

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



ITEM: 2.12  
(ID # 30692)

**MEETING DATE:**  
Tuesday, June 23, 2026

**FROM :** AUDITOR CONTROLLER

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit, [District: All]; [\$0]

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

1. Receive and file Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit.

**ACTION:** Consent

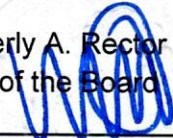
  
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/11/2026

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**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**

<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>	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>NET COUNTY COST</b>	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year: N/A</b>	

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

**BACKGROUND:**

**Summary**

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside University Health System, Behavioral Health. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over grant management and service delivery. This audit is conducted to assess internal controls over Service Delivery and Grant Management.

Based upon the results of our audit, we determined that internal controls over grant management are operating effectively and provide reasonable assurance that related objectives will be achieved. However, internal controls over service delivery require strengthening to ensure compliance with contract terms and prevent improper payments. Specifically, we identified the use of an unapproved child rate resulting in \$50,644 in unsupported billings, as well as a duplicate vendor payment of \$25,698, underscoring the need to enhance contract verification and invoice review procedures.

We will follow-up to determine if actions were taken to correct the findings noted.

**Impact on Residents and Businesses**

Provide an assessment of internal controls over the audited areas.

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS**

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit



Office of Ben J. Benoit  
Riverside County Auditor-Controller

### Number of Findings & Recommendations

#### High Risk

**1** Findings  
• **2 Recommendations**

#### Medium Risk

**0** Findings  
• # Recommendations

#### Low Risk

**1** Findings  
• **2 Recommendations**

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

# Internal Audit Report

**2026-001**

**Riverside University Health System  
Behavioral Health 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

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

**Subject: Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit**

Dear Dr. Chang:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside University Health System, Behavioral Health to provide management and the Board of Supervisors with an independent assessment of internal controls over service delivery and grant 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 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.



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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 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 this report.

We thank you and your staff for your 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 Finance Officer  
Zareh Sarrafian, Assistant County Executive Officer  
Grand Jury



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## Executive Summary

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### Overview

Riverside University Health System, Behavioral Health (Behavioral Health) is dedicated to addressing the complex needs of individuals with mental health and substance abuse disorders providing treatment and support across full care continuum including acute inpatient services, step down care, outpatient services, medication, peer recovery services, education, housing, residential care, and prevention and early intervention services.

Behavioral Health has an adopted budget of \$1.06 billion for FY 2025/26 and 3,074 adopted county positions. County of Riverside, Fiscal Year 2025/26 Adopted Budget Volume 1, 355-356.

### Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the adequacy and effectiveness of internal controls over service delivery and grant 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 June 2, 2025, through January 13, 2026, for operations from July 1, 2023, through January 14, 2026. Using a risk-based approach, our scope included the following:

- Service Delivery
- Grant Management

### AUDIT HIGHLIGHTS

- Contracts must clearly define all allowable rates before use.
- Billed rates must be verified against contract terms prior to payment.
- Invoice review procedures must be strengthened to prevent duplicate payments.



## Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit

### Audit Conclusion

Based on the results of our audit, we determined internal controls over grant management are functioning as designed to help Behavioral Health achieve its business objectives. However, we identified improvement opportunities for internal controls over service delivery that can help provide reasonable assurance that the department's objectives relating to this area will be achieved. Specifically, improvements are needed to ensure services are billed in accordance with contractually approved rates and that invoice review procedures adequately verify the allowability, accuracy, and uniqueness of payments.



## Service Delivery

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### Background

Behavioral Health provides mental health and substance use disorder services to children, youth, adults, and older adults throughout Riverside County. Services are delivered through a combination of County-operated programs and contracted providers and include outpatient treatment, community-based services, and specialized programs designed to support recovery and stability.

As part of its substance use disorder continuum of care, Behavioral Health contracts with multiple providers to deliver Recovery Residence services, which offer sober living environments for individuals receiving substance use treatment. These services are administered through a Board-approved contract aggregate that establishes overall funding authority, contract terms, and duration, under which individual provider agreements and related amendments are executed.

### Objective

To verify the existence and adequacy of internal controls over Behavioral Health's service delivery processes.

### Audit Methodology

To accomplish these objectives, we:

- Obtained and reviewed relevant service delivery policies and procedures, including
  - RUHS Behavioral Health Policy 101 - *Compliance Plan*
  - RUHS Behavioral Health Policy 121 - *Contract Performance Monitoring*
  - RUHS Behavioral Health Policy 245 - *Clinical Record Keeping Standards*
- Conducted walkthrough interviews with department management and key personnel to obtain an understanding of contract monitoring practices, including training, policy awareness, segregation of duties, record retention, and the use of centralized systems to track contract deliverables and compliance activities.
- Reviewed 11 Recovery Residence contracts executed under the Board-approved master agreement during the audit period, including related amendments, to assess completeness, proper authorization, and consistency with approved contract terms.
- Evaluated key contract provisions, including insurance requirements, payment terms, performance measures, audit and termination clauses, conflict-of-interest provisions, renewal



## Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit

terms, and approval requirements, to determine compliance with procurement standards and County policies.

- Assessed whether contract performance measures were aligned with program and departmental objectives and whether monitoring activities and performance results were documented and tracked.
- Obtained contract, vendor, and expenditure data performed data analytics to identify high-risk contracts, vendors, and payment activity.
- Conducted vendor research, including cross-referencing vendor and employee information to identify potential conflicts of interest, or related-party relationships.
- Evaluated expenditures that were not consistently linked to contracts to determine whether linkage was required and assessed the impact on contract limits, transparency, and monitoring effectiveness.
- Performed detection procedures to identify potential red flags related to sole-source awards, unusual contract amendments, vendor billing patterns.
- Performed duplicate payment and sequential invoice testing to identify potential repeat billings or payment irregularities and followed up with management where trends or anomalies were identified.

### Finding 1: Child Rate Omission in Contracts

Priority Level: 1

The Professional Service Agreement for Recovery Residences, Section 3.1, *Compensation*, states, "The County shall pay the CONTRACTOR for services performed, products provided, and expenses incurred in accordance with the terms of Exhibit B, Payment provisions."

Of the 11 contracts reviewed during the audit period, two contracts (18%) billed a child rate that was not included in the agreement's payment provisions. We identified \$50,644 in payments made using the child rate, which was not listed in the contract. The child rate was omitted from the executed contracts due to a scribe error during contract development. The volume of contracts processed and the absence of a documented verification step to confirm that all intended rate categories were included in the final executed agreement contributed to the omission. Billing for unauthorized rates increases the risk of improper payments and noncompliance with contract provisions, which may lead to questioned costs, financial loss, and additional administrative burden to reconcile or recover overpayments. Additionally, charges based on an unauthorized rate are unsupported by the governing agreement, regardless of whether the rate may exist operationally or in practice.



## Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit

### Recommendation 1.1

Amend the contract to clearly define all allowable rate categories, including any child rate, and specify the effective date of approved rates.

#### Management's Response

**"Partially Concur.** The children's services component of the Recovery Residence agreement was appropriately bid by the vendor via the Request for Proposal (RFP) process, and the department approval that bid included the children's service and corresponding rate. Clerical oversight in preparation of the contract resulted in the inadvertent omission of the enhanced children's rate in the executed agreement, however, RUHS-BH ensured that the rate reimbursed was the proposed and approved RFP rate. An amendment to the agreement is pending execution and will be effective retroactively to July 1, 2025."

**Actual/Estimated Date of Corrective Action:** April 1, 2026

### Recommendation 1.2

Establish and implement a process to verify that all rates billed are supported by executed contract terms or approved amendments prior to payment.

**Actual/Estimated Date of Corrective Action:** April 1, 2026

#### Management's Response

**"Partially Concur.** RUHS-BH verifies invoices by reviewing both authorizations and contract terms. Reviewers will be re-trained to ensure they are checking all appropriate documentation for accuracy before payment."

**Actual/Estimated Date of Corrective Action:** March 1, 2026

## Finding 2: Duplicate Invoice Processing

Priority Level: 3

RUHS-Behavioral Health Policy 101, *Compliance Plan*, Section 6.A., states, "The Manager/Administrator of each program will ensure that supervisors are reviewing the appropriate reports and using the appropriate monitoring tools. Monitoring reports are used to inform the supervisor of a variety of issues, which includes, but is not limited to potential duplicate services, codes used for services provided, and appropriateness of codes used." Additionally, Section 6.C states, "duplicate billing, meaning the submission of more than one claim for the same service, or submitting the same claim more than once is prohibited."



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We identified one instance in which the same vendor was paid twice for the same services through two separate invoices, resulting in a duplicate payment of \$25,698. Based on review of the supporting documentation, the invoices differed only by an additional dash included in the invoice number entered to the County's financial system, which prevented the system's duplicate invoice check from identifying the payment as a duplicate. While the system performs duplicate invoice checks, the invoice review process did not include an additional step to verify whether the same services had already been paid when invoice numbers differed slightly, allowing the duplicate payment to proceed. The duplicate payment indicates a potential breakdown in the invoice review and approval process, increasing the risk of financial loss and inefficient use of County resources.

### **Recommendation 2.1**

Establish and implement a review procedure to verify that invoices have not already been paid prior to invoice approval and payment.

### **Management's Response**

**"Concur.** RUHS-BH has an established invoice review process and will continue to monitor for potential duplicate invoices submitted by vendors. The department acknowledges the error at the point of payment vouchering and is committed to re-training on the importance of accurate data entry."

**Actual/Estimated Date of Corrective Action:** March 1, 2026

### **Recommendation 2.2**

Evaluate the duplicate payment identified and take appropriate corrective action, such as recovery, and retain documentation supporting the resolution.

### **Management's Response**

**"Partially Concur.** Upon notification of the duplicate payment, RUHS-BH followed department procedure and successfully recouped the overpaid funds from the vendor via invoice deduction. The recoupment is documented on the invoice attached to the affected warrant."

**Actual/Estimated Date of Corrective Action:** December 1, 2025

### **Auditor's Comment**

We thank management for their prompt action in recouping the overpaid funds and retaining the supporting documentation. We will follow up to verify the status of corrective actions during the follow-up review



## Grant Management

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### Background

Behavioral Health oversees a wide array of state and federally supported programs that provide mental health and substance use disorder (SUD) services across the county, backed by more than \$446 million in state funding and \$437 million in federal allocations in FY 2025/26. The department's mandate includes delivering treatment and prevention services for children, youth, adults, and older adults with serious mental illness, as well as supporting individuals struggling with substance use. These services are implemented through county clinics, contracted providers, crisis stabilization centers, and community-based programs.

Grant Management is central to ensuring that these programs operate in alignment with state and federal requirements. Behavioral Health must track program deliverables, monitor performance measures, and maintain compliance with regulatory standards across areas such as quality improvement, managed care utilization, and client outcomes. Strong oversight of grant-funded programs supports the department's goals of expanding access to care, integrating behavioral health and substance use treatment with broader healthcare, and promoting long-term recovery for vulnerable populations.

### Objective

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

### Audit Methodology

To accomplish these objectives, we:

- Conducted interviews with key personnel to gain an understanding of the department's grant management process.
- Obtained and reviewed relevant grant management policies and procedures, including:
  - *Riverside County Board Policy A-30,*
  - *Coordination of Grants Protocol,*
  - *Substance User Prevention, Treatment, and Recovery Block Grant (SUBG) Application and Enclosure Process.*
- Obtained a listing of all grants awarded to the department during the audit review period.



## Internal Audit Report 2026-001: Riverside University Health System, Behavioral Health Audit

- Selected a random sample of grants awarded to the department and obtained all relevant grant agreements.
- Obtained a listing of quarterly invoices submitted to the state for the selected grants.
- Verified whether the invoiced expenses were allowed and within the scope of work, reported timely, reviewed and approved, accurate and had sufficient supporting documentation.
- Verified that grant expenditures were properly authorized under the applicable approval thresholds, that allocated disbursements aligned with spending guidelines, and that associated deadlines were met.
- Verified whether Behavioral Health appropriately implemented the audit findings, recommendations, and corrective actions issued by its independent auditors.
- Verified that Behavioral Health conducted evaluations of contractors and maintained required certifications and licenses.

**Finding: None noted**

Based on the results of our audit, we determined that internal controls over grant management provide reasonable assurance that its objectives 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.



## Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
<p>These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department’s objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.</p>	<p>These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.</p>	<p>These are audit findings that are less critical and generally have a lower impact on the department’s objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.</p>
<p><u>Expected Implementation Date of Recommendation*</u> One to three months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Three to six months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Six to twelve months</p>

\* Expected completion to implement recommendation date begins after issuance of final audit report.