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Office of the Auditor General

Report Summary

Performance Audit

Prisoner Pharmaceuticals

Department of Corrections (DOC)

Report Number:
471-0325-17

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DOC's Bureau of Health Care Services is responsible for coordinating healthcare services, including pharmaceutical operations, throughout the State-run prison system. For fiscal year 2017, DOC provided pharmaceuticals to a monthly average of 40,616 prisoners, incurring total pharmaceutical expenditures of \$43.4 million, at an average cost of \$1,069 per prisoner.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of DOC's internal control over prisoner pharmaceuticals.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
We noted various issues with the oversight of controlled substance medications, including not performing, documenting, and monitoring shift-change counts; not documenting medication disposition and supervisory signatures; and not limiting medications to a 35-day supply (Finding #1).		X	Agrees
Regarding medication box inventory, we identified medications that were missing, not properly accounted for, not properly safeguarded, and not properly returned for credit (Finding #2).		X	Agrees
DOC maintains numerous restricted medications with a unit cost exceeding \$100 and others considered high-risk for abuse. DOC could better control these medications to help decrease pharmaceutical costs and the risk of loss, theft, or abuse (Finding #3).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of DOC's efforts to manage prisoner pharmaceutical costs.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
<p>DOC should improve its pharmaceutical billing verification processes:</p> <ul style="list-style-type: none"> At least 50% of the facilities that we visited did not maintain documentation that they manually verified the amount of pharmaceuticals received or returned for credit, as identified on the billing detail. DOC spent approximately \$115,000 per year to perform manual billing detail reconciliations. DOC did not ensure the accuracy of the \$1.8 million of rebates that it received or the \$40.9 million of pharmaceuticals dispensed by its contractor during fiscal year 2017 (<u>Finding #4</u>). 		X	Agrees
<p>DOC could improve its nonformulary drug approval process. We noted a 9% error rate. DOC spent nearly \$12 million on nonformulary drugs, 17% of total prescription expenditures, from June 2016 through December 2017 (<u>Finding #5</u>).</p>		X	Agrees

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