

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



**ITEM: 2.5**  
(ID # 18459)

**MEETING DATE:**  
Tuesday, March 08, 2022

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2022-306: Riverside County Community Action Partnership Follow-up Audit [District: All]; [\$0]

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

1. Receive and file Internal Audit Report 2022-306: Riverside County Community Action Partnership Follow-up Audit

**ACTION:Consent**

*Tanya Harris*  
\_\_\_\_\_  
Tanya Harris, Assistant Auditor Controller 2/23/2022

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

| <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                   | \$ 0.0                       | \$ 0.0              |
| <b>NET COUNTY COST</b>      | \$ 0.0                      | \$ 0.0                   | \$ 0.0                       | \$ 0.0              |
| <b>SOURCE OF FUNDS:</b> N/A |                             |                          | <b>Budget Adjustment:</b> No |                     |
|                             |                             |                          | <b>For Fiscal Year:</b> n/a  |                     |

**C.E.O. RECOMMENDATION:** Approve.

**BACKGROUND:**

**Summary**

We completed a follow-up audit of the Riverside County Community Action Partnership. Our audit was limited to reviewing actions taken as of December 27, 2021, to correct findings noted in our original audit report 2020-004 dated June 16, 2020. The original audit report contained one recommendation, all of which required implementation to help correct the reported findings.

Please see report for audit results.

**Impact on Residents and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: Riverside County Auditor-Controller - Internal Audit Report 2022-306: Riverside County Community Action Partnership Follow-up Audit.

**Internal Audit Report 2022-306**

**Riverside County  
Community Action Partnership Follow Up  
Audit**

**Report Date: March 8, 2022**



**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**

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

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

March 8, 2022

Carrie Harmon  
Interim Executive Director  
Riverside County Community Action Partnership  
3403 Tenth St., Ste. 300  
Riverside, CA 92501

**Subject: Internal Audit Report 2022-306: Riverside County Community Action Partnership Follow-up Audit**

Dear Ms. Harmon:

We completed the follow-up audit of Community Action Partnership. Our audit was limited to reviewing actions taken as of December 27, 2021, to help correct the findings noted in our original audit report 2020-004 dated June 16, 2020.

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 reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

The original audit report contained one recommendation, which required implementation to help correct the reported finding. Based on the results of our audit, we found that the one recommendation was implemented.

**Internal Audit Report 2022-306: Riverside County Community Action Partnership,  
Follow-up Audit**

Summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2020-004 at [www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports](http://www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports).

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA  
Chief Internal Auditor

cc: Board of Supervisors  
Jeff A. Van Wagenen, County Executive Officer  
Grand Jury

**Internal Audit Report 2022-306: Riverside County Community Action Partnership,  
Follow-up Audit**

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| A. Internal Audit Report 2020-004  |             |
| B. Status of Findings as Reported by Riverside County Community Action Partnership<br>on December 27, 2021 |             |

**Internal Audit Report 2022-306: Riverside County Community Action Partnership,  
Follow-up Audit**

**Weatherization Claim Monthly Reporting**

**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.

**Current Status 1: Implemented**

Attachment A

**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  
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**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

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**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.

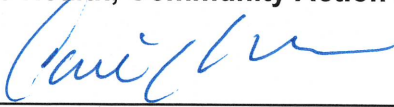
**Management's Response**

"**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



The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2020-004: Riverside University Health System, Public Health, Community Action Partnership Audit.

  
\_\_\_\_\_

12/27/2021  
\_\_\_\_\_

Authorized Signature

Date

**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.

**Current Status**

Reported Finding Corrected?  Yes  No

**Community Action Partnership has implemented policies and procedures that address preparing adjustments, monitoring for outstanding checks, verifying claims to avoid duplication and monitoring budget levels. The policies and procedures are in a centralized location that all staff can access.**

**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 Reply**

**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

**Current Status**

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Community Action Partnership has implemented policies and procedures that address preparing adjustments, monitoring for outstanding checks, verifying claims to avoid duplication and monitoring budget levels. The policies and procedures are in a centralized location that all staff can access.