

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



732

FROM: County Auditor-Controller

SUBMITTAL DATE:
July 6, 2007

SUBJECT: Internal Auditor's Report #2007-302

RECOMMENDED MOTION: Receive and file Internal Auditor's Report #2007-302 - Department of Public Social Services.

BACKGROUND: We have completed an audit of payments processed and paid by the Department of Public Social Services (DPSS) then transmitted to the County Auditor-Controller by means of a computer interface. Unlike standard payment transactions where payment vouchers are reviewed and approved individually, interface transactions are batch processed and do not undergo the same level of review. This audit was intended to serve as an alternative to a review of individual payment vouchers; to provide assurance about the validity of payments made through the interface process. Our audit was limited to CalWorks payments.

Based upon the results of our audit, we determined the DPSS had a reasonably adequate system of internal controls in place to ensure the validity of CalWorks payments made through the interface process.

Robert E. Byrd
for Robert E. Byrd
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: **RECEIVE AND FILE**
BY: *Rob Rockwell*
Rob Rockwell

County Executive Office Signature

- Dep't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy



OFFICE OF THE
COUNTY AUDITOR-CONTROLLER

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



COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER
Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, CPA
ASSISTANT
AUDITOR-CONTROLLER

July 6, 2007

Mr. Dennis Boyle, Interim Director
Department of Public Social Services
4060 County Circle Drive
Riverside, CA 92503

Subject: Internal Auditor's Report #2007-302 – Accounts Payable Interface Transactions

Dear Mr. Boyle:

We have completed an audit of payments processed and paid by the Department of Public Social Services (DPSS) then transmitted to the County Auditor-Controller by means of a computer interface. Unlike standard payment transactions where payment vouchers are reviewed and approved individually, interface transactions are batch processed and do not undergo the same level of review. This audit was intended to serve as an alternative to a review of individual payment vouchers; to provide assurance about the validity of payments made through the interface process. The audit was limited to reviewing interface transactions processed by the department for selected assistance programs. We conducted the audit during the period November 1, 2006 through January 30, 2007, for operations of July 1, 2004 to December 31, 2006.

We conducted our audit in accordance with the auditing standards established by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide sufficient, competent, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusions.

We achieved our audit objective by reviewing the processing and recording of a sample of transactions valued at \$69.1 million. The sample represented CalWorks payments for the three month periods January through March of fiscal years 2004/05 and 2005/06. We did not verify the eligibility of the clients to whom payments were made; instead, we tested the department's processes for verifying the accuracy of eligibility determination and for exception resolution. Our review included the following units involved in the department's process: Quality Assurance (QA), Recovery, Management Reporting and Fraud Investigation.

The QA utilizes an automated statistical computer process to select cases for review to determine the accuracy of casework performed by Eligibility Technicians. The QA review process includes all public assistance cases handled by the DPSS and identifies cases of noncompliance with state and federal regulations and departmental procedures. We reviewed 36 cases totaling \$18,678 audited by the QA unit and verified that \$17,358 was collected or

other corrective actions taken. Ten cases totaling \$1,320 were yet to be resolved at the completion of our review.

The Recovery Unit is responsible for collecting benefit overpayments. We reviewed and verified the collection and accurate reporting of a sample of transactions valued at \$358,605.

The Management Reporting Unit is responsible for the monthly monitoring, reviewing and transferring of payment information from the automated welfare system, C-IV, to the PeopleSoft financial system. The Management Reporting Unit monitors the monthly expenditure reports to ensure all Integrated Summary Reports generated in C-IV reflect the correct amounts disbursed and make adjustments as required. Based on our review, the transactions tested were appropriately transferred to the PeopleSoft financial system.

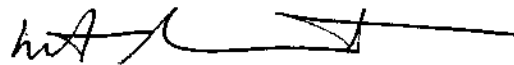
The Fraud Investigation Unit is responsible for investigating public assistance cases that are identified either through internal or external sources. According to the unit's management, cases are reported from various sources such as a fraud hotline, tips, eligibility technicians and the Eligibility Income Verification System. The unit completed investigations on 5,449 of the reports it received during October through December 2006.

Based upon the results of our audit, we determined that the DPSS had a reasonably adequate system of internal controls in place to ensure the validity of CalWorks payments made through the interface process.

Throughout the audit, we discussed the results of our review, as well as comments and suggestions of lesser significance, with the appropriate levels of management.

We thank the DPSS management and staff for their cooperation during the audit. Their assistance contributed significantly to the successful completion of the audit.

Robert E. Byrd, CGFM
County Auditor-Controller



By: Michael G. Alexander, MBA, CIA
Chief Internal Auditor

cc: Board of Supervisors
County Counsel
Executive Office, Debbie Cournoyer
Grand Jury



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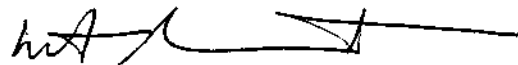
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