

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



ITEM: 2.1
(ID # 12939)

MEETING DATE:
Tuesday, July 07, 2020

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2020-004: Riverside University Health System, Public Health, Community Action Partnership Audit, District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2020-004: Riverside University Health System, Public Health, Community Action Partnership Audit

ACTION: Consent


Paul A. Angulo, County Auditor-Controller 6/25/2020

MINUTES OF THE BOARD OF SUPERVISORS

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

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of Riverside University Health System, Public Health, Community Action Partnership to provide management and the Board of Supervisors with an independent assessment of internal controls over the weatherization program monthly claim reporting.

Please refer to audit report for conclusion on the results of our audit.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: Approve

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A. Riverside County Auditor-Controller – Internal Audit Report 2020-004: Riverside University Health System, Public Health Community Action Partnership Audit.


 Stephanie Pe..., Principal Management Analyst 6/29/2020

Internal Audit Report 2020-004

**Riverside County RUHS
Public Health
Community Action Partnership**

Report Date: June 16, 2020



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

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

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

ACO | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Oscar Valdez
Assistant Auditor-Controller

June 16, 2020

Kimberly Saruwatari
Director of Public Health
Riverside University Health System, Public Health, Community Action Partnership
4065 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2020-004: Riverside University Health System, Public Health, Community Action Partnership Audit

Dear Ms. Saruwatari:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of Riverside University Health System, Public Health, Community Action Partnership to provide management and the Board of Supervisors with an independent assessment of internal controls over the weatherization program monthly claim reporting.

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 and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

**Internal Audit Report 2020-004: Riverside University Health System, Public Health,
Community Action Partnership Audit**

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to the weatherization program's monthly claim reporting. Specifically, Riverside University Health System, Public Health, Community Action Partnership should update their policies and procedures to address key processes that have not been included such as preparing adjustments, monitoring for outstanding checks, verifying previous claims to avoid duplication, and monitoring for budget levels.

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

Internal Audit Report 2020-004: Riverside University Health System, Public Health,
Community Action Partnership Audit

Table of Contents

	Page
Executive Summary	4
 Results:	
Weatherization Program Monthly Claim Reporting.....	6

**Internal Audit Report 2020-004: Riverside University Health System, Public Health,
Community Action Partnership Audit**

Executive Summary

Overview

Riverside University Health System, Public Health, Community Action Partnership (Community Action) services Riverside County's qualifying residents by facilitating opportunities to self-sufficiency through education, energy conservation, wealth building, advocacy, and community organization. Community Action's funding level based on the adopted budget for fiscal year 2019-20 is \$9.4 million with 75 authorized positions to accomplish its mission.

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over the weatherization program monthly claim reporting. 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.

Audit Scope

We conducted the audit from August 12, 2019, through November 4, 2019, for operations from July 1, 2017, through August 31, 2019. Following a risk based approach, our scope initially included the following:

- Onboarding for volunteer services
- Eligibility requirements for the public utility assistance program, savings program, and weatherization program
- Capital asset management
- Weatherization program change orders and invoices
- Weatherization program monthly claim reporting

Through inquiry, observations, and examination of relevant documentation, we reduced our scope to weatherization program monthly claim reporting.

Internal Audit Report 2020-004: Riverside University Health System, Public Health, Community Action Partnership Audit

Audit Highlights

Existing Conditions

The current processes have not mitigated the following areas:

- The policies and procedures for reporting monthly weatherization claim to the state do not include key processes that are necessary to ensure accurate reporting and timely reimbursements.

Improvement Opportunities

The improvement opportunities are in the following areas:

- Update policies and procedures to address key processes such as preparing adjustments, monitoring for outstanding checks, verifying previous claims to avoid duplication, and monitoring budget levels.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to the weatherization program's monthly claim reporting. Specifically, Riverside University Health System, Public Health, Community Action Partnership should update their policies and procedures to address key processes that have not been included such as, preparing adjustments, monitoring for outstanding checks, verifying previous claims to avoid duplication, and monitoring for budget levels.

Weatherization Claim Monthly Reporting

Background

California Department of Community Services and Development works with local agencies, such as Community Action, to fund grants for weatherization and energy efficiency measures for low-income homeowners. Through this weatherization program, Community Action assists low-income households across the county make their homes more energy efficient and reduce their energy costs. Necessary conservation improvements are made at no cost to eligible households. Typical weatherization work includes sealing drafts and air leaks, adding insulation, installing energy-saving devices, repairing or replacing water heaters, checking that heating and air conditioning systems run smoothly, identifying indoor air quality problems, and repairing or replacing windows.

The process begins once eligibility has been established and documented. A certified energy inspector will visit the home for a thorough inspection to assess the needs of the home. The inspector will then design, within the program's constraints, a customized set of conservation measures. The assessment is provided to a contractor who will then perform the required work. The contractor will submit a notice of completion to Community Action, upon completion of the work. A Community Action inspector will verify the work has been completed. After the inspector completes the inspection, the contractor can submit the invoice. Both the invoice and inspection are required in order to pay the invoice.

On a monthly basis, an expense report is run from the Riverside County Financial System. The reported expenses for the month are entered on a spreadsheet, which allocates the costs to open weatherization grants. Using the costs identified on the allocation spreadsheet, a claim is submitted to the California Department of Community Services and Development for each open grant. Once the claim has been certified by the state, a check is issued to Community Action for the reimbursement.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department policies and procedures.
- Conducted interviews with department management and staff.

Internal Audit Report 2020-004: Riverside University Health System, Public Health, Community Action Partnership Audit

- Performed detailed testing on a sample of weatherization files over eligibility, change orders, and invoices.
- Performed detailed testing on a sample of monthly claim reports.
- Reviewed results of testing with management.

Finding 1: Weatherization Monthly Claim Reporting

The processes identified during our sample testing of 13 reports submitted to the state for reimbursements have not been included in the policies and procedures. Standard Practice Manual 1001, *Internal Controls* (Formerly referred as SPM 104), identifies core principles of internal controls and it states, "Well-documented policies and procedures should be established and maintained to promote employee understanding of job duties, provide day-to-day guidance to staff and help ensure continuity during employee absences or turnover." Community Action risks not having consistency in related business processes, increased errors, inaccurate reporting, and increased processing time by not having these processes documented in their policies and procedures.

Recommendation 1

Update policies and procedures to address key processes such as preparing adjustments, monitoring for outstanding checks, verifying previous claims to avoid duplication, and monitoring budget levels.

Management's Response

"**Concur.** Although Community Action Partnership has various procedures that staff are trained on and follow regarding budget adjustments, monitoring outstanding checks, avoiding claim duplication and monitoring budget levels, some were not documented in a central location. Community Action Partnership will update policies and procedures to address these key processes."

Actual/estimated Date of Corrective Action: 12/31/2020