

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



ITEM: 2.8
(ID # 22233)

MEETING DATE:
Tuesday, June 27, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-324: Riverside University Health System, Public Health Follow-up Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-324: Riverside County University Health System, Public Health Follow-up Audit

ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/9/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: June 27, 2023
xc: Auditor-Controller

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

**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	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	n/a

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside University Health System, Public Health. Our audit was limited to reviewing actions taken as of February 15, 2023, to correct findings noted in our original audit report 2022-017 dated July 12, 2022. The original audit report contained eight recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of the eight recommendations:

- Seven of the recommendation were implemented
- One of the recommendations was not implemented

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 2023-324: Riverside University Health System, Public Health Follow-up Audit.

Internal Audit Report 2023-324

**Riverside University Health System,
Public Health Follow-up
Audit**

Report Date: June 27, 2023



**Office of Ben J. Benoit
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



Ben J. Benoit
Riverside County Auditor-Controller

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

June 27, 2023

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

Subject: Internal Audit Report 2023-324: 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 February 15, 2023, to help correct the findings noted in our original audit report 2022-017 dated July 12, 2022.

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 eight recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the eight recommendations:

- Seven of the recommendations were implemented.
- One of the recommendations was not implemented.

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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 2022-017 included at "Attachment A" of this audit report along with your department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit/reports>.

We thank you and your staff for the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.



Ben J. Benoit
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

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

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Attachments:

A. Internal Audit Report 2022-017: Riverside University Health System, Public Health
Audit

B. Status of Findings as Reported by Riverside University Health System, Public Health on
February 15, 2023.

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Contract Monitoring

Finding 1: Oversight and Adherence to Contracts Terms

“We identified one (14%) of the seven contracts that processed vouchers outside of the period of the contract resulting in Public Health committing funds on behalf of the county. Per the contract terms, the period of performance was between July 15, 2019, (date of execution of contract) through June 30, 2023. There were expenditures that occurred in July 2018 through early July 2019. The county is not bound by and does not recognize a promise or obligation without proper approval and adherence to procurement procedures (*Purchasing Manual*, December 31, 2021, 15). Department personnel had a misunderstanding of the contract verbiage. Contracts provide a written document that outlines the full understanding of the business relationship and scope of the work which aid in mitigating misunderstandings. Obtaining services without a binding contract increases the risk of loss of funds or services as well as unenforceable terms and conditions.”

Recommendation 1

“Establish policies and procedures to ensure oversight and adherence to contract terms.”

Current Status 1: Implemented

Finding 2: Contract Management Supporting Documentation

“Based on our review of Public Health's contract management, we determined that the supporting documentation provided for eight of the thirteen (61.5%) vouchers tested was inadequate. Of the eight vouchers, the following items were identified:

- Three did not have supporting documentation for the amounts indicated on the invoices.
- Four vouchers were being paid at an hourly rate that was not outlined in the contract scope of work. The department staff states the rate was based on the total contracted amount for the year divided by the number of hours allocated for the year. However, the contract did not approve a total number of hours by year.

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- One voucher was for a percentage of a total expense but there was no measurable metric or methodology for the percentages utilized and the percentages were not a part of the contract verbiage.

In accordance with Standard Practice Manual 802, Processing Vouchers, it is the department's role to attach the appropriate back-up documentation to their vouchers upon remittance to the Auditor-Controller's Office for approval. Based on the California State Contracting Manual, Chapter 2: The Basic Contracting Process, "a contract must clearly identify the parties to the contract, the term of the contract, the contract price (or in-kind value), ... [as well as set] forth terms, conditions, and ... [include a] statement of all [the] work to be performed." Contract verbiage should be specific to detail agreed upon hourly rates, and methodologies used to pay for shared expenses to ensure that the county can then hold the vendor accountable to the terms and rates of the contract. Processes and procedures to deal with an influx of payments that were required during the COVID-19 emergency were not in place. In addition, the contracts did not include the details for the methodology used for shared expenses or total number of hours allocated for the scope of work. Supporting documentation provides a record of events or activities and provides information for researching discrepancies of goods or services received which ensures the county is not overpaying for expenses or paying for services not received or approved."

Recommendation 2.1

"Establish a policy and procedure which requires all Public Health programs to obtain proper supporting documentation for items such as salaries and other shared expenses."

Current Status 2.1: Implemented

Recommendation 2.2

"Ensure contract verbiage is clear and specific to the services being rendered and includes evaluations, time studies, and analysis of shared expenses as outlined in the contracts."

Current Status 2.2: Implemented

Recommendation 2.3

"Establish a process and procedure to manage vendor payments and the required supporting information in the event of an emergency."

Current Status 2.3: Implemented

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Software Access Rights

Finding 3: Timely Termination of Access Rights to Data Applications

“Twenty-five (66%) out of thirty-eight terminated employees did not have their access rights terminated or disabled within 24 hours of ending employment with Public Health. The average time lapsed to disable active directory accounts was 27 days with the longest time lapsed being 103 days and the shortest being 3 days. Additionally, one out of 38 terminated employees reviewed still had access after employment ended as of the time of testing (December 2021). County of Riverside Information Security Standard v1.0, Section 4.1, Account and Access Management, states, “Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer.” Public Health does not have written policies and procedures that detail the process and requirements for deactivating user accounts when employees end employment with the department. When an account is not closed immediately after employment has ended, there is a security risk to the information maintained in the systems used by the department. Given the sensitivity of the information Public Health maintains in their systems, safeguarding sensitive information need to be of high priority.”

Recommendation 3.1

“Ensure the department is disabling active directory accounts on the day of an employee’s termination or transfer from the department as required by the County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.”

Current Status 3.1: Not Implemented

Our review of the active directory from the audit report date noted 4 (or 57%) out of 7 employees sampled who were no longer with department did not have active directory access terminated in a timely manner (within 24 hours). The average elapsed time was 11 days, with the longest taking 40 days and the shortest taking 5 days. However, department currently implemented a new policy and procedure that if followed, will help implement the recommendation.

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Recommendation 3.2

“Establish policies and procedures for the immediate disabling of user access rights for terminated or transferred employee in accordance with County of Riverside Information Security Standard v1.0, *Account and Access Management*.”

Current Status 3.2: Implemented

Finding 4: System Access Request Documentation

“We identified eleven (29%) out of thirty-eight terminated employees did not have documentation to support account deactivation. Systems Access Request form is required for any changes made to any of the systems/applications used by the department. The Systems Access Request form will show the date the request is being made, who the request is being made for, and the appropriate approvals needed for Information Systems to make the changes. Standard Practice Manual 1001, Internal Controls, states, “well documented policies and procedures are established and maintained to promote employee understanding of job duties, [and] provide day-to-day guidance to staff”. It was determined that a formal policy criterion requiring retention of Systems Access Request documentation is not in place. Documenting access terminations provides an audit trail that can be used to verify and validate processes are followed and can help in identifying lapses in processes that may require correction.”

Recommendation 4

“Establish policies and procedures which require the retention of Systems Access Request forms and ensure compliance by staff. “

Current Status 4: Implemented

Finding 5: Access to Systems

“We identified 7 (or 100%) out of 7 terminated employees continued to have access to systems not linked to active directory. An application that is not linked must be manually deactivated. Standard Practice Manual 1001, Internal Controls, identifies the need for “well-documented policies and procedures ... [to provide guidance to staff on the day-to-day duties]. There currently is no process or policy in place to ensure this manual step is occurring. When access to a system not linked to active directory is not manually deactivated, the credentials for the individual remain active and usable. If an

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unauthorized individual were to obtain a terminated employee's credentials, there is a security risk to the data stored within the system.”

Recommendation 5

“Implement a process/procedure to ensure that systems that are not linked to active directory have a completed manual deactivation and verification that the individual no longer appears on an active user listing.”

Current Status 5: Implemented