

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



ITEM
2.3
(ID # 3689)

MEETING DATE:

Tuesday, March 14, 2017

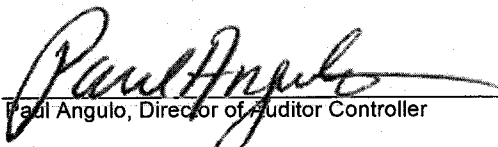
FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2017-311: Riverside University Health System – Medical Center Purchase Order Compliance, Follow-up Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2017-311: Riverside University Health System – Medical Center Purchase Order Compliance, Follow-up Audit.

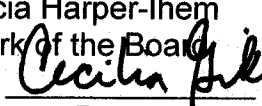
ACTION: Consent


Paul Angulo, Director of Auditor Controller 3/2/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: March 14, 2017
xc: Auditor

Kecia Harper-Ihem
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	\$ 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: 2015	

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

BACKGROUND:

Summary

We have completed a follow-up audit of the Riverside University Health System – Medical Center. Our audit was limited to reviewing actions taken as of October 17, 2016, to correct the finding noted in our original audit report 2014-004 dated March 4, 2015. The original audit report contained one recommendation, which required implementation to help correct the reported finding.

Based on the results of our audit, we found that the recommendation was implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-004 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

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 2017-317: Riverside University Health System – Medical Center Purchase Order Compliance, Follow-up Audit.

Internal Audit Report 2017-311

**Riverside University Health System—
Medical Center Purchase Order Compliance,
Follow-up Audit**

Report Date: January 25, 2017



**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

ACC | **AUDITOR**
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

January 25, 2017

Zareh Sarrafian
Chief Executive Officer
Riverside University Health System – Medical Center
26520 Cactus Avenue
Moreno Valley, CA 92555

Subject: Internal Audit Report 2017-311: Riverside University Health System – Medical Center Purchase Order Compliance, Follow-up Audit

Dear Mr. Sarrafian:

We have completed the follow-up audit of the Riverside University Health System – Medical Center. Our audit was limited to reviewing actions taken as of October 17, 2016, to help correct the finding noted in our original audit report 2014-004 dated March 4, 2015.

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 one recommendation, which required implementation to help correct the reported finding. Based on the results of our audit, we found that the one recommendation was implemented.

Details of the finding identified in the original audit and the status of the implementation of the recommendation is provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-004 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

**Internal Audit Report 2017-311: Riverside University Health System – Medical Center Purchase
Order Compliance, Follow-up Audit**

We appreciate the cooperation and assistance provided by the staff of the Riverside University Health System – Medical Center during this follow-up audit. Their assistance contributed significantly to the successful completion of the 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
Results:	
Purchase Order Compliance	4

Purchase Order Compliance

Finding 1: Timely issuance of Purchase Orders

Seven of the sixty-three (11%) purchase orders reviewed were requested and issued after invoices were received from vendors. Based on our statistical sample, we can project with a 90% confidence level, that as many as 43 of the 231 (18.6%) purchase orders were requested and issued after invoices were received from the vendors. This is the result of the Riverside University Health System – Medical Center (Medical Center) personnel requesting the goods or services without first completing the purchase order. Per Riverside County Purchasing Policy Manual, a purchase order is required for goods or services over \$400 prior to their purchase. This non-compliance with purchasing requirements could obligate the county for unauthorized or inappropriate purchases of goods or services.

Recommendation 1

Review and modify its procurement practice, including training of personnel and dedicate resources to regular, ongoing monitoring to ensure compliance with county procurement policy.

Current Status 1: Implemented

During our follow-up audit we determined that the Medical Center had conducted numerous training classes on "purchasing best practices" and "how to purchase supplies and services" to help ensure compliance with county procurement policy. The department has assigned two Procurement Contract Specialist to work with department staff to help ensure that all requests for goods or services have an approved purchase order on file prior to making a purchase.