

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



ITEM: 2.8
(ID # 24338)

MEETING DATE:
Tuesday, March 05, 2024

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2024-004 Riverside County
Department of Child Support Services Audit [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-004: Riverside County Department of Child Support Services Audit

ACTION: Consent

Ben J. Benoit

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 2/22/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: March 5, 2024
xc: Auditor Controller

Kimberly A. Rector
Clerk of the Board
By: *Naomy Li*
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: n/a	

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Department of Child Support Services to provide management and the Board of Supervisors with an independent assessment of internal controls over employee reimbursements, grant reimbursements, procurement card, and vendor management.

Based on the results of our audit, we determined that established policies are being followed, there is supporting documentation maintained for procurement card and reimbursements, and vendor management as well as adequate review, approval, and reconciliation processes. As such, we have determined that the internal controls established provide reasonable assurance that its objective related to these areas are achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

N/A

ATTACHMENT:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2024-004: Riverside County Department of Child Support Services Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

www.auditorcontroller.org

Number of Recommendations

- 0** Priority Level 1
High Risk
- 0** Priority Level 2
Medium Risk
- 0** Priority Level 3
Low Risk

* Please refer to Appendix A for a classification of the priority levels.

Internal Audit Report

2024-004

Riverside County
Department of Child Support Services Audit

March 5, 2024



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

Ben J. Benoit, Auditor-Controller
Tanya S. Harris, DPA, CPA, Assistant Auditor-Controller

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



March 5, 2024

Nicole Windom-Hurd
Director
Riverside County Department of Child Support Services
2001 Iowa Ave
Riverside, CA 92507

Subject: Internal Audit Report 2024-004: Riverside County Department of Child Support Services Audit

Dear Ms. Windom-Hurd:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Department of Child Support Services to provide management and the Board of Supervisors with an independent assessment of internal controls over employee reimbursements, grant reimbursements, procurement card, and vendor management.

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 evaluate the internal controls.

Our conclusion and details of our audit are documented in the body of this audit report.



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Since the audit resulted in no findings or recommendations, there was no requirement for a response in accordance with Board of Supervisors Resolution 83-338.

We thank you and your staff for the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.

Ben J. Benoit
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

cc: Board of Supervisors
Jeff A. Van Wagenen, Jr., County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury



Internal Audit Report 2024-004: Riverside County Department of Child Support Services Audit

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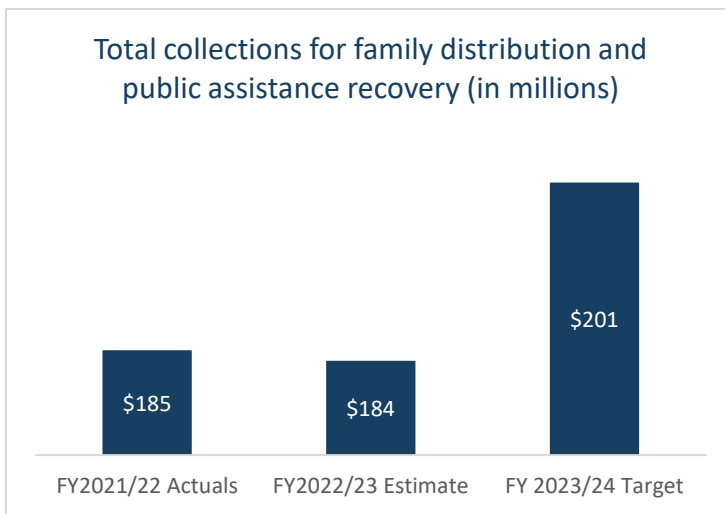
Executive Summary

Overview

The Riverside County Department of Child Support Services (Child Support Services) is the third largest anti-poverty program in the nation. Child Support Services assists parents and guardians in ensuring that children and families receive court-ordered financial and medical support and provides a wide range of services, including locating and establishing paternity, and enforcing court orders for child support, and health coverage.

Child Support Services has an adopted budget of \$56 million for FY 2023/24 and 417 recommended positions. *County of Riverside, Fiscal Year 2023/24 Adopted Budget, 146.*

Figure 1: Total collections actuals, estimates, and targets for family distribution and public assistance by Child Support Services, FY 2022/24.



(Data retrieved from *County of Riverside, Fiscal Year 2023/24 Adopted Budget Volume 1, 145*)

AUDIT HIGHLIGHTS

- Policies for procurement card usage, employee reimbursements, grant reimbursements, and vendor management are followed as written and established by department, with supporting documentation, review, approval, and reconciliation processes in place.



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Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over employee reimbursements, grant reimbursements, procurement card, and vendor management.

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. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Audit Scope and Methodology

We conducted the audit from August 24, 2023, to December 22, 2023, for operations from July 1, 2021, through October 27, 2023. Following a risk-based approach, our scope included the following:

- Employee reimbursements
- Grant reimbursements
- Procurement card
- Vendor management

Audit Conclusion

Based on the results of our audit, we determined that established policies are being followed, there is supporting documentation maintained for procurement card and reimbursements, and vendor management as well as adequate review, approval, and reconciliation processes. As such, we have determined that the internal controls established provide reasonable assurance that its objective related to these areas are achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.



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Employee Reimbursements

Background

Employee reimbursement refers to the process by which employees receive compensation for expenses they personally incur while performing job-related activities. These expenses typically include travel, lodging, meals, and other necessary costs encountered in the course of business duties. The reimbursement process is governed by organizational policies that define allowable expenses, the documentation required, and the procedure for submitting and approving claims.

The Riverside County Board of Supervisors Policy D-1, *Reimbursement for General Travel and Other Actual and Necessary Expenses*, governs the reimbursement of travel and other necessary expenses. It applies to appointed department heads, employees, and other authorized persons, outlining the procedures for claiming expenses incurred during official county business. The policy also sets standards for the types of expenses that are reimbursable, such as travel, meals, lodging, and other necessary expenditures.

Key controls in employee reimbursement involve setting clear guidelines for allowable expenses and ensuring accurate documentation for each claim. These controls typically include pre-approval requirements for expenses, regular review of reimbursement claims, and strict adherence to organizational spending policies. Additionally, they may involve setting limits on various types of expenses and requiring detailed receipts or other proof of expenditure to prevent fraud and ensure fiscal responsibility.

Objective

To verify the existence and adequacy of internal controls over processing, requesting, and reviewing employees expense reimbursements.

Audit Methodology

To accomplish these objectives, we:

- Reviewed county policies and procedures, specifically:
 - Department of Child Support Services, Fiscal Administration Section, *Establishing an Employee as Vendor to Process Expense Reimbursement*.
 - Board Policy D-1, *Reimbursement for General Travel and Other Actual and Necessary Expenses*.
 - Standard Practice Manual 260, *Employee Reimbursements*.



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- Conducted interviews and performed walk-throughs with department personnel to obtain an overview of employee reimbursement processes.
- Collected and categorized employee reimbursement data for the audit period.
- Selected a sample of transactions during the audit period for preliminary testing.
- Verified the timeliness and approval of claims forms, the appropriateness of supporting documents, and compliance with allowable expenses and authorization requirements.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over employee reimbursements provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.



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Grant Reimbursements

Background

Child Support Service administers Title IV-D of the Social Security Act with oversight from federal and state levels. A Plan of Cooperation defining terms and responsibilities were signed by both the State and Child Support Services. Under the provision, Child Support Services is referred to as the “Local Child Support Agency.”

The grant reimbursement claim process is a component of grant management, serving as the mechanism by which the county can seek reimbursement for allowable grant related expenditures. It begins with the initial allocation of grant funds and involves a systematic and documented procedure to account for, request, and obtain reimbursements for expenditures that align with the grant's intended purpose. Grant recipients must adhere to grant terms, regulations, and reporting requirements, ensuring that their use of funds is transparent, efficient, and compliant.

In the *Plan of Cooperation*, subsection V(E)(2), *Administrative Expense Claim Schedule and Certification*, Child Support Services has the responsibility to “implement an effective system of internal controls” and “ensure proper reporting of claimed costs.”

Objective

To verify the existence and adequacy of internal controls over processing, requesting, and reviewing grant expense reimbursements.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of California Department of Child Support Services, *Plan of Cooperation FFY 2021*, and 2 CFR Part 200, Appendix XI, Compliance Supplement, Part 4, *Agency Program Requirements, Assistance Listing 93.563*.
- Requested the department policies and procedures over grant expense reimbursements.
- Conducted interviews and performed walk-throughs with department’s personnel over grant expense reimbursements.
- Reviewed grant reimbursements claims and compared to underlying financial records.



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- Performed grant reimbursements claims reconciliations and recalculations to verify accuracy and completeness of records.
- Reviewed supporting documents for a representative sample of expenditures and verify those expenditures were processed properly and allowable under the grant provisions.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over grant reimbursements provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.



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Procurement Card

Background

The County's Procurement Card program was developed to improve efficiencies associated with the procurement process and reduce the cost associated with making purchases and processing vendor payments. The program requires compliance with current statutes and county procurement procedures and is intended to improve the timely delivery of products and services.

The Riverside County Purchasing and Fleet Services Department (Purchasing) is responsible for managing and monitoring the overall program. Additionally, Purchasing administers the training required for all program participants, establishes, and communicates rules and guidelines, oversees participants' compliance with the county's procurement policies and procedures, and coordinates the interface between U. S. Bank and the county. Cardholders are required to comply with the Procurement Card Manual as written by Purchasing. Additionally, cardholders must complete the training prior to being provided with a procurement card.

The procurement card policy has controls developed and implemented that are different than traditional credit cards. The controls ensure the cards can be used only for specific types of purchases with established dollar limits. Additionally, approving officials assigned to each cardholder are required to provide prior approval on the purchases. The cardholder is responsible to verify all purchases once card statement is obtained.

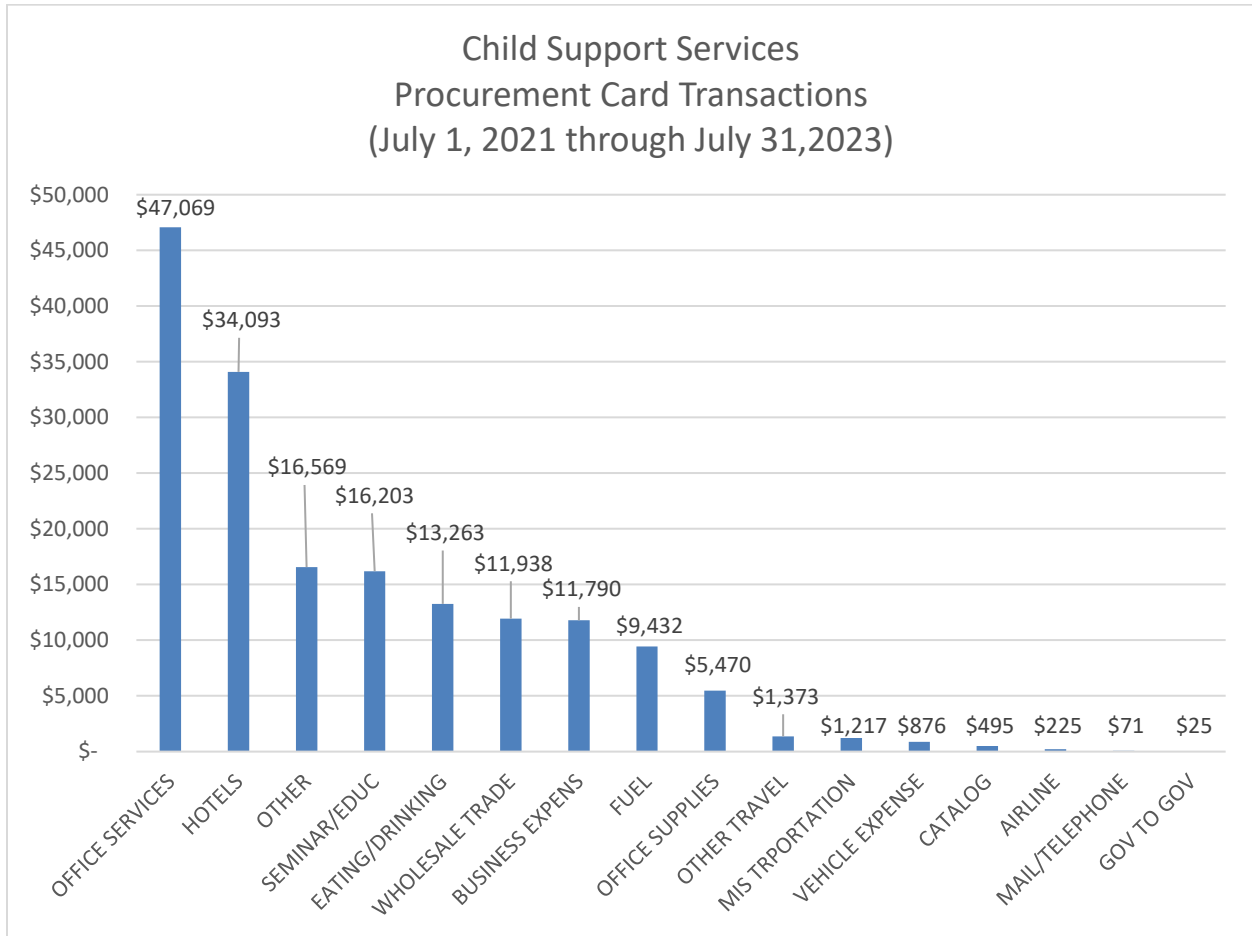
As an integral part of a county department's internal control structure, management within each department is responsible for a system of internal controls that effectively and efficiently performs financial related activities and safeguards assets. The system should provide management with reasonable assurance that assets are properly safeguarded against loss from unauthorized use or theft, and transactions are executed in accordance with management's authorization.

Child Support Services had five procurement cardholders, as of September 28, 2023. Procurement card expenditures for the period July 1, 2021, through July 24, 2023, included 515 transactions totaling \$170,109.

The chart below illustrates Child Support Services procurement card expenditures for the period July 1, 2021, through July 31, 2023, categorized in the following: office services, hotels, other, seminar/education, eating/drinking, wholesale trade, business expenses, fuel, office supplies, other travel, mis transportation, vehicle expense, catalog, airline, mail/telephone, and gov to gov. Expenditures for the top three merchant groups include office services at \$47,069, hotels at \$34,093, and other at \$16,569. These transactions make up 57% of the total procurement card transactions, for a total of \$97,731.



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Objective

To evaluate if proper management controls are maintained over the authorization and use of the department's procurement card.

Audit Methodology

To accomplish these objectives, we:

- Reviewed county policies and procedures, specifically:
 - County of Riverside Procurement Card Program, *Procedure Handbook* (8/1/2016).
 - Board Policy A-62, *Credit Card Use*.
 - Board Policy D-1, *Reimbursement for General Travel and Other Actual and Necessary Expenses*.



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- Obtained and reviewed department policies and other documents to determine compliance with Riverside County's procurement card policies and procedures.
- Obtained and reviewed a listing of all cardholder agreements.
- Analyzed procurement card data pulled from Riverside County financial systems and U.S. Bank for audit period.
- Examined cardholder transaction logs, receipts, and credit card statements.
- Verified for appropriate levels of management review and approval.
- Reviewed supporting documentation for procurement card expenditures.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over procurement cards provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.



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Vendor Management

Background

The Riverside County, Purchasing Policy Manual (2016), defines a contract as “an agreement or purchase order for the purchase or disposal of commodities or services.” The Purchasing Policy Manual further states, “purchase contracts shall be entered into only after it has been determined that prices be paid are reasonable considering all of the circumstances pertaining to the particular purchase under consideration.” Price reasonableness is established through competitive bidding and supported cost analysis. The terms and conditions of county contracts identify the rights and responsibilities of the parties involved. Terms and conditions include, but are not limited to the following: payment, penalties, record retention, confidentiality, scope of services, and inspection of services.

Vendor management is an integral aspect of organizational operations, involving the selection, oversight, and evaluation of suppliers to ensure they meet the county's standards and requirements. Contract monitoring is a key process in ensuring compliance with a contract's established terms and conditions. This process is crucial in maintaining effective partnerships, ensuring quality services, and achieving optimal value from vendor relationships. Contract monitoring consists of understanding the terms and conditions and the scope of work. Departments can promote contract compliance through validation of satisfactory work performance, ensuring timely performance of contracted work, maintaining adequate documentation, and proper review and approval of invoices prior to payment to a contractor. The Riverside County, Purchasing Policy Manual (2016), states, “whenever a department determines a vendor has not satisfactorily delivered the goods or services contracted for by a purchase order and/or contract, the department should address the problem by initiating a Supplier Correction Action Form located at the Purchasing’s Intranet Forms website. It should never be assumed that contract performance problems will work themselves out.” Furthermore, “corrective action procedures can influence better vendor performance, improved contracts and increase customer satisfaction. Departments are encouraged to document and report all poor or deficient performance.”

Objective

To verify the adequacy of internal controls over vendor management.

Audit Methodology

To accomplish these objectives, we:



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- Obtained and reviewed the Riverside County Purchasing Manual as it relates to purchasing authority limitations.
- Obtained and reviewed a listing of all vendors and contracts associated with Child Support Services during the audit period.
- Selected a sample of contractors to determine if adequate controls exist over contractor monitoring.
- Examined contract agreements to ensure compliance with terms.
- Verified completeness, accuracy, and adequate managerial review of documentation.
- Recalculated invoice amounts against contract rates.
- Reviewed invoices from contractor and reviewed supporting documentation for adequacy.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over vendor management provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including costs, mistakes, and intentional efforts to bypass internal controls.