

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



FROM : AUDITOR CONTROLLER

SUBMITTAL DATE:

October 6, 2016

SUBJECT: Internal Audit Report 2016-025: Riverside University Health System - Behavioral Health, Change of Department Head [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2016-025: Riverside University Health System - Behavioral Health, Change of Department Head

Consent

Paul Angulo

Paul Angulo, Director of Auditor Controller 10/7/2016

BACKGROUND:

Summary

We have completed an audit of the Riverside University Health System - Behavioral Health, Change of Department Head to provide independent, objective, and reliable assessments of internal controls to the Board of Supervisors and management in accordance with Board of Supervisors Resolution 83-338. This audit was conducted to ensure accountability over the transfer of revolving funds and capital assets from the predecessor to the new appointed department head.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS:			Budget Adjustment:	No
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we determined the capital assets and revolving funds were transferred to the new director of Riverside University Health System - Behavioral Health in a timely manner and adequate internal controls are in place over the transfer of capital assets and revolving funds.

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STATE OF CALIFORNIA**

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

Additional Fiscal Information

Not applicable

ATTACHMENT A.

Riverside County Auditor-Controller's Office Internal Audit Report 2016-025: Riverside University Health System - Behavioral Health, Change of Department Head

Internal Audit Report 2016-025

**Riverside University Health System -
Behavioral Health, Change of Department
Head**

Report Date: September 8, 2016



**Office of Paul Angulo, CPA, MA
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Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

September 8, 2016

Steve Steinberg, Director
Riverside University Health System - Behavioral Health
4095 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2016-025: Riverside University Health System - Behavioral Health, Change of Department Head

Dear Mr. Steinberg:

We have completed an audit of the Riverside University Health System - Behavioral Health. In an effort to provide independent, objective, and reliable assessments of internal controls to the Board of Supervisors and management in accordance with Board of Supervisors Resolution 83-338, we conducted a Change of Department Head audit. 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. The audit covered the period of December 11, 2015 through June 17, 2016.

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 transferred to the new director of Riverside University Health System - Behavioral Health in a timely manner and adequate internal controls are in place over the transfer of capital assets and revolving funds.

Internal Audit Report 2016-025: Riverside University Health System – Behavioral Health, Change of Department Head

We thank the Riverside University Health System - Behavioral Health 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
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

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Executive Summary

Overview

The Riverside University Health System - Behavioral Health (Behavioral Health) “provides treatment and support services to transition age youth, adults and older adults who have a mental illness and children who are seriously emotionally disturbed. Services include outpatient services, medication, peer recovery services, education, housing, residential care, as well as sub-acute and acute care. Peer-to-peer support services are a component of the program and are provided in clinics and by contract providers.” *Riverside University Health System – Behavioral Health website, accessed September 8, 2016, <http://www.rcdmh.org/Administration/About-Us>*

“Behavioral Health is comprised of three major programs: Behavioral Health Services, Substance Use Services, and the Public Guardian’s Office. These programs provide prompt, efficient, professional, culturally competent services throughout the county. Programs are primarily targeted toward individuals on Medi-Cal plus those eligible for mother specialized state programs.” *Riverside University Health System – Behavioral Health website, accessed September 8, 2016, <http://www.rcdmh.org/Administration/About-Us>*

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the 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 transferred to the new director of Riverside University Health System - Behavioral Health in a timely manner and adequate internal controls are in place over the transfer of capital assets and revolving funds.

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.

Behavioral Health has three revolving funds, fund 25, fund 74, and fund 118, each with authorized balances of \$20,000, \$25,000, and \$200, respectively, maintained in the form of petty cash or bank account. Fund 118 is maintained in the form of petty cash, which is primarily used to provide assistance to homeless adults with behavioral disabilities (for Example: co-payment for medical appointments and prescriptions). Funds 25 and 74 are maintained in bank checking accounts. Fund 25 is use for client-related expenses, related to a treatment goals, as well as needs and services for families not receiving assistant from other county programs. Fund 74, under the Public Guardian, advances monies to Conservatorship estates for the purpose of protecting those estates. Once estate funds become available, the estates reimburses the revolving fund. The revolving funds are reconciled and regularly monitored to ensure proper procedures and internal controls are followed. Reconciliations are review, verified and, signed off by a member of management.

There were a total of 17 revolving fund replenishment transactions during the audit period. We reviewed the supporting documentation for six revolving fund transactions totaling \$7,128.28 of \$20,972.30 (34% of total reimbursements as of June 16, 2016), and determined these transactions were for official county business.

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 our objectives, we:

- Reviewed Riverside County Auditor-Controller's Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* for the establishment and transfer of revolving funds.

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- Interviewed key personnel and reviewed department procedures 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.
- Reviewed a sample of replenishment transactions and traced to supporting documentation.

Results

We reviewed and verified Riverside County Auditor-Controller's Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form*, was completed and filed with the Riverside County Auditor-Controller's Office for the transfer of custodianship of the revolving funds to the new department head. The Behavioral Health department has an established process in place for the use of the revolving funds. Access to the revolving fund/petty cash is limited to the fund custodians and one back-up individual. We physically observed the petty cash funds are kept in locked boxes in locked drawers with access limited.

Based upon the results of our testing, we determined the internal controls are adequate over the safeguarding and use of the revolving funds. Additionally, we determined the appropriate forms were completed and properly filed with the Riverside County Auditor-Controller's Office for the transfer of the revolving funds.

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, Policy Number 515 (formally 912), 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 February 18, 2016, at the time the new director was appointed and acknowledged receipt of capital assets from the outgoing officer, Behavioral Health maintained 304 capital assets in the Riverside County financial system asset module, consisting of copiers, computer, radios, dishwashers, freezers, and automobiles, with the combined acquisition cost of \$12,430,950.

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.

Audit Methodology

To accomplish our 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.

Results

At the time the new director took office on February 18, 2016, the department had a total of 304 capitalized assets with combined acquisition cost of \$12,430,950. The Standard Practice Manual Form AM-1, *Inventory of County Property for Capital Assets*, was completed and submitted to the Riverside County Auditor-Controller's Office.

We verified the appropriate forms were completed and properly filed for the transfer of capital assets.