



# PRINCE WILLIAM COUNTY

---

## Prince William County, Virginia Internal Audit Report – Area Agency on Aging: Senior Centers Program

September 1, 2020



## TABLE OF CONTENTS

Transmittal Letter .....	1
Executive Summary .....	2
Background .....	4
Objectives and Approach .....	6
Observations Matrix .....	7
Process Maps .....	8

# TRANSMITTAL LETTER



**RSM US LLP**

1861 International Drive  
Suite 400

McLean, VA 22102

O: 321.751.6200 F: 321.751.1385

[www.rsmus.com](http://www.rsmus.com)

September 1, 2020

The Board Audit Committee of  
Prince William County, Virginia  
1 County Complex Court  
Prince William, Virginia 22192

Pursuant to the internal audit plan for calendar year ending (“CY”) 2020 for Prince William County, Virginia (“County” / “PWC”), approved by the Board of County Supervisors (“BOCS”), we hereby present the internal audit of the Area Agency on Aging: Senior Centers Program. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on September 22, 2020.

Our report is organized into the following sections:

<b>Executive Summary</b>	This provides a high-level overview and summary of the observations noted in this internal audit, as well as the respective risk ratings.
<b>Background</b>	This provides an overview of the Senior Centers’ internal control processes as well as relevant background information.
<b>Objectives and Approach</b>	The objectives of this internal audit are expanded upon in this section, as well as the various phases of our approach.
<b>Observations Matrix</b>	This section gives a description of the observations noted during this internal audit and recommended actions, as well as Management’s response including the responsible party, and estimated a completion date.
<b>Process Maps</b>	This section illustrates proposed future state process maps.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

*RSM US LLP*

**Internal Auditors**



## EXECUTIVE SUMMARY

### Background

The mission of Prince William County (“PWC”) Area Agency on Aging is to empower independence and enhance the quality of life and enjoyment of aging by offering a supportive network for older persons and their family caregivers through advocacy, education, coordination, and implementation of programs and services in the tri-jurisdictional area. Area Agency on Aging provides five (5) programs to senior citizens, including the Senior Centers program.

The Senior Centers program operates the Manassas and Woodbridge senior centers, providing recreation, exercise, nutrition, health, and wellness programs for persons 55 and older. The programs serve to reduce isolation, promote health, and may prevent rapid decline from debilitating conditions. Meals are provided through the Agency’s program, either as lunches at the facilities, or through Meals-on-Wheels. The meals are free to participants, however a donation of \$1.50 is encouraged. In a survey conducted for fiscal year (“FY”) ended June 30, 2019, 100% of senior center and Meals-on-Wheels participants stated these services helped them stay in the community.

The FY 2021 adopted budget for the Senior Centers program is \$1.8M, which is a 27% increase from FY 2020. The Senior Centers program is expected to support 1,450 participants, and serve a 58,000 meals.

In response to the COVID-19 pandemic, the senior centers have been closed to the public. However, the Senior Centers program is still providing meals to individuals who sign up to participate.

### Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or ‘brand’ risk.

### Objectives and Scope

The primary objective of this internal audit was to conduct a review of the internal controls, policies, and procedures surrounding purchasing, inventory, disposal, and reporting of meal-related goods at the senior centers. This audit was performed as a result of a hotline report—related to purchasing and inventory—and subsequent controls implemented. Updated policies and procedures related to purchasing, inventory, disposal, and reporting of meal-related goods at the County’s senior centers were implemented in January 2020. Due to the hotline report, the Woodbridge senior center was selected for detailed testing.

As part of our internal audit we performed the following:

- Obtained an understanding of the processes related to the purchasing, inventory, disposal, and reporting of meal-related goods, for the senior centers;
- Documented related process controls and identified weaknesses;
- Documented process flows related to the purchasing, inventory, disposal, and reporting of meal-related goods;
- Reviewed the applicable policies and procedures and identified gaps related to controls;
- Assessed adequacy of records and documentation and established an audit trail and that policies and procedures were appropriately followed;
- Performed testing on samples related to purchasing, inventory, disposal, and reporting of meal-related goods for the Woodbridge senior center;
- Performed testing to validate proper segregation of duties are in place; and
- Provided recommendations for process improvements.

In order to encapsulate the newly implemented procedures, the testing period for this audit was January 1, 2020 through March 31, 2020.

Fieldwork was performed May through June 2020.

### Summary of Observation Ratings

(See page 3 for risk rating definitions)

	High	Moderate	Low
Area Agency on Aging: Senior Centers Program	-	1	-

***We would like to thank all County team members who assisted us throughout this audit.***



## EXECUTIVE SUMMARY – CONTINUED

### Observations Summary

Following is a summary of the observations noted in the areas reviewed. The detailed observation is included in the observation matrix section of the report. Definitions of the rating scale are included below.

Summary of Observations	
Observation	Rating
1. Segregation of Duties	Moderate

Provided below is the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Explanation
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.



## BACKGROUND

### Overview

The mission of Prince William County (“PWC”) Area Agency on Aging is to empower independence and enhance the quality of life and enjoyment of aging by offering a supportive network for older persons and their family caregivers through advocacy, education, coordination, and implementation of programs and services in the tri-jurisdictional area. Area Agency on Aging provides five (5) programs to senior citizens, including the Senior Centers program.

Area Agency on Aging Senior Centers program includes the Manassas and Woodbridge senior centers, which provide recreation, exercise, nutrition, health, and wellness programs for persons 55 and older. The programs serve to reduce isolation, promote health, and may prevent rapid decline from debilitating conditions. The senior centers include classes and activities, health and wellness counseling, and meals. The meals are provided either as lunches at the senior centers, or through Meals-on-Wheels. The meals are free to participants, however a donation of \$1.50 is encouraged. The FY 2021 adopted budget for the Senior Centers program is \$1.8M, which is a 27% increase from FY 2020. The Senior Centers program is expected to support 1,450 participants, and serve approximately 58,000 meals.

Prior to the COVID-19 pandemic, the Manassas and Woodbridge Senior Centers were open five (5) days a week, and were available to all Prince William County residents ages 55 and up, as well as their spouse, regardless of age. Residents who utilize the senior centers pay a \$25 annual fee, or can pay \$2 at the door, if not a member. Non-Prince William County residents can pay a \$35 annual fee, or \$5 at the door, if not a member.

Due to the COVID-19 pandemic, the Manassas and Woodbridge Senior Centers have been closed to the public. Area Agency on Aging has created a “virtual senior center” that gives immediate access to content created and curated for Senior Center participants by agency staff to help inform seniors on how to stay healthy. Additionally, all Senior Center participants of the congregate meal program (i.e. Meals-on-Wheels or lunch at the senior center) have the ability to sign up to receive meals distributed each week at the senior center for pick-up. Meals-on-Wheels will still deliver meals to seniors who are homebound.

### Meal Programs

PWC Area Agency on Aging offers meals to Senior Center participants through two programs: 1) Meals-on-Wheels and 2) lunch at the Senior Centers. A monthly menu is put together by the Senior Center’s Site Manager and a Nutritionist, along with input by the Virginia Department for Aging and Rehabilitative Services (“DARS”). All meals are prepared fresh each day by the resident chefs.

Meals-on-Wheels is a program that provides home-delivered meals for seniors who are homebound. The meals are prepared at the Senior Centers, and are delivered to participants by volunteers. Meals are delivered Monday through Friday, with emergency shelf stable meals provided in the event that hot meals cannot be delivered.

Lunch is provided at the Manassas and Woodbridge Senior Centers Monday through Friday of each week to all senior center participants. These meals are part of the federally-funded congregate meal program, which provides meals in group settings to people over the age of 60. Participants are able to bring spouses, or other family members, regardless of age, to partake in the lunch as well. As shown on the following page, Senior Center participation increased by ~9% from FY 2017 to FY 2019, which resulted in an ~15% increase in meals served. Expenditures increased notably from FY 2020 to FY 2021 (27%) primarily due to increases in salary and benefits which were the result of the County-wide class and compensation study and subsequent BOCS approved implementation.



## BACKGROUND – CONTINUED

### Purchasing, Inventory, Disposal, and Reporting of Meal-Related Goods

**Figure 1: Senior Center Meal Programs**

	<b>FY 2017 Actual</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Actual</b>	<b>FY 2020 Adopted</b>	<b>FY 2021 Adopted</b>
<b>Expenditure</b>	\$1,057,981	\$1,137,874	\$1,166,006	\$1,422,219	\$1,811,936
<b>Senior Center Participants</b>	1,290	1,225	1,411	1,300	1,450
<b>Meals Served</b>	49,774	57,949	57,526	58,000	58,000

On January 1, 2020, the Area Agency on Aging Director implemented new policies and procedures related to the purchasing, inventory, disposal, and reporting of meal-related goods. This was due to a hotline call claiming there was a breakdown in internal controls, allowing for segregation of duties issues to occur with the inventory of meal-related goods at the Woodbridge Senior Center. Through inspection of the newly implemented policies and procedures, as well as a detailed walkthrough with key personnel, we identified the following process for the purchasing, inventory, disposal, and reporting of meal-related goods at the senior centers.

Every two (2) weeks, the Lead Cook performs an inventory count of all items on-hand. After the inventory count is performed, the Lead Cook uses the menu for the month to identify the food needed to prepare the order to purchase food for the next two weeks. Once the order is prepared, the Site Manager reviews the order against the budget and, if approved, submits the order to the vendor. Purchases are typically made on Tuesdays.

Additionally, an inventory spot check is performed once a quarter by the Lead Cook to identify any items that have exceeded their expiration date or have been spoiled.

The vendor delivers the orders the next day, on Wednesday. The Lead Cook, or the Part-time Cook, receives the delivery from the vendor. When the delivery is received, the employee receiving the order performs a reconciliation between the items that were ordered and the items that were delivered, making notes for items not delivered, as well as notes for items that arrived damaged or spoiled. The County receives a credit for the items that are not delivered, or arrived damaged or spoiled. Once the reconciliation is performed, the receiver signs-off.

When the invoice is received, it is reconciled to the order and the receiving document, and signed by either the Lead Cook or the Part-time Cook. The signed invoice is then scanned into ASCEND, the County's financial management system, which automatically directs the invoice to the proper level of approval, based on dollar amount. All invoices over \$5,000 are reviewed and approved by the Director, while all invoices under \$5,000 are approved by the Assistant Director. Once the invoice is properly approved, ASCEND automatically routes the invoice to the Agency's Fiscal & Administrative Division for payment.

For a detailed process flow, refer to page 8.



## OBJECTIVES AND APPROACH

### Objectives

The primary objective of this internal audit was to conduct a review of the internal controls, policies, and procedures surrounding purchasing, inventory, disposal, and reporting of meal-related goods. This audit was performed as a result of a hotline report—related to purchasing and inventory—and subsequent controls implemented. Updated policies and procedures related to purchasing, inventory, disposal, and reporting of meal-related goods at the County's senior centers were implemented in January 2020.

### Approach

Our audit approach was consistent with our internal audit methodology, which included the following phases:

#### Understanding and Documentation of the Process

During this phase of the audit, we conducted interviews with the appropriate representatives from Area Agency on Aging and discussed the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We obtained and reviewed 1) documented policies and procedures related to the area; and 2) other documents deemed necessary; and performed walkthroughs of the process(es) and key controls and gained an understanding of the function and assessed the design of the process/key controls, documented the process(es) via flowchart, and developed a risk-based work plan for the evaluation of the design and operating effectiveness of processes and controls, based on the information obtained through our review, inquiry and walk through procedures.

#### Evaluation of the Process and Controls Design and Testing of Operating Effectiveness

The purpose of this phase was to assess and review compliance and operating effectiveness of the Senior Centers processes and key controls related to the areas noted above. Our testing was conducted utilizing sampling and other auditing techniques to meet our audit objectives outlined above. Procedures included the following:

- Obtained an understanding of the processes related to the purchasing, inventory, disposal, and reporting of meal-related goods, for the senior centers;
- Documented related process controls and identified weaknesses;
- Documented process flows related to the purchasing, inventory, disposal, and reporting of meal-related goods;
- Reviewed the applicable policies and procedures and identified gaps related to controls;
- Assessed adequacy of records and documentation and established an audit trail and that policies and procedures were appropriately followed;
- Performed testing on samples related to purchasing, inventory, disposal, and reporting of meal-related goods for the Woodbridge Senior Center;
- Performed testing to validate proper segregation of duties are in place; and
- Provided recommendations for process improvements.

#### Reporting

At the conclusion of this audit, we summarized our findings into this report. We conducted an exit meeting with the appropriate Management personnel, and have incorporated Management's response into this report.



## OBSERVATIONS MATRIX

Observation	1. Segregation of Duties
Moderate	<p>Area Agency on Aging implemented “Food Inventory Policy and Procedures” on January 1, 2020, which states that “Any orders completed by the Lead Cook for the week will have approval from the Site Manager.”</p> <p>Currently, the Lead Cook performs an inventory to identify items needed for meals listed on the monthly menu, and then drafts an order using the vendor’s online portal. The Site Manager reviews the drafted order, approves it, and submits it through the online portal. The Lead Cook—or sometimes the Part-time Cook—physically receive the orders from the vendor and reconciles the delivery to the submitted order. The individual receiving the items provides a signature on the receiving document as evidence of review.</p> <p>The audit trail in place is insufficient to validate the segregation of duties between the individual performing an inventory and the individual submitting an order. There is no evidence of [1] who prepares and [2] who reviews/submits each order. The Lead Cook and Site Manager share a username and password for the online portal. Therefore, although the current procedure includes Site Manager review and approval, it is possible that the Lead Cook could perform each step from inventory-to-receiving.</p> <p>It is common for small operations with limited employees to be unable to segregate duties. In these cases, it is important to document the compensating controls which help mitigate risks and maintain an effective audit trail as evidence of operational effectiveness.</p> <p>Without an adequate audit trail and proper user access rights in the online portal, there is an increased risk of one individual performing multiple duties which may lead to unauthorized purchases and misappropriation of assets.</p>
Recommendation	<p>The Lead Cook should provide a copy of the order, either a hard copy or virtually, to the Site Manager. The Site Manager should document his/her approval of the order copy via sign-off or email approval. This evidence should be retained. This procedure will create an audit trail, evidencing that orders were reviewed and approved prior by appropriate personnel. Additionally, the copy of the approved order should be used by the individual receiving the inventory to perform the reconciliation of items purchased versus items received.</p> <p>If possible, user access rights should be established to support the segregation of duties between preparing, reviewing, and submitting orders.</p>
Management’s Action Plan	<p><b>Response:</b> We agree with the observation and will take the following steps to remediate the identified risk:</p> <ul style="list-style-type: none"> <li>• Work with our vendor to establish multiple logins to support adequate segregation of duties; and</li> <li>• Update our policy and procedures to reflect the applicable changes.</li> </ul> <p><b>Responsible Party:</b> Director of Area Agency on Aging</p> <p><b>Estimated Completion Date:</b> September 30, 2020</p>





RSM US LLP  
1861 International Drive  
Suite 400  
McLean, VA 22102  
321.751.6200

**[www.rsmus.com](http://www.rsmus.com)**

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party.

For more information, visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International.

© 2020 RSM US LLP. All Rights Reserved.

