

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



ITEM
3.19
(ID # 5314)

MEETING DATE:

Tuesday, September 26, 2017

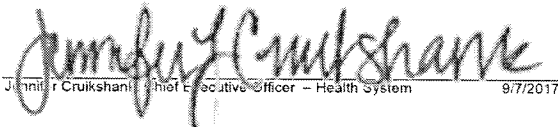
FROM : RUHS-MEDICAL CENTER:

SUBJECT: RIVERSIDE UNIVERISTY HEALTH SYSTEM-MEDICAL CENTER: Approval for the establishment of an Enterprise Fund for the Federally Qualified Health Centers (FQHC); [All Districts]; [\$0]; Federally Qualified Health Center Enterprise Fund.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve to establish an Enterprise Fund for Riverside University Health System Federally Qualified Health Centers; and
2. Direct the County Auditor-Controller's Office to establish an Enterprise Fund for Riverside University Health System Federally Qualified Health Center.


ACTION:


Jennifer Cruikshank, Chief Executive Officer - Health System 9/7/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: September 26, 2017
xc: RUHS-Medical Center, Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
			Budget Adjustment:	No
			For Fiscal Year:	17/18

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

BACKGROUND:

Summary

During September 20–22, 2016 the RUHS Federally Qualified Health Centers (FQHC) were the subject of an Operational Site Visit by the Health Resources and Services Administration (HRSA), an agency of the U.S. Department of Health and Human Services, and the primary Federal agency for improving health care to people who are geographically isolated, economically or medically vulnerable. HRSA oversees compliance of FQHCs with all Federal regulations regarding operations and funding.

During the September visit, HRSA identified the fact that the RUHS FQHC was not in compliance with certain Health Center Program requirements. Specifically related to financial requirements, the on-site visit found the RUHS FQHC was not in compliance with the following:

“Health Center maintains accounting and internal control systems appropriate to the size and complexity of the organization reflecting Generally Accepted Accounting Principles (GAAP) and separates functions appropriate to organizational size to safeguard assets and maintain financial stability. Health center assures an annual independent financial audit is performed in accordance with Federal audit requirements, including submission of a corrective action plan addressing all findings, questioned costs, reportable conditions, and material weaknesses cited in the Audit Report.”

Based on recommendations of consultants retained by RUHS to assist in rectifying this and other findings, management of RUHS is requesting the establishment of an Enterprise Fund in which to account for the financial activities of the FQHC in accordance with GAAP (full accrual basis accounting), to assure separation from a roll-up within the financial and accounting activities of the County. Currently, the RUHS Medical Center is established as an Enterprise Fund, and the FQHC entity operates essentially the same as the medical center in that it charges fees to external users for goods and services provided (a key criterion in the definition of an Enterprise Fund). Currently, the FQHC books are maintained in a Special Revenue Fund within the County’s records, and no separate audit of the FQHC organization is currently conducted.

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Financial Impact

This action facilitates compliance with Federal regulations. Failure to comply with Federal rules and regulations risks the loss of FQHC status which brings with it: 1) loss of substantial supplemental funding for the services rendered to indigent, uncompensated, and undercompensated patients, and 2) loss of federal grant funding which currently exceeds \$800,000 annually.

Douglas Cady
Douglas Cady, Principal Management Analyst

9/14/2017

Misley Wang
Misley Wang

9/11/2017