

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

168



FROM: County Auditor-Controller

SUBMITTAL DATE:
June 12, 2008

SUBJECT: Internal Auditor's Report #2008-306 – Agricultural Commissioner Follow-Up Audit

RECOMMENDED MOTION: Receive and file Internal Auditor's Report #2008-306 – Agricultural Commissioner Follow-Up Audit.

BACKGROUND: The Auditor-Controller completed a follow up audit of the Riverside County Agricultural Commissioner's Office. The purpose of the audit was limited to reviewing actions taken, as of May 6, 2008, to implement the recommendations reported in our original Internal Auditor's Report #2007-009, dated August 31, 2007.

The original audit report contained three recommendations, all of which required corrective action; and therefore, were reviewed as part of this audit with the following results:

- Two recommendations were fully implemented.
- One recommendation was partially implemented.

The recommendation that was not fully implemented will be reviewed as part of another scheduled audit of the Agricultural Commissioner's Office during fiscal year 2008/2009.

Bruce Kincaid
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

BY: *Rob Rockwell*
Rob Rockwell

County Executive Office Signature

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



OFFICE OF THE
COUNTY AUDITOR-CONTROLLER

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Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER

June 12, 2008

Mr. John Snyder, Agricultural Commissioner
Riverside County Agricultural Commissioner's Office
4080 Lemon Street
Riverside, CA 92501

Subject: Internal Auditor's Report #2008-306 – Agricultural Commissioner Follow-Up Audit

Dear Mr. Snyder:

We have completed the Follow-up Audit of the Agricultural Commissioner's Office. The audit was limited to reviewing actions taken, as of May 6, 2008, to implement the recommendations made in our original Internal Auditor's Report #2007-009, dated August 31, 2007.

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 our work provides a reasonable basis for our conclusions reached.

The original audit report contained three recommendations, all of which required corrective action; and therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Auditor's Report #2007-009.

This follow-up audit found that two recommendations were fully implemented and one was partially implemented.

We will follow-up on the recommendation that was partially implemented in our Second Follow-up Audit of the Agricultural Commissioner's Office within one year.

The following is a summary of the current status of the finding and recommendations identified in the original audit.

Internal Auditor's Report #2007-009

Finding 1: Internal controls in place are not adequate over the cash handling process, specifically:

- 20 of 60 deposits totaling \$1,024,739.22 were not recorded in a control document, such as the Daily Log Sheet. These receipts were from local, state and federal agencies. Unless a complete collection control record is established upon receipt, security and accountability for collections are weakened. In addition, without a complete control record, the department misses the opportunity to create an effective, efficient tool to verify that collections are deposited intact;

- Collections are not deposited to the County Treasury on a daily basis. The period between the receipt and deposited date averaged 17 days; and
- Two employees were assigned both accounting and cash handling duties. No person should be assigned as the only control element over his/her own cash handling function.

Recommendation 1.1: Checks received from local, state and federal agencies should be logged in a control document immediately upon receipt.

Current Status 1.1: Fully Implemented.

During the period June 1, 2007 thru March 31, 2008 the department made 193 deposits totaling \$3,743,294.12. We selected a sample of 53 deposits totaling \$1,346,209.73 (36%) for detailed testing. Of the 53 deposits selected 11 deposits totaling \$610,656.15 were from local, state and federal agencies. Based upon the results of our testing, we determined that the checks received from local, state and federal agencies were properly recorded upon receipt in the daily log sheets.

Recommendation 1.2: At the close of each business day, monies collected must be deposited in the Treasury or authorized Zero Balance Account.

Current Status 1.2: Partially Implemented.

Based upon the results of our testing of 53 deposits, we found that the overall average period between the receipt and deposit dates was reduced from 17 to 9 days. The major reason for the nine days delay was due to the Weights & Measures Division holding un-deposited checks until they could determine the appropriateness of each check in regards to outstanding customer balances. Excluding the deposits of the Weights & Measures Division would reduce the overall average to four days. The Weights & Measures Division revenue represents more than 42% of total department revenue received during the audit period.

The following schedule shows the department revenue collected during the period June 1, 2007 thru March 31, 2008:

Account Title	Amount Collected	% of Total Revenue
Business Licenses	\$31,357.50	0.84%
Civil Penalties	7,762.30	0.21%
Other Forfeitures & Penalties	38,355.70	1.03%
CA-AG Commissioner-Salary Reimbursements	1,112,242.15	29.80%
CA-Unclaimed Gas Tax Agricultural	411,992.13	11.04%
Misc. Reimbursements-Agricultural Services	537,332.22	14.40%
Sealer of Weights & Measures	1,591,466.18	42.64%
Research Reimbursements	1,855.94	0.05%
Total	\$3,732,364.12	100%

Recommendation 1.3: Segregate cash handling functions so that no one person has complete control over a key function or activity.

Current Status 1.3: **Fully Implemented.**

The department has appropriately segregated the key cash handling functions since the individuals responsible for receiving mail restrictively endorse all checks prior to forwarding them to accounting. No employee is responsible for receiving, endorsing and performing the accounting services related to cash handling.

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

ROBERT E. BYRD, CGFM
Auditor-Controller



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

cc: Mike Shetler, Executive Office