

**UNIVERSITY OF CALIFORNIA, IRVINE
ADMINISTRATIVE AND BUSINESS SERVICES
INTERNAL AUDIT SERVICES**

**FQHC FAMILY HEALTH CENTER - ANAHEIM CLINIC
Report No. 2013-201**

October 9, 2012

Prepared by:

Loran Lerma
Senior Auditor

Christopher Arias
Auditor

Reviewed by:

Gregory Moore
Audit Manager

Bent Nielsen
Director

October 9, 2012

**KURT STAUDER
EXECUTIVE DIRECTOR, AMBULATORY SERVICES
ADMINISTRATION**

**RE: FQHC FAMILY HEALTH CENTER - ANAHEIM CLINIC
Report No. 2013-201**

Internal Audit Services has completed the review of the FQHC Family Health Center - Anaheim Clinic 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.

Bent Nielsen
Director
UC Irvine Internal Audit Services

Attachment

C: Audit Committee

Terry Belmont, Chief Executive Officer, UC Irvine Medical Center
Ralph Clayman, Professor and Dean of the School of Medicine
Alice Issai, Chief Operating Officer, UC Irvine Medical Center
Peter Woon, Senior Director, Controller
Dirk Zirbel, FQHC Associate Director, Ambulatory Services
Laura Mansilla, Nurse Manager, FQHC Anaheim

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I. BACKGROUND

The mission of the University of California, Irvine (UCI) Family Health Center-Anaheim (Clinic) is to improve the health and well-being of their patients by providing high-quality, accessible, and comprehensive primary care to families in the surrounding area. As a Federally Qualified Health Center (FQHC), the Anaheim Clinic receives federal funding for the provision of preventive primary care services to Medicare beneficiaries.

The Clinic receives nearly 24,000 outpatient visits annually and offers diagnostic and outpatient services for adults and children in internal medicine, pediatrics, gynecology and obstetrics. The Clinic also serves as a training facility for resident physicians in the areas of primary care, general internal medicine, and general and adolescent pediatrics.

II. SCOPE AND OBJECTIVES

The scope of the review involved certain Clinic operations and financial activities from July 2011 to present. Specifically, the review focused on the areas of patient registration and scheduling; cash handling and management; charge capture and billing; pharmacy operations; Health Insurance Portability and Accountability Act (HIPAA) privacy compliance; budgeting and accounting, and clinical engineering maintenance.

The objectives of our review were as follows:

1. Verify that patients are registered and scheduled accurately and timely in the QUEST system;
2. Verify that the Clinic's charge capture and billing processes are adequate and operating effectively;
3. Verify that pharmaceutical inventory is maintained, secured, and discarded in accordance with University policies;
4. Verify that adequate internal controls exist to maintain, secure, and discard protected health information in accordance with University policies and HIPAA privacy guidelines;
5. Verify that Clinic management regularly monitors financial and budgetary performance; and

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6. Verify that clinical equipment is managed and maintained in accordance with University policy.

III. CONCLUSION

In general the Clinic's internal controls are operating effectively in the areas of patient registration and scheduling, charge capture and billing, pharmacy operations, HIPAA privacy compliance, and budgeting and accounting. However, Internal Audit Services (IAS) noted opportunities for improvement in the areas of cash management and clinic equipment maintenance and tracking.

Most cash handling processes appear to be operating effectively. However, the process by which deposits sent to the Main Cashier's Office (MCO) for processing are reviewed for accuracy by Clinic personnel can be improved.

Additionally, clinical equipment management practices are generally in conformance with University policy. However, the inventory tracking and maintenance processes performed by the Clinical Engineering Department (CE) can also be improved.

Observation details and recommendations were discussed with Clinic and CE management, who developed action plans to address the issues. These details are presented below.

IV. OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Post-Deposit Reconciliation

Background

Deposits are picked up daily by an armored courier and dropped off at the MCO at UCI Medical Center (Medical Center). The MCO compiles all deposit information, and makes summary reports available on a shared drive accessible to clinic/hospital managers. These reports summarize the deposits made by each facility for a specific date. Clinical operations management is required to review these reports to ensure the accuracy and completeness of deposits sent by their specific facility.

Observation

Through discussion with management, the Clinic relies on the MCO to ensure the deposits are accurate and complete, and when there is a discrepancy, the MCO

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will follow up with the Clinic. Accountability and accuracy of general ledger records can be strengthened by performing post-deposit reconciliations.

Management Action Plan

Clinic management will perform post-deposit reviews of deposit activity in coordination with the MCO, to ensure cash and cash equivalents collected and reported as deposited, agree with general ledger recordings. This control will help to ensure deposits are complete and accurate. Documentation of our post-deposit reviews will be maintained as they are completed. Access to the MCO's shared drive containing the deposit reports was obtained on September 1, 2012. The responsibility for the post-deposit reconciliations has been assigned to the Front Office Supervisor or designated person, and these reconciliations are currently being performed.

2. Clinical Engineering Inventory

Background

CE optimizes healthcare delivery through medical technology while ensuring that medical equipment used in clinical settings is effective and safe to use with patients, employees, and other individuals. At the Medical Center, CE operations are currently performed by an outside vendor, Philips Medical Systems (Philips).

Medical equipment is identified with an equipment control number and is entered in the CE medical equipment database (Inforview). If required, CE performs scheduled preventative maintenance (PM) inspections on medical equipment after the equipment is placed in service. Inspections should be scheduled in accordance with applicable regulatory (or other) guidelines. Medical equipment should not be used until the appropriate PM is complete.

Observation

The Clinic is responsible for ensuring that all Clinic-owned or borrowed equipment is properly reflected in the department's inventorial medical equipment report and CE inspections are performed in a timely manner. However, the Clinic has not received a valid medical equipment inventory report from the CE database until recently. IAS requested CE's database equipment inventory report for the Clinic. The CE inventory report for the most part, did agree with departmental equipment sampled by IAS. However, seven of 31 (22 percent) equipment items sampled in the Clinic were not listed on CE's medical equipment inventory report. Three of the seven items did not have equipment control numbers affixed to the equipment. The remaining 24 items were reviewed without exceptions.

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The CE medical equipment inventory report needs to be updated to reflect the correct cost center location for proper tracking and maintenance.

Management Action Plan

CE management is currently in the process of updating the Clinic's CE equipment inventory. Medical equipment inventory listings will be sent to the Clinic for their review, inventory verification and to add any updates to their medical equipment inventory listing. As the inventory lists are returned to CE we will update the equipment database as necessary and send an updated inventory list to the Clinic.

CE will implement a process that provides users (departments/clinics) the ability to access the new equipment management system. This access will allow department personnel to view their inventory lists, equipment inventory history, repair history, and submit on line equipment maintenance requests. CE will provide in service user access training for the new equipment management system.