

County of Ventura  
AUDITOR-CONTROLLER  
MEMORANDUM

---

To: Michael B. Powers, Director, Health Care Agency Date: May 1, 2009  
From: Christine L. Cohen, Auditor-Controller  
Subject: FOLLOW-UP AUDIT OF PUBLIC HEALTH CLINICS' CASH CONTROLS

EXECUTIVE SUMMARY

We have completed our follow-up audit of the Health Care Agency's controls over cash operations for the Public Health Clinics. Our overall audit objective was to determine whether proper corrective actions were implemented by Public Health management to address the issues noted in our prior audit report dated January 9, 2006. Our follow-up audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors. Our findings are summarized below with details provided in the attached report.

Overall, we found that improvements were still needed to address concerns noted in our prior audit report. Although concerns over the transfer of cash accountability between employees have been resolved, we identified several continuing and new conditions that required management's attention to:

- Strengthen controls over safeguarding cash, including locking cash drawers, securing keys to cash storage devices, using safes properly, and limiting access to safes.
- Ensure that refunds and other adjustments to patient financial records were authorized and appropriate, including obtaining written manager approval and preventing the deletion of transactions from the system.

Public Health management initiated corrective action to address our findings. Corrective action was planned to be completed by March 31, 2009.

We appreciate the cooperation and assistance extended by you and your staff during this follow-up audit.

Attachment

cc: Honorable Steve Bennett, Chair, Board of Supervisors  
Honorable Linda Parks, Board of Supervisors  
Honorable Kathy Long, Board of Supervisors  
Honorable Peter C. Foy, Board of Supervisors  
Honorable John C. Zaragoza, Board of Supervisors  
Marty Robinson, County Executive Officer  
Barry R. Fisher, Director, Public Health

## FOLLOW-UP AUDIT OF PUBLIC HEALTH CLINICS' CASH CONTROLS

**BACKGROUND:**

The Public Health Department of the Health Care Agency (HCA) is responsible for the protection, maintenance, and improvement of public health in Ventura County through collaborative planning and development of effective community service programs. To this end, Public Health operates the following four clinics: North Oxnard; South Oxnard; Simi Valley; and Ventura. The clinics' primary revenue sources consist of charges from immunizations, pregnancy testing, and communicable disease control and prevention.

The clinics use a patient billing and accounting system known as Medical Manager to record and report patient financial transactions. The official Public Health financial accounting records are maintained through the Ventura County Financial Management System (VCFMS). During fiscal year 2007-08, Public Health revenues relating to health fees (VCFMS revenue account 9582) amounted to over \$1.3 million. Of this amount, \$820,000 (63%) were laboratory fees for services provided to the Ventura County Medical Center.

**SCOPE:**

Our overall objective was to determine whether proper corrective actions were implemented as a result of the previous Public Health Clinics' Cash Controls audit report dated January 9, 2006. Specifically, we:

- evaluated the documentation procedures for the transfer of cash accountability;
- determined whether safeguards over cash were improved; and
- evaluated the approval process for adjustments made to patients' financial records.

For our audit, we judgmentally selected to review cash operations of the North Oxnard, Simi Valley, and Ventura Public Health Clinics.

The audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors using documents from January through December 2007.

**FINDINGS:**

Since the prior audit, cash is no longer transferred between employees; therefore, transfer of cash accountability is no longer an issue. Specifically, we noted that authorized change funds were removed from the safe each morning by assigned individuals only and that funds assigned to absent employees remained in the safe.

However, overall, we did note that improvements were still needed to address concerns expressed in our prior audit report. Specifically, we found that daily collections were not always properly safeguarded from the time of receipt until turned over to HCA Central Cash Control. We also noted that controls over refunds

and other adjustments to patient financial records were not always adequate to prevent inappropriate or unauthorized transactions.

Summarized below are details of the areas where improvements were needed. Public Health management took or initiated corrective action during the audit as noted.

1. **Safeguarding Cash.** Improvements were still needed to strengthen controls over the safeguarding of cash. Specifically, we noted instances during our audit where cash drawers and keys to cash storage devices were not adequately secured and where cash was stored in an unlocked file cabinet rather than the safe. We also noted that access to safes at all clinic locations was not adequately restricted. As a result, collections could be at risk of theft or misappropriation.

**Management Action.** Public Health management concurred with our summary of individual findings and stated:

The following actions are being taken to resolve this:

1. Safes are being re-conditioned/serviced and security changed at all sites.
2. All funds will be secured and locked during business hours.
3. Each individual will have their own secured cash fund.

- A. **Cash Drawers.** Daily collections and change funds maintained in clerks' desk drawers during business hours continued to remain unsecured at two of the three locations we visited. Specifically, the Simi Valley Clinic's cash drawers were not locked during the day and one cash drawer lock had been broken for several months. The Ventura Clinic's cash drawers were only locked during lunch hours and were left unlocked during the remainder of operating hours, including when clerks went on breaks. Therefore, unauthorized individuals with access to the cash drawer area, which could potentially include employees as well as patients, had access to the money.

**Management Action.** Public Health management concurred with the finding and stated:

The following actions are being taken to resolve this:

1. A full procedure has been submitted to HCA Fiscal and approved for cash handling and safeguards.
2. Please see Exhibit 1: PH Nursing Cash Handling policy dated 06/08; revised 03/09.

- B. **Keys to Storage Devices.** Corrective action was not fully implemented to secure keys to cash storage devices. Specifically, the Simi Valley Clinic's key lockbox containing keys to locking moneybags, cash lockboxes, and cash drawers was located in a patient examination room. During our initial visit to the clinic, we noted that the key lockbox was open, prominently displaying the keys. Limiting the accessibility of keys to appropriate individuals is necessary to protect County assets.

**Management Action.** Public Health management concurred with the finding and stated:

The following actions are being taken to resolve this:

1. Locking safes were ordered for each of the respective areas.

2. The only people with the keys and/or combinations will be the nurses of the clinics, with a representative from Administration as a backup, in the event someone else needs to be called, due to attendance issues.
3. Keys, lockbox and moneybags have been removed from any patient access.
4. All lockboxes will remain locked at all times.

C. **Sanctioned Storage Devices.** Unauthorized storage devices were used at the Simi Valley Clinic to store daily deposits. Each morning, staff removed the prior day's deposit funds from the locked safe in the back of the office and placed the clear, sealed deposit bag in an unlocked file cabinet near the clerks' work area. The funds, which totaled \$1,199 in cash and \$1,358 in checks for the one-month period of September 2007, were moved for staff convenience until picked up by courier later in the day for deposit into the County Treasury. Risk was amplified because the file cabinet was located in an area accessible to all staff inside the clinic, including employees from the Women, Infants and Children Program, a separate function that shares the office space. Storing daily deposits in the locked safe at all times reduces the risk to these assets.

**Management Action.** Public Health management concurred with the finding and stated:

The following actions were taken to resolve this:

1. Bank bags have been put into place in the respective clinics.
2. Please see Exhibit 2: PH Nursing Batching and Depositing policy dated 06/04; revised 03/09.

Note: The total cash, checks, and credit card payments received in the Simi Valley Clinic during the month of Sept. 2007 was \$6,993. Deposits were made to the Treasury Department daily. Keeping the money unlocked was a violation of policy. Any infraction will result in disciplinary action which may include termination.

D. **Access to Safes.** Employee access to safe contents was not adequately restricted. Each of Public Health's four clinic locations contained a safe where the day's collections were stored overnight, and all of the clinics' 20 staff members had been given the safe combination code for each location. In addition, all staff members had keys to each site's building and office entrance and key lockbox. Such access was granted for practicality purposes because staff members regularly rotate locations. However, this unrestricted access made pinpointing responsibility and eliminating certain employees from suspicion much more difficult in the event of a theft. This risk could be reduced by implementing alternate procedures, such as dual access controls for safe combinations whereby two employees would need to enter a portion of the code to open the safe. In addition, because the North Oxnard Clinic's safe could be opened with either the combination code or a key, which was stored in the lockbox, corrective access was needed to limit access to the safe key. Further, we were informed that the Ventura Clinic's safe could also be opened with a key, but the facility's safe key had been lost and the safe had not yet been re-keyed.

**Management Action.** Public Health management concurred with the finding and stated:

The following actions were taken to resolve this:

1. The clinic nurses and one administrative person will have the combination to the safe for accessibility.

2. Previously there were eighteen nurses. Now there are five nurses and one administrator who have the ability to open safes.
  3. All safes have been re-keyed as appropriate.
  4. All keys to clinic safes are currently locked and maintained by Public Health management.
2. **Adjusting Patient Records.** Attention was still needed to ensure that refunds and other adjustments to patient financial records were authorized and appropriate. Specifically, we noted instances during our audit where written manager approval was not obtained before refunding patient fees. Our follow-up audit also disclosed additional measures needed to prevent staff from deleting financial transactions from the electronic record. As a result, patient financial records could be at risk of improper manipulation, which could ultimately place collections at risk of theft or misappropriation.

**Management Action.** Public Health management concurred with our summary of individual findings and stated:

The following action items were taken to resolve this:

1. No adjustments are now done at the clinic level.
  2. All adjustments are done by the billing department who also process refunds for processing upon receiving documentation that is signed off by the nursing administration, and co-signed by the Patient Account Manager.
  3. Clinic site access has been controlled. Only Patient Accounting can now delete a charge.
  4. Request is sent or e-mailed to Public Health once authorized accounting is adjusted, not deleted.
- A. **Written Manager Approval.** Adequate procedures had not been put in place to require written manager approval for adjustments to patient financial records (e.g., refunds). From January 1 through December 31, 2007, the North Oxnard, Simi Valley, and Ventura Clinics processed 58 patient refunds, which amounted to \$4,156. Of the 58 refunds, 25 (43%) were performed without proper documentation and/or written management approval. Specifically, 18 refunds were performed without the required *Refund Request Form* and 7 *Refund Request Forms* were not signed by a manager. Retaining proper supporting documentation evidencing manager approval provides support that refunds and other adjustments are appropriate and authorized.

**Management Action.** Public Health management concurred with the finding and stated:

The following action items were taken to resolve this:

1. All refunds must be requested in writing signed off by the PH Nursing manager then co-signed by PH management to authorize the refund check process.
  2. Please see Exhibit 3: PH Nursing Refund Policy dated 08/08; revised 03/09 and Exhibit 4.
- B. **Transactions Not Posted to Medical Manager.** Patient financial transactions were not always recorded in Public Health's patient billing and accounting system, Medical Manager. Of the 58 refunds discussed in Finding 2A above, we noted 2 instances where, although a manager signed the *Refund Request Form*, neither the patient charge nor the refund could be traced to Medical Manager. We also noted another instance where neither the full patient charge nor the unauthorized refund appeared to be posted to Medical Manager. Our discussions with staff disclosed that transactions are sometimes permanently deleted from Medical Manager after a

refund is processed, although staff acknowledged that this practice is prohibited. Electronically restricting staff's ability to delete or otherwise overwrite transactions would help to assure the integrity of Medical Manager records.

**Management Action.** Public Health management concurred with the finding and stated:

The following actions are being taken to resolve this:

1. All charge corrections will be made by the patient accounting department.
2. Staff will be informed that they will be violating County Policy by not inputting charges.
3. For Patient Accounting to adjust a charge, the appropriate documentation must be available.
4. To delete a transaction or not record a transaction is a direct infraction of the Public Health policy. Clinic personal awareness of this policy is being emphasized. Any future infractions will result in disciplinary action that may include termination.
5. Please see Exhibit 5: How to Collect Payment at the Front Desk policy; dated 03/09.

**AUDITOR'S EVALUATION OF MANAGEMENT ACTION:** We believe that management actions taken or planned were responsive to the audit findings. Management planned to complete corrective action by March 31, 2009.

We appreciate the cooperation and assistance extended by you and your staff during this audit.

<b>VENTURA COUNTY PUBLIC HEALTH NURSING</b>
---

**SECTION:** Clinic - FISCAL

**EFFECTIVE DATE:** 06/08

**TITLE:** Cash Handling

**REVISION DATE:** 03/09

**Approved by Fiscal**

**PAGE:** 1 of 1

---

**POLICY:**

It is the policy of the Public Health Nursing Department to ensure safe handling of clinic monetary resources by utilizing a standardized cash handling guideline.

**PROCEDURE:**

1. At the beginning of each business day, each front office clerk will obtain from the clinic safe, the assigned change fund.
2. Clerical will verify the correct change is present, both at the beginning of the work day and at the end of the work day, by counting the fund before using and before placing it back into the safe.
3. If a discrepancy is noted, another clerk or the clinic charge nurse will be notified immediately. The servicing of clients will not begin until the discrepancy is resolved, either by finding the missing cash or remedying any mathematical error.
4. If the discrepancy cannot be resolved by the above methods, written documentation of discrepancy, signed by clerk(s) and clinic nurse, will be faxed to PH cash control office and the clinic manager that morning.
5. If, during the work day, cash needs to change hands(as in obtaining change for large denomination bills), the lending and receiving clerks will both be present and count the amount being transferred twice, both when giving and when receiving.
6. Under no circumstances, will a single clerk handle the change fund of another clerk without that clerk or the clinic charge nurse being present and verifying the transaction, in writing.
7. Once assigned change fund has been removed from the safe, money needs to be kept in a locked money bag and locked money drawer through out the day, and back in the safe during Lunch hours.
8. Clinic Deposits must remain in the locked safe until is picked up by the messenger or delivered to Vita Records.
9. Cash fund must be accounted for every night before placing it back in the safe by someone that has **not** been handling the money for example you clinic charge nurse
10. All deposits must be checked and signed before sealing the bank deposit bag by someone that has **not** been handling the money (clinic charge nurse).
11. Both the cash fund and deposits must be locked in the safe before leaving the clinic each night.
12. Keys to the money drawer and the deposit locking bags must be kept in the locked safe at all times.

<b>VENTURA COUNTY PUBLIC HEALTH NURSING</b>
---

**SECTION: Clerical Guidelines****EFFECTIVE DATE: 6/04****TITLE: Batching and Depositing****REVISION DATE: 03/09****Approved by Fiscal****PAGE NUMBER: 1 of 3****Policy:**

It is the policy of the Public Health Clerical staff to perform a daily batch and reconciliation at the end of each day and prepare the money deposit to the Treasurer's Office, following Treasurer's Office guidelines.

**Procedure:**

1. Clerical staff must open a daily batch in Medical Manager.
2. The batch should be printed at the end of the day to match the amounts collected.
3. After matching the total amounts collected, clerical must follow these steps to complete a daily deposit:

— Separate daily receipts into 1) checks, 2) currency, 3) credit card charges.

**CHECKS:**

1. Must be endorsed
2. Must be paper clipped or rubber banded together with two separate tapes (tape must include all checks with a subtotal, currency, coins, charges and a total amount). Please do not use staples.
3. Make copy of all checks collected on that day and staple copy to your daily batch.

**CURRENCY:**

1. Must be separate from checks
2. All bills must face same direction
3. Paper clip:
  - A. \$25.00 in ones
  - B. \$100 in fives (20 fives together)
  - C. \$100 in tens (10 tens together)
  - D. \$500 in twenties (25 twenties together)
  - E. \$1000 in hundreds(10 one hundred dollar bills together)
4. Coins in a coin envelope

**CREDIT CARD SLIPS:**

1. Must be legible
2. Check ink in the terminals regularly.



- Balance money with printed Medical Manager Batch by printing adding calculator machine tape that verifies checks, charges, and currency.
- Complete a cash receipt form and attach adding machine tallies (2).
- Calculate all clerks' total batches.
- Fill out a fax cover sheet include the total amounts of deposit, and number of pages being faxed to PH Cash Control. fax cover sheet, batches and copy of Cash Receipt to PH Cash Control Attn: PH Fiscal Assistant, Fax # (805) 677-5148
- On the next day, PH Cash Control will fax your deposit #. Enter this # on Cash Receipt (top portion of Cash Receipt form). If you do not receive a number the following day, contact PH Cash Control (PH Fiscal Assistant) at (805) 677-5129.
- After entering these numbers, your Cash Receipt form is complete.
- Paper clip checks, money, credit card slip and the 2 calculator machine tallies to the cash receipt (make sure credit card slip is on top of the deposit). **Have a nurse check deposit for accuracy before placing in plastic bank money bag**, once checked by nurse, wrap the cash receipt around deposit and place it in plastic bank money bag (*make sure bank money bag is sealed*). After bank money bag is sealed, **secure in a locked cash bag and keep in the locked safe until courier arrives or until money is delivered to Vital Records**.
- If money is taken to Vital Records, it must be done before 10:00 a.m. daily.
- Courier will arrive at each clinic site at different times of the day.  
Upon arrival and before receipt of deposit bag, courier will sign
  - 1) Cash Receipt and Bank Bag Log and
  - 2) Cash Receipt Transfer Form
- A copy of Cash Receipt Transfer Form is given to Courier to take to Treasury Department and a copy is retained on file by the Clinic Clerk.
- Upon signing, courier will be given locked money bag to take to Treasury Department.
- **For Clinic Records:**
  - 1) Detach the dark yellow form from Cash Receipt and place in appropriately marked file folder.
  - 2) Place copies of daily batches in a separate appropriately marked file folder

- 3) Both file folders are to be kept in secured files and maintained for seven (7) years before destruction.

**(Fees Collected for internal use only):**

All fees collected must be entered daily in the Fees **Collected Spread Sheet** in **Excel**.

1. At the end of the day go to **Excel**,
  - a. G: Everyone/Medical Disease Control & Prevention Division/PH Clinic/PH Clinics
  - b. Clinic Fees collected. FY 2008-2009.doc
  - c. Make sure to pick the correct clinic at the bottom of page.
2. There are 3 Categories:
  - a. Cash/Check
  - b. Credit
  - c. Travel
3. Add all cash and check collected together and enter total amount, under Cash/Check column. Under the correct date.
4. Enter all charges collected under Credit column
5. Enter all Fees collected for Travel under Travel column (only if it applies to your clinic)
6. Save updates.

<b>VENTURA COUNTY PUBLIC HEALTH NURSING</b>
---

**SECTION: Clinic - FISCAL****EFFECTIVE DATE: 08/08****TITLE: Refund Policy****REVISION DATE: 03/09****Approved by Fiscal****PAGE: 1 of 1****POLICY:**

It is the policy of the Public Health Clinic staff to ensure safe handling of clinic monetary resources by utilizing a standardized cash handling guideline.

**PROCEDURE:**

Any refunds must go through our Fiscal Department and must be approved by Clinic Supervisor.

Make sure you enter accurate information when doing all receipts.

If patients have questions regarding a vaccine or service, make sure to ask the nurse before charging, once you collect payment you can not refund. All approved refunds must go through our Fiscal Department. Inform clients of Public Health department policy before collecting payment.

Steps to follow :

- E-mail clinic supervisor, supervisor's assistant and PH Special Billing department with the reason for refund.
- Fax refund request form to 805-981-5076, wait for approval before sending to PH Special Billing.
- Have patient fill out Refund Request form (Attachment A), make a copy for client and a copy for client's file.
- Send refund form to PH special billing along with the patient's encounter/docuscan form
- PH special billing, will initiate the refund process.
- Inform patients it could take three to four weeks to process.

. Charge Refunds:

It will be charged back into a credit card, if done on the same day and must be approved by clinic charge nurse. Must have documentation and refund request form is required in client's file.



**VENTURA COUNTY PUBLIC HEALTH CLINICS**

**REFUND REQUEST FORM**

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

REASON FOR REFUND:

\_\_\_\_\_  
\_\_\_\_\_

FEE AMOUNT: \_\_\_\_\_

FEE PAID BY: Cash \_\_\_ Check # \_\_\_\_\_ VISA \_\_\_ MasterCard \_\_\_ Other \_\_\_

CARD # \_\_\_\_\_ EXPIRATION DATE: \_\_\_\_\_

CLIENT SIGNATURE: \_\_\_\_\_

**For questions regarding your refund please call our Billing Department:  
at (805) 648-9560 and ask for Nancy Whitney**

**FOR OFFICE USE ONLY**

Refund Approved: \_\_\_ Yes \_\_\_ No \_\_\_ Reason: \_\_\_\_\_

Approved by: Clinic Supervisor or designee: \_\_\_\_\_

Total Amount Refunded: \_\_\_\_\_

Receipt Attached: \_\_\_ Yes \_\_\_ No

**Form must be signed and Approved by Clinic Supervisor before processing. Fax to 981-5076 for approval**

<b>VENTURA COUNTY PUBLIC HEALTH NURSING</b>
---

**SECTION: Clerical Guidelines****EFFECTIVE DATE:****REVISION DATE: 03-09****TITLE: How to collect payment at the Front Desk****PAGE NUMBER: 1 of 2****Approved by Fiscal****October, 2008****POLICY:**

It is the policy of the Public Health Clinics' front office staff to collect payments according to the department policies and procedure, and to code in the cash receipt according to PH Cash Control and Fiscal regulations.

**GUIDELINES:**

Clerical staff will accept payment from clients and enter them in Medical Manager and add them to the end of the day deposit.

**BEFORE COLLECTING PAYMENT:**

1. First screen for services the patient is requesting,
2. Find out how the patient will pay for services,
  - a. If the patient has Insurance, Medi-Cal, F-Pact and the Insurance covers the services requested. Make a copy of the card and, check for any co-payments.
  - b. Once the patient understands what the payment will be and agrees to the terms.
  - c. Register client in Medical Manager and complete all applicable paperwork.

Do not collect any payments until you are ready:

- a. If client is paying by credit card, check ID before processing transaction, -place transaction slip in money bag after is signed, **place money bag in money drawer and lock it.**
- b. If client is paying by check, ask for Identification card and write, ID # and Exp. date on check.
  - endorse check with bank stamp
  - place check in money bag, **place money bag in money drawer and lock it.**
- c. If client is paying cash, take money from client, count the money in front of the client.
  - Place under a heavy object visible to you and the client.
  - Print client's receipt from Medical Manager.
  - Count the money one more time in front of the client, give client change if applicable and give client receipt.
  - Place your money in your money bag, **place money bag in money drawer and lock it**

### **IN MEDICAL MANAGER:**

1. Enter client's information in *New Patient Entry* or if client is already in Medical Manager, follow these directions to make a receipt:
  - a. On any screen click F5 to look up the client for which you are entering the payment.
  - b. Once you know you have the correct client follow these steps:
    1. F5 again followed by a back slash (\) and click, ENTER twice.
    2. Enter an (E) for Eligibility and click ENTER.
    3. Enter a (V) for Visit Co-ay and click ENTER.
    4. On the receipt: under Voucher enter the voucher #, under Comment Enter, **H571-9582**.
    5. Select the correct currency (C) ash, (M) oney, (O) ther.
    6. Enter a Y under print receipt and press F1 to process.
    7. On encounter form under Today's payment document amount collected.

### **CASH RECEIPT:**

Follow the **Batching and Depositing** Guidelines to complete your end of the day deposit.