

**Audit and Advisory Services**  
401 Golden Shore  
Long Beach, CA 90802-4210

February 10, 2023

Dr. Cathy A. Sandeen, President  
California State University, East Bay  
25800 Carlos Bee Boulevard  
Hayward, CA 94542

Dear Dr. Sandeen:

**Subject: Audit Report 22-19, Student Health Services, California State University, East Bay**

We have completed an audit of *Student Health Services* as part of our 2022-2023 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which will be posted to Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,



Vlad Marinescu  
Vice Chancellor and Chief Audit Officer

c: Jolene Koester, Interim Chancellor  
Lateefah Simon, Chair, Committee on Audit  
Yammilette Rodriguez, Vice Chair, Committee on Audit

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# **STUDENT HEALTH SERVICES**

**California State University,  
East Bay**

Audit Report 22-19  
February 10, 2023

## EXECUTIVE SUMMARY

### OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to student health services (SHS) and to ensure compliance with relevant federal and state regulations; Trustee policy; Office of the Chancellor (CO) directives; and campus procedures.

### CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational, administrative, and financial controls for SHS as of November 30, 2022, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, we noted that the campus had an appropriate framework for the administration of SHS at Student Health and Counseling Services (SHCS); however, we identified several areas that needed improvement in the sports medicine program (SMP) and a few areas for improvement in fiscal and administrative areas at SHCS. In the SMP, we found that there were inadequate controls surrounding the hiring and designation of authority for volunteer physicians, which resulted in required paperwork not being completed and background checks not being performed. Further, credentialing documentation for SMP volunteer physicians and licensed staff in SHCS was not always maintained or timely obtained, and some conflict-of-interest forms were not completed. In addition, the SMP did not have all required policies or documented review of their procedures.

We also found that the tracking of SHCS expenses, as well as the monitoring of interest income and preparation of a complete budget, needed improvement. In addition, pharmacy responsibilities were not adequately segregated.

Campus management was receptive to the audit and proactively started to address some of the observations noted during fieldwork.

Specific observations, recommendations, and management responses are detailed in the remainder of this report.

## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

### 1. HIRING AND CREDENTIALING

#### OBSERVATION

Controls over employee hiring and credentialing processes, as well as designation of physicians in the SMP, were inadequate.

Specifically, for the SMP we found that:

- The two volunteer physicians who provided health services to student athletes had not been reported to human resources and therefore required volunteer forms and background checks for these physicians had not been completed.
- Although the physician responsible for medical oversight of the SMP had been in place since 2020, the campus did not obtain a formal designation from the campus president to establish the physician's role, as required by Executive Order (EO) 943, until 2022.
- SMP policies and procedures did not include credentialing and re-credentialing requirements for physicians providing services. As a result, the athletics department was not maintaining required credentialing documentation, including medical board certifications, professional licenses, CPR certifications, physician privileges, and professional references for the two physicians in SMP. Also, a Drug Enforcement Administration (DEA) license was not on file for one physician.

We also found that controls over the hiring and credentialing processes in SHCS needed improvement. We reviewed personnel files for eight SHCS employees, including two physicians and six non-physician staff, and noted that National Practitioner Data Bank queries for two employees and the nurse practitioner privileges form for one employee were completed two to three months after the employees were hired.

Adequate controls over hiring, credentialing, and designation processes help to ensure that health services are provided by qualified personnel and comply with California State University (CSU) policy.

#### RECOMMENDATION

We recommend that the campus:

- a. Develop and implement a process to ensure compliance with CSU volunteer and background check requirements for volunteer physicians in the SMP.
- b. Ensure that a formal designation from the campus president or designee establishing medical oversight responsibilities in the SMP is timely obtained.
- c. Establish written policies and procedures for the credentialing and re-credentialing of team physicians in the SMP.

- d. Communicate and distribute new SMP policies and procedures to appropriate staff.
- e. Reiterate hiring and credentialing procedures to relevant SHCS personnel to ensure that required documentation is maintained in personnel files and timely completed.

**MANAGEMENT RESPONSE**

We concur.

- a. A new process for certifying volunteer physicians will be added to the SMP policies and procedures by June 30, 2023.
- b. During the audit, the president’s office completed the formal designation establishing medical oversight responsibilities in the SMP. The process for initiating or renewing a formal designation from the president will be outlined in the SMP policies and procedures manual by June 30, 2023.
- c. Written policies and procedures for credentialing and re-credentialing of team physicians will be added to the SMP policies and procedures manual by June 30, 2023.
- d. Current staff will receive approved the SMP policy and procedures by July 31, 2023. New staff hired after July 31, 2023, will receive the SMP policies and procedures during new employee orientation.
- e. We have reviewed and implemented our hiring and credentialing procedures to ensure the required documents are maintained in personnel files and completed in a timely manner. The training is expected to be completed by February 28, 2023.

**2. ATHLETIC SPORTS MEDICINE PROGRAM POLICIES**

**OBSERVATION**

Administrative oversight of SMP policies needed improvement.

We found that:

- The SMP had not developed or implemented a quality assurance program (QAP) and risk management program (RMP). EO 943 and Academic Affairs (AA) 2015-08 require the SMP to develop a QAP and RMP similar in scope to those maintained by SHCS as part of its accreditation to ensure continued quality of care and management of key risks.
- SMP policies and procedures had not been formally approved in writing by the team physician, as required by EO 943. The campus provided evidence that the team physician reviewed policies informally; however, documentation of approval was not retained.
- SMP did not have written policies and procedures outlining review of user access to information systems containing student athlete protected health information (PHI), and

annual user-access reviews of these systems were not performed as required by the *CSU Information Security Policy and Standards*. We performed a 100 percent review of users in the SWAY and Healthy Roster systems and noted that all were current employees and had access that appeared reasonable based on their position responsibilities.

Effective oversight of SMP activities can help to ensure that administrative responsibilities are addressed, promote compliance, and reduce campus exposure to potential litigation or regulatory sanctions.

**RECOMMENDATION**

We recommend that the campus:

- a. Develop and implement an appropriate QAP and RMP for the SMP similar to the ones used by SHCS.
- b. Obtain formal written approval for SMP policies and procedures from the team physician.
- c. Develop and implement a process to perform and document annual user-access reviews for information systems storing PHI in the SMP.
- d. Communicate and distribute new SMP policies and procedures to appropriate staff.

**MANAGEMENT RESPONSE**

We concur.

- a. A QAP and RMP will be developed and implemented by June 30, 2023.
- b. Formal written approval of SMP policies and procedures from the team physician will be obtained by June 30, 2023.
- c. A process will be developed and implemented to perform and document annual user-access reviews for information system storing PHI in the SMP by April 30, 2023.
- d. Current staff will receive approved SMP policy and procedures by July 31, 2023. New staff hired after July 31, 2023, will receive SMP policies and procedures during new employee orientation.

**3. FISCAL ADMINISTRATION AND BUDGETING**

**OBSERVATION**

Oversight of fiscal administration and the budgeting process at SHCS needed improvement.

Specifically, we found that:

- SHCS did not separately track and report expenses associated with basic and augmented services. Because expenses related to different services were commingled, we were unable to confirm whether mandatory student health fees were used to fund basic student health services in accordance with EO 943.
- SHCS had not monitored and reported interest income from the mandatory student health fee; as a result, we were unable to verify whether interest earned was used to support student health center operations as required by EO 943.
- SHCS did not prepare and monitor a budget with projected revenue and expenses for fiscal years 2020/21 and 2021/22 for the Facility Revenue-Health Facilities Fee Fund and Miscellaneous Trust Fund. The Facility Revenue-Health Facilities Fund is used to track facility fees and expenditures related to health facilities activities, and the Miscellaneous Trust Fund is used to monitor augmented service fees and no-show penalty fees. Integrated California State University Administrative Manual (ICSUAM) §2002.00, *Budget Oversight*, requires campuses to establish policies that address the level and frequency of reviews to monitor budgeted performance.

Proper fiscal management helps to ensure that funds are used for appropriate purposes and administered in accordance with CSU policy. Additionally, budgets enable SHCS staff to more easily identify incorrectly categorized revenues and expenses, overspending, and other accounting trends and anomalies on a periodic basis, and enhance financial planning.

**RECOMMENDATION**

We recommend that the campus:

- a. Separate the reporting of basic and augmented health service-related expenditures.
- b. Track interest earned from mandatory student health fees to ensure it is used to support health service operations.
- c. Prepare and monitor budgets for all funds used by SHCS to comply with the CSU policy for budget oversight.

**MANAGEMENT RESPONSE**

We concur.

- a. SHCS policies and procedures will be revised to reflect the practice that began in November 2022 of charging augmented health services expenditures separately to the Miscellaneous Trust Fund by March 30, 2023. The procedures for the Miscellaneous Trust Fund will also be updated to include a new program code to track Family Pact revenue and expenses.
- b. The interest income calculation has been completed and will be added to the SHCS FY 2022/23 budget by March 30, 2023. Going forward, the budget planning process will

include administration and finance’s annual review of and addition of interest income to the SHCS budget.

- c. Budgets for the Miscellaneous Trust Fund and the Facilities Fee were uploaded in December 2022. Going forward, the FY 2023/24 budget oversight process for these funds will mirror the current budget process for the SHCS fee, which includes budget-planning projections, monthly reconciliation of revenue and expenditures, and a mid-year review to monitor budget performance.

#### 4. SHCS PHARMACY SEGREGATION OF DUTIES

##### **OBSERVATION**

SHCS pharmacy duties and responsibilities were not adequately segregated.

The two SHCS pharmacists control the medication inventory for both campus pharmacy locations, at the Hayward campus and the Concord campus. We found that both pharmacists were able to purchase, receive, and update medications in the inventory system, ProPharm. Further, there were no mitigating controls in place such as an independent management review and comparison of invoices and inventory records.

SHCS implemented a new process during fieldwork that includes an independent review of the pharmacy inventory system, invoices, and packing slips for daily deliveries by a licensed staff member. We confirmed that the new process was designed effectively during fieldwork.

Adequate segregation of duties is an essential internal control that can provide the necessary oversight and review to catch errors and prevent theft or fraud.

##### **RECOMMENDATION**

We recommend that the campus ensure that future pharmacy operations, including purchasing, receiving, and updates to the inventory system, are adequately segregated.

##### **MANAGEMENT RESPONSE**

We concur. The SHCS implemented a new process during the audit that provided adequate segregation of duties for pharmacy operations including purchasing, receiving, and updates to the inventory system.

#### 5. CONFLICT OF INTEREST

##### **OBSERVATION**

The process for ensuring that designated employees completed required COI filings needed improvement.



We reviewed the most recently completed COI forms for four SHCS employees, and we found that:

- Two SHCS employees hired in 2022 completed COI filings four to five months after the required submission deadline; these employees did not receive the COI electronic form filing link from campus human resources upon hire.
- One SHCS employee filed a paper renewal COI form in 2020 and 2021; however, campus human resources was unable to locate the forms for our review. The COI form for 2022 was located and provided.

We noted that limitations imposed by the COVID-19 pandemic, a recent change in the reporting structure of the COI filing officer, and transition from paper forms to electronic filings in 2021 impacted the COI filing process during the audit period.

Adequate administration of COI forms decreases the risk of noncompliance with governmental requirements, promotes transparency and accountability, and helps to ensure that employees carry out their work duties without conflicting financial or other personal interests.

#### **RECOMMENDATION**

We recommend that the campus:

- a. Document a procedure to identify new employees in designated positions and distribute COI forms for their completion.
- b. Obtain renewal COI forms for all SHCS employees in designated positions by the annual filing deadline.

#### **MANAGEMENT RESPONSE**

We concur.

- a. Revised procedures will be developed to identify new employees in designated positions and distribute COI forms for their completion by February 28, 2023.
- b. COI renewal forms for all SHCS employees in designated positions will be obtained by the annual filing deadline of April 3, 2023.

## GENERAL INFORMATION

### BACKGROUND

The primary health entity on each CSU campus is the student health center (SHC). EO 943, *Policy on University Health Services*, outlines the health services that campuses may provide, funding sources for these services, and the conditions for adding additional services or increasing fees. The EO also addresses qualifications of health care providers, operational expectations for pharmacies, facility safety and cleanliness, medical records management, accreditation, and oversight responsibilities. Although the EO focuses primarily on the scope and activities of the SHCs, it includes sections that are applicable to other campus programs providing student health care, such as intercollegiate athletics and intramural sports. In 2015, the systemwide office for Academic and Student Affairs issued coded memorandum Academic Affairs (AA) 2015-08, which provides additional clarification to requirements in EO 943, including oversight expectations for health-related services provided in conjunction with academic degrees, and guidelines for use of government agency programs.

Health services are funded in part by two mandatory student fees: a health services fee covering basic health services and a health facilities fee to support the health center facility. Each SHC may provide augmented services and either impose a fee-for-service for each augmented service rendered or a fee that allows unlimited use of all augmented services provided by the SHC. These fees are described in EO 1102, *California State University Fee Policy*, and can be changed only after a student referendum or a consultation that allows meaningful input and feedback from appropriate campus constituents. As of the Fall 2022 semester, East Bay students paid a health services fee of \$193 and a health center facilities fee of \$3 per semester. Students also pay fees for augmented services that are charged at the time of service and are based on the services provided.

Each campus SHC and its pharmacy must obtain accreditation every three years from a nationally recognized and independent review agency, such as the Accreditation Association for Ambulatory Health Care (AAAHC). In addition, pharmacies are subject to periodic inspections by the California State Board of Pharmacy. California State University, East Bay (CSU East Bay) was most recently accredited by AAAHC in June 2021.

At the Office of the Chancellor, the student academic support department in the Academic and Student 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 health services advisory committee 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.

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. Regulation over these technologies include Health Insurance Portability and Accountability Act of 1996 (HIPAA), which establishes national standards for electronic health care transactions, and the Health Information Technology for Economic and Clinical Health Act, which 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, which generally is reviewed as a separate audit.

At CSU East Bay, SHCS provides eligible students with primary care, preventive services, and wellness education. It also has laboratory, X-ray, and pharmacy services available onsite at its main Hayward Clinic location. More limited services are provided at the satellite campus in Concord. SHS is accredited by the AAAHC, and the pharmacy is licensed by the California State Board of Pharmacy. SHS uses Point and Click Solutions, an electronic health records system, and the pharmacy uses a pharmacy management system by ProPharm to manage prescriptions and track dispensed medications prescribed primarily by SHS providers. Oversight and responsibility of SHS is delegated to the interim director of SHS, who reports to the vice president of student affairs.

CSU East Bay also has a sports medicine program that provides medical services such as physical examinations, treatment of athletic injuries and illnesses, and physical therapy to student athletes. Sports medicine services are provided at the gym clinic and field house locations, and sports medicine records are maintained using Healthy Roster and SWAY systems. The program is overseen by the head athletic trainer and the team physician, who report to the athletic director, who in turn reports to the campus president.

## SCOPE

We performed fieldwork from October 10, 2022, through November 30, 2022. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. The audit focused on procedures in effect from July 1, 2020, to November 30, 2022.

Specifically, we reviewed and tested:

- Campus administration of the SHC, 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/sports medicine, including proper designation of responsible parties.
- Administration of pharmacy operations, including licensing and permit requirements, pharmacy formulary, dispensing, inventory, and physical security practices at the SHC and other areas on campus.
- On a limited basis, medical records management, including practices to ensure security and confidentiality.

- Measures to ensure the security of student health facilities.
- Fiscal administration, including the establishment of and subsequent changes to the mandatory health services fee, methods to set and justify fees for augmented services, budgets and financial records, and revenue and expenditure transaction in health fee trust accounts.
- Services provided and invoiced as part of the governmental health program Family Pact.
- On a limited basis, access to the automated systems to determine that they are adequately controlled and limited to authorized persons.

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.

Our testing and methodology, which was designed to provide a review of key operational, administrative, and financial controls, included interviews, walkthroughs, and detailed testing on certain aspects of student health services. Our review was limited to gaining reasonable assurance that essential elements of student health services were in place and did not examine all aspects of the program.

## CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; Office of the Chancellor directives; and campus procedures; as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- Code of Federal Regulations §164.308, *Administrative Safeguards*
- Government Code §13402 and §13403
- California Penal Code §11160 and §11161
- AAAHC Accreditation Standards
- EO 803, *Immunization Requirements*
- EO 877, *Designation of Health Care Components for Purposes of the Health Care Portability and Accountability Act of 1996 (HIPAA)*
- EO 943, *Policy on University Health Services*
- EO 1000, *Delegation of Fiscal Authority and Responsibility*
- EO 1069, *Risk Management and Public Safety*
- EO 1102, *CSU Student Fee Policy*
- *CSU Information Security Policy and Standards*
- *CSU Conflict of Interest Handbook*
- AA-2015-08, *Clarifications to EO 943*
- ICSUAM §2002.00, *Budget Oversight*

- Coded memorandum Human Resources (HR) 2015-10, *CSU Volunteer Policy*
- *CSU East Bay Student Health Services Policies*
- *CSU East Bay Sports Medicine Policy and Procedure Handbook*

## **AUDIT TEAM**

Audit Manager: Hannah Gardener  
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