

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



ITEM: 2.8
(ID # 16796)

MEETING DATE:
Tuesday, July 20, 2021

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2021-017: Riverside County Office on Aging Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2021-017: Riverside County Office on Aging Audit

ACTION: Consent

Tanya Harris

Tanya Harris, Assistant Auditor Controller 7/8/2021

MINUTES OF THE BOARD OF SUPERVISORS

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

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

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Office on Aging. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over material aid referrals, nutrition program monitoring and procurement cards.

Our conclusion and details of our audit are documented in the body of this audit report.

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's Office - Internal Audit Report 2021-017: Riverside County Office on Aging Audit



Stephanie Perez, Principal Management Analyst 7/12/2021

Internal Audit Report 2021-017

**Riverside County
Office on Aging Audit**

Report Date: July 20, 2021



**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



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

**Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller**

July 20, 2021

Jewel Lee
Director
Riverside County Office on Aging
3610 Central Avenue, Suite 102
Riverside, CA 92506

Subject: Internal Audit Report 2021-017: Riverside County Office on Aging Audit

Dear Ms. Lee:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Office on Aging to provide management and the Board of Supervisors with an independent assessment of internal controls over material aid referrals, nutrition program monitoring and procurement cards.

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.

Our conclusion and details of our audit are documented in the body of this audit report.

Internal Audit Report 2021-017: Riverside County Office on Aging Audit

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
Jeff A. Van Wagenen, Jr., County Executive Officer
Grand Jury

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Executive Summary

Overview

The Riverside County Office on Aging (Office on Aging) serves as the Area Agency on Aging through the administration of funds allocated by the California Department of Aging under the Federal Older Americans Act and the Older Californians Act. The Office on Aging provides no cost assistance to qualified older and disabled adults to promote dignity, independence, and well-being amongst the growing aging population in Riverside County. Programs and services include care coordination, case management, material aid, nutrition programs, long-term care ombudsman, counseling, and education through outreach and engagement.

Office on Aging has an adopted budget of \$18.1 million for FY 2020-21 and 88 authorized positions. *County of Riverside, Fiscal Year 2020-21 Adopted Budget, 199.*

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 material aid referrals, nutrition program monitoring, and procurement cards. 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.

Audit Scope and Methodology

We conducted the audit from January 25, 2021, through May 26, 2021, for operations from July 1, 2019 through May 26, 2021. From a risk-based perspective, our scope included the following:

- Material aid referrals
- Nutrition program monitoring
- Procurement cards

Audit Highlights

Summary of Existing Conditions

- Material aid referrals were not processed in accordance with department procedures and documentation to support referrals were not found in the case management system, resulting in inconsistent and incomplete case files. Completed case files are essential to tracking the referral process.

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- Gift card monitoring is inconsistent and not centralized with fiscal staff who could properly track issuance. Accurate tracking is an internal control designed to safeguard assets from misuse and theft.
- Office on Aging is not actively monitoring service providers for initial and routine participant nutritional risk assessments of meal consumers. Improper oversight with state and federal requirements can result in loss of reimbursable funding.
- Office on Aging did not adequately screen individuals to determine eligibility for the federally funded Great Plates Program. Improper accounting for eligibility can result in a loss of reimbursable funds.
- Vendors were contracted for services without approval from the Board of Supervisors. Contracts for services should be enforceable to reduce the likelihood of loss of funds or services.
- Procurement card expenditures resulted in non-compliance due to personal purchases, split purchases and insufficient supporting documentation. Ineligible transactions and lack of proper documentation can result in program inefficiencies.
- Procurement card transaction review and approval responsibilities are not adequately designated. Lack of segregation of duties increases the potential of county resources being misused.

Summary of Improvement Opportunities

- Ensure material aid procedures are followed and documentation is reviewed for completeness and accuracy.
- Develop policies and procedures that enhance the controls for inventory, tracking, and reconciliation of all gift card activities.
- Ensure service providers are completing assessments to determine eligibility for initial and ongoing meal services.
- Adhere to state and federally funded program guidelines to ensure maximum reimbursement of applicable costs and continued eligibility of funding.
- Ensure procurement activities are compliant with the Riverside County Purchasing Policy Manual and vendors are not contracted without an approved agreement.

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- Ensure procurement cardholders comply with restricted uses as they relate to the Riverside County Procurement Card Program Procedure Manual. This will ensure integrity of the procurement card program is maintained.
- Adequately designate procurement card responsibilities and ensure the review and approval of expenditures are completed by authorized personnel.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to material aid referrals, nutrition program monitoring and procurement cards.

Material Aid Referrals

Background

Riverside County Office on Aging provides temporary assistance and support to adults 60 years and older through federal, state, local and contribution funding authorized under Title III B, Supportive Services. Material Aid grant funding allows for services and support that include, but are not limited to the following:

- Emergency Food
- Essential Assistive Devices
- Housing Assistance
- Medication Assistance
- Minor Home Repair
- Personal Care Items
- Respite Care
- Transportation
- Utility Assistance

The purpose of this program is to assist individuals of greatest economic or social need and in the event of emergency. Consumers must meet eligibility requirements through a comprehensive assessment to determine the needs and appropriate services to maximize functional independence. The comprehensive assessment includes a review of the consumer's assisted daily living activities, income and expenses, and nutritional related risks. As of December 7, 2020, Office on Aging began using the GetCare Central Hub system (GetCare) for case management and reporting. GetCare holds information pertaining to consumer demographics, service utilization, and correlating source documents.

Objective

To verify the existence and adequacy of internal controls over the process of determining eligibility for material aid services and assistance.

Audit Methodology

To accomplish these objectives, we:

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- Obtained an understanding of material aid procedures and California Department of Aging regulations.
- Interviewed department management and staff to obtain an overview of the material aid approval process.
- Selected a sample of material aid case files.
- Reviewed supporting documentation outlined in the department's guidelines as required to be completed and documented in GetCare.
- Verified appropriate levels of management reviews and approvals.

Finding 1: Material Aid Referral Supporting Documentation

Documentation supporting qualifying factors for people receiving material aid are not in compliance with program guidelines. We identified deficiencies in 14 (77%) out of 18 referrals in our review with the following issues:

- Three (17%) referrals did not have comprehensive assessments documented in the GetCare case management system.
- Three (17%) referrals did not have the income and expenses documented in the GetCare case management system.
- Five (28%) referrals did not provide past due bills for utility assistance.
- Five (28%) referrals did not have proof of payment for product or services documented in the GetCare case management system.
- Six (33%) referrals did not have the required follow-up documented within 30 days of receiving aid in the GetCare case management system.

Office on Aging's *Material Aid Processing Procedures* requires comprehensive assessments, income and expenses and past due bills for material aid referrals to be documented in the GetCare case management system. Once material aid has been provided, proof of payment and consumer follow-up within 30 days should be documented in the GetCare case management system. Furthermore, California Code of Regulations, Title 22 (Social Security), Division 1.8, Chapter 3, Section 7250 requires

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each Area on Aging establish administrative practices that develop and maintain “a system of monitoring internal organizational activities to ensure the achievement of Area on Aging objectives and to include documentation that the monitoring is occurring.” Lack of required assessments and proper document retention occurred due to non-compliance with policies. Inadequate documentation weakens the internal controls designed within the program to help ensure program compliance, maintain the integrity of qualifications to receive aid, ensure program efficiency and effectiveness, reduce the risk of program aid abuse, and reduce the risk of reporting inaccuracies.

Recommendation 1.1

Ensure Office on Aging maintains adequate supporting documentation in the GetCare case management system in accordance with program guidelines and documented process requirements.

Management’s Response:

“**Do Not Concur.** Riverside County Office on Aging (RCOoA) transitioned to a new case management system (GetCare) in December 2020, while at the height of the COVID-19 pandemic. The targeted system coding and procedural manuals had been delayed due to the vendor’s state-level work related to the pandemic. While the finalized User Manual is in development by the vendor, the department continues to test portions of the application for coding adjustments and corrections based on local best practice. Findings related with the GetCare case management system was directly related to this phased approach, as was shared during the audit.

Final department standards related with GetCare case management data entry will be released along with training, program reports and quality assurance expectations once the vendor provides a finalized User Manual, and upon which time the department may edit and release for local practice. Procedures will be introduced/reviewed at Team Meetings on an annual basis, or as needed.”

Actual/estimated Date of Corrective Action: January 2022

Auditor’s comments:

Our review consisted of material aid cases that were processed in the new case management system according to direction and department procedures provided by Office on Aging management. We would like to emphasize the importance of adhering to state and internal policies, in addition to maintaining proper documentation to

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ensure objectives are met and services are appropriately monitored. Furthermore, the implementation of a new system should not precede the department from maintaining adequate documentation that supports the services to consumers, specifically when it comes to establishing eligibility.

Recommendation 1.2

Ensure Office on Aging performs the required follow-up and documents within 30 days as required by material aid processing guidelines.

Management's Response:

"Concur. RCOoA will continue to provide training, technical support and education for all Team Members to ensure the performance of required follow-ups and documentation within 30 days as required by material aid processing guidelines. Procedures will be introduced/reviewed at Team Meetings on an annual basis, or as needed."

Actual/estimated Date of Corrective Action: Effective Immediately

Finding 2: Internal Controls over Gift Card Management

The management and reconciliation of gift cards are not centralized in the fiscal operations. Through a review of gift cards received from outside organizations or purchased with county procurement cards, we identified gift cards were not tracked to show who received them as well as the purpose for their use. This occurred as fiscal operations relied upon the case management staff to maintain the details which were not consistent and not in compliance with county policies. Standard Practice Manual 1001, *Internal Controls*, states, "Records are routinely examined and reconciled to determine that transactions were properly processed." Lack of sufficient reconciliation and tracking can result in gift cards not being provided to intended users and used for unauthorized purposes. Strong internal controls over these areas are necessary since these types of items are cash equivalents and therefore considered an area of high risk for theft.

Recommendation 2:

Ensure department staff complies with Standard Practice Manual 1001, *Internal Controls* by maintaining adequate internal controls for maintaining inventory, tracking, and reconciliation of all gift card activities.

Management's Response:

"**Concur.** RCOoA will continue to provide training, technical support and education for all Team Members to ensure compliance with Standard Practice Manual 1001, Internal Controls. Procedures will be introduced/reviewed at Team Meetings on an annual basis, or as needed."

Actual/estimated Date of Corrective Action: Effective Immediately

Nutrition Program Monitoring

Background

Nutrition is a vital component to maintaining health and quality of life in the aging population. The Older Americans Act provides grant funding to state and local agencies that distribute meals to individuals 60 years of age or older, with a target population of low-income minorities and individuals in rural areas. Overall goals of the program aim to reduce social isolation and improve health through proper nutrition amongst consumers.

Office on Aging facilitates nutrition programs in the community by contracting with local service providers at congregate sites throughout Riverside County and home delivered meal routes for high risk and isolated individuals. To determine eligibility and potential risks, initial and routine nutritional assessments are conducted for all meal consumers. Additionally, individuals receiving home delivered meals are reassessed through home visits to determine ongoing eligibility. Contracted meal service providers document consumer assessments in the GetCare case management system. This allows Office on Aging to continuously monitor performance and consumer needs as required under the Older Americans Act, Title III C-Elderly Nutrition Program.

Objective

To verify the existence and adequacy of internal controls over congregate and meal services provided by Office on Aging.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of nutrition program policies and California Department of Aging regulations.
- Interviewed department management and staff to obtain an overview of the nutrition program intake and monitoring process.
- Selected a sample of congregate and home delivered meal consumers.

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- Reviewed supporting documentation outlined in the department's guidelines as required to be completed and documented in GetCare.
- Verified appropriate levels of management reviews and approvals.

Finding 3: Assessment Monitoring

Office on Aging is not monitoring the completion of initial and routine assessments which determines eligibility of meal consumers. We identified the following in our review of 60 congregate meal consumers and 60 home delivered meal consumers:

- 22 (37%) congregate meal consumers and seven (12%) home delivered meal consumers did not have an initial assessment documented in GetCare.
- 31 (52%) home delivered meal consumers are currently receiving services and did not have a reassessment completed within the previous three months as required.

Per Office on Aging's contract agreement, service providers are required to perform initial assessment of participant nutritional risk, annual assessment of participant nutritional risk for congregate meal consumers, and quarterly assessment of participant nutritional risk for home delivered meal consumers. The completed assessments are made available in the GetCare case management system, which allows Office on Aging to monitor completed assessments. Consumer assessments were not completed as a result of service provider noncompliance with contract agreement and inadequate monitoring by Office on Aging. When proper review of assessments is not in place, Office on Aging is not compliant with state and federal requirements, impacting program objectives, and can result in a loss of program funding.

Recommendation 3

Ensure Office on Aging develops a process to follow up with service providers on completing required assessments that determines eligibility for initial and ongoing meal services.

Management's Response:

"Concur. RCOoA has developed a process to follow up with service providers on completing required assessments, including initial, two-week in-home assessments (for Home Delivered Meal clients), quarterly, and annual assessments, as required by the

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California Department of Aging (CDA). In addition, completion of required assessments and timelines by service providers will be verified by RCOoA during annual monitoring of performance, as mandated by CDA.”

Actual/estimated Date of Corrective Action: July 1, 2021

Finding 4: Great Plates Delivered Program Eligibility

Twenty-five (15%) out of 171 consumers received meals they were not eligible for in at least one of the three months selected for testing. The consumers identified in our testing received aid through a federal funded program called Great Plates, in addition to Office on Aging’s congregate or home delivered meal program. The Federal Emergency Management Agency’s Public Assistance program is funding Great Plates Delivered for the purpose of providing meals to adults 65 and older or adults 60-64 who are at high-risk, and unable to access meals from their home. California Governor’s Office of Emergency Services, *Great Plates Delivered Program Guidance* states, “Participants must not be currently receiving assistance from other state or federal nutrition assistance programs.” Lack of adherence to the Great Plates Delivered program requirements occurred as the department did not validate applicants against records for those already receiving congregate or home delivered meal services. This can result in loss of funding for costs incurred not otherwise available to the department.

Recommendation 4

Ensure Office on Aging is adequately screening applicants to verify they meet Great Plates Delivered eligibility requirements.

Management’s Response:

“Do Not Concur. On March 4, 2020, Governor Newsom issued Executive Order (EO) N-33-20, requiring all residents in the State of California to stay home or at their place of residence. EO N-33-20 further stated that the supply chain must continue, and Californians must have access to such necessities as food, prescriptions, and health care.

The purpose of the Emergency Feeding Program (Great Plates Delivery Program) was to ensure Californians that are of the age of 65 and over or individuals who have been exposed to or contracted COVID-19, but do not need hospitalization, or are high-risk with underlying health conditions have regular access to prepared meals. Extending wrap-around services to this at-risk population will reduce the amount of people that

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will need to be in non-congregate shelters while fulfilling the mission of taking care of the most vulnerable population during the pandemic.

During the audit, the ACO focused on the requirement that, “participants must not be currently receiving assistance from other state or federal nutrition assistance programs.” However, to determine this eligibility requirement, RCOoA also followed another Great Plates Delivered Program Guidance by the California Governor’s Office of Emergency Services which clearly states “enroll[ment of] eligible Californians through a self-certification process.” Following the above program resource, the department enrolled seniors seeking emergency nutrition assistance through the Great Plates Delivery Program based on self-attestations using the on-line self-service application and telephone assisted interviews.

The Department maintains that RCOoA conducted due diligence to adequately screen applicants to ensure this criterion was adhered to for the program.

The Great Plates Delivery Program ended on December 30, 2020; therefore, the recommendation by the ACO is no longer valid.”

Actual/estimated Date of Corrective Action: N/A

Auditor’s comments:

Office on Aging did not adequately verify case management records to determine if applicants were concurrently receiving federal nutrition assistance programs. As such, reliance on self-attestation from applicants shows how compliance with regulations was not at the forefront in the delivery of services. Maintaining adequate internal controls and adherence with federal program requirements should not be negated, and consideration should be given to the availability of resources which reduces the reach of individuals the program was intended for.

Finding 5: Contracting for Professional Services

Office on Aging did not comply with the Riverside County Purchasing Policy Manual which requires professional services exceeding \$100,000 receive Board of Supervisors approval. We reviewed expenditures for meal services during the period of the audit and identified two vendors, one with annual aggregate expenditures of \$108,422 and one vendor with annual aggregate expenditures of \$550,104. The department’s need to provide services to the demographic it served during the pandemic, exposed the need to develop a plan that will allow them to respond to any future emergencies in a

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manner that is appropriate, within county policies and procedures, as well as all respective laws and regulations. Obtaining services without a binding contract increases the risk of loss of funds or services as well as unenforceable terms and conditions.

Recommendation 5

Ensure procurement activities are compliant with the Riverside County Purchasing Policy Manual and vendors are not contracted without adequate approval from the Board of Supervisors.

Management's Response:

"Do Not Concur. As noted by the ACO, the Department experienced an unprecedented need to provide emergent meals to vulnerable, frail older adults and persons with disabilities during the pandemic. RCOoA procured and contracted these emergent meal services as quickly as possible under the circumstances.

RCOoA will collaboratively work with county partners to develop a plan that will allow the department to respond to any future emergencies within county policies and procedures, as well as respective laws and regulations.

To date, the identified vendors have approved contracts by the Board of Supervisors, ratified to the date the service began."

Actual/estimated Date of Corrective Action: Effective Immediately

Auditor's comments:

The first vendor contract was approved on May 11, 2021 for service from July 1, 2020, through June 30, 2021, ten months after services were contracted to begin and \$550,104 was expended. The second vendor's contract was approved on June 8, 2021, for service from November 1, 2020, through October 31, 2021, seven months after services were contracted to begin and \$108,422 was expended. Riverside County is amongst the top five counties in California with a projected 248% increase in the over age 60 population by 2060. Per department management, Riverside County Office on Aging serves as model to other Area Agencies on Aging throughout the state of California. We would like to emphasize the importance of adequate planning for responding to emerging situations to ensure compliance is met and objectives are achieved.

Procurement Cards

Background

The County's Procurement Card program was developed to improve efficiencies associated with the procurement process and reduce the cost associated with making purchases and processing vendor payments. The program requires compliance with current statutes and county procurement procedures and is intended to improve the timely delivery of products and services.

The Riverside County Purchasing & Fleet Services Department (Purchasing) is responsible for managing and monitoring the overall program. Additionally, Purchasing administers the training required for all program participants, establishes, and communicates rules and guidelines, oversees participants' compliance with the county's procurement policies and procedures, and coordinates the interface between U. S. Bank and the county. Cardholders are required to comply with the Procurement Card Manual as written by Purchasing. Additionally, cardholders must complete the training prior to being provided with a procurement card.

The procurement card policy has controls developed and implemented that are different than traditional credit cards. The controls ensure the cards can be used only for specific types of purchases with established dollar limits. Additionally, approving officials assigned to each cardholder are required to provide prior approval on the purchases. The cardholder is responsible to verify all purchases once card statement is obtained.

As an integral part of a county department's internal control structure, management within each department is responsible for a system of internal controls that effectively and efficiently performs financial related activities and safeguards assets. The system should provide management with reasonable assurance that assets are properly safeguarded against loss from unauthorized use or theft, and transactions are executed in accordance with management's authorization.

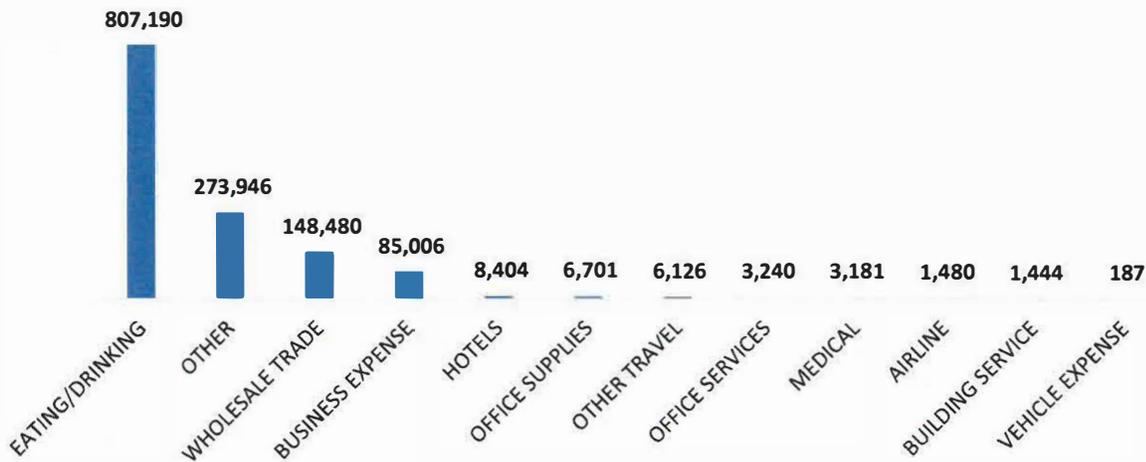
Office on Aging has seven procurement cardholders, as of March 16, 2021. Procurement card expenditures for the period July 1, 2019, through February 21, 2021, included 2,561 transactions totaling \$1,345,386.

The chart below illustrates Office on Aging procurement card expenditures for the period July 1, 2019, through February 21, categorized in the following: eating/drinking,

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other, wholesale trade, business expense, hotels, office supplies, other travel, office services, medical, airline, building service, and vehicle expense. Expenditures for the top three merchant groups include eating/ drinking at \$807,190, other at \$273,946, and wholesale trade at \$148,480. These transactions make up 91% of the total procurement card transactions, for a total of \$1,345,386.

**Office on Aging
Procurement Card Transactions
(July 1, 2019 through February 21, 2021)**



Objective

To determine if proper management controls are maintained over the authorization and use of the department’s procurement card.

Audit Methodology

To accomplish our objectives, we performed the following:

- Reviewed County policies and procedures, specifically:
 - County of Riverside Procurement Card Program, Procedure Handbook (8/1/2016)
 - Board Policy A-62, *Credit Card Use*
 - Board Policy D-1, *Reimbursement for General Travel and Other Actual and Necessary Expenses*

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- Obtained and reviewed department policies and other documents to determine compliance with Riverside County's procurement card policies and procedures.
- Obtained a listing of all procurement cardholders and reviewed transactions for compliance to cardholder agreements.
- Analyzed procurement card data pulled from Riverside County financial systems and U.S. Bank for audit period.
- Examined cardholder transaction logs, receipts, and credit card statements.
- Verified for appropriate levels of management review and approval.
- Interviewed key personnel regarding procurement card internal controls and their processes.
- Reviewed supporting documentation for procurement card expenditures.

Finding 6: Compliance with Procurement Card Policies

Office on Aging is not in compliance with the procurement card procedures. We identified the following in our review of procurement card expenditures and supporting documentation:

- Noncontracted services expenditures noted under finding five (pg. 12) of this audit report and totaling over \$650,000, were made with the procurement card, without the required competitive bidding, circumventing county purchasing policies, and weakening the internal controls within the procurement card program and purchasing policies overall. Riverside County Procurement Card Program Procedures states, "Use of the procurement card requires the Cardholder to adhere to all County of Riverside acquisition regulations, policies, and procedures, including competitive procurement requirements." This highlights the departments need to draft a comprehensive business continuity plan that ensures compliance with county policies, procedures, and legal requirements while they carry out their department mission and service objectives during emergency scenarios.
- In three vouchers tested, procurement cards were used to purchase gift cards with an aggregate value of \$10,455. The Procurement Card Program Procedure Handbook restricts purchasing of gift cards using procurement cards. While gift cards may be necessary and appropriate, they are considered "cash equivalent" as they can easily be

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converted to cash. By purchasing gift cards with procurement cards, the risk of fraud and inadequate use of county resources increases, and the internal controls established within the procurement card program are weakened.

- 114 instances where expenditures were split between two cardholders to circumvent the procurement card single purchase dollar limit. Per the Procurement Card Program Procedure Handbook, "Purchases must not be split to circumvent dollar limitation."
- Meals purchased for clients on procurement cards are not adequately tracked and reconciled. In a review of logs for 1,600 purchased meals, approximately 18% did not have supporting documentation for who received a meal. Riverside County Procurement Card Program Procedure Handbook requires procurement cardholders provide "Original sales receipts and detailed invoices."
- Six vouchers were approved by a staff member other than the designated approving official or billing official. Riverside County Procurement Card Program Procedure Handbook states, "The approver will have received the required Procurement Program Card training and signed the card holder agreement form."
- Three instances of the statement of account not signed by the cardholder. Riverside County Procurement Card Program Procedure Handbook states, "The Cardholders' signatures on the Statement of Account and the Cardholder's Procurement Card Payment Package will be evidence of the Cardholders completion of the required reconciliation process."
- One instance of the procurement card utilized for a personal purchase. Riverside County Procurement Card Program Procedure Handbook, Department Accounting Office Responsibilities, states, "The Department Accounting Office is to review supporting documentation to ensure that it is adequate to justify each purchase, and that all purchases comply with County and Department procedures," and the Controls section states, "This procurement card at no time is to be used for personal purchases."

Procurement card usage for restricted purchases, split purchases, lack of supporting documentation and improper approvals occurred due to department oversight and need for proper planning. When internal controls are not in place, procurement card usage results in noncompliance with county policies and procedures and may result in excess expenditures over appropriations and misuse of county resources.

Recommendation 6.1

Ensure procurement cardholders comply with restricted uses as they relate to the Riverside County Procurement Card Program Procedure Manual.

Management Response:

“Concur. RCOoA will provide training, technical support and education to all procurement cardholders to ensure compliance with restricted uses as they relate to the Riverside County Procurement Card Program Manual. Procedures will be introduced/reviewed on an annual basis, or as needed.”

Actual/estimated Date of Corrective Action: Effective Immediately

Recommendation 6.2

Ensure procurement card approval responsibilities are designated and approvals are completed by the authorized individuals.

Management Response:

“Concur. RCOoA will ensure procurement card approval responsibilities are designated and approvals are completed by the authorized individuals.”

Actual/estimated Date of Corrective Action: Effective Immediately

Recommendation 6.3

Ensure procurement cardholders attend procurement card training and comply with all county procurement policies and procedures.

Management Response:

“Concur. All RCOoA procurement cardholders have attended procurement card training. RCOoA will introduce/review county procurement card policies and procedures with procurement cardholders on an annual basis, or as needed.”

Actual/estimated Date of Corrective Action: Effective Immediately