

DEPARTMENT OF THE ARMY
MEDICAL DEPARTMENT ACTIVITY
Fort Huachuca, Arizona 85613-7040

MEDDAC Memorandum
No. 40-170

4 March 2008

Medical Services
MONTHLY INVENTORY AND AUDIT OF CONTROLLED SUBSTANCES

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1. **HISTORY.** This issue publishes a revision of this publication.

2. **PURPOSE.** To provide procedures for conducting the monthly inventory and audit of Controlled substances for the Health Center, Dental Activity (DENTAC), and Veterinary Services.

3. **SCOPE.** This memorandum is applicable to all personnel assigned or attached to the United States Army Medical Department Activity, (MEDDAC), DENTAC and Veterinary Services, Fort Huachuca, AZ.

4. **REFERENCES.**
 - 4.1 AR 15-6, Procedures for Investigating Officers and boards of Officers.
 - 4.2 AR 25-400-2, Army Records Information Management System (ARIMS).
 - 4.3 AR 40-3, Medical, Dental and Veterinary Care
 - 4.4 AR 40-61, Medical Logistics Policies and Procedures.

*This memo supersedes MEDDAC Memo 40-170, dated 15 Feb 05

5. DEFINITIONS.

5.1 Controlled Substances. Controlled substances are drugs so designated by the DEA and assigned to one of five schedules according to the abuse potential and degree of control required. Any other items designated by the commander to be controlled may be handled either as Schedule II or Schedules III-V with reference to the record keeping and physical security requirements according to this regulation and AR 40-61.

5.2 Precious Metals. Precious metals are those specified by Army regulation or similar authority to be handled as controlled substances.

6. OVERVIEW OF INVENTORY/AUDIT PROCESS

6.1 The Health Center Commander or his/her appointee will appoint, on a monthly basis, an inventory officer. At this time, the Chief, Human Resources will issue instructions, forms, and copies of this memorandum which allocate areas to be inspected by the inventory officer (see Appendix A – Appointment Memo; Appendix B – Report of Inventory). Between the 1st and 10th working day of the inventory month, the inventory officer conducts inventory/audit of on-post Health Center, DENTAC, and Veterinary services controlled substances and precious metals.

6.2 Logistics Division vault custodian will provide records of issues of controlled drugs and narcotics. Logistics Division vault is inventoried and audited.

6.3 Issues to Health Center pharmacy are used to inventory/audit pharmacy department. The list of issues obtained from pharmacy department is used to inventory/audit clinics.

6.4 Inventory/audit reports will be returned to the Chief, Human Resources and the final reports will be through to the Deputy Commander for Health Services by the 15th working day of the month following the inventory month or upon completion.

7. GENERAL GUIDANCE FOR INVENTORY, CONTROL, AND ACCOUNTABILITY OF CONTROLLED DRUG

7.1 The inventory officer will be a disinterested officer, noncommissioned officer (SFC or above), or Department of the Army (DA) civilian (GS-7 or above). The commander or designee will ensure the inventory officer receives appointment orders, a briefing outlining the importance of their function and responsibilities, a current set of pertinent regulations, and a list of activities to be inventoried to accomplish the inventory.

7.2 Inventory Officer. The inventory officer will comply with the instructions contained herein and those otherwise provided.

7.3 Preliminary Actions.

7.3.1 **Suspense Date.** If the inventory cannot be completed within the period specified in the appointment orders, it should be reported to the appointing authority and approval obtained for a new suspense date.

7.3.2 **Coordination.** The inventory officer should coordinate with the Chief, Logistics Division for inventory and audit of installation stocks. The list of activities to be inventoried should be verified through the Logistics Division and Pharmacy Department.

8. CONTROLLED SUBSTANCES ACCOUNTS

8.1 All activities allowed to stock controlled substances are designated "authorized controlled substance accounts" by the Health Center Commander.

8.2 **Authorized to Procure Controlled Substances.** The Pharmacy Department's medical supply account is the only controlled substance account authorized to procure controlled substances from commercial suppliers or the Army Supply System with the exception of the Materiel Branch in the Logistics Division, Veterinary Service and DENTAC. The Veterinary Services procures controlled substances directly through Non-appropriated Fund, Directorate of Community and Family Activities (NAF DCFA). The Materiel Branch in the Logistics Division is only authorized to procure controlled substances in emergency situations.

8.3 **Authorized Controlled Substance Accounts.** The Health Center Pharmacy, DENTAC, and Veterinary Service, and outside units authorized by the Surgeon General are the only controlled substance accounts authorized to draw controlled drugs from Logistics Division. All other accounts require special approval by the Health Center Commander.

9. INVENTORY, CONTROL, AND ACCOUNTABILITY OF CONTROLLED SUBSTANCES

9.1 **Documentation of Inventory.**

9.1.2 **Annotation.** Entries found to be correct are annotated "inventoried and found correct" with the date, signature, and rank or grade of the inventory officer on the line immediately below the last entry.

9.1.3 **Documentation of discrepancies.**

9.1.4 In the event a quantity other than that indicated on accounting records is actually on hand and no discrepancies are found in the balance column, the quantity found is recorded as the new balance with the notation, "per inventory", and the date signature, and rank or grade of the inventory officer on the line immediately below the last entry.

9.1.5 Every attempt is made to resolve all discrepancies at the time of inventory. If overages or shortages cannot be resolved, the area supervisor and Chief, Pharmacy Service are notified. Discrepancies are also reported in the final report to the Health Center Commander with identifying data and recommendations. In the report to the Commander, the Chief, Pharmacy Department will specify actions taken to prevent further occurrences.

9.2 The Health Center Commander, Deputy Commander for Health Services, or DENTAC Commander, as appropriate, on reviewing the report of discrepancy will either:

9.2.1 Order an investigation under the provisions of AR 15-6 to determine the cause and responsibility for the discrepancy, or

9.2.2 Endorse the report, accepting the adjustment of the controlled substance based on the reporting incident and actions taken to prevent similar occurrences.

9.2.3 All correspondence relating to such discrepancies will be maintained by the responsible individual custodian and retired along with the affected controlled substance records.

9.3 Monthly Inventory and Audit of Controlled Substances. Instructions for accomplishment of the monthly controlled substance inventory/audit are contained in AR 40-3. The instructions include responsibilities, preliminary actions, procedures for Logistics Division and Pharmacy Sections, clinics, and other activities to include the outlying areas.

10. PROCEDURES

10.1 Logistics Division.

10.1.1 The purpose of the monthly audit of Logistics Division vault records is to ensure records on vault items are accurate and there is an audit trail of all receipts, issues, and adjustments on vault items.

10.1.2 Ensuring balances on DA Form 1296 (Stock Accounting Record) and in the Defense Medical Logistics Standard Support – Assemblage Management (DMLSS-AM) in the vault match the physical quantity of the item on hand in the vault.

10.1.3 Ensure the balances on the DA Form 1296 and in DMLSS-AM in the vault matches the quantity on the stock control record in the Materiel Branch.

10.1.4 Ensure every vault item reported shipped by a supplier was recorded on the vault records.

10.1.5 Ensure every item issued to customers of the Logistics Division was picked up on the customer's controlled substance records (DA Form 3161, Request for Issue or Turn-In).

10.1.6 Validating all other transactions (destruction, inventory adjustment, transfers out) that decreased the on-hand balance has supporting vouchers in the vault, DMLSS-AM, and the Shelf Life Extension Program (SLEP).

10.1.7 The Chief, Logistics Division will furnish the inventory officer an inventory list from DMLSS-AM of controlled substances on hand of vault items to customers during the past month.

10.2 Pharmacy Division.

10.2.1 Pharmacies. Request from the custodian of controlled substances the following records:

10.2.2 A DMLSS accounting record printout.

10.2.3 File containing all documents (except prescriptions). A document file includes requests, adjustments, reports of survey, destruction certificates, turn-in documents, and copies of transfers of accountability.

10.2.4 Prescription files for all controlled substances. Verify all controlled substances were properly reconciled the preceding month and the required entry "findings" were made on each record. Verify all issues to the Pharmacy Department have been properly entered as receipts.

10.2.5 Perform a 10 percent audit of all civilian provider prescriptions written for all controlled substances since the last inventory. The report will be used to select 10% (suggested every 10th prescription) and then check the listing against the hard copy prescriptions to answer the following three questions: (1)Right Patient,(2)Right Drug, and (3) Right Quantity. The prescription and the document number, authorized location, the name and strength of drug, and the amount issued or dispensed should be verified.

10.2.6 Without referring to the amount shown in the "balance on hand" column of the appropriate record, conduct a 100 percent physical inventory of all controlled substances on hand.

10.2.7 Referring to the appropriate record, determine if the amount physically counted reconciles with the amount reflected under the "balance on hand" column.

10.2.8 If no discrepancies are noted, the inventory will annotate on the bottom of the inventory item listing the following entry: the date; the statement, "inventoried and found correct", the signature and rank or grade of the individual conducting the inventory; and the balance on hand.

10.2.9 If a quantity other than that indicated is actually on hand and no discrepancies are found in the balance column, the quantity found is recorded as the new balance with the notation, "per inventory," and the date, the signature and rank or grade of the individual conducting the inventory immediately below the last entry on the sheet.

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10.3 DENTAC.

10.3.1 Contact the Precious Metals Control Officer at Runion Dental Clinic to arrange the date and time for the inventory/audit at that clinic.

10.3.2 Use DD Form 1348 and physically count every precious metal in the vault and verify the quantities recorded on the DA Forms 1296 match those actually found in the vault.

10.3.3 Match unit-of-issue and size containers.

10.3.4 Use the balance in the dental clinic supply room to actually weigh all the precious metals. Count or weigh it personally.

10.3.5 Initial and date any corrections made and write a brief note explaining these corrections on the audit report.

10.3.6 Verify each transaction has been properly posted and date, quantity, unit-of-issue received, and receipt voucher number match that found on the listing. Initial and date the listing on the blank line that goes across the entire horizontal aspect of the paper. Verify the adjusted balance on hand has been annotated in the proper columns on the DA Forms 1296 (Stock Accounting Record).

10.3.7 Obtain from Runion Dental Clinic Precious Metals Control Officer a listing of "all" issues of precious metals from that clinic during the period since the last inventory/audit. The list must include: (1) Nomenclature, (2) Quantity, (3) Date and activity for all issues during the period since the last inventory/audit and up-to-date appointment orders. Verify all DA Forms 1296 were properly audited the preceding month and the required date, "per inventory" quantity on hand, signature, and rank entries were annotated on the records.

10.3.8 Precious metals in DENTAC are inventoried and audited in a manner similar to the Logistics Division. Factory sealed packages will not be opened and gold alloy foil pellets will not be removed from their vials. Precious metals are weighed in Troy ounces. The conversion factors for this are: 24 grains = 1 pennyweight (DWT), 20 pennyweight = 1 ounce (31 grams), 12 ounces = 1 pound (373 grams).

10.3.9 Verify the Laboratory Precious Metals Control Officer (PMCO) responsible for the gold in use has recorded receipts and expenditures of precious metals on DA Forms 3949 with a separate form kept for each different metal alloy. Verify that the amounts received by the Laboratory PMCO are identical to the amount issued utilizing DA Forms 2765-1 as depicted on DA Forms 1296.

10.3.10 Determine the balance on hand of precious metals recorded by the Laboratory PMCO on DA Forms 3949 and on DA Forms 1296 by the clinic's PMCO.

10.3.11 Verify that all expenditures of gold are listed on DA Forms 3949 in conjunction with the patient's name and dental laboratory number. Obtain all prescriptions written since previous inventory/audit and request to review the DA Forms 2322 (Prosthodontics Prescription and Consultation Request) documenting the expenditures. Take into account the amount of precious metals used in a particular procedure must be estimated due to losses in grinding, polishing, casting, etc., the approximate weight of precious metals required for crown applications. There is normally about three times as much gold required for casting than is actually used in the final prosthesis.

EXAMPLE:

Crown size:

3/4 Crown

Metal required for casting:

6-7 DWT

Metal required for prosthesis:

2.0 DWT

Crown size:

7/8 Crown

Metal required for casting:

8 DWT

Metal required for prosthesis:

2.3 DWT

Crown size:

Full Crown

Metal required for casting:

8-1/2 DWT

Metal required for prosthesis:

3.0 DWT

10.3.12 A cursory check is required to correct procedures for the control of precious metals scrap. It is necessary to verify that the Clinic PMCO responsible for the precious metals in their use, has recorded all receipts and expenditures of precious metals on DA Forms 1296 with a separate form kept for each different alloy. Verify the amounts received by the clinic's PMCO are identical to the amounts issued utilizing DA Forms 2765-1 as depicted on DA Forms 1296. Two audit steps will be taken: (1) Verify receipt/turn-in of scrap dental precious metals on DA Forms 1296 or DA Forms 3949. (2) Verify the Precious Metals Officer is in receipt of DA Forms 2765 or DA Forms 2322 to support entries on DA Forms 1296 or DA Forms 3949.

10.3.13 Perform 100 percent audit of ALL issues of precious metals from the DENTAC Precious Metals Custodian to DENTAC clinic users to ensure documentation on all patient Prosthodontic Prescription Forms (DA Forms 2322). Results of this 100 percent audit will be recorded using the appropriate forms.

10.4 Veterinary Services.

10.4.1 The inventory officer will contact the Veterinary Treatment Facility (VTF) to arrange date and time for inventory/audit at that clinic.

10.4.2 On the inventory/audit day using Memorandum of Issues provided to the Adjutant's Office by the NAF, DCFA (if any issues were made during the month), conduct a physical inventory of all controlled substances in the storage cabinet.

10.4.3 Verify all DA Forms 3949 were properly audited the preceding month and the required date, "per inventory", quantity on hand, signature, and rank entries were made on all records. One form will be maintained for each controlled substance line stocked by the Veterinary Clinic.

10.4.4 If no discrepancies are found as a result of the above checks, certify each record as indicated. On DA Form 3949, enter the date, hour, statement or stamp "per inventory", signature and military rank or civilian grade of the inventory officer, and balance on hand as determined by the inventory. These entries will be made on the next unused line of the form.

10.4.5 Withdraw from the inventoried areas, all forms which are inactive and that have been audited prior to this audit. All completed forms will be pulled from the inventory books but kept on file in the Veterinary Treatment Facility for proper retirement action per AR 25-400-2.

10.4.6 Any controlled substances that have been disposed of since previous inventory/audit will be verified by DA Form 3161 on file with the DA Form 3949 of the appropriate controlled substance.

11. DISPOSITION OF RECORDS

11.1 Controlled Substances Registers, DA Forms 3949 and 3949-1. All accounting records described in this pamphlet will be disposed of as follows:

11.2 Immediately following inspection and audit by an inventory officer, retain in the active files section the individual DA Forms 3949 and 3949-1 that show the results of the inspection and audit; remove all other previously audited DA Forms 3949 and 3949-1 completed prior to the current inspection and audit; place them in the inactive file section of the register.

11.3 Incomplete DA Forms 3949 which show zero balances will also be removed from the active file section after the monthly audit and inspection and placed in the inactive file section, if the clinics do not intend to replenish stock within the next 30 days. In compliance with AR 25-400-2, all forms authorized to be placed in the inactive file section as stated above will be removed by the inventory officer from the inactive file after 90 days of inactivity and turned-in to the Chief, Human Resources' office for proper filing with that month's inventory/audit report.

11.4 Other Documents. DA Form 1296 will be maintained by the Logistics Division for controlled substances and will be disposed of as prescribed in AR 25-400-2.

The proponent of this memorandum is the Chief, Human Resources. Users are invited to send comments on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Commander, USA MEDDAC, ATTN: MCXJ-PD, Fort Huachuca, AZ 85613

FOR THE COMMANDER:

OFFICIAL:

GREGORY A. SWANSON
LTC, MS
Deputy Commander for Administration

ROBERT D. LAKE
Information Management Officer
DISTRIBUTION: E

APPENDIX A
APPOINTMENT ORDERS (EXAMPLE)

S: 19 March 2008

MCXJ-PD

28 February 2008

MEMORANDUM FOR SFC J, USAMEDDAC, Fort Huachuca, AZ 85613

SUBJECT: Appointment as Inventory Officer for March 2008

1. You are appointed to conduct an Inventory and Audit of Controlled Substances and Precious Metal located in MEDDAC, DENTAC, and Veterinary Service facilities on Fort Huachuca, AZ.
2. References: AR 40-3, Medical, Dental and Veterinary Care, Appendix B
3. Authority: AR 40-3, Medical, Dental and Veterinary Care, Appendix B
4. Relieved of Duty: Upon completion of detail.
5. Special Instructions:
 - a. Upon receipt of these orders, report to the Chief, Human Resources Division NLT the 1st of the month to receive a briefing, report forms, and materials to conduct the inventories.
 - b. The inventory must be scheduled with the respective vault technicians and conducted between the first and tenth working day of the month. Inventory and accountability of controlled substances will be done in accordance with AR 40-3, Appendix B. A typewritten report (enclosure) will be submitted through Chief, Human Resources, to the Commander, USAMEDDAC, NLT the 15th working day of the month. If the inventory cannot be completed within the specified time period, inform the Chief, Human Resources. The Chief, Human Resources, will report the delay to the Commander, USAMEDDAC and obtain a new suspense date.
 - c. Report all time spent on this detail as "EBCA" (Administration Officer of the Day) on your DMHRSi timecard
 - d. MEDDAC:

MCXJ-PD

SUBJECT: Appointment as Inventory Officer for March 2008

1. Call the main pharmacy at 533-5568, 533-9025 or 533-3958 and ask for specifically for, Chief, Pharmacy or NCOIC, Pharmacy to schedule a date to conduct the inventory. This inventory does not have to be completed prior to the opening of business. If Chief, Pharmacy or NCOIC, Pharmacy are unavailable to conduct the inventory, then ask for the person who is acting in their position while they are away. It is preferred that the pharmacy inventory take place during the first few days of the allotted time to conduct the inventory in order to allow time for the pharmacy to respond to any discrepancies. After completion of the pharmacy inventory, an exit brief will occur with Ms. Boardman notifying her of all discrepancies. Chief, Pharmacy will have 48 hours to draft a memorandum explaining the discrepancies. This memorandum will be included with the inventory report to the health center commander. Under no circumstances will the inventory be held up for this memorandum. Annotate the date the inventory took place and the date/time the exit brief was conducted with Chief, Pharmacy and return the entire inventory to the chief, human resources.

2. Coordinate with DAPS at 533-5113 and anesthesia at 533-9011 for audit of controlled substances.

3. Contact logistics at 533-2070 to schedule an appointment to conduct logistics inventory.

e. DENTAC: Contact Runion Dental Clinic 533-0326/2057 to schedule an appointment to conduct precious metal inventory.

f. Veterinary Services: Call 533-3204/2767 to schedule for inventory of controlled substances

6. Contact the Chief, Human Resources at 533-0661 for further instructions or assistance if needed.

Encl
as

SIGNATURE BLOCK
CPT, MS
Chief, Human Resources

APPENDIX B
REPORT OF INVENTORY (EXAMPLE)

MCXJ-PD

Date

MEMORANDUM FOR Commander, USAMEDDAC, Fort Huachuca, AZ 85613

SUBJECT: Report of Inventory and Audit of Controlled Substances and Precious Metals for March 2008

1. IAW AR 40-3, Appendix B, an inventory and audit of all precious metals and narcotics of MEDDAC, DENTAC, and Veterinary Service was conducted. In addition, audits and/or inventory verifications were accomplished for subsistence and destruction of expired and withdrawn substances.

2. The following report is submitted:

<u>ACTIVITY</u>	<u>DISCREPANCIES NOTED</u>
Logistics Division	
Vault	_____
Precious Metals	_____
Recovery Room	_____
Runion Dental Clinic - Precious Metals	_____
Anesthesia	_____
Veterinary Service	_____
Pharmacy	_____

3. Schedule two – five medications located within the two locations of Pharmacy Service, MEDDAC, was inventoried (encl 1) and:

- a. ___ No discrepancies were noted.
- b. ___ Discrepancies are noted on attached sheet.

MCXJ-PD

SUBJECT: Report of Inventory and Audit of Controlled Substances and Precious Metals
for March 2008

4. Additional remarks and forms are attached as appropriate.

Encls

1. Controlled Substances Work Sheets
2. Subsistence Work Sheets

JOHN DOE
SFC, USA
Inventory Officer

Inventory completed and received by HR on _____

SIGNATURE BLOCK
CPT, MS
Chief, Human Resources