

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

907



**FROM:** Auditor-Controller

**SUBMITTAL DATE:**  
August 3, 2015

**SUBJECT:** Internal Audit Report 2015-019: Riverside County Economic Development Agency, Workforce Development Division

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

1. Receive and file Internal Audit Report 2015-019: Riverside County Economic Development Agency, Workforce Development Division

**BACKGROUND:**

**Summary**

We have completed an audit of the Riverside County Economic Development Agency, Workforce Development Agency to provide management and the Board of Supervisors with an independent assessment of actions initiated to correct deficiencies noted in the California Economic Development Department's fiscal and procurement systems monitoring report for the period July 1, 2013 through June 30, 2014. The audit covered the period of July 1, 2013 through April 14, 2015.

(Continued on page 2)

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
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

BY: *Imelda Delos Santos*  
Imelda Delos Santos

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Benoit, seconded by Supervisor Washington and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
Nays: None  
Absent: None  
Date: September 1, 2015  
xc: Auditor

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

Prev. Agn. Ref.:

District: ALL

Agenda Number:

2-7

Departmental Concurrence

A-30  Positions Added

4/5 Vote  Change Order

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11:** Riverside County Auditor-Controller's Office - Internal Audit Report 2015-019: Riverside County Economic Development Agency, Workforce Development Division, [District: All]; [\$0]

**DATE:** August 3, 2015

**PAGE:** Page 2 of 2

**BACKGROUND:**

**Summary (continued)**

Based upon the results of our audit, we determined all the recommendations for corrective action presented in the California Economic Development Department's report; revising policies and procedures, documenting a contract analysis for a Youth Opportunity Center contract extension, and revising the inventory control logs to include further detail regarding information missing from the logs were implemented.

**Impact on Citizens and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2015-019: Riverside County Economic Development Agency, Workforce Development Division

**Internal Audit Report 2015-019**

**Riverside County  
Economic Development Agency,  
Workforce Development Division**

**Report Date: August 3, 2015**



**Office of Paul Angulo, CPA, CGMA, 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  
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Riverside, CA 92502-1326  
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Fax (951) 955-3802

**ACO** | AUDITOR  
CONTROLLER  
COUNTY OF RIVERSIDE

Paul Angulo, CPA, CGMA, MA  
Auditor-Controller

Frankie Ezzat, MPA  
Assistant Auditor-Controller

August 3, 2015

Robert Field, Assistant CEO/ EDA Director  
Riverside County Economic Development Agency  
3403 10<sup>th</sup> Street, Suite 400  
Riverside, CA 92501

**Subject: Internal Audit Report 2015-019: Riverside County Economic Development Agency, Workforce Development Division**

Dear Mr. Field:

We have completed an audit of Riverside County Economic Development Agency, Workforce Development Division to provide the Board of Supervisors and management with an independent assessment of actions initiated to correct deficiencies noted in the California Economic Development Department's fiscal and procurement systems monitoring report for the period July 1, 2013 through June 30, 2014. The audit covered the period of July 1, 2013 through April 14, 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 and non-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 all the recommendations for corrective action presented in the California Economic Development Department's report; revising policies and procedures, documenting a contract analysis for a Youth Opportunity Center contract extension, and revising the inventory control logs to include further detail regarding information missing from the logs were implemented.

**Internal Audit Report 2015-019: Riverside County Economic Development Agency, Workforce  
Development Division**

We thank the Riverside County Economic Development Agency management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

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



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

cc: Board of Supervisors  
Executive Office  
District Attorney  
Grand Jury

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## **Executive Summary**

### **Overview**

The Workforce Development Division (WDD) of Riverside County Economic Development Agency (EDA) and its workforce partners provide “a comprehensive array of services to over 30,000 residents and over 750 businesses in Riverside County each year.” The funding sources are the federal Workforce Investment Act, California Employment Development Department, the community college system and the Department of Vocational Rehabilitation. WDD works with the businesses of Riverside County to identify the job skills needed, provides qualified candidates seeking jobs with those tools, and provides aid in their search for jobs.

WDD is responsible for administering four comprehensive Workforce Development Centers (Development Centers), three satellite offices, and six Youth Opportunity Centers (Opportunity Centers) throughout Riverside County in collaboration with Workforce Investment Board. It is through these partnerships where resources, individuals, business, and education are interconnected to provide the leadership necessary for the success of the program.

The California Employment Development Department review of WDD’s fiscal and procurement systems for compliance with applicable federal and state laws, regulations, and policies related to the Workforce Investment Act, included: fiscal and procurement policies and procedures, financial reporting, expenditures, cost allocation, resource sharing of costs, indirect cost rate, oversight of sub recipients, subrecipient audits, debt collection, procurement transactions, and property management.

### **Audit Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of actions initiated to correct deficiencies noted in the California Economic Development Department’s fiscal and procurement systems monitoring report covering the period July 1, 2013 through June 30, 2014.

### **Audit Conclusion**

Based on our review, EDA implemented corrective actions to address the recommendations contained in the California Economic Development Department report.

## **Workforce Development Division**

### **Background**

Workforce Development Division (WDD) obtains its primary support from EDA and the Workforce Investment Board. The division provides businesses with the opportunity to fill open positions with qualified individuals as well as job seekers searching for open positions in the county. For the businesses, services are accessible with no cost to the business community, which include "business analysis and coordination of resources, recruitment and pre-screening of qualified candidates, customized training programs, include wage subsidies to offset training costs, tax incentive coordination, and outplacement services for business that are downsizing or closing." The array of services provided by the WDD for displaced workers, veterans, youth, new entrants into the workforce, and individuals with disabilities are obtained through accessing one of the four comprehensive Development Centers or one of the six Opportunity Centers.

In fiscal year 2013-14, per EDA's Annual Review Report, WDD accomplished the following tasks:

- Assisted 1,200 businesses with hiring.
- Provided 47 additional businesses and 3,037 affected workers with outplacement services.
- Assisted 62,027 individuals with career counseling, skills development and job placement.
- Forty-six percent of adult job seekers and fifty four percent of laid off workers were placed in employment.
- Provided 950 low-income young adults with long-term and comprehensive services through Opportunity Centers.
- Eighty-one percent of the youth served attained an educational degree or certificate and sixty five percent were placed in employment or enrolled in a post-secondary education program.

### **Objective**

To determine if adequate internal controls are in place over the fiscal and procurement programs. Specifically, we wanted to ensure the corrective actions identified by the California Economic Development Department were implemented.



**Internal Audit Report 2015-019: Riverside County Economic Development Agency, Workforce Development Division**

**Audit Methodology**

To accomplish our objectives, we:

- Identified and reviewed applicable policies and procedures.
- Identified and reviewed county contracts for the applicable Opportunity Centers.
- Interviewed key personnel and reviewed applicable department procedures relating to the fiscal and procurement systems.
- Reviewed the fiscal monitoring report for the fiscal and procurement activities.

**Results**

The California Economic Development Department conducted a review, for program year 2013-14, of the EDA's fiscal and procurement systems for Workforce Investment Act funded activities. Based on the results of their review, there were three findings relating to the systems. The corrective actions identified are noted below:

1. EDA revises its Single Audit Policy and procedures to include specific revisions relating to the verbiage deemed outdated by the fiscal monitors. Further, they were requested to provide the policy to the Compliance Review Office.
2. EDA to provide the Compliance Review Office with cost data to support the basis of its decision to extend the youth services contract with California Family Life Center – Rubidoux.
3. EDA to update its inventory controls log to note missing information such as serial numbers, location of equipment, acquisition date, original cost, as well as disposal date, and to forward to the Compliance Review Office.

*\*Source: California Economic Development Department, Program Year 2013-14, Riverside County Economic Development Agency Monitoring Report, dated August 7, 2014.*

The audit included reviewing documentation submitted to the Compliance Review Office in response to their audit and verifying that corrective action was taken to correct the noted deficiencies.

Based on our review, EDA implemented corrective actions to address the recommendations contained in the California Economic Development Department report.

**Internal Audit Report 2015-019**

**Riverside County  
Economic Development Agency,  
Workforce Development Division**

**Report Date: August 3, 2015**



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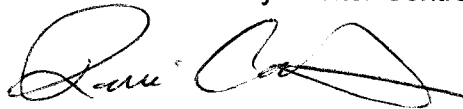
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