# LOS ANGELES COUNTY
# AUDITOR-CONTROLLER

| **John Naimo** | **Arlene Barrera** | **Peter Hughes** | **Robert Smythe** |
|---|---|---|---|
| AUDITOR-CONTROLLER | CHIEF DEPUTY | ASSISTANT AUDITOR-CONTROLLER | DIVISION CHIEF |

**AUDIT DIVISION**                                            **February 20, 2018**

# Department of Health Services
## NURSE REGISTRY SYSTEM REVIEW

**NUMBER OF RECOMMENDATIONS**

**PRIORITY 1**
**5**
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS

**PRIORITY 2**
**5**
CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS

**PRIORITY 3**
**3**
CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS

## BOARD OF SUPERVISORS

**Hilda L. Solis**
FIRST DISTRICT

**Mark Ridley-Thomas**
SECOND DISTRICT

**Sheila Kuehl**
THIRD DISTRICT

**Janice Hahn**
FOURTH DISTRICT

**Kathryn Barger**
FIFTH DISTRICT

*REPORT #K17ED*

# LOS ANGELES COUNTY
## AUDITOR-CONTROLLER

| **John Naimo** | **Arlene Barrera** | **Peter Hughes** | **Robert Smythe** |
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**AUDIT DIVISION**                                               **February 20, 2018**

*FACT SHEET*

# Department of Health Services (DHS)
## NURSE REGISTRY SYSTEM REVIEW

With DHS's support, we have reviewed the design of the Department's controls over contract nurse payments processed in the One-Staff time management application, and the Nursing Registry System (NRS), to determine if they provide reasonable assurance that payments are accurate and in compliance with County fiscal policy.

### Key Outcomes

We noted that DHS needs to significantly improve its payment processes and system controls over issuing approximately $22 million a year in nurse registry payments. Department management has agreed to strengthen its payment processes and controls, and we will assess and report on corrective action implementation in a future follow-up review. For example:

- DHS will restrict unneeded access to NRS so that staff will no longer have access to perform unneeded tasks such as modifying nurse payments and modifying system programming. This will help reduce the risk of inappropriate payment changes.

- DHS will implement review/approval processes for the data entry of nurse timesheet hours for payment, payment rate modifications, and for changes to payment calculations in One-Staff and NRS to help reduce the risk of payment error.

- DHS will redesign NRS to include user identification and password controls, which will reduce the risk of unauthorized system access, and allow DHS to keep an audit trail of NRS user activity so that management can monitor and hold users accountable for their payment processing activity.

### Impact

These enhancements will significantly decrease the risk of unauthorized payment activity or payment errors, and will provide greater assurance of compliance with County Fiscal Manual requirements.

### FAST FACTS

*DHS contracts with 16 Nurse Registry Agencies that provide DHS with as-needed nurse personnel.*

*DHS uses the One-Staff System and Nursing Registry System to automate and streamline processing approximately $22 million per year in payments to Nurse Registry Agencies.*

### NUMBER OF RECOMMENDATIONS

**PRIORITY 1**
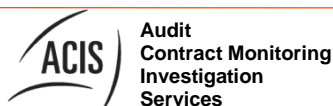**5**
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS

**PRIORITY 2**
**5**
CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS

**PRIORITY 3**
**3**
CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS

**ACIS** Audit Contract Monitoring Investigation Services

This report is also available online at **auditor.lacounty.gov**
Report Waste, Fraud, and Abuse: **fraud.lacounty.gov**

For questions regarding the contents of this report, please contact Robert Smythe, Audit Division Chief, at **rsmythe@auditor.lacounty.gov** or (213) 253-0100.

*REPORT #K17ED*

# COUNTY OF LOS ANGELES
## DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301   FAX: (213) 626-5427

JOHN NAIMO
AUDITOR-CONTROLLER

February 20, 2018

TO:        Supervisor Sheila Kuehl, Chair
           Supervisor Hilda L. Solis
           Supervisor Mark Ridley-Thomas
           Supervisor Janice Hahn
           Supervisor Kathryn Barger

FROM:      John Naimo
           Auditor-Controller

SUBJECT:   **DEPARTMENT OF HEALTH SERVICES – NURSING REGISTRY
           SYSTEM REVIEW**

We have completed a review of the Department of Health Services' (DHS or Department) controls over the One-Staff time management application and the DHS Nursing Registry System (NRS or System) that are used to process payments for contracted nurse personnel.  Details of our findings and recommendations for corrective action are included in Attachment I.

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing.*

## Scope and Objectives

We reviewed key One-Staff and NRS payment procedures and controls to determine if they reasonably ensure that contract nurse payments are accurate and authorized.  Our review included interviewing DHS management and staff, and reviewing procedures and controls over One-Staff and NRS user access, timesheet and payment processing, and payment transfer from NRS to the electronic Countywide Accounting and Purchasing System (eCAPS).  We limited our review to three DHS sites that use One-Staff and NRS to pay nurse registry agencies:  LAC+USC Medical Center (LAC+USC), Rancho Los Amigos National Rehabilitation Center (RLANRC), and Health Services Administration (HSA).

## What Prompted the Review

This is a planned, risk-based audit of County payment system controls. DHS uses One-Staff and NRS to annually prepare approximately $22 million in nurse registry agency payments, and NRS sends those payments to eCAPS for issuance.

## Process Overview

DHS contracts with 16 nurse registry agencies to provide daily nurse personnel to supplement staffing levels at DHS hospitals. These staffing contracts help DHS ensure quality and continuity of patient care.

DHS uses the One-Staff time management application to record daily timesheets for contract nurses. DHS then transfers timesheet data from One-Staff into a series of two Microsoft Access databases that they collectively refer to as NRS. DHS developed NRS in 2012 to streamline nurse registry timekeeping, financial accounting/reporting, and payment processing functions. NRS calculates payments due to the nurse registry agencies, and sends payment requests to eCAPS for final approval and issuance.

## Risks and Opportunities

During Fiscal Year 2016-17, DHS processed approximately $22 million in nurse registry payments using One-Staff and NRS. It is critical that DHS management ensure appropriate security measures are in place to protect the integrity of payments that staff process in these systems.

## Scope Exclusions

We did not review DHS's procedures and controls over all system processes that could affect the integrity of nurse registry payments. We reviewed specific key payment processes and controls as noted in the Scope section above.

## Review of Report

We discussed our report with DHS management. The Department's response (Attachment II) indicates agreement with our findings and recommendations.

## Follow-up Process

The Auditor-Controller (A-C) has a follow-up process designed to provide assurance to the Board of Supervisors (Board) that departments are taking appropriate and timely corrective action to address audit recommendations. Within six months of the date of an audit report, departments must submit a Corrective Action Implementation Report (CAiR)

detailing the corrective action taken to address all recommendations in the report. Departments must also submit documentation with the CAiR that demonstrates the corrective action taken.  We will review departments' reported corrective action and supporting documentation, and report the results to the Board.  For any recommendations not fully implemented, departments must report the status of corrective action within six months after our first follow-up report is issued.

## Management's Responsibility for Internal Controls

Management of each County department is primarily responsible for designing, implementing, and maintaining a system of internal controls that provides reasonable assurance that important departmental and County objectives are being achieved. Internal controls should sustain and improve departmental performance, adapt to changing priorities and operating environments, reduce risks to acceptable levels, and support sound decision-making.

Management must monitor internal controls on an ongoing basis to ensure that any weaknesses or non-compliance are promptly identified and corrected.  The A-C's role is to assist management by performing periodic assessments of the effectiveness of the department's internal control systems.  These assessments complement, but do not in any way replace, management's responsibilities over internal controls.

## Limitations of Internal Controls

Any system of internal controls, however well designed, has limitations.  As a result, internal controls provide reasonable but not absolute assurance that an organization's goals and objectives will be achieved.  Some examples of limitations include errors, circumvention of controls by collusion, management override of controls, and poor judgment.  In addition, there is a risk that internal controls may become inadequate due to changes in the organization, such as reduction in staffing or lapses in compliance.

We thank DHS management and staff for their cooperation and assistance during our review.  If you have any questions please call me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:PH:RS:MP

Attachments

c:  Sachi A. Hamai, Chief Executive Officer
    Fred Leaf, Interim Director, Los Angeles County Health Agency
    Christina R. Ghaly, M.D., Acting Director, Department of Health Services
    William Kehoe, Chief Information Officer, Chief Executive Office
    Audit Committee
    Countywide Communications

## DEPARTMENT OF HEALTH SERVICES, NURSING REGISTRY SYSTEM REVIEW

| | FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION | | | | |
|---|---|---|---|---|---|
| | **ISSUE** | **RISK** | **RECOMMENDATION** | **P[1]** | **SUMMARY OF RESPONSE** |
| 1 | **Access Roles/Profiles** – The Department of Health Services (DHS) has not defined access roles/profiles to restrict access within the Nursing Registry System (NRS or System), as required by County Fiscal Manual (CFM) 8.7.4.2. | • Significant risk that users will have access to information and processes not needed for their jobs (see Issue 4). <br> • Increased risk that unauthorized users could make inappropriate payment changes in a system that processes approximately $22 million in payments annually. | **DHS management establish access profiles in NRS to assist with restricting unneeded user access.** | 1 | **Agree** <br> Target Implementation Date: March 2018 <br><br> DHS will define NRS access roles/profiles, limit access based on job duties, and restrict access to the System's payment rate table. DHS indicates establishing access profiles in NRS will require a system redesign that will require time to fully implement. |
| 2 | **Logon Identifications (IDs)** – DHS has not implemented logon IDs and password controls in NRS, as required by CFM Section 8.7.4.3. | • Significant risk of inappropriate and/or unauthorized access to the payment systems. <br> • Management cannot identify and hold users accountable for their System activity. <br> • Management cannot restrict System access to specific users based on assigned access levels. | **DHS management establish logon identification and password controls in the NRS.** | 1 | **Agree** <br> Target Implementation Date: To Be Determined <br><br> DHS will redesign NRS to include logon identification and password controls. DHS's timeframe for NRS redesign is still undetermined due to limited resources. DHS also indicates they will restrict access to payment rate changes, one of the most sensitive functions in NRS, by March 2018. |

[1] **Priority Ranking:**  Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken.  See Attachment III for definitions of priority rankings.

## FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

| | ISSUE | RISK | RECOMMENDATION | P[1] | SUMMARY OF RESPONSE |
|---|---|---|---|---|---|
| 3 | **Audit Trail -** DHS does not capture an audit trail of key NRS user activity, as required by CFM Section 8.10.0. | • Reduced accountability over payment activity and System changes that staff make in NRS.<br>• Increased risk that inappropriate payment activity will go undetected. | **DHS management establish an audit trail of NRS user activity.** | 1 | **Agree**<br>Target Implementation Date: March 2018<br><br>DHS will redesign NRS to include an audit trail of user activity. Additionally, DHS will establish a process to document payment rate change approvals. |
| 4 | **Unneeded Access -** We interviewed DHS fiscal staff and noted the following unneeded NRS access:<br><br>• Fiscal services personnel at LAC+USC, RLANRC, and HSA have full access to perform any payment processing action in NRS even though some have no need for NRS access.<br><br>• Users who need access to NRS are not restricted to only those functions necessary to perform their assigned duties. For example, some fiscal services users only need payment processing access to NRS, but they also have high-level system administrator access to make changes to NRS payment calculation functionality. | • Increased risk of inappropriate payment activity or unauthorized changes to NRS that could impact payment accuracy. | **DHS management immediately restrict unneeded access to NRS, including high-level access to modify payment calculation functions.** | 1 | **Agree**<br>Target Implementation Date: March 2018<br><br>DHS will restrict access to the NRS payment rate table. The table data will be stored in a remote secure location and will require approval to modify. |

[1] **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment III for definitions of priority rankings.

| | | FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION | | | |
|---|---|---|---|---|---|
| | **ISSUE** | **RISK** | **RECOMMENDATION** | **P¹** | **SUMMARY OF RESPONSE** |
| 5 | **Payment Rate Changes** – We noted that DHS does not have a process to authorize or monitor changes to nurse registry agency payment rates that are stored in NRS.<br><br>DHS transfers nurse timesheet data from One-Staff to NRS, and uses payment rates stored in NRS to automatically annually calculate approximately $22 million in nurse registry agency compensation.<br><br>Local System Administrators at three DHS sites are authorized to make changes to payment rates in NRS, but DHS does not review the accuracy/validity of payment rate changes they make.  In addition, because NRS does not keep an audit trail of user activity (Issue 3), DHS management cannot log and monitor rate changes. | • Increased risk of inaccurate payment rates going undetected, which could cause nurse registry agency payment errors. | **DHS management establish a process to approve and monitor changes to nurse registry agency payment rates stored in NRS.** | 1 | **Agree**<br>Target Implementation Date: March 2018<br><br>DHS will establish a payment rate change approval process to ensure payment rate changes are documented and authorized. |
| 6 | **Access Reviews** – DHS does not have a process to periodically review One-Staff access assignments to ensure all access levels are appropriate and authorized, as required by CFM Section 8.7.4.2. | • Increased risk of unauthorized access going undetected. | **DHS management establish a process to periodically review One-Staff access assignments to ensure access is authorized and appropriate.** | 2 | **Agree**<br>Target Implementation Date: April 2018<br><br>DHS will establish a quarterly One-Staff user access review to ensure all access levels are appropriate and authorized. |

¹ **Priority Ranking:**  Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken.  See Attachment III for definitions of priority rankings.

| | FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION | | | | |
|---|---|---|---|---|---|
| | **ISSUE** | **RISK** | **RECOMMENDATION** | **P[1]** | **SUMMARY OF RESPONSE** |
| 7 | **Access Authorizations** – DHS does not document justifications and approvals for NRS and One-Staff user access, as required by CFM Section 8.7.4.2. | • Increased risk of unauthorized users gaining access to process nurse timecards or nurse registry payments. | **DHS management establish a process to document justifications and approvals for all One-Staff and NRS access assignments.** | 2 | **Agree** Target Implementation Date: April 2018  DHS has developed and will implement a User Access form to document access authorizations. |
| 8 | **System Changes** – DHS has no formal change control process in place for authorizing, testing, and approving NRS system changes.  In addition, DHS IT management does not periodically monitor NRS changes for validity. | • Increased risk that staff could implement unauthorized or erroneous changes to NRS functionality that could cause payment errors. | **DHS management develop a change control process for NRS that includes approving, testing, and monitoring System changes.** | 2 | **Agree** Target Implementation Date: May 2018  DHS will evaluate establishing a change control process in the current and redesigned NRS. |
| 9 | **System Replacement** a) Based on our review, it appears that the NRS Microsoft Access databases are not the most secure or robust platform to facilitate processing approximately $22 million a year in nurse registry payments.  b) DHS IT staff indicated they are evaluating replacements for NRS, including possibly using a new series of Microsoft Access databases they call the Vendor Accounting and Tracking System (VATS). | • Increased risk of unauthorized System access, lack of accountability over user activity, and unauthorized payment activity, as mentioned in the previous findings. | **DHS management evaluate:**  a) **The cost/benefit of acquiring or developing a secure application system to replace NRS.**  b) **Implementing the recommendations from this report in VATS or any other NRS replacement.** | 2 | **Agree** Target Implementation Date: April 2018  DHS will evaluate the cost/benefits of acquiring or developing an NRS replacement application, and the cost/benefits of implementing this reports recommendations in VATS or any other NRS replacement. |

[1] **Priority Ranking:**  Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken.  See Attachment III for definitions of priority rankings.

| | **FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION** | | | | |
|---|---|---|---|---|---|
| | **ISSUE** | **RISK** | **RECOMMENDATION** | **P[1]** | **SUMMARY OF RESPONSE** |
| 10 | **Electronic Timesheet Approvals** – While DHS has a process to review and approve the accuracy of nurse timesheets entered in One-Staff for payment, the approval is documented manually outside of One-Staff.<br><br>The lack of an electronic approval in One-Staff requires a reconciliation of the manual approval and the One-Staff data entry, which is a difficult and impractical means of monitoring whether approvals have been obtained. | • Increased risk that timesheet review and approval controls will not function as intended because manual approval controls are difficult to monitor for compliance. | **DHS management evaluate modifying One-Staff to require an electronic approval for every nurse timesheet entered.** | 2 | **Agree** Implementation Date: December 4, 2017<br><br>DHS determined the One-Staff system version in current use is outdated and plans to replace the system. In the interim, DHS will continue to manually document review and approvals outside of One-Staff. |
| 11 | **Manual Timecard Calculations** – We noted that One-Staff does not assist DHS clerical staff in calculating nurse hours worked.<br><br>DHS clerical staff receive approved nurse timecards that include a clock-in and clock-out time. Clerical staff manually calculate nurse hours worked outside of One-Staff, then data enter the calculated hours, instead of entering the in/out time and having One-Staff perform the calculation. | • Increased risk of calculation error, which could result in payment error to the nurse registry agency. | **DHS management evaluate modifying One-Staff to automatically calculate nurse hours worked based on clock-in and clock-out times entered.** | 3 | **Agree** Implementation Date: December 4, 2017<br><br>DHS determined One-Staff cannot be modified to automatically calculate nurse hours worked and plans to replace the system. |
| 12 | **Monitoring User Activity** – DHS supervisory personnel do not regularly generate One-Staff system activity reports to review for suspicious or irregular user activity, as required by CFM 8.7.4.2. | • Increased risk that DHS will not detect unusual system access or activity timely. | **DHS management establish a process to periodically generate and review reports of suspicious or irregular One-Staff user activity.** | 3 | **Agree** Target Implementation Date: April 2018<br><br>DHS will establish a periodic management review of suspicious or irregular One-Staff access and activity. |

[1] **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment III for definitions of priority rankings.

| | FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION | | | | |
|---|---|---|---|---|---|
| | **ISSUE** | **RISK** | **RECOMMENDATION** | **P¹** | **SUMMARY OF RESPONSE** |
| 13 | **Standards and Procedures**<br>a) DHS does not have detailed written procedures for many of the processes noted in this report, including:<br><br>• Authorizing, documenting, limiting, and monitoring One-Staff and NRS user access.<br>• Authorizing and monitoring changes to NRS programs or payment rates.<br><br>Standards and procedures should provide detailed guidance to staff and supervisors in the performance of their day-to-day duties, and describe how processes are performed. They must also require staff and supervisors to maintain documentation of their processes and require an audit trail of key events where practical.<br><br>b) In addition, while DHS has training manuals to guide staff in entering nurse timesheets in One-Staff, we noted that these manuals do not discuss timesheet approvals, and data entry staff indicated they were not aware that the manuals existed. | • Increased risk that staff will perform tasks incorrectly or inconsistently, which could result in improper system access and nurse registry payment errors.<br>• Increased effort required to train new staff.<br>• Prevents management from effectively evaluating process/control environments. | DHS management:<br><br>a) **Establish standards and procedures to adequately guide supervisors and staff in performance of their duties for the areas noted in our review.**<br><br>b) **Update the One-Staff training manual and ensure staff are aware of the updated policies and procedures.** | 3 | **Agree**<br>Target Implementation Date: June 2018<br><br>DHS will establish written standards and procedures to guide staff in authorizing and monitoring user access, and program and payment rate changes in NRS.<br><br>Additionally, DHS will update its current One-Staff training manuals and written procedures and ensure staff are aware of the updated policies and procedures. |

¹ **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment III for definitions of priority rankings.

**Health Services**
LOS ANGELES COUNTY

December 15, 2017

TO:         John Naimo
            Auditor-Controller

FROM:       Christina R. Ghaly, M.D.   *Arun Patel*
            Acting Director             *for Dr. Ghaly*

SUBJECT:    **RESPONSE TO THE AUDITOR-CONTROLLER'S DEPARTMENT**
            **OF HEALTH SERVICES – NURSE REGISTRY SYSTEM REVIEW**

Attached is the Department of Health Services' (DHS') response to recommendations made in the Auditor-Controller's report of the Nurse Registry System (NRS) Review.

DHS contracts with 16 Nurse Registry Agencies that provide DHS with as-needed nurse personnel. In 2012, DHS implemented NRS to significantly streamline, standardize and automate the timekeeping, financial accounting/reporting and payment processes for nurse registry activities. Annually, DHS uses NRS in conjunction with the One-Staff System to process approximately $22 million in payments to Nurse Registry Agencies. Overall, the use of these automated systems improved the efficiency of DHS' Nurse Registry payment process.

We concur with and have taken or initiated corrective actions to address the recommendations contained in the report.

If you have any questions or require additional information, please contact Loretta Range at (213) 288-7755.

CRG:HFY:AP:ES:lr

Attachment

c: Hal F. Yee, Jr., M.D., Ph.D.
   Arun Patel, M.D.
   Edgar Soto, MBA, CSP, SSGB
   Allan Wecker
   Hitomi Rice
   Manal Dudar
   Ferris Ling
   Suzanne Garcia
   Grace Ibanez
   Isabel Covarrubias
   Anna Veerathapa
   Laura Williams
   Arsalan Rahmanian
   Diane Waskul

COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES
RESPONSE TO THE AUDITOR-CONTROLLER'S REVIEW OF DHS'
NURSE REGISTRY SYSTEM (NRS)

AUDITOR-CONTROLLER RECOMMENDATION #1 – Priority 1

DHS management establish access profiles in NRS to assist with restricting unneeded user access.

**DHS response:**

Concur. DHS management will define access roles/profiles and review/update the listing of employees with NRS access. Users identified as not needing access for their jobs will be removed or restricted to read-only access. Target implementation date March 2018. In addition, DHS management will remove the rate table from the NRS and place it in a secure centralized location where access is restricted to authorized users only. Target implementation date March 2018. It should be noted that establishing access profiles within the NRS requires a redesign of the entire system and additional resources. Therefore, an implementation date for this recommendation is to be determined.

AUDITOR-CONTROLLER RECOMMENDATION #2 – Priority 1

DHS management establish logon identification and password controls in the NRS.

**DHS response:**

Concur. DHS management will perform a complete redesign of the Nurse Registry System and will include logon identification and password controls. Due to limited resources, the implementation date is to be determined.

AUDITOR-CONTROLLER RECOMMENDATION #3 – Priority 1

DHS management establish an audit trail of NRS user activity.

**DHS response:**

Concur. DHS management will perform a complete redesign of the Nurse Registry System and will include an audit trail of NRS user activity. Prior to the redesign, DHS will remove the rate table from the NRS and restrict changes to authorized users only. Documentation will be via an authorized request form that identifies the rate change, authorized user, approving management, system administrator and date approved. Target implementation date March 2018.

Auditor-Controller Nurse Registry System Review – DHS
Page 2 of 4

AUDITOR-CONTROLLER RECOMMENDATION #4 – Priority 1

DHS management immediately restrict unneeded access to the NRS, including high-level access to modify payment calculation functions.

### DHS response:

Concur. DHS management will remove the rate table from the NRS and place it on one of the department's secured servers in a remote secure location. Target implementation date March 2018.

AUDITOR-CONTROLLER RECOMMENDATION #5 – Priority 1

DHS management establish a process to approve and monitor changes to nurse registry agency payment rates stored in NRS.

### DHS response:

Concur. DHS management will establish a process requiring all users to submit an approved request form to the system administrator that documents all rate changes to the NRS. Target implementation date March 2018.

AUDITOR-CONTROLLER RECOMMENDATION #6 – Priority 2

DHS management establish a process to periodically review One-Staff access assignments to ensure access is authorized and appropriate.

### DHS response:

Concur. DHS management will implement a quarterly review of all Nurse-Registry users who have access to the One-Staff system to ensure all access levels are appropriate and authorized as required by CFM Section 8.7.4.2. Target implementation date April 2018.

AUDITOR-CONTROLLER RECOMMENDATION #7 – Priority 2

DHS management establish a process to document justifications and approvals for all One-Staff and NRS access assignments.

### DHS response:

Concur. DHS management developed and will implement a User Access form which will be used to document access justification, level, removal, and approval for NRS and One-

Auditor-Controller Nurse Registry System Review – DHS
Page 3 of 4

Staff user access as required by CFM Section 8.7.4.2. Target implementation date April 2018.

## AUDITOR-CONTROLLER RECOMMENDATION #8 – Priority 2

DHS management develop a change control process for NRS that includes approving, testing, and monitoring System changes.

### DHS response:

Concur. DHS management will evaluate establishing a change control process in the current Nurse Registry System as well as in the redesign of NRS. Target implementation date May 2018. Target implementation date to be determined for the redesign of NRS.

## AUDITOR-CONTROLLER RECOMMENDATION #9 – Priority 2

DHS management evaluate: a) The cost/benefit of acquiring or developing a secure application system to replace NRS, and b) Implementing the recommendations from this report in (VATS) or any other NRS replacement.

### DHS response:

Concur. DHS management will evaluate the cost/benefit of acquiring or developing a secure application to replace NRS and evaluate the cost/benefit of implementing the recommendations from this report in (VATS) or any other NRS replacement. Target implementation date April 2018.

## AUDITOR-CONTROLLER RECOMMENDATION #10 – Priority 2

DHS management evaluate modifying One-Staff to require an electronic approval for every nurse timesheet entered.

### DHS response:

Concur. Upon evaluation, the One-Staff system currently in use is outdated. DHS is in the planning stage of replacing the system. In lieu of this, DHS will continue to manually document the review and approval of the accuracy of nurse timesheets entered in One-Staff for payment outside the system. This recommendation was implemented on December 4, 2017.

Auditor-Controller Nurse Registry System Review – DHS
Page 4 of 4

AUDITOR-CONTROLLER RECOMMENDATIONS #11 – Priority 2

DHS management evaluate modifying One-Staff to automatically calculate nurse hours worked based on clock-in and clock-out times entered.

**DHS response:**

Concur. Upon evaluation, the One-Staff system version currently in use is outdated and cannot be modified to automatically calculate nurse hours worked based on clock-in and clock-out times entered. DHS is in the planning stage of replacing the system. This recommendation was implemented on December 4, 2017.

AUDITOR-CONTROLLER RECOMMENDATION #12 – Priority 3

DHS management establish a process to periodically generate and review reports of suspicious or irregular One-Staff user activity.

**DHS response:**

Concur. DHS Management will implement a periodic management review of unusual system access or activity to ensure all access are appropriate and authorized as required by CFM 8.7.4.2. Target implementation date April 2018.

AUDITOR-CONTROLLER RECOMMENDATION #13 – Priority 3

DHS management: a) Establish standards and procedures to adequately guide supervisors and staff in performance of their duties for the areas noted in auditor's review and b) Update the One-Staff training manual and ensure staff are aware of the updated policies and procedures.

**DHS response:**

Concur. DHS management will establish written standards and procedures detailing the processes in authorizing and monitoring NRS user access and changes to NRS programs or payment rates. In addition, DHS management will update the One-Staff training manuals and written procedures to ensure staff are aware of the updated policies and procedures. Nursing portion of this recommendation to be implemented by March 2018. Target implementation date for Finance portion is June 2018.

## PRIORITY RANKING DEFINITIONS

Auditors use professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if corrective action is not taken and the seriousness of the adverse impact. Adverse impacts are situations that have or could potentially undermine or hinder the following:

a) The quality of services departments provide to the community,
b) The accuracy and completeness of County books, records, or reports,
c) The safeguarding of County assets,
d) The County's compliance with pertinent rules, regulations, or laws,
e) The achievement of critical programmatic objectives or program outcomes, and/or
f) The cost-effective and efficient use of resources.

### Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 90 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

### Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

### Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.