

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

116



FROM: County Auditor-Controller

SUBMITTAL DATE:
September 24, 2013

SUBJECT: Riverside County Auditor-Controller - Follow-Up Audit: Riverside County Registrar of Voters (Audit Report 2014-302, Dated 9/23/13) [\$-0-]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the Follow-Up Audit: Riverside County Registrar of Voters (Audit Report 2014-302, Dated 9/23/13).

BACKGROUND:

Summary

We have completed a follow-up audit to the Riverside County Registrar of Voters Change of Department Head Audit, Audit Report 2012-013, dated 7/18/12, filed with the Board of Supervisors Minute Order 2.11, dated 7/31/12. This audit was performed to ensure accountability over the transfer of capital assets and revolving funds due to the appointment of a new department head. Two recommendations were made in the original report and as a result of this follow-up audit, we have determined that both recommendations have been fully implemented.

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	\$ 0	\$ 0	\$ 0	\$0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$0	

SOURCE OF FUNDS:

Budget Adjustment: No
For Fiscal Year: N/A

C.E.O. RECOMMENDATION

APPROVE

BY:

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 8, 2013
xc: Auditor, ROV

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.: M02.11, 7/31/12

District: All

Agenda Number:

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

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

2-6

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Riverside County Auditor-Controller - Follow-Up Audit: Riverside County Registrar of Voters
DATE: September 24, 2013
PAGE: 2 of 2

BACKGROUND:
Summary (continued)

Impact on Citizens and Businesses

Provide assurance that recommendations resulting from reported internal control weaknesses were implemented.

SUPPLEMENTAL:
Additional Fiscal Information
N/A

ATTACHMENTS (if needed, in this order):

- A. County Auditor-Controller Follow-Up Audit: Riverside County Registrar of Voters

Follow-Up Audit:
Riverside County Registrar of Voters

For the Change of Department Head Audit , Audit Report
2012-013, Dated 7/18/12; Filed With Board of Supervi-
sors Minute Order 2.11, Dated 7/31/12

Audit 2014-302

Report Date: September 23, 2013

Office of Paul Angulo, CPA, MA
County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92502
(951) 955-3800
www.auditorcontroller.org



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Fax (951) 955-3802

ACC | **AUDITOR**
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
AUDITOR-CONTROLLER

September 23, 2013

Kari Verjil, Registrar of Voters
Riverside County Registrar of Voters
2724 Gateway Drive
Riverside, CA 92507

Subject: Internal Audit Report 2014-302: Riverside County Registrar of Voter Follow-Up Audit

Dear Ms. Verjil:

We have completed a Follow-up Audit of the Riverside County Registrar of Voters (ROV). Our audit was limited to reviewing actions taken as of August 28, 2013, to correct the findings noted in our original audit report 2012-013 dated July 18, 2012. This audit was performed to ensure accountability over the transfer of capital assets and revolving fund due to your new appointment as the department head.

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 reasonable assurance our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require 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 report contained two recommendations, both of which required implementation by your department and; therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2012-013 at www.auditorcontroller.org.

This result of the follow-up audit found the two recommendations fully implemented. The detail status of the findings identified in the original audit are provided in the body of this report.

We appreciate the cooperation and assistance extended to us by you and your staff during the follow-up audit. Your assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA
Auditor-Controller

By: Marla L. Pendleton, CPA
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office

Finding 1:

The contents of the revolving fund are located in a secured safe; however, the safe and the combination are accessible to at least four ROV staff, including a Temporary Assignment Program (TAP) employee. The department has not changed the combination to the safe at the departure of each employee with safe access. Internal Controls Handbook, Chapter 2, Section 2(c) states "adequate physical security must be maintained at all times over location where cash is stored and processed." Additionally, California Government Code, Section 13401(a)(4) states, "effective systems on internal accounting and administrative controls are necessary to assure that state assets and funds are adequately safe guarded, as well as to produce reliable financial information for the agency." Although the balance in the revolving fund is \$500 or less at any given time, the potential for loss of county assets exists.

Recommendation 1:

The department should limit the number of employees who have access to the safe combination and should change the safe combination upon termination or retirement of these employees.

Current status recommendation 1: Corrected.

The safe has been relocated to the ROV second floor office, which is highly secure and the combination has been changed. Combination access is limited to permanent employees; Registrar of Voters, Assistant Registrar of Voters, Chief Deputy, Administrative Service Supervisor and Accounting Technician I.

Finding 2:

In a six month period, ROV did not perform monthly reconciliations of the revolving fund for 3 of 6 months, which increases the potential for mismanagement and/or fraud of the fund. Internal controls are strengthened when reconciliations are performed at least monthly. Auditor-Controller's Standard Practice Manual (SPM) Section 301 and accounting best practice recommends that funds held in an entity's safe keeping should be reconciled timely (monthly, quarterly, yearly).

Recommendation 2:

Perform monthly reconciliations of the authorized revolving fund and have an appropriate level of management review.

Current Status recommendation 2: Corrected.

Reconciliations were reviewed for timeliness, accuracy, and propriety of reconciling items. Reviewed reconciliations meet the above requirements and are verified by either the Assistant Registrar or Chief Deputy.

BACKGROUND:
Summary (continued)

Impact on Citizens and Businesses

Provide assurance that recommendations resulting from reported internal control weaknesses were implemented.

SUPPLEMENTAL:
Additional Fiscal Information

N/A

Contract History and Price Reasonableness

N/A

ATTACHMENTS (if needed, in this order):

- A. **BUDGET ADJUSTMENT:** N/A
- B. **CHANGE ORDER REPORT:** N/A

NUMBER	AMOUNT	PERCENT	DESCRIPTION

(Additional description and details of new change order(s) – one or two paragraphs for each.)

- C. **PERSONNEL CHANGE and ORDINANCE 440 REPORT:** N/A
- D. County Auditor-Controller Follow-Up Audit: Riverside County Registrar of Voters

Follow-Up Audit:

Riverside County Registrar of Voters

For the Change of Department Head Audit , Audit Report
2012-013, Dated 7/18/12; Filed With Board of Supervi-
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Audit 2014-302

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Recommendation 2:

Perform monthly reconciliations of the authorized revolving fund and have an appropriate level of management review.

Current Status recommendation 2: Corrected.

Reconciliations were reviewed for timeliness, accuracy, and propriety of reconciling items. Reviewed reconciliations meet the above requirements and are verified by either the Assistant Registrar or Chief Deputy.