UCIRVINE | INTERNAL AUDIT SERVICES

Supply Chain Management

Internal Audit Report No. I2017-601

September 24, 2018

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SUSANNA RUSTAD
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RE: Supply Chain Management Audit
      Report No. I2016-601

Internal Audit Services has completed the review of selected Supply Chain Management areas at the Medical Center and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Mike Bathke
Director
UC Irvine Internal Audit Services

Attachment

C: Audit Committee

I.   BACKGROUND AND AUDIT REQUEST

The interim Chief Operating Officer requested that Internal Audit Services (IAS) review issues and concerns raised by the Interim Director of Procurement and Supply Chain after the prior Director abruptly retired. Specifically, (1) review the Ricoh copier agreement, related processes and payments, and physical inventory of the leased machines, (2) review the HCIQ agreement, and related processes, calculations, and payments, (3) review surplus sales processes and related deposit activity, (4) review information technology (IT) controls related to the AMS system, (5) review purchasing process and controls, and (6) in conjunction with Security, review physical security controls at the Central Distribution Warehouse.

II.   OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Ricoh Copiers

Background

UC Irvine Health leases copiers/printers from Ricoh Americas Corporation (Ricoh). As part of the agreement, Ricoh provides machines, equipment repair and maintenances services, and onsite Ricoh personnel. UC Irvine Health receives a combined monthly invoice (at time of audit was $110,000/month) for each of the leased machines (approximately 260 machines) based on individual lease agreements (for each machine). UC Irvine Health also receives a quarterly usage invoice based on the amount of black/white and color copies produced over an allotted amount determined in the contract (overages). The Ricoh leased copier program is managed centrally by UC Irvine Health Procurement.

Observations

Purchasing/Requisitions/Receiving of Ricoh Machines

IAS noted that onsite Ricoh sales personnel were ordering Ricoh machines (and invoicing the University) that were not received by the Medical Center departments/units.   Procurement did not have a process in place to ensure that Ricoh machines ordered had been requisitioned by departments/units. In

addition, Procurement and the Central Distribution Warehouse did not have a process in place to ensure Ricoh copiers ordered had been properly received and delivered to units so a large fraud went undetected. As of November 2016, 425 Ricoh machines that were ordered and invoiced to the Medical Center (but never received) were confirmed stolen or not had not been located. IAS determined that since January 2013 the Medical Center had paid approximately $2 million to Ricoh for machines they never received.

Ricoh Inventory and Invoices

Ricoh machine serial numbers and corresponding monthly lease payment amounts were not recorded or monitored by Procurement so it was uncertain what machines were on hand and whether or not they were properly invoiced for each machine. IAS reviewed the Ricoh monthly leased machine hard copy invoices and noted that the details submitted with the invoices for payment were so small that they were unreadable. Accounts Payable stated that they received the Ricoh monthly invoices electronically but did not keep them. Instead, Accounts Payable printed the invoices and deleted the electronic copies then forwarded the hard copy invoices to the previous Director of UC Irvine Health Procurement for his approval. Since Procurement did not maintain an inventory of machines that included serial numbers and monthly lease amounts it was not possible for Accounts Payable or the previous Procurement Director to ensure the invoices were accurate. Plus, even if they had maintained an inventory listing it would have been impossible to validate the serial numbers or corresponding lease amounts because the hard copy invoices were unreadable.

IAS reviewed the last 10 quarterly usage invoices totaling from Ricoh and noted that none of them contain any supporting documentation for the overage charges. Accounts Payable stated that did not receive any supporting documentation with the invoices and just forward them to previous Procurement Director for his approval. IAS requested the supporting documentation for several of the quarterly invoices from Ricoh and noted that many of the confirmed stolen/not found machines were also on the quarterly invoices. IAS estimates that the Medical Center paid over $368,000 in quarterly overage charges to Ricoh for machines that were never in use by departments/units.

Implementation of internal controls, such as maintaining an inventory of Ricoh machines that includes the location, serial number, and monthly lease amounts for comparison to Ricoh invoices as well as ensuring that machines are properly requisitioned and received will minimize the risk of fraud.

Management Action Plan

Supply Chain provided resources to accompany UCI Health Internal Audit team and Ricoh Audit team to physically record all machines in use and in UCI Health possession during the month of October 2017. Upon consensus of existing equipment, master spreadsheet November 2017 been developed to track all leased inventory with serial numbers, lease start dates and end dates, and their physical location and departmental contact. Process workflow has been developed to include justification from department directly accompanied by Ricoh recommendations prior to accepting requisition for new placements/updates/changes. New placements must be approved by Supply Chain Director or Supply Chain Manager who will execute any and all new lease agreements to ensure awareness of all activity. All new placements/updates/changes are tracked on master spreadsheet. Usage is tracked for all units connected to UCI Health server via software that monitors page clicks.

2. HCIQ Invoice Review and Reconciliation

Background

Since June 2011, UC Irvine Health has paid HCIQ over $3.62 million dollars for savings initiatives, which according to HCIQ sources, resulted in realized savings of over $12 million dollars through June 2016. In performing spending analysis, the savings are identified from reviewing 12 months history of the last price paid (price history) and quantity purchased. The objective of the savings analysis, or projected savings, is to negotiate new and better pricing (price tiers) above the last price paid (the baseline) on all future spending on the same items. Negotiated contracts (initiatives) have been developed to secure new pricings, which if managed properly, should result in actual savings. There were a total of 147 initiatives (new contracts) that have been put in place to create realized savings compared to previous purchasing history. However, many of the initiatives have been allowed to expire which may result in lost cost savings opportunities.

Internal Audit reviewed the July 2016 invoice from HCIQ and selected a sample of 30 items to reconcile with source documents, or when available, to corresponding Purchase Orders in the UCI AMS system, to verify that HCIQ's realized savings calculations were accurate or reasonable. Note that Total Realized Savings for the 30 items sampled above was $73,137, which is 44 percent of the Total Realized Savings of $167,880 for the entire invoice.

Observation

a. In review of the HCIQ contract and purchasing activity, there is no separation of duties between approving the contract, creating and approving the purchase order to initiate payments, and approving the invoices to pay HCIQ. The previous Procurement Director performed all of these assigned duties.

b. In review of the HCIQ invoices, support is limited to summary line items of realized savings by supplier and does not include the detail support showing current cost items against baseline cost items for each catalog item by supplier. This data is supposed to result in the cost savings described in the summary detail for each supplier listed. The amount of data that is developed for each supplier for a given month savings is so large and complex that it is very difficult to reconcile each invoice to source data to determine savings and invoice accuracy. IAS did not find any evidence that this reconciliation was being performed in the past and estimates it would take one FTE to complete this process on an ongoing basis. HCIQ has provided supporting documentation for the July 2016 invoice, and based on our reconciliation of a sample of line items from these documents, realized savings calculations made by HCIQ were generally accurate and we found no evidence of fraudulent transactions. However, two items out of the 30 sampled had estimated baseline cost calculations that, in our opinion, were not reasonable. For the first item, HCIQ calculated a baseline cost at $100, and the new cost to UCI is now $7.20, representing a savings of about 93%. This was unusually high, in our opinion, and although the accuracy of the new cost of $7.20 was confirmed in the UCI AMS system, HCIQ's formula for calculating the baseline cost of $100 was based on the weighted-average cost of a combination of items they concluded were replaced by the new item. The combination of items included one very expensive item, which UCI still

uses today. The baseline cost for the second item was calculated by HCIQ at $500, and the new cost is now $65.63, which represents a savings of 87%. This is also unusually high, and HCIQ calculated the baseline cost by simply multiplying the $100 baseline cost of the first item by five since this second item was just a larger version of the first. However, a lower baseline cost of $139 could have been used by HCIQ since we did purchase that item in the past for that price. HCIQ said they did not use the $139 as a baseline cost since that purchase was made by UCI only one time in the past. HCIQ's decision not to use the $139 as a baseline cost and their calculations that resulted in high percentages of realized savings were arbitrary, and a thorough reconciliation of invoices by the Purchasing Department prior to paying HCIQ would have discovered such questionable calculations and allowed UCI to challenge them, thereby possibly reducing the amount paid to HCIQ for their services.

c. Accounts Payable are processing and paying HCIQ invoices, many of which range between $40,000 and $80,000 each month, without proper documentation to support the payment amounts. The invoices are authorized to pay by the approval of the Director of Purchasing.

d. Since 2012, HCIQ has assisted Purchasing with over 147 cost saving initiatives (contracts) to leverage better pricing and cost savings, primarily from spine implant suppliers. However, 119 of 147 (81 percent) contracts have expired for unknown reasons. The HCIQ system has contract management features and contains supply chain contracts in an electronic format. As new contracts are negotiated, a copy is uploaded into the system for ease of access and use. A hard copy is filed with Purchasing. The contract management feature does not appear to have been used in this case.

e. HCIQ analysis features indicate that since January 2014 (29 months), Purchasing has made over payments (not cost savings) to various suppliers of more than $762,000 for various medical supplies, where Purchasing paid more than the stated contract price for items purchased. It is unknown if the prices paid were reviewed against the contract and confirmed before a purchase order was created to ensure costs paid is at least contract price if not less.

    f.   The HCIQ system and features of the system, including a data warehouse of benchmark pricing information, dashboard and ad hoc reports, catalog pricing, contract management, including contract expiration dates, and other benefits as described in Exhibit A of the HCIQ contract, are not effectively utilized, or in some cases, not used at all. Contract management was a key feature of the HCIQ system to help manage at least 147 contracts from expiring but was not used for unknown reasons.

Management Action Plan

HCIQ contract was amended on February 2017 to reflect a reduced flat monthly fee for remainder of term as the contract language did not indicate an exit option. On-site FTE resource provided by HCIQ was removed with the updated flat fee structure. We have discontinued sending data to HCIQ as of Premier system and EPIC go-live system migrations.

3. Surplus Sales

Background

University Policy BUS-38: Disposition of Excess Property and Transfer of University-Owned Property addresses general requirements to ensure the proper protection of, accounting for, and disposition of University-owned excess (surplus) property. Internal controls surrounding surplus sales were assessed against University Policies US-38 and BUS-49: Policy for Cash and Cash Equivalents to ensure compliance.

Observation

IAS reviewed surplus sales deposit activity since January 2010 and noted that the number and dollar amount of deposits dropped dramatically from 68 deposits totaling $75,089 in calendar year 2010 to 19 deposits totaling $4,995 in calendar year 2015. For the first six months of 2016 only $1,851 was deposited (the low was in calendar year 2013 with only nine deposits for the entire year totaling $2,095). Since January 2013 (the last 3½ years), only $13,779 has been deposited.

IAS performed a walkthrough of the area, interviewed the Equipment Specialist and Distribution Manager, and reviewed a sample of surplus sales transactions and noted the following issues.

- The Equipment Specialist operated surplus sales with very little, if any, oversight, and was responsible for all aspects of the process including setting the sales price, recording the sale, and collecting and depositing the proceeds, which is an inadequate separation of duties.

- There is no documented method to price surplus property so it's uncertain if the sales price was reasonable, produced the highest net return to the University, and adhered to policy.

- There is no method to track, monitor, and account for surplus property so it's uncertain where the surplus items came from and what is available for sale. Also, since the accountability of the transfer of surplus property is not maintained, some items have been stored in the warehouse for numerous years (3+ years), in some cases held for individuals no longer employed by the University.

- In general, the documentation reviewed in support of surplus sales was inadequate and incomplete. In some cases, no receipts were located. In other instances, descriptions of the items sold were vague, quantities were not noted (just notes indicating incubators, beds, tables, etc. were sold – not how many or the make/model/year), and only one price was noted for multiple different types of items sold so it's uncertain how many items were sold and if the amount collected was reasonable.

- Manual receipts (received from Cashiering) are not properly accounted for and issued in sequential order as required by University policy. IAS noted manual receipts from recent (2016) surplus sale transactions that were issued to the Equipment Specialist nine years earlier (each manual receipt book has 100 receipts numbered in sequential order - some manual receipts from that same book were last used in 2009). In addition, based on deposit reports and manual receipts on hand, IAS cannot account for 95 of 500 (19 percent) manual receipts issued to the Equipment Specialist since 2007.

- Voided receipts are not reviewed and approved by a supervisor as required by policy.

- There was no departmental reviewer set-up in the Kauli Financial System (KFS) to review and approve the deposit transactions for accuracy and completeness. Furthermore, the transactions were not reconciled to the general ledger.

Management Action Plan

UCI Health Procurement is no longer responsible for this activity effective May 17, 2017 and is now handled by Campus Procurement.

4. **AMS System**

   Background

   AMS is the purchasing system used to create requisitions, purchase orders and record receiving information. The former Purchasing Director was granting access to the system in addition to creating requisitions, purchase orders and approving invoices for payment.

   A. **Buyer Receiving in AMS**

   Observation

   IAS noted that buyers are able to receive in the AMS system which is a control and AMS system weakness. While the receiving is typically done by the warehouse staff, buyers also are able to receive in the AMS system. Although the original receipt was done by warehouse staff, a buyer unreceived and received the goods in the AMS for price correction. This is a control weakness in the AMS system. In order for proper segregation of duties, a buyer should not have the ability to purchase and receive goods.

   The user access controls in the AMS needs to be strengthened for proper control environment.

   Management Action Plan

   AMS has been replaced with Premier and payments are no longer issued from the AMS as of March 2018. AMS is only used for read only access.

B. **AMS Identification and Authentication**

Background

IS-3 requires that procedures are performed such that only authorized individuals are granted access to electronic resources based on need to know and according to job duties.

Observation

IAS review of the AMS application determined that the system has both technical and procedural limitations that limit its capabilities to provide adequate identification and authentication protection of user credentials. Examples of specific issues are described below.

* The AMS application identification and authentication design is antiquated and is not effective or secure. All AMS users use a generic ID (for identification) in combination with their AMS "Public Id (initials)" for authentication (i.e. serves as a password). Both of these credentials are stored and displayed in clear text within the application and are also printed on some of the reports from the application. Consequently, a user with access to AMS can inappropriately access the system as another user or use accounts with privileged access inappropriately. In particular, the effectiveness of a password relies on confidentiality of the password and how it is protected at the point of entry, in transit and while in storage.
* Limited information is available about the users in the system to provide adequate identification of a user, for example, pertinent information such as employee department, title and UCInetID are not in the employee profile. Without pertinent information about users, it is difficult for a reviewer to efficiently and effectively identify users of this system and determine if they should have access or if their job responsibilities justify their access. As of this review, AMS had 311 active accounts.

Management Action Plan

AMS has been replaced with Premier and user login credentials and account security is no longer issued from AMS as of March 2018. AMS is only used for read only access.

C. __AMS Access__

Background

IS-3 requires that appropriate access management strategies should be in place to ensure critical data and resources can only be accessed by authorized individuals based on access rights grant to only the least amount of data and privileges needed by the individual to perform their job ("Need to Know").

Observation

IAS review of the AMS application determined that access control measures need improvement to limit access to data to those individuals whose jobs require such access and according to job responsibilities. However, the following concerns were noted.

- There are no documented policies and procedures in place for periodic reviews and revoking of AMS application user accounts.
- AMS application has 27 roles ("Menu Authority") that can be assigned based on a users' job responsibilities. Based on analysis of user accounts, there are at least 26 AMS user accounts with conflicting purchasing roles that potentially violate separation of duties best practices. For instance, there are employees with purchasing function access roles (i.e. initiating requisitions, creating purchase orders, approving purchase orders) in addition to disbursement related roles (or responsibilities) such as accounts payable. Also, there are employees with purchasing functions roles in addition to roles that provide the capability to approve invoices for payment, receive goods, maintain inventories, or modify the AMS Vendor Master File (Not Kuali Financial System Vendor Master). Without adequate separation of duties in key processes, the risk of fraud and errors are less manageable.
- There were five generic accounts of which four had privileged access that could be used to perform privileged transactions or be used to modify an individual's access to the AMS application. As indicated above in the "Identification and Authentication" observation, AMS access credentials are not confidential and even privileged credentials can be easily deduced and used to elevate access or disguise a users' identification.

- A recent review by PWC (PricewaterhouseCoopers) auditors identified terminated employees with active access to AMS application and users with inappropriately privileged access. Additional high-level analysis by IAS of the user access data noted the following issues. (1) At least five additional active accounts of employees who are separated from the university with access. Active accounts of terminated employees could be used for unauthorized access to system and data. (2) Dormant and deactivated accounts are not purged from the system. For example, 607 inactive accounts were noted. Dormant and inactive accounts could be activated and used inappropriately to access system and data.

Management Action Plan

AMS has been replaced with Premier and user roles and active access are no longer issued from the AMS as of March 2018. AMS is only used for read only access.

D. AMS Disaster Recovery

Background

A DR plan is a written plan (processes, policies and procedures) for recovery of a system or continuation of technology infrastructure. DR plans are needed in the event of major hardware or software failure, or destruction of facilities which are vital to an organization after a natural or human-induced disaster. Currently AMS production server information is replicated to the DR site in San Diego.

Observation

There is no formal disaster recovery plan in place for the AMS system. Also no procedures are in place for conducting regular restoration of AMS backup data to ensure that all data can be restored when needed. However, IAS reviewed system backup reports for the period of July 27, 2016 through September 17, 2016 that indicate that backup of the AMS virtual server including data has occurred successfully as planned using the enterprise backup system (CommVault). However, a lack of disaster recovery plan and procedures for periodic data restoration for AMS system could lead to insufficient or

unrecoverable backups which could negatively impact operations in the event of a significant disruption.

Management Action Plan

AMS has been replaced with Premier as of September 25, 2017. AMS is only used for read only access. Data queries have been backed up in case of data loss or server inaccessibility.

E. <u>AMS Server Security</u>

Background

AMS is hosted in a Windows Server 2008 R2. For the system to accomplish its functions as intended, it depends on numerous applications and services, scripts and utilities to move files from one system to another on the network.

Observation

a. Server Software Updates

IAS inspection of the AMS server noted that the server had not been patched since September 2, 2015 and was missing important security updates and susceptible to many known vulnerabilities. However the AMS system administrator worked with the medical center purchasing department and was able to update the system on October 2, 2016. Software updates require that processing of data be halted and require careful coordination between the system administrator, purchasing department and other stakeholders. Consequently, challenges with coordinating a suitable time for updates was indicated as the cause for the delay in applying of critical updates.

After the recent server updates on October 2, 2016, IAS also worked with HAIS to scan the system for any vulnerabilities which may not have been remediated with the software updates. The vulnerability scan noted three critical issues and seven high risk issues. There were also seven medium and three low risk issues. Systems with known vulnerabilities could be exploited to disable a system or used as a pivot point to gain access to other sensitive systems.

b. File Encryption

A review of AMS noted that transportation of files uses encrypted and non-encrypted protocols such as SFTP (Secure File Transfer Protocol) FTP (File Transfer Protocol). An inspection of the AMS noted 17 interfaces for moving files from one location (system or directory) to another over the network and of those, five were transferred in clear text using FTP and 12 were encrypted. While FTP was used to transfer files within the internal network and servers, FTP has no encryption and could put the data in the transferred files at risk data of network sniffing and even users credentials due to AMS access control limitations discussed in the "Access Control Measures" observation.

Management Action Plan

AMS has been replaced with Premier and no further transactions on AMS server as of March 2018. AMS is only used for read only access.

5. **Approval of Invoices (Black Purchase Orders)**

   Background

   For recurring goods used during the year, a blanket Purchase Order (PO) is generated. As the goods are needed the department orders from the vendor. The department only ensures the PO price is per contract at the time of ordering but once the goods are received it is acknowledged for receipt but no validation of invoice pricing.

   Observation

   IAS noted that blanket PO invoices are not properly approved by designated authorized approver from the department as there is no verification of correct pricing but only acknowledgment of receipt. The department only ensures the PO price is per contract at the time of ordering but once the goods are received it is acknowledged for receipt but no validation of invoice pricing.

   In order to ensure that the vendor has charged the correct amount, invoice price should be matched and verified with the contracted pricing. Lack of the above control may result in inaccurate payments.

Management Action Plan

Effective January 01, 2019 controls surrounding invoice approvals will be reassessed and improved to ensure invoices are properly reviewed prior to payment. Management will require AP staff to utilize the Premier workflow to obtain proper invoice approvals within an established timeframe. The invoice approval process will be documented in the AP policies and procedures manual by January 01, 2019. In addition, Purchasing and AP will train and require more departments to utilize Premier to promote efficiency and ensure approvals are routed to the correct individual and evidenced in Premier.

6. Purchasing Limit of Buyers

Background

Purchase requests come in various forms such as faxed departmental requisition, phone call or an email. Requisitions received will have departmental approval signatures however many instances the title or role of the signature authority is unknown and buyers can't determine if purchase requests were properly approved. If request is in the form of an email or phone call, Purchasing will complete a requisition for the requestor.

Observation

Buyers do not have any limit on purchasing amount for items that relate to Patient care. It is only for capital items over $5,000 that require administrative authorization per capital policy. This may result in the buyer committing the entity for unlimited liability and purchase obligation. A formal policy with specific signature authority limits for buyer classification (Assistant Buyer vs Sr. Buyer) will establish proper controls over Purchasing and spending limits.

Management Action Plan

With the new Premier system, buyer's purchasing limits are built into the system. Each buyer has a set limit and cannot authorize PO's above their purchasing limit. Management plans to seek updated delegation of authority for: Execution of Purchase Contracts, Subcontracts, and Standard Purchase

Order to mirror UCSD in conjunction with upcoming Career Tracks position/titles updates.

7. Bidding and Sole Source Justification

Background

Best practice requires a Request for Proposal and bid submission to ensure that Purchases occur at best value. A selection committee is typically involved in the procurement process that will award the contract to the bid that is most appropriate in terms of quality and price. There may be instances where a product may be most feasible from a sole source provider due to the nature of business practice. Typically, where bids are waived a sole source justification is secured. This ensures that the Purchase was unbiased and procured from an independent source.

Observation

IAS selected a sample of purchases and tested for various attributes including whether there were proper bids. There is no consistent RFP process and University Policy BUS-43 for obtaining a bid for purchases over $100,000 annually is not followed. IAS noted that there was no documentation of any bids obtained for items that we tested. At times a bid waiver may be necessary to procure items from a specific vendor due to the type of product furnished. However, a sole source justification is documented as to the need for the specific product.

Without the above integral steps in a proper Procurement process, purchasing quality may be compromised and the entity may not obtain best value. Further, lack of adequate controls will result in biased transactions and may provide risk of bribes and kickback.

Management Action Plan

The Purchasing Department for the Medical Center has recently hired a Procurement Contracts Manager. This person is charged with ensuring the requirements for contracting policies are adhered to, as resources permit. Procurement Contracts Manager will develop comprehensive contracting checklist to publish within next 90 days by October 31, 2018. By December 31,

2018 UC RFP templates will be adapted within Procurement tools Curvo (Physician Preference and MedSurg supplies) and Valify (Purchased Services) to ensure consistent delivery and execution of competitive bids and scoring (and tracking).   Medical Center Procurement is seeking from Executive Leadership budget to hire several additional staff to strategically manage and negotiate contracts. Responsibilities will include RFP process and best practice contracting workflow/protocol and ensuring all aspects are of agreements are examined thoroughly.

8. **Physical Security**

Background

Inventory storage areas including loading dock, warehouse space, surveillance cameras, and administrative offices were observed and evaluated for adequate access controls. Discussions were held with management and documentation such as visitor sign in/out sheet were also reviewed.

Observation

On July 27, 2016, Security and Parking Services Director conducted a security assessment for the Purchasing and Central Distribution Warehouse located in Fullerton, CA. The assessment identified several security and safety concerns that include:

- The use of unofficial exits by staff (electrical room door #3.3).

- All single man doors along the ground perimeter are absent protection from prying into the latching mechanism.

- The data room containing equipment that include the closed circuit television system (CCTV) has limited protections and access to the CCTV recorded data has no password protection. This system is a stand-alone system and not on the Video System platform managed by the Security Department.

- No written policy for visitor/vendor management and using a low tech visitor management system (like that used on the main hospital property).

- Non-tempered glass separating a visitor/vendor from receptionist.

- No duress system in place at receptionist desk.

- Lack of instructional signage: Visitors, Vendors, Deliveries.

- Lack of warning signage: Trespassing, Video Management Systems in use, No Weapons.

- Lack of electronic access control (card readers).

- Hardware used on some doors is not effective.

- Limited access to/no access to key control and issuance records.

- Historically the delivery entry gate is in an open position.

In addition to the safety and security concerns noted above, IAS also noted the following concerns: - (The client implemented the visitor sign-in right away. Again with the move out of this location the client has not upgraded our camera system.)

- Visitors are not signing out on the log. As such, this poses safety concerns for visitors and employees during an emergency evacuation and workplace violence.

- Camera footage is grainy making it difficult to provide quality details in the event of an investigation.

- Employees are not equipped with emergency kits / supplies to protect employees from foreseeable dangers such as natural disasters.

Management should consider and address all physical security and safety concerns to reduce the risk of loss.

Management Action Plan

After consulting with medical center police/security leadership, it was determined installing badge readers was not in near future of rollout plans.

With the anticipated move out of this warehouse effective April 2019 the client is holding off implementing any additional corrective actions.