

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

935



FROM: County Auditor-Controller

SUBMITTAL DATE:
August 3, 2010

SUBJECT: Internal Audit Report 2010-007: Community Action Partnership of Riverside County

RECOMMENDED MOTION: Receive and file Internal Audit Report 2010-007: Community Action Partnership of Riverside County.

BACKGROUND: The Auditor-Controller completed an audit of the Community Action Partnership of Riverside County (CAP). Our objective was to provide management and Board of Supervisors with an independent assessment about the adequacy of internal controls over the department's weatherization and utility assistance programs as well as information security and records retention.

Based upon the results of our audit, we determined the CAP's controls are adequate and effective over the weatherization and utility assistance programs as well as the information security and records retention.

Departmental Concurrence

Bruce Kincaid

BRUCE KINCAID - ASST. AUD. - CONTR.

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

☐

Requires 4/5 Vote

☐

C.E.O. RECOMMENDATION:

APPROVE

BY:

Karen L. Johnson
Karen L. Johnson

County Executive Office Signature

Dep't Recomm.:
☒ Consent
☐ Policy

Per Exec. Ofc.:
☒ Consent
☐ Policy

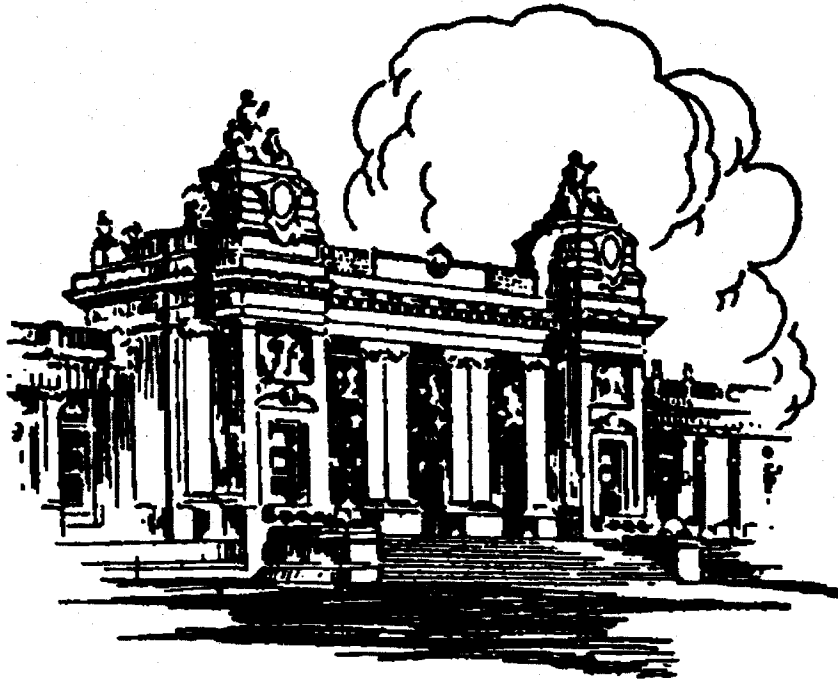
Prev. Agn. Ref.:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

District: All

Agenda Number:

2.20



County of Riverside

INTERNAL AUDIT REPORT

2010-007

Community Action Partnership of Riverside County

August 3, 2010

Office of
Robert E. Byrd, CGFM
County Auditor-Controller

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



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

**Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER**

August 3, 2010

Lois J. Carson
Community Action Partnership of Riverside County
2038 Iowa Avenue, Suite B-102
Riverside, CA 92507

Subject: Internal Audit Report 2010-007: Community Action Partnership of Riverside County

Dear Mrs. Carson:

We have completed an audit of the Community Action Partnership of Riverside County. Our primary objective was to provide management and the Board of Supervisors with an independent assessment about the adequacy of internal controls over the department's weatherization and utility assistance programs as well as information security and records retention. We conducted the audit during the period March 10, 2010 through April 13, 2010, for operations of July 1, 2007, through February 28, 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 evidence to provide reasonable assurance that our objective as described in the preceding paragraph is achieved. An audit includes examining, on a test basis, evidence about the adequacy and effectiveness of internal controls, compliance with applicable government codes and regulations, and performing such other procedures, as we considered necessary. We believe the 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 express a conclusion on the internal controls based upon our audit.

The department's internal controls were adequate and effective over the weatherization and utility assistance programs as well as information security and records retention.

We thank the Community Action Partnership of Riverside County management and staff for their cooperation; their assistance contributed significantly to the successful completion of the audit.

Robert E. Byrd, CGFM
County Auditor-Controller

A handwritten signature in black ink that reads "Melissa S. Bender". The signature is written in a cursive, flowing style.

By: Melissa Bender, CIA
Audit Manager

cc: Board of Supervisors
Executive Office
Grand Jury

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Executive Summary

Overview

Two of the programs operated by the Community Action Partnership of Riverside County (CAP) are the weatherization and energy assistance programs. The weatherization program was created in 1979 to help low-income households make their homes more energy efficient and reduce energy costs. The following are examples of weatherization services: sealing drafts and air leaks, improving the efficiency of the heating system, adding insulation, identifying indoor air quality problems, installing other energy-saving devices, such as low-flow showerheads, hot water heater tank blankets and pipe wrap. The utility assistance program is a one-time assistance program that helps low and moderate-income households with utility payment assistance. During the period of January 1, 2009 through February 28, 2010, CAP served 17,542 households in the weatherization and utility assistance programs.

The American Recovery and Reinvestment Act (ARRA) of 2009 funded the Energy Efficiency and Conservation Block Grant, which is administered by the Department of Energy (DOE). Grants can be used to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency in communities throughout the nation. With a population over 2 million, Riverside County is eligible for these grant monies. ARRA funds are used to implement programs that lower energy use, reduce carbon pollution, and create green jobs locally.

Overall Objective

Our objective was to provide management and the Board of Supervisors with an independent assessment about the adequacy of internal controls over the department's weatherization and utility assistance programs. Additionally, we evaluated the internal controls over information security and records retention.

Overall Conclusion

The department's internal controls were adequate and effective over the weatherization and utility assistance programs as well as information security and records retention.

Weatherization and Utility Assistance Programs

Background

The weatherization program is a grant program funded by the Department of Energy and Low Income Home Energy Assistance Program (LIHEAP) which provides assistance for low-income households nationwide to make their homes energy efficient to help reduce their energy bill costs. In order to qualify for weatherization services, low-income homeowners and renters must meet the federal income guidelines. Priority is given to families with the lowest incomes and highest energy burden, to people 60 and above, the permanently disabled and to families with children under five.

Utility Assistance is a one-time assistance program (also grant funded) that helps low and moderate-income individuals and families with utility payments assistance in addition to weatherization services.

Under the grant guidelines, the contractors are required to meet the standards for licensing and experience, training, assurances and certifications and accounting as required by the Office of Management and Budget Circular A-133 and as established in their contract with the County of Riverside Purchasing and Fleet Services Department.

Objective

Our detailed audit objectives were to:

- Determine whether the department maintained adequate internal controls to mitigate any risk relating to the weatherization program;
- Ensure funds were spent on allowable activities per OMB A-133 (Compliance Supplement for Department of Energy Weatherization Assistance) dated March 2009;
- Ensure that all individuals receiving benefits from the Utility Assistance program were eligible per program guidelines;
- Ensure that no person received benefits twice within a 12-month period;
- Ensure each dwelling receiving weatherization services was eligible per OMB A-133,
- Ensure that services were provided by eligible contractors per the OMB A-133 guidelines and county of Riverside Request for Qualifications #CCARC-008;

- Determine whether contractors and subcontractors participating in the weatherization program complied with the Davis-Bacon Act as required; and
- Determine whether required reports for federal awards included all activity of the reporting period, were supported by applicable accounting or performance records, and were fairly presented in accordance with program requirements.

Audit Methodology

To accomplish our objectives, we:

- Conducted interviews and observed operating procedures with CAP personnel;
- Identified and reviewed laws, codes, and regulations, Board of Supervisors' ordinances, applicable policies and procedures;
- Performed a financial analysis for the period July 1, 2007, through February 19, 2010;
- Selected all sub-recipient contractors to perform detailed testing; and
- Selected a sample clients to perform detailed testing.

Results

As a result of the agency meeting the requirements outlined by DOE/ARRA and receiving the necessary funding, the first weatherization in the State of California was performed by CAP on December 15, 2009. Low-income households, which have been strained by the tough economy, obtain assistance with the programs and energy education. They were able to identify savings of 30.5% and 25%, respectively.

CAP's qualification process ensures only eligible households receive weatherization and/or energy assistance services and prevents households from receiving multiple benefits in a 12 month period. After qualifying for the weatherization program, a CAP inspector determines the types of measures to be performed in order to properly weatherize the house. After the assessment, a subcontractor contacts the client to schedule the work that was identified by the inspector. Once weatherization has been completed a post inspection takes place to ensure work was performed.

Overall, we found the department maintained adequate controls to mitigate any risk relating to the weatherization and utility assistance programs, allocated funds to allowable activities, and determined appropriately the eligibility for individuals and their homes for each of

the programs. In addition, the contractors who provided the weatherization were eligible to provide weatherization, complied with Davis-Bacon Act, and met the program reporting requirements.

Information Security and Records Retention

Background

CAP collects sensitive information such as client name, social security number, date of birth, phone number, address, income and size of household from customers to help determine whether they are eligible for assistance. Although a hard copy is maintained in each clients' file, an electronic copy is also stored on SERVTRAC, an in-house system which stores client data.

Objectives

Our detailed audit objectives were to determine:

- The adequacy of internal controls over sensitive data store electronically or by hard copy within the department;
- The adequacy of internal controls over sensitive information;
- The adequacy of internal controls over the disclosure of sensitive information;
- The adequacy of internal controls over the destruction or deletion of information; and
- The adequacy of internal controls over records retention.

Audit Methodology

To accomplish our objectives, we:

- Conducted interviews and observed operating procedures of department personnel;
- Identified and reviewed laws, codes, and regulations, Board of Supervisors' ordinances, applicable policies and procedures;
- Obtained and understood policy and procedures regarding information security;
- Performed testing to ensure internal controls were adequate over security of information; and

Results

We conducted interviews, observed procedures and reviewed documents during the audit. Servers housed on-site are in a secure room with access limited to four individuals. CAP's data is backed-up daily and the ability to restore data is tested monthly. Passwords met A-58 requirements and computers were programmed to lock and enter sleep mode after 15 minutes of inactivity. Employees have appropriate levels of access user/administrator agreements have been signed by all employees, and appropriate personnel have approved security access

requests. The department implemented segregation of duties relating to the request for sensitive information, authorization to disclose the information and the designated staff to process the request. A document management company was retained to shred duplicate and out of dated hardcopies. Based on the results of our testing, adequate internal controls are in place over information security and records retention.