

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



ITEM
2.6
(ID # 5334)

MEETING DATE:

Tuesday, September 26, 2017

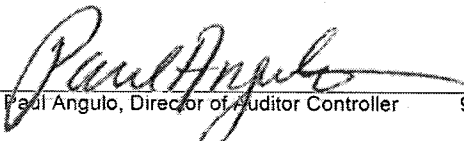
FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2017-008: Riverside County
Economic Development Agency, Fair and National Date Festival Audit, District:
All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2017-008: Riverside County Economic
Development Agency, Fair and National Date Festival Audit

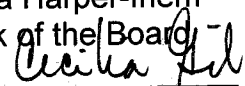
ACTION: Consent


Paul Angulo, Director of Auditor Controller 9/11/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: September 26, 2017
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
			Budget Adjustment:	No
			For Fiscal Year:	n/a

C.E.O. RECOMMENDATION: APPROVE

BACKGROUND:

Summary

We have completed an audit of the Riverside County Economic Development Agency, Fair and National Date Festival to provide management and the Board of Supervisors with an independent assessment of internal controls over cash management relating to carnival, concession, parking, and admission revenues and vault operations during the 2017 Fair and National Date Festival. We conducted the audit from February 6, 2017, through April 27, 2017, for operations from February 17, 2017, through February 26, 2017.

Based upon the results of our audit, we determined the Riverside County Economic Development Agency, Fair and National Date Festival internal controls over cash management during the Fair provides reasonable assurance that its objectives relating to cash management will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A.

Riverside County Auditor-Controller – Internal Audit Report 2017-008: Riverside County Economic Development Agency, Fair and National Date Festival Audit


Stephanie P. Rossi 9/14/2017

Internal Audit Report 2017-008

**Riverside County Economic Development
Agency, Fair and National Date Festival**

Report Date: September 5, 2017



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802

ACC | **AUDITOR**
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

September 5, 2017

Robert Field
Assistant County Executive Officer/EDA
Economic Development Agency
3403 10th Street, Suite 305
Riverside, CA 92501

Subject: Internal Audit Report 2017-008: Riverside County Economic Development Agency, Fair and National Date Festival Audit

Dear Mr. Field:

We have completed an audit of the Riverside County Economic Development Agency, Fair and National Date Festival to provide management and the Board of Supervisors with an independent assessment of internal controls over cash management relating to carnival, concession, parking, admission revenues, and vault operations during the 2017 Fair and National Date Festival. We conducted the audit from February 6, 2017, through April 27, 2017, for operations from February 17, 2017, through February 26, 2017.

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 Riverside County Economic Development Agency, Fair and National Date Festival internal controls over cash management during the Fair provides reasonable assurance that its objectives relating to cash management will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



Internal Audit Report 2017-008: Riverside County Economic Development Agency, Fair and National Date Festival Audit

We thank the Riverside County Economic Development Agency, Fair and National Date Festival management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

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

cc: Board of Supervisors
Executive Office
Grand Jury

Table of Contents

	Page
Executive Summary	4
Results:	
Cash Management	5

Executive Summary

Overview

The Riverside County Economic Development Agency, Fair & National Date Festival (Fair) is an annual 10-day event held in the Coachella Valley and managed by the Riverside County Economic Development Agency (EDA). It is planned and organized throughout the year and takes place each February at the Riverside County Fairgrounds in Indio California. It provides the community with entertainment activities and an opportunity for businesses to promote their good and services.

EDA contracts with Butler Amusement, a carnival company, to supply the fair rides and food concession stands. For the 2017 fair, Butler provided a total of 53 rides and EDA contracted with 185 commercial vendors and 54 concessionaires.

The Fair was staffed with 57 EDA employees from its various divisions. In addition, over 100 TAP employees were recruited for different positions throughout the Fair. For the 2017 fair the number of attendees was 250,120.

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over Riverside County Economic Development Agency, Fair and National Date Festival cash management relating to carnival, concession, parking, admission revenues, and vault operations during the 2017 Fair and National Date Festival.

Audit Conclusion

Based upon the results of our audit, we determined the Riverside County Economic Development Agency, Fair and National Date Festival internal controls over cash management during the Fair provides reasonable assurance that its objectives relating to cash management will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Cash Management

Background

The Riverside County Auditor-Controller's Standard Practice Manual 1001, *Internal Controls*, (SPM 1001), (formerly referred as SPM 104), requires county departments to establish and maintain an effective system of internal controls. Internal controls refers to the methods and procedures used to provide reasonable assurance regarding the achievement of organizational and management objectives, including the safeguarding of assets.

We analyzed the annual operations of the Fair and determined that the risk of losses relating to cash management was inherently more significant during the Fair's 10-day run than at any other time during the year. Thousands of cash transactions occur concentrated in four operational areas. The four operational areas are parking operations, admissions, concessions, and the carnival.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over Riverside County Economic Development Agency, Fair and National Date Festival cash management relating to carnival, concession, parking, admission revenues, and vault operations during the 2017 Fair and National Date Festival.

Audit Methodology

To accomplish our objectives, we:

- Reviewed and observed cash management procedures for adequate segregation of duties relating to collections for carnival, concession, parking, admission revenues and vault operations.
- Conducted interviews and performed walk-throughs with Fair personnel responsible for cash management operations.
- Observed and verified issuance of tickets for parking and admission stands.
- Observed the mid-day vault reconciliation and cash drops selected for testing.
- Observed cash-runner cash pick-ups and drop-offs to vault personnel for admissions and parking cash receipts.
- Selected a sample of six transactions and verified monies were timely deposited to the bank.

Internal Audit Report 2017-008: Riverside County Economic Development Agency, Fair and National Date Festival Audit

- Verified appropriate levels of management reviews and approvals.
- Verified vault cash drops are supported with proper documentation and management verification prior to deposit to bank.
- Verified monies received are recorded in the county financial system and reported accurately on the revenue account.

Conclusion

Based upon the results of our audit, we determined the Riverside County Economic Development Agency, Fair and National Date Festival internal controls over cash management during the Fair provides reasonable assurance that its objectives relating to cash management will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.