

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



**ITEM: 2.4
(ID # 22444)**

MEETING DATE:
Tuesday, July 11, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-327: Riverside University Health System, Medical Center, Follow-up Audit, All Districts [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-327: Riverside University Health System, Medical Center, Follow-up Audit

ACTION:Consent

Ben J. Benoit

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER

6/30/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Perez and Gutierrez
Nays: None
Absent: Washington
Date: July 11, 2023
xc: Auditor-Controller

Kimberly A. Rector
Clerk of the Board

By: *Kimberly A. Rector*
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	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: n/a	

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

We completed a follow-up audit of Riverside University Health System, Medical Center. Our audit was limited to reviewing actions taken as of February 16, 2023, to correct findings noted in our original audit report 2022-021 dated July 12, 2022. The original audit report contained seven recommendations, all of which required implementation to help correct the reported findings.

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

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

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2022-021 included as an attachment to this follow-up audit report, or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>.

Impact on Citizens 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 2023-327: Riverside County University Health System, Medical Center, Follow-up Audit.

Internal Audit Report 2023-327

**Riverside University Health System,
Medical Center,
Follow-up Audit**

Report Date: July 11, 2023



**Office of Ben J. Benoit
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Ben J. Benoit
Riverside County Auditor-Controller

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

July 11, 2023

Jennifer Cruikshank
Chief Executive Officer
Riverside University Health System, Medical Center
26520 Cactus Avenue
Riverside, CA 92555

**Subject: Internal Audit Report 2023-327: Riverside University Health System,
Medical Center, Follow-up Audit**

Dear Ms. Cruikshank:

We completed the follow-up audit of Riverside University Health System, Medical Center. Our audit was limited to reviewing actions taken as of February 16, 2023, to help correct the findings noted in our original audit report 2022-021 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 seven recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the seven recommendations:

- Five of the recommendations were implemented.
- Two of the recommendations were 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 2022-021 included as "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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Accounts Held Outside of the Treasury – Patient Property Account

Finding 1: Accounts Held Outside of the Treasury – Patient Property Account

“Medical Center does not maintain documentation with evidence of a formal review and approval process over bank reconciliations for their patient property account. We verified monthly bank reconciliations are being performed. However, the department does not document whether the bank reconciliations were reviewed or approved. As such, we cannot determine whether adequate segregation of duties exist over the management of the patient property account. Standard Practice Manual 1001, *Internal Control*, states that, to maintain an effective system of internal control, ‘well-documented policies and procedures are established and maintained to promote employee understanding of job duties, provide day-to-day guidance to staff and help ensure continuity during employee absences or turnover.’ Additionally, Standard Practice Manual 1001, *Internal Control*, states, ‘records are routinely examined and reconciled to determine that transactions were properly processed.’ The department does not have formal policies and procedures as it relates to maintaining the patient property account. Without a formal review and approval process, there may be an increase in clerical errors or may not allow for adequate segregation of duties. Segregation of duties reduces the risk of error, misappropriation of assets, and acts of unauthorized activities.

Additionally, the department is not in compliance with state regulations relating to the escheatment of unclaimed personal property. We verified Medical Center has held patient funds in their patient property account for nearly 35 years, with 133 patients whose funds were deposited prior to July 1, 2019. The State Controller's Office's Unclaimed Property Law and Regulations, §1519, *Property Held by Government or Governmental Subdivision or Agency*, states, ‘all tangible personal property located in this state, held for the owner by any government or governmental subdivision or agency, that has remained unclaimed by the owner for more than three years escheats to this state.’ Personnel was not fully aware of the state laws and regulations relating to the escheatment of unclaimed personal property. By not following the State Controller's Office's Unclaimed Property Law and Regulations, the department is subject to fines and penalties.”

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Recommendation 1.1

“Develop policies and procedures that ensure bank reconciliations for the patient property account are adequately reviewed and approved to maintain compliance with the Standard Practice Manual 1001, *Internal Control*.”

Current Status 1.1: Implemented

Recommendation 1.2

“Develop policies and procedures that ensure patient funds that have been unclaimed for three years or more are escheated to the state to maintain compliance with the State Controller's Office's Unclaimed Property Law and Regulations, §1519, *Property Held by Government or Governmental Subdivision or Agency*.”

Current Status 1.2: Implemented

HAC Journal Entries

Finding 2: HAC Journal Entries

“Medical Center does not maintain documentation over the HAC journal entry review, approval, and reconciliation process. As such, we cannot determine whether adequate segregation of duties exist over HAC journal entries. The Standard Practice Manual 1001, *Internal Control*, states that, to maintain an effective system of internal control, ‘well-documented policies and procedures are established and maintained to promote employee understanding of job duties, provide day-to-day guidance to staff and help ensure continuity during employee absences or turnover.’ Additionally, Standard Practice Manual 1001, *Internal Control*, states, ‘records are routinely examined and reconciled to determine that transactions were properly processed.’ The department does not have formal policies and procedures as it relates to creating, reviewing, and processing HAC journal entries. Without a formal review, approval, and reconciliation process, there may be an increase in clerical errors or may not allow for adequate segregation of duties, which can reduce the risk of error, misappropriation of assets, and acts of unauthorized activities.”

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Recommendation 2

“Develop policies and procedures that ensure HAC journal entries are adequately reviewed, approved, and reconciled to maintain compliance with the Standard Practice Manual 1001, *Internal Control*.”

Current Status 2: Implemented

Purchasing Processes

Finding 3: Purchase Orders

“Thirty-five of 7,280 purchase orders, totaling \$5.73M, exceeded low value purchase authority limitations of \$25,000 per day per vendor for expenditures against contracted vendors. Additionally, 18 of 7,090 purchase orders, totaling \$1.05M, exceeded low value purchase authority limitations of \$5,000 per day per vendor for expenditures against non-contracted vendors. The *Purchasing Policy Manual*, states, ‘low value purchase authority allows departmental staff the ability to issue LVPOs up to the amount of \$5,000 per day per vendor and issues purchase orders up to the dollar value of \$25,000 against existing PeopleSoft Contracts.’ Personnel was not fully aware of purchasing order limitations. Buyer limitations are put in place to ensure compliance with county purchasing policies and mitigate risks of inappropriate purchasing practices. Exceeding buyer limitations also circumvents the formal bid requirements designed to ensure the best use of taxpayer dollars.”

Recommendation 3.1

“Develop a process to maintain compliance with purchasing authority limitations set forth in the Riverside County *Purchasing Policy Manual*.”

Current Status 3.1: Not Implemented

In our testing to verify compliance with the Riverside County *Purchasing Policy Manual*, we identified 65 of 3,563 instances, totaling \$7,331,992, where purchase orders were not in compliance with the per day, per vendor purchase authority limitations for contracted vendors. We emphasize the need to ensure compliance with county policy to mitigate the risks associated with this practice and to stay in alignment with the objectives the *Purchasing Policy Manual* is set to achieve. Regarding the per day, per

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vendor purchase authority limitations for non-contracted vendors, we did not identify any instances of non-compliance.

Management's Response

"Riverside University Health System- Medical Center (RUHS-MC) follows the Riverside County's purchasing policies and procedures. RUHS-MC utilizes vendors with multiple contracts as contracts are separated out by unit in order to meet specific needs and quantify item unit counts for patient billable items. In reviewing instances where our low value purchase order processors exceeded their daily limitations, we outlined instances where contracts were in place but not used. To ensure we are in compliance we will re-train our staff to link purchase orders to appropriate contracts, as from the findings all instances had a contract in place. To ensure we are fully implementing purchase orders to be in compliance with per day limitations, per vendor for contracted vendors we will be routing to our Procurement Contract Specialist. They will review and approve purchase orders after daily vendor limitations have been exceeded as the purchasing agent is given full authority given by Ordinance 459."

Recommendation 3.2

"Ensure personnel with purchasing responsibilities are trained on the Riverside County *Purchasing Policy Manual*."

Current Status 3.2: Implemented

System Access Controls

Finding 4: System Access Controls

"Of the three system applications chosen for testing, employee access rights were terminated upon separation from only one system (System A), while terminated employees still had access to the other two (System B and System C). Additionally, for all three systems, access rights were not terminated in a timely manner (within 24 hours). See Table B for a summary of findings:

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Table B: Summary of Findings – System Access Controls

System	Findings
System A	Three out of a total of nine employees (33%) did not have their access removed in a timely manner, with the average days lapsed being 17 days.
System B	Of the 3,220 employees with access to System B enabled, 179 employees (6%) terminated from the county continue to have access to System B.
	Five of out of a total of 701 employees (<1%) did not have their access removed in a timely manner. The average days lapsed was 6 days, with the longest taking 15 days to terminate and the shortest taking 2 days.
System C	Of the 1,324 employees with access to System C enabled, 224 employees (17%) terminated from the county continue to have access to System C.
	Nine out of a sample of 10 employees (90%) did not have their access removed in a timely manner. The average days lapsed was 48 days, with the longest taking 186 days to terminate and the shortest taking 11 days.

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.’ The department's current policies and procedures do not include a process that ensures accounts for terminated or transferred employees are to be disabled or removed on the day of termination or transfer. 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 Medical Center maintains in their systems, safeguarding sensitive information should be of high priority.”

Recommendation 4.1

“Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, by disabling user system accounts on the day of an employee’s termination or transfer from the department.”

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Current Status 4.1: Not Implemented

Of the three system applications chosen for testing, employee access rights for one system (System A) were terminated upon separation from the department and were terminated timely (within 24 hours of separation). For the other two systems (System B and System C), employee access rights were not terminated upon separation from the department and were not terminated timely. See Table A for a summary of follow-up observations:

Table A: Summary of Follow-up Observations – System Access Controls

System	Findings
System B	Of the 3,336 employees with access to System B enabled, 48 employees (1%) separated from the department continued to have access to System B at the time of our review (May 2023).
	Two-hundred seventy-six out of a total of 306 employees (90%) did not have their access removed in a timely manner. The average days elapsed was 13 days, with the longest taking 100 days to remove access and the shortest taking 2 days.
System C	Of the 1,390 employees with access to System C enabled, 141 employees (10%) separated from the department continued to have access to System C at the time of our review (May 2023).
	Twenty-seven out of a total of 42 employees (64%) did not have their access removed in a timely manner. The average days elapsed was 118 days, with the longest taking 388 days to remove access and the shortest taking 2 days.

Management’s Response

“Our department has been working on a plan to meet policy 1058 to disable accounts within 24 hours. Our plan has been partially implemented to include 2 of our teams in our department. The two teams are service desk and Identity Access Management. Both will work together to meet the goals. Our team has ensured the service desk has the access needed to disable the accounts and ‘How to’ training material has been presented to the team and included in class training. Also, in the effort to change the work flow several other teams are involved and working together to improve and map out Visio workflows to improve the technician roles. We have informed RUHS managers of the

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process when requesting a termination or inactivate accounts as we found that HR is not always aware, and it creates a delay for our team to act. Recently in this effort our leadership has presented the training material to the RUHS management team and reinforced our SAR process. Terminating account requests have become a high priority for our teams. The continuation of improvement will continue as we are looking at technology to automate the process.”

Recommendation 4.2

“Update department policies and procedures to include the immediate disabling of user access rights for terminated or transferred employee in accordance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management.*”

Current Status 4.2: Implemented