

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

901



FROM: County Auditor-Controller

SUBMITTAL DATE:
September 18, 2013

SUBJECT: County of Riverside Auditor-Controller FY 2013/14 Internal Audit Plan

RECOMMENDED MOTION: That the Board of Supervisors:
1. Receive and file the Auditor-Controller's Internal Audit Plan for FY 2013/14.

BACKGROUND:
Summary

We have prepared the Internal Audit Plan for fiscal year 2013/14 in accordance with the International Standards for the Professional Practice of Internal Auditing. The audit plan is consistent with the requirements of California Government Code Sections 1236 and 25250.

(continued)

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

Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ -	\$ -	\$ -	\$ -	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ -	\$ -	\$ -	\$ -	
SOURCE OF FUNDS:				Budget Adjustment: NO	
				For Fiscal Year: 13/14	

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 Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: October 1, 2013

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

XC: 266 SF 57 1 30 Auditor

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref..

District: *ALL*

Agenda Number:

2-2

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: County of Riverside Auditor-Controller FY 2013/14 Internal Audit Plan**

DATE: September 18, 2013

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

Impact on Citizens and Businesses

Providing reliable, independent, objective assessments of the adequacy and effective of county internal controls for transparency to external and internal parties.

ATTACHMENTS:

A. County Auditor-Controller Internal Audit Plan Fiscal Year 2013/14

Internal Audit Plan

Fiscal Year 2013/14

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County Auditor-Controller
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Plan

The continuous improvement of Internal Audits demands that we devote a portion of our effort to developing a strategic plan as well as an annual operating audit plan. Our long-term goal is to develop highly proficient audit professionals to meet the increasing demands of a growing Riverside County. We will meet the audit requirements established by the Government Code and Board of Supervisor's Resolutions, and will continue to identify and address areas of risk within the county operations.

The audit plan for 2013/14 is driven by several factors, including:

1. Mandated audits in accordance with California Government Code and Board of Supervisors' Resolutions;
2. Consultations with county management;
3. Comprehensive county-wide risk assessment conducted by the independent contractor, IntelliBridge Partners
4. Changes within the audit profession; and
5. The changing role of internal auditors within the county.

The recognition that internal auditors provide both assurance and consulting services while retaining their independence and objectivity is a cornerstone of the new professional definition. Its reality is demonstrated by our changing role in the county. Increasingly, customers seek our assistance and counsel as they address business issues rather than wait for a "post audit" process to validate or critique their efforts.

Fiscal Year 2013/14 Audit Plan

The Internal Audit Plan for the fiscal year 2013/14 includes 28 audits and is designed to meet the objective of providing a timely and comprehensive scope of audit coverage. The Audit Plan constitutes the schedule of audits comprised of planned audits, other direct audit activities, and an allocation of time for requested audits, which may arise during the course of the year. The latter recognizes we exist in a dynamic environment and the Audit Plan requires some margin of flexibility.

Risk assessment is a fundamental auditing concept premised on the need to concentrate our efforts in the areas of the greatest relative risk. This is a more efficient and focused approach to providing audit coverage on a cyclical basis. "Risk" for this purpose does not imply any unwarranted business strategy or lack of management oversight; however, most risk is inherent in the business activity. As such, while most of our audits are cyclically driven by the requirements of the Government Code and Board of Supervisors' Resolutions, the scope of those audits will be dictated by the comprehensive county-wide risk assessment conducted by the independent contractor, IntelliBridge Partners and the consultations with county management.

The Audit Plan is intended to represent our primary means of providing audit coverage to the areas identified as having the highest business risks while complying with the requirements of the Government Code. It also provides broad audit coverage to the various components of the county's business operations.

Mandated Audits. California Government Code requires the Board of Supervisors to audit the financial accounts and records of all officers having responsibility for the care, management, collection or disbursement of county funds every two years and a quarterly count of assets held by the Treasurer. Government Code also requires the Auditor-Controller to ensure the scope of internal audits includes an examination of the organization's system of internal controls and follow-up on prior audit findings and recommendations.

Special Concerns and Other Allocation of Audit Time. We reserved audit hours to address audits of concern from the Board of Supervisors and potential incidents of fraud, waste and abuse identified through the Fraud, Waste, and Abuse Program.

Audit Project	Department	Reason for Audit
<i>Fiscal Year 2013/14 Planned Audits By Function:</i>		
<i>Education</i>		
Cooperative Extension	Cooperative Extension	Mandated
<i>Enterprise Funds</i>		
Countywide Overtime Analysis	RCRMC	Internal Control/ Operational Review
Countywide PO Compliance	RCRMC	Internal Control/ Operational Review
<i>General Government</i>		
Clerk of the Board	Clerk of the Board	Mandated; Follow-Up
Countywide PO Compliance	Treasurer-Tax Collector	Internal Control/ Operational Review
Desert Expo (Fair and National Fest)	EDA	Mandated
Register of Voters	Register of Voters	Mandated
Ghost Employees	Human Resources	Follow up/Desk Review
Purchasing	Purchasing	Mandated
Registrar of Voters: Change of Dept Head	Registrar of Voters	Follow up/Desk Review
Fleet	Fleet	Mandated
County Fuel Audit	Fleet	Mandated; Follow up/Desk Review
Real Estate: Vacant Facilities & Countywide Building Rental Costs	EDA	Mandated
1st Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
2nd Quarter Treasury Verification	Treasurer-Tax Collector	Mandated

Audit Project	Department	Reason for Audit
<i>Fiscal Year 2013/ 14 Planned Audits By Function (Continued):</i>		
3rd Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
4th Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
<i>Health & Sanitation</i>		
Gift Cards	Public Health	Follow up/Desk Review
<i>Public Assistance</i>		
Office on Aging	Office on Aging	Mandated
Countywide Overtime Analysis	DPSS	Internal Control/ Operational Review
Countywide Procurement Card	DPSS	Internal Control/ Operational Review
Workforce Development	EDA	Follow up/Desk Review
Countywide PO Compliance	RC Children & Family Commission	Internal Control/ Operational Review
<i>Public Protection</i>		
Countywide Procurement Card	District Attorney	Internal Control/ Operational Review
Countywide Cash Handling	Agricultural Commissioner	Follow up/Desk Review
Countywide Cash Handling	Animal Services	Follow up/Desk Review
Countywide Cash Handling	DCSS	Follow up/Desk Review
Countywide Overtime Analysis	Sheriff	Internal Control/ Operational Review
Code Enforcement	Code Enforcement	Mandated
Countywide Revolving Fund	Sheriff	Internal Control/ Operational Review

Audit Project	Department	Reason for Audit
<i>Fiscal Year 2013/ 14 Planned Audits By Function (Continued):</i>		
Coroner/Sheriff	Coroner/Sheriff	Mandated
Probation	Probation	Mandated
Dept of Child Support Services	DCSS	Mandated
Countywide Overtime Analysis	Probation	Internal Control/ Operational Review
Countywide Procurement Card	Fire	Internal Control/ Operational Review
Countywide Revolving Fund	Public Guardian	Internal Control/ Operational Review
Countywide PO Compliance	Planning-TLMA	Internal Control/ Operational Review
Public Administrator/Sheriff	Public Administrator/Sheriff	Mandated
Sheriff Fleet Services	Sheriff	Follow up/ Desk Review
<i>Public Ways & Facilities</i>		
Countywide PO Compliance	Transportation	Internal Control/ Operational Review
<i>Recreation and Culture</i>		
Countywide Procurement Card	Parks	Internal Control/ Operational Review
<i>Special Districts</i>		
Countywide Revolving Fund	Northwest Mosquito Abatement District	Internal Control/ Operational Review
Countywide Revolving Fund	Coachella Valley Mosquito Abatement District	Internal Control/ Operational Review

Audit Project	Department	Reason for Audit
<i>Audits In Process At 6/30/13 From FY 2012/13 Audit Plan:</i>		
Education, Recreation & Culture		
County Libraries	EDA	Internal Control/ Operational Review
Enterprise Funds		
Flood Control	Flood Control	Internal Control/ Operational Review
Housing Authority	EDA	Internal Control/ Operational Review
General Government		
Assessor-County Clerk-Recorder	Assessor-County Clerk-Recorder	Internal Control/ Operational Review
County Counsel	County Counsel	Internal Control/ Operational Review
Purchasing	Purchasing	Follow up/ Desk Review
4th Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
Internal Service Funds		
RCIT	RCIT	Internal Control/ Operational Review
Public Safety		
Probation	Probation	Follow up/ Desk Review
Change In Department Head	Public Defender	Mandated
Public Ways & Facilities		
County Airports	EDA	Internal Control/ Operational Review
Building & Safety	TLMA	Internal Control/ Operational Review

Dedication of Resources to Audit Related Services

The Audit Plan is based on services to be provided by our audit professionals. In addition to the main projects outlined in the audit plan, audit staff will be involved throughout the year in various other audit initiatives and tasks as follows:

Cash Shortages/Overages. We will continue to devote time to the reviews of departmental cash shortages and overages throughout the year.

Review of Special Districts' Financials. The Auditor-Controller has the responsibility to ensure Special Districts receive an annual financial audit. These audits are usually performed by public accounting firms. Internal Audit staff monitors the submission of Special Districts' financial statements to ensure they are conducted as required by Government Code and reviews the reports in order to identify any concerns.

Transition from TeamMate Audit Management System to Microsoft SharePoint. With the implementation of electronic working papers in fiscal year 2004/05, we have achieved an increased level of efficiency in conducting audits. TeamMate's audit software eliminates the barriers associated with paper-filled binders and disconnected electronic files, driving efficiencies into all facets of the internal audit workflow. However, the IT Division of the Auditor-Controller's Office is in the planning stages of implementing the usage of SharePoint to replace the shadow system TeamMate and provide a cost savings of approximately \$10,000 a year. This migration to utilizing the new software requires complete project management and technical attributes and involvement from the IT Division along with the Internal Audit staff (the end user) to ensure all components are transferred and we are provided with the same tools and resources to have an effective audit management system.