

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

813



FROM: Auditor-Controller

SUBMITTAL DATE:
April 20, 2015

SUBJECT: Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services, Change of Department Head [District: All]: [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services, Change of Department Head

BACKGROUND:

Summary

We have completed an audit of the Riverside County Purchasing & Fleet Services, Change of Department Head to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer of revolving funds and capital assets when there is a change of department head. The audit covered the period July 24 through September 25, 2014.

(Continue on page 2)

Departmental Concurrence

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
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	<input type="checkbox"/>

SOURCE OF FUNDS: N/A

Budget Adjustment: No
For Fiscal Year: n/a

C.E.O. RECOMMENDATION:

APPROVE

BY: *Samuel Wong 5/14/15*
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: May 12, 2015
xc: Auditor

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

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

Prev. Agn. Ref.:

District: ALL

Agenda Number:

2-4

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services, Change of
Department Head [District: All]: [\$0]

DATE: April 20, 2015

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we determined the revolving funds and capital assets were transferred to the new director of Riverside County Purchasing & Fleet Services in a timely manner and adequate internal controls are in place over the transfer of revolving funds and capital assets.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

Attachments:

A: County Auditor-Controller Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services, Change of Department Head

Internal Audit Report 2015-022

**Riverside County
Purchasing & Fleet Services,
Change of Department Head**

Report Date: April 20, 2015



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CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, CGMA, MA
AUDITOR-CONTROLLER

Frankie Ezzat, MPA
ASSISTANT AUDITOR-CONTROLLER

April 20, 2015

Lisa Brandl, Director
Purchasing & Fleet Services
2980 Washington Street
Riverside, CA 92504

**Subject: Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services,
Change of Department Head**

Dear Ms. Brandl:

We have completed an audit of the Riverside County Purchasing & Fleet Services. 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 revolving funds and capital assets from the predecessor to the new appointed department head. The audit covered the period of July 24 through September 25, 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 revolving funds and capital assets were transferred to the new director of Riverside County Purchasing & Fleet Services in a timely manner and adequate internal controls are in place over the transfer of revolving funds and capital assets.

Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services, Change of Department Head

We thank the Riverside County Purchasing & Fleet Services 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
District Attorney
Grand Jury

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Executive Summary

Overview

The Riverside County Purchasing & Fleet Services Department's (Department) primary function is to provide materials and services to Riverside County agencies and departments. The department consists of five divisions: Purchasing, Printing, Central Mail, Fleet Services, and Supply Services. The Purchasing division function operates as a general fund while the Printing, Central Mail, Fleet and Supply Services divisions are Internal Service Funds.

Purchasing involves the acquisition of equipment, furnishings, supplies, maintenance, construction, and contractual services within pre-established budgetary constraints. Other services include: providing training to Riverside County departments' purchasing staff, preparing bid specifications, initiating formal quotations, proposals and bids, conducting public bid openings, evaluating bids, and awarding and administering contracts until final completion or termination. Purchasing Services' authority is defined in Riverside County Ordinance Number 459.4, *Establishing Purchasing Policies and Procedures*.

Printing Services provides printing, copying, finishing, business card printing, offset printing such as graphics, press, bindery, and color printing to Riverside County departments.

Central Mail Services handles Riverside County's incoming and outgoing mail and provides daily interoffice courier services.

Fleet Services provides a comprehensive fleet management program for all vehicles and light trucks in the central Riverside County fleet. Fleet Services provides vehicle selection and acquisition, maintenance, accident repair, fuel sales, car wash, and vehicle disposal services.

Supply Services orders and distributes office and janitorial supplies, orders systems furniture, and disposes of surplus items such as retired office equipment.

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 revolving funds and capital assets when there is a change in department head.

Audit Conclusion

Based upon the results of our audit, we determined the revolving funds and capital assets were transferred to the new director of Riverside County Purchasing & Fleet Services in a timely manner and adequate internal controls are in place over the transfer.

Revolving Funds

Background

Under the authority of Government Code Section 29320-29334, the Riverside County Board of Supervisor's adopted Board Resolution 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 Riverside County Auditor-Controller to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

The Riverside County Purchasing & Fleet Services Department has two revolving funds, each with an authorized balance of \$250, maintained in the form of petty cash. The petty cash is primarily used to pay for general office expenses, including postage for certified mail, refreshments for meetings, and any incidentals. The department has a system in place for review, reconciliation, and replenishment of the revolving funds on a consistent basis.

Objective

To determine if the required forms for the transfer of accountability of revolving funds 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 funds.

Audit Methodology

To accomplish our objectives, we:

- Reviewed Riverside County Auditor-Controller Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* for the establishment and transfer of the revolving funds.
- Interviewed key personnel and department procedures over the revolving funds.
- Verified revolving fund reconciliations were performed.
- Performed a surprise cash count and reconciled to the fund assignment amounts without exception.
- Verified adequate segregation of duties existed.

Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services, Change of Department Head

Results

We reviewed and verified Riverside County Auditor-Controller Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form*, was completed and filed with the Riverside County Auditor-Controller's Office for the transfer of custodianship of the revolving funds to the new department head. The Riverside County Purchasing & Fleet Services Department has an established process in place for the use of the revolving funds. Access to the revolving fund (petty cash) is limited to the fund custodians and one back-up individual. We physically observed the petty cash funds are kept in locked boxes in locked drawers with access limited.

Based upon the results of our testing, we determined internal controls exist and are adequate over the safeguarding and use of the revolving funds. We also determined the appropriate forms were completed and properly filed with the Riverside County Auditor-Controller's Office for the transfer of the revolving funds.

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 September 25, 2014, the time the new director was appointed and acknowledged receipt of capital assets from the outgoing officer, the Riverside County Purchasing & Fleet Services department maintained 4,327 capital assets in the PeopleSoft Asset Module, consisting of buildings, vehicles, servers, copiers, printers, and furniture, with the combined acquisition cost of \$113,036,286.

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.
- Verified the existence of capital assets that were transferred to the new department head.

Internal Audit Report 2015-022: Riverside County Purchasing & Fleet Services, Change of Department Head

Results

At the time the new director took office on July 24, 2014, the department had a total of 4,370 capitalized assets with combined acquisition cost of \$113,940,567. The Riverside County Auditor-Controller Standard Practice Manual Form AM-1, *Inventory of County Property for Capital Assets*, was completed and submitted to the Riverside County Auditor-Controller's Office on July 14, 2014. Between the time the new director took office and the audit was conducted (July 24 through September 25, 2014), the department had 43 capital asset deleted from inventory. The Riverside County Auditor-Controller Standard Practice Manual Form AM-7, *Capital Asset Disposition*, was appropriately completed and submitted timely on August 1, 2014.

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