

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

840



FROM: County Auditor-Controller

SUBMITTAL DATE:
June 16, 2009

SUBJECT: Internal Audit Report 2009-307: Economic Development Agency, Franchise Fees and Revolving Fund, Follow-up.

RECOMMENDED MOTION: Receive and file Internal Audit Report 2009-307: Economic Development Agency, Franchise Fees and Revolving Fund, Follow-up.

BACKGROUND: The Auditor-Controller has completed a follow-up audit of the Economic Development Agency, franchise fees and revolving fund processes. Our audit was limited to reviewing actions taken as of April 6, 2009, to correct the one finding referenced in Internal Audit Report 2008-002 dated October 23, 2008, and the two uncorrected findings referenced in Internal Audit Report 2008-005.3 dated January 12, 2009.

Based upon the results of our audit, we determined the Economic Development Agency fully corrected the three findings noted.

Departmental Concurrence

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

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



**RIVERSIDE COUNTY
OFFICE OF THE
AUDITOR-CONTROLLER**

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



**Robert E. Byrd, CGFM
AUDITOR-CONTROLLER**

**Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER**

June 16, 2009

Mr. Robert Field, Director
Assistant County Executive Officer/EDA
Economic Development Agency
3403 Tenth Street, 3rd Floor
Riverside, CA 92502

Subject: Internal Audit Report 2009-307: Economic Development Agency, Franchise Fees and Revolving Fund, Follow-up

Dear Mr. Field,

We have completed a follow-up audit of the Economic Development Agency, franchise fees and revolving fund processes. Our audit was limited to reviewing actions taken as of April 6, 2009, to correct the one finding referenced in our Internal Audit Report 2008-002 dated October 23, 2008, and the two uncorrected findings referenced in Internal Audit Report 2008-005.3 dated January 12, 2009.

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. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our opinion.

The original audit reports contained three findings, all of which required corrective action and therefore were reviewed as part of this audit. For an in-depth understanding of the original audits, please refer to Internal Audit Reports 2008-002 and 2008-005.3 at www.auditorcontroller.org.

This follow-up audit found all of the three findings have been corrected as further discussed below:

Internal Audit Report 2008-002:

Franchise Fees, Aviation

Finding 1: The department does not have an efficient system in place to monitor aviation fuel flow readings at all airports to ensure they are collecting all revenue due to the county.

Current Status: Fully Corrected. In August 2008, EDA began to send their own staff out to take meter readings and confirm the aviation fuel flow readings. The readings are used to generate invoices for the billing to the fixed base operators.

Internal Audit Report 2008-005.3:

Revolving Funds

Finding 2: Revolving Fund 89 has an unjustified shortage of \$255.48. The lack of tracking and monitoring revolving fund shortages and overages may result in misappropriation of the department's funds.

Current Status: **Fully Corrected.** EDA implemented procedures to track and monitor revolving fund shortages and overages daily utilizing Standard Practice Manual Form AR-3. Additionally, the only revolving fund overage noted was reported to the Auditor-Controller's Office utilizing the Standard Practice Manual Form AR-4 in February 2009.

Finding 3: Segregation of revolving fund functional duties are not maintained.

Current Status: **Fully Corrected.** EDA implemented revolving funds segregation of duties procedures on September 18, 2008. The procedures ensure the revolving fund functional duties are segregated so that no one person has complete control over the revolving fund.

We appreciate the cooperation and assistance extended to us by staff of the Economic Development Agency. 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



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This follow-up audit found all of the three findings have been corrected as further discussed below:

Internal Audit Report 2008-002:

Franchise Fees, Aviation

Finding 1: The department does not have an efficient system in place to monitor aviation fuel flow readings at all airports to ensure they are collecting all revenue due to the county.

Current Status: Fully Corrected. In August 2008, EDA began to send their own staff out to take meter readings and confirm the aviation fuel flow readings. The readings are used to generate invoices for the billing to the fixed base operators.

Internal Audit Report 2008-005.3:

Revolving Funds

Finding 2: Revolving Fund 89 has an unjustified shortage of \$255.48. The lack of tracking and monitoring revolving fund shortages and overages may result in misappropriation of the department's funds.

Current Status: **Fully Corrected.** EDA implemented procedures to track and monitor revolving fund shortages and overages daily utilizing Standard Practice Manual Form AR-3. Additionally, the only revolving fund overage noted was reported to the Auditor-Controller's Office utilizing the Standard Practice Manual Form AR-4 in February 2009.

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