

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



473

FROM: County Auditor-Controller

SUBMITTAL DATE:
August 21, 2006

SUBJECT: Internal Auditor's Report #2006-308 – Sheriff's Department Coroner/Public Administrator Follow-up Audit

RECOMMENDED MOTION: Receive and file Internal Auditor's Report #2006-308 – Sheriff's Department Coroner/Public Administrator Follow-up Audit.

BACKGROUND: The Auditor-Controller completed a follow-up audit of the Sheriff's Department Coroner/Public Administrator. Our primary objective was to determine if management implemented corrective action and resolved the findings identified in Internal Auditor's Report #2005-010, dated November 1, 2005. We performed tests and evaluated management's corrective actions to determine if the findings identified in Internal Auditor's Report #2005-010 were mitigated through the implementation of adequate internal controls.

Based upon the results of our follow-up audit, we determined management took action that was sufficient to correct the findings reported in Internal Auditor's Report #2005-010. Our additional examination determined adequate internal controls were in place over both the storage of electronic and hardcopy sensitive data, along with the process of destroying sensitive information and compliance with the regulations provided by California Probate Code Section 10200 – 10207 in regards to certificates of beneficial interest in trusts, investment trust certificates, and certificates of deposit.

Robert E. Byrd

for Robert E. Byrd
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:

RECEIVE AND FILE

County Executive Office Signature *Bob Rodwell*

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



County of Riverside

INTERNAL AUDITOR'S REPORT

Sheriff's Department Coroner/Public Administrator Follow-up Audit

August 21, 2006

Office of
Robert E. Byrd, CGFM
County Auditor-Controller

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



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COUNTY AUDITOR-CONTROLLER**

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Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, CPA
ASSISTANT AUDITOR-
CONTROLLER

August 21, 2006

Sheriff Bob Doyle
Sheriff's Department
4095 Lemon Street
Riverside, CA 92502

Subject: Internal Auditor's Report #2006-308 – Sheriff's Department Coroner/Public Administrator
Follow-up Audit

Dear Sheriff Doyle:

We have completed a follow-up audit of the Riverside County Coroner/Public Administrator. We conducted the audit during the period June 5, 2006 through August 3, 2006, for operations of November 2005 through August 2006.

Our primary objective was to determine if management implemented corrective action and resolved the findings identified in Internal Auditor's Report #2005-010, dated November 1, 2005. A summary of those findings and recommendations is attached to this letter.

In addition to our primary objective of this follow-up audit, we incorporated the following two objectives:

- To determine the existence and adequacy of internal controls over the storage of electronic and hardcopy sensitive data, along with the process of destroying sensitive information.
- To ensure compliance with the regulations provided by California Probate Code Section 10200 – 10207 in regards to certificates of beneficial interest in trusts, investment trust certificates, and certificates of deposit.

We conducted our audit in accordance with auditing standards established by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide sufficient, competent, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusions.

Based upon the results of our follow-up audit, we determined management took action that was sufficient to correct the findings reported in Internal Auditor's Report #2005-010. Our additional examination determined adequate internal controls were in place over both the storage of electronic and hardcopy sensitive data, along with the process of destroying sensitive information and compliance with the regulations provided by California Probate Code Section 10200 – 10207 in regards to certificates of beneficial interest in trusts, investment trust certificates, and certificates of deposit.

We thank the Riverside County Coroner/Public Administrator's staff for their cooperation during this audit. Their assistance contributed significantly to the successful completion of the audit.

ROBERT E. BYRD, CGFM
Auditor-Controller

A handwritten signature in black ink, appearing to read "Michael G. Alexander", written over a horizontal line.

By: Michael G. Alexander, MBA, CIA
Chief Internal Auditor

cc: Board of Supervisors
County Counsel
Executive Office
Grand Jury

Summary of Findings
Internal Auditor's Report #2005-010 Riverside County Coroner/Public Administrator
Dated November 1, 2005

Finding 1

Records were not appropriately updated when capitalized assets were transferred in or out of the Coroner/Public Administrator's facilities. Specifically:

- Five of sixteen capitalized assets appearing on the division's fixed asset list could not be located, nor could the disposition of these assets be confirmed. These assets include a forklift, a copy machine, and other such capitalized assets.
- Two capitalized assets were transferred to other divisions within the department, yet the appropriate documentation was not submitted to the Auditor-Controller's Office to ensure the assets were removed from the asset listing.
- One capitalized asset was in use at the Coroner/Public Administrator's facility; however, the asset was assigned to another division on the Sheriff's fixed asset listing.

Standard Practice Manual III-E-2-1.1 requires the Auditor-Controller's Office to be "notified within 30 days of each acquisition, betterment, modification, disposal, transfer or change to fixed assets." If records are not updated to reflect changes in the ownership of capitalized fixed assets, a loss or misrepresentation of these assets may occur.

Recommendation 1.1 Notify the Auditor-Controller's Office within 30 days of transferring assets to other divisions or facilities.

Recommendation 1.2 Establish a method for monitoring the acquisition and disposal of all capitalized fixed assets.

Finding 2

The Coroner/Public Administrator did not perform an annual physical inventory count of capitalized fixed assets as required by the County Internal Control Handbook (ICH) and generally accepted accounting principles (GAAP). In addition, the fixed asset report as of June 30, 2004, was certified under oath without the listing being verified by means of a physical inventory.

Not properly updating the fixed asset listing to reflect all acquisitions and disposals during the fiscal year may result in either the overstatement of deleted assets, or the understatement of omitted additions. Conducting an

Summary of Findings
Internal Auditor's Report #2005-010 Riverside County Coroner/Public Administrator
Dated November 1, 2005

annual inventory count would have identified the missing assets previously discussed. SPM III-E-2-1.1, Section III, H, requires each department to update the fixed asset listing and have management certify the accuracy of the report. This SPM enforces California Government Code Section 24051 which specifically states that on or before July 10th of each year, each county officer or person in charge of any office, department, service, or institution of the county shall file with the County Clerk, or with the County Auditor, an inventory under oath, showing in detail all county property in his or her possession or in his or her charge at the close of business on the preceding June 30th.

Recommendation 2 Perform an annual physical inventory count of all capitalized fixed assets as required by Standard Practice Manual III-E-2-1.1, Section III, H.

Finding 3 Internal controls are not in place to effectively monitor non-capitalized assets valued under \$5,000, including items such as personal computers, printers and FAX machines. Policy number 104 of the Standard Practice Manual requires county departments and agencies to establish, document and maintain an effective system of internal controls, including the safeguarding of assets. Failure to do so may result in the misappropriation or unintentional loss of assets.

Recommendation 3 Establish a method for monitoring non-capitalized assets. The minimum control should include a receipting system whereby each item is signed for by the person having custody. Additionally, reasonable controls should be established to physically secure the items.