STUDENT HEALTH SERVICES

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Audit Report 13-64
March 3, 2014

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THE CALIFORNIA STATE UNIVERSITY
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ABBREVIATIONS

CSU  California State University
EMR  Electronic Medical Records
EO   Executive Order
HIPAA Health Insurance Portability and Accountability Act
OAAS Office of Audit and Advisory Services
SAM  State Administrative Manual
SHC  Student Health Center
SHS  Student Health Services
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of Audit and Advisory Services (OAAS) during the last quarter of 2012, the Board of Trustees, at its January 2013 meeting, directed that Student Health Services (SHS) be reviewed. The OAAS last reviewed Student Health Centers in 2000.

We visited the California State University, Stanislaus campus from November 12, 2013, through December 13, 2013, and audited the procedures in effect at that time.

In our opinion, except for the effect of the weaknesses described below, the fiscal, operational, and administrative controls for SHS as of December 13, 2013, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of concern include: program administration, athletics, pharmacy, and fiscal administration.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

PROGRAM ADMINISTRATION [9]

Administration of student health center documentation regarding compliance with reporting requirements needed improvement. Specifically, the campus had not maintained documentation showing that the oversight policy for university health services was submitted to the chancellor’s office or that the October 2012 Accreditation Association for Ambulatory Health Care report was submitted to the campus president or designee.

ATHLETICS MEDICINE [10]

The campus had not designated a physician responsible for the medical oversight of the athletics medicine program. In addition, the athletics medicine scope of services protocol required improvement. Specifically, the protocol had a section referencing the duties for a team physician position that did not exist, and the biennial review of the protocol had not been documented.

PHARMACY [11]

Segregation of duties at the pharmacy was inadequate, as one individual performed all functions related to the pharmacy, including ordering, receiving, record updating, periodic inventories, cash collection, and end-of-day cash reconciliation.
FISCAL ADMINISTRATION [12]

The campus had increased the health facilities fee each year since 2007 and could not provide documentation to demonstrate that a fee referendum had been held or that alternative consultation had been performed. Also, administration of trust fund accounts used for student health services needed improvement. Specifically, the pharmacy trust account agreement was not updated to reflect the current authorized signers, and expenditures were not always properly coded.
INTRODUCTION

BACKGROUND

The Policy of the Board of Trustees on Student Health Services was initially adopted in 1977 as a comprehensive systemwide policy; since then, it has been periodically revised and updated to reflect the changing regulatory, financial, and student demographic environments. In 1993, a task force study recommended that system roles, responsibilities, and expectations be recorded in executive orders (EO) issued by the chancellor, and the policy has been communicated in that format since that time.

The most recent version, EO 943, Policy on University Health Services, dated April 28, 2005, outlines the health services the campuses may provide, including the conditions that must be met to justify adding additional services or funding sources. It also describes operational expectations for pharmacies, staffing, facility cleanliness and safety, medical records management, and accreditation. The EO focuses primarily on the scope and activities of the student health centers (SHC) but also includes sections that are applicable to other campus programs providing student health care, such as intercollegiate athletics, due to the SHC audits conducted in 2000.

The primary health entity on each California State University (CSU) campus, the SHC, is funded by two mandatory student fees, which are covered in EO 1054, California State University Fee Policy, dated January 14, 2011: a health services fee covering basic health services available to students, and a health facilities fee to support the health center facility. These fees can be changed only after a student referendum or a consultation that allows meaningful input and feedback from appropriate campus constituents.

Every three years, each campus SHC and its pharmacy are required to obtain accreditation from a nationally recognized, independent review agency such as the Accreditation Association for Ambulatory Health Care. Pharmacies are also subject to periodic inspections by the California State Board of Pharmacy.

At the chancellor’s office, the student academic support department in the Academic Affairs division is responsible for monitoring systemwide SHC activities and ensuring that campus SHCs comply with CSU management and regulatory policies. In addition, a systemwide student health services advisory committee composed of the director or a designee from each campus SHC meets at least twice per year to provide recommendations to the chancellor regarding revisions to applicable EOs. The committee also identifies and implements corrective measures for issues identified in the systemwide survey and accreditation report reviews.

A majority of CSU campuses have implemented systems and applications that facilitate a transition to electronic medical records (EMR), including some vendor applications designed specifically for university health services. Privacy concerns surrounding these emerging technologies have brought about new regulations, including the Health Insurance Portability and Accountability Act (HIPAA), which establishes national standards for electronic health care transactions, and the Technology for Economic and Clinical Health Act, a part of the American Recovery and Reinvestment Act of 2009 that addresses the privacy and security concerns associated with the electronic transmission of health information.
Although this audit assesses the security of medical records, it does not address HIPAA in depth, as the Office of Audit and Advisory Services (OAAS) reviewed the topic in 2010.

In 2000, the OAAS conducted an audit of SHC at ten campuses and issued a systemwide report. The report noted issues related to centralized oversight of student health activities, revisions to existing policies to clarify reporting and administrative expectations, credentialing of clinical staff in both the SHCs and athletics, and policies regarding the storage and dispensing of over-the-counter and prescription pharmaceuticals outside of campus pharmacies and in the athletics department. Recommendations from this audit were incorporated into EO 814, *Policy on University Health Services*, which was replaced by EO 943.
PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to student health services (SHS) activities and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the audit objective, specific goals included determining whether:

- Administration of SHS is well-defined and includes clear lines of organizational authority and responsibility and documented delegations of authority.
- Policies and procedures relating to SHS are current and comprehensive, and are effectively communicated to appropriate stakeholders.
- Management consistently monitors and assesses the risks associated with providing SHS.
- The SHC is appropriately accredited.
- SHC clinical staff and other employees providing patient care possess the necessary credentials and qualifications, and designations are maintained in favorable standing with appropriate licensing boards and medical associations.
- SHS are appropriately defined and approved and are consistently provided to all eligible students and personnel.
- Health education programs are appropriately developed and communicated.
- Athletics medicine activities are conducted in accordance with campus and CSU policies.
- Pharmacy operations in the SHC and other areas providing SHS have obtained the appropriate licenses.
- Pharmacy formularies are limited to medications that are necessary to provide quality health care and are representative of those medications most effective in terms of treatment.
- Pharmacy security is maintained in accordance with CSU policy and state regulations.
- Pharmacy inventories are properly reported, safeguarded, and accounted for, and prescription dispensing and destruction controls are in accordance with CSU policies and state regulations.
- Medical records, including electronic records, are properly maintained, safeguarded, and retained.
- The security of student health facilities is maintained in accordance with campus and CSU policy.
Health services fees are approved, used for designated purposes, and properly accounted for in accordance with CSU policy and directives.

Senior management demonstrates an awareness of security risks and monitors the computer environment to ensure the security of medical records systems.

Methods used to enforce user authentication and appropriate access assignments for EMR systems are effective.

Access to electronic medical records systems, programs, and data is appropriately restricted, and facilities are appropriately protected from fire and power outages.

Medical records systems purchased from outside vendors are subject to CSU security provisions during procurement, and external access by vendors is controlled.

Information technology assets supporting SHS are appropriately protected, and all assets are accounted for and have a nominated owner responsible for their protection.

Senior management has a plan to recover all systems supporting the SHC following a major disaster.
SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Attachment A, Audit Agenda Item 2 of the January 22 and 23, 2013, meeting of the Committee on Audit stated that Student Health Services includes the provision of basic and augmented health services through campus student health facilities and pharmacy operations. Proposed audit scope would include, but was not limited to, a review of compliance with federal and state laws, Trustee policy, and chancellor’s office directives; establishment of a student health advisory committee; accreditation status; staffing, credentialing, and re-credentialing procedures; safety and sanitation procedures, including staff training; budgeting procedures; fee authorization, cash receipt and disbursement controls, and trust fund management; pharmacy operations, security, and inventory controls; and the integrity and security of medical records.

Our study and evaluation were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that accounting and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. The audit focused on procedures in effect from July 1, 2011, through December 13, 2013.

We focused primarily upon the internal administrative, compliance, and operational controls over SHS activities. Specifically, we reviewed and tested:

- Campus administration of SHS, including clear reporting lines and defined responsibilities, risk assessment, and current policies and procedures.
- SHC accreditation status and management responsiveness to recommendations made by the accreditation team.
- Procedures to confirm credentials and qualifications of clinical staff and other employees providing patient care.
- The definition and provision of basic and augmented health services in the SHC, including approval and eligibility for services.
- Health education programs for the student population.
- Administration of athletics medicine, including proper designation of responsible parties and the establishment of policies and procedures.
- Licensing and permit requirements for pharmacy operations at the SHC and other areas on campus, including athletics.
- Pharmacy formulary, dispensing, inventory, and physical security practices.
- Medical records management, including practices to ensure security and confidentiality.
Measures to ensure the security of student health facilities.

The establishment of and subsequent changes to the mandatory health services fee, and methods to set and justify fees for augmented services.

Budgets and financial records, including revenue and expenditure transactions in health fee trust accounts.

Policies and procedures to ensure that information technology facilities, hardware, systems, and applications used for SHS are adequately secured, both physically and logically.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

PROGRAM ADMINISTRATION

Administration of student health center documentation regarding compliance with reporting requirements needed improvement.

We found that the campus had not maintained documentation showing that:

- The oversight policy for university health services was submitted to the chancellor’s office.
- The October 2012 Accreditation Association for Ambulatory Health Care report was submitted to the campus president or designee.

Executive Order (EO) 943, Policy on University Health Services, dated April 28, 2005, states that the president or designee shall submit copies of campus oversight policy to the chancellor’s office.

EO 943, Policy on University Health Services, dated April 28, 2005, states that the accrediting agency’s report shall be sent to the campus president or designee.

The student health center director stated that documentation regarding the submission of the oversight policy and accreditation report was not maintained due to oversight.

Inadequate administration of documentation showing that required reports have been submitted to executive management increases the risk that health care standards will be compromised.

**Recommendation 1**

We recommend that the campus maintain documentation showing that:

a. The oversight policy has been submitted to the chancellor’s office.
b. Accreditation reports have been submitted to the campus president or designee.

**Campus Response**

The campus will maintain documentation showing that the oversight policy has been submitted to the chancellor’s office and the accreditation reports have been submitted to the campus president or designee.

Expected completion date: May 31, 2014
ATHLETICS MEDICINE

GOVERNANCE

The campus had not designated a physician responsible for the medical oversight of the athletics medicine program.

EO 943, *Policy on University Health Services*, dated April 28, 2005, states that the president or designee is responsible for ensuring appropriate oversight of all medical services provided to students participating in intercollegiate athletics on each campus. The president or designee is responsible for having athletic medicine policies and procedures approved in writing by the physician responsible for medical oversight of the athletic medicine program. It further states that the scope of service for each health care provider shall be in written protocols that are established on each campus.

The vice president for faculty affairs and human resources stated that the campus had not hired a physician for athletics medicine due to the size of the program. He further stated that the campus had identified the need and was in negotiations to provide athletics medicine coverage using an outside provider.

A lack of medical oversight for the athletics medicine program increases the risk of student athlete injury and illness and exposes the university to potential litigation.

**Recommendation 2**

We recommend that the campus designate a physician responsible for the medical oversight of the athletics medicine program.

**Campus Response**

The campus will designate a physician responsible for the medical oversight of the athletics medicine program.

Expected completion date: May 31, 2014

**SCOPE OF MEDICAL SERVICES**

The athletics medicine scope of services protocol required improvement.

Specifically, we found that:

- The protocol had a section titled *Medical Physician Supervision and Authority*, but the campus did not have a designated athletics physician.

- The biennial review of the protocol had not been documented.
EO 943, Policy on University Health Services, dated April 28, 2005, states that athletic medicine shall have written protocols for scope of services for all parties involved in athlete care, including student assistants, student athletic trainers, and other health care providers for intercollegiate athletics, and that these protocols shall be reviewed biennially.

The athletics director stated that the scope of services protocol was not updated because the athletics department was actively searching for a team physician. He also stated that the campus did not document the biennial review of the protocol due to oversight.

The lack of a precise and approved scope of services for athletics medicine exposes the campus to confusion about service levels provided to campus athletes and could result in further injury to student athletes.

**Recommendation 3**

We recommend that the campus:

a. Revise the athletics medicine scope of services protocol to accurately reflect the scope of services performed.

b. Document the biennial review of the scope of services protocol.

**Campus Response**

The campus will revise the athletics medicine scope of services protocol to accurately reflect the scope of services performed and maintain documentation of the biennial review of the scope of services protocol.

Expected completion date: May 31, 2014

**PHARMACY**

Segregation of duties at the pharmacy was inadequate, as one individual performed all functions related to the pharmacy, including ordering, receiving, record updating, periodic inventories, cash collection, and end-of-day cash reconciliation.

State Administrative Manual (SAM) §20050 states that elements of a satisfactory system of internal accounting and administrative controls includes a plan of organization that provides segregation of duties appropriate for proper safeguarding of assets.

The student health center director stated that lack of segregation of duties was due to the limited number of pharmacy employees.

A lack of segregation of duties in the administration of the pharmacy increases the risk of theft, loss, and unauthorized usage.
**Recommendation 4**

We recommend that the campus implement appropriate segregation of duties within pharmacy operations to ensure adequate controls over ordering, receiving, record updating, periodic inventories, cash collection, and end-of-day cash reconciliation.

**Campus Response**

The campus will implement appropriate segregation of duties within pharmacy operations to ensure adequate controls over ordering, receiving, record updating, periodic inventories, cash collection, and end-of-day cash reconciliation.

Expected completion date: May 31, 2014

**FISCAL ADMINISTRATION**

**STUDENT FEES**

The campus had increased the health facilities fee each year since 2007 and could not provide documentation to demonstrate that a fee referendum had been held or that alternative consultation had been performed.

EO 1054, *California State University Fee Policy*, dated January 14, 2011 states that the president is responsible for assuring that appropriate and meaningful consultation occurs prior to adjusting any campus-based fee. It states that if a referendum is not conducted prior to adjusting Category II fees, the president must demonstrate to the fee advisory committee the reasons why the alternative consultation methods selected will be more effective in complying with this policy. It further states that alternative consultation strategies will be developed with input from the student body association and the fee advisory committee to ensure that the process is transparent and meaningful, and will solicit the input of a representative sample of the student body. In addition, it states that a representative sample should include students in leadership positions, as well as students who are not involved in campus leadership, and that efforts should be made to include students from many aspects of campus life regardless of the type of fee. Also, it states that results of the alternative consultation process should be summarized and put in writing and used as additional advisory material to be taken into consideration by the fee advisory committee and the president.

The director of student financial services stated his belief that the increase was warranted due to the fact that it was a cost-of-living increase that was intended to be implemented when the fee was revised in 2000. He further stated his belief that the actions taken in 2007 to remedy the perceived oversight were sufficient to meet the requirements.

Increasing student fees without the appropriate documentation may lead to challenges to the fee’s validity.
**Recommendation 5**

We recommend that the campus maintain documentation demonstrating that the campus solicited the input of a representative sample of the student body, including students who were not involved in campus leadership, when increasing student fees.

**Campus Response**

The campus will maintain documentation demonstrating that the campus solicited the input of a representative sample of the student body, including students who were not involved in campus leadership, when increasing student fees.

Expected completion date: May 31, 2014

**FISCAL MANAGEMENT**

Administration of trust fund accounts used for student health services needed improvement.

We found that:

- The pharmacy trust account agreement was not updated to reflect the current authorized signers.
- One of 15 expenditures we reviewed was miscoded into the incorrect trust fund.

SAM §19440.1, *Trust and Agency Funds – Non-Treasury – Documentation*, states that each trust account shall be supported by documentation as to the type of trust, donor or source of trust moneys, purpose of the trust, and persons authorized to withdraw or expend funds. It further states that the documentation will be retained until the trust is dissolved.

The vice president for faculty affairs and human resources stated that the trust agreement was not updated in a timely manner due to the recent change in the student health center director position and in the reporting chain of command. The student health center director stated that the miscoding of the medication expense was an isolated coding error.

Inadequate administration of trust fund accounts utilized for student health services increases the risk of financial loss and potential improprieties.

**Recommendation 6**

We recommend that the campus:

a. Update the pharmacy trust account agreement to reflect the current authorized signers.

b. Code expenditures in the correct trust fund.
Campus Response

The campus will update the pharmacy trust account agreement to reflect the current authorized signers and implement procedures ensuring expenditures are coded in the correct trust fund.

Expected completion date: May 31, 2014
### APPENDIX A: PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Joseph F. Sheley</td>
<td>President</td>
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<tr>
<td>Julie Benevedes</td>
<td>Associate Vice President of Financial Services</td>
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<tr>
<td>Pat Clanton</td>
<td>Health Information Technician</td>
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<tr>
<td>Russell Giambelluca</td>
<td>Vice President for Business and Finance</td>
</tr>
<tr>
<td>Scott Hennes</td>
<td>Student Health Center Director</td>
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<tr>
<td>Briquel Hutton</td>
<td>Director of Audit Services</td>
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<tr>
<td>Michelle Legg</td>
<td>Budgeting Manager</td>
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<tr>
<td>Regan Linderman</td>
<td>Controller</td>
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<tr>
<td>Michael Matoso</td>
<td>Director of Athletics</td>
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<tr>
<td>Jim Phillips</td>
<td>Director of Student Financial Services</td>
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<tr>
<td>Denise Powel</td>
<td>Pharmacist</td>
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<tr>
<td>Victoria Ramirez</td>
<td>Health Services Assistant</td>
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<tr>
<td>Megan Rowe</td>
<td>Health Educator</td>
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<tr>
<td>Dennis Shimek</td>
<td>Vice President for Faculty Affairs and Human Resources</td>
</tr>
<tr>
<td>Carl Whitman</td>
<td>Associate Vice President for Information Technology/Chief Information Officer</td>
</tr>
</tbody>
</table>
April 3, 2014

Larry Mandel, Vice Chancellor and Chief Audit Officer
The California State University
Office of Audit and Advisory Services
401 Golden Shore, 4th Floor
Long Beach, CA 90802-4210

RE: Student Health Services Audit Responses to Incomplete Draft Audit Report 13-64

Dear Mr. Mandel,

Enclosed please find the campus responses to the Student Health Services Incomplete Draft Audit Report 13-64 for California State University, Stanislaus.

If you have any questions please do not hesitate to contact myself or Briquel Hutton, Director of Audit Services at (209) 664-6783.

Sincerely,

Russell Giambelluca
Vice President, Business and Finance

RG/bh
Enclosures: 1

cc: Joseph F. Sheley, President
PROGRAM ADMINISTRATION

Recommendation 1

We recommend that the campus maintain documentation showing that:

a. The oversight policy has been submitted to the chancellor’s office.

b. Accreditation reports have been submitted to the campus president or designee.

Campus Response

The campus will maintain documentation showing that the oversight policy has been submitted to the chancellor’s office and the accreditation reports have been submitted to the campus president or designee.

Expected completion date: May 31, 2014

ATHLETICS MEDICINE

GOVERNANCE

Recommendation 2

We recommend that the campus designate a physician responsible for the medical oversight of the athletics medicine program.

Campus Response

The campus will designate a physician responsible for the medical oversight of the athletics medicine program.

Expected completion date: May 31, 2014
SCOPE OF MEDICAL SERVICES

Recommendation 3

We recommend that the campus:

a. Revise the athletics medicine scope of services protocol to accurately reflect the scope of services performed.

b. Document the biennial review of the scope of services protocol.

Campus Response

The campus will revise the athletics medicine scope of services protocol to accurately reflect the scope of services performed and maintain documentation of the biennial review of the scope of services protocol.

Expected completion date: May 31, 2014

PHARMACY

Recommendation 4

We recommend that the campus implement appropriate segregation of duties within pharmacy operations to ensure adequate controls over ordering, receiving, record updating, periodic inventories, cash collection, and end-of-day cash reconciliation.

Campus Response

The campus will implement appropriate segregation of duties within pharmacy operations to ensure adequate controls over ordering, receiving, record updating, periodic inventories, cash collection, and end-of-day cash reconciliation.

Expected completion date: May 31, 2014

FISCAL ADMINISTRATION

STUDENT FEES

Recommendation 5

We recommend that the campus maintain documentation demonstrating that the campus solicited the input of a representative sample of the student body, including students who were not involved in campus leadership, when increasing student fees.
Campus Response

The campus will maintain documentation demonstrating that the campus solicited the input of a representative sample of the student body, including students who were not involved in campus leadership, when increasing student fees.

Expected completion date: May 31, 2014

FISCAL MANAGEMENT

Recommendation 6

We recommend that the campus:

a. Update the pharmacy trust account agreement to reflect the current authorized signers.
b. Code expenditures in the correct trust fund.

Campus Response

The campus will update the pharmacy trust account agreement to reflect the current authorized signers and implement procedures ensuring expenditures are coded in the correct trust fund.

Expected completion date: May 31, 2014
May 1, 2014

MEMORANDUM

TO: Mr. Larry Mandel  
Vice Chancellor and Chief Audit Officer

FROM: Timothy P. White  
Chancellor

SUBJECT: Draft Final Report 13-64 on Student Health Services, California State University, Stanislaus

In response to your memorandum of May 1, 2014, I accept the response as submitted with the draft final report on Student Health Services, California State University, Stanislaus.

TPW/amd