

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



ITEM
2.3
(ID # 9662)

MEETING DATE:
Tuesday, April 30, 2019

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2019-306: Riverside County Economic Development Agency, Facilities Management Department, Maintenance Services Division, Follow-up Audit, Districts: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2019-306: Riverside County Economic Development Agency, Facilities Management Department, Maintenance Services Division, Follow-up Audit

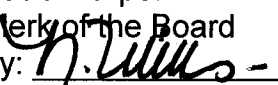
ACTION: Consent


Paul A. Angulo, County Auditor-Controller 4/15/2019

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington and Perez
Nays: None
Absent: Hewitt
Date: April 30, 2019
xc: Auditor

Kecia Harper
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
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We have completed a follow-up audit of the Riverside County Economic Development Agency, Facilities Management, Maintenance Services Division. Our audit was limited to reviewing actions taken as of October 18, 2018, to correct findings noted in our original audit report 2015-006 dated May 2, 2016. The original audit report contained five recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of the five recommendations:

- Four of the recommendations were implemented
- One of the recommendations was not implemented

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2015-006 at

www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports.

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 2019-306: Riverside County Economic Development Agency, Facilities Management Department, Maintenance Services Division, Follow-up Audit.


 Stephanie Perez, Principal Management Analyst 4/23/2019

Internal Audit Report 2019-306

**Riverside County Economic Development
Agency, Facilities Management,
Maintenance Services Division, Follow –up
Audit**

Report Date: April 8, 2019



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
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**COUNTY OF RIVERSIDE
OFFICE OF THE
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ACO | **AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE**

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Oscar Valdez
Assistant Auditor-Controller

April 8, 2019

Robert Field
Assistant Chief Executive Officer
Riverside County Economic Development Agency, Maintenance Service Division
3403 Tenth Street, Ste. 300
Riverside, CA 92501

Subject: Internal Audit Report 2019-306: Riverside County Economic Development Agency, Facilities Management, Maintenance Service Division, Follow-Up Audit

Dear Mr. Field:

We have completed the follow-up audit of Riverside County Economic Development Agency, Facilities Management, Maintenance Service Division, Follow-Up Audit. Our audit was limited to reviewing actions taken as of October 1, 2018, to help correct the findings noted in our original audit report 2015-006 dated May 2, 2016.

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 reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that 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 conclusion.

The original audit report contained five recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the five recommendations:

- Four of the recommendations were implemented
- One of the recommendations was not implemented

Internal Audit Report 2019-306: Riverside County Economic Development Agency, Facilities Management, Maintenance Service Division, Follow-Up Audit

Details of the findings from the original audit and the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2015-006 at www.auditorcontroller.org/Divisions/-AuditsandSpecializedAccounting/InternalAuditReports.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

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Preventive Maintenance Plan

Finding 1: Long-Term Preventative Maintenance Plan

"The Maintenance Division does not have a documented long-term facilities master preventive maintenance plan. This plan should outline major scheduled repairs that are critical to county buildings, for components and equipment (mechanical & non-mechanical) utilized in these buildings to perform maintenance as well as estimated project expenditures related to the preventive and corrective maintenance. According to the Maintenance Division, a long-term facilities master preventive maintenance plan has not been documented. Without a formal long-term preventive maintenance plan documented, estimated costs of labor and materials cannot be identified, breakdowns of building components and equipment cannot be averted therefore increasing the risk of halting operations within a building, and business continuity is not assured when key staff members of the division are lost due to attrition. Furthermore, the most efficient methods of performing preventive and/or corrective maintenance industry-wide are not considered."

Recommendation 1.1

"Document a long-term facilities master preventive maintenance plan."

Current Status 1.1: Implemented

Maintenance Services implemented the Facilities Management Master Plan (Master Plan).

Recommendation 1.2

"Update the preventive maintenance plan at least annually."

Current Status 1.2: Not Implemented

Based on our review of the Master Plan provided by Maintenance Services Division, the plan did provide an overall view of repairs to be completed and the priority for the "scope of work" identified. However, the plan did not provide the details including how the plan will be updated over time, when the last repair occurred, specific dates the work was completed as well as the scope of work completed, and projected date of next repair. As such, we were not able to determine whether this plan is updated periodically to meet its objectives.

Oversight of Non-Capitalized Assets

Finding 2: Oversight of Non-Capital Assets

Tracking of Tool Kits

"The Maintenance Division did not accurately track non-capitalized assets. Specifically, during fieldwork we identified five of the 17 (29%) tool kits assigned in the asset management module to perspective custodians were not accurately recorded. This occurred because controls were not in place to ensure non-capitalized assets are in the possession of the designated custodian when they terminate or transfer out of the department. The department's desk procedure states, "Return of tool kits for any employee that has terminated or transferred no later than the date of terminations or transfer...exchange of tool kit must be performed under the supervision of Storeroom custodian with appropriate documentation." Board Policy H-26, *Non-capitalized Assets*, states that each department shall ensure compliance with the policy by tracking walk-away assets using the county's Asset Management Module or another established system to ensure accountability. We found custodians along with their assigned tool kits had been transferred to other maintenance locations; however, the asset management module had not been updated to reflect the changes. Additionally, the department's storeroom staff was not able to locate tool kits which are forwarded to this respective location once a custodian retires or terminates their position with the department.

Discrepancies in the inventory do not represent the asset inventory value and may lead to a misappropriation of these walk-away assets if not properly tracked."

Replacement of Missing Items

"Nine of the 17 (53%) tool kits inventoried had items missing and replacement forms were not completed. During the inventory, it was stated the items were either lost or stolen. Additional items were not replaced nor were there controls in place to ensure the county assets are properly safeguarded. The opportunity for theft or loss of county assets is present when controls are not implemented to properly track tool kits."

Recommendation 2.1

"Conduct an inventory of all tool kits and update the location in the asset management module to ensure all items are accounted for."

Current Status 2.1: Implemented

A physical inventory is conducted annually as a competency component of employee evaluations. We reviewed ten employee evaluations and observed that Maintenance Services Division has implemented this recommendation.

Recommendation 2.2

"Reconcile tool kit items by trade with items issued to respective employee."

Current Status 2.2: Implemented

Maintenance Services Division reconciles items yearly through employee evaluations. We observed the tracking database which requires supervisors to upload appropriate forms acknowledging tools were accounted for prior to approval from management.

Recommendation 2.3

"Enforce the completion of replacement forms for missing tool kit items."

Current Status 2.3: Implemented

We reviewed ten employee evaluations and observed tool issuance forms were updated to reflect the reissuance of lost tools. We determined Maintenance Services Division has implemented this recommendation.