

**Overview of Performance Audit - Division of Prisons  
Central Pharmacy Inventory  
December, 2009**

**OBJECTIVES**

The audit objective was to determine if inventory controls at the Division of Prisons Central Pharmacy (Central Pharmacy) are adequate to prevent unauthorized use, theft, or loss and ensure accurate inventory records.

**SCOPE**

Inventory transactions from July 1, 2007 through June 30, 2008.

**FINDING**

**CENTRAL PHARMACY INVENTORY CONTROLS ARE INADEQUATE:**

- **Inadequate Physical Access Controls**
- **Inadequate Inventory Record Controls**
- **Inaccurate Inventory Records**
- **Lack of Disposal Documentation**

**RECOMMENDATIONS (include but are not limited to)**

- Management should compare purchasing and dispensing data to calculate inventory differences every month and investigate significant differences.
- Management should conduct routine counts of inventory in addition to annual inventory counts, compare physical inventory counts to recorded quantities, and investigate significant differences.
- Limit the number of individuals with ability to adjust inventory records.
- Require explanation for inventory adjustments.
- Require inventory adjustments to be approved by a properly designated official.
- Prevent employees with access to pharmacy inventory from making inventory accounting record entries/adjustments.
- Management should assess the risk of non-controlled drugs and store those at higher risk of theft or loss in a secured room or vault.
- Require employees to document drugs being disposed of, quantities, and reasons for drug disposal.
- Require reasons for drug disposal to be reviewed and analyzed.