

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



ITEM: 2.8
(ID # 15452)

MEETING DATE:
Tuesday, June 15, 2021

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2021-021 Riverside County Executive Office Change of Department Director Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2021-021: Riverside County Executive Office, Change of Department Head Audit


ACTION:Consent

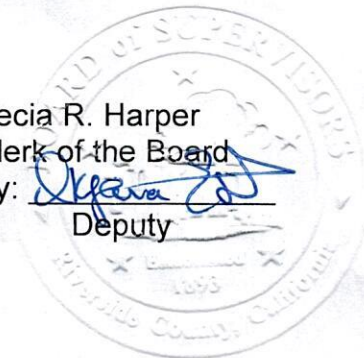

Tanya Harris, Assistant Auditor Controller 6/2/2021

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez, and Hewitt
Nays: None
Absent: None
Date: June 15, 2021
xc: Auditor

Kecia R. 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
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Executive Office, Change of Department Head. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over revolving funds and capital assets.

Please see report for audit results.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

Additional Fiscal Information

Not applicable

ATTACHMENT A: Riverside County Auditor-Controller's Office - Internal Audit Report 2021-021: Riverside County Executive Office, Change of Department Head Audit.


 Stephanie Perez, Principal Management Analyst 6/2/2021

Internal Audit Report 2021-021

**Riverside County Executive Office,
Change of Department Head Audit**

Report Date: June 15, 2021



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
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**Paul Angulo, CPA, MA
Riverside County Auditor-Controller**

**Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller**

June 15, 2021

Jeffrey Van Wagenen Jr.
County Executive Officer
Riverside County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501

**Subject: Internal Audit Report 2021-021: Riverside County Executive Office, Change of
Department Head Audit**

Dear Mr. Van Wagenen:

In accordance with Board of Supervisors Resolution 83-338, we completed a change of department head audit for Riverside County Executive Office. This audit is conducted to ensure accountability over the transfer of revolving funds and capital assets from the predecessor to the newly appointed department director.

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.

**Internal Audit Report 2021-021: Riverside County Executive Office, Change of Department Head
Audit**

Since the audit resulted in no findings or recommendation, there was no requirement for a response in accordance with Board of Supervisors Resolution 83-338.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Juan Perez, Chief Operating Officer
Dave Rogers, Chief Admin Officer
Grand Jury

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Executive Summary

Overview

Riverside County Executive Office is responsible to the Board of Supervisors for the administration of county departments, agencies, and special districts under the jurisdiction of the Board. The Executive Office has an adopted budget of \$ 492.7 million for FY 2020-21 and has 35 authorized positions to execute its responsibilities. *County of Riverside, Fiscal Year 2020/21 Adopted Budget Volume 1, April 2021, 118.*

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the safeguarding and transfer of revolving funds and capital assets when there is a change in department director.

Audit Conclusion

Based upon the results of our audit, we determined that internal controls are in place to ensure the safeguarding and timely transfer of revolving funds and capital assets to the newly appointed department director.

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 Executive Office has one revolving fund, with an authorized balance of \$1,000, maintained in the form of petty cash or bank account. The revolving fund/petty cash is primarily used to pay for emergency expenses and postage of which access is limited to three authorized personnel. Reconciliation of revolving fund is performed monthly, and the use of department revolving fund requires management approval.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the predecessor to the newly appointed department director 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 these 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 reviewed department procedures over the revolving funds.
- Verified revolving fund reconciliations were prepared.

Internal Audit Report 2021-021: Riverside County Executive Office, Change of Department Head Audit

- Performed a surprise cash count and reconciled to the fund assignment amounts without exception.
- Verified adequate segregation of duties existed.

Findings: None Noted

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 director. The Executive Office 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 authorized back-up individuals. 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. Further, 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 515, *Transfer of Accountability on Capital Assets*, it states that upon retirement or termination of a department director, accountability for capital assets must be transferred to the new or acting department director and notification filed with the Riverside County Auditor-Controller's Office.

As of February 9, 2021, the time the new director was appointed/elected and acknowledged receipt of capital assets from the outgoing officer, the Riverside County Executive Office maintained four capital assets in the Riverside County financial system asset module, consisting of office equipment, with the combined acquisition cost of \$40,494.

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 newly appointed department head was completed and properly filed with the Riverside County Auditor-Controller's Office.

Audit Methodology

To accomplish these 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.

Internal Audit Report 2021-021: Riverside County Executive Office, Change of Department Head Audit

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

Findings: None Noted

At the time the new director took office on February 9, 2021, the department had a total of four capitalized assets with combined acquisition cost of \$40,494. 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 March 22, 2021.

Based upon the results of our testing, we verified the appropriate forms were completed and properly filed for the transfer of capital assets. Further, we determined internal controls are adequate over the safeguarding of capital assets.