

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



ITEM: 2.5
(ID # 23516)

MEETING DATE:
Tuesday, November 28, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2024-308: Riverside University Health System, Behavioral Health Follow-up Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-308: Riverside University Health System, Behavioral Health, Follow-up Audit

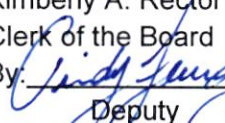
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 11/13/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Spiegel 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 Gutierrez
Nays: None
Absent: None
Date: November 28, 2023
xc: Auditor Controller

Kimberly A. Rector
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:

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside University Health System, Behavioral Health department. Our audit was limited to reviewing actions taken as of July 3, 2023, to correct findings noted in our original audit report 2021-202 dated December 8, 2020. The original audit report contained three recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of three recommendations:

- Two recommendations were implemented.
- One recommendation was not implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2022-202 included as an attachment to this follow-up audit report, or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>.

Impact on Citizens 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 2024-308: Riverside University Health System, Behavioral Health, Follow-up Audit.

Office of Ben J. Benoit
Riverside County Auditor-Controller

4080 Lemon Street, 11th Floor

Riverside, CA 92509

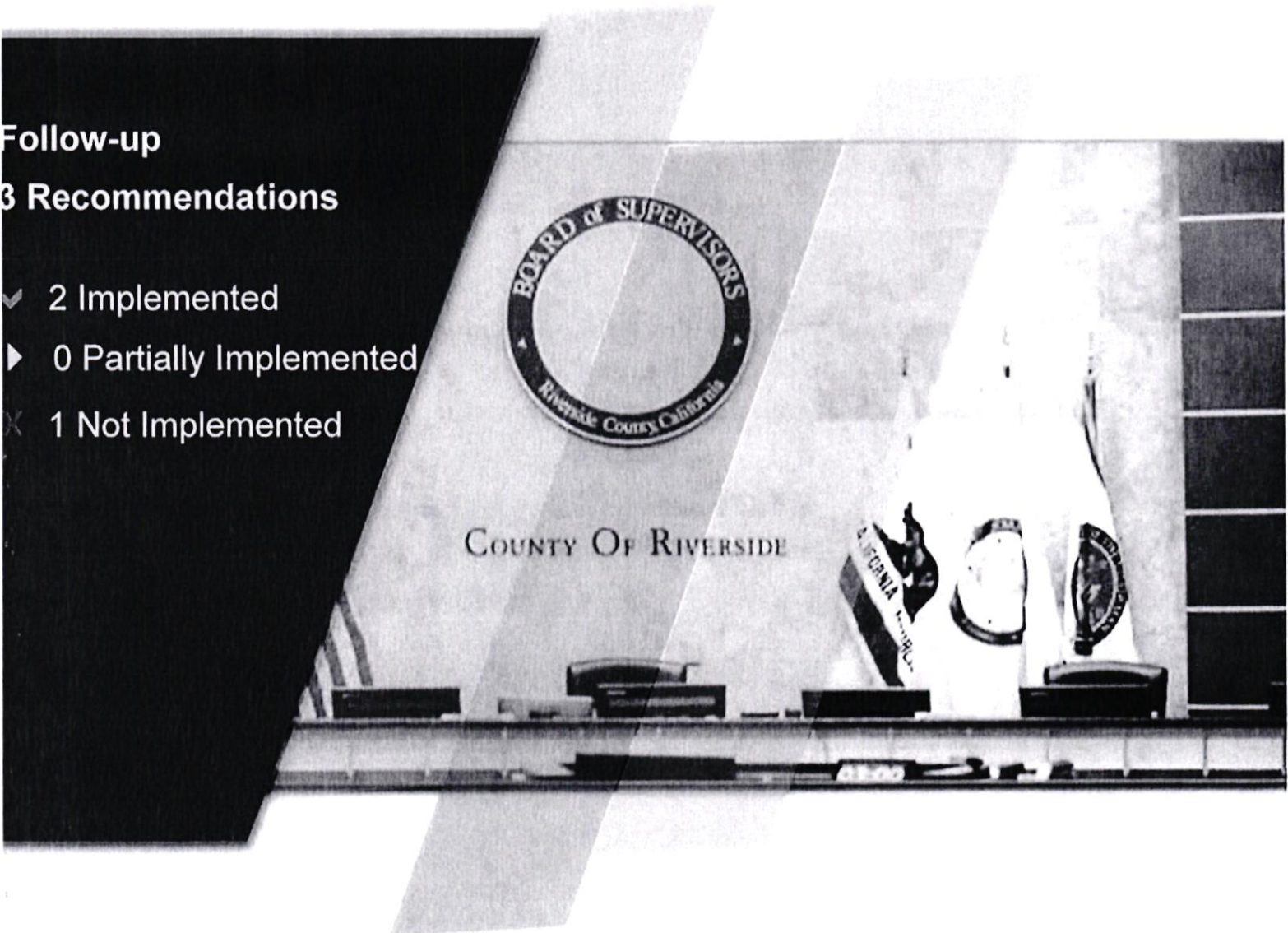
(951) 955-3800

Internal Audit Report 2024-308

Follow-up

3 Recommendations

- ✓ 2 Implemented
- ▶ 0 Partially Implemented
- ✗ 1 Not Implemented



**Riverside University Health
System, Behavioral Health
Follow-Up Audit**

November 28, 2023



COUNTY OF RIVERSIDE
OFFICE OF THE
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ACC | **AUDITOR**
CONTROLLER
COUNTY OF RIVERSIDE

Ben J. Benoit
County Auditor-Controller

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

November 28, 2023

Dr. Matthew Chang
Behavioral Health Director - Medical Director
Riverside University Health System, Behavioral Health
4095 County Circle Drive
Riverside, CA 92503

**Subject: Internal Audit Report 2024-308: Riverside University Health System,
Behavioral Health, Follow-Up Audit**

Dear Dr. Chang:

We completed the follow-up audit of Riverside University Health System, Behavioral Health. Our audit was limited to reviewing actions taken as of July 3, 2023, to help correct the findings noted in our original audit report 2021-202 dated December 8, 2020.

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

- Two of the recommendations were implemented.
- One of the recommendations was not implemented.

Internal Audit Report 2024-308: Riverside University Health System, Behavioral 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 2021-202 included as "Attachment A" of this audit report along with your department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit/reports>.

We thank you and your staff for the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.



Ben J. Benoit
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

cc: Board of Supervisors
Jeff A. Van Wagenen Jr., County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

Internal Audit Report 2024-308: Riverside University Health System, Behavioral Health, Follow-up Audit

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Internal Audit Report 2024-308: Riverside University Health System, Behavioral Health, Follow-up Audit

Capital Assets

Finding 1: Capital Asset Oversight

"Behavioral Health is not properly tracking capital assets. We tested 29 (11.6%) of the total 249 assets and noted the following:

- Sixteen assets did not have asset tags provided by the Auditor-Controller's Office affixed to track and identify it as a county asset.
- Four assets were surplus by the department, but required documentation was not submitted to the Auditor-Controller's Office.
- Two assets were located at physical locations that differ from the location noted in the Riverside County financial system, did not have asset tags affixed, were not being used by the department, and had not been surplus by the department.
- Two assets serial number did not match the Riverside County financial system.
- One asset was located at the Arlington ITF facility and was not able to be physically verified.

Standard Practice Manual 513, *Capital Asset Tags*, states, 'Each department is responsible for the tagging and tracking of all movable assets.' In addition, Standard Practice Manual 514, *Disposal of Capital Asset*, states 'all capital assets that are being disposed of or are not being used, are obsolete and/ or beyond repair, are to be disposed of.' Capital assets were not adequately tagged or tracked by the department. By not adequately accounting for its assets, or properly identifying them in the Riverside County financial system, an over or understatement of capital assets occurs."

Recommendation 1

"Ensure capital assets are properly tracked and disposed of in accordance with Standard Practice Manual 513, *Capital Asset Tags* and Standard Practice Manual 514, *Disposal of Capital Asset*."

Internal Audit Report 2024-308: Riverside University Health System, Behavioral Health, Follow-up Audit

Current Status 1: Not Implemented

We selected 21 capital assets to review, the results of our testing determined:

- Three assets were not adequately tracked as they were not at their designated addresses reported in the Riverside County financial system.
- Three assets did not have an asset tag number physically or visibly on the asset.
- Four assets could not be located.
- Ten assets did not have an asset tag number listed in the Riverside County financial system.
- One capital asset located on site had not been reported in the Riverside County financial system.

Management Response:

“RUHS-BH recognizes the importance of properly tracking capital assets, and therefore utilizes Department asset tags to track all assets in addition to the use of ACO issued asset tags for capital assets that crosswalk to the ACO asset numbers. The RUHS-BH Facilities Team manages capital assets and closely reviews, verifies, and maintains the capital asset records, allowing the team to immediately correct problems such as missing tags, or movement of assets and ensure compliance with ACO Standard Practice Manual 513.”

Revolving Fund

Finding 2: Revolving Fund Transfer of Accountability

“Riverside County Behavioral Health did not complete and file the Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* after the new director was appointed effective September 7, 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...’ Additionally, Standard Practice Manual 603 states ‘a change in Department Head requires a new AR-1 Form to be completed

Internal Audit Report 2024-308: Riverside University Health System, Behavioral Health, Follow-up Audit

is succeeded by another person of whom a like fund is established, the fund may be transferred by said officer to his successor....' Additionally, Standard Practice Manual 603 states 'a change in Department Head requires a new AR-1 Form to be completed acknowledging the amount of the Department's Revolving Fund and the departments designated custodian.' The submission of an updated Form AR-1 to the Auditor-Controller's Office, ensures and documents transfer of accountability for public funds by the new department director."

Recommendation 2

"Ensure the SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office, as soon as there is a change in director."

Current Status 2: Implemented

Stale Checks

Finding 3: Stale Dated Check

"Four of the 69 outstanding checks on the monthly reconciliations of the revolving fund where outstanding beyond six months and not stale dated under department records. Government code §29802 states that any warrant issued is void if not presented to the county treasury for payment within six months after its issuance date. The department voids its checks intermittently causing stale dated checks to remain in the reconciliation as outstanding items. As a result, the department's bank balance is inflated, and the risk of errors increases over time if stale dated checks are not adequately identified."

Recommendation 3

"Ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly."

Current Status 3: Implemented

Attachment A

Internal Audit Report 2021-202

**Riverside University Health System,
Behavioral Health Audit**

Report Date: December 8, 2020



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



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CONTROLLER**
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Tanya Harris, DPA, CPA
Assistant Auditor-Controller

December 8, 2020

Dr. Matthew Chang, Director
Riverside University Health System, Behavioral Health
4095 County Circle Drive
Riverside, CA 92503

**Subject: Internal Audit Report 2021-202: Riverside University Health System,
Behavioral Health Audit**

Dear Dr. Chang:

In accordance with Board of Supervisors Resolution 83-338, we audited of the Riverside University Health System, Behavioral Health to provide an independent assessment of internal controls over capital assets and revolving fund.

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 opportunities for improvement of internal controls relating to the tracking and tagging of capital assets and processing of stale dated checks within the revolving fund.

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. It is our responsibility to follow-up and verify that management implemented the corrective actions.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

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Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

Executive Summary

Overview

Riverside University Health Services, Behavioral Health (Behavioral Health) provides treatment and support services to children, transition age youth, adults and older adults with mental illness. Services include outpatient services, peer recovery services, residential care, juvenile hall, and medication programs throughout the county. With an annual budget of \$562.8 million in FY 20/21, Behavioral Health has 2,149 authorized positions in administrative services, detention program, substance abuse program, and treatment program. *County of Riverside, Fiscal Year 2020/21 Adopted Budget, September 2020, 333. Riverside University Health System, Behavioral Health, Administration, About Us, accessed July 15, 2020, <https://www.rcdmh.org/Administration/About-Us>.*

Audit Objective

Our objective is to provide an independent assessment about the adequacy and effectiveness of internal controls over capital assets and revolving fund. 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.

Audit Scope and Methodology

We conducted the audit from April 16, 2020, through July 7, 2020, for operations from July 1, 2018, through June 30, 2020. Following a risk-based approach, our scope initially included the following:

- Capital assets
- Initial patient assessments at the Inpatient Treatment Facility Arlington campus
- Medi-Cal billing services
- Revolving fund
- Third party healthcare provider contracts

Through inquiry, observations, and examination of relevant documentation related to initial patient assessments, Medi-cal billing services, and third party healthcare provider contracts, we concluded that internal controls over these areas are sufficient to provide reasonable assurance that an objective as described above is achieved. We focused our scope to internal controls over capital assets and revolving fund.

Internal Audit Report 2021-2022: Riverside University Health Center, Behavioral Health Audit

Audit Highlights

Existing Conditions

The current processes have not mitigated the following risk areas:

- Behavioral Health's capital asset listing does not match the Riverside County financial system. We tested the accuracy of the listing for 29 (11.6%) of the department's 249 total capital assets and identified important information and documentation missing to adequately track the assets. Not adequately accounting for its assets, or properly identifying them in the Riverside County financial system, an over or understatement of capital assets may occur.
- Behavioral Health did not complete and file the Standard Practice Manual Form AR-1 (SPM Form AR-1), *Revolving Fund Request Order & Change Form* after the new director was appointed. In order to ensure accountability for public funds by the new department director, Form AR-1 should be completed and submitted to the Riverside County Auditor-Controller's Office as soon as the change occurs.
- Behavioral Health did not remove stale dated checks from the register when they performed monthly revolving fund reconciliations. For a sample selection of three months of reconciliations tested, we identified four of the 69 outstanding checks were stale dated and remained on the reconciliations. As a result, the department is subject to an inflated bank account balance and challenges to monitor for errors or potential mismanagement of funds.

Improvement Opportunities

The improvement opportunities are in the following areas:

- Ensure all assets are appropriately tagged and tracked in the Riverside County financial system.
- Complete and file an updated Form AR-1, *Revolving Fund Request Order & Change Form*.
- Establish policies and procedures to ensure stale dated checks identified in the monthly register monthly and the amount added back to the bank balance.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to the tracking and tagging of capital assets and processing of stale dated checks within the revolving fund.

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

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, *Transfer of Accountability on Capital Assets*, it states that 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 September 18, 2019, the time the new director was appointed and acknowledged receipt of capital assets from the outgoing officer, the Riverside University Health System, Behavioral Health maintained 249 capital assets in the Riverside County financial system asset management module, consisting of printers, radios, and vehicles, with the combined acquisition cost of \$11,584,209.

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. Also, to assess the adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards.
- Established the date of the department director change.
- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

- Selected a sample of capital assets to verify adequate internal controls exist over the safeguarding of assets.
- Selected a sample of capital assets and verified its existence.

Finding 1: Capital Asset Oversight

Behavioral Health is not properly tracking capital assets. We tested 29 (11.6%) of the total 249 assets and noted the following:

- Sixteen assets did not have asset tags provided by the Auditor-Controller's Office affixed to track and identify it as a county asset.
- Four assets were surplus by the department, but required documentation was not submitted to the Auditor-Controller's Office.
- Two assets were located at physical locations that differ from the location noted in the Riverside County financial system, did not have asset tags affixed, were not being used by the department, and had not been surplus by the department.
- Two assets serial number did not match the Riverside County financial system.
- One asset was located at the Arlington ITF facility and was not able to be physically verified.

Standard Practice Manual 513, *Capital Asset Tags*, states, "Each department is responsible for the tagging and tracking of all movable assets." In addition, Standard Practice Manual 514, *Disposal of Capital Asset*, states "all capital assets that are being disposed of or are not being used, are obsolete and/or beyond repair, are to be disposed of." Capital assets were not adequately tagged or tracked by the department. By not adequately accounting for its assets, or properly identifying them in the Riverside County financial system, an over or understatement of capital assets occurs.

Recommendation 1

Ensure capital assets are properly tracked and disposed of in accordance with Standard Practice Manual 513, *Capital Asset Tags* and Standard Practice Manual 514, *Disposal of Capital Asset*.

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

Management's Response

"Do not concur. Riverside University Health System - Behavioral Health recognizes the importance of properly tracking capital assets, and as such has implemented inventory processes to ensure capital assets are tracked timely and accurately. RUHS-BH utilizes department asset number tags to track all assets in addition to the use of ACO issued asset tags for capital assets. For capital assets, Department asset number crosswalk to the ACO issued tag number within the RUHS-BH asset tracking database. We will work with the ACO to add ACO issued ACO asset tags as well."

Actual/estimated Date of Corrective Action: October 8, 2020

Auditor's Comment:

The Auditor-Controller's Office is the central accounting department responsible for reporting all financial information for the county. Standard Practice Manual 513 is the county's policy regarding how to properly tag assets. Standard Practice Manual 513 states "the tags received by the departments should immediately be placed on the equipment. Tags should be consistently placed in the same location on each similar type of asset." Additionally, "if possible the tags should be accessible for viewing...if the issued tag by the ACO will not adhere to an item because of size, shape or use of the item, the department should affix the assigned tag number in some other manner..., the assigned tag number must be affixed in some way that will ensure identification for accountability purposes."

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

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 Supervisor's adopted Board Resolution 83-338 on November 1, 1983, 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.

The Riverside University Health System, Behavioral Health has two revolving funds. The revolving fund has an authorized balance of \$20,000 maintained in the form of a bank account and a petty cash balance of \$200 which was not tested in the scope of our audit. Checks are endorsed by the department manager, with two backup staff. Replenishments are processed by the fund custodian with the approval of the department director. Reconciliations are performed monthly by the fund custodian and reviewed by the department manager.

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 these objectives, we:

- Reviewed Riverside County Auditor-Controller Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* for the establishment and transfer of the revolving funds.
- Interviewed key personnel and reviewed department procedures over the revolving funds.
- Verified revolving fund reconciliations were prepared.

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

- Performed a cash count and reconciled to the fund assignment amounts.
- Reviewed for adequate segregation of duties.

Finding 2: Revolving Fund Transfer of Accountability

Riverside County Behavioral Health did not complete and file the Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change* Form after the new director was appointed effective September 7, 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...." Additionally, Standard Practice Manual 603 states "a change in Department Head requires a new AR-1 Form to be completed acknowledging the amount of the Department's Revolving Fund and the departments designated custodian." The submission of an updated Form AR-1 to the Auditor-Controller's Office, ensures and documents transfer of accountability for public funds by the new department director.

Recommendation 2

Ensure the SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office, as soon as there is a change in director.

Management's Response

"**Partially concur.** The understanding at the time of the last department head change was that resubmission of this form was not required as the custodian of the fund had already been transferred to local program staff. Process are established to ensure proper completion of the SPM Form AR-1 upon future changes in Department director."

Actual/estimated Date of Corrective Action: October 9, 2020

Auditor's Comment:

Riverside County Board of Supervisors Board Resolution 74-156, Section 7 requires that when there is a change in Department director the revolving fund is to be transferred to the incoming director. The incoming director is acknowledging both the existence and accountability of the funds. The acknowledgement of the transfer of accountability is most efficiently documented in written format, by filing Standard Practice Manual Form AR-1.

Internal Audit Report 2021-202: Riverside University Health Center, Behavioral Health Audit

Finding 3: Stale Dated Check

Four of the 69 outstanding checks on the monthly reconciliations of the revolving fund were outstanding beyond six months and not stale dated under department records. Government code §29802 states that any warrant issued is void if not presented to the county treasury for payment within six months after its issuance date. The department voids its checks intermittently causing stale dated checks to remain in the reconciliation as outstanding items. As a result, the department's bank balance is inflated, and the risk of errors increases over time if stale dated checks are not adequately identified.

Recommendation 3

Ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.

Management's Response

"**Concur.** RUHS-BH concurs with the recommendation, RUHS provided additional training to staff and reminded them of the appropriate policies and procedures."

Actual/estimated Date of Corrective Action: October 9, 2020

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2020-202: Riverside University Health System, Behavioral Health Audit.



Authorized Signature

7/3/2023

Date

Finding 1: Capital Asset Oversight

Behavioral Health is not properly tracking capital assets. We tested 29 (11.6%) of the total 249 assets and noted the following:

- Sixteen assets did not have asset tags provided by the Auditor-Controller's Office affixed to track and identify it as a county asset.
- Four assets were surplus by the department, but required documentation was not submitted to the Auditor-Controller's Office.
- Two assets were located at physical locations that differ from the location noted in the Riverside County financial system, did not have asset tags affixed, were not being used by the department, and had not been surplus by the department.
- Two assets serial number did not match the Riverside County financial system.
- One asset was located at the Arlington ITF facility and was not able to be physically verified.

Standard Practice Manual 513, Capital Asset Tags, states, "Each department is responsible for the tagging and tracking of all movable assets." In addition, Standard Practice Manual 514, Disposal of Capital Asset, states "all capital assets that are being disposed of or are not being used, are obsolete and/ or beyond repair, are to be disposed of." Capital assets were not adequately tagged or tracked by the department. By not adequately accounting for its assets, or properly identifying them in the Riverside County financial system, an over or understatement of capital assets occurs.

Current Status

Reported Finding Corrected?



Yes



No

RUHS-Behavioral Health implemented new procedures to correct the concerns identified in the 2020 Audit Review. An internal audit was conducted to review processes and work through areas of improvement.

Recommendation 1

Ensure capital assets are properly tracked and disposed of in accordance with Standard Practice Manual 513, Capital Asset Tags and Standard Practice Manual 514, Disposal of Capital Asset.

Management Reply

"Do not concur. Riverside University Health System – Behavioral Health recognizes the importance of properly tracking capital assets, and as such has implemented processes to ensure capital assets are tracked timely and accurately. RUHS-BH utilizes department asset number tags to track all assets in addition to the use of ACO issued asset tags for capital assets. For capital assets, Department asset number crosswalk to the ACO issued tag number within the RUHS-BH asset tracking database. We will work with the ACO to add ACO issued ACO asset tags as well."

Actual/estimated Date of Corrective Action: October 8, 2020

Current Status

Corrective Action Fully Implemented Partially Implemented
 Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

To ensure compliance with Standard Practice Manual 513, RUHS-BH implemented new procedures and provided training in the areas of:

Tagging new capital assets prior to delivery to BH locations, properly disposing of capital assets through the surplus process and removing them from the Department's list of capital assets in PeopleSoft, providing notice to Materiel Management to ensure capital assets are updated (as part of a staff move, building closure, building opening, etc.), and bi-annual physical inventory review to ensure existing capital assets have the required documentation on the physical asset and agree to PeopleSoft Financials record.

Finding 2: Revolving Fund Transfer of Accountability – Internal Audit will not follow-up on Recommendation 2

Riverside County Behavioral Health did not complete and file the Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* after the new director was appointed effective September 7, 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...." Additionally, Standard Practice Manual 603 states "a change in Department Head requires a new AR-1 Form to be completed acknowledging the amount of the Department's Revolving Fund and the departments designated custodian." The submission of an updated Form AR-1 to the Auditor-Controller's Office, ensures and documents transfer of accountability for public funds by the new department director.

Current Status

Reported Finding Corrected? Yes No

Updated Form and submitted to ACO 12/8/2022

Recommendation 2

Ensure the SPM Form AR-1 requesting a change in custodian is completed and filed with the Riverside County Auditor-Controller's Office, as soon as there is a change in director.

Management Reply

"Partially concur. The understanding at the time of the last department head change was that resubmission of this form was not required as the custodian of the fund had already been transferred to local program staff. Process are established to ensure proper completion of the SPM Form AR-1 upon future changes in Department director."

Actual/estimated Date of Corrective Action: October 9, 2020

Current Status

Corrective Action: Fully Implemented Partially Implemented

Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

AR-1 Form was updated and submitted to ACO 12/8/2022

Finding 3: Stale Dated Check

Four of the 69 outstanding checks on the monthly reconciliations of the revolving fund were outstanding beyond six months and not stale dated under department records. Government code §29802 states that any warrant issued is void if not presented to the county treasury for payment

within six months after its issuance date. The department voids its checks intermittently causing stale dated checks to remain in the reconciliation as outstanding items. As a result, the department's bank balance is inflated, and the risk of errors increases over time if stale dated checks are not adequately identified.

Current Status

Reported Finding Corrected? Yes No

Accounts Payable Units ensures checks that are older than 6 months are voided and the amount is added back into the bank account balance.

Recommendation 3

Ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.

Management Reply

"Concur. RUHS-BH concurs with the recommendation, RUHS provided additional training to staff and reminded them of the appropriate policies and procedures."

Actual/estimated Date of Corrective Action: October 9, 2020

Current Status

Corrective Action: Fully Implemented Partially Implemented
 Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Accounts Payable Unit trains all personnel who are responsible for completion and review of the Bank reconciliation. All uncleared checks older than 6 months are voided and amount of the check is added back into the bank balance.