

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



ITEM: 2.17  
(ID # 27710)

MEETING DATE:  
Tuesday, May 06, 2025

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions, Community Action Partnership, Follow-up Audit [District All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions, Community Action Partnership, Follow-up Audit

ACTION: Consent

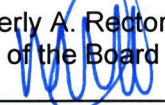
  
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 4/25/2025

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MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez  
Nays: None  
Absent: None  
Date: May 6, 2025  
xc: Auditor

Kimberly A. Rector  
Clerk of the Board  
By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<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

**BACKGROUND:**

**Summary**

We completed the follow-up audit of Riverside County Housing and Workforce Solutions, Community Action Partnership. Our audit was limited to reviewing actions taken as of March 11, 2025, to help correct the findings noted in our original audit report 2024-015 dated July 30, 2024. The original audit report contained eight recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of the eight recommendations, all were implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2024-015 included as an attachment to this follow-up audit report, or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>.

**Impact on Citizens and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: Riverside County Auditor-Controller - Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions, Community Action Partnership, Follow-up Audit



Office of Ben J. Benoit  
Riverside County Auditor-Controller

# Internal Audit Report

## 2025-317

### Follow-up

#### 8 Recommendations

- ✓ 8 Implemented
- ▶ 0 Partially Implemented
- ✗ 0 Not Implemented



Riverside County  
Housing and Workforce Solutions,  
Community Action Partnership,  
Follow-up Audit

May 6, 2025





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

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

4080 Lemon Street, 6<sup>th</sup> Floor  
P.O. Box 1326  
Riverside, CA 92502-1326  
951-955-3800



May 6, 2025

Heidi Marshall  
Director of Housing and Workforce Solutions  
Riverside County Housing and Workforce Solutions, Community Action Partnership  
3403 Tenth Street, Suite 300  
Riverside, CA 92501

**Subject: Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions,  
Community Action Partnership, Follow-up Audit**

Dear Ms. Marshall:

We completed the follow-up audit of Riverside County Housing and Workforce Solutions, Community Action Partnership. Our audit was limited to reviewing actions taken as of March 11, 2025, to help correct the findings noted in our original audit report 2024-015 dated July 30, 2024.

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 conclusion.

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

A summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2024-015 included as "Attachment A" of this audit report along with your department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit/reports>.





**Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions,  
Community Action Partnership, Follow-up Audit**

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, County Executive Officer  
Juan Perez, Chief Operating Officer  
Grand Jury



Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions,  
Community Action Partnership, Follow-up Audit

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- A. Internal Audit Report 2024-015
- B. Status of Findings as Reported by Riverside County Housing and Workforce Solutions,  
Community Action Partnership on March 11, 2025





## Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions, Community Action Partnership, Follow-up Audit

### **Badge Access Controls**

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#### **Finding 1: Timely Termination of Badge Access**

“County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, ‘County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only.’ Additionally, National Institute of Standards and Technology’s (NIST) Special Publication (SP) 800-12, *An Introduction to Information Security*, Section 10.16, *Personnel Security*, states, ‘Organizations ensure that organizational information and systems are protected during and after personnel actions such as terminations or transfers.’

Seven out of 15 employees (47%) separated from the department did not have their badges deactivated timely. The average time elapsed between employee separation and badge access deactivation was 42 days, with the longest taking 85 days for badge deactivation and the shortest taking 3 days. The department’s current policies and procedures do not include a process to deactivate badge access on the day of an employee’s separation or transfer from the department. Additionally, the department does not have a process in place to track and log employee badge deactivation requests. Allowing badge access to remain active after an employee has separated or transferred from the department exposes the department to risk where unauthorized individuals will continue to have physical access into sensitive areas within the department. This can lead to unauthorized individuals accessing county facilities and poses a threat to county assets and existing county personnel.”

#### **Recommendation 1.1**

“Disable badge access within 24 hours of an employee’s separation or transfer from the department.”

#### **Current Status 1.1: Implemented**

#### **Recommendation 1.2**

“Revise existing policies and procedures to include the disabling of badge access within 24 hours of an employee’s separation or transfer from the department.”

#### **Current Status 1.2: Implemented**



## Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions, Community Action Partnership, Follow-up Audit

### Recommendation 1.3

"Develop a process to track and monitor badge deactivation and access change requests."

#### Current Status 1.3: Implemented

### Recommendation 1.4

"Revise existing policies and procedures to include tracking and monitoring badge deactivation and access change requests."

#### Current Status 1.4: Implemented

### Finding 2: Monitoring and Review of Access Logs

"County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, 'County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only.' Additionally, NIST SP 800-12, *An Introduction to Information Security*, Section 10.16, *Personnel Security*, states, 'Organizations ensure that organizational information and systems are protected during and after personnel actions such as terminations or transfers.'"

Documentation with evidence of a formal review and approval process over badge access logs is not maintained. Community Action Partnership can produce badge access logs that track the usage of access control badges within the facilities maintained by the department. However, the department does not formally document whether the badge access logs were reviewed and approved. As such, we cannot determine whether the review or approval of badge access logs is performed. Community Action Partnership does not have a process in place to review and approve badge access logs for the facilities in which they maintain. Not documenting the review and approval of badge access logs impacts accountability by not assigning responsibility over monitoring facility access. Additionally, not reviewing and approving badge access logs increases the risk of undetected, unauthorized access to sensitive or restricted areas within the department's premises.

On March 6, 2024, Community Action Partnership management provided a new form titled *HWS/Community Action Partnership RCIT Badge Transaction Report* that addresses the condition above and communicated their efforts to improve the adequacy and effectiveness of their internal controls. Specifically, the form includes the date in which the badge transaction report was requested, who received the report, and who reviewed the report. Additionally, the form includes a section in which findings can be documented after the review of the report is





## Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions, Community Action Partnership, Follow-up Audit

completed. In the follow-up audit, we will verify whether badge access log reports are reviewed and approved by department management in accordance with their new processes.”

### Recommendation 2.1

“Ensure badge access log reports are reviewed and approved by management.”

#### Current Status 2.1: Implemented

### Recommendation 2.2

“Revise existing policies and procedures to establish and maintain a timeframe in which the department’s badge access log reports are reviewed and approved by management.”

#### Current Status 2.2: Implemented

## Supplier Management

### Finding 3: Contract Monitoring

“Standard Practice Manual 1001, *Internal Controls*, states, ‘safeguarding of assets’ and ‘ensuring accuracy, reliability, and timeliness of financial records and reports’ are internal controls used to, ‘provide reasonable assurance regarding the achievement of objectives.’

We identified 16 out of 17 (94%) vouchers sampled were not linked to a county contract. Payments to suppliers with existing contracts were not properly linked to those specific contracts in the Riverside County Financial System. Contracts are established between Riverside County and suppliers to procure goods/services and typically include pricing agreements, terms and conditions, and limits on expenditures. Expenditures were not closely monitored to assure the vouchers were linked to their respective contracts. Linking expenditures to contracts is a control designed to ensure contract limitations are monitored, reduce the risk of expenditures exceeding the contract limit, and ensure that departments are within the contract’s terms and conditions. Additionally, by not linking expenditures to contracts, management is unable to closely monitor contract expenditures, impacting their ability to negotiate future contract pricing.”

### Recommendation 3.1

“Ensure expenditures are linked to existing county contracts.”



**Internal Audit Report 2025-317: Riverside County Housing and Workforce Solutions, Community Action Partnership, Follow-up Audit**

**Current Status 3.1: Implemented**

**Recommendation 3.2**

"Develop policies and procedures to ensure expenditures are linked to existing county contracts."

**Current Status 3.2: Implemented**



# Attachment A



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

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

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



July 30, 2024

Heidi Marshall  
Director of Housing and Workforce Solutions  
Riverside County Housing and Workforce Solutions, Community Action Partnership  
3403 Tenth Street, Suite 300  
Riverside, CA 92501

**Subject: Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions,  
Community Action Partnership Audit**

Dear Ms. Marshall:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Housing and Workforce Solutions, Community Action Partnership to provide management and the Board of Supervisors with an independent assessment of internal controls over badge access controls, supplier management, and grant compliance.

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.

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



Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions,  
Community Action Partnership Audit

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

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  
Juan Perez, Chief Operating Officer  
Grand Jury



Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions,  
Community Action Partnership Audit

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## Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit

### Executive Summary

#### Overview

Housing and Workforce Solutions, Community Action Partnership (Community Action Partnership), is part of a nationwide network consisting of more than 1,000 Community Action Agencies. This network was established under the Economic Opportunity Act of 1964, which marked America's commitment to addressing poverty. Community Action Partnership collaborates with local communities to empower individuals towards self-sufficiency through education, financial empowerment, energy aid, and advocacy. The department's services range from emergency utility assistance and energy efficiency initiatives to comprehensive wealth-building education. These initiatives cater to the needs of low-income individuals and families across the county.

Community Action Partnership has an adopted budget of \$12.1 million for FY 2023-24 and 52 adopted positions. *County of Riverside, Fiscal Year 2023-24 Adopted Budget Volume 1, 169-170.*

#### 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 badge access controls, supplier management, and grant compliance. 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 HIGHLIGHTS

- Separated employee badges need to be deactivated timely.
- Badge access logs need to be reviewed for anomalies and approved by department management.
- Invoices and related expenditures need to be linked to existing county contracts.



## Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit

### Audit Scope and Methodology

We conducted the audit from January 9, 2024, through May 15, 2024, for operations from July 1, 2021, through February 9, 2024. Following a risk-based approach, our scope included the following:

- Badge Access Controls
- Supplier Management
- Grant Compliance

### Audit Conclusion

Based on the results of our audit, internal controls over grant compliance are functioning as designed to help Community Action Partnership achieve its business process objectives. However, we identified improvement opportunities for internal controls over badge access controls and supplier management that can help provide reasonable assurance that the department's objectives relating to these areas will be achieved. Specifically, separated employee badges need to be deactivated timely, badge access logs need to be reviewed for anomalies and approved by department management<sup>1</sup>, and invoices and related expenditures need to be linked to existing county contracts.

Upon discussing the condition above relating to the review of badge access logs<sup>1</sup> with management on March 6, 2024, Community Action Partnership proceeded to resolve this condition and communicated their efforts to improve the adequacy and effectiveness of their internal controls over badge access logs. We would like to extend our appreciation to the department for being receptive to our evaluation and proactive in implementing the recommendations associated with this area.

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<sup>1</sup> See Finding 2 (page 9) for a description of the department's resolution efforts relating to the review of badge access logs.





## Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit

### Badge Access Controls

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#### Background

Badge access controls serve as a fundamental component in establishing and maintaining a secure physical environment within the organization. The implementation of badge access controls is essential for regulating and monitoring entry and exit points, aligning with the overarching objective of fortifying the organization's security infrastructure. The utilization of unique identification badges or electronic access cards contributes to the establishment of an effective internal control system, ensuring that access permissions are configured in adherence to organizational security policies and regulatory standards. By assessing the functionality of the badge access system, the department can identify any potential vulnerabilities or inefficiencies and determine enhancements that bolster the organization's overall physical security measures.

#### Objective

To verify the existence and adequacy of internal controls over Community Action Partnership's badge access controls.

#### Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over badge access controls.
- Interviewed key personnel regarding the department's employee badge access termination and access change processes.
- Verified whether there was adequate segregation of duties in place relating to badge access controls.
- Obtained a listing of department employees whose badge access was disabled during the audit review period, as well as a report that details the dates in which the badges were disabled.
- Verified whether badge access was terminated within 24 hours of an employee's separation or transfer from the department.





## Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit

### Finding 1: Timely Termination of Badge Access

Priority Level: 1<sup>2</sup>

County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, "County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only." Additionally, National Institute of Standards and Technology's<sup>3</sup> (NIST) Special Publication (SP) 800-12, *An Introduction to Information Security*, Section 10.16, *Personnel Security*, states, "Organizations ensure that organizational information and systems are protected during and after personnel actions such as terminations or transfers."

Seven out of 15 employees (47%) separated from the department did not have their badges deactivated timely. The average time elapsed between employee separation and badge access deactivation was 42 days, with the longest taking 85 days for badge deactivation and the shortest taking 3 days. The department's current policies and procedures do not include a process to deactivate badge access on the day of an employee's separation or transfer from the department. Additionally, the department does not have a process in place to track and log employee badge deactivation requests. Allowing badge access to remain active after an employee has separated or transferred from the department exposes the department to risk where unauthorized individuals will continue to have physical access into sensitive areas within the department. This can lead to unauthorized individuals accessing county facilities and poses a threat to county assets and existing county personnel.

#### Recommendation 1.1

Disable badge access within 24 hours of an employee's separation or transfer from the department.

#### Management's Response

"Concur. Procedures were implemented on 04/26/24 requiring the Admin Supervisor to deactivate separated employee badges within 24 hours of separation from CAP. Clarification was added to include transfer."

**Actual/estimated Date of Corrective Action: 4/26/2024**

<sup>2</sup> Please see Appendix A (page 16) for a description of the finding priority level classifications.

<sup>3</sup> NIST is a federal agency within the US Department of Commerce whose standards and guidelines on security and privacy are considered authoritative references in designing and implementing security measures, including access control policies. Their standards are critical for ensuring the integrity, confidentiality, and availability of information systems, making them a reputable source for guiding security practices.



**Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit**

**Recommendation 1.2**

Revise existing policies and procedures to include the disabling of badge access within 24 hours of an employee's separation or transfer from the department.

**Management's Response**

"Concur. Disabling of badge access within 24 hours of an employee's separation is provided in our Admin, Badge Deactivation P&P. When a separated employee fails to surrender their badge, clarification was added to define immediately as within the hour."

**Actual/estimated Date of Corrective Action: 4/26/2024**

**Recommendation 1.3**

Develop a process to track and monitor badge deactivation and access change requests.

**Management's Response**

"Concur. CAP's process for tracking, monitoring, access change requests, and running badge access reports are conducted on a monthly basis. The process may be found in Admin and Compliance, Reports P&P."

**Actual/estimated Date of Corrective Action: 4/26/2024**

**Recommendation 1.4**

Revise existing policies and procedures to include tracking and monitoring badge deactivation and access change requests.

**Management's Response**

"Concur. CAP is currently tracking and monitoring badge deactivation and access change requests. The process may be found in Admin and Compliance, Reports P&P. A schedule has been added to the Compliance, Report P&P."

**Actual/estimated Date of Corrective Action: 4/26/2024**





## Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit

### Finding 2: Monitoring and Review of Access Logs

Priority Level: 1<sup>4</sup>

County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, "County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only." Additionally, NIST SP 800-12, *An Introduction to Information Security*, Section 10.16, *Personnel Security*, states, "Organizations ensure that organizational information and systems are protected during and after personnel actions such as terminations or transfers."

Documentation with evidence of a formal review and approval process over badge access logs is not maintained. Community Action Partnership can produce badge access logs that track the usage of access control badges within the facilities maintained by the department. However, the department does not formally document whether the badge access logs were reviewed and approved. As such, we cannot determine whether the review or approval of badge access logs is performed. Community Action Partnership does not have a process in place to review and approve badge access logs for the facilities in which they maintain. Not documenting the review and approval of badge access logs impacts accountability by not assigning responsibility over monitoring facility access. Additionally, not reviewing and approving badge access logs increases the risk of undetected, unauthorized access to sensitive or restricted areas within the department's premises.

On March 6, 2024, Community Action Partnership management provided a new form titled *HWS/Community Action Partnership RCIT Badge Transaction Report* that addresses the condition above and communicated their efforts to improve the adequacy and effectiveness of their internal controls. Specifically, the form includes the date in which the badge transaction report was requested, who received the report, and who reviewed the report. Additionally, the form includes a section in which findings can be documented after the review of the report is completed. In the follow-up audit, we will verify whether badge access log reports are reviewed and approved by department management in accordance with their new processes.

#### Recommendation 2.1

Ensure badge access log reports are reviewed and approved by management.

#### Management's Response

"Concur. Badge access log reports are reviewed and approved by the Supervising Program Specialist for report publication to CAP managers. The Compliance, Report P&P has been revised to reflect this process."

<sup>4</sup> Please see Appendix A (page 16) for a description of the finding priority level classifications.





**Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions,  
Community Action Partnership Audit**

**Actual/estimated Date of Corrective Action: 4/26/2024**

**Recommendation 2.2**

Revise existing policies and procedures to establish and maintain a timeframe in which the department's badge access log reports are reviewed and approved by management.

**Management's Response**

**"Concur.** A report schedule has been added to the Compliance, Report P&P. In addition, the P&P has been revised to incorporate the process and timeframe for CAP management review and approval."

**Actual/estimated Date of Corrective Action: 6/10/2024**



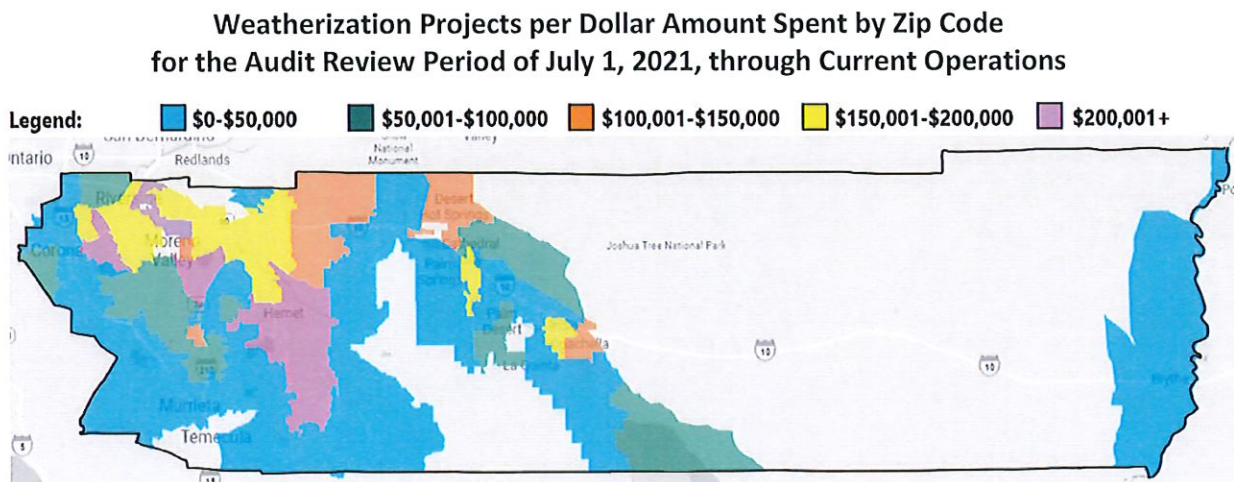
## Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit

### Supplier Management

#### Background

The Riverside County *Purchasing Policy Manual* (December 31, 2021) 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.

Community Action Partnership provides grant-funded, income-based weatherization services to constituents’ homes in Riverside County. See below for a heat map illustrating the dollar amount spent by zip code for providing weatherization services using Community Action Partnership’s contracted suppliers during the audit review period:



Supplier 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. 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 supplier. The *Purchasing Policy Manual* states, “whenever a department determines a supplier has not satisfactorily delivered the goods or services contracted for by a purchase order and/or contract,



## **Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit**

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 supplier performance, improved contracts and increase customer satisfaction. Departments are encouraged to document and report all poor or deficient performance."

### **Objective**

To verify the existence and adequacy of internal controls over Community Action Partnership's supplier management processes.

### **Audit Methodology**

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over supplier management.
- Interviewed key personnel regarding the department's supplier management process.
- Obtained a listing of department suppliers that were active during the audit review period.
- Selected a random sample of weatherization suppliers for review and verified whether their contracts included an audit clause, the services performed were adequately monitored by department management, and adequate segregation of duties were in place.
- Verified whether the department inspects services performed to ensure the suppliers comply with contract and grant reimbursement requirements.
- For the suppliers selected above, selected a random sample of invoices for review within the audit review period.
- Verified whether the invoices had adequate supporting documentation, they were processed timely, payment amounts did not exceed approved purchase order amounts, and payments were reviewed and approved by management.
- Recalculated invoice amounts against rates established in contract agreements.





**Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit**

**Finding 3: Contract Monitoring**

**Priority Level: 2<sup>5</sup>**

Standard Practice Manual 1001, *Internal Controls*, states, “safeguarding of assets” and “ensuring accuracy, reliability, and timeliness of financial records and reports” are internal controls used to, “provide reasonable assurance regarding the achievement of objectives.”

We identified 16 out of 17 (94%) vouchers sampled were not linked to a county contract. Payments to suppliers with existing contracts were not properly linked to those specific contracts in the Riverside County Financial System. Contracts are established between Riverside County and suppliers to procure goods/services and typically include pricing agreements, terms and conditions, and limits on expenditures. Expenditures were not closely monitored to assure the vouchers were linked to their respective contracts. Linking expenditures to contracts is a control designed to ensure contract limitations are monitored, reduce the risk of expenditures exceeding the contract limit, and ensure that departments are within the contract’s terms and conditions. Additionally, by not linking expenditures to contracts, management is unable to closely monitor contract expenditures, impacting their ability to negotiate future contract pricing.

**Recommendation 3.1**

Ensure expenditures are linked to existing county contracts.

**Management’s Response**

“Concur. In March 2023, the CAP fiscal team noted that contracts had not been set up for vendors as appropriate. CAP’s Procurement Contract Specialist created new contracts, which were approved and utilized for vouchering starting July 2023. The fiscal team will continue to work closely with their assigned Procurement Contract Specialist to ensure all contracts are created, approved, and available to use before issuing any payments for contracted vendors.”

**Actual/estimated Date of Corrective Action: 7/17/2023**

**Recommendation 3.2**

Develop policies and procedures to ensure expenditures are linked to existing county contracts.

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<sup>5</sup> Please see Appendix A (page 16) for a description of the finding priority level classifications.



## Internal Audit Report 2024-015: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit

### Management's Response

"Concur. The fiscal team will continue to work with their assigned Procurement Contract Specialist to develop internal policies and procedures regarding contract management and vendor payments."

**Actual/estimated Date of Corrective Action:** 6/30/2024

## Grant Compliance

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### Background

Community Action Partnership received over \$44 million in grant funding during the audit review period from federal, state, and local agencies for the purposes of emergency utility assistance services and weatherization improvements for low-income individuals and families throughout the county. Grant funding was also used to support general administrative costs associated with managing these and similar community-based programs.

Grant compliance is an essential process in adhering to established terms and conditions within the framework of awarded grants. This process plays a critical role in fostering effective partnerships, ensuring the delivery of quality services, and maximizing the value derived from grant-funded initiatives. Grant compliance involves an understanding of the stipulated terms and conditions, encompassing project scope, budgetary constraints, and reporting requirements. Departments can enhance compliance by validating satisfactory project performance, ensuring timely execution of grant-related activities, maintaining comprehensive documentation, and conducting thorough reviews and approvals of financial disbursements associated with the grant. The adherence to grant compliance procedures assists with sustaining positive relationships with funding entities, promoting efficient utilization of grant resources, and achieving the intended outcomes of the grant-funded initiatives.

### Objective

To verify the existence and adequacy of internal controls over Community Action Partnership's grant compliance processes.

### Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over grant compliance.



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- Interviewed key personnel regarding the department's grant compliance process.
- Obtained a listing of all active and inactive grants awarded to the department during the audit review period. Randomly selected a sample of grants awarded to the department and obtained all relevant grant agreements.
- Obtained a listing of all expenditures claimed for the selected grants. Randomly selected a sample of grant expenditures for review and verified whether expenditures or services provided were allowed, reported timely, reviewed, accurate, and had sufficient supporting documentation.

**Finding: None Noted**

Based on the results of our audit, we determined that internal controls over grant compliance provide reasonable assurance that its objectives 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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## Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department's objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.	These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.	These are audit findings that are less critical and generally have a lower impact on the department's objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.
<u>Expected Implementation Date of Recommendation*</u> One to three months	<u>Expected Implementation Date of Recommendation *</u> Three to six months	<u>Expected Implementation Date of Recommendation *</u> Six to twelve months

\* Expected completion to implement recommendation date begins after issuance of final audit report.

## Attachment B

The following are the status of the reported findings and planned corrective actions contained in Internal Audit Report 2024-016: Riverside County Housing and Workforce Solutions, Community Action Partnership Audit.

*Neil Marshall*

03/11/2025

Authorized Signature

Date

### Finding 1: Timely Termination of Badge Access

"County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, 'County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only.' Additionally, National Institute of Standards and Technology's (NIST) Special Publication (SP) 800-12, *An Introduction to Information Security*, Section 10.16, *Personnel Security*, states, 'Organizations ensure that organizational information and systems are protected during and after personnel actions such as terminations or transfers.'"

Seven out of 15 employees (47%) separated from the department did not have their badges deactivated timely. The average time elapsed between employee separation and badge access deactivation was 42 days, with the longest taking 85 days for badge deactivation and the shortest taking 3 days. The department's current policies and procedures do not include a process to deactivate badge access on the day of an employee's separation or transfer from the department. Additionally, the department does not have a process in place to track and log employee badge deactivation requests. Allowing badge access to remain active after an employee has separated or transferred from the department exposes the department to risk where unauthorized individuals will continue to have physical access into sensitive areas within the department. This can lead to unauthorized individuals accessing county facilities and poses a threat to county assets and existing county personnel."

#### Current Status

Reported Finding Corrected? ☒ Yes ☐ No

Badge access is disabled during the Departure Checklist process on an employee's last day of employment or in the event of voluntary resignation.

#### Recommendation 1.1

"Disable badge access within 24 hour of an employee's separation or transfer from the department."

**Management Reply**

**Concur.** Procedures were implemented on 4/26/24 requiring the Admin Supervisor to deactivate separated employee badges within 24 hours of separation from CAP. Clarification was added to include transfer."

**Actual/estimated Date of Corrective Action:** 4/26/2024

**Current Status**

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Effective April 26, 2024, the responsibility for disabling badges was assigned to the Administrative Services Supervisor. Badges are immediately disabled for employees undergoing the Departure Checklist process or those who have voluntarily resigned.

**Recommendation 1.2**

"Revise existing policies and procedures to include the disabling of badge access within 24 hours of an employee's separation or transfer from the department."

**Management Reply**

**"Concur.** Disabling of badge access within 24 hours of an employee's separation is provided in our Admin, Badge Deactivation P&P. When a separated employee fails to surrender their badge, clarification was added to define immediately as within the hour."

**Actual/estimated Date of Corrective Action:** 4/26/2024

**Current Status**

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Disabling badge access within 24 hours of an employee's separation has been formally incorporated and communicated to all Supervisors to ensure the timely collection of all badges prior to the employee's departure.

**Recommendation 1.3**

"Develop a process to track and monitor badge deactivation and access change requests."

**Management Reply**

**"Concur.** CAP's process for tracking, monitoring, access change requests, and running badge access reports are conducted on a monthly basis. The process may be found in Admin and Compliance Reports, P&P."

**Actual/estimated Date of Corrective Action:** 4/26/2024

**Current Status**

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented



Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Monthly Badge Access reports are extracted from ProWatch to track, monitor and access change requests.

#### Recommendation 1.4

"Revise existing policies and procedure to include tracking and monitoring badge deactivation and access change requests."

#### Management Reply

"Concur. CAP is currently tracking and monitoring badge deactivation and access change requests. The process may be found in Admin and Compliance, Reports P&P. A schedule has been added to the Compliance, Report P&P."

Actual/estimated Date of Corrective Action: 4/26/2024

#### Current Status

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Monthly Badge Access reports are reviewed by Management to track and monitor all badge access.

#### Finding 2: Monitoring and Review of Access Logs

"County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, 'County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only.' Additionally, NIST SP 800-12, *An Introduction to Information Security*, Section 10.16, *Personnel Security*, states, "Organizations ensure that organizational information and systems are protected during and after personnel actions such as terminations or transfers."

Documentation with evidence of a formal review and approval process over badge access logs is not maintained. Community Action Partnership can produce badge access logs that track the usage of access control badges within the facilities maintained by the department. However, the department does not formally document whether the badge access logs were reviewed and approved. As such, we cannot determine whether the review or approval of badge access logs is performed. Community Action Partnership does not have a process in place to review and approve badge access logs for the facilities in which they maintain. Not documenting the review and approval of badge access logs impacts accountability by not assigning responsibility over monitoring facility access. Additionally, not reviewing and approving badge access logs increases the risk of undetected, unauthorized access to sensitive or restricted areas within the department's premises.

On March 6, 2024, Community Action Partnership management provided a new form titled *HWS/Community Action Partnership RCIT Badge Transaction Report* that addresses the condition above and communicated their efforts to improve the adequacy and effectiveness of their internal controls. Specifically, the form includes the date in which the badge transaction report was requested, who received the report, and who reviewed the report. Additionally, the

form includes a section in which findings can be documented after the review of the report is completed. In the follow-up audit, we will verify whether badge access log reports are reviewed and approved by department management in accordance with their new processes."

#### Current Status

Reported Finding Corrected? ☒ Yes ☐ No

The HWS/Community Action Partnership RCIT Badge Transaction Report form is no longer in use. The Administrative Services Supervisor has direct access to the reports on ProWatch and provides them on a monthly basis and/or when needed.

#### Recommendation 2.1

"Ensure badge access log reports are reviewed and approved by management."

#### Management Reply

"Concur. Badge access log reports are reviewed and approved by the Supervising Program Specialist for report publication to CAP managers. The Compliance, Report P&P has been revised to reflect this process."

Actual/estimated Date of Corrective Action: 4/26/2024

#### Current Status

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Badge access logs are generated and reviewed by the Administrative Services Supervisor and sent to Management for report publication to CAP supervisors.

#### Recommendation 2.2

"Revise existing policies and procedures to establish and maintain a timeframe in which the department's badge access log reports are reviewed and approved by management."

#### Management Reply

"Concur. A report schedule has been added to the Compliance, Report P&P. In addition, the P&P has been revised to incorporate the process and timeframe for CAP management review and approval."

Actual/estimated Date of Corrective Action: 6/10/2024

#### Current Status

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

P&P outlines the monthly schedule implemented for CAP Admin Supervisor to access the badge log reports review and submit to Operations Manager for review and approval.

### Finding 3: Contract Monitoring

"Standard Practice Manual 1001, *Internal Controls*, states, 'safeguarding of assets' and 'ensuring accuracy, reliability, and timeliness of financial records and reports' are internal controls used to, 'provide reasonable assurance regarding the achievement of objectives'."

We identified 16 out of 17 (94%) vouchers sampled were not linked to a county contract. Payments to suppliers with existing contracts were not properly linked to those specific contracts in the Riverside County Financial System. Contracts are established between Riverside County and suppliers to procure goods/services and typically include pricing agreements, terms and conditions, and limits on expenditures. Expenditures were not closely monitored to assure the vouchers were linked to their respective contracts. Linking expenditures to contracts is a control designed to ensure contract limitations are monitored, reduce the risk of expenditures exceeding the contract limit, and ensure that departments are within the contract's terms and conditions. Additionally, by not linking expenditures to contracts, management is unable to closely monitor contract expenditures, impacting their ability to negotiate future contract pricing."

#### Current Status

Reported Finding Corrected? ☒ Yes ☐ No

All purchase orders and blanket purchase orders are tied to contracts as appropriate.

### Recommendation 3.1

"Ensure expenditures are linked to existing county contracts."

#### Management Reply

"Concur. In March 2023, the CAP fiscal team noted that contracts had not been set up for vendors as appropriate. CAP's Procurement Contract Specialist created new contracts, which were approved and utilized for vouchering starting July 2023. The fiscal team will continue to work closely with their assigned Procurement Contract Specialist to ensure all contracts are created, approved, and available to use before issuing any payments for contracted vendors."

Actual/estimated Date of Corrective Action: 7/17/2023

#### Current Status

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

CAP's Fiscal and Compliance subdivisions have continuously worked closely with CAP's Procurement Contract Specialist to ensure that all purchase orders and blanket purchase orders have a contract tied to them in the Riverside County Financial System.



### Recommendation 3.2

"Develop policies and procedures to ensure expenditures are linked to existing county contracts."

### Management Reply

"**Concur.** The fiscal team will continue to work with their assigned Procurement Contract Specialist to develop internal policies and procedures regarding contract management and vendor payments."

**Actual/estimated Date of Corrective Action:** 6/30/2024

### Current Status

Corrective Action ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

**Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).**

CAP has implemented internal policies and procedures to create a standardized workflow for procurement and requiring that all purchase orders and blanket purchase orders have a contract tied to them in the Riverside County Financial System.