

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

606



**FROM:** Auditor-Controller

**SUBMITTAL DATE:**  
November 19, 2014

**SUBJECT:** Internal Audit Report 2014-014: Riverside County Office on Aging, [District: All]; [\$0]

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

1. Receive and file Internal Audit Report 2014-014: Riverside County Office on Aging

**BACKGROUND:**

**Summary**

We have completed an audit of Riverside County Office on Aging to provide management and the Board of Supervisors with an independent assessment of internal controls over expenditures, information security, capital and non-capital assets, and records management. We conducted the audit during the period December 19, 2013 through June 5, 2014 for operations of July 1, 2011 through June 30, 2013.

(Continued on page 2)

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

| <b>FINANCIAL DATA</b>  | <b>Current Fiscal Year:</b> | <b>Next Fiscal Year:</b> | <b>Total Cost:</b> | <b>Ongoing Cost:</b> | <b>POLICY/CONSENT<br/>(per Exec. Office)</b>                                |
|------------------------|-----------------------------|--------------------------|--------------------|----------------------|---|
| <b>COST</b>            | \$ 0.0                      | \$ 0.0                   | \$ 0.0             | \$ 0.0               | Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/> |
| <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  
BY: *Samuel Wong*  
County Executive Office Signature Samuel Wong

**MINUTES OF THE BOARD OF SUPERVISORS**

- Positions Added
- Change Order
- A-30
- 4/5 Vote

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

**2-14**

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11: Internal Audit Report 2014-014: Riverside County Office on Aging, [District: All]; [\$0]**

**DATE:** November 19, 2014

**PAGE:** Page 2 of 2

**BACKGROUND:**

**Summary (continued)**

Based upon the results of our audit, we identified opportunities for improvement in internal controls relating to the processes of expenditures, information security, capital and non-capital assets, and records management. We determined Office of Aging Department's internal controls provide reasonable assurance that the Department will achieve its objectives. Reasonable assurance recognizes internal control has inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls. We will follow-up in one year to determine if actions were taken to correct the findings noted.

**Impact on Citizens and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: County of Riverside Auditor-Controller's Office - Internal Audit Report 2014-014: Riverside County Office on Aging



**COUNTY OF RIVERSIDE**  
**OFFICE OF THE**  
**AUDITOR-CONTROLLER**

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**ACC** | **AUDITOR**  
**CONTROLLER**  
**COUNTY OF RIVERSIDE**

**Paul Angulo, CPA, CGMA, MA**  
**AUDITOR-CONTROLLER**

October 16, 2014

Michele Haddock, Director  
Riverside County Office on Aging  
6296 River Crest Drive, Suite K  
Riverside, CA 92507

**Subject: Internal Audit Report 2014-014: Riverside County Office on Aging**

Dear Ms. Haddock:

We have completed an audit of Riverside County Office on Aging to provide management and the Board of Supervisors with an independent assessment of the department's internal controls over expenditures, information security, capital and non-capital assets, and records management. The audit covered the period July 1, 2011 through June 30, 2013.

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 assess the adequacy of internal controls. We determined the Office on Aging's internal controls provide reasonable assurance that the Department will achieve its objectives. Reasonable assurance recognizes internal control has limitations, including costs, mistakes, and intentional efforts to bypass internal controls.

Based on the results of our audit we identified opportunities for improvement in processes related to expenditures, information security, capital and non-capital assets, and records management.

As requested, in accordance with paragraph IIC of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our

**Internal Audit Report 2014-014: Riverside County Office on Aging**

report. Management's responses are included in the report. We will follow-up in one year to verify that management implemented the corrective actions.

We thank the Office on Aging management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

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



Mark Cousineau, CPA, CIA, CFE  
Chief Internal Auditor

cc: Board of Supervisors  
Executive Office  
Grand Jury  
District Attorney's Office

**Internal Audit Report 2014-014**  
**Riverside County Office on Aging**  
**Report Date: October 16, 2014**



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## Executive Summary

### Overview

Riverside County Office on Aging (Aging) was designated on June 18, 1974, by the Board of Supervisors, as the County Department on Aging for Planning and Service Area (PSA) 21. Aging serves as the official Area Agency on Aging throughout Riverside County and has three offices; Riverside (West County Office), Coachella Valley (Palm Desert Office) and Hemet (Hemet Senior Service Center).

Under the Federal Older Americans Act and Older Californians Act, Aging is charged to provide leadership in developing a system of care service for older persons and adults with disabilities in Riverside County. Under the governance of the Board of Supervisors and a seventeen-member citizen Advisory Council, Aging provides customer-centered services based on the vision, purpose, core value, and promise statement defined in Aging's Strategic Plan. Aging administers a ten million dollar budget comprised of public (Federal, State, County) and private funds (local sources, including direct voluntary contributions).

The below table indicates Riverside County Office on Aging Funding for Fiscal Year 2012-13.

### Riverside County Office on Aging Funding for Fiscal Year 2012-13

| Funding Source              | Amount              | % to Total |
|-----------------------------|---------------------|------------|
| <b>Federal</b>              | \$7,477,084         | 65         |
| <b>State</b>                | \$1,759,045         | 15         |
| <b>Donation &amp; Local</b> | \$1,193,625         | 10         |
| <b>General Fund</b>         | \$1,102,256         | 10         |
| <b>Total</b>                | <b>\$11,532,010</b> | <b>100</b> |

Source: Riverside County Office on Aging website

Funds are used to provide core services to the county in the form of planning and needs assessments, such as: (a) Advocacy, (b) Education and Outreach, (c) Information, and (d) Program Development.

### Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of the department's internal controls over expenditures, information security, capital

**Internal Audit Report 2014-014: Riverside County Office on Aging**

and non-capital assets, and records management. The audit covered the period July 1, 2011 through June 30, 2013.

**Audit Conclusion**

Based on the results of our audit we identified opportunities for improvement in processes related to expenditures, information security, capital and non-capital assets, and records management.



## Expenditures

### Background

Expenditures for Aging in Fiscal Years (FYs) 2011-12 and 2012-13 were \$11,199,147 and \$11,913,354, respectively. More than 45% of Aging's expenditures pertained to employees' "Salaries and benefits" and 36% to "Contributions to Non-county agencies". Non-county agencies provide services on behalf of Aging.

Below is the summary of our three-year financial analytic review of the department's expenditures.

| Expenditures   | FY 2010-11          | FY 2011-12        | FY 2012-13        |
|--|---------------------|-------------------|-------------------|
| Budget   | \$13,062,015        | \$11,999,293      | \$12,509,369      |
| Actual   | \$11,974,407        | \$11,199,147      | \$11,918,354      |
| <b>Under(Over) Budget</b>  | <b>\$ 1,098,608</b> | <b>\$ 800,146</b> | <b>\$ 591,015</b> |
| % of Salaries & Benefits to Actual Expenditures                  | 46%                 | 45%               | 46%               |
| % of Contributions to Non-county Agencies to Actual Expenditures | 36%                 | 36%               | 37%               |

Source: *Simpler Financials*

As indicated above, Aging spent under budget for the last three fiscal years. Actual expenditures were lower than budget by \$591,015 (5%), \$800,146 (7%), and \$1,087,608 (8%) in FYs 2012-13, 2011-12, and 2010-11, respectively.

Board of Supervisor's Policy D-1 *Reimbursement for General Travel and Other Actual and Necessary Expenses*, (D-1), establishes procedures and standards for reimbursement of necessary actual expenses incurred by appointed department heads, employees, and other authorized persons, for whom allowance of expenses is authorized by or pursuant to law, resolution, or ordinance because they occur during performance of official county business. Section 2 (*Lodging*) of the policy limits the actual cost for lodging to \$159 per night, or \$239 for high cost cities, inclusive of all occupancy and accommodation taxes and other room related and fees. Lodging costs exceeding the established limit may be reimbursed at a higher rate if a written statement explaining the reason for the expense is submitted by the department head to the designated Executive Office analyst along with a completed employee reimbursement form. Section 10 (*Travel Authorization*) requires prior authorization by County Executive Officer or designee for all travel wherein the estimated total cost (including registration, transportation, lodging, and meals) is not included in the approved budget, or is expected to cost \$1,000 or more per person or if the travel is out of state.

**Internal Audit Report 2014-014: Riverside County Office on Aging**

The Board of Supervisors delegated authority to purchase/contract to the Purchasing Agent, via County Ordinance 459. All contracts (purchase orders) to procure goods or services must be approved by the Purchasing Agent or Board of Supervisors.

The County Purchasing Manual maintains uniform procedures relating to the purchase of commodities and services needed in the operation of the Departments and Agencies of Riverside County. Section 3.2.13 *Sole Source/Single Source* of the said manual states that sole sources (purchases of a commodity or service that is noncompetitive in price, specifications, use, or scope of work) between \$1,000 and \$25,000 require approval from either the Purchasing Director or Asst. Director via submittal of the sole source justification form (116-333), and must be signed by the requesting department's Department Head or Deputy Director in the Department Head's absence. The Procurement Card Program (P-Card Program) requires cardholders to comply with the procurement policies and procedures described in the county purchasing manual.

The Auditor-Controller Standard Practice Manual 1200 *Internal Control Handbook*, (SPM 1200) provides guidance to all departments, special districts, and agencies on concepts and standards of effective internal controls. SPM 1200 Section II.1 & 3 *Standards of Internal Control, Segregation of Duties and Authorization, Execution, and Recording of Transactions* states that duties such as authorizing, approving or recording transactions, issuing or receiving assets, making payments, and reviewing or auditing should be assigned to separate individuals to minimize the risk of loss; independent evidence shall be maintained to document the adherence to policies and procedures which are in place to assure that transactions are authorized appropriately, recorded accurately and timely, and properly classified.

**Audit Objective**

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over expenditures.

**Audit Methodology**

To accomplish our objectives, we:

- Obtained an understanding of board policies, state laws, and other applicable standards.
- Met with key personnel to obtain an understanding of the department's process.
- Performed financial analytic review for the last three fiscal years.
- Sampled expenditure transactions from fiscal years 2011-12 to 2012-13.

**Finding 1: Inadequate Handling Procedures over Expenditures**

**Internal Audit Report 2014-014: Riverside County Office on Aging**

Our review of 51 journal entries, representing purchases of supplies and services, totaling \$374,757 (10%) of total supplies and services for the last two fiscal years, disclosed that internal controls over expenditures were inadequate as evidenced by the following:

- The department did not seek prior approval from the Purchasing Agent on their "sole source" procurement of in-service training for executives amounting to \$2,100.
- A journal entry on purchases of 31 "material-aid-funded items" (e.g. incontinent supplies, water heater, mattress) totaling \$5,351, paid thru P-cards, were all recorded under "Professional Services" account in PeopleSoft financials.
- Wireless usage charges were recorded under "Cellular Phone", an expense account for purchases of cellular phones in PeopleSoft financials.
- In two instances, the department did not seek the County Executive Office's approval on out-of-state trips, amounting to \$1,609 to attend conferences.

The "Travel Out of Riverside County Overnight Stay" request form for the then-Director's trip was approved by himself. Also, his reimbursement claim for lodging amounting to \$994.17 did not agree with the receipt for \$1,283.13, and the lodging cost exceeded the established limit. The hotel's guest folio (receipt) showed a room rate of \$256.48 per night for the first four nights, and \$257.21 for the last night, or a total of \$1,283.13 (inclusive of taxes); there was a note in the folio that the then-Director only wanted \$994.17 - actual reimbursement; the note was not signed, and dated. The current department management could not provide us the breakdown of the \$994.17.

The then-Deputy Director's airline ticket and registration fee for \$450.10 and \$165.00, respectively, were paid using the P-card of one of the employees. The "Travel Out of Riverside County Overnight Stay" form for the airline ticket estimated at \$450.10 was approved by the then-Deputy Director for Administrative Services, and was not dated.

Based on our discussions with the department, Aging thought that an Executive Office's approval is necessary only if the estimated cost of out-of-state travel is over \$1,000.00. As indicated in the department's "Travel Out of Riverside County Overnight Stay" form, "If over \$1,000.00 and not in Agency's approved budget, Executive Office approval is required."

**Recommendation 1**

Aging obtain approval for "Sole Source" procurement of supplies or services from County Purchasing Agent.

**Internal Audit Report 2014-014: Riverside County Office on Aging**

**Management's Response**

**“Concur.** Office on Aging concurs and will ensure compliance to the County Purchasing Manual Section 3.2.13 *Sole Source/Single Source* in obtaining approval from either the Purchasing Director or Assistant Director for all sole source services needed in the operation of the Department.”

Actual/estimated Date of Corrective Action: **Immediately**

**Recommendation 1.1**

Aging should ensure that proper account codes are used in recording transactions.

**Management's Response**

**“Concur.** Office on Aging concurs and will implement a new internal policy to ensure quality control over the accounting codes utilized for recording transactions. During the monthly reconciliation of expenditures, fiscal staff will validate transactions recorded are properly accounted for in the correct expenditure accounts and will immediately make any necessary changes, if needed.”

Actual/estimated Date of Corrective Action: **Immediately**

**Recommendation 1.2**

Aging request Executive Office approval for travel costing \$1,000 or more and out-of-state in accordance with BOS Policy D-1.

**Management's Response**

**‘Concur.** Office on Aging concurs and will ensure compliance to Board of Supervisor’s Policy D-1 *Reimbursement for General Travel and Other Actual and Necessary Expenses*, in obtaining approval from the Executive Office for travel out-of-state.”

Actual/estimated Date of Corrective Action: **Immediately**

## Information Security

### Background

The Office on Aging's information technology and security is administered by Riverside County Information Technology.

The department utilizes the following systems:

- PeopleSoft Financials: The County systems that allows users to update data in modules such as Accounts Payable, Accounts Receivable, General Ledger, Purchasing, etc.
- Q System: This is a web-based system that tracks services the client is referred to and topics of conversation every time the client calls the department requesting information or program questions in general. It tracks the client's activity of daily living information, nutritional needs and/or changes, emergency contact and primary doctor's information. The system is used by department's social workers and care managers.

Board of Supervisor's Policy A-58 *Riverside County Information Security Policy, (A-58)*, goal is to protect the County's information in accordance with all applicable laws, governmental regulations and accepted best practices to minimize information security risk; ensuring the right information is available to the right people at the right time. To achieve this goal, the Riverside County Board of Supervisors authorizes the Riverside County Chief Information Security Officer (CISO) to develop and maintain the following Riverside County Information Security Program, and requires all Riverside County Departments to comply:

- Program Framework: This defines the program's Vision, Mission and Roles & Responsibilities.
- Information Security Risk Management Methodology: This defines the processes for assessing, accepting and mitigating information security risk.
- Information Security Standards: These define the specific controls and processes required to mitigate information security risks.

The department routinely collects and maintains information which is protected from public disclosure through various privacy and confidentiality statutes, and thus is not available under public information laws.

### Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over information security.

## **Audit Methodology**

To accomplish our objectives, we:

- Obtained an understanding of board policies regarding information security, and other applicable standards.
- Conducted interviews and observed operating procedures of department personnel.
- Performed tests to ensure internal controls were adequate information security.
- Determined the nature of information stored by the department.

## **Finding 2: Non-compliance with Information Security Standards**

Aging was not compliant with information security standards regarding business continuity, event logging, vulnerability scans and account management due to lack of awareness of information security standards. Our review disclosed that:

- A business impact analysis had not been accomplished.
- Event logs were not retained for 90 days.
- Full weekly Anti-virus scans on servers and workstations were not completed.
- User accounts for three separated employees were not disabled in a timely manner.

Failure to comply with the standards could result in an interruption of County services; leave the network vulnerable to illegal entry and potential misuse of information. In November 2013 and December 2013, Aging disabled system access for the three separated employees and began retaining logged events for 90 days, and performing a full weekly anti-virus scans on servers and workstations.

## **Recommendation 2**

Aging conduct a Business Impact Analysis to ensure continued business operations in the event of an emergency.

## **Management's Response**

**"Concur.** Office on Aging immediately disabled system access for the three separated employees upon notification of the field auditor. In addition, internal policy was changed to ensure event logs were retained for 90 days and to ensure weekly anti-virus scans are being

**Internal Audit Report 2014-014: Riverside County Office on Aging**

conducted on servers and workstations. Office on Aging is in the process of conducting a Business Impact Analysis to ensure continued business operations in the event of emergency.”

Actual/estimated Date of Corrective Action: **January 31, 2015**

## Capital Assets

### Background

Auditor-Controller's Standard Practice Manual 913 *Capitalization Thresholds*, (SPM 913), defines capital assets as fixed assets and intangible assets of significant value having a utility which extends beyond the current year that are broadly classified as land, infrastructure (or, long-lived assets), buildings and improvements, equipment, livestock, and intangible assets.

Capital assets include real property such as land, buildings, and land improvements, costing \$1 or more, as well as vehicles, machineries, and all equipment with a cost of \$5,000 or more. The cost of a capital asset includes all costs necessary to place the asset in service.

SPM 913 requires all real property with a value of \$1 (one dollar) and all capital assets with a value of \$5,000 or more to be recorded in the PeopleSoft Asset Management Module (Asset Module).

Auditor-Controller's Standard Practice Manual, *Processing Capital Assets: Equipment* (SPM 901), and *Capital Asset Tags*, (SPM 903), provide guidance for the accounting of capital assets - equipment, and identification and inventory control of capital assets, respectively. SPM 903 requires each department to complete the Capital Assets Form: Acquisition, Betterment & Modifications (AM-5) for acquisition of capital assets - equipment, and enter information online. All capital assets will be issued an identification number/tag per SPM 901.

Further, Auditor-Controller's Standard Practice Manual 922, *Asset Retirements*, (SPM 922), provides guidance for disposing, or recording of the disposal of assets ("retiring"). Accordingly, departments must report the retirement of capital assets due to theft, loss, sale of asset, or the asset is no longer needed and considered surplus. The Auditor-Controller's Office, Asset Management Section must be notified in writing within 30 days of an asset retirement, using the Capital Asset Disposition Form AM-7.

Aging uses the Asset Module in monitoring and recording the acquisition of its capital assets. As required by California Department of Aging (CDA), Aging prepares and submits the annual CDA 32 Close-out Report indicating Aging's capital and non-capital assets funded by the CDA.

As of June 30, 2013, the department had a recorded cost of \$174,332 for capital equipment. These assets included four vehicles with a purchase cost totaling \$90,797.

### Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets.



**Internal Audit Report 2014-014: Riverside County Office on Aging**

**Audit Methodology**

To accomplish our objectives, we:

- Obtained an understanding of board policies, and other applicable standards.
- Met with key personnel to understand the process.
- Obtained a copy of the department's List of Capital Assets as of June 30, 2013, traced and agreed balances against the County's PeopleSoft financials.

**Finding 3: Complete Fixed Assets Information**

Aging did not ensure that the Asset Module contained the required information for 9 of the 11 capital assets reviewed. Our review of Aging's capital assets inventory as of June 30, 2013 disclosed the following:

- Three vehicles with acquisition dates of March 1, 2007 and May 19, 2010 did not have tag numbers, model descriptions, a serial number, and location.
- A server and color printer acquired in June 2005 did not have model descriptions.
- Four copy machines acquired in 2008, did not have serial numbers, model descriptions or locations.

Fixed asset tags, serial/identification numbers, model descriptions, and accurate location information facilitate inventorying and help assure accuracy of the year-end certification.

**Recommendation 3**

The department should familiarize itself with ACO SPMs to facilitate inventorying and assure accuracy of the year-end certification.

**Management's Response**

**“Concur.** Office on Aging concurs and will implement a new internal policy and procedure to ensure quality control over the inclusion of pertinent information in the PeopleSoft Capital Asset Management Module to ensure accuracy of the year-end certification of capital assets. The procedure will include the validation of information such as fixed asset tag numbers, serial/identification numbers, model descriptions, and location of assets.”

Actual/estimated Date of Corrective Action: **Immediately**

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**Finding 4: Timely Reporting of Asset Retirements**

Capital asset retirements were not reported to the Auditor-Controller's Office (ACO) in a timely manner. We reviewed all retirements during the review period and showed that Aging took 62 days to notify the ACO Asset Management Section of the disposition of its two vehicles.

Reporting the retirement of capital assets in an untimely manner may result in loss of control over assets and/or misstating the value of capital assets.

**Recommendation 4**

Aging report the retirement of capital assets in accordance with SPM 922.

**Management's Response**

**"Concur.** Office on Aging concurs and will ensure compliance to Auditor-Controller's Standard Practice Manual 922, *Asset Retirements*, for disposing or recording of the disposal of assets and will timely submit Form AM-7 to the ACO within the required 30 days of disposing any asset."

Actual/estimated Date of Corrective Action: **Immediately**

## Non-Capital Assets

### Background

Board of Supervisors' Policy H-26 *Non-capitalized Asset Management*, (H-26), defines non-capitalized "walk-away" assets as assets which are small, mobile, easily converted for personal use and have a fair market value of \$200 or more and an acquisition cost of less than \$5,000 (over \$5,000 are classified as capital assets). Examples include, but are not limited to laptops, personal digital assistants (PDAs), global positioning system (GPS) receivers, and cellular phones.

Departments may use another established system to ensure the accountability of non-fixed assets if the department's system has been reviewed and approved by the Auditor-Controller. No other system exemption applies.

Aging tracks walk-away assets using the Asset Module. As of review date, the department had various walk-away assets which included computers with a recorded cost of \$713,774.58.

### Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over non-capitalized asset management.

### Audit Methodology

To accomplish our objectives, we:

- Obtained an understanding of board policies, and other applicable standards.
- Ran a query on account 523640 transactions for the last two fiscal years, and reviewed it against the department's inventory list of non-capital assets.
- Determined if the department tracks walk-away assets using the county's Asset Management Module.

### Finding 5: Tracking Non-Capital Assets

Aging did not properly track their non-capital assets or ensure they were entered into the Asset Module. Our comparison of non-capital Assets as of June 30, 2013 in the Asset Module against purchases of non-capital computer equipment for the last two fiscal years disclosed that all four computer equipment items totaling \$4,181.20, purchased during FYs 2010-13 were not included in the Asset Module.

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According to the department, they did not follow correct procedures in recording the non-capital assets into the Asset Management Module. The department was coordinating with ACO Capital Assets Unit for guidance.

Failure to properly record non-capital walk-away assets in the Asset Module may negatively affect the process of identifying, controlling, and valuing County assets.

**Recommendation 5**

Perform a physical inventory of non-capital walk-away assets to ensure all non-capital assets are properly recorded in the Asset Module.

**Management's Response**

**"Concur.** Office on Aging concurs and will conduct a physical inventory within 90 days to verify inventory of current non-capital assets and will look for any additional non-capital assets that should be included in the non-capital asset inventory."

Actual/estimated Date of Corrective Action: **February 28, 2015**

**Recommendation 5.1**

The department should perform a monthly review of its non-capital assets status report in the Asset Management Module, approve any pending transactions, and formally advise (via email) ACO Capital Assets Unit to process the transaction, and update the Asset Management Module.

**Management's Response**

**"Concur.** Office on Aging concurs and will perform a monthly review of the non-capital asset status report and will approve any pending transactions."

Actual/estimated Date of Corrective Action: **Immediately**

**Recommendation 5.2**

The department should provide sufficient training relating to PeopleSoft Asset Management module to their staff in charge of processing assets.

**Management's Response**

**"Concur.** Office on Aging's Fiscal Team will work collaboratively with the General Accounting Division of the Auditor-Controller's Office to obtain advice and guidance on accounting processes and practices in relation to the PeopleSoft Asset Management module."

**Internal Audit Report 2014-014: Riverside County Office on Aging**

Actual/estimated Date of Corrective Action: **March 30, 2015**

## Records Management

### Background

BOS Policy number A-43 *County Records Management and Archives Policy*, (A-43), requires County departments to follow guidelines for responsible recordkeeping established under this policy, and develop department policies and procedures in accordance with those guidelines. These retention requirements are recommended in order to reduce the costs for the storage and maintenance of records while ensuring that administrative, fiscal, legal and other recordkeeping responsibilities are met.

Aging follows BOS Policy A-43 for its records management and has a Board approved Departmental Records Retention Schedule (DRSS). This schedule is written with general titles and descriptions rather than identifying specific individual documents or forms. Also, it indicates the length of time that listed records, regardless of media or format, must be retained by the department before disposition may be implemented. The department's DRSS includes records related to, and supporting the Agreements with California Department of Aging Title III/VII, Title V, Health Insurance Advocacy Program, Medical Improvements for Patients and Providers Act.

### Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over records management.

### Audit Methodology

To accomplish our objectives, we:

- Obtained an understanding of state laws and board policies regarding records management;
- Determined if the department has a written records management policy and who is responsible for records within the department;
- Determined if the department is following the general records retention schedule; and
- Determined if the department has a Board approved Departmental Records Retention Schedule (DRSS).

### Finding 6: Untimely Record Destruction

Unnecessary costs were incurred by Aging for retaining records beyond their required retention period. On August 1, 2012, Aging authorized the destruction of records related to rejected bids for the period July 1, 2004 to June 30, 2005. The official records retention period for these

**Internal Audit Report 2014-014: Riverside County Office on Aging**

documents was the fiscal year (when the bid was rejected) plus two years, which indicates the records, should have been destroyed in August of 2008.

Retaining records beyond the required retention period incurs unnecessary costs and may result in additional costs from public information requests.

**Recommendation 6**

Aging establish a periodic review of records, and document monitoring system.

**Management's Response**

**"Concur.** Office on Aging will conduct a review of records retained and will ensure compliance with the required retention period."

Actual/estimated Date of Corrective Action: **Immediately**