

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



ITEM
2.16
(ID # 3685)

MEETING DATE:

Tuesday, March 7, 2017

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2017-316: Countywide Procurement Cards, Riverside County Regional Park and Open-Space District, Follow-up Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2017-316: Countywide Procurement Cards, Riverside County Regional Park and Open-Space District Audit, Follow-up.

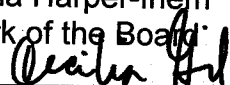
ACTION: Consent

Paul Angulo, Director of Auditor Controller 2/23/2017

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 and Ashley
Nays: None
Absent: None
Date: March 7, 2017
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2016	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We have completed a follow-up audit of the Countywide Procurement cards, Riverside county Regional Park and Open-Space District. Our audit was limited to reviewing actions taken as of September 26, 2016, to correct the findings noted in our original audit report 2014-010 dated January 7, 2016.

The original audit report contained two recommendations, both of which required implementation to help correct the reported findings. Based on the results of our audit, we found that the two recommendations were implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-010 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A. Internal Audit Report 2017-316: Countywide Procurement Cards, Riverside County Regional and Open-Space District, Follow-Up Audit.


Stephanie Parisi 2/28/2017

Internal Audit Report 2017-316

**Countywide Procurement Card,
Riverside County Regional Park
and Open-Space District
Follow-up Audit**

Report Date: December 30, 2016



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
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ACO | **AUDITOR
CONTROLLER**
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

December 30, 2016

Scott Bangle
Director/General Manager
Riverside County Regional Park and Open-Space District
4600 Crestmore Road
Jurupa Valley, CA 92509

Subject: Internal Audit Report 2017-316: Countywide Procurement Cards, Riverside County Regional Park and Open-Space District, Follow-Up Audit

Dear Mr. Bangle:

We have completed a follow-up audit of the Countywide Procurement Card, Riverside County Regional Park and Open-Space District. Our audit was limited to reviewing actions taken as of September 26, 2016, to correct the findings noted in our original audit report 2014-010 dated January 7, 2016.

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 reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our opinion.

The original audit report contained two recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that the two recommendations were implemented.

Details of the findings identified in the original audit and the status of the implementation of respective recommendations are provided in the body of this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-010 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

Internal Audit Report 2017-316: Countywide Procurement Cards, Riverside County Regional Park and Open-Space District, Follow-up Audit

We appreciate the cooperation and assistance extended to us by staff of the Riverside County Regional Park and Open-Space District during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



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

cc: Board of Supervisors
Executive Office
Grand Jury

Procurement Cards

Finding 1: Monitoring Compliance with Procurement Policies

The Riverside County Regional Park and Open-Space District's (Park District) procedures to ensure procurement card (P-Card) usage is in compliance with purchasing policies were not operating as designed. Our review of the three highest dollar value months of transactions, July 2011, February 2013, and July 2013 reported to the Auditor-Controller's Office, disclosed the Park District had 14 transactions totaling \$4,226 (3%) of the \$158,772 in purchases reviewed that were not in compliance with purchasing policies as the purchases were considered restricted purchases. Existing controls neither prevented nor detected the exceptions to established policy and procedures.

These exceptions occurred because the Park District was not following procurement procedures. Specifically, the appropriate officials were neither reviewing and approving the items prior to the procurement card purchase nor engaging in corrective action with the cardholder. The specific non-compliance were for restricted purchases made on county procurement card; 14 transactions valued at \$4,226.

Oversight of purchases by the appropriate levels of management would ensure that lowest costs are considered prior to making purchases. The opportunity to receive negotiated vendor discounts, based on the procurement card usage with pre-existing county approved vendors, is reduced when all Riverside County departments do not participate as these discounts are based on the volume of goods and services purchased. Riverside County's reputation for transparent, open and fair competitive procurement is also impaired. The procurement card policy states, "Use of Procurement Card is not intended to replace effective procurement planning which enables volume discounts."

We performed additional testing for May 2015 to determine if the previously noted conditions have been corrected. As of May 31, 2015, the department had 70 procurement cardholders. We found the department had no incidents to report regarding restricted purchases. However, we noted the following additional exceptions: five expenditures were made without prior approval, justification for purchase was not provided for 26 items and supporting documentation was not attached for six purchases.

Recommendation 1:

Monitor procurement card usage to ensure compliance with the *County of Riverside Procurement Card Program Procedure Handbook*.

Current Status 1: Implemented

During our follow-up audit we noted, procurement card usage is being monitored by the Park District and in compliance with the county's P-Card handbook. In addition, any transactions that

Internal Audit Report 2017-316: Countywide Procurement Cards, Riverside County Regional Park and Open-Space District, Follow-up Audit

do not adhere to the guidelines stated in the P-Card handbook are reported to management for corrective action.

Finding 2: Cardholder Agreements

The Park District could not provide completed cardholder agreements for 18 of the 62 cardholders (29%) who had purchases during the months reviewed. Cardholder agreements document issued cards were properly authorized and are used to verify the cardholder signature. The cardholder agreement indicates the following: cardholder and their approving official acknowledges the use of the card is for official Riverside County business only, the disciplinary actions that result for unauthorized charges, safekeeping of the card at all times, and the county has the right to cancel at any time. Once the agreements are signed, the document should be submitted and retained by the division to document compliance with procurement card policies. Missing or unavailable cardholder agreements impair Park District's ability to monitor and enforce its policies.

We reviewed the cardholder agreements during our additional testing. We found six of the eighteen incomplete agreements previously identified had been signed by the cardholders. Additionally, only one of the twenty-six new cardholders for the Park District has not completed the cardholder agreement.

Recommendation 2:

Ensure all procurement cardholders have completed cardholder agreements on file.

Current Status 2: Implemented

Our follow-up audit found that signed card holder agreements for current P-card holders were on file.