

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

546



FROM: County Auditor-Controller

SUBMITTAL DATE:
November 14, 2011

SUBJECT: Internal Audit Report 2012-007: Community Action Partnership of Riverside County

RECOMMENDED MOTION: Receive and File Internal Audit Report 2012-007: Community Action Partnership of Riverside County.

BACKGROUND: We have completed an audit of the Community Action Partnership of Riverside County to provide management and the Board of Supervisors with an independent assessment of internal controls over department head change and the revolving fund. We performed the audit between October 12, 2011, and November 10, 2011, covering the period February 10, 2011, through November 10, 2011. Based upon the results of our audit, we determined the capital assets and revolving fund were transferred to the new executive director in a timely manner and adequate internal controls are in place over the revolving fund.

Departmental Concurrence

Paul Angulo

Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Christopher M. Hans*
Christopher M. Hans

County Executive Office Signature

- Dep't Recomm.: Policy
- Per Exec. Ofc.: Policy
- Consent
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: ATTACHMENTS FILED **District:** ALL **Agenda Number:**

WITH THE CLERK OF THE BOARD

2.7



County of Riverside

INTERNAL AUDIT REPORT

2012-007

Community Action Partnership of Riverside County

November 14, 2011

Office of
Paul Angulo, CPA, MA
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



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AUDITOR-CONTROLLER

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ACO | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
AUDITOR-CONTROLLER

November 14, 2011

Maria Juarez, Executive Director
Community Action Partnership of Riverside
2038 Iowa Avenue, Suite B-102
Riverside, CA 92507

Subject: Internal Audit Report 2012-007: Community Action Partnership of Riverside County

Dear Ms. Juarez:

We have completed an audit of the Community Action Partnership of Riverside County to provide management and the Board of Supervisors with an independent assessment of internal controls over department head change and the revolving fund. We performed the audit between October 12, 2011, and November 10, 2011, covering the period February 10, 2011, through November 10, 2011.

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. An audit includes examining, on a test basis, evidence about the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, and performing other procedures we considered necessary. We believe the audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving operational efficiency, compliance with laws and regulations, and reliability of financial information. Management is responsible for establishing and maintaining adequate internal controls; our responsibility is to assess the adequacy of internal controls based upon our audit.

Based upon the results of our audit, we determined the capital assets and revolving fund were transferred to the new Executive Director in a timely manner and adequate internal controls are in place over the revolving fund.

We discussed the results contained in this report, as well as comments and suggestions of lesser significance, with the appropriate level of management in the course of the audit.

We thank the Community Action Partnership of Riverside County for their cooperation and assistance during the audit.

A handwritten signature in black ink, appearing to read "Russell S. Dominski". The signature is fluid and cursive, with the first name "Russell" and last name "Dominski" clearly distinguishable.

By: Russell S. Dominski
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

Table of Contents

	Page
Executive Summary	1
Results:	
Department Head Change	2
Revolving Fund	3

Executive Summary

Overview

The Community Action Partnership of Riverside County (CAP) was established as a local agency in July 1979. Governed by the Board of Supervisors and the Community Action Commission, the agency partners with the local communities in Riverside County to help "end poverty by offering opportunities for the poor through Education, Wealth Building, Advocacy and Community Organizing." Some of the services afforded to the residents are Disaster Preparedness, Earned Income Tax Credit, Utility Assistance, Weatherization, and Dispute Resolution. Oversight for the agency is provided by the Community Action Commission and has representation from the public, private and low-income communities.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the department head change and the revolving fund.

Audit Conclusion

Based upon the results of our audit, we determined the capital assets and revolving fund were transferred to the new Executive Director in a timely manner and adequate internal controls are in place over the revolving fund.

Department Head Change

Background

Per the Auditor-Controller's Standard Practice Manual (SPM) Policy Number 912, upon retirement or termination of a department head, accountability for capital assets must be transferred to the new or acting department head and notification filed with the Auditor-Controller's Office. Additionally, revolving funds are also required to be transferred to the new department head utilizing Revolving Fund Request Order & Change Form (SPM Form AR-1).

Objective

To determine if the required forms for the transfer of capital assets and revolving funds from the former to the new department head were completed and properly filed.

Audit methodology

To accomplish our objectives, we:

- established the date of the department head change;
- verified proper forms were completed for transfer of accountability of capital assets and revolving funds and submitted to the Auditor-Controller's Office; and
- identified and verified existence of capital assets that were transferred to the new department head.

Results

At the time the new Executive Director took office on February 10, 2011, the department had a total of 23 capitalized assets with a recorded cost of \$504,511 which included vehicles, copiers, and servers. These assets were transferred to the new department head per the Inventory of County Property for Capital Assets (SPM Form AM-1). Since the change in department head went into effect, one capital asset was added with a total cost of \$8,578. For the revolving funds, we verified the Revolving Fund Request Order & Change Form (SPM Form AR-1) was completed. Further, the custodianship of the revolving fund was transferred to the new department head.

Based upon the results of our testing, we verified the appropriate forms were completed and properly filed for the transfer of capitalized assets and revolving fund to the new department head.

Revolving Funds

Background

Revolving Funds are established by the County department under the custodianship of a County officer for the use of official County business. Community Action Partnership has one revolving fund in the amount of \$50,000 of which \$49,800 was maintained in a checking account with Bank of America and \$200 in the office safe for use as petty cash. This fund is principally used to pay for propane gas for the Energy Program.

Objective

To determine the existence and adequacy of internal controls over the safeguarding of the revolving fund.

Audit methodology

To accomplish our objectives, we:

- reviewed Revolving Fund Request Order & Change Form (SPM Form AR-1) for the establishment of the revolving fund;
- gained an understanding of the procedures affecting revolving funds through interviews with key personnel of the department;
- verified revolving fund reconciliations are performed;
- reviewed the supporting documentation for a sample of transactions that were replenished; and
- verified adequate segregation of duties exists.

Results

Community Action Partnership has an established process in place for the use of the revolving fund. Access to the revolving fund (petty cash) is limited only to the fund custodian. We physically observed the petty cash is kept in a locked box in a locked drawer at all times and access is limited to the individual who has the key to the drawer. A sample of revolving fund transactions was selected to review the supporting documentation and ensure the transactions were for official county business use. As a result of our testing, we determined internal controls exist and are adequate over the safeguarding and use of the revolving fund.