



Wicomico County, Maryland

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Internal Auditor's Report

The County Council and County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Council Resolution No. 125-2012, the Office of the Internal Auditor (IA) has conducted an Audit of the Wicomico County Detention Center medical facility's narcotics inventory. A report is submitted herewith. The purpose of the audit was to determine the adequacy of procedures and controls along with the level of compliance with those procedures and controls for the process of securing controlled substances in the Wicomico County Detention Facility.

IA conducted the audit with due professional care and IA planned and performed the audit to obtain reasonable assurance about whether the current Detention Center practices are in compliance with applicable policies and procedures and whether those policies and procedures are adequate to obtain an acceptable level of control over the receipt, storage, disposal, and dispensing of narcotics.

The audit revealed a contractual arrangement with two cooperating entities sharing responsibility for (among other things) accountability for controlled substances.

IA extends appreciation to Management and Staff of the Department of Corrections, Conmed, Inc., and Correct Rx Pharmacy Services, Inc. for their timely assistance, and cooperation.

Respectfully submitted,

J. Stephen Roser, CPA
Internal Auditor

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Audit Report

Background

We performed the Department of Corrections (DOC) Narcotic Storage Audit in cooperation with our external auditors. The overriding purpose was to address the risk that controlled substances stored within the Wicomico County Department of Corrections facility might become surreptitiously available to inmates and staff. The County contracts two outside entities, licensed in Maryland, which share responsibility for controlled substances:

- Conmed Health Care Management, Inc.
- Correct Rx Pharmacy Services, Inc.

Both companies are under contractual agreements that expire June 30, 2014. Conmed Health Care Management, Inc., founded in 1984, is a healthcare management company headquartered in Hanover, MD. They provide, manage, and oversee health care for the Detention Center. Correct Rx Pharmacy, Inc., headquartered in Linthicum, MD, provides, manages, and oversees pharmacy services for the Detention Center.

Audit Objectives

The objectives of the audit were to:

1. Assure that internal controls are in place to secure narcotics stored at the Department of Corrections
2. Assure that internal controls in place are working as intended

Scope of the Audit

IA conducted observations, interviews, and Inquiries with appropriate personnel, as well as examination of various documents pertaining to the following:

- Narcotic storage facility
- Inventory records
- Personnel responsible for storing and dispensing narcotics
- Codified rules for narcotic storage
- Contracts in force with outside agencies
- Checklists
- Inspection reports
- Usage data from fiscal year 2012

General Highlights and Statistics

Conmed Inc. personnel have primary daily responsibility for narcotics storage. There are three levels of security. The medications are kept in a locked storage cabinet inside a small locked room set aside for that purpose. Only two room keys exist and they are in turn kept in a locked box and must be signed out by authorized medical staff.

The Detention Center maintains three inventory counts:

Inmate Specific Inventory

This inventory contains controlled substances on an inmate's person when incarcerated. It must be a medication prescribed to that inmate. The substance is placed on a labeling card, shrink wrapped, and inventoried with the other medications. These medications, according to Conmed, are not dispensed.

Stock Inventory

Stock inventory contains medications ordered, received, and stored for future use. Pills are placed on labeled blister packs easily inventoried. Inventory is updated each time a substance is dispensed, received, or destroyed. Detention Center nursing staff counts medications at the end of each shift (three times per day).

Perpetual Inventory

Perpetual inventory is the sum of the inmate and stock inventories. Nursing staff updates all three inventories during each shift. Management performs a separate inventory monthly. Correct Rx pharmacists review all records and perform inventory on a quarterly basis. Correct Rx is responsible for destruction of out-of-date inventory. Other necessary destruction must take place with two registered nurses present. Responsible personnel destroy a substance by rendering it useless via dissolution in soap and water then disposed via hazardous materials and sharps procedures.

Materiality

According to a report from Correct Rx, DOC spent \$239,773 on **all** medications during FY2012, which represents approximately 2% of the FY2012 budget for the Department of Corrections. Some selected statistics from a report issued by Correct Rx follows:

Average FY2012 monthly cost for all medications	\$ 19,981
Total number of FY2012 prescriptions	13,718
Average % of clients on medication	61%
Total FY2012 prescriptions for controlled substances	91
Total FY2012 client prescriptions for controlled substances	15
Ratio of controlled substances to all prescriptions	0.773%

Controlled substances represent less than one percent of all prescriptions for FY2012. The overall prescription cost per client per month for the Detention Center is \$51.18.

Conclusion

IA assesses risk as follows:

Probability ¹	Low
Exposure ²	High
Overall risk assessment	Medium

Based on considerable information gathered in this process (including reports from other external evaluations), the internal controls, and adherence to those controls for the Wicomico County Detention Center medical facility narcotics inventory storage are at a satisfactory level.³

¹ What are the odds something can go wrong?

² What is the cost if something does go wrong?

³ For the purposes of this audit, IA uses a three-tier grading system recommended by the International Professional Practices Framework (IPPF) as expressed by the IPPF Practice Guide issued March 2009. The three tiers are Inadequate System of Internal Control, Adequate System of Internal Control, and Satisfactory System of Internal Control. Satisfactory findings indicate that overall controls are satisfactory, although some enhancements may be recommended. It is the highest rating on the scale.

Schedule of Findings and Recommendations

Outside Inspections

Correct Rx, Inc. sends a pharmacist to the Detention Center quarterly. The Pharmacist inspects the medical unit, issues a report, and meets with stakeholders. A review of the inspection documentation for the past two quarters performed by the Pharmacist shows an extensive review of storage for controlled substances. According to the reports, DOC is in compliance with all requirements and received positive comments.

The Detention Center is subject to an audit by the Maryland Commission on Correctional Standards every three years. The Commission conducted the audit for DOC in July 2012. According to the Director, the County DOC received a 100% compliance score. DOC will forward a copy to this office when received from the commission.

Management Response

Within the correctional audit process, all medical standards are of the highest importance along with security and safety. The contractual medical provider (Conmed) has consistently performed at a level consistent with or exceeding all applicable medical standards.

Longhand Inventory

Inventory sheets for both daily shift and perpetual inventories are posted longhand. A computer program to track inventory may improve efficiency, effectiveness, and provide additional control. Interviews with management revealed that consideration of new software to help control the DOC medical function (including pharmacy inventory) may be in the works. IA recommends consideration of such a program. As always, management should evaluate any new program bases on cost/benefit considerations.

Management Response

In the near future, a new "Jail Management System" will be coming on line at WCDC, integrating medical/medication administration applications are under review and being considered.

Quarterly Meetings

The DOC Director invited IA to a quarterly meeting held on 7/27/2012 conducted by a Pharmacist representative from Correct Rx. According to Correct Rx., 8-month trending for Wicomico DOC prescription cost is down significantly. Discussions included an analysis of costs and availability for certain products. IA observed evidence of a robust effort to hold down costs by the service contractors.

Management Response

Quarterly reviews with all contractual providers maintain a dialogue focused on community acceptable practices, cost control, and efficiency. The check and balance created by having two vendors with separate and distinct responsibilities (medical and pharmacy) is seen as a best practice for cost control and process accountability.

Ordering

The DOC health care manager (Conmed) orders pharmaceuticals based on qualitative parameters in order to minimize expiration. IA makes no specific recommendations in this area except to point out that a quantitative ordering system may increase efficiency in this area. We would suggest that a new proposed computerized system to help manage the DOC medical facility might provide better tools for ordering. As previously mentioned, management should evaluate new programs based on cost/benefit considerations.

Management Response

In the near future, a new "Jail Management System" will be coming on line at WCDC, integrating medical/medication administration applications are under review and being considered.

Auditor's Closing Remark

The Wicomico County Office of the Internal Auditor would like to thank management and staff from the Department of Corrections, Conmed, Inc., and Correct Rx Pharmacy Services, Inc. for their timely cooperation and assistance during the audit. Additional thanks go to the County Department Law for their assistance.

Appendix I – Matrix for Controlled Substances

Receiving		Correct Rx hand delivers the medications	
		Medications are on inventoriable blister packs unless injectable (vials)	
		The box contains a requisition form	
		Form is matched by nursing	
		Then logged into count	
		Goes into inventory	
Storage -Three types of recordings	3x Daily Inventory	Inmate specific Inventory	Contains controlled substances on an inmate's person when incarcerated
			Must be a medication prescription belonging to inmate
			Placed on a shrink wrap card and inventoried with other narcotics
			These medications are not dispensed at DOC
	Stock Inventory	Medications ordered by Manager and stored	
		Placed in blister packs on cards containing information	
		Easy to count	
	Perpetual Inventory	Counted every shift (3 times a day) by nurses and logged	
		Sum of stock and inmate	
	Longhand process	Updated and tied out 3x per day	
Manager qualitatively assesses ordering needs to minimize expiration			
Disposition	Pharmacist verifies inventory	Ties physical and perpetual records	
	Stock inventory	Check patient receipts	
	Active order - special for individuals	Verify purpose	
		Verify order	
		Inspect for past stop date	
	Destruction	Partial dissolution of outdated substances	
		Placed in secure location with sharps	
		Locked	
		Destroyed with sharps	
	Then poured into sharps certified container		
	Sealed and disposed off premises by Stericycle		
	Logged out on shift sheet		
Logged out on usage sheet			
		Logged on destruction log	
Monthly Inventory			
Pharmacist's Quarterly Inventory			