

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

601



**FROM:** County Auditor-Controller

**SUBMITTAL DATE:**  
May 28, 2008

**SUBJECT:** Internal Auditor's Report #2008-008 – Probation Department Second Follow-up Audit

**RECOMMENDED MOTION:** Receive and file Internal Auditor's Report #2008-008 – Probation Department Second Follow-up Audit.

**BACKGROUND:** The Auditor-Controller completed a Second Follow-up audit of the Riverside County Probation Department. The original audit report contained eleven recommendations, all of which required corrective action. Internal Auditor's Report #2007-307 – Probation Department Follow-up Audit found that of eleven recommendations, eight were fully implemented and three were partially implemented. This audit included the review of the three recommendations that were partially implemented.

Based upon the results of our audit, we determined Probation Department implemented our recommendations to correct the findings noted in Internal Auditor's Report #2006-003.

Departmental Concurrence

*Robert E. Byrd*

Robert E. Byrd  
County Auditor-Controller

|                       |                               |      |                         |     |
|-----------------------|-------------------------------|------|-------------------------|-----|
| <b>FINANCIAL DATA</b> | 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 |

|                             |                                  |                          |
|-----------------------------|----------------------------------|--------------------------|
| <b>SOURCE OF FUNDS:</b> 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**

BY: *Rob Rockwell*  
Rob Rockwell

**County Executive Office Signature**

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

**Prev. Agn. Ref.:** | **District:** | **Agenda Number:**

**2.1**



OFFICE OF THE  
COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE  
AUDITOR-CONTROLLER  
**Robert E. Byrd, CGFM**  
AUDITOR-CONTROLLER  
**Bruce Kincaid, CPA**  
ASSISTANT  
AUDITOR-CONTROLLER

May 28, 2008

Mr. Alan M. Crogan, Chief Probation Officer  
Probation Department  
4095 Lemon Street  
Riverside, CA 92501

Subject: Internal Auditor's Report #2008-008 – Probation Department Second Follow-up Audit

Dear Mr. Crogan:

We have completed the Second Follow-up Audit of the Riverside County Probation Department. Our audit was limited to reviewing actions taken, as of April 30, 2008; to implement the recommendations made in our original Internal Auditor's Report #2006-003 dated January 12, 2006.

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 review provides a reasonable basis for our conclusions.

The original audit report contained eleven recommendations, all of which required corrective action. Internal Auditor's Report #2007-307 – Probation Department Follow-up Audit found that of eleven recommendations, eight were fully implemented and three were partially implemented. This audit included the review of the three recommendations that were partially implemented. For an in-depth understanding of the original and the first follow-up audit, please refer to Internal Auditor's Report #2006-003 and #2007-307, respectively.

Management implemented our recommendations to correct the findings noted in Internal Auditor's Report #2006-003. The following is a summary of the current status of the three recommendations that were partially implemented in the first follow-up audit.

**Internal Auditor's Report #2006-003**

**Finding 1:** Purchase Orders (POs) were created after the receipt of goods or services and/or receipt of vendor's invoice. Payment to vendors was relatively late.

**Recommendation 1.2:** Controls should be established to ensure that buyers create the POs prior to ordering the goods or services. It is our understanding that certain food products may

vary in price, thus the total PO amount may not always be known by the buyer. We recommend that in those situations, a requisition order be created and approved by management prior to placing the order. In these circumstances, the PO should be created as soon as the total cost is known.

**Current Status 1.2: Fully Implemented.**

The Probation Department has successfully implemented a standardized form, Purchasing Authorization Form (PAF), which is used to document management's approval prior to the creation of purchases orders and before the receipt of goods and services.

**Finding 2:** A good system of internal controls will ensure that the functions of ordering, authorizing, receiving, conducting physical inventories, and recording transactions are adequately separated to ensure that transactions are proper and to minimize the potential of error, theft, or fraud.

**Recommendation 2.1:** We recommend that the Department establish written internal purchasing procedures and controls to ensure that the functions of ordering, authorizing, receiving, controlling inventory, and recording transactions are adequately separated.

**Current Status 2.1: Fully Implemented.**

The Department established written purchasing procedures to ensure an adequate segregation of duties. We selected a random sample of 73 purchases for the period May 1, 2007 to March 25, 2008 and determined that Probation properly separated the ordering, authorizing, receiving, inventory and recording of transactions.

**Recommendation 2.2:** Further, we recommend that the Department confirm the delivery of goods or services prior to approval of payment. Proper verification should be documented by the receiver (when applicable) or properly documented by the person approving the invoice for payment when no receiver is available. Verification can consist of either a signed packaging slip or a note on the invoice stating goods/services were verified with the proper individual(s) prior to approval.

**Current Status 2.2: Fully Implemented.**

Probation has successfully implemented a mechanism whereby the delivery of goods or services are confirmed and documented prior to approving payment.

We thank the Probation Department's management and staff for their cooperation during the follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

ROBERT E. BYRD, CGFM  
Auditor-Controller



By: Michael G. Alexander, MBA, CIA  
Deputy Auditor-Controller

Cc: Board of Supervisors  
County Counsel  
Executive Office