

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



FROM : AUDITOR CONTROLLER

SUBMITTAL DATE:

October 6, 2016

SUBJECT: Internal Audit Report 2016-001 - Community Action, Contract Amendments & Competitive Bidding [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding

Consent

BACKGROUND:

Summary

We have completed a countywide audit to provide management and the Board of Supervisors with an independent assessment of internal controls over contract amendments and competitive bidding process. This report assesses the Riverside County Community Action Partnership internal controls over the contract amendments and competitive bidding process. We conducted the audit from October 7, 2015 through March 23, 2016 for active contracts during the period July 1, 2013 through August 31, 2015.


| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|-----------------------------|-----------------------------|--------------------------|------------------------------|---------------------|
| COST | \$0 | \$0 | \$0 | \$0 |
| NET COUNTY COST | \$0 | \$0 | \$0 | \$0 |
| SOURCE OF FUNDS: N/A | | | Budget Adjustment: No | |
| | | | For Fiscal Year: | N/A |

C.E.O. RECOMMENDATION: [CEO use]

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Tavaglione 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: October 25, 2016
xc: Auditor

Kecia Harper-Ihem
 Clerk of the Board
 By: 
 Deputy

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

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we determined the Riverside County Community Action Partnership internal controls over contract amendments and competitive bidding provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

ATTACHMENT A.

A: Riverside County Auditor-Controller's Office – Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding.

Internal Audit Report 2016-001

**Riverside County
Community Action Partnership,
Countywide Contract Amendments and
Competitive Bidding
Report Date: September 7, 2016**



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
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COUNTY OF RIVERSIDE
OFFICE OF THE
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CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

September 7, 2016

Brenda Freeman
Director
Riverside County Community Action Partnership
2038 Iowa Avenue, Suite B-102
Riverside, CA 92507

Subject: Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding

Dear Ms. Freeman:

We have completed a countywide audit to provide management and the Board of Supervisors with an independent assessment of internal controls over contract amendments and competitive bidding process. This report assesses the Riverside County Community Action Partnership internal controls over the contract amendments and competitive bidding process. We conducted the audit from October 7, 2015 through March 23, 2016 for active contracts during the period July 1, 2013 through August 31, 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 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 the Riverside County Community Action Partnership internal controls over contract amendments and competitive bidding provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide
Contract Amendments and Competitive Bidding

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

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



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

cc: Executive Office
District Attorney
Grand Jury

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Executive Summary

Overview

The vision for Riverside County Community Action Partnership (Community Action) is "to end poverty in Riverside County." In collaboration with the public and private community partners, Community Action has worked to reduce poverty levels "through education, wealth building, advocacy and community organizing." Services they provide include weatherization, tax preparation, dispute resolution, disaster preparedness, utility assistance, Veterans employment training, and Pre-Apprenticeship program. In order to administer these services, Community Action receives public and private sector funding. However, the primary source is the Community Services Block Grant (CSBG) which is governed by the California Department of Community Services and Development.

Pursuant to California Government Code Section 31000, the Board of Supervisors may contract for special services on behalf of the county, county officer, department, district or court in the county. Riverside County Ordinance 459, indicates, the Board of Supervisors delegates contracting authority to the Purchasing Agent also known as the Director Purchasing and Fleet Services. This ordinance authority includes the Purchasing Agents authority to approve contract amendments and the competitive bidding processes.

Purchasing Policy Manual dated, February 1, 2013, requires the Purchasing Agent to obtain informal competitive bids for all purchases exceeding \$1,000 and formal written competitive bids for purchases exceeding \$25,000. To reflect the changes incorporated into the Riverside County Board of Supervisors Ordinance 459, which was approved by the Board of Supervisors on May 19, 2015, the Purchasing Policy Manual was revised on August 1, 2015 to increase the informal bid requirement for purchases exceeding \$5,000 and formal written competitive bid for purchases exceeding \$50,000.

Our sample population consisted of all contracts that were active during our audit period of July 1, 2013 to August 31, 2015. Most contracts have a one-year period of performance with the option to extend the contract for four years. As such, some contracts selected could be as old as calendar year 2008 contracts.

The county does not maintain a system that records all contracts used by county departments. Each department utilizes their own computer systems for managing their contracts. We utilized the County of Riverside's financial system known as PeopleSoft database to select our sample of contracts for review of amendments and the competitive bidding process. The PeopleSoft database consists of contract records that were updated annually during our audit period. This update creates a new PeopleSoft contract that corresponds with the contract. Therefore, a one year contract with an option to renew four times could have up to 5 PeopleSoft contracts that correspond to the contract. Forty-two PeopleSoft contracts used by Community Action were randomly selected to review. Eight were countywide contracts and thirty-four were Community

Internal Audit Report 2016-001: Riverside County Community Action Partnership, Countywide Contract Amendments and Competitive Bidding

responsibility, we reviewed the 8 countywide contracts during our review of Central Purchasing contract amendments and competitive bidding process.

For a breakdown of the contracts selected and the associated amendment(s), please refer to attachments A and B respectively.

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 contract amendments and the competitive bidding process.

Audit Conclusion

Based upon the results of our audit, we determined the Riverside County Community Action Partnership internal controls over contract amendments and competitive bidding provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Draft Internal Audit Report 2016-001
Community Action Partnership of Riverside County
Report Date: August 12, 2016
Summary of Contracts Selected for Review

| PeopleSoft Contract No. | Contract Date | Contract Allowable Cost | Amount Charged | Contract Amount (Over)/Under |
|--------------------------|---------------|-------------------------|--------------------|------------------------------|
| CAARC-91016-002-01/15 | 4/29/2015 | \$681,443 | \$644,417 | \$37,026 |
| CAARC-91016-13-01/15 | 12/17/2013 | 461,452 | 460,650 | 802 |
| CAARC-91016-13-001-01/14 | 7/1/2013 | 421,175 | 293,744 | 127,431 |
| CAARC-91016-002-02/16 | 3/1/2015 | 250,000 | 224,079 | 25,921 |
| CAARC-91016-13-001-02/16 | 3/1/2015 | 450,000 | 300,601 | 149,399 |
| CAARC-91016-13-004-1/15 | 4/8/2015 | 250,411 | 211,520 | 38,891 |
| CAARC-91016-11-008-2/15 | 8/25/2015 | 198,271 | 140,048 | 58,223 |
| CAARC-91016-13-2/14 | 3/18/2015 | 184,468 | 132,759 | 51,709 |
| CAARC-91838-13-029-06/15 | 8/27/2015 | 177,793 | 175,677 | 2,117 |
| CAARC-95200-001-12/14 | 8/5/2015 | 175,000 | 157,163 | 17,837 |
| CAARC-91016-13-004-1/14 | 7/1/2013 | 156,082 | 86,515 | 69,567 |
| CAARC-91016-13-004-02/16 | 8/25/2015 | 125,000 | 68,448 | 56,552 |
| CAARC-91016-004-06/15 | 7/27/2015 | 121,910 | 121,531 | 379 |
| CAARC-92486-13-002-12/13 | 2/6/2013 | 100,000 | 100,000 | 0 |
| CAARC-91052-14-001-12/15 | 2/19/2015 | 100,000 | 50,151 | 49,849 |
| CAARC-91016-15-02/16 | 6/11/2015 | 100,000 | 65,046 | 34,954 |
| CAARC-91016-011-01/14 | 8/25/2015 | 60,092 | 58,423 | 1,669 |
| CAARC-91016-11-020-1/14 | 5/21/2013 | 52,704 | 50,875 | 1,829 |
| CAARC-91052-13-001-12/13 | 2/6/2013 | 50,000 | 50,000 | - |
| CAARC-91016-14-003-1/15 | 11/21/2014 | 50,000 | 21,793 | 28,207 |
| CAARC-91052-14-001-12/14 | 12/30/2014 | 50,000 | 48,326 | 1,674 |
| CAARC-91052-14-002-12/15 | 4/15/2015 | 100,000 | 63,425 | 36,575 |
| CAARC-91838-14-024-12/14 | 6/24/2015 | 58,341 | 49,813 | 8,527 |
| CAARC-91838-13-021-12/14 | 7/6/2015 | 35,940 | 35,009 | 931 |
| CAARC-91838-12-3/14 | 12/26/2013 | 28,082 | 20,061 | 8,021 |
| CAARC-91838-14-009-12/14 | 6/16/2015 | 29,120 | 14,768 | 14,353 |
| CAARC-91838-13-021-12/13 | 5/1/2013 | 17,600 | 17,168 | 432 |
| CAARC-91838-14-018-12/14 | 2/24/2015 | 15,500 | 12,497 | 3,003 |
| CAARC-91838-14-013-12/14 | 6/16/2015 | 10,860 | 6,710 | 4,150 |
| CAARC-91838-13-011-12/13 | 1/31/2014 | 10,800 | 9,630 | 1,170 |
| CAARC-91838-014-1-12/13 | 7/16/2013 | 7,062 | 5,412 | 1,650 |
| CAARC-91838-13-010-12/13 | 7/16/2013 | 4,400 | 4,300 | 100 |
| CAARC-91838-13-013-12/13 | 7/23/2013 | 4,400 | 1,825 | 2,575 |
| CAARC-91838-13-030-12/13 | 8/20/2013 | 4,400 | 2,484 | 1,916 |
| | | <u>\$4,542,306</u> | <u>\$3,704,868</u> | <u>\$837,438</u> |

Draft Internal Audit Report 2016-001
Community Action Partnership of Riverside County
Report Date: August 12, 2016
Summary of Contract Amendments (Admts)

| <u>PeopleSoft Contract No.</u> | <u>Admts</u> | <u>Ext</u> | <u>CC</u> | <u>Allowable Contract Cost</u> | <u>Allowable Admts Cost</u> |
|--------------------------------|--------------|------------|-----------|--|-------------------------------------|
| CAARC-91016-002-01/15 | 3 | 1 | | \$681,443 | \$0 |
| CAARC-91016-13-01/15 | 5 | 1 | | 449,452 | 12,000 |
| CAARC-91016-13-001-01/14 | 1 | - | | 261,175 | 160,000 |
| CAARC-91016-002-02/16 | 6 | 2 | | 224,079 | 921 |
| CAARC-91016-13-001-02/16 | 6 | 1 | | 300,601 | 149,399 |
| CAARC-91016-13-004-1/15 | 3 | 1 | | 250,411 | - |
| CAARC-91016-11-008-2/15 | 5 | 1 | | 140,048 | 58,223 |
| CAARC-91016-13-2/14 | 2 | 2 | | 132,759 | 52,709 |
| CAARC-91838-13-029-06/15 | 2 | 1 | | 177,793 | - |
| CAARC-95200-001-12/14 | 1 | 1 | | 157,163 | - |
| CAARC-91016-13-004-1/14 | 1 | - | | 86,515 | - |
| CAARC-91016-13-004-02/16 | 7 | 2 | | 68,448 | - |
| CAARC-91016-004-06/15 | - | - | | 121,531 | - |
| CAARC-92486-13-002-12/13 | - | - | | 100,000 | - |
| CAARC-91052-14-001-12/15 | - | - | | 40,666 | - |
| CAARC-91016-15-02/16 | - | - | | 65,046 | - |
| CAARC-91016-011-01/14 | 5 | 1 | | 58,423 | - |
| CAARC-91016-11-020-1/14 | 4 | 3 | | 19,992 | 32,712 |
| CAARC-91052-13-001-12/13 | - | - | | 50,000 | - |
| CAARC-91016-14-003-1/15 | - | - | | 21,793 | - |
| CAARC-91052-14-001-12/14 | 1 | 1 | | 48,326 | - |
| CAARC-91052-14-002-12/15 | - | - | | 79,044 | - |
| CAARC-91838-14-024-12/14 | 1 | - | | 49,813 | - |
| CAARC-91838-13-021-12/14 | 3 | 1 | | 24,100 | 10,909 |
| CAARC-91838-12-3/14 | - | - | | 20,061 | - |
| CAARC-91838-14-009-12/14 | 5 | 1 | | 14,768 | - |
| CAARC-91838-13-021-12/13 | 2 | 1 | | 17,168 | - |
| CAARC-91838-14-018-12/14 | - | - | | 12,497 | - |
| CAARC-91838-14-013-12/14 | 4 | 2 | | 4,400 | 2,886 |
| CAARC-91838-13-011-12/13 | 1 | - | | 9,630 | - |
| CAARC-91838-014-1-12/13 | 2 | 1 | | 5,412 | - |
| CAARC-91838-13-010-12/13 | - | - | | 4,300 | - |
| CAARC-91838-13-013-12/13 | - | - | | 1,825 | - |
| CAARC-91838-13-030-12/13 | 1 | 1 | | 2,484 | - |
| | | | | <u>\$3,701,166</u> | <u>\$479,759</u> |