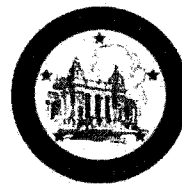


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
2.11
(ID # 6258)

MEETING DATE:

Tuesday, February 6, 2018

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2018-005: Riverside County
Department of Veterans' Services Audit, District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2018-005: Riverside County Department of Veterans' Services Audit.

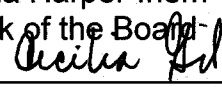
ACTION: Consent


Paul Angulo, Director of Auditor Controller 1/30/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, 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, Perez and Ashley
Nays: None
Absent: None
Date: February 6, 2018
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:	n/a

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Department of Veterans' Services to provide management and the Board of Supervisors with an independent assessment of internal controls over compliance with the Health Insurance Portability and Accountability Act, compliance with the Americans with Disabilities Act compliance, and risk associated with revenues based on performance.

Based upon the results of our audit, we identified an area of non-compliance with the Americans with Disabilities Act. However, the internal controls over compliance with the Health Insurance Portability and Accountability Act and the reporting of revenues based on performance provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

We will follow-up to verify that management implemented the corrective actions.

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 2018-005: Riverside County Department of Veterans' Services Audit.


 Stephanie Rossi 1/30/2018

Internal Audit Report 2018-005

**Riverside County Department of
Veterans' Services Audit**

Report Date: December 28, 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

December 28, 2017

Grant Gautsche
Director
Riverside County Veterans' Services
4360 Orange Street
Riverside, CA 92501

Subject: Internal Audit Report 2018-005: Riverside County Department of Veterans' Services Audit

Dear Mr. Gautsche:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Department of Veterans' Services to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over compliance with the Americans with Disabilities Act (ADA), compliance with the Health Insurance Portability and Accountability Act (HIPAA), and internal controls over the reporting of performance based revenues.

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 identified an area of non-compliance with the Americans with Disabilities Act. However, the internal controls over compliance with the Health Insurance Portability and Accountability Act and the reporting of revenues based on performance provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Internal Audit Report 2018-005: Riverside County Department of Veterans' Services Audit

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to the reported conditions and recommendations contained in the report. Management's response is included in the report. We will follow-up to verify that management implemented the corrective actions.

We thank the Riverside County Department of Veterans' Services 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

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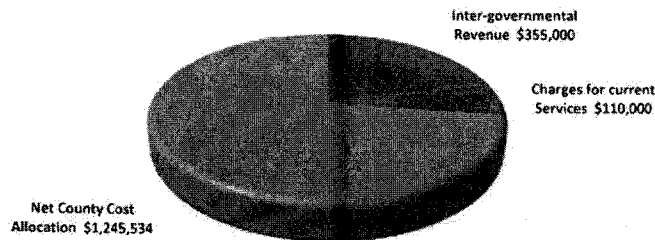
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Executive Summary

Department Overview

Riverside County Department of Veterans' Services (Veterans' Services) serves the third largest population of veterans in the state. It assists the veterans, their dependents, and respective survivors with obtaining veterans benefits from local, state, and federal agencies. For Fiscal Year 2017/18, Veterans' Services operates with an adopted budget of \$1.7 million and 19 authorized positions. *County of Riverside, Fiscal Year 2017/18 Adopted Budget, Volume 1, November 2017, 298.*

Veterans' Services Budget by Source



Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over compliance with the Americans with Disabilities Act (ADA), compliance with the Health Insurance Portability and Accountability Act (HIPAA), and internal controls over the reporting of performance based revenues.

Audit Scope and Methodology

Following a risk based approach, our scope initially included the following:

- Compliance of Veteran's Services facility with ADA requirements
- Compliance with HIPPA requirements
- Mitigation of risk associated with the transportation of clients
- Internal controls over the reporting of performance based revenues
- Termination of access to Veteran Affairs and California State computer databases for employees no longer working for Veterans' Services

Through inquiry, observations, and examination of relevant documentation, we reduced our scope to compliance with ADA and HIPPA requirements and internal controls over the reporting of performance based revenues.

Audit Highlights

- Veterans' Services facility entrance ramp does not comply with ADA requirements. It specifically lacks a handrail required based on the slope and run rise of the slope. We recommend for Veterans' Services to consult with Facilities' Management to evaluate the ramp for proper handrails installation and any other ADA compliance requirements.

Management from Veterans' Services has agreed with the finding and has provided a plan of action. Their response and plan of action is included in the body of this report.

Audit Conclusion

Based upon the results of our audit, we identified an area of non-compliance with the Americans with Disabilities Act. However, the internal controls over compliance with the Health Insurance Portability and Accountability Act and the reporting of revenues based on performance provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

ADA Compliance

Background

The ADA was adopted to prohibit discrimination and guarantee individuals with disabilities the same opportunities afforded to other Americans. On July 26, 1990, President George H.W. Bush signed the ADA into law. The ADA provides disabled individuals employment opportunities, the ability to purchase goods and services, and the ability to participate in government programs and services. The ADA does not name all impairments considered a disability; however, it does define a disability as a physical or mental impairment that substantially limits one or more major life activities, a record of having such an impairment, or being regarded as having such an impairment. *United States Department of Justice Civil Rights Division, Enactment of the ADA and Issuance of the 1991 Regulations, ADA.Gov, United States Justice Department, accessed September 25, 2017, <https://www.ada.gov/regs2010/titleII2010/titleII2010regulations.htm>.*

"ADA Title II, State and Local Government Activities, require State and local governments to follow specific architectural standards in new construction and alteration of their buildings." However, this doesn't exempt older buildings from following ADA requirements. Building owners still may have to justify why they cannot adhere to the standards. There is a safe harbor that exempt elements of the building from meeting the 2010 ADA standards if it is in compliance with the 1991 standards. However, if changes are made in the element, it no longer is considered a safe harbor. *United States Department of Justice Civil Rights Division, Enactment of the ADA and Issuance of the 1991 Regulations, ADA.Gov, United States Justice Department, accessed on September 25, 2017, <https://www.ada.gov/regs2010/titleII2010/titleII2010regulations.htm>.*

"The 2010 ADA Standards for Accessible Design set minimum scoping and technical requirements for newly designed, constructed or altered State and local government facilities, public accommodations, and commercial facilities to be readily accessible to and usable by individuals with disabilities." The standard also established a reference point for Title II entities that choose to make structural changes to existing facilities to meet their program accessibility requirements. *United States Department of Justice Civil Rights Division, 2010 ADA Standards for Accessible Design, ADA.Gov, United States Department of Justice, accessed September 25, 2017, <https://www.ada.gov/regs2010/2010ADASTandards/2010ADASTandards.htm>.*

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the Veterans' Services compliance with the ADA requirements.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies, applicable laws, codes, regulations, and ordinances

Internal Audit Report 2018-005: Riverside County Department of Veterans' Services Audit

- Conducted interviews and performed walk-throughs with office personnel
- Utilized an ADA checklist to verify compliance

Finding 1: Lack of Handrails at Entrance Ramp

A ramp leading to the main Veterans' Services facility is not in compliance with ADA standards. The 2010 ADA Standards for Accessible Design, Section 405, identifies a ramp as having a slope of greater than 1:20 and requires handrails for ramp runs with a rise greater than six inches. The facility entrance has two elevated runs heading toward the entrance on each side. When facing the entrance, the run on the left has a slope of less than 1:20, as such, it does not meet the definition of a ramp. However, the run on the right has a slope greater than 1:20, qualifying it as a ramp per ADA standards. This same ramp has a run rise greater than six inches and is required to have hand rails. With the rise of the ramp over six inches, the lack of handrails can cause injury to individuals who have difficulty walking. This increases the risk of litigation against the County of Riverside.

Recommendation 1

Consult with the Economic Development Agency - Facility Management Department to evaluate the ramp at the entrance of the facility for proper handrails installation and any other ADA requirements.

Management's Response

"Concur. Our department will initially request proposed corrective actions from the Economic Development Agency, Riverside County, CA. Our department will initially request an engineer to determine and implement the most cost effective solution."

Actual/estimated Date of Corrective Action: **March 1, 2018**

HIPAA Compliance

Background

Increasing health costs, substantial medical documentation, and individual privacy concerns resulted in the signing of HIPAA. HIPAA, Public Law 104-191, was signed into law on August 21, 1996, by President Bill Clinton to confront these issues. HIPAA consists of four general rules (privacy, security, enforcement, and breach notification) to combat the cost of care, streamline medical documentation and safeguard health records. The privacy rule established standards for protecting individuals' medical records and other personal health information. The rule applies to health plans, healthcare clearinghouses, and those health care providers that conduct certain health care transactions electronically. The security rule requires administrative, physical, and technical safeguards to ensure confidentiality, integrity, and security of protected health information (PHI). The enforcement rule provides standards for investigations, penalties, and procedures for hearings. The breach notification rule requires most healthcare providers to notify patients when there is a breach of unsecured PHI. These four rules have addressable and required implementation requirements. Although some rules are addressable, they are not optional. Sound reasoning must be provided for not following an addressable rule. *United States Department of Health and Human Services, HIPAA for Professionals, United States Department of Health and Human Services, accessed on September 25, 2017, <https://www.hhs.gov/hipaa/for-professionals/index.html>*

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the adequacy and effectiveness of the Veterans' Services compliance with HIPAA requirements.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies, applicable laws, codes, regulations, and ordinances
- Conducted interviews and performed walk-throughs with office personnel
- Utilized a HIPAA checklist to verify compliance

Results

Based upon the results of our audit, we determined Riverside County Department of Veterans' Services internal controls over compliance with HIPAA provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Revenues Based On Performance

Background

In many cases, performance based revenue can motivate organizations to increase their output; however, it can also lead to organizations manipulating numbers to obtain more favorable outcomes. As such, we reviewed the internal controls over revenues based on performance to evaluate any associated risk is adequately mitigated.

Veterans' Services has four revenue accounts of which two revenue accounts are based on performance. Below is a breakdown of Veterans' Services four revenue accounts for 2015 through 2017:

Acct. No	Acct. Name	6/30/15	6/30/16	6/30/17
755080	CA-License Plate Fund	\$ 15,715	\$ 22,857	\$ 16,836
755100	CA-Veteran Svc Officer Reimbursement	229,120	253,211	353,823
755680	CA-Other Operating Grants	57,439	10,273	33,750
777630	Vet Svs Ofc Rmb Medicare Cost Avoidance	<u>98,648</u>	<u>147,618</u>	<u>97,841</u>
	Total	<u>\$400,922</u>	<u>\$433,959</u>	<u>\$502,250</u>

Following is the two revenue accounts that are based on performance and their percentage of revenue when compared to total revenue:

Acct. No	Acct. Name	6/30/15	6/30/16	6/30/17
755100	CA-Veteran Svc Officer Reimbursement	57%	58%	70%
777630	Vet Svs Ofc Rmb Medi-Cal Cost Avoidance	<u>25%</u>	<u>34%</u>	<u>19%</u>
	Total	<u>82%</u>	<u>92%</u>	<u>89%</u>

The two accounts that are based on performance make up a large percentage of their total funds received from outside sources.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the internal controls over the reporting of performance based revenues.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies, applicable laws, codes, regulations, and ordinances
- Conducted interviews and performed walk-throughs with office personnel

Internal Audit Report 2018-005: Riverside County Department of Veterans' Services Audit

- Utilized queries from the County of Riverside financial system to identify the source of revenue and percentages
- Selected samples of submitted performance reports

Results

Based upon the results of our audit, we determined Riverside County Department of Veterans' Services internal controls over the risks associated with revenues based on performance provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.