

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM :** AUDITOR CONTROLLER

**SUBMITTAL DATE:**

October 6, 2016

**SUBJECT:** Internal Audit Report 2016-001 - Community Action, Contract Amendments & Competitive Bidding [District: All]; [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding

**Consent**

*Paul Angulo*

Paul Angulo, Director of Auditor Controller 10/6/2016

**BACKGROUND:**

**Summary**

We have completed a countywide audit to provide management and the Board of Supervisors with an independent assessment of internal controls over contract amendments and competitive bidding process. This report assesses the Riverside County Community Action Partnership internal controls over the contract amendments and competitive bidding process. We conducted the audit from October 7, 2015 through March 23, 2016 for active contracts during the period July 1, 2013 through August 31, 2015.

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$0	\$0	\$0	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year:</b>	N/A

**C.E.O. RECOMMENDATION:** [CEO use]

**BACKGROUND:**

**Summary (continued)**

Based upon the results of our audit, we determined the Riverside County Community Action Partnership internal controls over contract amendments and competitive bidding provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

**Impact on Residents and Businesses**

Provide an assessment of internal controls over the audited areas.

**ATTACHMENT A.**

A: Riverside County Auditor-Controller's Office – Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding.

**Internal Audit Report 2016-001**

**Riverside County  
Community Action Partnership,  
Countywide Contract Amendments and  
Competitive Bidding  
Report Date: September 7, 2016**



**Office of Paul Angulo, CPA, MA  
Riverside County Auditor-Controller  
4080 Lemon Street, 11th Floor  
Riverside, CA 92509  
(951) 955-3800**

**[www.auditorcontroller.org](http://www.auditorcontroller.org)**



**COUNTY OF RIVERSIDE**  
**OFFICE OF THE**  
**AUDITOR-CONTROLLER**

County Administrative Center  
4080 Lemon Street, 11<sup>th</sup> Floor  
P.O. Box 1326  
Riverside, CA 92502-1326  
(951) 955-3800  
Fax (951) 955-3802



**Paul Angulo, CPA, MA**  
Riverside County Auditor-Controller

**Frankie Ezzat, MPA**  
Assistant Auditor-Controller

September 7, 2016

Brenda Freeman  
Director  
Riverside County Community Action Partnership  
2038 Iowa Avenue, Suite B-102  
Riverside, CA 92507

**Subject: Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding**

Dear Ms. Freeman:

We have completed a countywide audit to provide management and the Board of Supervisors with an independent assessment of internal controls over contract amendments and competitive bidding process. This report assesses the Riverside County Community Action Partnership internal controls over the contract amendments and competitive bidding process. We conducted the audit from October 7, 2015 through March 23, 2016 for active contracts during the period July 1, 2013 through August 31, 2015.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we determined the Riverside County Community Action Partnership internal controls over contract amendments and competitive bidding provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

**Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide  
Contract Amendments and Competitive Bidding**

We thank the Riverside County Community Action Partnership management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA  
Interim Chief Internal Auditor

cc: Executive Office  
District Attorney  
Grand Jury

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## **Executive Summary**

### **Overview**

The vision for Riverside County Community Action Partnership (Community Action) is “to end poverty in Riverside County.” In collaboration with the public and private community partners, Community Action has worked to reduce poverty levels “through education, wealth building, advocacy and community organizing.” Services they provide include weatherization, tax preparation, dispute resolution, disaster preparedness, utility assistance, Veterans employment training, and Pre-Apprenticeship program. In order to administer these services, Community Action receives public and private sector funding. However, the primary source is the Community Services Block Grant (CSBG) which is governed by the California Department of Community Services and Development.

Pursuant to California Government Code Section 31000, the Board of Supervisors may contract for special services on behalf of the county, county officer, department, district or court in the county. Riverside County Ordinance 459, indicates, the Board of Supervisors delegates contracting authority to the Purchasing Agent also known as the Director Purchasing and Fleet Services. This ordinance authority includes the Purchasing Agents authority to approve contract amendments and the competitive bidding processes.

Purchasing Policy Manual dated, February 1, 2013, requires the Purchasing Agent to obtain informal competitive bids for all purchases exceeding \$1,000 and formal written competitive bids for purchases exceeding \$25,000. To reflect the changes incorporated into the Riverside County Board of Supervisors Ordinance 459, which was approved by the Board of Supervisors on May 19, 2015, the Purchasing Policy Manual was revised on August 1, 2015 to increase the informal bid requirement for purchases exceeding \$5,000 and formal written competitive bid for purchases exceeding \$50,000.

Our sample population consisted of all contracts that were active during our audit period of July 1, 2013 to August 31, 2015. Most contracts have a one-year period of performance with the option to extend the contract for four years. As such, some contracts selected could be as old as calendar year 2008 contracts.

The county does not maintain a system that records all contracts used by county departments. Each department utilizes their own computer systems for managing their contracts. We utilized the County of Riverside’s financial system known as PeopleSoft database to select our sample of contracts for review of amendments and the competitive bidding process. The PeopleSoft database consists of contract records that were updated annually during our audit period. This update creates a new PeopleSoft contract that corresponds with the contract. Therefore, a one year contract with an option to renew four times could have up to 5 PeopleSoft contracts that correspond to the contract. Forty-two PeopleSoft contracts used by Community Action were randomly selected to review. Eight were countywide contracts and thirty-four were Community

**Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding**

responsibility, we reviewed the 8 countywide contracts during our review of Central Purchasing contract amendments and competitive bidding process.

For a breakdown of the contracts selected and the associated amendment(s), please refer to attachments A and B respectively.

**Audit Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of the department's internal controls over contract amendments and the competitive bidding process.

**Audit Conclusion**

Based upon the results of our audit, we determined the Riverside County Community Action Partnership internal controls over contract amendments and competitive bidding provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



**Draft Internal Audit Report 2016-001**  
**Community Action Partnership of Riverside County**  
**Report Date: August 12, 2016**  
**Summary of Contracts Selected for Review**

<u>PeopleSoft Contract No.</u>	<u>Contract Date</u>	<u>Contract Allowable Cost</u>	<u>Amount Charged</u>	<u>Contract Amount (Over)/Under</u>
CAARC-91016-002-01/15	4/29/2015	\$681,443	\$644,417	\$37,026
CAARC-91016-13-01/15	12/17/2013	461,452	460,650	802
CAARC-91016-13-001-01/14	7/1/2013	421,175	293,744	127,431
CAARC-91016-002-02/16	3/1/2015	250,000	224,079	25,921
CAARC-91016-13-001-02/16	3/1/2015	450,000	300,601	149,399
CAARC-91016-13-004-1/15	4/8/2015	250,411	211,520	38,891
CAARC-91016-11-008-2/15	8/25/2015	198,271	140,048	58,223
CAARC-91016-13-2/14	3/18/2015	184,468	132,759	51,709
CAARC-91838-13-029-06/15	8/27/2015	177,793	175,677	2,117
CAARC-95200-001-12/14	8/5/2015	175,000	157,163	17,837
CAARC-91016-13-004-1/14	7/1/2013	156,082	86,515	69,567
CAARC-91016-13-004-02/16	8/25/2015	125,000	68,448	56,552
CAARC-91016-004-06/15	7/27/2015	121,910	121,531	379
CAARC-92486-13-002-12/13	2/6/2013	100,000	100,000	0
CAARC-91052-14-001-12/15	2/19/2015	100,000	50,151	49,849
CAARC-91016-15-02/16	6/11/2015	100,000	65,046	34,954
CAARC-91016-011-01/14	8/25/2015	60,092	58,423	1,669
CAARC-91016-11-020-1/14	5/21/2013	52,704	50,875	1,829
CAARC-91052-13-001-12/13	2/6/2013	50,000	50,000	-
CAARC-91016-14-003-1/15	11/21/2014	50,000	21,793	28,207
CAARC-91052-14-001-12/14	12/30/2014	50,000	48,326	1,674
CAARC-91052-14-002-12/15	4/15/2015	100,000	63,425	36,575
CAARC-91838-14-024-12/14	6/24/2015	58,341	49,813	8,527
CAARC-91838-13-021-12/14	7/6/2015	35,940	35,009	931
CAARC-91838-12-3/14	12/26/2013	28,082	20,061	8,021
CAARC-91838-14-009-12/14	6/16/2015	29,120	14,768	14,353
CAARC-91838-13-021-12/13	5/1/2013	17,600	17,168	432
CAARC-91838-14-018-12/14	2/24/2015	15,500	12,497	3,003
CAARC-91838-14-013-12/14	6/16/2015	10,860	6,710	4,150
CAARC-91838-13-011-12/13	1/31/2014	10,800	9,630	1,170
CAARC-91838-014-1-12/13	7/16/2013	7,062	5,412	1,650
CAARC-91838-13-010-12/13	7/16/2013	4,400	4,300	100
CAARC-91838-13-013-12/13	7/23/2013	4,400	1,825	2,575
CAARC-91838-13-030-12/13	8/20/2013	4,400	2,484	1,916
		<u>\$4,542,306</u>	<u>\$3,704,868</u>	<u>\$837,438</u>

**Draft Internal Audit Report 2016-001**  
**Community Action Partnership of Riverside County**  
**Report Date: August 12, 2016**  
**Summary of Contract Amendments (Admts)**

<u>PeopleSoft Contract No.</u>	<u>Admts</u>	<u>Ext</u>	<u>CC</u>	<u>Allowable Contract Cost</u>	<u>Allowable Admts Cost</u>
CAARC-91016-002-01/15	3	1		\$681,443	\$0
CAARC-91016-13-01/15	5	1		449,452	12,000
CAARC-91016-13-001-01/14	1	-		261,175	160,000
CAARC-91016-002-02/16	6	2		224,079	921
CAARC-91016-13-001-02/16	6	1		300,601	149,399
CAARC-91016-13-004-1/15	3	1		250,411	-
CAARC-91016-11-008-2/15	5	1		140,048	58,223
CAARC-91016-13-2/14	2	2		132,759	52,709
CAARC-91838-13-029-06/15	2	1		177,793	-
CAARC-95200-001-12/14	1	1		157,163	-
CAARC-91016-13-004-1/14	1	-		86,515	-
CAARC-91016-13-004-02/16	7	2		68,448	-
CAARC-91016-004-06/15	-	-		121,531	-
CAARC-92486-13-002-12/13	-	-		100,000	-
CAARC-91052-14-001-12/15	-	-		40,666	-
CAARC-91016-15-02/16	-	-		65,046	-
CAARC-91016-011-01/14	5	1		58,423	-
CAARC-91016-11-020-1/14	4	3		19,992	32,712
CAARC-91052-13-001-12/13	-	-		50,000	-
CAARC-91016-14-003-1/15	-	-		21,793	-
CAARC-91052-14-001-12/14	1	1		48,326	-
CAARC-91052-14-002-12/15	-	-		79,044	-
CAARC-91838-14-024-12/14	1	-		49,813	-
CAARC-91838-13-021-12/14	3	1		24,100	10,909
CAARC-91838-12-3/14	-	-		20,061	-
CAARC-91838-14-009-12/14	5	1		14,768	-
CAARC-91838-13-021-12/13	2	1		17,168	-
CAARC-91838-14-018-12/14	-	-		12,497	-
CAARC-91838-14-013-12/14	4	2		4,400	2,886
CAARC-91838-13-011-12/13	1	-		9,630	-
CAARC-91838-014-1-12/13	2	1		5,412	-
CAARC-91838-13-010-12/13	-	-		4,300	-
CAARC-91838-13-013-12/13	-	-		1,825	-
CAARC-91838-13-030-12/13	1	1		2,484	-
				<u>\$3,701,166</u>	<u>\$479,759</u>