



Richmond City Council

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Richmond, Virginia

OFFICE OF THE CITY AUDITOR

REPORT # 2010-13

AUDIT

of the

Richmond City Sheriff's Office Medical Services Unit

June 2010

OFFICIAL GOVERNMENT REPORT

Richmond City Council

OFFICE OF THE CITY AUDITOR

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*Committed to increasing government efficiency, effectiveness,
and accountability on behalf of the Citizens of Richmond.*

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City of Richmond
City Auditor

Executive Summary

June 1, 2010

The Honorable Members of Richmond City Council
The Richmond City Audit Committee
Mr. Byron C. Marshall, CAO

Subject: Audit of the Sheriff's Office – Medical Services Unit

The City Auditor's Office has completed an audit of the Sheriff's Office - Medical Services Unit for the twelve months ended June 30, 2009. The audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. The following are salient findings of the audit:

- The medical expenditures decreased by 48% to \$2.1 million over a three year period from FY 07 through FY 09. The reduction in cost is a direct result of process changes made by the current Sheriff as follows:
 - The department now purchases generic pharmaceuticals rather than brand names. Auditors compared the FY07 and FY09 actual expenditures for drugs and noted that it had been reduced by approximately 75%.
 - The Sheriff's Office is not required to and no longer pays for hospital charges due to pre-existing conditions. In comparison to FY07, the Sheriff's Office reduced hospital cost by 58% in FY09.

Even though these process improvements have reduced the medical costs, the Sheriff's Office continues to provide medical services within laws and regulations. The Sheriff's Office should be commended for their prudent actions.

- Based on the results and findings of the audit methodology employed, auditors concluded that internal controls in the Medical Unit's procedures are adequate.
- The Sheriff's Office is not in compliance with the records retention requirements. The Sheriff's personnel could not locate records between FY 2000 and 2003. In addition, one of 10 files requested for an inmate who was incarcerated between 1/16/2006 and 2/1/2007 could not be located.

The City Auditor's Office appreciates the cooperation of the staff of the Sheriff's Department during this audit. A written response to the report has been received and is included with this report.

A handwritten signature in black ink, appearing to read 'Umesh Dalal', written in a cursive style.

Umesh Dalal, CPA, CIA, CIG
City Auditor

#	COMPREHENSIVE LIST OF RECOMMENDATIONS	PAGE
1	<i>Work with Procurement to review the medical services' contract annually to procure a contract per City policy.</i>	5
2	<i>Update the Medical Operations policy (SOP 249) to include specific guidance for physical exams (i.e. conduct physical exams within a specified number of days after imprisonment).</i>	7
3	<p><i>Enhance procedures to ensure compliance with the Records Retention Act and include the following:</i></p> <p><i>a. Require all medical folders to contain a summary log that includes the inmate's incarceration date, release date and a list of all services provided during each incarceration. Ensure the form allows room for multiple incarceration and release dates.</i></p> <p><i>b. Enhance the current electronic file system utilized by the Medical Office to include medical services provided to inmates during each incarceration to provide backup for physical medical files.</i></p>	8

Overview

Introduction

The City Auditor's Office has completed an audit of the Sheriff's Office - Medical Services Unit for the twelve months ended June 30, 2009. The audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards provide a reasonable basis for the auditor's conclusions regarding the internal control structure of the Sheriff's Office Medical Services Unit and the recommendations presented. The scope of our work specifically addressed their processes for managing pharmaceuticals, medical screening of inmates and their access to medical services.

Objectives

- To assess the adequacy of funding and expenditures for the Medical Services Unit of the Richmond City Jail.
- To determine whether the Medical Services Unit was compliant with significant laws, regulations and policies regarding inmate medical care.
- To ensure that the Medical Services Unit was in compliance with procurement policies in regards to medical services.

Methodology

To complete this audit, the auditor performed the following procedures:

- Interviewed Unit personnel and management to gather an understanding of the daily responsibilities.
- Reviewed and evaluated policies and procedures related to the Medical Services Unit.
- Researched applicable laws and regulations related to inmate medical procedures and records retention.
- Benchmarked other localities.

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- Performed other audit procedures as deemed necessary.

Management Responsibility

The Richmond City Sheriff is responsible for ensuring resources are managed properly and used in compliance with laws and regulations. It is also the responsibility of the Sheriff to ensure Jail programs are achieving their objectives, and services are being provided efficiently, economically and effectively.

Background

The primary responsibility of the Medical Services Unit is to ensure that every inmate in the Richmond City Jail has the opportunity to receive adequate and professional health care. The Medical Services Unit is responsible for providing general medical care to all inmates including: medications, pre-existing conditions, dental care, and other laboratory or physical tests as needed. Per the Sheriff's Office Medical Operations SOP 249, inmates have the right to secure a private physician or dentist of their choice at their own expense.

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Observations and Recommendations

Medical Expenses

Medical expenses are one of the major expenses in the operation of a jail. The auditor compared the actual expenditures from FY07 through FY09 and noted a decrease each year. In comparison with FY07, the FY09 medical expenditures decreased by approximately **48%**, in large part due to the dramatic decrease in hospital services.

Medical Expenses have reduced by 48% or \$2 million

Fiscal Year	2007	2008	2009
Ambulance Services	\$16,934	\$6,880	\$15,539
Dental Services	\$40,000	\$28,317	\$45,839
Drugs	\$712,422	\$203,709	\$180,161
Hospital Services	\$2,923,211	\$2,291,025	\$1,239,704
Med. & Lab. Supp.	\$61,606	\$73,793	\$101,050
Other Med. Svcs.	\$372,189	\$317,612	\$558,824
Total	\$4,126,362	\$2,921,336	\$2,141,117

Source: Advantage Financial System

The reduction in cost is a direct result of process changes made by the current Sheriff as follows:

- Contrary to the practices performed by the previous Sheriff's Administration, the department currently purchases generic pharmaceuticals rather than brand names. Auditors compared the FY07 and FY09 actual expenditures for drugs and noted that it had been reduced by approximately **75%** (for more details see Attachment A). This is a significant decrease in cost over a two year period.
- The Sheriff's Office no longer pays for hospital charges due to pre-existing conditions, such as:
 - Child birth
 - Dialysis

Using generic drugs and not covering pre-existing conditions resulted in savings

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- Injuries received in the commission of a felony or during arrest
- Any injuries, illnesses or treatments prior to being admitted to the Jail

In comparison to FY07, the Sheriff's Office reduced hospital costs by **58%** in FY09.

Even though these process improvements have reduced the medical costs, the Sheriff's Office continues to provide medical services within laws and regulations. The Sheriff's office should be commended for their prudent actions.

Internal Controls

Internal controls in the Medical Unit's procedures are adequate. However, there is room for improvement.

According to Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. Based on the results and findings of the audit methodology employed, auditors concluded that internal controls in the Medical Unit's procedures are adequate. However, there is an opportunity to enhance the existing controls as discussed throughout the report.

Procurement Process

The Sheriff's Office is responsible for the care and well-being of all inmates during their time of incarceration at the City Jail. To ensure the inmates' medical needs are properly attended to, the Sheriff's Office entered into a professional services contract with a Chief Physician and a dentist.

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In February 2006, the dentist unexpectedly retired and did not provide enough notice to competitively bid out the contract. Because of the immediate need for a dentist, the Procurement Department issued a one-year emergency contract to an identified licensed dentist. However, the contract for this dentist has been renewed each year without competitive negotiations. The current dental contract was extended on March 3, 2009 to cover the period of 3/1/2009 to 2/28/2010. The dentist did not wish to renew his contract and stopped providing services at the end of February 2010. Procurement is in the process of preparing a RFP for the open dentist position.

In June 2009, the physician under contract unexpectedly lost his license in Virginia and resigned his position with the Sheriff's Office. Due to the immediate need for a physician, Procurement issued a Justification for Emergency Procurement agreement that permitted the Sheriff's Office to forgo the RFP process and agree to a one-year contract term with a licensed physician. The current physician began providing services in June 2009.

In both instances, the Procurement Department permitted an immediate action and documented the reason for allowing this action. However, it appears the annual renewals did not receive proper planning.

Recommendation:

- 1. Work with Procurement to review the medical services' contract annually to procure a contract per City policy.***

Inmate Physical Examination Requirements

Upon incarceration, new inmates are required to answer questions listed on a Risk Assessment (RA) form. The RA Form contains a series of questions that are utilized to gather the medical condition of the inmates

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to determine whether they have specific medical needs that require attention during their incarceration. The RA form is used only as an initial baseline for assessing their medical needs.

In order to confirm or deny medical claims on the RA Form, the on-site physician conducts a physical examination of the inmate. According to Sheriff personnel, inmates may not receive a physical exam if they are incarcerated for a brief term or if the medical staff is unavailable at the time of incarceration. Physical examinations assist the Sheriff's Office Medical Staff in identifying and validating existing medical conditions from inmates who either provide false medical information during the Risk Assessment questionnaire or are unaware of an existing medical condition. Not conducting a physical examination could put the inmate's health at risk because an unknown medical condition may go unnoticed. This could make the Sheriff's Office liable for poor treatment of an inmate. Currently there is no policy requiring that an inmate receive a physical examination within a standardized timeframe once incarcerated.

Requiring a physical exam within a predetermined period of time after incarceration may improve service

Auditors benchmarked other jails in Virginia to determine whether they required physical examination within a predetermined time frame. The results are depicted in the following table:

Locality	PE Exam within an Established Time Frame	Time Frame
Richmond	No	N/A
Rappahannock Regional Jail	Yes	14 days
Norfolk	Yes	14 days
Henrico	Yes	14 days
Virginia Beach	Yes	14 days

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Auditors noted that all the benchmarked localities require a physical examination within 14 days. This requirement is established by the National Commission on Correctional Health Care (NCCHC). Jails that are accredited through NCCHC must adhere to the established policies and procedures that address the time frame for physical examinations. Since the Richmond City Jail is not accredited by the NCCHC, they are not required to comply with those requirements. However, requiring a physical exam within a predetermined period of time after incarceration would assist in improving the Sheriff's ability to provide adequate medical services.

Recommendation:

- 2. Update the Medical Operations policy (SOP 249) to include specific guidance for physical exams (i.e. conduct physical exams within a specified number of days after imprisonment).*

Medical Records Retention

The Medical Office retains all inmate medical records, such as medication cards, Risk Assessment Forms, and physical examination records. All medical records are maintained on hard copies, which are not scanned or copied into an electronic form as a backup.

The Sheriff's Office implemented Standard Operation Procedures (SOP) that addresses the Records Retention Act. According to the SOP, medical records are retained in accordance with The Library of Virginia Records Retention and Disposition Schedule Eight. Schedule eight contains several guidelines as follows:

- **Jail Records:** These records contain inmate medical appointments, both in-house and external. These documents should be retained for three years after the last entry.

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- **Medical Records:** These forms document the medical treatment of inmates while at the facility, and should be retained for 10 years after the last treatment.

Medical records must be retained in accordance with established guidelines

The Auditor's Office attempted to verify that the Medical Services Unit was in compliance with this regulation and requested a list of all inmates incarcerated between 2000 and 2003 and randomly selected 10 records for review. However, the Sheriff's Office could not locate the records. According to current Sheriff's Office management, the previous Sheriff's administration did not properly maintain and store inmate records.

In order to confirm that the current administration was compliant with this regulation, the Auditor tested 10 additional records from 2006. One of 10 files requested for an inmate who was incarcerated between 1/16/2006 and 2/1/2007 could not be located. Without proper records, the Sheriff's Office may not be able to properly defend itself against a lawsuit alleging inappropriate medical care.

Recommendation:

3. ***Enhance procedures to ensure compliance with the Records Retention Act and include the following:***
 - a. ***Require all medical folders to contain a summary log that includes the inmate's incarceration date, release date and a list of all services provided during each incarceration. Ensure the form allows room for multiple incarceration and release dates.***
 - b. ***Enhance the current electronic file system utilized by the Medical Office to include medical services provided to inmates during each incarceration to provide backup for physical medical files.***

Attachment A – Pharmaceutical Listing

Comparison of pharmaceuticals used in the past versus pharmaceutical presently used by the Sheriff's Office:

<i>Past:</i>		
Pharmaceutical	Price for 30-day Supply	Treatment Description
Seroquel 100mg	\$266.70	Psych
Seroquel 200 mg	\$496.20	Psych
Seroquel 300 mg	\$238.50	Psych
Zyprexa 20 mg	\$623.83	Psych (30 tabs)
Ability 30 mg	\$491.70	Psych
Lexapro 20 mg	\$107.70	Psych
Risperdal 2 mg	\$180.60	Psych
Depakote 500 mg	\$147.94	Psych/Seizures
Geoden	\$278.50	Psych
Loxepin	\$175.50	Psych
Flovent Inhaler	\$107.24	Asthma
Advair-Inhaler	\$149.99	Asthma
Advair 500 mg Diskus	\$245.13	Asthma
Spirivia Inhaler	\$124.97	Asthma
Singulair	\$89.99	Asthma
Topomax	\$314.04	Seizures
Prevacid	\$150.34	Antacid
Nexium 40 mg	\$144.87	Antacid
Protonix	\$100.99	Acid Reflux
Plavix	\$133.00	Cholesterol
Lipitor	\$113.79	Cholesterol
Mevacor	\$98.00	Cholesterol
Valtrex	\$558.70	Shingles/Herpes
Ultram ER	\$178.00	Pain
Cymbalta	\$110.60	Anxiety/Depression
<i>Present:</i>		
Rimeron	\$64.00	Psych
Prozac	\$9.00	Psych
Artane	\$16.53	Psych
Celexa	\$13.49	Psych
Lithium	\$5.51	Psych

Paxil	\$12.50	Psych
Cogentin 2 mg	\$11.70	Psych
Haldol 10 mg	\$34.18	Psych
Valium 10 mg	\$10.49	Psych/Seizures
Ranitidine 150 mg	\$6.34	Acid Reflux/Antacid
Trazadone 50 mg	\$11.21	Sleep/Psych
Elavil 50mg	\$6.29	Sleep/Pain
Benadryl	\$5.66	Sleep/allergies
Albuterol Inhaler	\$37.50	Asthma
Hydrocodone/APAP	\$25.07	Pain
Naproxen 500 mg	\$55.56	Pain
Ibuprophen	\$12.71	Pain
Methadone 10 mg	\$8.25	Pain

Source: Sheriff's Office

**MANAGEMENT RESPONSE FORM
CITY OF RICHMOND SHERIFF'S OFFICE**

MEDICAL SERVICES UNIT - 2010-13

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
1	<i>Work with Procurement to review the medical services contract annually to procure a contract per City policy.</i>	Y	The RCSO manager of the Medical department will work closely with the City's Procurement department, in a timely manner, to review, renegotiate or develop a RFP for contracted medical services. The RCSO manager will put in place a system that provides alerts six-months prior to a contract expiration date to begin this process.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	City Procurement/Major Robinson		On-going as needed
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
2	<i>Update the Medical Operations policy (SOP 249) to include specific guidance for physical exams (i.e. conduct physical exams within a specified number of days after imprisonment).</i>	Y	The RCSO will update <i>SOP 249 - Medical Operations</i> to include a section on Physical Examinations. Physical examinations will be conducted by the RCSO Physician or other qualified medical personnel at a minimum of twenty-one (21) days after a jail residents' confinement to the facility.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Major Robinson/Professional Standards		May-10
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
3	<i>Enhance procedures to ensure compliance with the Records Retention Act and include the following:</i>		
	<i>a. Require all medical folders to contain a summary log that includes the inmate's incarceration date, release date and a list of all services provided during each incarceration. Ensure the form allows room for multiple incarceration and release dates.</i>	Y	With the implementation of the JMS in August, 2010 the capability will exist for us to print a Face Sheet of the Inmate Medical Record, which would contain summary information similar to that in the recommendation. This face sheet will be printed and put on the front of each medical folder.
	<i>b. Enhance the current electronic file system utilized by the Medical Office to include medical services provided to inmates during each incarceration to provide backup for physical medical files.</i>	Y	The new inmate data system (JMS) is scheduled for implementation in August 2010 that will allow our office to automate the following medical functions: Nurses Observations/Notes Sick Call Requests Prescription drug distribution Medical Assessments Medical Screening Medical Expenses
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Medical / I.T.		Aug-10
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION