

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 2.5
(ID # 18738)

MEETING DATE:
Tuesday, April 12, 2022

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2022-303: Riverside University Health Systems, Public Health Follow-up Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2022-303: Riverside University Health Systems, Public Health Follow-up Audit

ACTION:Consent

Tanya Harris
Tanya Harris, Assistant Auditor Controller 3/29/2022

MINUTES OF THE BOARD OF SUPERVISORS

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	n/a

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside University Health Systems, Public Health Department. Our audit was limited to reviewing actions taken as of December 30, 2021, to correct findings noted in our original audit report 2018-018 dated August 9, 2018. The original audit report contained five recommendations, all of which required implementation to help correct the reported findings.

Please see report for audit results.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2022-303: Riverside University Health Systems, Public Health Follow-up Audit.

Internal Audit Report 2022-303

**Riverside County
Riverside University Health Systems, Public
Health Department
Follow-up Audit**

Report Date: April 12, 2022



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller

April 12, 2022

Kimberly Saruwatari
Director
Riverside University Health System, Public Health
4065 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2022-303: Riverside University Health System, Public Health Follow-up Audit

Dear Ms. Saruwatari:

We completed the follow-up audit of Riverside University Health System, Public Health. Our audit was limited to reviewing actions taken as of December 30, 2021, to help correct the findings noted in our original audit report 2018-018 dated August 9, 2018.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

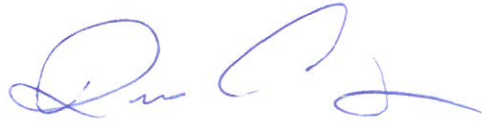
The original audit report contained five recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the five recommendations:

- Three of the recommendations were implemented.
- Two of the recommendations were not implemented.

Internal Audit Report 2022-303: Riverside University Health System, Public Health Follow-up Audit

Summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2018-018 at [www.auditorcontroller.org/ Divisions / Audits and Specialized Accounting/ Internal Audit Reports](http://www.auditorcontroller.org/Divisions/Audits%20and%20Specialized%20Accounting/Internal%20Audit%20Reports).

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Jeff A. Van Wagenen, County Executive Officer
Grand Jury

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Revolving Funds

Finding 1: Revolving Fund Transfer of Accountability

Public Health completed and filed the SPM Form AR-1, *Revolving Fund Request Order & Change Form* five months after the date the new director was appointed. The SPM Form AR-1, effective October 26, 2017, was provided to the Riverside County Auditor-Controller's Office on March 14, 2018. Riverside County Board of Supervisors Board Resolution 74-156, Section 7, states, "In the event that the officer having a revolving fund is succeeded by another person of whom a like fund is established, the fund may be transferred by said officer to his successor ... " To ensure accountability for public funds, an SPM Form AR-1 should be completed and submitted to the Riverside County Auditor-Controller's Office as soon as the change occurs.

Recommendation 1

Ensure the SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office within 30 days after a change of department head.

Current Status 1: Implemented

Finding 2: Monitoring of Petty Cash

Public Health's fiscal services does not properly monitor petty cash held at satellite clinics. During our walk-through of fiscal services and satellite clinics, we noted the following:

- Satellite clinics do not complete monthly petty cash reconciliations
- Fiscal services are unaware of the amounts of petty cash held at each satellite clinic
- Fiscal services does not conduct surprise cash counts at satellite clinics

Standard Practice Manual 603, *Revolving Funds*, states, "Custodians and/or departments will be responsible for maintaining an up-to-date listing of amounts allocated to each employee handling change fund monies." Public Health's management approved policy does not provide guidance for the monitoring of petty cash held at satellite clinics. Lack of monitoring controls can lead to misappropriation, theft, or loss of funds, and may go undetected for long periods of time.

Recommendation 2

Ensure Public Health's Cash Procedure Manual is revised to include monitoring controls over petty cash held at all of Public Health's clinic sites.

Current Status 2: Implemented

The clinics are now a separate business unit and no longer under the umbrella of RUHS Public Health. Therefore, the department did not need to update their Petty Cash policy.

Capital Assets

Finding 3: Capital Assets Transfer of Accountability

The newly appointed director of Public Health did not complete a transfer of accountability with signatures from the outgoing officer in a timely manner. The Standard Practice Manual AM-1 Form, *The Inventory of County Property for Capital Assets*, was submitted seven months after the departure of the outgoing officer without appropriate signatures. By not transferring capital assets to the incoming officer in a timely manner, the department did not comply with Standard Practice Manual 912, *Transfer of Capital Assets*, which require acknowledgment of transfer of accountability on capital assets from the outgoing officer and by the incoming officer.

During fieldwork, the newly appointed Director of Public Health acknowledged receipt of the department's capital assets on March 29, 2018, and the department submitted the required form to the Riverside County Auditor-Controller's Office.

Recommendation 3

Ensure the transfer of capital assets from the outgoing officer to the incoming officer or acting department head is documented using Standard Practice Manual AM-1 Form, *Inventory of County Property for Capital Assets*, and submit it to the Riverside County Auditor-Controller's Office within 30 days after a change of department head.

Current Status 3: Implemented

Finding 4: Capital Asset Oversight

Capital asset testing identified the following:

- Ten of the 15 assets could not be located
- Two of the 15 assets were not tagged
- Five assets with a value of approximately \$143, 157 were not recorded or placed into service

Standard Practice Manual 513, *Asset Tags*, states, "Each department is responsible for the tagging and tracking of all movable assets." Public Health does not have a management approved policy in place to properly tag and track capital assets. Lack of adequate

Internal Audit Report 2022-303: Riverside University Health System, Public Health Follow-up Audit

internal controls can lead to an understatement, overstatement, loss, theft, or misappropriation of county assets.

Recommendation 4.1

Ensure capital assets are properly tagged, tracked, and surplused in accordance with Standard Practice Manual 513, *Asset Tags*.

Current Status 4.1: Not Implemented

Eleven out of a sample of 19 capital assets reviewed were not tagged, tracked, or surplused in accordance with Standard Practice Manual 513, *Asset Tags*. We identified five capital assets were not tagged, one capital asset was not in the location identified in PeopleSoft, one capital asset was not able to be located, and four capital assets were surplused but not removed from PeopleSoft.

Recommendation 4.2

Develop a policy to ensure all capital assets purchased are placed in service and added to the asset module in a timely manner.

Current Status 4.2: Not Implemented

Riverside University Health Systems, Public Health has not developed a policy to ensure all capital assets purchased are placed in service and added to the asset module in a timely manner. The department has stated their plan is to have this completed by March 31, 2022.

Attachment A

Internal Audit Report 2018-018

Riverside University Health System, Public Health Change of Department Head Audit

Report Date: August 9, 2018



Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92501
(951) 955-3800

www.auditorcontroller.org



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County Administrative Center
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Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

August 9, 2018

Kimberly Saruwatari
Director of Public Health
Riverside University Health System, Public Health
4065 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2018-018: Riverside University Health System, Public Health, Change of Department Head Audit

Dear Ms. Saruwatari:

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Head audit for Riverside University Health System, Public Health. This audit is conducted to ensure accountability over the transfer of revolving funds and capital assets from the predecessor to the new appointed department head.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we determined the capital assets and revolving funds were not transferred to the new director of Riverside University Health System, Public Health in a timely manner. Also, internal controls over capital assets and revolving funds are inadequate.

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

Internal Audit Report 2018–018: Riverside University Health System, Public Health, Change of Department Head Audit

We thank the Riverside University Health System, Public Health's management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

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Executive Summary

Overview

Public Health provides services to the public through programs such as the Office of Vital Records, Injury Prevention Services, and clinics located throughout Riverside County. Its main objective is to promote and protect the health of County residents and visitors. *Riverside University Health System – Public Health, Riverside University Health System website, accessed on April 17, 2018, <http://www.rivcoph.org/AboutUs.aspx>*

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the safeguarding and transfer of revolving funds and capital assets when there is a change in department head.

Audit Conclusion

Based upon the results of our audit, we determined the capital assets and revolving funds were not transferred to the new director of Riverside University Health System, Public Health in a timely manner. Also, internal controls over capital assets and revolving funds are inadequate.

Revolving Funds

Background

Under the authority of Government Code Section 29320-29334, the Riverside County Board of Supervisor's adopted Board Resolution 74-156 on May 14, 1974, authorizing the establishment of a revolving fund, under the custodianship of a county officer, for use on official county business. The Board of Supervisors adopted Board Resolution 83-338, authorizing the Riverside County Auditor-Controller to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

The Riverside University Health System, Public Health (Public Health) has one revolving fund, with an authorized balance of \$10,000, maintained in the form of a bank account and petty cash. The revolving fund is primarily used for community event fees, meals and transportation costs associated with training events, and providing change to customers. The checkbook and petty cash are held in a safe and the number of persons who can access the cash and checkbook are limited. Access to the safe requires dual sign-off and the use of revolving funds requires management's approval.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the predecessor to the new appointed department head were completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of the revolving funds.

Audit Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller Standard Practice Manual (SPM) Form AR-1, *Revolving Fund Request Order & Change Form* for the establishment and transfer of the revolving fund
- Interviewed key personnel and reviewed department Cash Procedure Manual over the revolving funds
- Verified revolving fund reconciliations were prepared
- Performed a surprise cash count and reconciled to the fund assignment amounts without exception
- Verified adequate segregation of duties existed
- Performed limited testing on replenishment transactions

Finding 1: Revolving Fund Transfer of Accountability

Public Health completed and filed the SPM Form AR-1, *Revolving Fund Request Order & Change Form* five months after the date the new director was appointed. The SPM Form AR-1, effective October 26, 2017, was provided to the Riverside County Auditor-Controller's Office on March 14, 2018. *Riverside County Board of Supervisors Board Resolution 74-156, Section 7*, states, "In the event that the officer having a revolving fund is succeeded by another person of whom a like fund is established, the fund may be transferred by said officer to his successor..." To ensure accountability for public funds, an SPM Form AR-1 should be completed and submitted to the Riverside County Auditor-Controller's Office as soon as the change occurs.

Recommendation 1

Ensure the SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office within 30 days after a change of department head.

Management's Response:

Concur: "The Riverside University Health System – Public Health (RUHS-PH) concurs with the recommendation to submit Form AR-1 (requesting a change in custodian) within 30 days after a change in department head."

Actual/Estimated Date of Corrective Action: **July 25, 2018**

Finding 2: Monitoring of Petty Cash

Public Health's fiscal services does not properly monitor petty cash held at satellite clinics. During our walk-through of fiscal services and satellite clinics, we noted the following:

- Satellite clinics do not complete monthly petty cash reconciliations
- Fiscal services are unaware of the amounts of petty cash held at each satellite clinic
- Fiscal services does not conduct surprise cash counts at satellite clinics

Standard Practice Manual 603, *Revolving Funds*, states, "Custodians and/or departments will be responsible for maintaining an up-to-date listing of amounts allocated to each employee handling change fund monies." Public Health's management approved policy does not provide guidance for the monitoring of petty cash held at satellite clinics. Lack of monitoring controls can lead to misappropriation, theft, or loss of funds, and may go undetected for long periods of time.

Recommendation 2

Ensure Public Health's Cash Procedure Manual is revised to include monitoring controls over petty cash held at all of Public Health's clinic sites.

Management's Response:

Partially Concur: "RUHS-PH partially concurs with the recommendation and would like to provide clarification and background information regarding Management's position regarding this finding.

The "satellite" clinics referred to in the finding are the FQHC Care Clinics, a separate department. These clinics do not report to RUHS-PH and allocation of the total dollar amount of RUHS-PH petty cash funds to the various sites is not determined nor monitored daily by RUHS-PH, but by FQHC Clinic Management.

At one time, the FQHC Care Clinics were under the Department of Public Health. At that time, the clinics were allocated petty cash funds for clinic operations. When the clinics were transferred to the Medical Center, the FQHC Care Clinics were allowed to continue using RUHS-PH petty cash. This was done so that the Clinics would be able to continue smooth operations by providing clients with change at the various sites.

RUHS-PH is now working with the Auditor-Controller's Office and FQHC Clinic Fiscal Services to permanently transfer the RUHS petty cash funds to the FQHC Care Clinics. RUHS-PH has made contact with the ACO for guidance on appropriate procedures for doing so, and has also given notice to FQHC Clinic Fiscal Services of the intended goal. Both agencies agree this endeavor is necessary. This will eliminate oversight petty cash managed by a separate department.

Until the transfer of petty cash funds occurs, RUHS-PH will request FQHC Clinic Fiscal Services provide monthly petty cash reconciliations and perform surprise cash counts."

Actual/Estimated Date of Corrective Action: **October 31, 2018**

"RUHS-PH is in the process of permanently transferring petty cash funds to FQHC Care Clinics Fiscal Services and has obtained guidance from the Auditor-Controller's Office on the process to follow in order to achieve this goal as soon as possible. RUHS-PH is estimating the process should be completed by October 31, 2018. Until the transfer of petty cash funds occurs, RUHS-PH will request FQHC Clinic Fiscal Services provide monthly petty cash reconciliations and perform surprise cash counts."

Capital Assets

Background

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year, and are broadly classified as land (valued at \$1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of \$5,000 or greater).

Per the Riverside County Auditor-Controller's Standard Practice Manual 515, *Transfer of Accountability on Capital Assets*, it states that upon retirement or termination of a department head, accountability for capital assets must be transferred to the new or acting department head and notification filed with the Riverside County Auditor-Controller's Office.

As of October 26, 2017, the time the new director was appointed, Public Health maintained 169 capital assets in the Riverside County financial system asset module, consisting of servers, computers, and office equipment, with the combined acquisition cost of \$2.7 million.

Objective

To determine if the required Standard Practice Manual Form AM-1, *The Inventory of County Property for Capital Assets*, for the transfer of accountability of capital assets from the predecessor to the new appointed department head was completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards
- Established the date of the department head change
- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office
- Selected a random sample of 15 assets to verify whether adequate internal controls exist over capital assets

Finding 3: Capital Assets Transfer of Accountability

The newly appointed director of Public Health did not complete a transfer of accountability with signatures from the outgoing officer in a timely manner. The Standard Practice Manual AM-1 Form, *The Inventory of County Property for Capital Assets*, was submitted seven months after the departure of the outgoing officer without appropriate signatures. By not transferring capital assets to the incoming officer in a timely manner, the department did not comply with Standard

Internal Audit Report 2018–018: Riverside University Health System, Public Health, Change of Department Head Audit

Practice Manual 912, *Transfer of Capital Assets*, which require acknowledgment of transfer of accountability on capital assets from the outgoing officer and by the incoming officer.

During fieldwork, the newly appointed Director of Public Health acknowledged receipt of the department's capital assets on March 29, 2018, and the department submitted the required form to the Riverside County Auditor-Controller's Office.

Recommendation 3

Ensure the transfer of capital assets from the outgoing officer to the incoming officer or acting department head is documented using Standard Practice Manual AM-1 Form, *Inventory of County Property for Capital Assets*, and submit it to the Riverside County Auditor-Controller's Office within 30 days after a change of department head.

Management's Response:

Concur: "The Department of Public Health concurs with the recommendation and will ensure Form AM-1 (Inventory of County Property for Capital Assets) is completed in a timely manner when there is a change of department head."

Actual/Estimated Date of Corrective Action: **October 31, 2018**

Finding 4: Capital Asset Oversight

Capital asset testing identified the following:

- Ten of the 15 assets could not be located
- Two of the 15 assets were not tagged
- Five assets with a value of approximately \$143,157 were not recorded or placed into service

Standard Practice Manual 513, *Asset Tags*, states, "Each department is responsible for the tagging and tracking of all movable assets." Public Health does not have a management approved policy in place to properly tag and track capital assets. Lack of adequate internal controls can lead to an understatement, overstatement, loss, theft, or misappropriation of county assets.

Recommendation 4.1

Ensure capital assets are properly tagged, tracked, and surplused in accordance with Standard Practice Manual 513, *Asset Tags*.

Management's Response:

Partially Concur: "The Department partially concurs with the recommendation and will update capital asset procedures and train appropriate staff in order to strengthen internal controls and ensure capital assets are tagged, tracked, and surplused per the standard practice manual."

Internal Audit Report 2018–018: Riverside University Health System, Public Health, Change of Department Head Audit

Though it's accurate that when the auditor's first visited Public Health sites to confirm presence of capital assets, 10 items were not located. The majority of the items not located were IT equipment, which program staff are not familiar with. It was requested that the auditor's staff return to the sites with an IT staff person and when that was done 5 items were located."

Actual/Estimated Date of Corrective Action: **October 31, 2018**

"RUHS-PH will coordinate with RUHS-IT and RUHS-PH branches with the updating of capital asset procedures and training of appropriate staff in order to strengthen internal controls and ensure these assets are properly tagged, tracked and surplus. RUHS-PH estimates the updated procedures can be implemented by October 31, 2018."

Auditor's Response: As stated in SPM 513, *Asset Tags*, the responsibility of all movable assets is with the department. The department certified their assets on July 6, 2017, which in essence verifies asset identifications, tag numbers, locations, and descriptions are accurately reported as of a specified date. Based on our limited testing of 15 assets total, ten assets could not be located, and two were not properly tagged. After returning a total of six times to verify assets not located in our previous visits, our conclusion is that Public Health is not adequately tracking their assets.

Recommendation 4.2

Develop a policy to ensure all capital assets purchased are placed in service and added to the asset module in a timely manner.

Management's Response:

Concur: "The Department is coordinating with the RUHS-IT and RUHS-PH Branches the updating of capital asset procedures and training of appropriate staff in order to strengthen capital asset internal controls. As noted in the finding, five servers had not been placed into service. RUHS-PH is instructed by RUHS-IT when new servers are needed. RUHS-PH purchases the servers and relies on RUHS-IT to place them into service in a timely manner. RUHS-IT has undergone staffing shortages and is working to improve this situation."

Actual/Estimated Date of Corrective Action: **October 31, 2018**

"The Department will work with RUHS-IT and RUHS-PH Branch staff to update capital asset procedures and estimates the updated procedures can be implemented by October 31, 2018."

Attachment B



The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2018-018: Riverside University Health System, Public Health, Change of Department Head Audit.

Kim Saruwatari

12/30/2021

Authorized Signature

Date

Finding 1: Revolving Fund Transfer of Accountability

Public Health completed and filed the SPM Form AR-1, *Revolving Fund Request Order & Change Form* five months after the date the new director was appointed. The SPM Form AR-1, effective October 26, 2017, was provided to the Riverside County Auditor-Controller's Office on March 14, 2018. *Riverside County Board of Supervisors Board Resolution 74-156, Section 7*, states, "In the event that the officer having a revolving fund is succeeded by another person of whom a like fund is established, the fund may be transferred by said officer to his successor..." To ensure accountability for public funds, an SPM Form AR-1 should be completed and submitted to the Riverside County Auditor-Controller's Office as soon as the change occurs.

Current Status

Reported Finding Corrected? Yes No

As noted above, RUHS - Public Health completed and filed SPM Form AR-1, *Revolving Fund Request Order & Change Form* on March 14, 2018.

Recommendation 1

Ensure the SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office, within 30 days after a change of department head.

Management Reply

"**Concur.** The Riverside University Health System – Public Health (RUHS-PH) concurs with the recommendation to submit Form AR-1 (requesting a change in custodian) within 30 days after a change in department head."

Actual/Estimated Date of Corrective Action: **July 25, 2018**

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department has fully implemented the recommendation.

RUHS - Public Health completed and filed SPM Form AR-1, *Revolving Fund Request Order & Change Form* on March 14, 2018, and will ensure an SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office, within 30 days after a change of department head.

Finding 2: Monitoring of Petty Cash

Public Health's fiscal department does not properly monitor petty cash held at satellite clinics. During our walk-through of fiscal services and satellite clinics, we noted the following:

- Satellite clinics do not complete monthly petty cash reconciliations
- Fiscal services are unaware of the amounts of petty cash held at each satellite clinic
- Fiscal services does not conduct surprise cash counts at satellite clinics

Standard Practice Manual 603, *Revolving Funds*, states, "Custodians and/or departments will be responsible for maintaining an up-to-date listing of amounts allocated to each employee handling change fund monies." Public Health's management approved policy does not provide guidance for the monitoring of petty cash held at satellite clinics. Lack of oversight can lead to misappropriation, theft, or loss of funds, and may go undetected.

Current Status

Reported Finding Corrected? Yes No

The reported finding has been corrected.

Recommendation 2

Ensure the Cash Procedure Manual is revised to include petty cash held at all of Public Health's clinic sites.

Management Reply

"Partially Concur. RUHS-PH partially concurs with the recommendation and would like to provide clarification and background information regarding Management's position regarding this finding.

The “satellite” clinics referred to in the finding are the FQHC Care Clinics, a separate department. These clinics do not report to RUHS-PH and allocation of the total dollar amount of RUHS-PH petty cash funds to the various sites is not determined nor monitored daily by RUHS-PH, but by FQHC Clinic Management.

At one time, the FQHC Care Clinics were under the Department of Public Health. At that time, the clinics were allocated petty cash funds for clinic operations. When the clinics were transferred to the Medical Center, the FQHC Care Clinics were allowed to continue using RUHS-PH petty cash. This was done so that the Clinics would be able to continue smooth operations by providing clients with change at the various sites.

RUHS-PH is now working with the Auditor-Controller’s Office and FQHC Clinic Fiscal Services to permanently transfer the RUHS petty cash funds to the FQHC Care Clinics. RUHS-PH has made contact with the ACO for guidance on appropriate procedures for doing so, and has also given notice to FQHC Clinic Fiscal Services of the intended goal. Both agencies agree this endeavor is necessary. This will eliminate oversight petty cash managed by a separate department.

Until the transfer of petty cash funds occurs, RUHS-PH will request FQHC Clinic Fiscal Services provide monthly petty cash reconciliations and perform surprise cash counts.”

Actual/Estimated Date of Corrective Action: **October 31, 2018**

“RUHS_PH is in the process of permanently transferring petty cash funds to FQHC Care Clinics Fiscal Services and has obtained guidance from the ACO on the process to follow in order to achieve this goal as soon as possible. RUHS-PH is estimating the process should be completed by October 31, 2018. Until the transfer of petty cash funds occurs, RUHS-PH will request FQHC Clinic Fiscal Services provide monthly petty cash reconciliations and perform surprise cash counts.”

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department has fully implemented the recommendation.

RUHS – PH transferred petty cash funds to the FQHC Care Clinics as of June 21, 2019; therefore, the approved policy did not need to be revised to provide guidance for the monitoring of petty cash held at satellite clinics.

Finding 3: Capital Assets Transfer of Accountability

Current Status

Reported Finding Corrected? Yes No

The reported finding has been corrected.

Recommendation 3

Ensure the transfer of capital assets from the outgoing officer to the incoming officer or acting department head is documented using Standard Practice Manual AM-1 Form, Inventory of County Property for Capital Assets, and submit it to the Auditor-Controller's Office in a timely manner.

Management Reply

"**Concur.** The Department of Public Health concurs with the recommendation and will ensure Form AM-1 (Inventory of County Property for Capital Assets) is completed in a timely manner when there is a change of department head."

Actual/Estimated Date of Corrective Action: **October 31, 2018**

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department has fully implemented the recommendation.

RUHS - Public Health completed and filed SPM Form AM-1, *Inventory of County Property for Capital Assets* on March 29, 2018, and will ensure the transfer of capital assets from the outgoing officer to the incoming officer or acting department head is documented using Standard Practice Manual AM-1 Form and submitted to the Auditor-Controller's Office in a timely manner.

Finding 4: Capital Asset Oversight

Capital asset testing identified the following:

- Ten assets could not be located
- Two assets were not tagged
- Five assets totaling approximately \$143,157 were not recorded or placed into service

Standard Practice Manual 513, *Asset Tags*, states, "Each department is responsible for the tagging and tracking of all movable assets." Public Health does not have a management approved policy in place to properly tag and track capital assets. Lack of oversight can lead to an overstatement, loss, theft, or misappropriation of county assets.

Current Status

Reported Finding Corrected?

Yes

No

The reported finding has been partially corrected.

Recommendation 4.1

Ensure capital assets are properly tagged, tracked, and surplused in accordance with Standard Practice Manual 513, *Asset Tags*.

Management Reply

“Partially Concur. The Department partially concurs with the recommendation and will update capital asset procedures and train appropriate staff in order to strengthen internal controls and ensure capital assets are tagged, tracked, and surplused per the standard practice manual.

Though it’s that when the auditor’s first visited Public Health sites to confirm presence of capital assets, 10 items were not located. The majority of the items not located were IT equipment, which program staff are not familiar with. It was requested that the auditor’s staff return to the sites with an IT staff person and when that was done 5 items were located.”

Actual/Estimated Date of Corrective Action: **October 31, 2018**

“RUHS-PH will coordinate with RUHS-IT and RUHS-PH branches with the updating of capital asset procedures and training of appropriate staff in order to strengthen internal controls and ensure these assets are properly tagged, tracked and surplused. RUHS-PH estimates the updated procedures can be implemented by October 31, 2018.”

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department has partially implemented the recommendation.

RUHS – PH continuously trains staff to ensure capital assets are properly tagged, tracked, and surplused in accordance with Standard Practice Manual 513, *Asset Tags*. However, the updating of capital asset procedures in order to strengthen internal controls has not been completed. The procedure is anticipated to be updated by March 31, 2022.

Develop a policy to ensure all capital assets purchased are placed in service and added to the asset module in a timely manner.

Management Reply

“**Concur.** The Department is coordinating with the RUHS-IT and RUHS-PH Branches the updating of capital asset procedures and training of appropriate staff in order to strengthen capital asset internal controls. As noted in the finding, five servers had not been placed into service. RUHS-PH is instructed by RUHS-IT when new servers are needed. RUHS-PH purchases the servers and relies on RUHS-IT to place them into service in a timely manner. RUHS-IT has undergone staffing shortages and is working to improve this situation.”

Actual/Estimated Date of Corrective Action: **October 31, 2018**

“The Department will work with RUHS-IT and RUHS-PH Branch staff to update capital asset procedures and estimates the updated procedures can be implemented by October 31, 2018.”

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department has not implemented the recommendation.

The policy and procedure to ensure all capital assets purchased are placed in service and added to the asset module in a timely manner has been added to the 2021/2022 RUHS – PH Internal Audit and Compliance Work Plan to be completed by March 31, 2022.