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Testimony

Before the Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform, House of Representatives

For Release on Delivery
Expected at 10:00 a.m.
Wednesday,
Mar. 8, 2000

COMBATING TERRORISM

**Chemical and Biological
Medical Supplies Are
Poorly Managed**

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Combating Terrorism: Chemical and Biological Medical Supplies Are Poorly Managed

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here to discuss our recent report on the management of federal medical stockpiles that would be used to treat civilians in a chemical or biological terrorist attack.¹ Today I will highlight the problems we identified with the management of the stockpiles, discuss the results of our actual count of stockpiled supplies, and update you on progress since our report was issued.

As we reported to you, the Office of Emergency Preparedness (OEP), the Department of Veterans Affairs (VA), and the Marine Corps Chemical and Biological Incident Response Force (CBIRF) did not have basic internal controls to help them manage their stockpiles.² As a result, the inventory we conducted identified a number of items, such as antidotes and antibiotics, that were stocked below required levels or had expired, as well as excesses of other items like sterile gloves. In one location, for example, we found 1,000 fewer diazepam injectors than required. This drug, commonly known as valium, would be administered to calm victims and control their convulsions. Although VA contends that it stockpiled a substitute, it could not provide written documentation of OEP's approval at the time of the substitution. At another location, the entire supply of 2,000 vials of amyl nitrate—an antidote for cyanide poisoning—had expired. We also found incorrectly recorded expiration dates and lot numbers, which are necessary to keep supplies current and respond to potential manufacturer recalls. At one location, for example, this information was wrong for 250 doxycycline tablets and 100 ciprofloxacin tablets; these antibiotics would be administered to prevent the onset of symptoms in people exposed to anthrax.

To ensure that the stockpiles would be better managed, we made several recommendations aimed at the root cause of these problems—the fundamental lack of internal control. Internal control is a major part of managing an organization, and it comprises the plan, methods, and procedures used to meet missions, goals, and objectives—in this case, protecting the public health against the effects of chemical and biological attacks. Internal control serves as the first line of defense in safeguarding

¹*Combating Terrorism: Chemical and Biological Medical Supplies Are Poorly Managed* (GAO/HEHS/AIMD-00-36, Oct. 29, 1999).

²The Federal Managers' Financial Integrity Act of 1982 requires GAO to issue standards for internal control in government. The framework laid out by these standards is in *Standards for Internal Control in Federal Government* (GAO/AIMD-0021.3.1, Nov. 1999). Consistent with GAO's standards, the Office of Management and Budget provides the specific requirements for assessing and reporting on controls in Management Accountability and Control (OMB Circular A-123, rev. June 21, 1995).

assets, like the stockpiles, and helps prevent and detect errors in managing the medical supplies.

Without internal control, these agencies cannot provide reasonable assurance that all medical supplies and pharmaceuticals required to be stockpiled are current, accounted for, and available for use. For example, at the time of our review, their systems lacked basic information required for good recordkeeping, such as documentation of back orders, replacements, and the shipment and receipt of pharmaceutical and medical supplies. Further, none of the agencies conducted periodic inventories of the stocks they had on hand and compared the results with their required levels.

In addition, security was lax at some stockpile locations. We found comingling of stockpiled items with other VA medical center pharmaceuticals, sometimes in unsecured refrigerators. While CBIRF's overall security was much better, it could not ensure that proper access was maintained because no sign-in procedures or logs were kept for recording access to its warehouse and trucks where medical supplies are stored. The agencies also did not follow the standards for segregating duties among different staff, which are intended to reduce the risk of error and fraud. For example, the same individual who ordered OEP's supplies also replaced and disposed of items and recorded all changes in the computerized tracking system.

OEP, VA and CBIRF concurred with our recommendations and have committed to improving their internal controls. Our latest review of draft memoranda of agreement between OEP, VA and the Centers for Disease Control (CDC), which is responsible for a new biological stockpile, indicates that they have incorporated much of our advice to improve stockpile management. For example, CDC's agreement with VA includes provisions for unannounced inspections and specific remedial actions with timeframes for completion. OEP told us that it has moved quickly to correct security problems and is in the final process of renegotiating its agreement with VA to strengthen internal controls. VA told us it has prepared a plan indicating its commitment to conduct risk assessment of its vulnerabilities, arrange for annual inventories, implement a tracking system for the complete documentation of transactions, and rotate supplies properly. CBIRF is working on a list of required items but needs to expedite this because it is central to its mission as well as implementation of our recommended actions.

In conclusion, we are encouraged by the actions being taken to address the problems noted. The key now is to ensure that the actions are

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completed in a timely manner and are implemented effectively. Better stewardship of public resources and the need to mitigate as best as possible the potential consequences of a terrorist attack demand such attention.

Mr. Chairman, this concludes my remarks. I would be happy to answer any questions you or the other members have.

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