

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



ITEM: 2.8
(ID # 22452)

MEETING DATE:
Tuesday, July 11, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-022: Riverside County Executive Office, County Facilities Districts Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-022: Riverside County Executive office, County Facilities Districts Audit

ACTION: Consent

Ben J. Benoit

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/30/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Perez and Gutierrez
Nays: None
Absent: Washington
Date: July 11, 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	\$ 0.0	\$ 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

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Executive Office, County Facilities Districts to provide management and the Board of Supervisors with an independent assessment of internal controls over expenditures.

Based upon the result of our audit, we determined that established policies are being followed, there is supporting documentation maintained for the expenditures associated with the operations, and there is adequate review, approval, and reconciliations of all expenditures. As such, we have determined that the internal controls established provide reasonable assurance that its objective related to this area is achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

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's Office - Internal Audit Report 2023-022: Riverside County Executive Office, County Facilities District Audit

Internal Audit Report 2023-022

**Riverside County
Executive Office,
County Facilities Districts
Audit**

Report Date: July 11, 2023



**Office of Ben J. Benoit
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
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CONTROLLER
COUNTY OF RIVERSIDE

Ben J. Benoit
Riverside County Auditor-Controller

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

July 11, 2023

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

Subject: Internal Audit Report 2023-022: Riverside County Executive Office, County Facilities Districts Audit

Dear Mr. Van Wagenen:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Executive Office, County Facilities Districts to provide management and the Board of Supervisors with an independent assessment of internal controls over expenditures.

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.

Our conclusion and details of our audit are documented in the body of this audit report.



**Internal Audit Report 2023-022: Riverside County Executive Office, County Facilities
Districts Audit**

We thank you and your staff for the 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
Juan Perez, Chief Operating Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

**Internal Audit Report 2023-022: Riverside County Executive Office, County Facilities
Districts Audit**

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Executive Summary

Overview

Riverside County Executive Office, County Facilities Districts provides an alternative method of financing for certain public capital facilities and services. They are authorized by the Mello-Roos's Community Facilities Act of 1982, which authorizes local governments and developers to create County Facilities Districts for the purpose of selling tax-exempt bonds to fund public improvements and services. Currently, the Executive Office utilizes County Facilities Districts to implement infrastructure in the unincorporated areas of Riverside County.

Riverside County Executive Office, County Facilities Districts has a recommended budget of \$580,000 for FY 2023-24. *County of Riverside, Fiscal Year 2023-24 Recommended Budget Volume 1, 96.*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over expenditures. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Audit Scope and Methodology

We conducted the audit from May 4, 2023, through May 24, 2023, for operations from July 1, 2021, through May 9, 2023. Our scope included the following types of expenditures: debt service payments, Transportation and Land Management Agency invoices/projects, and administrative expenses.

Audit Conclusion

Based upon the result of our audit, we determined that established policies are being followed, there is supporting documentation maintained for the expenditures associated with the operations, and there is adequate review, approval, and reconciliations of all expenditures. As such, we have determined that the internal controls established provide reasonable assurance that its objective related to this area is

Internal Audit Report 2023-022: Riverside County Executive Office, County Facilities Districts Audit

achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Expenditures

Background

Each Riverside County's County Facilities District is established for a particular purpose or project, constructing streets, sewers, or storm drains in the unincorporated areas throughout the county. County Facilities Districts expenditures include architect fees, building costs, various consulting costs, administrative expense reimbursement, and debt service payments. Once the initial construction is over, the administrative expense reimbursement and debt service payments continue to finish servicing the debt until it is defeased.

Objective

Verify expenditures made with County Facilities Districts funds are allowable and accurate to the purpose of the County Facilities Districts creation.

Audit Methodology

To accomplish these objectives, we:

- Reviewed county policies and application California legislation, specifically:
 - Board Policy B-12, *Land Secured Financing Districts*
 - Mello-Roos Community Facilities Act of 1982
 - Municipal Improvement Act of 1913
- Reviewed bond official statements and reconciliations.
- Selected a sample of invoices to verify appropriateness and accuracy of supporting documentation and whether adequate approval was obtained.
- Reviewed detailed supporting documentation for expenditures and interfund transactions.

**Internal Audit Report 2023-022: Riverside County Executive Office, County Facilities
Districts Audit**

Finding: None Noted

Based upon the result of our audit, we determined that established policies are being followed, there is supporting documentation maintained for the expenditures associated with the operations, and there is adequate review, approval, and reconciliations of all expenditures. As such, we have determined that the internal controls established provide reasonable assurance that its objective related to this area is achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.