within ZIMS Written Prescription, 3) Prescription sheets that are printed out for each animal to be returned to RVT following completion of treatment and 4) Their dispensation is also logged daily in the End of the Day report as confirmation of animal consumption.

Additionally, at least two staff members will be trained by the California Veterinary Medical Board to get a controlled substance handling permit, to be completed by 7/30/2024. Until this training is completed, all controlled substance handling and inventory will continue to be done by the staff RVT with the oversight of the Veterinarian of Record or additional RVT and email verification to both the Assistant Curator and Curator.

Auditor's Response:

The department's actions and planned actions will correct the deficiencies noted in the finding.