

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

264



FROM: County Auditor-Controller

SUBMITTAL DATE:
March 16, 2009

SUBJECT: Internal Audit Report 2008-026: Economic Development Agency, HOME Investment Partnership Program.

RECOMMENDED MOTION: Receive and file Internal Audit Report 2008-026: Economic Development Agency, HOME Investment Partnership Program.

BACKGROUND: The Auditor-Controller completed an audit of the County of Riverside, Economic Development Agency, HOME Investment Partnership Program. Our audit objective is to provide the Board of Supervisors and Economic Development Agency management an independent assessment of the Economic Development Agency's compliance with the Housing and Urban Development rules and regulations governing the HOME Investment Partnership Program. Additionally, we reviewed the internal controls over the development and evaluation of goals and achievements in the HOME Investment Partnership Program's five year consolidated plan.

In our opinion, we determined the internal controls over the development and evaluation of the five year consolidated plan ensure compliance with the applicable rules and regulations. Furthermore, the process allows the Economic Development Agency the ability to survey the needs of the county's population and allocate resources appropriately. Additionally, the Economic Development Agency implemented procedures to ensure compliance with the Federal Cash Transaction reporting requirements. We verified they submitted the quarterly Federal Cash Transaction Reports in a timely manner.

Robert E. Byrd

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

Prev. Agn. Ref.:

District:

Agenda Number:

2.9



OFFICE OF THE
COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER
Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER

March 16, 2009

Mr. Rob Field,
Assistant County Executive Officer/EDA
Economic Development Agency
1325 Spruce St, Suite 400
Riverside, CA 92307

Subject: Internal Audit Report 2008-026: Economic Development Agency, HOME Investment Partnership Program

Dear Mr. Field:

We have completed a limited scope audit of the Economic Development Agency, HOME Investment Partnership Program. Our audit objective is to provide the Board of Supervisors and Economic Development Agency management an independent assessment of the Economic Development Agency's compliance with the Housing and Urban Development rules and regulations governing the HOME Investment Partnership Program. Additionally, we reviewed the internal controls over the development and evaluation of goals and achievements in the HOME Investment Partnership Program's five year consolidated plan. We conducted the audit fieldwork during the period of December 16, 2008, through December 29, 2008, for operations of July 1, 2004, through December 29, 2008.

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 government codes and regulations and performing such other procedures as we considered necessary in the circumstances. We believe the audit provides a reasonable basis for our opinion.

Internal control is a process designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to express an opinion on internal controls based on our audit.

On March 21, 2008, the county's external auditors issued a single audit report for the fiscal period ending June 30, 2007, which included a report on the Economic Development Agency HOME Investment Partnership Program's compliance with Housing and Urban Development requirements. This audit was performed in accordance with the audit guidelines prescribed by the Office of Management and Budget Circular A-133 Compliance Supplement. As we adhere to

the same compliance requirements, we relied on the work done by the external auditors in performing certain aspects of our audit.

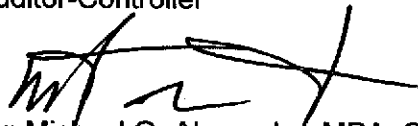
The external auditors identified only one finding: the required Federal Cash Transaction Reports were not submitted within the required timelines during FY 2006/07. Our audit procedures included a review of compliance with the Federal Cash Transaction reporting requirements for FY2007/08 and the 1st quarter FY2008/09 Reports.

In our opinion, we determined the internal controls over the development and evaluation of the five year consolidated plan ensure compliance with the applicable rules and regulations. Furthermore, the process allows the Economic Development Agency the ability to survey the needs of the county's population and allocate resources appropriately. Additionally, the Economic Development Agency implemented procedures to ensure compliance with the Federal Cash Transaction reporting requirements. We verified they submitted the quarterly Federal Cash Transaction Reports in a timely manner.

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

We thank the Economic Development Agency's management and staff for their cooperation. 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
Grand Jury
Emilio Ramirez, EDA