

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



ITEM: 2.10
(ID # 25234)

MEETING DATE:
Tuesday, June 11, 2024

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2024-013: Riverside University Health System, Public Health Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-013: Riverside University Health System, Public Health Audit

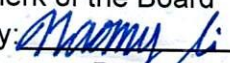
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/3/2024

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington and Gutierrez
Nays: None
Absent: Perez
Date: June 11, 2024
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: Approve

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we audited Riverside University Health System, Public Health. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over grant management, inventory management of non-capital assets, service delivery – complaint monitoring, and vendor management.

Based on the results of our audit, we determined that internal controls over grant management, inventory management of non-capital assets, service delivery – complaint monitoring, and vendor management are functioning as designed and provide reasonable assurance that Public Health's 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.

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's Office - Internal Audit Report 2024-013: Riverside University Health System, Public Health Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of
Recommendations

0

Priority Level 1
High Risk

0

Priority Level 2
Medium Risk

0

Priority Level 3
Low Risk

Internal Audit Report

2024-013

Riverside University Health System,
Public Health Audit

June 11, 2024



**COUNTY OF RIVERSIDE
OFFICE OF THE AUDITOR-CONTROLLER**

Ben J. Benoit, Auditor-Controller
Tanya S. Harris, DPA, CPA, Assistant Auditor-Controller

4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



June 11, 2024

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

Subject: Internal Audit Report 2024-013: Riverside University Health System, Public Health Audit

Dear Ms. Saruwatari:

In accordance with Board of Supervisors Resolution 83-338, we audited Riverside University Health System, Public Health to provide management and the Board of Supervisors with an independent assessment of internal controls over grant management, inventory management of non-capital assets, service delivery – complaint monitoring, and vendor management.

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.

Our conclusion and details of our audit are documented in the body of this audit report.



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

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



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Internal Audit Report 2024-013: Riverside University Health System, Public Health Audit

Executive Summary

Overview

Riverside University Health System, Public Health (Public Health) is responsible for preserving and protecting the health of residents within the County of Riverside. Public Health services include prevention and control of disease, responding to public health emergencies, promoting healthy behaviors, registering vital events, providing diagnosis and treatment services, and case management for children under age 21 with complex or physically handicapping medical conditions.

Public Health has an adopted budget of \$181.5 million for FY 2023-24 and 912 adopted positions. *County of Riverside, Fiscal Year 2023-24 Adopted Budget Volume 1, 371-372.*

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 grant management, inventory management of non-capital assets, service delivery – complaint monitoring, and vendor management. 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. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Audit Scope and Methodology

We conducted the audit from November 9, 2023, through March 4, 2024, for operations from July 1, 2021, through February 28, 2024.

AUDIT HIGHLIGHTS

- The department adheres to its policies and procedures over the grant management, inventory management of non-capital assets, service delivery – complaint monitoring, and vendor management scope areas reviewed in this audit.



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

- Grant Management
- Inventory Management of Non-Capital Assets
- Service Delivery – Complaint Monitoring
- Vendor Management

Audit Conclusion

Based on the results of our audit, we determined that internal controls over grant management, inventory management of non-capital assets, service delivery – complaint monitoring, and vendor management are functioning as designed and provide reasonable assurance that Public Health’s 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.



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Grant Management

Background

Public Health received over \$417.6 million in funding from federal, state, and local agencies for disease prevention and health awareness programs as illustrated below:

| Fiscal Year | Award Amount | Grant Count |
|---|---------------|-------------|
| FY 21/22 | \$124,261,566 | 98 |
| FY 22/23 | \$143,945,370 | 98 |
| *FY 23/24 | \$149,374,757 | 97 |
| <i>* Fiscal year information is as of December 2023</i> | | |

Public Health is responsible for providing programs and services designed to improve the overall quality of life and contribute to the environmental and economic well-being of county residents. The department provides support and grant monitoring to ensure administrative, fiscal, and program compliance with grants and applicable regulations.

Objective

To verify the existence and adequacy of internal controls over Public Health's grant management process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over grant management.
- Conducted interviews with key personnel to gain an understanding of the department's grant management process.
- Obtained a listing of all active and inactive grants awarded to the department during the audit review period. Randomly selected a sample of grants awarded to the department and obtained all relevant grant agreements.
- Obtained a listing of all expenditures claimed for the selected grants. Randomly selected a sample of grant expenditures for review and verified whether expenditures or services provided



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were allowed, reported timely, reviewed, accurate, and had sufficient supporting documentation.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over grant management provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



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Inventory Management of Non-Capital Assets

Background

Board of Supervisors' Policy Number H-26, *Non-capitalized Asset Management*, defines non-capitalized or "walk-away assets" as assets which are small, mobile, easily converted for personal use, and have a fair market value of \$200 to \$5,000 (over \$5,000 are classified as capital assets). Examples include, but are not limited to personal computers, personal digital assistants, global positioning system (GPS) receivers, and cell phones. Departments are required to track walk-away assets including, at minimum, all laptop computers, cellular phones, personal device assistant, and GPS receivers through the County of Riverside financial system, or another established system, if reviewed and approved by the Auditor-Controller.

As of January 9, 2024, Public Health maintained 1,270 non-capital assets through their non-capital asset management system, consisting of walk-away assets.

Objective

To verify the existence and adequacy of internal controls over Public Health's inventory management of non-capital assets process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over inventory management of non-capital assets.
- Conducted interviews with key personnel to gain an understanding of the department's inventory management of non-capital assets process.
- Obtained a listing of all non-capital assets from the department and randomly selected a sample of non-capital assets for review.
- Verified whether the non-capital assets existed, they were in their reported location, asset tags and serial numbers matched the listing, working conditions of the assets were monitored, periodic inventory counts were performed, and sufficient supporting documentation was maintained.
- Verified whether adequate internal controls existed over the reporting and safeguarding of non-capital assets.



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Finding: None Noted

Based on the results of our audit, we determined that internal controls over inventory management of non-capital assets provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



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Service Delivery – Complaint Monitoring

Background

Public Health provides numerous programs and services to residents within the County of Riverside, with the primary focus of preserving and safeguarding health. Alongside the implementation of these initiatives, the department allows county residents to submit complaints if the services being provided by the department are not deemed satisfactory to the resident. When a county resident wants to file a complaint, Public Health personnel assisting the resident are to complete an incident report describing the grievance in detail. Complaints are gathered through different methods, including phone calls, surveys, and in-person interactions. Each complaint is then analyzed to identify areas within the department's control that may require adjustments. This feedback process not only addresses individual concerns, but also provides insight for continuous improvement. The process of complaint resolution serves as an evaluative tool, enabling the department to assess the effectiveness of its programs and the quality of service delivery.

Objective

To verify the existence and adequacy of internal controls over Public Health's service delivery – complaint monitoring process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over service delivery – complaint monitoring.
- Conducted interviews with key personnel to gain an understanding of the department's service delivery – complaint monitoring process.
- Verified whether there was adequate segregation of duties in place relating to the service delivery – complaint monitoring process.
- Verified whether the customer complaint log was regularly reviewed for trends and patterns.
- Verified whether training was provided to staff over the service delivery – complaint monitoring process.
- Obtained a copy of the department's customer complaint log for the audit review period.



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Finding: None Noted

Based on the results of our audit, we determined that internal controls over service delivery – complaint monitoring provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



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Vendor Management

Background

The Riverside County *Purchasing Policy Manual* (2021) defines a contract as “an agreement or purchase order for the purchase or disposal of commodities or services.” The *Purchasing Policy Manual* further states, “purchase contracts shall be entered into only after it has been determined that prices be paid are reasonable considering all of the circumstances pertaining to the particular purchase under consideration.” Price reasonableness is established through competitive bidding and supported cost analysis. The terms and conditions of county contracts identify the rights and responsibilities of the parties involved. Terms and conditions include, but are not limited to the following: payment, penalties, record retention, confidentiality, scope of services, and inspection of services.

Vendor management is an integral aspect of organizational operations, involving the selection, oversight, and evaluation of suppliers to ensure they meet the county's standards and requirements. Contract monitoring is a key process in ensuring compliance with a contract's established terms and conditions. This process is crucial in maintaining effective partnerships, ensuring quality services, and achieving optimal value from vendor relationships. Contract monitoring consists of understanding the terms and conditions and the scope of work. Departments can promote contract compliance through validation of satisfactory work performance, ensuring timely performance of contracted work, maintaining adequate documentation, and proper review and approval of invoices prior to payment to a contractor. The Riverside County *Purchasing Policy Manual* (2021) states, “whenever a department determines a vendor has not satisfactorily delivered the goods or services contracted for by a purchase order and/or contract, the department should address the problem by initiating a Supplier Correction Action Form located at the Purchasing’s Intranet Forms website. It should never be assumed that contract performance problems will work themselves out.” Furthermore, “corrective action procedures can influence better vendor performance, improved contracts and increase customer satisfaction. Departments are encouraged to document and report all poor or deficient performance.”

Objective

To verify the existence and adequacy of internal controls over Public Health’s vendor management process.

Audit Methodology

To accomplish these objectives, we:



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- Obtained an understanding of department processes and procedures over vendor management.
- Conducted interviews with key personnel to gain an understanding of the department's vendor management process.
- Obtained and reviewed a listing of all suppliers and contracts associated with Public Health during the audit review period. Selected a sample of contractors to determine if adequate controls exist over vendor management.
- Examined contract agreements to ensure compliance with terms.
- Reviewed vouchers for completeness, accuracy, adequate supporting documentation, and adequate managerial review of documentation.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over vendor management provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.