

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



ITEM: 2.4
(ID # 21379)

MEETING DATE:
Tuesday, April 04, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR CONTROLLER: Internal Audit Report 2023-308: Riverside County
Agricultural Commissioner's Office Follow-up Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-308: Riverside County Agricultural
Commissioner's Office Follow-up Audit

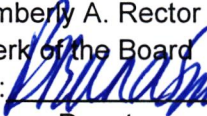
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 3/29/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Perez 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 Gutierrez
Nays: None
Absent: None
Date: April 4, 2023
xc: Auditor-Controller

Kimberly A. Rector
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	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: n/a	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside County Agricultural Commissioner's Office. Our audit was limited to reviewing actions taken as of July 29, 2022, to correct findings noted in our original audit report 2021-001 dated April 13, 2021. The original audit report contained eight recommendations, all of which required implementation to help correct the reported findings.

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

- Seven of the recommendations were implemented.
- One of the recommendations was partially implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2021-001 included as an attachment to this follow-up audit report, or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's Office, Follow-up Audit.


Stephanie Perez, Principal Management Analyst 3/29/2023



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OFFICE OF THE
AUDITOR-CONTROLLER**

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**ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE**

**Ben Benoit
Riverside County Auditor-Controller**

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

April 4, 2023

Ruben Arroyo
Agricultural Commissioner/Sealer of Weights & Measures
3403 Tenth Street, Suite 701
Riverside, CA 92501

**Subject: Internal Audit Report 2023-308: Riverside County Agricultural
Commissioner's Office Follow-up Audit**

Dear Mr. Arroyo:

We completed the follow-up audit of Riverside County Agricultural Commissioner's Office. Our audit was limited to reviewing actions taken as of July 29, 2022, to help correct the findings noted in our original audit report 2021-001 dated April 13, 2021.

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.

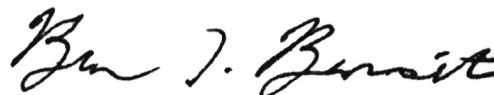
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**Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's
Office, Follow-up Audit**

Summary of the conditions from the original audit and the results of our review on 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 2021-001 included as "Attachment A" of this audit report along with our department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit>.

We thank you and your staff for your help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.



Ben J. Benoit
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Deputy Auditor- Controller

cc: Board of Supervisors
Jeff A. Van Wagenen, County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's
Office, Follow-up Audit

Table of Contents

	Page
Results:	
Weights and Measures Inspections.....	4
Payment Collections Process.....	7
Procurement Card.....	9

Attachments:

A. Internal Audit Report 2021-001

B. Status of Findings as Reported by Riverside County Agricultural Commissioner's Office
on July 29, 2022.

Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's Office, Follow-up Audit

Weights and Measures Inspections

Finding 1: Internal Controls over Weights and Measures Inspections

"We identified the following in our review of Agricultural Commissioner's Office weights and measures inspections:

- Inspections for 9,912 (7%) out of 145,792 devices were not performed as required by California Code of Regulations. California Code of Regulations Title 4, Division 9, Chapter 3, Article 1, Frequency of Inspections, requires that inspections be completed annually, bi-annually, or every ten years depending on type of device. The chart below illustrates the Agricultural Commissioner's Office inspection devices not in compliance.

Frequency of Inspection	Device Type	Number of Devices	Average days Past Due
Annual Inspections	Weighting	5,865	584.8
	Measuring	1,807	567.1
Bi-Annual Inspections	Weighting	34	202.9
10 Year Inspections	Measuring	2,206	663.1
<i>Grand Total</i>		<i>9,912</i>	

These inspections were not completed as the department has made inspection of public health programs a priority and staffing has been limited for inspectors. Inability to follow the weights and measures inspections frequency diminishes the county's ability to ensure consumer and producer confidence in the goods sold in the county.

- We found that 174 (31%) out of 561 retail motor fuel permits inspections were not completed annually. These inspections are not completed as the department has made the inspection of public health programs a priority and staffing has been limited for inspectors. When inspections of retail motor fuel are not completed, the department does not maximize the revenue from the cooperative agreement between the county and the California Department of Food and Agriculture
- Agricultural Commissioner's Office does not have an adequate process in place to identify new businesses that require weights and measures inspections. According to Business and Professions Code, Division 5, Chapter 2 Article 2, Local Administration, 'Each sealer may, in the general performance of his duty, without formal warrant, enter or go into or upon, any stand, place, building or premises or stop any vendor...' and, if

**Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's
Office, Follow-up Audit**

necessary, require him to proceed with the commodity to some place which the sealer may specify for the purpose of making the proper tests.' The department has not implemented a methodology to identify new businesses and ensure compliance with state regulations. When the department does not monitor new businesses that require device inspections, it decreases the county's ability to ensure regulatory requirements are enforced, equity in the county's marketplace through uniform enforcement of weights and measures is achieved, and consumer and producer confidence in the goods sold in the county is maintained. Additionally, the department does not capture the revenue generated from these inspections

- Department does not periodically rotate inspectors for weights and measures inspections to ensure that inspectors maintain their objectivity and independence when performing inspections. Riverside County Auditor-Controller's Standard Practice Manual 1001, *Internal Control*, defines internal controls as the 'methods and procedures used to provide reasonable assurance regarding the achievement of objectives relating to adherence to policies, procedures, regulations, and law.' It further defines internal controls as the 'methods and procedures that promote effectiveness and efficiency of operations.' If the department does not implement strong preventive and monitoring controls, it can hinder the inspectors' objectivity and independence needed for inspections."

Recommendation 1.1

"Develop a process that ensures weights and measures inspections are completed in accordance to the California Code Regulation Title 4, Division 9, Chapter 3, Article 1, *Frequency of Inspections*."

Current Status 1.1: Implemented

Recommendation 1.2

"Establish procedures to identify and obtain information on new businesses that require weights and measures inspections. One suggestion would be to establish a collaborative agreement with other county departments that issue new business licenses and permits."

Current Status 1.2: Implemented

**Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's
Office, Follow-up Audit**

Recommendation 1.3

"Establish policies and procedures to periodically rotate inspectors performing inspections."

Current Status 1.3: Implemented

Payment Collection Process

Finding 2: Internal Controls over Payment Collection Process

"The Agricultural Commissioner's Office does not have adequate internal controls over the payment collection process. We identified the following in our review of the department's receipt books used for payment collection processing:

- Three out of 33 county receipts sampled were missing from the receipt book.
- Four out of 33 payments sampled were not recorded in the department's permit tracking system, Equimetrics.
- Department's county receipt book log is not periodically updated to ensure that receipt books are assigned to the correct employees.
- In one location, county receipt books are not locked and stored securely.
- In one location, county receipt books are shared with various employees hindering the department's ability to establish employee accountability and personnel corrective measures.

Riverside County Auditor-Controller's Standard Practice Manual 1001, *Internal Controls*, states, 'county departments shall establish, document and maintain an effective system of internal controls.' It also defines internal controls as the 'methods and procedures used to provide reasonable assurance regarding the achievement of objectives,' such as the 'safeguarding of assets.' The department's current process for monitoring, reconciling, and safeguarding of receipt books needs to be strengthened. When county receipts are not properly safeguarded the opportunity for misappropriation, petty theft, and use of

**Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's
Office, Follow-up Audit**

county receipts for personal benefit increases. Additionally, not recording payments in Equimetrix results in businesses having inactive permits."

Recommendation 2.1

"Develop policies and procedures to ensure all payments are recorded in the permit tracking system, monthly reconciliations between receipt book and payments recorded are consistently completed, and records are adequately maintained."

Current Status 2.1: Implemented

Recommendation 2.2

"Ensure developed policies and procedure are consistently followed."

Current Status 2.2: Partially Implemented

Based on our review of county receipts, we identified the following:

- 1 out of 6 (17%) payments sampled from county receipts books was not recorded in Agricultural Commissioner's permit tracking system Equimetric.
- 3 out 3 (100%) county receipt books were reconciled to recorded payments.

Recommendation 2.3

"Develop strong policies and procedures to ensure proper controls for handling, issuing, and safeguarding county receipts."

Current Status 2.3: Implemented

Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's
Office, Follow-up Audit

Procurement Card

Finding 3: Compliance with Procurement Card Policies

"There are instances of non-compliance with procurement card procedures. We identified the following in our review of procurement cardholder expenditures and supporting documentation:

- A procurement card was not immediately terminated for an employee no longer working for the Agricultural Commissioner's Office due to department oversight. The closure of the procurement card occurred 112 days after the employee left the department. Board Policy A-62, Credit Card Use, states, 'Each department / agency shall develop and implement policies and procedures to ensure the immediate deactivation of cards/accounts assigned to employees who leave county employment for any reason.' Additionally, the Riverside County Procurement Card Program Manual requires departments to 'contact the Procurement Card Program Coordination to request that the current card be cancelled.' Procurement cards that are not terminated timely increases the risk of misappropriation of county resources.
- We identified an expenditure that did not contain the proper travel authorization. Board Policy D-1, Reimbursement for General Travel and Other Actual and Necessary Expenses, states, "reimbursement for travel expenses requires prior authorization...All approved travel should be noted on a per trip basis in a memorandum signed by either the County Executive Officer/designee or the department head as delineated.

The Procurement Card program was developed to improve the efficiency of department daily operations and requires compliance with current statutes and county procurement procedures. When adequate controls are not in place to ensure compliance with county policies and procedures, there is the potential for misuse or misappropriation of county funds."

Recommendation 3.1

"Establish a policy and procedure to ensure procurement cards are terminated immediately upon employee termination in accordance with Board Policy A-62, Credit Card Use."

Internal Audit Report 2023-308: Riverside County Agricultural Commissioner's
Office, Follow-up Audit

Current Status 3.1: Implemented

Recommendation 3.2

"Ensure procurement card expenditures have appropriate supporting documentation in accordance with Policy D-1, *Reimbursement for General Travel and Other Actual and Necessary Expenses.*"

Current Status 3.2: Implemented