

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



**SHERIFF / CORONER / PUBLIC ADMINISTRATOR:
MEDICATION INVENTORY CONTROLS FOLLOW-UP AUDIT**

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Sheriff/Coroner/Public Administrator: Medication Inventory Controls Follow-up Audit

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Auditor–Controller/Treasurer/Tax Collector

December 22, 2021

Shannon D. Dicus, Sheriff-Coroner
Sheriff/Coroner/Public Administrator
655 East Third Street
San Bernardino, CA 92415

RE: Medication Inventory Controls Follow-Up Audit

We have completed a follow-up audit of the Sheriff/Coroner/Public Administrator Department’s (Department) medication inventory controls for the period of May 1, 2020, through the date of fieldwork, June 16, 2021. The objective of the audit was to determine if the recommendations for the findings in the Sheriff/Coroner/Public Administrator Medication Inventory Controls Audit issued March 3, 2020, were implemented. 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 have provided a status of the audit findings identified in the original audit report issued on March 3, 2020. The Department has implemented all of the recommendations from the original audit report.

We sent a draft report to the Department on December 9, 2021.

We would like to express our appreciation to the personnel at the Sheriff/Coroner/Public Administrator who assisted and cooperated with us during this engagement.

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Respectfully submitted,

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By:

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San Bernardino County Audit Committee

Date Report Distributed: December 22, 2021

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Scope and Objective

Our audit examined the controls over medication inventory for the period of May 1, 2020, through the date of fieldwork, June 16, 2021.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Sheriff/Coroner/Public Administrator Medication Inventory Controls Audit*, issued on March 3, 2020.

Methodology

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

- Review of Department's policies and procedures
- Interviews of Department staff
- Walk-through of activities
- Examination of logs, inventory counts, and forms

Prior Finding 1: Medication orders were not properly authorized.

The Internal Controls and Cash Manual (ICCM) Chapter 2-3 "Authorization" states that all transactions should be properly authorized and approved, which establishes responsibility. Also, Chapter 2-3 "Recording" states all transactions and pertinent events should be accurately and properly recorded on documents and records. It further states sufficient and relevant data should be recorded to provide an audit trail and to document evidence that a transaction took place.

Central Detention Center

The following conditions were identified:

- Stock medications were ordered above preapproved par levels.
- "Medication Inventory and Order Forms" for stock card medications were not authorized and approved by upper management.

Glen Helen Rehabilitation Center

"Medication Inventory and Order Forms" for stock card medications were not authorized and approved by upper management.

High Desert Detention Center

"Medication Inventory and Order Forms" for stock card medications were not authorized and approved by upper management.

The Department is required to have a one week supply of medication available for federal inmates transferring to another facility. When this occurs, medications have been ordered above preapproved par levels to meet this requirement. The Department was not aware that all transactions should be reviewed and approved by upper management. When proper authorization and approvals are not obtained from upper management, transactions may not be executed in accordance with the ICCM guidelines.

Recommendation:

We recommended medications are ordered within the par levels established by the Chief Medical Officer of Corrections or that par levels are adjusted to reflect order requirements and validated by Arrowhead Regional Medical Center (ARMC) pharmacy. We further recommended the Department develop procedures over obtaining proper written authorization and approval, by a higher-ranking official, when stock medications are ordered.

Current Status: Implemented

The Department implemented procedures to order medications within the par levels established by the Chief Medical Officer of Corrections. We tested a sample of medication order forms to determine whether the Department ordered within the approved par levels and did not identify any exceptions. The Department implemented procedures to require nursing supervisors approve medication

orders above the par level on a temporary basis, if necessary. The procedures require Health Services to notify ARMC of any orders that are approved above par levels. The Department also developed procedures to obtain proper written authorization and approval, by a supervisor, when stock medications are ordered.

Prior Finding 2: Controls over safeguarding of medications could be improved.

The ICCM Chapter 2-3 "Segregation of Duties" states that no one person should be assigned concurrent duties that would allow them complete control over a transaction or an asset. Chapter 3-4 "Safeguarding Cash" states that combinations to safes are changed when an employee who has knowledge of the combination terminates County employment, is transferred to another County department, or is assigned other duties. Even if there are no staffing changes, combinations must be changed annually.

(Controlled substances are stored in a safe at each facility and are considered high value inventory.)

Central Detention Center

The following conditions were identified:

- The nursing staff responsible for the ordering of medications are also responsible for the receiving and inventorying of medications.
- The department was unable to locate a receipt/maintenance slip to verify the date of the last key change for the lockbox that held controlled substances.

Glen Helen Rehabilitation Center

The following conditions were identified:

- The nursing staff responsible for the ordering of medications are also responsible for the receiving and inventorying of medications.
- The department was unable to locate a receipt/maintenance slip to verify the date of the last key change for the lockbox that held controlled substances.

High Desert Detention Center

The following conditions were identified:

- The nursing staff responsible for the ordering of medications are also responsible for the receiving and inventorying of medications.
- The lockbox for controlled substances has not been rekeyed since 2016.

Management was not aware of the ICCM guidelines on proper segregation of duties. Staff was not aware of the ICCM guidelines requiring locks to be rekeyed at least annually. Further, the staff was not aware that adequate documentation should be maintained by the department to verify rekeying procedures. Lack of effective segregation of duties increases the risk that a single person could conceal errors and irregularities in the normal course of their duties. The risk that



medications may not be adequately safeguarded increases when the department does not follow ICCM guidelines.

Recommendation:

We recommended management review their staffing assignments and develop procedures that will segregate duties for the ordering and receiving of medication inventories to mitigate risk over the medication process. We also recommended lockboxes designated for controlled substances are rekeyed when an employee terminates County employment, is transferred to another County department, or is assigned other duties. If there are no staffing changes, locks should be rekeyed annually and adequate written documentation should be maintained to verify rekeying changes.

Current Status: Implemented

The department developed procedures to segregate the duties of ordering and receiving medication inventories. The department also developed procedures to rekey the controlled substance lockboxes. We further noted the Central Detention Center, The Glen Helen Rehabilitation Center, and the High Desert Detention center were all rekeyed during the audit period.

Prior Finding 3: Controls over the inventory of medications could be improved.

The ICCM Chapter 2-4 "Safeguarding of Assets" states assets should be recorded and access to and use of valuable assets should be controlled. It further states a critical step in safeguarding assets is to record them at the time of acquisition and to verify their existence and value periodically. Chapter 2-4 "Periodic Reconciliation" states that a complete physical inventory of assets should be taken periodically to insure that the assets exist and are completely accounted for. It further states the existence and value of assets should be periodically verified and reconciled with prior records. In addition, the Department's Operational Procedures Manual Policy # 401: Management of Pharmaceuticals:

F. "Destruction of Drugs/Needles" states stock medication shall be routinely checked for expiration dates at least once per week.

Central Detention Center

The following conditions were identified:

- Physical inventory counts of non-controlled medication have yet to be performed by the Department. In addition, reconciliations of both non-controlled and controlled medications were not performed.
- The quantity for the Tylenol #4 Medication on the Controlled Drug Log had decreased without a corresponding Electronic Medical Administration Record. The department was unaware of a discrepancy on their controlled drug log. An investigation was not completed until a month after the count was conducted.



Glen Helen Rehabilitation Center

The following conditions were identified:

- Physical inventory counts of non-controlled medication have yet to be performed by the Department. In addition, reconciliations of both non-controlled and controlled medications were not performed.
- Stock medications were not reviewed by the nursing staff on a weekly basis for expiration dates.

High Desert Detention Center

Physical inventory counts of non-controlled medication have yet to be performed by the Department. In addition, reconciliations of both non-controlled and controlled medications were not performed.

The Department does not perform inventory counts of non-controlled medications since it is not required by the Title 15 Minimum Standards for Local Detention Facilities – Crime Prevention and Corrections. Also, the Department did not investigate a discrepancy noted on their Controlled Drug Log, as the department was not aware the discrepancy existed. Further, stock medications at GHRC are ordered based on staff judgement. The risk of potential loss or theft of medications increases when inventory counts and reconciliations are not completed on a regular basis. Further, the risk of misappropriation of medications increases when discrepancies are not investigated immediately. In addition, expired medication may not be discovered when weekly reviews are not performed.

Recommendation:

We recommended the Department conduct periodic inventory counts of non-controlled medications throughout the year to verify existence and value. We also recommended canister listings reports, generated by ARMC, are compared to physical counts performed by the nursing staff at each facility. We also recommended the nursing staff perform reconciliations of both non-controlled and controlled medications on a periodic basis and immediately investigate discrepancies as they are found. We further recommended the Department perform and document their weekly reviews of expired medications.

Current Status: Implemented

The Department implemented procedures that include the implementation of inventory counts of non-controlled medications. The Department also implemented procedures for nursing staff to perform reconciliations of both non-controlled and controlled medications on a periodic basis. Additionally, the department implemented weekly reviews of expired medication. We tested three months of inventory counts, non-controlled reconciliations, controlled reconciliations, and weekly reviews of expired medication and did not identify any exceptions.



Prior Finding 4: Controlled substances were not disposed of in accordance with Department policies.

The Department's Operational Procedures Manual Policy # 401: Management of Pharmaceuticals: E. "Pharmaceutical Waste" states pharmaceutical waste shall not be disposed in the regular trash, down drains, or in sharps disposal containers.

Central Detention Center

The staff disposed of controlled substances by crushing the medications and disposing it down the drain.

The supervising staff at CDC were aware of Department policies; however, proper procedures were not performed by the nursing staff to adhere to Department policies. The lack of adequate disposal procedures increases the risk of potential theft and misuse of medications.

Recommendation:

We recommended Management review Department policies and communicate disposal procedures to the nursing staff. We further recommended the nursing staff dispose of medications in accordance with Department policies.

Current Status: Implemented

Management communicated disposal procedures to the nursing staff. We tested a sample of disposals and all disposals tested were disposed in accordance with Department policies.

Prior Finding 5: Department policies and procedures were not updated in accordance with Title 15 Minimum Standards for Local Detention Facilities' requirements.

Title 15 Minimum Standards for Local Detention Facilities §1206. Health Care Procedures Manual states the health authority shall, in cooperation with the facility administrator, set forth in writing, policies and procedures in conformance with applicable state and federal law, which are reviewed and updated at least every two years.

Glen Helen Rehabilitation Center

Par level forms were not updated to include only those medications that may be ordered for stock card purposes. Antibiotics are no longer ordered for stock card medications and are instead required to be patient specific.

The supervising staff at GHRC stated the par level list was established by previous supervisors and updates to the forms were not completed in over 6 years. The risk

of noncompliance increases when Department policies are not updated to reflect Title 15 Minimum Standards.

Recommendation:

We recommended the Department update their department policies to reflect changes in procedures within the medication process and in accordance with Title 15 Minimum Standards for Local Detention Facilities §1206. Health Care Procedures Manual.

Current Status: Implemented

The Department updated their policies and procedures to include an annual update to par level forms. Additionally, the Department updated their par level form for the current year.

Prior Finding 6: Records were not retained in accordance with Department Policies.

The ICCM Chapter 2-3 "Recording" states all transactions and pertinent events should be accurately and properly recorded on documents and records. It further states sufficient and relevant data should be recorded to provide an audit trail and to document evidence that a transaction took place.

High Desert Detention Center

The nursing staff were shredding pertinent documents that should be retained for department records. These documents included order forms and receiving receipts for controlled substances.

The staff at HDDC were not aware additional copies of pertinent documents relating to controlled substances should be maintained at the facility as signed copies are held at ARMC pharmacy. When sufficient and relevant data pertaining to controlled substances is not readily accessible, the risk that transactions cannot be validated increases.

Recommendation:

We recommended the staff at HDDC maintain relevant documentation, including all documentation relating to controlled substances, on site in accordance with the ICCM guidelines. We further recommended the Department conduct training of staff to ensure adequate procedures are followed.

Current Status: Implemented

The Department implemented policies and procedures that requires relevant documentation be stored for at least one year. The Department communicated the

Prior Audit Findings, Recommendations, and Current Status



updated policies and procedures to all Health Services staff. We tested three months of order forms and receiving receipts and all documents were maintained in accordance with the ICCM guidelines.