

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

494



FROM: County Auditor-Controller

SUBMITTAL DATE:
July 11, 2011

SUBJECT: Internal Audit Report 2011-003: Riverside County Office on Aging

RECOMMENDED MOTION: Receive and file Internal Audit Report 2011-003: Riverside County Office on Aging.

BACKGROUND: Riverside County's Office on Aging serves as the lead advocate for older adults residing in the county, with a specific focus on low-income, persons with disabilities and/or ethnic minorities. As an advocate, the Office on Aging is responsible for understanding the needs of Riverside County's older adults and utilizes funds from federal, state, county and local sources, to meet those requirements.

Departmental Concurrence

Paul Angulo

Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*

Karen L. Johnson

County Executive Office Signature

- Policy
- Consent
- Policy
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** ALL | **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

2.7

BACKGROUND continued:

Riverside County Office on Aging administers federally funded programs for the county's aging community. The Office on Aging is entrusted to protect and manage information assets as prescribed in BOS Policy A-58 (Enterprise Information Systems Security Policy), A-43 (County Records Management and Archives Policy) and the State Administrative Manual Section 4841.2.

Information assets include all information collected, accessed and/or stored on any media form, paper or electronic. Information assets in all categories include records, files, databases, equipment (personal computers, laptops, PDAs) and software owned or leased.

Based on the results of the audit we concluded that the Office on Aging complies with county and state policies and CDA program contract requirements relating to personal, sensitive or confidential information collected, accessed, disclosed and/or stored on paper. However, internal control weaknesses exist over the termination process, security awareness training, and records retention.



County of Riverside

INTERNAL AUDIT REPORT

2011-003

Riverside County Office on Aging

April 6, 2011

Office of
Paul Angulo, CPA, MA
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



**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



April 6, 2011

Ed Walsh, Director
Riverside County Office on Aging
6296 River Crest Drive, Suite K
Riverside, CA 92507-0738

Subject: Internal Audit Report 2011-003: Riverside County Office on Aging

Dear Mr. Walsh,

The Internal Audit Division of the Auditor-Controller's Office has completed an audit of the Riverside County Office on Aging. The audit objective was to independently assess the adequacy of internal controls over the nutrition program, information security and records retention. Specifically for the nutrition program, we evaluated the contract process and monitoring of service providers. We conducted the audit during the period September 1, 2010, through November 23, 2010, for operations of July 1, 2007, through June 30, 2010.

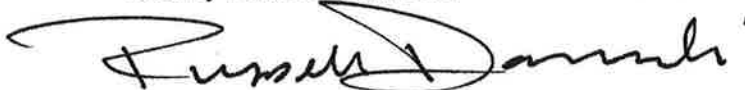
We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described 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 on the results of our audit, internal controls over the selection and awarding of contracts for the nutrition program as well as the monitoring of contractors are adequate. However, improvements are needed in the following areas: terms of nutrition contracts, information security and records retention.

We thank the Riverside County Office on Aging's management and staff members for their cooperation and assistance which contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA
County Auditor-Controller

A handwritten signature in black ink, appearing to read "Russell Dominski". The signature is written in a cursive style with a large, sweeping initial "R".

By: Russell Dominski
Chief Accountant

cc: Board of Supervisors
Executive Office
Grand Jury

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Executive Summary

Overview

Riverside County's Office on Aging serves as the lead advocate for older adults residing in the county, with a specific focus on low-income, persons with disabilities and/or ethnic minorities. As an advocate, the Office on Aging is responsible for understanding the needs of Riverside County's older adults and utilizes funds from federal, state, county and local sources, to meet those requirements. The department strives "to enhance quality of life across generations through innovation and partnerships to provide home and community-based services, including volunteer opportunities, outreach, transportation, adult day care, legal services, in-home support, ombudsman services, congregate and home-delivered meals, community elder abuse education, and peer counseling."

Audit Objective

Our audit objective was to independently assess the adequacy of internal controls over the nutrition program, information security and records retention. Specifically for the nutrition program, we evaluated the contract process and monitoring of service providers.

Audit Findings

We did note an internal control weakness relating to the terms of the contract. As it is currently written, the contract places greater liability on the county rather than the providers. This was discussed with the department and it is currently revising the contract language to address the finding noted.

The following internal control weaknesses were noted in relation to information security and records retention:

1. User accounts remain active beyond employees' termination.
2. Security Awareness Training (SAT) is not in compliance with State and county requirements.
3. Current records retention and destruction practices do not comply with BOS Policy A-43.

Audit Conclusion

Based upon the results of our audit, internal controls over the selection and awarding of contracts for the nutrition program as well as the monitoring of contractors are adequate. However, improvements are needed in the following areas: terms of nutrition contracts, information security and records retention.

1. Ensure all Home-Delivered Meal route delivery times comply with California Retail Food Code requirements.
2. Ensure all requests for donations include language clearly informing each participant there is no obligation to contribute; the contribution is purely voluntary; and services will not be denied to individuals who do not contribute to the cost of the meals.
3. Verify that all Home-Delivered Meal participants are assessed on a quarterly basis.
4. Ensure provider follows good business practices by having two individuals count the collected donations.
5. Ensure each quarterly assessment form is signed and dated by the person who performed the assessment.
6. Ensure all refrigerators at provider meal sites have a thermometer and refrigerator temperatures are logged daily.
7. Ensure vendor provides staff and volunteers an opportunity to evaluate training and education sessions and maintains documentation of the evaluations.
8. Ensure the Office on Aging has a current policies and procedures manual for the Elderly Nutrition Program.
9. Verify and document that nutrition education activities are conducted at each nutrition site.
10. Ensure nutrition education is counted as one session per participant.

**Source: California Department of Aging, PSA 21 Riverside Office on Aging Monitoring Report dated April 27-30, 2009.*

During the audit, we followed-up with the Riverside County Office on Aging as well as the California Department on Aging to verify that the recommended corrective actions noted above were taken.

Based upon the results of the assessment of the contract process, the department has adequate internal controls in place to ensure a fair bidding process. Furthermore, the department performs ongoing monitoring of the providers to ensure compliance with the county contract as well as state and federal requirements.

We did note an internal control weakness relating to the terms listed in the contract template. For example, as it is currently written, the contract places greater liability on the county Office on Aging rather than the providers. This was discussed with the department and it is currently revising the contract language to address the finding noted.

Information Security and Records Retention

Background

Riverside County Office on Aging administers federally funded programs for the county's aging community. The Office on Aging is entrusted to protect and manage information assets as prescribed in BOS Policy A-58 (Enterprise Information Systems Security Policy), A-43 (County Records Management and Archives Policy) and the State Administrative Manual Section 4841.2.

Information assets include all information collected, accessed and/or stored on any media form, paper or electronic. Information assets in all categories include records, files, databases, equipment (personal computers, laptops, PDAs) and software owned or leased.

Objectives

To determine if

- Only authorized personnel have access to information systems;
- All employees, volunteers, and subcontractors who handle personal, sensitive or confidential information complete security training requirements; and
- Record retention and destruction practices comply with BOS approved Policy A-43(County Records Management and Archives Policy).

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies for information systems security, records management and archives, and state information assets policies;
- Identified and reviewed California Department of Aging (CDA) program contracts;
- Conducted management and staff interviews;
- Observed operations;
- Identified and reviewed personnel and client files; and
- Performed applicable testing.

Results

Based on the results of the audit we concluded that the Office on Aging complies with county and state policies and CDA program contract requirements relating to personal, sensitive or confidential information collected, accessed, disclosed and/or stored on paper. However, internal control weaknesses exist over the termination process, security awareness training, and records retention.

Finding 1

User accounts remain active beyond employees' termination.

We determined that 11 (31%) of 35 users reviewed no longer work at the Office on Aging although they still had system access. Only authorized personnel should have access to information systems. When accounts are left open unnecessarily, information assets are vulnerable to theft, unauthorized modification or deletion.

Management's Response

"Partially Concur. As addressed on the Auditors comment on page 5 of the report. "The Office on Aging provided their revised documented procedures for removing the access rights of a terminated employee on February 17, 2011. The procedures include a checklist, personnel change of status form, BOS' Policy C-22 (exit interview), and other HR related information."

Recommendation 1

Provide IT administrators with verifiable authorization for the closure of user accounts immediately upon employees' termination of employment.

Management's Response

"Concur. Findings have been corrected on February 17, 2011."

Auditor's Comment

The Office on Aging provided their revised documented procedures for removing the access rights of a terminated employee on February 17, 2011. The procedures include a checklist, personnel change of status form, Board of Supervisors' Policy C-22 (Exit Interview) and other HR related information. The revised process will alert the Oasis security liaison to delete/remove the access rights of an employee should they be terminated from the Office on Aging. We will verify the implementation and corrective action during the follow-up audit.

Finding 2

Security Awareness Training (SAT) is not in compliance with county and state requirements.

1. SAT is not administered within 30 days of employee hire date. only six (27%) of 22

sampled employees completed the initial training within 30 days of hire.

2. Employees and subcontractors do not repeat SAT annually as required. Of 25 employees reviewed, one person (4%) completed SAT a second time. The remaining 24 (96%) had only one instance of Security Awareness Training.
3. Subcontractor SAT is not monitored. Contract monitoring reports do not include a training and education module for review.

Management's Response

"Concur."

Recommendation 2.1

Ensure new employees, volunteers, and subcontractors complete Security Awareness Training within 30 days of their start date.

Management's Response

"Concur."

Recommendation 2.2

Ensure existing employees, volunteers, and subcontractors repeat SAT on an ongoing basis (at least annually).

Management's Response

"Concur."

Recommendation 2.3

Include a training and education module in contract monitoring.

Management's Response

"Concur."

Finding 3

Current records retention and destruction practices do not comply with BOS Policy A-43(County Records Management and Archives Policy):

1. Disposition Certificates are not used. The Office on Aging uses email messages instead of the county approved destruction of records forms that are specially designed to mitigate legal ramifications.

2. The destruction of records is not properly authorized. The deputy director authorizes the destruction of records via email; however, there is no proof that the deputy is authorized to act on behalf of the director in the destruction of records.
3. Financial records are not being retained (at least five years) according to the county's General Records Retention Schedule. Based on the date of the email provided (10/05/09) and the date of records to be destroyed (through FY 05), the General Records Retention Schedule was not adhered to.

Note: The Office on Aging received the county's Records Management Archives Program (RMAP) training September 13, 2010, and has since indicated plans are underway to comply with Policy A-43 (County Records Management and Archives Policy).

Management's Response

"Partially Concur. Our financial records are retained for more than five years in most cases and these records are destroyed after receiving a successful audit resolution from the California Department on Aging based on our contract. Currently we have financial records in storage dating back to FY 03/04."

Recommendation 3

Work with RMAP to implement the records management procedures in accordance with Board of Supervisors Policy A-43(County Records Management and Archives Policy).

Management's Response

"Concur."



RIVERSIDE COUNTY OFFICE ON AGING



Our Core Value...the right to age with dignity

DATE: March 31, 2011
TO: Auditor-Controller's Office
Audits and Specialized Accounting Division
FROM: Ed Walsh, Director *Hilary Clark for Edward Walsh*
Riverside County Office on Aging
SUBJECT: Reply to Draft Audit Report 2011-003: Riverside County Office on Aging

Finding 1:

User accounts remain active beyond employees' termination.

We determined that 11 (31%) of 35 users reviewed no longer work at the Office on Aging although they still had system access. Only authorized personnel should have access to information systems. When accounts are left open unnecessarily, information assets are vulnerable to theft, unauthorized modification or deletion.

Management position concerning the finding: Partially Concur

Comments:

As addressed on the Auditors comment on page 5 of the draft report. "The Office on Aging provided their revised documented procedures for removing the access rights of a terminated employee on February 17, 2011. The procedures include a checklist, personnel change of status form, BOS' Policy C-22 (exit interview), and other HR related information."

Recommendation 1:

Provide IT administrators with verifiable authorization for the closure of user accounts immediately upon employees' termination of employment.

Management position concerning the recommendation: Concur

Comments:

Findings have been corrected on February 17, 2011.

Edward F. Walsh, Director

For Information/Assistance, Call:

1-800-510-2020 T.T # (951) 697-4699

◆ **West County Office**
6296 River Crest Drive, #K,
Riverside, CA 92507
(951) 867-3800
(951) 867-3830 - FAX

◆ **Hemet Office**
1075 North State Street, Hemet, CA 92543
(951) 791-3565 (951) 791-3553 - FAX

◆ **East County Office**
73750 Catalina Way
Palm Desert, CA 92260
(760) 341-0401
(760) 340-9585 - FAX



RIVERSIDE COUNTY OFFICE ON AGING



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Finding 2:

Security Awareness Training (SAT) is not in compliance with county and state requirements.

1. SAT is not administered within 30 days of employee hire date. only six (27%) of 22 sampled employees completed the initial training within 30 days of hire.
2. Employees and subcontractors do not repeat SAT annually as required. Of 25 employees reviewed, one person (4%) completed SAT a second time. The remaining 24 (96%) had only one instance of Security Awareness Training.
3. Subcontractor SAT is not monitored. Contract monitoring reports do not include a training and education module for review.

Management position concerning the finding: Concur

Comments:

None.

Recommendation 2.1:

Ensure new employees, volunteers, and subcontractors complete Security Awareness Training within 30 days of their start date.

Management position concerning the recommendation: Concur

Comments:

.None

Recommendation 2.2:

Ensure existing employees, volunteers, and subcontractors repeat SAT on an ongoing basis (at least annually).

Management position concerning the recommendation: Concur

Comments:

None



RIVERSIDE COUNTY OFFICE ON AGING



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Recommendation 2.3:

Include a training and education module in contract monitoring.

Management position concerning the recommendation: Concur

Comments:

None.

Finding 3:

Current records retention and destruction practices do not comply with BOS Policy A-43(County Records Management and Archives Policy):

1. Disposition Certificates are not used. The Office on Aging uses email messages instead of the county approved destruction of records forms that are specially designed to mitigate legal ramifications.
2. The destruction of records is not properly authorized. The deputy director authorizes the destruction of records via email; however, there is no proof that the deputy is authorized to act on behalf of the director in the destruction of records.
3. Financial records are not being retained (at least five years) according to the county's General Records Retention Schedule (GRRS). Based on the date of the email provided (10/05/09) and the date of records to be destroyed (through FY 05), it appears GRRS is not adhered to.

Note: The Office on Aging received the county's Records Management Archives Program (RMAP) training September 13, 2010, and has since indicated plans are underway to comply with Policy A-43 (County Records Management and Archives Policy).

Management position concerning the finding: Partially Concur

Comments:

Our financial records are retained for more than five years in most cases and these records are destroyed after receiving a successful audit resolution from the California Department on Aging based on our contract. Currently we have financial records in storage dating back to FY 03/04.



RIVERSIDE COUNTY OFFICE ON AGING



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Recommendation 3:

Work with RMAP to implement the records management procedures in accordance with Board of Supervisors Policy A-43(County Records Management and Archives Policy).

Management position concerning the recommendation: Concur

Comments:

None.
