

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



ITEM
2.4
(ID # 3271)

FROM : AUDITOR CONTROLLER:

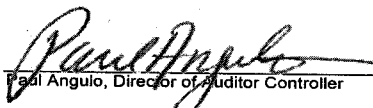
MEETING DATE:
Tuesday, January 24, 2017

SUBJECT: Internal Audit Report 2016-026: Riverside University Health System – PUBLIC HEALTH, Change of Department Head, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report Internal Audit Report 2016-026: Riverside University Health System – Public Health, Change of Department Head

ACTION: Consent


Paul Angulo, Director of Auditor Controller 12/20/2016


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:

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Washington and Ashley
Nays: None
Absent: Tavaglione
Date: January 24, 2017
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By 
Deputy

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

BACKGROUND:

Summary

We have completed an audit of the Riverside University Health System – Public 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.

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 – Public Health in a timely manner and adequate internal controls are in place over the transfer of capital assets and revolving funds.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A.

Riverside County Auditor-Controller Internal Audit Report 2016-026: Riverside University Health System – Public Health, Change of Department Head

Internal Audit Report 2016-026

**Riverside University Health System – Public
Health, Change of Department Head**

Report Date: November 16, 2016



**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

ACO | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

November 17, 2016

Sarah Mack
Director
Riverside University Health System – Public Health
4095 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2016-026: Riverside University Health System – Public Health, Change of Department Head

Dear Ms. Mack:

We have completed an audit of the Riverside University Health System – Public 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 May 25, 2016, through July 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 – Public Health in a timely manner and adequate internal controls are in place over the transfer of capital assets and revolving funds.



Internal Audit Report 2016-026: Riverside University Health System – Public Health, Change of Department Head

We thank the Riverside University Health System – Public 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

Table of Contents

	Page
Executive Summary.....	4
Audit Results:	
Revolving Funds.....	5
Capital Assets.....	7

Executive Summary

Overview

"The Riverside University Health System – Public Health (Public Health) promotes and protects the health of all Riverside County residents and visitors to ensure healthy people and a healthy community. Public Health offers a wide range of services and programs including but not limited to; Disease control, Childhood Lead Poisoning prevention, Immunizations, Nutrition Services, Tuberculosis Control, Family Planning, Safe Routes to School, Women, Infants and Children program, Asthma Program, Community Outreach, Community Action Partnership, HIV/STD Program, and Injury Prevention Services. Public Health has a staff of 700 doctors, nurses, health educators, nutritionists, communicable disease and community program specialists, managers, and fiscal and support staff." *County of Riverside – Department of Public Health, About Us, Department of Public Health website, accessed October 18, 2016, <http://www.rivcoph.org/About-Us>*

The new Public Health Director was appointed on April 4, 2016.

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 – Public 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.

Public Health has one revolving fund, fund 12 with an authorized balance of \$10,000 maintained in a checking account and four petty cash/change funds of \$6,825, \$2,355, \$400, \$395, and \$25 respectively. The revolving funds are reconciled and regularly monitored to ensure proper procedures and internal controls are followed. Reconciliations are reviewed, verified, and, signed off by a member of management.

There were nine revolving fund replenishment transactions during the audit period. We reviewed the supporting documentation for five revolving fund transactions totaling \$1,457.45 of \$2,463.44 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.
- Interviewed key personnel and reviewed department procedures over the revolving funds.
- Verified revolving fund reconciliations were prepared.
- Verified adequate segregation of duties existed.

Internal Audit Report 2016-026: Riverside University Health System – Public Health, Change of Department Head

- Reviewed a sample of replenishment transactions and traced to supporting documentation.

Results

We reviewed and verified 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. Public Health 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.

Based upon the results of our testing, we determined internal controls exist and are adequate over the safeguarding and use of the revolving funds and 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 (formerly 912) *Transfer of Accountability on Capital Assets*, 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 April 4, 2016, the time the new director was appointed and acknowledged receipt of capital assets from the outgoing officer, Public Health maintained 162 capital assets in the Riverside County financial system asset module, consisting of vehicles, copiers, computers, servers, and medical equipment with the combined acquisition cost of \$2,605,584.

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 April 4, 2016, the department had 162 capitalized assets with combined acquisition cost of \$2,605,584. 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.