

# County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section**

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**Sheriff/Coroner/  
Public Administrator:  
Medication Inventory Controls Audit**



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# Auditor-Controller/Treasurer/Tax Collector

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# **Sheriff/Coroner/Public Administrator Medication Inventory Controls Audit**

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**March 3, 2020**

**John McMahon, Sheriff-Coroner**  
Sheriff/Coroner/Public Administrator  
655 East Third Street  
San Bernardino, CA 92415

**SUBJECT: MEDICATION INVENTORY CONTROLS AUDIT**

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed an audit of the Sheriff/Coroner/Public Administrator Department’s (Department) Medication Inventory Controls for the period of March through May 2019. The primary objectives of the audit were to determine whether policies and procedures over the Department’s medication inventory were in place and to determine whether controls over inventory were in place and effective. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The Auditor-Controller/ Treasurer/Tax Collector (ATC) Internal Audits Section (IAS) was postponed access to the West Valley Detention Center (WVDC) for the duration of the audit period due to pressing inspections by the Prison Law Office. As a result of the scope limitation placed on WVDC, we were unable to evaluate the controls over the medication process at the WVDC facility.

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 and discussed our observations with management on December 10, 2019. The Department’s responses to our recommendations are included in this report.

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.

Respectfully submitted,

**Ensen Mason CPA, CFA**

Auditor-Controller/Treasurer/Tax Collector  
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By: \_\_\_\_\_

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Date Report Distributed: 3/4/2020

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## Summary of Audit Results

Our findings and recommendations are provided to assist management in strengthening internal controls and procedures relating to the Department's medication process.

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.
<b>Central Detention Center, Glen Helen Rehabilitation Center and High Desert Detention Center</b>		
1	<p><b>Medication orders were not properly authorized.</b></p> <p>We recommend 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 recommend the Department develop procedures over obtaining proper authorization and approval, by a higher-ranking official, when stock medications are ordered.</p>	8
2	<p><b>Controls over safeguarding of medications could be improved.</b></p> <p>We recommend 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 recommend 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.</p>	9



Finding No.	Findings and Recommendations	Page No.
<b>Central Detention Center, Glen Helen Rehabilitation Center and High Desert Detention Center</b>		
3	<b>Controls over the inventory of medications could be improved.</b>	11
	We recommend the Department conduct periodic inventory counts of non-controlled medications throughout the year to verify existence and value. We also recommend canister listings reports, generated by ARMC, are compared to physical counts performed by the nursing staff at each facility. We also recommend 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 recommend the Department perform and document their weekly reviews of expired medications.	
<b>Central Detention Center</b>		
4	<b>Controlled substances were not disposed of in accordance with Department policies.</b>	13
	We recommend the Department review Department policies and communicate disposal procedures to the nursing staff. We further recommend the nursing staff to dispose of medications in accordance with Department policies.	
<b>Glen Helen Rehabilitation Center</b>		
5	<b>Department policies and procedures were not updated in accordance with Title 15 Minimum Standards for Local Detention Facilities' requirements.</b>	14
	We recommend 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.	
<b>High Desert Detention Center</b>		
6	<b>Records were not retained in accordance with Department Policies.</b>	15
	We recommend the staff at HDDC maintain relevant documentation, including all documentation relating to controlled substances, on site in accordance with the ICCM guidelines. We further recommend the Department conduct training of staff to ensure adequate procedures are followed.	



### **MEDICATION INVENTORY CONTROLS AUDIT**

#### **The Department**

The San Bernardino County Sheriff's Department (Department) serves over 2.1 million residents with 15 patrol stations and 3800 employees. The Department, in full compliance with the regulations set forth by the California State Corrections Standard Authority, provides community protection by maintaining a secured, safe, humane and just environment with the jail facilities.

The Corrections and Detentions Bureau operates four Type II Detention Facilities, which house both pre-trial inmates and persons sentenced to serve time in a County Facility. The four Type II facilities are as follows: Central Detention Center (CDC), Glen Helen Rehabilitation Center (GHRC), High Desert Detention Center (HDDC), and West Valley Detention Center (WVDC). The Bureau has 7,400 jail beds with an average daily population of 5,000 inmates. The Department and other law enforcement agencies book on average 85,000 people annually.

#### **Scope limitation due to inspections by the Prison Law Office**

On December 12, 2018, Judge Virginia A. Phillips approved a settlement agreement between San Bernardino County and plaintiffs confined in the county jails, who are represented by the Prison Law Office (PLO). The Department and the PLO negotiated a remedial plan that was incorporated into a proposed settlement agreement and consent decree to resolve all outstanding issues within the class action lawsuit. The settlement included inspections to be conducted by neutral experts agreed upon by both parties. The inspections address medical and mental health care of inmates, restrictive housing practices, staffing levels, Americans with Disabilities Act (ADA) compliance, and use of force policies and procedures.

As a result of the prior accommodations required for the medical inspections, the Auditor-Controller/Treasurer/Tax Collector (ATC) Internal Audits Section (IAS) was postponed access to WVDC for the duration of the audit period. WVDC is one of the largest county jails in the State of California, and has a maximum bed capacity of 3,347 and completes 50,000 to 60,000 bookings and releases each year. WVDC provides medical, dental and mental health services and houses inmates with the greatest medical needs. As a result of the scope limitation placed on WVDC, ATC IAS was unable to evaluate the controls over the medication process at the WVDC facility.



Below are the three locations that were visited during our fieldwork:

- Central Detention Center
- Glen Helen Rehabilitation Center
- High Desert Detention Center

The facilities, on a continual basis, are in the process of developing and implementing activities that are consistent with healthcare industry best practices for quality improvement.

### Medication Process

The Department adheres to their Detention and Corrections Bureau Health Services Division Operational Procedure Manual to ensure that prescription and non-prescriptions medication are properly managed. The policies and procedures set forth in the Department's guidelines are intended to comply with the Title 15 Minimum Standards for Local Detention Facilities- Crime Prevention and Corrections.

Health assessments are provided to each individual at point of intake and the detention centers are continuously staffed to respond to inmates health needs during their incarceration. Additionally, a broad range of health services are available to all inmates including, but not limited to:

- Initial medical screenings
- Health assessments, monitoring and treatment
- Urgent and non-urgent Health Services Requests
- Psychiatric treatment
- Dental care

Each facility maintains their own supply of prescription and non-prescription medications, including controlled substances maintained in designated areas. The pharmacy staff at the Arrowhead Regional Medical Center will approve, dispense and prepare medications to be delivered to each facility per pharmacy regulations. Stock supply, which are non-patient specific medications, are maintained in designated areas for immediate, individual distribution by licensed health services staff. The facility maintains stock supply medications for those patients who need to be medicated immediately upon arrival. Patient-specific medication are delivered unit dose, which are medications prepared in an individual packet prior to administration, or self-carry based on Provider orders, classification, and per Department policies. Reordering of stock supply medications is based on patient need and completed by the licensed health services staff on site.



### Scope and Objectives

Our audit examined the controls over medication inventory for the period of March 21, 2019 through May 6, 2019.

The objectives of our audit were to:

- Determine whether policies and procedures over the Department's medication inventory are in place.
- Determine whether controls over inventory are in place and effective.

### Methodology

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

- Review of Department's policies and procedures
- Interview of Department staff
- Walk-through of activities
- Examination of system generated reports



Due to pressing inspections by the Prison Law Office, the Auditor-Controller/Treasurer/Tax Collector (ATC) Internal Audits Section (IAS) was postponed access to the West Valley Detention Center (WVDC) and was unable to evaluate the controls over the medication process at this facility.

### **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 recommend 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 recommend the Department develop procedures over obtaining proper written authorization and approval, by a higher-ranking official, when stock medications are ordered.



### Management's Response:

The Sheriff's Department agrees with the above finding.

- Current par levels are approved by the Sheriff's Health Services Director. Management is not in an agreement to adjust the par level. Nursing Supervisors will be authorized to approve medication orders above the par level on a temporary basis, if necessary, based on specific circumstances. Health Services will notify ARMC of these changes.
- The Department is required to provide medications to the patient based on provider orders. Order forms may change on a regular basis, based on what the providers order for the patient. Supervisors will be authorized to approve these orders and sign order forms.
- Department's current procedure was updated to reflect the proposed procedure/control changes.

### Auditor's Response:

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

### 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 recommend 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 recommend 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.

### **Management's Response:**

The Department agrees with the above finding.

- Ordering of stock supply medications will be based on need and completed by a designated licensed nurse utilizing approved forms and Par levels that may be adjusted by a Provider or Nursing Supervisor as needed. Medication inventory received will be reviewed and signed by two licensed nurses and maintain the inventory sheets for one year at each correctional facility.
- Controlled drugs shall be maintained behind at least two locks in designated areas. The narcotic keys are maintained at designated locked areas, accessed by licensed and authorized health services staff only. Keys are not issued to an individual staff, and no narcotic key shall be removed from the correctional facility. The narcotic lock in all correctional facilities will be rekeyed immediately, and then will be



rekeyed at least annually with documentation upon completion. A key log will be maintained to document rekeying changes.

- The current policy has been revised to include the updates.

### **Auditor's Response:**

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

### **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 recommend the Department conduct periodic inventory counts of non-controlled medications throughout the year to verify existence and value. We also recommend canister listings reports, generated by ARMC, are compared to physical counts performed by the nursing staff at each facility. We also recommend 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 recommend the Department perform and document their weekly reviews of expired medications.

### **Management's Response:**

The Department agrees with the above finding.

- All facilities have extensive pharmacy control over the non-controlled medication inventory by utilizing medication packaging machines. The pharmacy staff will generate and review the medication canister usage list on a daily basis and refill canisters as needed per pharmaceutical regulations for the automated remote dispensing medication packagers which represents over 90% of issued non-controlled medications. The remaining 10% non-controlled medications will utilize two licensed nurses' signatures for inventory management. The dispense report and canister list will be the basis of inventory for canister medications. Stock supply, non-patient specific medications at each facility will be ordered and maintained in the designated areas for individual distribution by licensed health services staff.



- The current policy already addresses the control on Controlled Drug Log. The log will be signed by both incoming and outgoing nurses at shift change.
- Stock medications will be checked weekly for expiration dates. A form was created to document/report the weekly check. Sheriff's Nurse Supervisor will review the form monthly. Additionally, it is the responsibility of the licensed nurses to check the expiration dates when issuing medications to the patients.
- The current policy has been revised to include the update.

### **Auditor's Response:**

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

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

### **Management's Response:**

The Department agrees with the above finding. The current policy appropriately addresses proper disposal of medications in pharmaceutical approved containers. Additionally, management provides these policies and procedures to



all health services staff for compliance. Management communicated the incident and the policy with the nursing staff.

### **Auditor's Response:**

The Department's actions will correct the deficiency noted in the finding.

### **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 card stock 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 recommend 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.

### **Management's Response:**

The Department agrees with the above finding. Department policies and procedures are reviewed and updated on an annual basis. Par level forms at all correctional facilities will be updated annually.

### **Auditor's Response:**

The Department's planned action will correct the deficiency noted in the finding.



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

**Management's Response:**

The Department agrees with the above finding. The current policy appropriately addresses retention of records/documents. Additionally, management will provide the updated policies and procedures to all health services staff for compliance.

**Auditor's Response:**

The Department's planned action will correct the deficiency noted in the finding.