

CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

*Audit of Controlled Substances of the
Fire-Rescue Department*

Report #10/11-01

October 15, 2010

City of Fort Lauderdale

Our Vision

The City of Fort Lauderdale is committed to improving productivity, streamlining expenses and developing a stronger, more effective organization.

This City's vision embraces:

- **Fiscal Responsibility**
- **Accountability**
- **High Ethical Standards and**
- **Quality Delivery of Services**

Our Values

- **Respect** for the dignity of our citizens and co-workers and the diversity of all groups.
- **Integrity** as demonstrated by honesty and fairness and conduct beyond reproach.
- **Courage** to do the right thing, for the right reason, in the right way.
- **Teamwork** through recognition that excellence is achieved by cooperation, communication and collaboration.
- **Service** to the public, our elected officials and other employees that is exemplary and exceeds expectations.
- **Creativity** as the foundation for ingenuity and innovation in the delivery of service.
- **Accountability** for our decisions, actions and results.



CITY OF
FORT LAUDERDALE

City Auditor's Office

Memorandum

No: 10/11-01

Date: October 15, 2010

To: Mayor John P. "Jack" Seiler
Vice-Mayor Romney Rogers
Commissioner Bruce G. Roberts
Commissioner Charlotte E. Rodstrom
Commissioner Bobby B. DuBose

From: John Herbst, CPA, CGFO
City Auditor

Re: Audit Report #10/11-01: Audit of Controlled Substances of the Fire-Rescue Department

The CAO has completed an operational audit of the Fire-Rescue Department's (FRD) Controlled Substances, encompassing a review of Federal and State statutory compliance, written policies and procedures, verification of employee qualifications, periodic drug screenings, as well as the procurement, storage, dispensing, and disposal of controlled substances. An operational audit evaluates internal controls designed and implemented by management to provide assurance about whether the organization's operational goals and objectives will be achieved.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about the effectiveness of the city's internal control structure. An audit includes examining, on a test basis, evidence about the city's internal controls and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the effectiveness of the city's internal control structure.

In our opinion, the FRD has adequately designed controls, which are generally functioning as intended, to assist the FRD in meeting the Emergency Medical Services stated goal to, *"Provide the highest quality pre-hospital emergency medical services (EMS) to the citizens and visitors of the City of Fort Lauderdale."*

However, the results of our auditing procedures disclosed a number of opportunities for improvement that would assist the department in strengthening internal controls, enhancing efficiency and effectiveness, and improving communications. These findings and observations are listed below and covered in more detail in the accompanying report.

Our recommendations rely on the internal control framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO framework elements establish commonly accepted, cost-effective mechanisms to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.

The objectives of our audit were:

1. To determine if FRD is in compliance with Federal and State controlled substances laws/regulations.
2. To determine if FRD has updated written policies and procedures regarding controlled substances.
3. To determine if FRD is conducting background checks, periodic drug screenings and verifying qualifications of Fire personnel who handle controlled substances.
4. To determine if FRD has adequate internal controls over the procurement of controlled substances.
5. To determine if FRD has adequate internal controls over the storage of controlled substances.
6. To determine if FRD has adequate internal controls over the dispensing of controlled substances.
7. To determine if FRD has adequate internal controls over the disposal of controlled substances.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph above and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined below:

- *A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis.
- *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
- *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis.

Summary of Audit Findings and Observations:

FINDINGS

- F1. The following exceptions were found upon review of the FRD Standard Operating Procedures (SOP), Article 1118, "Controlled Substances":
- A copy of written operating procedures for handling, tracking, storage, distribution, and disposal of all controlled substances was not signed by the Medical Director as required by SOP, Article 1118, Section 3, "Compliance".
 - The SOP contained references to outdated and incorrect Federal and State statutory citations.
 - F2. Upon review of the FRD employee personnel files maintained by Human Resources, the CAO found that the files generally lack consistency and completeness.
- F3. The CAO found that polygraph examinations have not been conducted for new FRD candidates since 2005, in violation of PSM 6.25.1.1.
- F4. The CAO found the following regarding random drug testing of FRD personnel:
- FRD does not have a procedure in place to review the random drug test results, nor do they verify that tests are actually conducted (via review of invoice/confirmation of test).
 - FRD does not reconcile drug-screening invoices to drug screening verification forms to confirm that FRD is paying for services received (drug tests).
 - FRD does not receive test results of random drug screenings, unless the test is positive.
- F5. The CAO found that 1 of 30 FRD personnel files reviewed did not have a valid Paramedic certification for a period of 28 days in 2008.
- F6. Upon review of the ordering process of morphine, the CAO found the following:
- Requisition numbers (RA/RQ#'s) included on invoices from Dania Pharmacy do not always match the number included on the City's Requisition Purchase Authorization.
 - FRD is not paying invoices for purchase of controlled substances to Dania Pharmacy in a timely manner, in accordance with Florida Statute 218.73 and 218.74.
- F7. The CAO found that a single alarm code is shared by FRD Division Chiefs.
- F8. The CAO reviewed 74 entries to the Controlled Substances Inventory Logbooks and noted the errors listed below (Some log entries contained multiple errors).
- 54 instances where only one name was listed on the logs (73%),
 - 20 instances where both names are missing (27%),
 - 8 instances where the date on the logs was not indicated or illegible (11%).
- F9. The CAO found that a number of the Controlled Substance Dispensing Forms reviewed were not properly completed.
- F10. The CAO found that contrary to the controlled substance log book instructions, the log books were not signed by two individuals when expired narcotics were surrendered to vendors.

OBSERVATIONS

- O1. Upon review of SOP, Article 1118, "Controlled Substances" the CAO observed that FRD did not maintain an index with documentation to support statutory citations within the SOP.
- O2. CAO found that FRD does not have a formal written procedure regarding how to complete and distribute controlled substance dispensing forms.
- O3. The CAO found that new employee drivers license and driving history requirements, per PSM 6.16.1.1, do not account for the number of citations issued to potential City drivers.
- O4. Support Services personnel, who are civilians, operating the FRD warehouse (controlled substances and other medications contained therein), are not subject to random drug screenings, as is required of sworn FRD personnel who are in contact/close proximity to medications.
- O5. The CAO found the following upon review of the controlled substance ordering process with respect to Morphine, Versed, Etomidate, and Nitrous Oxide:
 - The Medical Director does not review the inventory of controlled substances before a new order for controlled substances is placed.
 - The Medical Director has delegated the function of ordering controlled substances to the Support Services Storekeeper III, without written authorization for this authority.
- O6. Upon review of FRD record retention procedures regarding procurement of controlled substances, the CAO found that FRD did not maintain receipts/proof lists for all morphine purchases, which would be utilized for reconciliation purposes.
- O7. The CAO's review of access procedures at Support Services revealed the following:
 - There is no logbook to monitor those entering and exiting the building.
 - An employee who no longer works in the Support Services building still has an active alarm code for entry.
 - FRD does not have a policy regarding after hours access to the Support Services facility
 - Monitoring of after hours access, or access in general, via ADT security logs is not being performed.
- O8. The EMS Captain has both a key and the combination to the Support Services safe, which contains the controlled substances.
- O9. The CAO's review of inventory procedures revealed that a master inventory list of supplies warehoused at Support Services is maintained on an Inventory Management Database; however, inventory is only spot checked periodically and when items are restocked. An annual inventory comparing the quantity of items on hand to those recorded in the system, and investigating any differences noted, is not performed.
- O10. A review of records examined in connection with inventory counts performed at fire stations and Support Services revealed a lack of uniformity in completing the daily inventory checklist of medical items on Fire-Rescue vehicles. In addition, records are not retained at all fire stations and the person performing the inventory did not always sign the ones that were retained.

- O11. The CAO performed a comparison of Support Services Controlled Substance Dispensing Forms with Inventory Logs and noted instances where incident numbers or other explanatory information was not recorded in the log.
- O12. The CAO noted that controlled substances are not being efficiently rotated to rescue and engine units to avoid waste. Moreover, neither SOP, Article 1118 regarding controlled substances, or the FRD Controlled Substance Log instructional guide, address the rotation of medications.
- O13. The CAO found that although FRD gathers and reviews reports related to EMS medical services, analytics are not utilized for monitoring or to detect unusual activities, patterns or discrepancies involving the procurement, storage, dispensing and disposal of controlled substances.

Management's responses to the findings, observations, and recommendations are included in the report. We did not audit management's responses and accordingly, we express no opinion on them.

We would like to thank the staff of the Fire-Rescue Department for their cooperation and assistance during this audit and are pleased to note that management generally concurred with our recommendations and has already begun to implement a number of them.

cc: Allyson C. Love, Acting City Manager
Harry Stewart, City Attorney
Jonda Joseph, City Clerk
Jeffrey A. Justinak, Fire Chief

S:\\memo 10-11.01.doc

**CITY OF FORT LAUDERDALE
CITY AUDITOR
Fire-Rescue Department
Controlled Substances**

PURPOSE

To conduct an operational audit of Controlled Substances used by the City of Fort Lauderdale's Fire-Rescue Department.

EXECUTIVE SUMMARY

The City Auditor's Office (CAO) has completed an operational audit of the Fire-Rescue Department's (FRD) management of Controlled Substances, encompassing a review of Federal and State statutory compliance, written policies and procedures, verification of employee qualifications, periodic drug screenings, as well as the procurement, storage, dispensing, and disposal of controlled substances. An operational audit evaluates internal controls designed and implemented by management to provide assurance that the organization's operational goals and objectives will be achieved.

The CAO's audit of Controlled Substances revealed that except for the findings listed below, the FRD has adequately designed controls, which are functioning as intended, to assist the FRD in meeting the Emergency Medical Services stated goal to, *"Provide the highest quality pre-hospital emergency medical services (EMS) to the citizens and visitors of the City of Fort Lauderdale."*

As listed and discussed in more detail in the report, the CAO found a number of opportunities for improvement that would assist the FRD in strengthening internal controls, enhancing efficiency and effectiveness, and improving communications.

Moreover, the CAO has identified both Audit Findings and Audit Observations during the course of the operational audit of FRD's controlled substances. An Audit Finding results from a failure to comply with policies and procedures, rules, regulations, contracts and fundamental internal control practices. Audit Observations represent an opportunity to improve on the design or functionality of an existing internal control.

AUDIT FINDINGS

F1. The following exceptions were found upon review of the FRD Standard Operating Procedures (SOP), Article 1118, "Controlled Substances":

- A copy of written operating procedures for handling, tracking, storage, distribution, and disposal of all controlled substances was not signed by the Medical Director as required by SOP, Article 1118, Section 3, "Compliance".
- The SOP contained references to outdated and incorrect Federal and State statutory citations.

- F2. Upon review of the FRD employee personnel files maintained by Human Resources, the CAO found that the files generally lack consistency and completeness. Missing or incomplete documentation included:
- Pre-employment background screenings
 - Pre-employment medical exams
 - Form I-9, employment verification
 - Division of State Fire Marshal, Certificate of Compliance
 - Valid driver's license
 - Driver history
 - State of Florida non-use of tobacco signed policy
 - Broward County physical ability card
- F3. The CAO found that polygraph examinations have not been conducted for new FRD candidates since 2005, in violation of PSM 6.25.1.1.
- F4. The CAO found the following regarding random drug testing of FRD personnel:
- FRD does not have a procedure in place to review the random drug test results, nor do they verify that tests are actually conducted (via review of invoice/confirmation of test).
 - FRD does not reconcile drug-screening invoices to drug screening verification forms to confirm that FRD is paying for services received (drug tests).
 - FRD does not receive test results of random drug screenings, unless the test is positive.
- F5. The CAO found that 1 of 30 FRD personnel files reviewed did not have a valid Paramedic certification for a period of 28 days in 2008.
- F6. Upon review of the ordering process of morphine, the CAO found the following:
- Requisition numbers (RA/RQ#'s) included on invoices from Dania Pharmacy do not always match the number included on the City's Requisition Purchase Authorization.
 - FRD is not paying invoices for purchase of controlled substances to Dania Pharmacy in a timely manner, in accordance with Florida Statute 218.73 and 218.74.
- F7. The CAO found that a single alarm code is shared by FRD Division Chiefs.
- F8. The CAO reviewed 74 entries to the Controlled Substances Inventory Logbooks and noted the errors listed below (Some log entries contained multiple errors).
- 54 instances where only one name was listed on the logs (73%),
 - 20 instances where both names are missing (27%),
 - 8 instances where the date on the logs was not indicated or illegible (11%).

- F9. The CAO found that a number of the Controlled Substance Dispensing Forms reviewed were not properly completed.
- F10. The CAO found that contrary to the controlled substance log book instructions , the log books were not signed by two individuals when expired narcotics were surrendered to vendors.

AUDIT OBSERVATIONS

- O1. Upon review of SOP, Article 1118, “Controlled Substances” the CAO observed that FRD did not maintain an index with documentation to support statutory citations within the SOP.
- O2. CAO found that FRD does not have a formal written procedure regarding how to complete and distribute controlled substance dispensing forms.
- O3. The CAO found that new employee drivers license and driving history requirements, per PSM 6.16.1.1, do not account for the number of citations issued to potential City drivers.
- O4. Support Services personnel, who are civilians, operating the FRD warehouse (controlled substances and other medications contained therein) are not subject to random drug screenings, as is required of sworn FRD personnel who are in contact/close proximity to medications.
- O5. The CAO found the following upon review of the controlled substance ordering process with respect to Morphine, Versed, Etomidate, and Nitrous Oxide:
- The Medical Director does not review the inventory of controlled substances before a new order for controlled substances is placed.
 - The Medical Director has delegated the function of ordering controlled substances to the Support Services Storekeeper III, without written authorization for this authority.
- O6. Upon review of FRD record retention procedures regarding procurement of controlled substances, the CAO found that FRD did not maintain receipts/proof lists for all morphine purchases, which would be utilized for reconciliation purposes.
- O7. The CAO’s review of access procedures at Support Services revealed the following:
- There is no logbook to monitor those entering and exiting the building.
 - An employee who no longer works in the Support Services building still has an active alarm code for entry.
 - FRD does not have a policy regarding after hours access to the Support Services facility

- Monitoring of after hours access, or access in general, via ADT security logs is not being performed.
- O8. The EMS Captain has both a key and the combination to the Support Services safe, which contains the controlled substances.
- O9. The CAO's review of inventory procedures revealed that a master inventory list of supplies warehoused at Support Services is maintained on an Inventory Management Database; however, inventory is only spot checked periodically and when items are restocked. An annual inventory comparing the quantity of items on hand to those recorded in the system, and investigating any differences noted, is not performed.
- O10. A review of records examined in connection with inventory counts performed at fire stations and Support Services revealed a lack of uniformity in completing the daily inventory checklist of medical items on Fire-Rescue vehicles. In addition, records are not retained at all fire stations and the person performing the inventory did not always sign the ones that were retained.
- O11. The CAO performed a comparison of Support Services Controlled Substance Dispensing Forms with Inventory Logs and noted instances where incident numbers or other explanatory information was not recorded in the log.
- O12. The CAO noted that controlled substances are not being efficiently rotated to rescue and engine units to avoid waste. Moreover, neither SOP, Article 1118 regarding controlled substances, or the FRD Controlled Substance Log instructional guide, address the rotation of medications.
- O13. The CAO found that although FRD gathers and reviews reports related to EMS medical services, analytics are not utilized for monitoring or to detect unusual activities, patterns or discrepancies involving the procurement, storage, dispensing and disposal of controlled substances.

STATEMENT OF OBJECTIVES

Based on the CAO's analysis of the risks associated with controlled substances, the following objectives were established for the audit:

1. To determine if FRD is in compliance with Federal and State controlled substances laws/regulations.
2. To determine if FRD has updated written policies and procedures regarding controlled substances.
3. To determine if FRD is conducting background checks, periodic drug screenings and verifying qualifications of Fire personnel who handle controlled substances.
4. To determine whether FRD has adequate internal controls over the procurement of controlled substances.

5. To determine whether FRD has adequate internal controls over the storage of controlled substances.
6. To determine whether FRD has adequate internal controls over the dispensing of controlled substances.
7. To determine whether FRD has adequate internal controls over the disposal of controlled substances.

BACKGROUND

Fort Lauderdale Fire-Rescue provides Advanced Life Support medical response and rescue intervention to any ill or injured person in Fort Lauderdale and Wilton Manors. This territory represents more than 43.5 square miles.

The EMS Bureau has oversight of all of the department's 260 paramedics, 67 Emergency Medical Technicians (EMT's), and 3 EMS Supervisors. The department operates 13 advanced life support (ALS) paramedic rescue units and at the present time, has 12 Paramedic equipped ALS engine companies and 3 advanced life support ladder companies.

All 13 Rescue units are staffed with two state certified paramedics, one of who is a crew chief, and serves as the lead paramedic in charge. Each ALS engine and ladder company is staffed with at least one paramedic. All of these paramedics, in addition to maintaining current certification with the medical director, must maintain other credentials such as: Advanced Cardiac Life Support, Cardio Pulmonary Resuscitation, and Pediatric Advanced Life Support.

The department has received numerous awards over the years recognizing the quality of the Emergency Medical Services (EMS) System. Individual Paramedics have received awards for Paramedic of the Year as well as for their participation in ALS and BLS competitions.

The EMS Bureau works closely with the Ocean Rescue Chief to provide medical training and equipment to the Fort Lauderdale Ocean Rescue EMT's and Paramedics. Fort Lauderdale's Ocean Rescue is one of the most medically advanced Ocean Rescues of its kind in the country. The EMS Bureau Chief is responsible for the daily operations of the EMS Bureau and it's staff. This includes EMS training, Quality Assurance (QA) and Quality Improvement (QI), medical equipment and supplies, EMS research, and membership to the numerous councils and committees throughout the State.

The EMS Chief is also responsible to respond on working fires and major incidents. The department's Administrative Captain is responsible for daily operations that include controlled substance distribution, State EMS aggregate reports, EMT and Paramedic re-certification, EMS research and membership to the numerous councils and committees throughout the State.

The three Operations Captains are responsible for daily shift operation, which includes responding to trauma and medical calls, EMS branch on major incidents, Safety Officer

on fires and extrications, training of shift personnel, QA and QI of medical reports, EMS research, and interfacing with hospital staff. The department's paramedics have an aggressive computer based protocol, written by the department's EMS Staff, which enables them to attend to any medical emergency with flexible, comprehensive treatment plans. Some of the more advanced procedures and equipment used by FLFR paramedics include: induced hypothermia for cardiac arrest patients, C-PAP breathing therapy, end tidal CO2 monitoring (including waveform), surgical airways, 12-lead EKGs, MAD devices, CAT tourniquet, and a field amputation kit that is kept at the local trauma center.

EMS Administration objectives include:

- Continued implementation of new comprehensive EMS protocols.
- Provide protocol training followed by testing, which will be used to measure protocol knowledge and applications.
- Conduct monthly quality assurance reviews to measure protocol compliance.
- Enhance service through training, technology, and innovation.
- Continue to monitor and reduce actual overtime costs through effective management of departmental policies and reporting functions.
- Monitor and analyze fire calls, examine patterns and implement effective strategies to reduce fire losses.
- Provide adequate staffing, equipment, tools and training to achieve timely emergency response in a safe manner.
- Reduce emergency response times, where practical, with cost effective technology, resource management and quality assurance programs.

In addition, the FRD Operations Division tracks levels of service through performance measures, including the total number of rescue responses and total medical incidents (see Table 1).

Table 1: Medical Incidents, FY 2008/2009 Actuals				
Performance Measure	Type	#	Totals	% of FRD Total
311M –EMS – MedUSA (Medical Transports)	Medical	27,445		
Other Incidents	Medical	76		
Total Medical Incidents			27,521	66.5%
324 - Motor vehicle accident with no injuries	Rescue	555		
353 - Removal of victim(s) from stalled elevator	Rescue	180		
381 - Rescue or EMS standby (EMS Details)	Rescue	133		
Other Incidents	Rescue	24		
Total Rescue Incidents			892	2.2%
Total – Rescue & Emergency Medical Service Incidents			28,413	68.6%
Total – FRD Incidents			41,416	

FRD's fiscal year 2008/2009 Adopted Budget is \$64,950,599 of which, an estimated \$19,563,708 or 30% was dedicated to Emergency Medical Services (see Table 2).

Table 2: FRD Budget, FY 2008/2009 Actuals		
Type	Amount	% of FRD Total
Fire Suppression	\$42,225,037	65.0%
Emergency Medical Service	\$19,563,708	30.1%
Ocean Rescue	\$3,161,854	4.9%
Adopted Budget	\$64,950,599	100%

SCOPE & METHODOLOGY

The CAO conducted this audit in accordance with generally accepted government auditing standards. We reviewed the FRD’s controlled substances for fiscal years 2007 through 2009. Audit methods used included the following:

- Interviewing FRD management and operations personnel.
- Reviewing various controlled substance, fire-rescue and hospital audits.
- Reviewing and analyzing the department SOP’s as well as Federal and State law.
- Reviewing overall operations relating to the procurement, storage, dispensing, and disposal of controlled substances.
- Observing the controlled substance purchases and inventory counts.
- Inquiring about internal controls, policies, and procedures.

Additionally, the CAO conducted its assessment of the effectiveness of the City’s internal controls using the control framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO was formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, whose charge was to study and report on the factors that can lead to fraudulent financial reporting. In 1992, COSO published “Internal Control-Integrated Framework”, which established a framework for internal control and provided evaluation tools that entities could use to evaluate their control systems. The five components of the COSO internal control framework are: control environment, risk assessment, control activities, information and communication, and ongoing monitoring.

Although outside the stated scope of the audit, certain items may come to the attention of audit staff during the fieldwork phase of the engagement. Based on the perceived risk and materiality of the items, the following may be warranted:

1. Inclusion of the findings/observations regarding the items in the existing audit.
2. Expansion of the scope of the audit.
3. A separate audit focusing on the items discovered.

Objective 1

To determine if FRD is in compliance with Federal and State controlled substances laws/regulations.

Conclusion

There were no findings or observations to report with respect to Objective 1. In our opinion, FRD is in compliance with Federal/State controlled substances laws and regulations.

Objective 2

To determine if FRD has updated written policies and procedures regarding controlled substances.

FINDING 1

Condition

The following exceptions were found upon review of the FRD SOP, Article 1118, "Controlled Substances":

- A copy of written operating procedures for handling, tracking, storage, distribution, and disposal of all controlled substances was not signed by the Medical Director as required by SOP, Article 1118, Section 3, "Compliance".
- The SOP contained references to outdated and incorrect Federal and State statutory citations.

Auditor Note: Management corrected the deficiency regarding the lack of signature that was detected as a result of our audit procedures. FRD subsequently provided the CAO with a copy of Article 1118 of the SOP, "Controlled Substances", initialed by the Medical Director on 4/30/2010.

Criteria

SOP, Article 1118, Section 3 requires that written operating procedures for the handling, tracking, storage, distribution and disposal of all controlled substances be signed by the Medical Director. Additionally, under the COSO framework *Monitoring* component 5.3 "Reporting and correcting deficiencies in controls", reviews of policies and procedures for continued relevance is a standard element of an effective internal control environment.

Cause

The Medical Director did not sign the written operating procedures for handling, tracking, storage, distribution, and disposal of all controlled substances as required by SOP, Article 1118, Section 3. Additionally, FRD did not include the current statutory citations during their review and sign-off on Article 1118 of the SOP.

Impact

A supervisor's approval (manual or electronic) implies that he or she has verified and validated that the activity or transaction is appropriate; accurate; and complies with applicable laws, regulations, policies, and procedures. Generally, approvers review supporting documentation, question unusual items, and make sure that necessary information is present to justify the transaction before they sign off on the transaction. Lack of a signature fails to provide appropriate documentation to evidence adherence to established policies.

Absent an annual review and sign-off by the Medical Director, procedures may become outdated and no longer reflect current practice, and controlling laws and regulations.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to conduct an annual review of the SOP Article 1118 in conjunction with the Medical Director and have both parties sign off on the document.

Management Response

Agree. However, it should be noted that the FRD currently performs annual reviews of all SOP's. The Medical Director also conducts reviews of SOP's and protocols so the requirement would be a moot point. Lack of signature in this case was purely an oversight and it has since been signed. There is no signature requirement by the state.

FRD will take this recommendation into consideration and if implementation is executed, it will be implemented by 1/1/11 or the reference to have a signature will be eliminated in our department SOP's.

OBSERVATION 1

Condition

Upon review of SOP, Article 1118, "Controlled Substances" the CAO observed that FRD did not maintain an index with documentation to support statutory citations within the SOP.

Criteria

Under the COSO framework *Monitoring* component 5.2 "Separate, periodic evaluations of control components", responses that prevent or detect the risk of intentional or unintentional errors, such as matching of documents, procedure manuals, desk manuals, and instruction books are fundamental elements of an effective internal control environment.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to compile an index with all documents and statutes cited in the SOP, and include it with the SOP, for referencing purposes.

Management Response

Disagree. Although it may serve as some benefit, those benefits would be a redundancy of available information through the Internet and would require an increase in staff time commitment for implementation and maintenance. In the end, it would serve with limited practical benefit(s).

OBSERVATION 2

Condition

CAO found that FRD does not have a formal written procedure regarding how to complete and distribute controlled substance dispensing forms.

Criteria

Under the COSO framework *Control Activities* component 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", procedure manuals, desk manuals, and instruction books are fundamental elements of an effective internal control environment.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to:

- Develop a procedure on how to complete the controlled substance dispensing form.
- Conduct additional training on the new procedure.

Management Response

Agree. However, the FRD does have a sufficient training program in place. In addition, there is sufficient detailed information on each form for completion and the FRD has sound and effective disciplinary procedures in place should there be continued error in the form or failure of compliance.

FRD will not be implementing any changes to current process, but will send out a reminder to all personnel to review by 12-31-2010.

Objective 3

To determine if FRD is conducting background checks, periodic drug screenings and verifying qualifications of Fire personnel who handle controlled substances.

FINDING 2

Condition

Upon review of the FRD employee personnel files maintained by Human Resources, the CAO found that the files generally lack consistency and completeness. Missing or incomplete documentation included:

- Pre-employment background screenings
- Pre-employment medical exams
- Form I-9, employment verification
- Division of State Fire Marshal, Certificate of Compliance
- Valid driver's license
- Driver history
- State of Florida non-use of tobacco signed policy
- Broward County physical ability card

Auditor Note: See also Audit #09/10-01, Audit of the Human Resources Department, Finding 6.

Criteria

Under the COSO framework *Internal or Control Environment* component 1.7 "Human resource standards", organization-wide HR policies and standards, hiring and selection procedures and background checks are fundamental elements of an effective internal control environment.

Cause

The Human Resources Department does not have a comprehensive set of written policies and procedures that outline what must be maintained in an employees personnel file nor does HRD conduct supervisory reviews to ensure the files are accurate and complete.

Impact

Discrepancies in personnel files, as well as an absence of essential documents represent a material control weakness and may result in future liabilities for the City.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to work in conjunction with the Director of Human Resources to ensure that FRD employee personnel files are maintained in a consistent and complete manner.

Management Response

Discrepancies in personnel files may be explained by changes in job requirements as positions evolve over time. HRD does currently have a system to maintain personnel files in a consistent and complete manner.

To further explain the existence of some of the noted discrepancies, it must be noted that the Tobacco Use Forms are required for employees hired into entry-level firefighter positions after 3/1/88. All of the employees whose personnel files were noted as missing these forms were hired prior to 3/1/88; therefore, those files are complete. In addition, the Physical Agility Card has only been a requirement for approximately 10 years. All employees whose personnel files were noted as missing a PAT card were hired prior to 1992; therefore, those files are also complete. A valid driver's license noted as missing in a personnel file was located inside the file and may have been overlooked by the CAO.

HRD constantly strives to maintain strict control over personnel files and their contents and will continue to review current practices and ensure staff is trained in proper procedures as custodian of the City's personnel records.

Auditor Rebuttal

We disagree with the justification offered by the HR Department. The missing Tobacco Use Forms included an employee hired November 5, 2006, well after the 1988 implementation date. The missing Physical Ability Cards included an employee hired January 21, 1992, not prior to 1992 as indicated in management's response. Finally, the drivers license may be in the file at present, however, it was not in the file at the time of the audit. An HR staff member was present during our review of the files and noted the missing documentation as well.

FINDING 3

Condition

The CAO found that polygraph examinations have not been conducted for new FRD candidates since 2005, in violation of PSM 6.25.1.1.

Auditor Note: CAO noted upon review of the PSM, specifically PSM Chapter 1, that a revision has not been completed in approximately 30 years and the PSM references city departments which no longer exist (i.e. Department of Administrative Services)

Criteria

Under the COSO framework *Internal or Control Environment* component component 1.7 "Human resource standards", organization-wide HR policies and standards, hiring and selection procedures and background checks are fundamental elements of an effective internal control environment.

Cause

Polygraph examinations are not being performed.

Impact

Failure to ensure that public safety personnel meet the City's employment standards when hired places the City and residents at risk.

Recommendation

The CAO recommends that the City Manager require the Human Resources Director to comply with the PSM regarding polygraph examinations of new FRD personnel or review and revise the PSM to reflect the needs and practices of the FRD.

Management Response

Since approximately November 2005, polygraphs for new FRD personnel (and other City positions previously required to submit to polygraphs) were eliminated per City Manager George Gretsas. HRD has not been advised to update the PSM.

Auditor Rebuttal

No evidence has been provided to the CAO to support the assertion that the prior City Manager directed the elimination of the polygraph exam. In addition, there is an established protocol for changing existing policies in the PSM. That protocol was not followed. Therefore, we are left to conclude that there was no change to the requirement for a polygraph exam to be performed at the time of hire.

PSM 1.1.1.1

4. a. Policy and Standards Manual (PSM). This publication contains policies, instructions and information of a continuing nature. It is published at the direction of the City Manager. Changes to this manual will be made by use of form D-6 or City Policy Directives and must be approved by the City Manager after proper coordination (PSM 1.1.1, Item 6). Each issuance is effective from publication date unless otherwise indicated. See Appendix I for instructions on preparation of Form D-6 (Appendices appear at the end of each subject in PSM).

b. City Policy Directives. These are published at the direction of the City Manager. They affect PSM subjects already published or to be written and are used when situations demand speedy release of official policy, instructions or information of a permanent or temporary nature. Those of a permanent nature will later be republished in the PSM following normal update policy.

OBSERVATION 3

Condition

The CAO found that new employee drivers license and driving history requirements, per PSM 6.16.1.1, do not account for the number of citations issued to potential City drivers.

Criteria

Under the COSO framework *Internal or Control Environment* component 1.2 "Commitment to competence", analysis of skills required and job descriptions are fundamental elements of an effective internal control environment.

Recommendation

The CAO recommends that the City Manager require the Director of Human Resources to revise the PSM regarding driver history and licensing requirements to include language regarding the number of traffic citations received/issued to potential City drivers as exists with current employee drivers.

Management Response

HRD will review the PSM with Risk Management.

FINDING 4

Condition

The CAO found the following regarding random drug testing of FRD personnel:

- FRD does not have a procedure in place to review the random drug test results, nor do they verify that tests are actually conducted (via review of invoice/confirmation of test).
- FRD does not reconcile drug-screening invoices to drug screening verification forms to confirm that FRD is paying for services received (drug tests).
- FRD does not receive test results of random drug screenings, unless the test is positive.

Criteria

Under the COSO framework *Control Activities* component 3.1 "Responses that reduce or share specific risks", reconciliations, comparisons, validity tests, and other procedures that address significant business control and risk management practices are fundamental elements of an effective internal control environment.

Cause

FRD has delegated the administration of the drug-testing program to the Human Resources, Employee Relations Division, as such there is a lack of oversight regarding the test confirmations and results.

Impact

Drug testing of FRD personnel may not actually be performed. Absent a review and reconciliation by FRD Administration, a determination as to whether FRD personnel are actually being drug tested and if the City is paying only for services received is unable to be made.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to:

- Receive a confirmation from Medworks confirming that testing was completed on the FRD personnel selected.
- Reconcile invoices received from Medworks for random drug screenings to the list confirming test was completed on selected FRD personnel.
- Receive copies of test results from Medworks.

Management Response

Agree. The FRD has implemented a policy to address the CAO concerns effective 6-6-10. As of that date all employees who are subjected to drug testing are required to have the testing facility (Medwork) sign and complete a form that must be returned to the respective Division by the end of the shift. The form is called "Donor Form" and "Employee Alcohol Testing" form.

OBSERVATION 4

Condition

Support Services personnel, who are civilians, operating the FRD warehouse (controlled substances and other medications contained therein) are not subject to random drug screenings, as is required of sworn FRD personnel who are in contact/close proximity to medications.

Criteria

Under the COSO framework *Risk Assessment - Objectives, Risks, and Responses* component 2.3 "Identification and assessment of internal, external and fraud risks", mechanisms to identify internal and external risk events as well as inherent and residual risks are fundamental elements of an effective internal control environment.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to implement similar random drug testing policies for Support Services staff as other FRD personnel who handle or are in close proximity to controlled substances.

Management Response

Agree. The FRD agrees with observation. It will however have to be negotiated through the formal process with Teamsters Local 769.

FINDING 5

Condition

The CAO found that 1 of 30 FRD personnel files reviewed did not have a valid Paramedic certification for a period of 28 days in 2008.

Auditor Note: It was brought to the attention of the CAO during fieldwork that there was a computer error at the State level, which prevented the license from being issued on time. Subsequent to the conclusion of the audit, the department provided the CAO with a letter from the State indicating that the paramedic in question did not have a lapse in certification.

Criteria

Adequate documentation must be maintained on file to demonstrate valid paramedic certifications.

Cause

Documentation of reasons for incomplete paperwork was not maintained in the file.

Impact

FRD personnel may not be certified while performing their job responsibilities increasing the potential liability to the City.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to conduct a review of all personnel files to verify that all sworn FRD staff are maintaining valid and up to date Paramedic/EMT certifications.

Management Response

Agree. The FRD currently conducts annual reviews of Paramedic, EMT and driver licenses. Furthermore, FRD are subject to annual audits by the State of Florida to verify

compliance. The FRD has consistently scored excellent in all these reviews. This requirement has been in place since the FRD received its Certificate of Need (CON) in 1996.

Objective 4

To determine whether FRD has adequate internal controls over the procurement of controlled substances.

OBSERVATION 5

Condition

The CAO found the following upon review of the controlled substance ordering process with respect to Morphine, Versed, Etomidate, and Nitrous Oxide:

- The Medical Director does not review the inventory of controlled substances before a new order for controlled substances is placed.
- The Medical Director has delegated the function of ordering controlled substances to the Support Services Storekeeper III, without written authorization for this authority.

Criteria

Under the COSO framework *Internal or Control Environment* component 1.6 "Assignment of authority and responsibility", limits of authority and delegations of authority as well as *Risk Assessment - Objectives, Risks, and Responses* component 2.4 "Planned responses to risks", management decisions to accept, avoid, reduce or share risks based on cost, benefit, impact and likelihood are fundamental elements of an effective internal control environment.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to:

- Forward the controlled substances inventory counts to the Medical Director for review and authorization before each purchase.
- Develop a written authorization and delegation of authority for the purchase of controlled substances on behalf of the Medical Director for selected Support Services personnel.

Management Response

Agree. However, with the following explanation.

1. The observation noted is not a standard of practice evidenced by A.H.C.A
2. Not required by law Ref. 499.03 F.S. And 893.06 F.S.
3. Not required by 64F-12.013 (Prescription drugs; Receipt, Storage and Security)

The FRD will modify ordering practice to include all controlled substances referenced above must be recorded on 222 forms. Currently Medical Director is e-mailed prior to order.

FINDING 6

Condition

Upon review of the ordering process of morphine, the CAO found the following:

- Requisition numbers (RA/RQ#'s) included on invoices from Dania Pharmacy do not always match the number included on the City's Requisition Purchase Authorization.
- FRD is not paying invoices for purchase of controlled substances to Dania Pharmacy in a timely manner, in accordance with Florida Statute 218.73 and 218.74.

Criteria

Under the COSO framework *Internal or Control Environment* component 1.8, level of attention to detail along with *Control Activities* component 3.2, controls to ensure complete, accurate, authorized, timely and safeguarded transactions are fundamental elements of an effective internal control environment.

Cause

FRD is not conducting a reconciliation of purchases of controlled substances nor is a review performed to ensure that purchases are closed out accurately and timely, in accordance with State statute.

Impact

Failure to conduct a reconciliation and review of purchases may result in the City paying for goods not received and in delayed payments to vendors.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to conduct periodic reviews of purchases of controlled substances to ensure compliance with Florida Statute 218.73 and 218.74, "Local Government Prompt Payment Act" and to ensure the City is paying for only products/services actually received.

Management Response

Agree. The finding by the CAO is accurate, however the FRD's obligation is limited to timely payment. All other discrepancies with invoices should be reviewed and augmented by Treasury and Dania Pharmacy.

The FRD agrees with CAO of required timeframes identified above and is in the process of changing its current Pharmacy. We expect implementation before 12/31/10.

OBSERVATION 6

Condition

Upon review of FRD record retention procedures regarding procurement of controlled substances, the CAO found that FRD did not maintain receipts/proof lists for all morphine purchases, which would be utilized for reconciliation purposes.

Criteria

Under the COSO framework *Control Activities* component 3.7, "Industry- or function- or objective-specific controls", a formal document retention schedule and component 3.1, "Responses that reduce or share specific risks", reconciliations are fundamental elements of an effective internal control environment.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to retain all proof lists obtained from purchase of controlled substances for reconciliation purposes.

Management Response

Agree.

Objective 5

To determine whether FRD has adequate internal controls over the storage of controlled substances.

FINDING 7

Condition

The CAO found that a single alarm code is shared by FRD Division Chiefs.

Auditor Note: Management has already implemented new procedures to correct the deficiencies regarding access that were detected during the course of our audit.

Criteria

Under the COSO framework *Control Activities* component 3.1 "Responses that reduce or share specific risks", physical safeguarding and access controls are a standard element of the internal control environment.

Cause

FRD has not assigned each FRD Division Chief their own unique passcodes to the Support Services building.

Impact

The safeguarding of inventory warehoused at Support Services is compromised by not effectively monitoring access to Support Services.

Recommendation

The CAO recommends that the City Manager require the Fire Chief to implement a key card access system, similar to that already in use in other City facilities.

Management Response

Agree. The process was underway prior to audit and changes with security (FOB) and camera's, as well as entry logs and accountability of personnel has been implemented.

OBSERVATION 7

Condition

The CAO's review of access procedures at Support Services revealed the following:

- There is no logbook to monitor those entering and exiting the building.
- An employee who no longer works in the Support Services building still has an active alarm code for entry.
- FRD does not have a policy regarding after hours access to the Support Services facility
- Monitoring of after hours access, or access in general, via ADT security logs is not being performed.

Criteria

Under the COSO framework *Control Activities* component 3.1 "Responses that reduce or share specific risks", physical safeguarding and access controls are a standard element of the internal control environment.

Recommendation

The City Manager should require the Fire Chief to:

- Establish a policy requiring all visitors (City and Non-City personnel) at Support Services to sign a logbook maintained at the front desk.
- Cancel alarm codes for employees upon transfer, termination, or resignation.
- Develop specific policies and procedures regarding who can enter the Support Services facility after hours.
- Monitor access activity via ADT security logs.

Management Response

Agree. Upon review and communications with CAO a new policy was implemented for Support Services personnel and as previously mentioned in finding 7, security measures have been implemented as of July 2010.

FINDING 8

Condition

The CAO reviewed 74 entries to the Controlled Substances Inventory Logbooks and noted the errors listed below (Some log entries contained multiple errors).

- 54 instances where only one name was listed on the logs (73%),
- 20 instances where both names are missing (27%),

- 8 instances where the date on the logs was not indicated or illegible (11%).

Criteria

The controlled substance log book requires two signatures when orders are placed in the safe at Support Services. Additionally, the COSO framework *Control Activities* component 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", manual controls over how transactions are recorded are standard elements of the internal control environment.

Cause

Entries in the Controlled Substance Inventory Logbooks are not performed under dual control.

Impact

Failure to adhere to established procedures for the Controlled Substance Logbooks reduces the accountability for control and safeguarding of narcotics.

Recommendation

The City Manager should require the Fire Chief to:

- Ensure that Controlled Substance Inventory Logbooks are signed by two individuals when placing narcotics ordered and received in the safe at Support Services.
- Ensure proper dates are entered into the Controlled Substance Logbooks, and that they are legible.

Management Response

Agree. These single entries due to personnel shortage were made during special events and receiving orders. FRD has discontinued this practice with implementation of new SOP and relocation of narcotic stockpile to Fire HQ.

OBSERVATION 8

Condition

The EMS Captain has both a key and the combination to the Support Services safe, which contains the controlled substances.

Criteria

Under the COSO framework *Control Activities* component 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", segregation of incompatible duties are standard elements of the internal control environment.

Recommendation

The City Manager should require the Fire Chief to restrict access to the controlled substances safe at Support Services, such that no single individual has both the key and the combination to the safe.

Management Response

Agree. However, the EMS Captain has limited access to the Support Services facility.

Changes for relocation of narcotics were underway prior to the audit and the new safe has been installed in Fire Headquarters. Full implementation and the transfer of narcotics are expected to conclude no later than 12/31/10. Furthermore, the FRD has received evaluations by both the State of Florida and private "Controlled Substance Consultant" (formally a DEA Diversion Program Manager) has affirmed our standards of narcotic accountability and security measures exceed all the mandated requirements.

OBSERVATION 9

Condition

The CAO's review of inventory procedures revealed that a master inventory list of supplies warehoused at Support Services is maintained on an Inventory Management Database; however, inventory is only spot checked periodically and when items are restocked. An annual inventory comparing the quantity of items on hand to those recorded in the system, and investigating any differences noted, is not performed.

Criteria

Under the COSO framework *Control Activities* component 3.1 "Responses that reduce or share specific risks", reconciliations are a standard element of the internal control environment.

Recommendation

The City Manager should require the Fire Chief to conduct an annual inventory of supplies at Support Services, reconciling items on hand to the master inventory list.

Management Response

Agree. Prior to the audit, an inventory control system was implemented (2006). We are currently entering Phase III of a four-phase program.

Upon full execution and implementation to the Operations Division, inventories will be executed on both a monthly basis for replacement purposes and on an annual basis for department-wide inventory accountability. Estimated time for full implementation will be 2012.

OBSERVATION 10

Condition

A review of records examined in connection with inventory counts performed at fire stations and Support Services revealed a lack of uniformity in completing the daily inventory checklist of medical items on Fire-Rescue vehicles. In addition, records are not retained at all fire stations and the person performing the inventory did not always sign the ones that were retained.

Criteria

Under the COSO framework *Control Activities* component 3.1 "Responses that reduce or share specific risks", policies and procedures that address significant business controls and risk management practices and component 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", manual controls over how transactions are initiated, authorized, recorded, processed and reported are a standard element of the internal control environment.

Recommendation

The City Manager should require the Fire Chief to ensure that the Daily Inventory Checklist of medical items on Fire-Rescue vehicles is consistently completed, retained at fire stations, and signed by the person performing the inventory.

Management Response

Agree. The intent of this form was that these sheets are used as a checklist not an ordering form. They have since been changed to laminated sheets.

Objective 6

To determine whether FRD has adequate internal controls over the dispensing of controlled substances.

FINDING 9

Condition

The CAO found that a number of the Controlled Substance Dispensing Forms reviewed were not properly completed.

Criteria

Under the COSO framework *Control Activities* component 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", manual controls over how transactions are recorded are a standard element of the internal control environment.

Cause

FRD has not prioritized training and compliance with the procedure for completing the Controlled Substance Dispensing Forms.

Impact

Without adequate and consistent documentation, the department is unable to provide evidence of adherence to policies and procedures, and may not be preventing or detecting errors in a timely fashion.

Recommendation

The City Manager should require the Fire Chief to institute necessary training to ensure that Controlled Substance Dispensing Forms are properly completed. In addition, the

department should eliminate the copy of the form that goes to the hospital since the Patient Care Form accomplishes the same purpose.

Management Response

Agree. The FRD will be modifying the form to a two-ply form and eliminating the paperwork to be left at the hospital.

OBSERVATION 11

Condition

The CAO performed a comparison of Support Services Controlled Substance Dispensing Forms with Inventory Logs and noted instances where incident numbers or other explanatory information was not recorded in the log.

Criteria

Under the COSO framework *Control Activities* component 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", manual controls over how transactions are recorded are a standard element of the internal control environment.

Recommendation

The City Manager should require the Fire Chief to ensure that incident numbers, seal number of the new vial(s), seal number issue dates, or other additional explanatory information is recorded on Inventory Logs.

Management Response

Agree. The FRD has a policy to record the appropriate information and incident numbers when applicable. Currently, there are instances where incident numbers or other explanatory information was not recorded in the log. This occasionally happens, as there is not always an alarm number generated for the transfer of meds. (i.e. broken vials, seals, expired)

OBSERVATION 12

Condition

The CAO noted that controlled substances are not being efficiently rotated to rescue and engine units to avoid waste. Moreover, neither SOP, Article 1118 regarding controlled substances, or the FRD Controlled Substance Log instructional guide, address the rotation of medications.

Criteria

Under the COSO framework *Control Activities* component 3.1 "Responses that reduce or share specific risks", policies and procedures that address significant business control and risk management practices are a standard element of the internal control environment.

Recommendation

The City Manager should require the Fire Chief to:

- Revise SOP, Article 1118 to address the rotation of controlled substances nearing expiration.
- Ensure that medications nearing expiration are documented on the FRD Controlled Substance Logs and rotated to other units to avoid waste.

Management Response

Agree. Currently these procedures are in practice, however there is no written policy. This process is covered in the paramedic training and signoff procedures and the FRD does send out periodic reminders for crews to check expiration dates.

Article 1118 will be updated to reflect the recommendation.

Objective 7

To determine whether FRD has adequate internal controls over the disposal of controlled substances.

FINDING 10

Condition

The CAO found that contrary to the controlled substance log book instructions, the log books were not signed by two individuals when expired narcotics were surrendered to vendors.

Criteria

Under the COSO framework *Control Activities* component 3.2 "Responses that prevent or detect the risk of intentional or unintentional errors", manual controls over how transactions are recorded are a standard element of the internal control environment.

Cause

Management is not ensuring that the process for surrendering expired narcotics and medications to disposal companies is properly followed.

Impact

Failure to follow the established procedure documenting the removal and disposal of controlled substances reduces the accountability for control and safeguarding of those narcotics.

Recommendation

The City Manager should require the Fire Chief to ensure that controlled substance logbooks are signed by two individuals when expired narcotics are surrendered for disposal.

Management Response

Agree. There was a change in the FRD policy regarding expired controlled substance pickup for disposal that caused the one oversight that was noted. This policy was implemented prior to audit 1-18-2010.

OBSERVATION 13

Condition

The CAO found that although FRD gathers and reviews reports related to EMS medical services, analytics are not utilized for monitoring or to detect unusual activities, patterns or discrepancies involving the procurement, storage, dispensing and disposal of controlled substances.

Criteria

Under the COSO framework *Control Activities* component 3.4 "Analytical analyses", relating operating to financial data, investigating results, comparing different data sources, and trend analysis are standard elements of the internal control environment.

Recommendation

The City Manager should require the Fire Chief to develop a report (i.e. capturing each month's beginning balance, quantities purchased, quantities dispensed, expired medications and ending balance) for analyzing and monitoring controlled substances to effectively alert supervisors of unusual activities, patterns or discrepancies so that problems may be identified and resolved in a timely manner.

Management Response

Agree. We believe that inventory control will accommodate better accountability and patterns of activity. Current observation and oversight will improve with full implementation of inventory control.

Engagement Staff:

Marco Hausy, Audit Manager
Albert Ochs, Assistant City Auditor I
Cole Copertino, Assistant City Auditor I