

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



511

FROM: Auditor-Controller

SUBMITTAL DATE:
March 17, 2015

SUBJECT: Internal Audit Report 2015-023: Riverside County Office of County Counsel, Change of Department Head [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2015-023: Riverside County Office of County Counsel, Change of Department Head

BACKGROUND:

Summary

We have completed an audit of Riverside County Office of County Counsel, Change of Department Head, 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 of department head. We conducted the audit from October 16 through November 19, 2014 for operations from July 1 through September 30, 2014.

(Continued on page 2)

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	

SOURCE OF FUNDS: N/A	Budget Adjustment: No
	For Fiscal Year: n/a

C.E.O. RECOMMENDATION:

APPROVE

BY: *Samuel Wong 3/17/15*
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Benoit and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Washington, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: April 7, 2015
xc: Auditor

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

Prev. Agn. Ref.: | **District:** ALL | **Agenda Number:**

2-4

Departmental Concurrence

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

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Internal Audit Report 2015-023: Riverside County Office of County Counsel, Change of
Department Head [District: All]; [\$0]

DATE: March 17, 2015

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we determined the capital assets were transferred to the new County Counsel in a timely manner and adequate internal controls are in place over the revolving fund, except relating to revolving fund reconciliations. We will follow-up in one year to determine if actions were taken to correct the findings noted.

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: County of Riverside Auditor-Controller's Office - Internal Audit Report 2015-023: Riverside County Office of County Counsel, Change of Department Head



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, CGMA, MA
AUDITOR-CONTROLLER

March 17, 2015

Gregory P. Priamos, County Counsel
Riverside County Office of County Counsel
3960 Orange Street, Suite 500
Riverside, CA 92501

**Subject: Internal Audit Report 2015-023: Riverside County Office of County Counsel,
Change of Department Head**

Dear Mr. Priamos:

We have completed an audit of the Riverside County Office of County Counsel. 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, we conducted a Change of Department Head audit. This audit is conducted to ensure accountability over the transfer of capital assets and revolving funds from the predecessor to the new appointed department head. The audit covered the period July 1 through September 30, 2014.

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 sufficient, reliable, relevant and useful information to provide reasonable assurance that 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 efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls; our responsibility is to evaluate the internal controls.

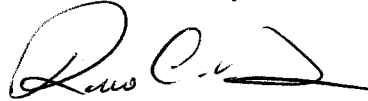
Based upon the results of our audit, we determined the capital assets were transferred to the new County Counsel in a timely manner and adequate internal controls are in place over the revolving fund, except relating to revolving fund monthly reconciliations.

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up in one year to verify that management implemented the corrective actions.

Internal Audit Report 2015-023: Riverside County Office of County Counsel, Change of Department Head

We thank the Riverside County Office of County Counsel management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, CGMA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury
District Attorney's Office

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Executive Summary

Overview

The Riverside County Office of County Counsel is a full-service law office that handles civil matters for the County of Riverside. Office attorneys provide advisory and litigation support on issues of vital concern to the County and its residents such as health care, public safety, child welfare, land development, environmental protection, public finance, taxation, and elections.

The office's primary clients are the Board of Supervisors and County agencies, departments, commissions and officers. Under certain circumstances, legal services may be provided to other public entities within the County, including special and school districts. The office does not provide legal services to private citizens.

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 of department head.

Audit Conclusion

Based upon the results of our audit, we determined that the capital assets were transferred to the new County Counsel in a timely manner and adequate internal controls are in place over the revolving fund, except relating to revolving fund monthly reconciliations.

After fieldwork was completed, a new revolving fund custodian was assigned. We verified the appropriate form was completed and properly filed for the change of custodian.

Revolving Fund

Background

Under the authority of Government Code Section 29320-29334, the Board of Supervisors adopted Board Resolution number 74-156 on May 14, 1974, authorizing the establishment of a revolving fund, under the custodianship of a county officer, for use on official county business. The Board of Supervisors adopted Board Resolution 83-338, authorizing the Auditor-Controller to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

The Office of County Counsel has one revolving fund for \$10,000, maintained in a checking account. The fund was used to pay for miscellaneous expenses, such as, court documents, court transfers, and expert witness fees.

The Office of County Counsel has an established process in place for the use of the revolving fund. We physically observed the checkbook was kept inside a locked drawer and access was limited to the checkbook custodian. The department performs bank reconciliations on a monthly basis.

There were no revolving fund replenishment transactions during the audit period. However, we reviewed the supporting documentation of four revolving fund transactions totaling \$909 of \$1,780 (or 51% of total outstanding reimbursements as of October 31, 2014), and determined these transactions were for official County business.

After fieldwork was completed, the revolving fund custodian was changed. We reviewed the latest copy of the Revolving Fund Request Order and Change Form (Standard Practice Manual Form AR-1) dated November 19, 2014, and determined that the revolving fund was transferred to the new custodian in a timely manner.

Objective

To determine if the required revolving fund accountability transfer forms from the predecessor to the new appointed department head were completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of the revolving fund.

Audit Methodology

To accomplish our objectives, we:

- Obtained an understanding of board policies and applicable standards.
- Interviewed key personnel on department procedures over the revolving fund.

Internal Audit Report 2015-023: Riverside County Office of County Counsel, Change of Department Head

- Reviewed Revolving Fund Request Order & Change Form (Standard Practice Manual Form AR-1) for the increase in amount, from \$5,000 to \$10,000.
- Reviewed Revolving Fund Request Order & Change Form (Standard Practice Manual Form AR-1) for the change of custodian from Administrative Services Manager to Administrative Assistant.
- Verified revolving fund bank reconciliations were prepared.
- Verified adequate segregation of duties existed.

Finding 1: Revolving Fund Reconciliations

Based on our review of the July through September 2014 monthly revolving fund reconciliations, we noted the following deficiencies in the reconciliation process:

- (a) The department reconciled the authorized revolving fund amount to the beginning bank statement balance, instead of the month-end balance. We were informed, and verified these were isolated cases, and the ending balance was properly used for the next reconciliation prepared for October 2014.
- (b) Adequate detail was not provided for the reconciliations prepared. For instance, a \$90.58 fee on the bank statement was not included in the department's checkbook, nor was it identified as a reconciling item. Furthermore, outstanding checks did not have dates to indicate the length of time they were outstanding, and overages ranging from \$110.45 to \$602.42 were included on each of the July through September 2014 reconciliations prepared. The department researched and identified additional outstanding checks, the \$90.58 fee and reduced the overage to \$3.67 on the reconciliation prepared for October 2014.
- (c) Although the department reconciled the bank statement to the authorized balance, a reconciliation to its checkbook balance was not prepared. Each reconciliation has a control purpose; the first to identify outstanding transactions that need to flow into the General Ledger to maintain the authorized balance; the second, to identify differences including errors and/or irregularities between the bank and the checkbook and resolve in a timely basis. During our audit, we provided written procedures on both reconciliation processes for guidance.

Recommendation 1.1

Ensure the ending bank statement balance is used for monthly revolving fund reconciliation purposes.

Internal Audit Report 2015-023: Riverside County Office of County Counsel, Change of Department Head

Management's Response

"Concur."

Actual/estimated Date of Corrective Action: **The action was corrected as stated in Finding 1, in the reconciliation prepared for October 2014. We will insure revolving fund reconciliations are completed on a monthly basis.**

Recommendation 1.2

Monitor monthly revolving fund reconciliations to ensure adequate detail exists to clearly identify all reconciliation differences and timely resolution.

Management's Response

"Concur."

Actual/estimated Date of Corrective Action: **2/25/2015**

Recommendation 1.3

Reconcile the revolving fund checkbook monthly to the bank statement and the authorized balance.

Management's Response

"Concur."

Actual/estimated Date of Corrective Action: **2/25/2015; when current statement is received.**

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 (valued at \$1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of \$5,000 or greater).

Per the Riverside County Auditor-Controller's 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 Riverside County Auditor-Controller's Office.

As of July 29, 2014 (the time the new County Counsel took office, and acknowledged receipt of capital assets from the outgoing officer), the Riverside County Office of County Counsel maintained eight capital assets in the PeopleSoft Asset Module, consisting of a laptop, printers, and copiers, with the combined acquisition cost of \$59,820. There were no additions, deletions, or other changes/corrections to the capital asset inventory during the audit period.

Objective

To determine if the required Standard Practice Manual Form AM-1, *The Inventory of County Property for Capital Assets*, for the transfer of accountability of capital assets from the predecessor to the new appointed department head was completed and properly filed with the Riverside County Auditor-Controller's Office.

Audit Methodology

To accomplish our objectives, we:

- Obtained an understanding of board policies, and applicable standards.
- Established the date of the department head change.
- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.

Results

Based upon the results of our testing, we verified Standard Practice Manual Form AM-1 was completed and properly filed with the Riverside County Auditor-Controller's Office on August 7, 2014.

**Riverside County Board of Supervisors
Request to Speak**

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
to Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: GARY GRANT

Address: _____
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: _____

Date: APRIL 7th 015 **Agenda #** 2-4

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

_____ **Support** _____ **Oppose** ~~_____~~ **Neutral**

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

_____ **Support** _____ **Oppose** _____ **Neutral**

I give my 3 minutes to: _____

BOARD RULES

Requests to Address Board on "Agenda" Items:

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

Requests to Address Board on items that are "NOT" on the Agenda:

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES.

Power Point Presentations/Printed Material:

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, insuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please insure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo.

Individual Speaker Limits:

Individual speakers are limited to a maximum of three (3) minutes. Please step up to the podium when the Chairman calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chairman adheres to a strict three (3) minutes per speaker. **Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.**

Group/Organized Presentations:

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chairman's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

Addressing the Board & Acknowledgement by Chairman:

The Chairman will determine what order the speakers will address the Board, and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles in order to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the general public and/or meeting participants. Such behavior, at the discretion of the Board Chairman may result in removal from the Board Chambers by Sheriff Deputies.