

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



ITEM: 2.8
(ID # 30684)

MEETING DATE:
Tuesday, June 23, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2026-003: Riverside University Health System, Medical Center Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-003: Riverside University Health System, Medical Center Audit

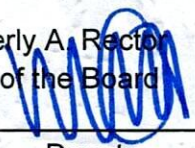
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/11/2026

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez, and Gutierrez
Nays: None
Absent: None
Date: June 23, 2026
xc: Auditor


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 the Riverside University Health System, Medical Center. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over access control management, inventory management, and performance indicators.

Based on the results of our audit, we determined internal controls over inventory management and performance indicators are functioning as designed to help Medical Center achieve its business process objectives. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Due to the sensitivity of the information, all access control management audit conclusions have been included in a separate, confidential report presented in a closed session.

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 2026-003: Riverside University Health System, Medical Center Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

0

Findings

Medium Risk

0

Findings

Low Risk

0

Findings

* Please refer to Appendix A for a classification of the priority levels.

Internal Audit Report

2026-003

Riverside University Health System,
Medical Center Audit

June 23, 2026



COUNTY OF RIVERSIDE
OFFICE OF THE AUDITOR-CONTROLLER

BEN J. BENOIT
AUDITOR-CONTROLLER

TANYA S. HARRIS, DPA, CPA | JON JENSEN, CPP
ASSISTANT AUDITOR-CONTROLLER



June 23, 2026

Jennifer Cruikshank
Chief Executive Officer
Riverside University Health System, Medical Center
26520 Cactus Avenue
Moreno Valley, CA 92555

Subject: **Internal Audit Report 2026-003: Riverside University Health System, Medical Center Audit**

Dear Ms. Cruikshank:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside University Health System, Medical Center to provide management and the Board of Supervisors with an independent assessment of internal controls over access control management, inventory management, and performance indicators.

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 internal controls.

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



Internal Audit Report 2026-003: Riverside University Health System, Medical Center 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 a separate, confidential report presented in a closed session. Management's responses are included in the report. We will conduct follow-up reviews to confirm that management has implemented corrective actions according to the timeframes assigned to each improvement area's priority level. The highest priority ranking will determine the schedule for verifying corrective actions across all identified areas in the report.

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
Juan Perez, Chief Operating Officer
Don Kent, Chief Financial Officer
Zareh Sarrafian, Assistant County Executive Officer
Grand Jury



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Executive Summary

Overview

Riverside University Health System, Medical Center (Medical Center) is comprised of the Medical Center, hospital-based clinics, and the Medical and Surgical Center with over 7,000 healthcare professionals and support staff. The 30-clinic, 439-bed Medical Center trains 1,000 medical residents and students and 2,500 nursing students annually. Medical Center also operates an emergency psychiatric hospital. In fiscal year 2023-24, Medical Center oversaw 94,959 clinic visits, 130,725 inpatient days, 24,576 discharges, 1,771 births, 107,896 emergency room visits, and 143,710 outpatient diagnostic visits.

Medical Center has an adopted budget of \$1.54 billion for fiscal year 2025-26 and 5,461 adopted positions. *County of Riverside, Fiscal Year 2025-26 Adopted Budget Volume 1, 368.*

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 access control management, inventory management, and performance indicators. 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 September 4, 2025, through February 24, 2026, for operations from July 1, 2023, through February 5, 2026.

AUDIT HIGHLIGHTS

- The department adheres to its policies and procedures over the following scope areas reviewed in this audit: Inventory Management and Performance Indicators.
- All access control management audit highlights are included in a separate, confidential report presented in a closed session.



Internal Audit Report 2026-003: Riverside University Health System, Medical Center Audit

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

- Access Control Management
- Inventory Management
- Performance Indicators (Reliability of Information)

Audit Conclusion

Based on the results of our audit, we determined internal controls over inventory management and performance indicators are functioning as designed to help Medical Center achieve its business process objectives. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Due to the sensitivity of the information, all access control management audit conclusions have been included in a separate, confidential report presented in a closed session.



Inventory Management

Background

Inventory management is essential for ensuring operational efficiency, patient safety, and financial integrity within a hospital setting. It involves establishing, maintaining, and enforcing policies and procedures to track, monitor, and safeguard medical supplies, pharmaceuticals, and other critical resources. Effective inventory controls help ensure necessary items are available when needed, minimize waste, prevent loss or theft, support accurate financial reporting, and maintain compliance with applicable regulatory requirements.

Medical Center maintains a wide range of inventory, including general hospital supplies and equipment, surgical supplies, and medications (both controlled and non-controlled substances). Accurate inventory records are necessary to support patient care, prevent shortages or overstock conditions, and reduce the risk of waste. To manage this inventory, Medical Center utilizes a perpetual inventory system designed to track quantities and transactions on an ongoing basis.

Under a perpetual inventory system, stock levels are updated in real time to reflect additions, removals, and adjustments. While this provides ongoing visibility into inventory balances and supports timely replenishment, periodic physical counts remain necessary to verify the existence and accuracy of recorded quantities. Effective inventory management, supported by reliable records and physical verification, helps safeguard assets from loss, theft, deterioration, or mismanagement and supports sound financial oversight.

Objective

To verify the existence and adequacy of internal controls over Medical Center's inventory management processes.

Audit Methodology

To accomplish these objectives, we:

- Obtained and reviewed relevant internal policies and procedures governing inventory management, including pharmacy operations and controlled substance handling.
- Conducted interviews with key personnel to gain an understanding of the department's inventory management processes and systems.
- Evaluated segregation of duties related to inventory custody, recordkeeping, transaction processing, and approval functions.



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- Obtained listings of inventory management systems and department locations storing supplies, pharmaceuticals, and specialized equipment, and judgmentally selected a sample location for testing.
- Obtained current inventory listings and recent cycle count documentation and selected a random sample of items to verify quantities, traced items between system records and physical locations, and assessed condition, labeling, expiration dates, and warranty information.
- Verified whether cycle counts were performed timely, reconciled to system records, and whether variances were investigated, approved, and recorded appropriately.
- Obtained listings of inventory receipts, transfers, returns, and disposals during the audit review period and selected random samples to verify completeness, accuracy, supporting documentation, reasonableness, and appropriate review and approval.
- Performed walkthroughs of inventory storage areas to assess physical safeguards, identified obsolete or damaged items, verified monitoring of medication expirations, and evaluated whether access controls were secure and properly maintained.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over inventory management provide reasonable assurance that the department's 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.



Performance Indicators

Background

Performance indicators are a key component of an organization's performance management and accountability framework and are used to measure progress toward strategic goals and operational objectives. Effective performance indicators provide management with meaningful, reliable, and timely information to assess efficiency, effectiveness, and service delivery outcomes. Clearly defined and measurable metrics enable organizations to monitor trends, identify areas for improvement, and support data-driven decision-making. As expectations for transparency and results-oriented operations increase, it is important that performance indicators are aligned with the organization's mission and objectives.

An effective performance measurement framework includes clearly established metrics, standardized data collection methodologies, defined calculation criteria, regular monitoring and reporting, and procedures to validate data accuracy and completeness. These elements help ensure reported results are consistent, credible, and useful for oversight and decision-making. When supported by clearly documented definitions and monitoring processes, performance indicators provide management and governing bodies with a structured and dependable basis for evaluating operational performance and program outcomes. Our audit focused on the reliability of the data used to calculate and report performance indicators rather than the design or adequacy of the indicators themselves. We also reviewed how management utilized performance indicator results to support performance monitoring and decision-making.

Objective

To verify the existence and adequacy of internal controls over Medical Center's performance indicators processes.

Audit Methodology

To accomplish these objectives, we:

- Conducted interviews with key personnel to gain an understanding of the department's performance indicators processes.
- Evaluated segregation of duties related to the collection, validation, reporting, and review of performance indicator data.
- Obtained a listing of performance indicators tracked during the audit review period and assessed whether indicators were relevant, measurable, and aligned with departmental goals and strategic objectives.



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- Selected a judgmental sample of performance indicators and traced supporting data to reported results to assess accuracy, reconciliation, validation, supervisory review, approval, and adequacy of documentation.
- Verified whether management utilized performance indicator results for operational oversight, strategic planning, and benchmarking against peer hospitals, counties, industry standards, and internal trends.
- Evaluated whether staff received training to promote data accuracy, consistency, and reliable performance reporting.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over performance indicators provide reasonable assurance that the department's 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.