

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



ITEM: 2.5  
(ID # 18738)

**MEETING DATE:**  
Tuesday, April 12, 2022

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2022-303: Riverside University Health Systems, Public Health Follow-up Audit, [District: All]; [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2022-303: Riverside University Health Systems, Public Health Follow-up Audit

**ACTION:Consent**


  
Tanya Harris, Assistant Auditor Controller 3/29/2022

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Perez, 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, Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: None  
Date: April 12, 2022  
xc: Auditor

Kecia R. Harper  
Clerk of the Board  
By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>NET COUNTY COST</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	n/a

**C.E.O. RECOMMENDATION:** Approve.

**BACKGROUND:**

**Summary**

We completed a follow-up audit of the Riverside University Health Systems, Public Health Department. Our audit was limited to reviewing actions taken as of December 30, 2021, to correct findings noted in our original audit report 2018-018 dated August 9, 2018. The original audit report contained five recommendations, all of which required implementation to help correct the reported findings.

Please see report for audit results.

**Impact on Residents 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 2022-303: Riverside University Health Systems, Public Health Follow-up Audit.

**Internal Audit Report 2022-303**

**Riverside County  
Riverside University Health Systems, Public  
Health Department  
Follow-up Audit**

**Report Date: April 12, 2022**



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Riverside County Auditor-Controller  
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**ACC** | AUDITOR  
CONTROLLER  
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

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

April 12, 2022

Kimberly Saruwatari  
Director  
Riverside University Health System, Public Health  
4065 County Circle Drive  
Riverside, CA 92503

**Subject: Internal Audit Report 2022-303: Riverside University Health System, Public Health Follow-up Audit**

Dear Ms. Saruwatari:

We completed the follow-up audit of Riverside University Health System, Public Health. Our audit was limited to reviewing actions taken as of December 30, 2021, to help correct the findings noted in our original audit report 2018-018 dated August 9, 2018.

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 five recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the five recommendations:

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

**Internal Audit Report 2022-303: Riverside University Health System, Public Health Follow-up Audit**

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 2018-018 at [www.auditorcontroller.org/ Divisions /Audits and Specialized Accounting/ Internal Audit Reports](http://www.auditorcontroller.org/Divisions/Audits%20and%20Specialized%20Accounting/Internal%20Audit%20Reports).

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA  
Chief Internal Auditor

cc: Board of Supervisors  
Jeff A. Van Wagenen, County Executive Officer  
Grand Jury

## Table of Contents

	Page
<b>Results:</b>	
Revolving Funds .....	4
Capital Assets .....	6
 Attachments:	
A. Internal Audit Report 2018-018	
B. Status of Findings as Reported by Riverside University Health System, Public Health on December 30, 2021	

## Revolving Funds

### Finding 1: Revolving Fund Transfer of Accountability

Public Health completed and filed the SPM Form AR-1, *Revolving Fund Request Order & Change Form* five months after the date the new director was appointed. The SPM Form AR-1, effective October 26, 2017, was provided to the Riverside County Auditor-Controller's Office on March 14, 2018. Riverside County Board of Supervisors Board Resolution 74-156, Section 7, states, "In the event that the officer having a revolving fund is succeeded by another person of whom a like fund is established, the fund may be transferred by said officer to his successor ... " To ensure accountability for public funds, an SPM Form AR-1 should be completed and submitted to the Riverside County Auditor-Controller's Office as soon as the change occurs.

### Recommendation 1

Ensure the SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office within 30 days after a change of department head.

### Current Status 1: Implemented

### Finding 2: Monitoring of Petty Cash

Public Health's fiscal services does not properly monitor petty cash held at satellite clinics. During our walk-through of fiscal services and satellite clinics, we noted the following:

- Satellite clinics do not complete monthly petty cash reconciliations
- Fiscal services are unaware of the amounts of petty cash held at each satellite clinic
- Fiscal services does not conduct surprise cash counts at satellite clinics

Standard Practice Manual 603, *Revolving Funds*, states, "Custodians and/or departments will be responsible for maintaining an up-to-date listing of amounts allocated to each employee handling change fund monies." Public Health's management approved policy does not provide guidance for the monitoring of petty cash held at satellite clinics. Lack of monitoring controls can lead to misappropriation, theft, or loss of funds, and may go undetected for long periods of time.

**Recommendation 2**

Ensure Public Health's Cash Procedure Manual is revised to include monitoring controls over petty cash held at all of Public Health's clinic sites.

**Current Status 2: Implemented**

The clinics are now a separate business unit and no longer under the umbrella of RUHS Public Health. Therefore, the department did not need to update their Petty Cash policy.



## Capital Assets

### Finding 3: Capital Assets Transfer of Accountability

The newly appointed director of Public Health did not complete a transfer of accountability with signatures from the outgoing officer in a timely manner. The Standard Practice Manual AM-1 Form, *The Inventory of County Property for Capital Assets*, was submitted seven months after the departure of the outgoing officer without appropriate signatures. By not transferring capital assets to the incoming officer in a timely manner, the department did not comply with Standard Practice Manual 912, *Transfer of Capital Assets*, which require acknowledgment of transfer of accountability on capital assets from the outgoing officer and by the incoming officer.

During fieldwork, the newly appointed Director of Public Health acknowledged receipt of the department's capital assets on March 29, 2018, and the department submitted the required form to the Riverside County Auditor-Controller's Office.

### Recommendation 3

Ensure the transfer of capital assets from the outgoing officer to the incoming officer or acting department head is documented using Standard Practice Manual AM-1 Form, *Inventory of County Property for Capital Assets*, and submit it to the Riverside County Auditor-Controller's Office within 30 days after a change of department head.

### Current Status 3: Implemented

### Finding 4: Capital Asset Oversight

Capital asset testing identified the following:

- Ten of the 15 assets could not be located
- Two of the 15 assets were not tagged
- Five assets with a value of approximately \$143, 157 were not recorded or placed into service

Standard Practice Manual 513, *Asset Tags*, states, "Each department is responsible for the tagging and tracking of all movable assets." Public Health does not have a management approved policy in place to properly tag and track capital assets. Lack of adequate

internal controls can lead to an understatement, overstatement, loss, theft, or misappropriation of county assets.

**Recommendation 4.1**

Ensure capital assets are properly tagged, tracked, and surplusd in accordance with Standard Practice Manual 513, *Asset Tags*.

**Current Status 4.1: Not Implemented**

Eleven out of a sample of 19 capital assets reviewed were not tagged, tracked, or surplusd in accordance with Standard Practice Manual 513, *Asset Tags*. We identified five capital assets were not tagged, one capital asset was not in the location identified in PeopleSoft, one capital asset was not able to be located, and four capital assets were surplusd but not removed from PeopleSoft.

**Recommendation 4.2**

Develop a policy to ensure all capital assets purchased are placed in service and added to the asset module in a timely manner.

**Current Status 4.2: Not Implemented**

Riverside University Health Systems, Public Health has not developed a policy to ensure all capital assets purchased are placed in service and added to the asset module in a timely manner. The department has stated their plan is to have this completed by March 31, 2022.