

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

171



FROM: County Auditor-Controller

SUBMITTAL DATE:
September 10, 2012

SUBJECT: Internal Audit Report 2012-017 Riverside County Information Technology Office

RECOMMENDED MOTION: Receive and file Internal Audit Report 2012-017 -- Riverside County Information Technology Office

BACKGROUND: The Auditor-Controller's Office completed a Change of Department Head audit of the Riverside County Information Technology Office. Our audit objective was to ensure compliance with the Auditor-Controller's (SPM) Standard Practice Manual 912 and Board of Supervisor's Resolution 74-156, ensuring accountability over the transfer of capital assets and revolving funds upon retirement or termination of a department head to the new appointed or elected department head.

Based upon the results of our audit, we determined the capital assets and revolving fund were transferred to the new Chief Information Officer in a timely manner and adequate internal controls are in place over the revolving fund.

Paul Angulo

Paul Angulo, CPA, MA-Mgmt.
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	☐
Requires 4/5 Vote	☐

C.E.O. RECOMMENDATION:

APPROVE

BY:

Karen L. Johnson
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Buster and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: September 25, 2012
xc: Auditor, RCIT

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

2.8

Prev. Agn. Ref.:

District: All

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

Departmental Concurrence

Police ☐ y
Police ☐ y

Consent ☒
Consent ☒

Dep't Recomm.:

Per Exec. Ofc.:



County of Riverside

INTERNAL AUDIT REPORT

2012-017

Riverside County Information Technology

September 10, 2012

Office of
Paul Angulo, CPA, MA-Mgmt.
County Auditor-Controller

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



**COUNTY OF RIVERSIDE
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**ACC AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE**

**Paul Angulo, CPA, MA-Mgmt.
AUDITOR-CONTROLLER**

September 10, 2012

Kevin K. Crawford
Chief Information Officer
4080 Lemon Street 10th Floor
Riverside, CA 92502-1589

Subject: Internal Audit Report 2012-017: Riverside County Information Technology

Dear Mr. Crawford:

In an effort to provide independent, objective, and reliable assessments of internal controls to the Board of Supervisors and management in accordance with Board of Supervisors Resolution 83-338, the Internal Audit Division of the Auditor-Controller's Office conducted a Change of Department Head audit. Change of Department Head audits are conducted to ensure compliance with the Auditor-Controller's (SPM) Standard Practice Manual 912 and Board of Supervisor's Resolution 74-156, ensuring accountability over the transfer of capital assets and revolving funds upon retirement or termination of a department head to the new appointed or elected department head. We performed the audit during the period June 27, 2012 through July 12, 2012, for operations of January 1, 2012, through June 28, 2012.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require we plan and perform the audit to obtain sufficient, reliable, relevant, and useful information to provide reasonable assurance our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving operational efficiency, compliance with laws and regulations, and reliability of financial information. Management is responsible for establishing and maintaining adequate internal controls; our responsibility is to assess the adequacy of internal controls based upon our audit.

Based upon the results of our audit, we determined the capital assets and revolving fund were transferred to the new County Information Officer in a timely manner and adequate internal controls are in place over the revolving fund.

We thank the Riverside County Information Technology management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA-Mgmt.
County Auditor-Controller

A handwritten signature in black ink, reading "Rachelle Román". The signature is written in a cursive, flowing style.

By: Rachelle Román, MPA
Chief Internal Auditor

cc: Board of Supervisors
District Attorney
Grand Jury

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Executive Summary

Overview

The mission of the (RCIT) Riverside County Information Technology department is to provide excellent customer service, at a reasonable price, through the dedication and involvement of their team members. They provide the power behind the technology and stand ready to help their customers meet their challenges. The role of the RCIT Chief Information Officer is to assist the Board of Supervisors, county management, and county employees use information technology to attain the most efficient way to perform their responsibilities and improve service to the public. During FY 2011/12, a new Chief Information Officer was appointed to manage the county's information technologies.

RCIT provides county departments with software systems support, application development, computer and data network infrastructure and telecommunications, and emergency services support. RCIT's operating budget for FY 2011/12 is \$36 million, supported by charges to departments. The total budget includes \$2.2 million in Board-approved designations for data center upgrades, as well as to support the (ITGC) Information Technology Governance Committee. The proposed budget funds 170 permanent positions, including the new Information Officer. A reorganization to include incorporation of the Enterprise Solutions Division, previously known as OASIS, is underway and the reorganization is expected to be completed during the year.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer of capital assets and revolving funds when there is a change in department head.

Audit Conclusion

Based upon the results of our audit, we determined the capital assets and revolving fund were transferred to the new RCIT Chief Information Officer in a timely manner and adequate internal controls are in place over the revolving fund.

Capital Assets

Background

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year, and are broadly classified as land, buildings and improvements, infrastructure, and equipment with an acquisition cost of \$5,000 or greater. Per the Auditor-Controller's (SPM) Standard Practice Manual Policy Number 912, upon retirement or termination of a department head, accountability for capital assets must be transferred to the new or acting department head and notification filed with the Auditor-Controller's Office.

Objective

To determine if the required forms for the transfer of accountability of capital assets from the former to the new department head were completed and properly filed with the Auditor-Controller's Office.

Audit Methodology

To accomplish our objectives, we:

- established the date of the department head change;
- verified proper forms were completed for transfer of accountability of capital assets and submitted to the Auditor-Controller's Office; and
- identified and verified existence of capital assets that were transferred to the new department head.

Results

At the time the new Chief Information Officer took office on December 29, 2011, the department had 870 assets with a recorded cost of \$56,171,136.46, consisting of computing, networking, and telecom equipment. We found no additions, deletions, or other changes/corrections to the inventory as of January 1, 2012. The Inventory of County Property for Capital Assets (SPM Form AM-1) was completed and submitted to the Auditor-Controller's Office without issue.

Based upon the results of our testing, we verified the appropriate forms were completed and properly filed for the transfer of capitalized assets.

Revolving Fund

Background

Revolving funds are established by the county department under the custodianship of a county officer for the use of official county business. The Chief Information Officer has one revolving in the amount of \$8,000. The department maintains \$6,300 in a checking account, \$1,000 reserved in cash for disaster recovery, and a total of \$700 apportioned in petty cash boxes amongst the RCIT Executive Office, Program Management, and Communications office locations. Funds in the checking account can be used to pay for reimbursement for employees' travel expenses, training classes, and office supplies when normal requisition procedures are not possible. Petty cash is principally used to pay for general office expenses including postage for certified mail, refreshments for business meetings, and any incidentals. The department has a system in place for review, reconciliation, and replenishment of the revolving fund on a consistent basis.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the former to the new department head were completed and properly filed with the Auditor-Controller's Office and assess the adequacy of internal controls over the safeguarding of the revolving fund.

Audit Methodology

To accomplish our objectives, we:

- reviewed Revolving Fund Request Order & Change Form (SPM Form AR-1) for the establishment and transfer of the revolving fund;
- gained an understanding of the procedures over the revolving fund through interviews with key personnel of the department;
- verified revolving fund reconciliations are performed;
- reviewed the supporting documentation for a sample of transactions that were replenished; and
- verified adequate segregation of duties exists.

Results

We verified the Revolving Fund Request Order & Change Form (SPM Form AR-1) was completed and filed with the Auditor-Controller's Office for the transfer of custodianship of the revolving fund to the new department head. The Chief Information Officer has an established process in place for the use of the revolving fund. We physically observed access to the revolving fund (petty cash) is secure and limited to the fund custodian and a back-up individual. A sample of revolving fund replenishment transactions and the supporting documentation were

reviewed to ensure the transactions were for official county business use. As a result of our testing, we determined internal controls exist and are adequate over the safeguarding and use of the revolving fund.