

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



**ITEM: 2.8**  
(ID # 23306)

**MEETING DATE:**  
Tuesday, October 31, 2023

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit, All Districts, [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit.

**ACTION:**Consent

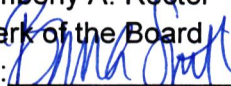
  
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 10/23/2023

---

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Spiegel, Washington and Gutierrez  
Nays: None  
Absent: Perez  
Date: October 31, 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**

| <b>FINANCIAL DATA</b>       | <b>Current Fiscal Year:</b> | <b>Next Fiscal Year:</b> | <b>Total Cost:</b>           | <b>Ongoing Cost</b> |
|-----------------------------|-----------------------------|--------------------------|------------------------------|---------------------|
| <b>COST</b>                 | \$ 0.0                      | \$ 0.0                   | \$ 0.0                       | \$ 0.0              |
| <b>NET COUNTY COST</b>      | \$ 0.0                      | \$ 0.0                   | \$ 0.0                       | \$ 0.0              |
| <b>SOURCE OF FUNDS: N/A</b> |                             |                          | <b>Budget Adjustment: No</b> |                     |
|                             |                             |                          | <b>For Fiscal Year: n/a</b>  |                     |

**C.E.O. RECOMMENDATION:**

**BACKGROUND:**

**Summary**

We completed a follow-up audit of the Riverside County Transportation and Land Management Agency, Aviation Division. Our audit was limited to reviewing actions taken as of June 28, 2023, to correct findings noted in our original audit report 2022-009 dated June 7, 2022. The original audit report contained six recommendations, all of which required implementation to help correct the reported findings.

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

- Five 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 2022-009 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 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit.

Office of Ben J. Benoit  
Riverside County Auditor-Controller

4080 Lemon Street, 11th Floor

Riverside, CA 92501

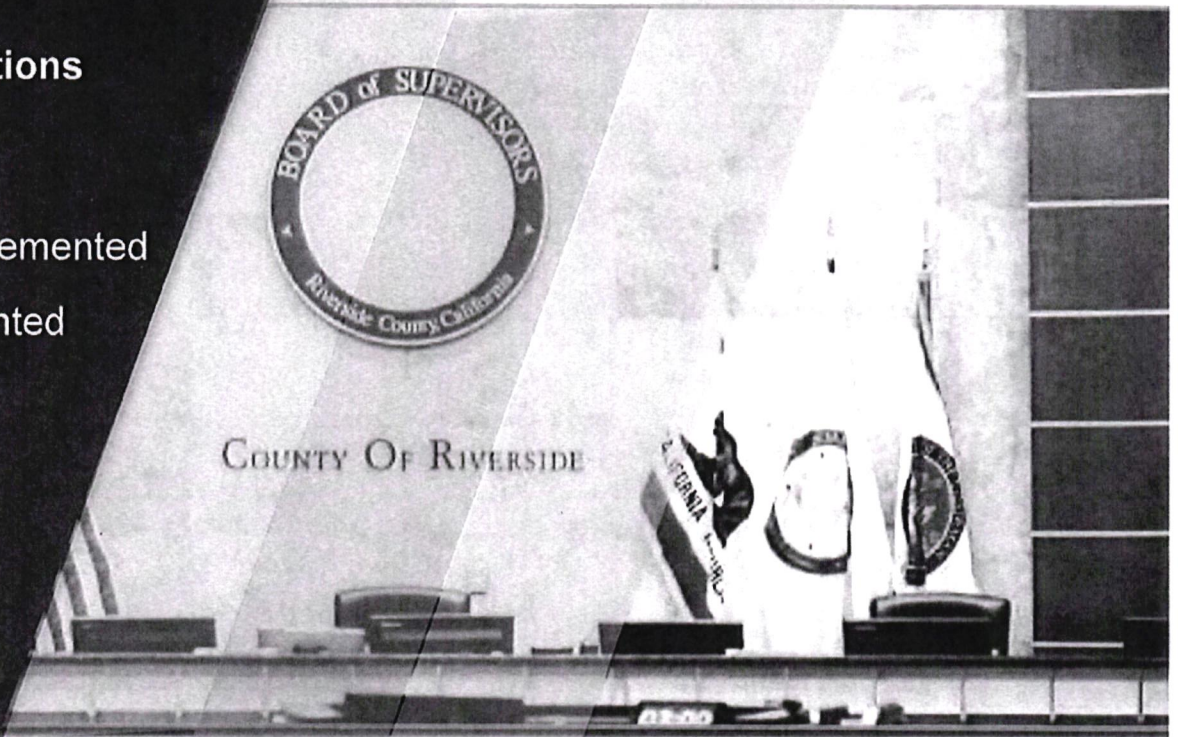
(951) 955-3800

# Internal Audit Report 2024-309

## Follow-up

### 6 Recommendations

- ✓ 5 Implemented
- ▶ 0 Partially Implemented
- ✗ 1 Not Implemented



**Riverside County  
Transportation and Land Management Agency,  
Aviation Division,  
Follow-up Audit**

October 31, 2023



**COUNTY OF RIVERSIDE  
OFFICE OF THE  
AUDITOR-CONTROLLER**

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

**ACC** | AUDITOR  
CONTROLLER  
COUNTY OF RIVERSIDE

**Ben J. Benoit**  
County Auditor-Controller

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

October 31, 2023

Charissa Leach  
Assistant County Executive Officer  
Riverside County Transportation and Land Management Agency, Aviation Division  
4080 Lemon Street, 14<sup>th</sup> Floor  
Riverside, CA 92501

**Subject: Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit**

Dear Ms. Leach:

We completed the follow-up audit of Riverside County Transportation and Land Management Agency, Aviation Division. Our audit was limited to reviewing actions taken as of June 28, 2023, to help correct the findings noted in our original audit report 2022-009 dated June 7, 2022.

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 six recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the six recommendations:

- Five of the recommendations were implemented.
- One of the recommendations was not implemented.

**Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, 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 2022-009 included as "Attachment A" of this audit report along with your department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit/reports>.

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  
Jeff A. Van Wagenen Jr., County Executive Officer  
Dave Rogers, Chief Administrative Officer  
Grand Jury

Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit

**Table of Contents**

|   | Page |
|---|------|
| <b>Results:</b>   |      |
| Cash Management .....   | 4    |
| Maintenance of Airport Grounds .....  | 6    |
| Payment Collection Process.....   | 7    |
| <br><b>Attachments:</b>   |      |
| A. Internal Audit Report 2022-009   |      |
| B. Status of Findings as Reported by Riverside County Transportation and Land Management Agency, Aviation Division, on June 28, 2023. |      |

Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit

Cash Management

Finding 1: Payment Handling Process

“Based on our review of Aviation’s cash handling process, we identified the following:

- Key duties were not segregated over payment handling functions. The same employee who opens the incoming mail, prepares and makes the deposits of the checks received. The Standard Practice Manual 1001, *Internal Control*, states, ‘Duties should be divided or segregated so that no one person has complete control over a key function or activity.’ The internal control gap was attributed by department staff as an issue of limited resources. Segregation of duties helps maintain sustainable risk management for business processes and it is based on shared responsibilities of key processes that disperses the critical functions of a process to more than one person. Segregating the responsibility of opening mailed payments, preparing deposits and making the deposits of mailed payments, helps reduce opportunities for any individual to both perpetrate and conceal errors or fraud in the normal course of duties.
- Department did not maintain logs detailing payments received by mail. Utilizing mail logs to record incoming checks provides evidence of tenant payment dates and amounts. Missing checks may remain undetected for long period of time. A mail log assists in tracking and identifying missing checks. Standard Practice Manual 1001, *Internal Control*, states, ‘county departments and agencies shall establish, document, and maintain an effective system of internal control.’ The absence of this internal control was attributed by department staff as the result of limited resources. Logs to track incoming mail ensures payments are not misplaced or forgotten. Also, it helps prevent and detect errors.
- Four (100%) out of four bank reconciliations randomly selected, did not contain the dates and signatures of the preparer and reviewer. As such, there is no evidence that reconciliations were reviewed timely. Further, we could not identify if reconciliation were reviewed and approved by an appropriate level of supervision. Standard Practice Manual 1001, *Internal Control*, states, ‘review and reconciliation records are routinely examined and reconciled to determine that transactions were properly processed.’ Dates and signatures aid in determining if reconciliations are prepared and reviewed in a timely manner, aids in the achievement of management objectives, helps determine if adequate segregation of duties exist, and errors are corrected timely.

**Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit**

- Form AR-6, *Daily Cash Deposits Exemption Request*, was not completed and submitted to Auditor Controller's Office as required by the Standard Practice Manual 602, *Cash Deposits in Outlying Areas*. This form is required when departments with cash operating business processes request exemptions from processing daily cash deposit. The Standard Practice Manual 602, *Cash Deposits in Outlying Areas*, states, 'all departments collecting monies in outlying areas must deposit to the treasury using consolidated zero balance banking service.' Completing the form ensures compliance with county policies and practices and maintains proper oversight of the county's cash management operations."

**Recommendation 1.1**

"Ensure there are adequate segregation of duties between opening, preparing, and depositing payments received via mail."

**Current Status 1.1: Implemented**

**Recommendation 1.2**

"Develop a process to log incoming mail to include tenant payments and date received."

**Current Status 1.2: Implemented**

**Recommendation 1.3**

"Ensure monthly bank reconciliations include dates and signatures by the preparer and reviewer."

**Current Status 1.3: Implemented**

**Recommendation 1.4**

"Ensure SPM Form AR-6, *Daily Cash Deposits Exemption Request Form*, is completed and filed for the outlying locations."

**Current Status 1.4: Implemented**



Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit

**Maintenance of Airport Grounds**

**Finding 2: Management Over Daily Inspections**

“Fifteen (100%) out of 15 daily ground maintenance inspection checklist forms did not document the signature and date of the staff member performing the inspection and the manager reviewing the inspection. The Standard Practice Manual 1001, *Internal Control*, states, ‘Review records are routinely examined to determine that transactions were properly processed.’ This was caused since the inspection form does not include signature lines to document the staff performing the inspection or the reviewer signature and date. By not implementing monitoring controls over daily inspections, it can impair department management objectives of maintaining a strong preventative maintenance program to ensure the safety and maintenance of equipment and facilities are up to standards.”

**Recommendation 2**

“Update the ground maintenance inspection checklist form to include a field for the signature and date for both the staff members performing the inspections and management review.”

**Current Status 2: Not Implemented**

The department did not update their ground maintenance inspection checklist form to include a field for the signature and date for management review. Documenting the review and approval of the ground maintenance inspection checklist form assures department management the inspections performed by department personnel are completed and any outstanding issues or concerns are addressed and corrected timely.

Although the department initially partially concurred with the recommendation and noted that the checklist does have a field for a staff member to document the date and their name, Aviation currently responded that adding a field for the signature and date for management review does not enhance their current internal control processes as it adds an additional process without improving airport safety. As such, the department is willing to accept the risk associated with not implementing the recommendation above and we will no longer follow-up on the status of its implementation.

Internal Audit Report 2024-309: Riverside County Transportation and Land Management Agency, Aviation Division, Follow-up Audit

Payment Collection Process

Finding 3: Debt Collection Process

"Processes for writing off uncollectible accounts receivable are not currently aligned with the SPM 306, *Accounts Receivable Collections and Write-off Policy*. Based on our review of the account receivable aging report, the total uncollectible account receivable that should have been written off as of August 31, 2021, was \$67,486, of which, \$15,470 were uncollected from the prior fiscal years of 2017 through 2019. This exceeds the 120-day stipulated by SPM 306. Additionally, the SPM 306, *Accounts Receivable Collections and Write-off Policy*, states, 'Within 30 days from the final demand letter, if the department has not received a response and all reasonable attempts to collect payment have failed, a transfer form is to be completed and sent to the Auditor-Controller's Office. The department must mark this customer as 'inactive' in the PeopleSoft system and record a journal entry to record this account as a 'bad debt expense.'" When policies and procedures are not consistently followed, it renders the policy objectives ineffective, weakens the internal controls established within the procedures, and inhibits the county's compliance with other regulatory requirements established within the SPM 306. Furthermore, assets presented in the financial statements are overstated since old uncollectible accounts have not been written off."

Recommendation 3

"Ensure Aviation complies with SPM 306, *Accounts Receivable Collections and Write-Off Policy*, in collecting/reporting account receivable and bad debts."

Current Status 3: Implemented

# Attachment A

**Internal Audit Report 2022-009**

**Riverside County Transportation and  
Land Management Agency,  
Aviation Audit**

**Report Date: June 7, 2022**



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

[www.auditorcontroller.org](http://www.auditorcontroller.org)



**COUNTY OF RIVERSIDE  
OFFICE OF THE  
AUDITOR-CONTROLLER**

County Administrative Center  
4080 Lemon Street, 11<sup>th</sup> 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**

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

June 7, 2022

Charissa Leach  
Director  
Riverside County Transportation and Land Management Agency,  
Aviation Division  
4080 Lemon Street, 14<sup>th</sup> Floor  
Riverside, CA 92501

**Subject: Internal Audit Report 2022-009: Riverside County Transportation and Land  
Management Agency, Aviation Division Audit**

Dear Ms. Leach:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Transportation and Land Management Agency, Aviation Division to provide management and the Board of Supervisors with an independent assessment of internal controls over cash management, maintenance of airport grounds, and payment collection process.

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 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

Our conclusion and details of our audit are documented in the body of this audit report. As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA  
Chief Internal Auditor

cc: Board of Supervisors  
Jeff A. Van Wagenen, Jr., County Executive Officer  
Grand Jury

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

**Table of Contents**

|  | <b>Page</b> |
|--|-------------|
| <b>Executive Summary .....</b>             | <b>4</b>    |
| <br><b>Results:</b>                        |             |
| <b>Cash Management .....</b>               | <b>7</b>    |
| <b>Maintenance of Airport Grounds.....</b> | <b>12</b>   |
| <b>Payment Collection Process.....</b>     | <b>15</b>   |

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

**Executive Summary**

**Overview**

Riverside County Transportation and Land Management Agency, Aviation Division (Aviation) manages five airports: Blythe, Hemet Ryan, French Valley, Jacqueline Cochran, and Chiriaco Summit encompassing over 5,000 acres of land and provide aviation facilities and services to private and corporate tenants, aircraft users, and businesses. Each airport is unique and offers a variety of services. Aviation receives grants from the Federal Aviation Administration and Caltrans for capital improvement projects for each airport.

Aviation has a recommended budget of \$3.3 million for FY 2021-22 and 12 authorized positions to execute its responsibilities. *County of Riverside, FY 2021-22 Adopted Budget, Volume 1, 319-320.*

**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 cash management, maintenance of airport grounds, and payment collection process. 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. 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 July 9, 2021, through October 21, 2021, for operations from July 1, 2019, through October 13, 2021. Following a risk-based approach, our scope initially included the following:

- Cash Management
- County Liability Protection
- Lease Payments
- Maintenance of Airport Grounds
- Payment Collection Process
- Revenue and Expenditures Activities

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

- Sublease Agreements and Hangers Waiting List

Through inquiry, observations, and limited examination of relevant documentation, it was determined through a risk assessment for county liability protection, lease payments, revenue and expenditures, sublease agreements and hangers waiting list, that the risk exposure to Aviation associated with these processes are well mitigated with internal controls and are functioning as designed. Therefore, we focused our audit scope to internal controls over cash management, maintenance of airport grounds, and payment collection process.

**Audit Highlights**

*Summary of Existing Conditions*

- Opening of incoming mailed payments and performance of depositing processes of the mailed payments did not have proper segregation of duties. Having proper segregation of duties is important as it helps reduce opportunities to both perpetrate and conceal errors or fraud in the normal course of performing those duties.
- Logs to track lease payments received via mail are not maintained. Utilizing mail logs to record incoming payment checks provides evidence of payment dates and amounts, as well as assists in tracking any potential missing checks.
- Bank reconciliations did not include evidence of dates and signatures from the preparer and reviewer to determine if reconciliations are consistently performed. Dates and signatures aid in determining if reconciliations are prepared and reviewed in a timely manner, aids in the achievement of management objectives, helps determine if adequate segregation of duties exist, and errors are corrected timely.
- Form AR-6, *Daily Cash Deposits Exemption Request*, was not completed and submitted to Auditor Controller's Office as required by the Standard Practice Manual 602, *Cash Deposits in Outlying Areas*. This form is required when departments with cash operating business processes request exemptions from processing daily cash deposit. Completing the form ensures compliance with county policies and practices and maintains proper oversight of the county's cash management operations.
- The ground maintenance inspection checklist form does not document the completion by maintenance staff or review by the manager with signature and date. By not implementing these type of monitoring controls over daily inspections, it can impair



**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

department management objectives of maintaining a strong preventative maintenance program to ensure the safety and maintenance of equipment and facilities are up to standards.

- The amounts owed to Aviation for lease agreements are not written-off in accordance with Standard Practice Manual 306, *Accounts Receivable Collections and Write-off Policy*. When county policies and procedures are not followed, it reduces the policy objectives, and it can result in overstated financial reporting.

***Summary of Improvement Opportunities***

- Ensure there is proper segregation of duties within the process of receiving and depositing of payments.
- Develop a process to track lease payments received via mail.
- Ensure monthly bank reconciliation is evidenced with dates and signatures by the preparer and reviewer.
- Ensure SPM Form AR-6, *Daily Cash Deposits Exemption Request Form*, is completed and filed for the outlying locations.
- Update the ground maintenance inspection checklist form to include a field for the signature and date for both the staff members performing the inspections and management review.
- Ensure Aviation complies with SPM 306, *Accounts Receivable Collections and Write-Off Policy* to collect account receivable and bad debt.

**Audit Conclusion**

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cash management, maintenance of airport grounds, and payment collection process.

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

## **Cash Management**

### **Background**

Aviation was restructured and moved from Economic Development Agency to Transportation and Land Management Agency in April 2020. Aviation receives payments from tenants for hangers, ground, building, and tie down rent services. Tenants have the option to pay for the service electronically, in-person at French Valley Airport location and/or send checks by mail to Aviation's main office. Cash received at the outlying locations must be reported and deposited daily, if not, department should request exemption from the Auditor-Controller's Office by filing *A Daily Cash Deposits Exemption Request form* AR-6.

A fundamental element of internal control is the segregation of certain key duties. The idea underlying segregation of duties is that no employee or group of employees have complete control over a key function or activity. In general, the principal incompatible duties to be segregated are the opening of incoming mail, recording payments, and/or depositing the checks received.

The review and reconciliation of records are effective processes that should be completed timely and can help in capturing potential errors and mistakes.

### **Objective**

To evaluate the existence and adequacy of internal controls over cash management.

### **Audit Methodology**

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards over cash transactions.
- Conducted interviews and performed walk-throughs with department personnel responsible for payment collection processing operations.
- Reviewed supporting documentation for cash transactions.

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

- Selected a sample of county receipts to verify whether transactions were properly recorded and maintained the appropriate backup documentation.
- Compared bank reconciliation with bank statement to determine whether appropriate levels of management reviews and approvals were evidenced.
- Verified payments received are recorded and reconciled in the Riverside County financial system.

**Finding 1: Payment Handling Process**

Based on our review of Aviation's cash handling process, we identified the following:

- Key duties were not segregated over payment handling functions. The same employee who opens the incoming mail, prepares and makes the deposits of the checks received. The Standard Practice Manual 1001, *Internal Control*, states, "Duties should be divided or segregated so that no one person has complete control over a key function or activity." The internal control gap was attributed by department staff as an issue of limited resources. Segregation of duties helps maintain sustainable risk management for business processes and it is based on shared responsibilities of key processes that disperses the critical functions of a process to more than one person. Segregating the responsibility of opening mailed payments, preparing deposits and making the deposits of mailed payments, helps reduce opportunities for any individual to both perpetrate and conceal errors or fraud in the normal course of duties.
- Department did not maintain logs detailing payments received by mail. Utilizing mail logs to record incoming checks provides evidence of tenant payment dates and amounts. Missing checks may remain undetected for long period of time. A mail log assists in tracking and identifying missing checks. Standard Practice Manual 1001, *Internal Control*, states, "county departments and agencies shall establish, document, and maintain an effective system of internal control." The absence of this internal control was attributed by department staff as the result of limited resources. Logs to track incoming mail ensures payments are not misplaced or forgotten. Also, it helps prevent and detect errors.
- Four (100%) out of four bank reconciliations randomly selected, did not contain the dates and signatures of the preparer and reviewer. As such, there is no evidence that reconciliations were reviewed timely. Further, we could not identify if reconciliation were reviewed and approved by an appropriate level of supervision. Standard Practice

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

Manual 1001, *Internal Control*, states, "review and reconciliation records are routinely examined and reconciled to determine that transactions were properly processed." Dates and signatures aid in determining if reconciliations are prepared and reviewed in a timely manner, aids in the achievement of management objectives, helps determine if adequate segregation of duties exist, and errors are corrected timely.

- Form AR-6, *Daily Cash Deposits Exemption Request*, was not completed and submitted to Auditor Controller's Office as required by the Standard Practice Manual 602, *Cash Deposits in Outlying Areas*. This form is required when departments with cash operating business processes request exemptions from processing daily cash deposit. The Standard Practice Manual 602, *Cash Deposits in Outlying Areas*, states, "all departments collecting monies in outlying areas must deposit to the treasury using consolidated zero balance banking service." Completing the form ensures compliance with county policies and practices and maintains proper oversight of the county's cash management operations.

**Recommendation 1.1**

Ensure there are adequate segregation of duties between opening, preparing, and depositing payments received via mail.

**Management's Response:**

"**Partially Concur**, Aviation was part of the Economic Development Agency and joined the Transportation and Land Management Agency (TLMA) on March 25, 2020. Two fiscal staff members, an Accountant, and a Fiscal Analyst were transferred to TLMA at the time of restructure. An Accountant received Aviation's daily mail, logged the checks into the Revenue Tracking log, and made copies of the checks and envelopes; and the Fiscal Analyst deposited the checks into Union Bank, thus maintaining segregation of duties. This process continued for about a couple of months.

Due to the budget constraints during this time, rather than backfilling the vacancy created by attrition in another section, a Fiscal Analyst was moved to fulfill that role, leaving only an Accountant to handle Aviation fiscal tasks, with the Accounts Receivable staff depositing checks into Union Bank.

Right around this time, the COVID-19 pandemic started, creating many challenges with staff coverage in the Accounts Receivable section as staff members were quarantining

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

one after another due to COVID illness. During this time, temporarily, the accountant was given access to Union Bank to make the deposits. As COVID and staffing challenges continued, from January to May 2021, the daily mail logging process was shared by an Accountant and an Aviation Secretary.

The process has been corrected since June 2021. The accountant receives the daily mail, logs the checks, scans the check and corresponding envelop, gives those to AR staff. AR staff scans the checks into Union Bank, shortly after the deposit, AR staff gets an email notification from Union Bank for Remote Deposit Receipt.”

Actual/Estimated Date of Corrective Action: June 2021

**Auditor’s Comment:**

The process referenced by the department continues to have internal control weaknesses. Incoming mail should be opened by a staff who does not have access to financial and reporting duties. The accountant should not receive/open the daily mail or log the checks into the mail log sheet. Mail logs are issued to track incoming payments received through the mail. Also, account receivable staff should not have access to checks as they are the recordkeepers.

**Recommendation 1.2**

Develop a process to log incoming mail to include tenant payments and date received.

**Management’s Response:**

“Partially Concur, Aviation has always maintained the check log and had segregation of duties. There was a break in the process due to a staff shortage during the COVID surge.

We have a spreadsheet detailing all mailed payments for Aviation. This spreadsheet "Revenue Tracking Log" has the following fields: received date, deposit date, ABM (Aviation Software) posting date, check number, description, invoice number, customer name, TCR number, account number, fund, Dept ID number, class, project number, and amount.”

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

Actual/Estimated Date of Corrective Action: N/A

**Auditor's Comment:**

During our walkthrough, we observed the revenue tracking log, which is different than the mail log, was prepared after the deposit process. Additionally, the process presented in the management's response allows the same accountant to receive the daily mail, log the checks, and record revenue. This current process needs to have these duties adequately segregated.

**Recommendation 1.3**

Ensure monthly bank reconciliations include dates and signatures by the preparer and reviewer.

**Management's Response:**

"Concur, after the accountant reconciled the bank statement, it was reviewed by the Administrative Services Manager. There was an oversight of not dating and signing the reconciliation. This process has been corrected in September 2021."

Actual/Estimated Date of Corrective Action: 9/20/21

**Recommendation 1.4**

Ensure SPM Form AR-6, *Daily Cash Deposits Exemption Request Form*, is completed and filed for the outlying locations.

**Management's Response:**

"Concur, TLMA was not aware that EDA had failed to complete the Form AR6 for Aviation. After learning this, the FormAR6 was submitted on September 8, 2021, and ACO approved it on September 9, 2021."

Actual/estimated Date of Corrective Action: 9/8/21

## Maintenance of Airport Grounds

### Background

The daily ground maintenance inspections are to maintain the safety and comfort of pilots, passengers, operators, and protect the public. Aviation's maintenance employees examine pavement areas, airfield, airport property, markings, lighting, and sewer/water systems. Preventive maintenance promotes the reliability of county safety and cost-efficiency of operations and helps the department maintain compliance with applicable local, state, and federal regulations as they relate to safety operations, repairs, and cleaning.

Currently, Aviation utilizes a manual checklist form to aid in recording daily ground maintenance. Safety and maintenance work is performed by two maintenance supervisors who oversee four maintenance clerks for the five airport locations.

### Objective

To evaluate internal controls over the daily maintenance inspections for Aviation.

### Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies, procedures, and applicable standards over airport required maintenance.
- Obtained a copy of all airports required maintenance services forms and reports.
- Verified the required daily inspections and maintenance have been performed timely.
- Reviewed inspections were approved by an appropriate staff level.

### Finding 2: Management Over Daily Inspections

Fifteen (100%) out of 15 daily ground maintenance inspection checklist forms did not document the signature and date of the staff member performing the inspection and the

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

manager reviewing the inspection. The Standard Practice Manual 1001, *Internal Control*, states, "Review records are routinely examined to determine that transactions were properly processed." This was caused since the inspection form does not include signature lines to document the staff performing the inspection or the reviewer signature and date. By not implementing monitoring controls over daily inspections, it can impair department management objectives of maintaining a strong preventative maintenance program to ensures the safety and maintenance of equipment and facilities are up to standards.

**Recommendation 2**

Update the ground maintenance inspection checklist form to include a field for the signature and date for both the staff members performing the inspections and management review.

**Management's Response:**

"**Partially Concur**, per our Safety and Maintenance Standard Operating Procedure, dated May 29, 2020, Operations and Maintenance staff inspect County airports and use the Inspection Checklist as a job aid to remind themselves of the things they have seen during their inspection.

The checklist does have a location for the staff member to document the date and their name, and both items were completed in 15 of 15 records reviewed. When two staff members are together conducting an inspection both names are included on the inspection report. We also follow the Safety and Maintenance Standard Operating Procedure (dated 5/29/2020) and have the Operations and Maintenance staff email the checklist to the airport manager or designee at the end of each day /week.

When something at an airport needs attention, the Operations and Maintenance staff member is responsible to implement the necessary action, or to escalate the item for repair or consideration. The Airport Manager is in communication with both Operations and Maintenance Supervisors at least daily (and typically several times a day) to coordinate and authorize needed repairs and/ or maintenance items.

Aviation's six field staff are deployed to the five County airports as needed on a daily basis. The supervisor is often at a different location up to 100 miles away from the person doing the inspection. The Checklist is not required by the FAA, CalTrans



**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

Aeronautics, or any other governing agency. It is an internal job aid to assist field employees.

With a small group of six Operations and Maintenance staff for five airports, adding signature lines for the staff member and supervisor adds process without improving the outcome of airport inspections.”

Actual/Estimated Date of Corrective Action: N/A

**Auditor’s Comment:**

As stated in the finding, the monitoring controls over daily inspections ensure the safety and maintenance of equipment as well as facilities. During our walkthrough, we observed, one signature was obtained over one inspection form per day per airport location. However, two field staff performed the inspection. Additionally, the form had no space for manager’s signature. Manager’s review and signature ensure the appropriateness of the monitoring process over daily inspections.

Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit

**Payment Collection Process**

**Background**

In accordance with the Standard Practice Manual 306, *Accounts Receivable Collections and Write-off Policy*, Riverside County Auditor-Controller's Office has established policies and procedures in compliance with California Government Code Section 25257 for the collection and write-offs of uncollectible accounts receivable. These procedures recognize that certain amounts of bad debt will occur when accounts receivables are established. County departments must record accounts receivables timely and accurately, as well as collect receivables and review the controls to ensure timely collection. Also, the SPM 306 represents the following written procedures table to ensure that past due receivables are followed-up promptly and in a cost-effective manner for the departments:

***Timeline for Collection of Accounts Receivable***

| Collection Step  | Latest Day for Completion |
|--|---------------------------|
| Services Rendered, Goods Delivered, Fees Due, etc.                               | Day 0                     |
| Receivable is Recorded, Initial Invoice or Statement is Mailed                   | Day 15                    |
| First Dunning Invoice/Statement with Dunning Message No. 1                       | 30 Days Past Due          |
| First Telephone Contact  | 45 Days Past Due          |
| Second Dunning Invoice/Statement or Collection Notice with Dunning Message No. 2 | 60 Days Past Due          |
| Second Telephone Contact   | 75 Days Past Due          |
| Final Dunning Invoice/Statement or Demand Letter with Dunning Message No. 3      | 90 Days Past Due          |
| Referral of Accounts to a Collection Agency                                      | 120 Days Past Due         |

**Objective**

To evaluate the existence and adequacy of internal controls over write-off uncollectible account receivable.

**Audit Methodology**

To accomplish these objectives, we:

- Obtained an understanding of board policies and procedures over collection process.

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

- Interviewed management to obtain an understanding on collection processes.
- Obtained aging reports, selected samples to perform detailed testing on the collection process.
- Obtained an understanding of generally accepted accounting principles on estimating, reporting, and writing off uncollectible account receivable.

**Finding 3: Debt Collection Process**

Processes for writing off uncollectible accounts receivable are not currently aligned with the SPM 306, *Accounts Receivable Collections and Write-off Policy*. Based on our review of the account receivable aging report, the total uncollectible account receivable that should have been written off as of August 31, 2021, was \$67,486, of which, \$15,470 were uncollected from the prior fiscal years of 2017 through 2019. This exceeds the 120-day stipulated by SPM 306. Additionally, the SPM 306, *Accounts Receivable Collections and Write-off Policy*, states, "Within 30 days from the final demand letter, if the department has not received a response and all reasonable attempts to collect payment have failed, a transfer form is to be completed and sent to the Auditor-Controller's Office. The department must mark this customer as "inactive" in the PeopleSoft system and record a journal entry to record this account as a "bad debt expense." When policies and procedures are not consistently followed, it renders the policy objectives ineffective, weakens the internal controls established within the procedures, and inhibits the county's compliance with other regulatory requirements established within the SPM 306. Furthermore, assets presented in the financial statements are overstated since old uncollectible accounts have not been written off.

**Recommendation 3**

Ensure Aviation complies with SPM 306, *Accounts Receivable Collections and Write-Off Policy*, in collecting/reporting account receivable and bad debts.

**Management's Response:**

"Concur, we agree that the Division has not actively managed uncollectible accounts. We have made an aggressive effort to collect outstanding debt and are now following SPM 306. All outstanding debt has now been collected, written off, or payment arrangements have been made.

**Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit**

The uncollectable debt of Marvin Imm, as identified in the audit, in the amount of \$15,470, was approved by the Board to be written off on 1/12/2022.

We also note that \$33,700 of bad debt from Extreme Makeovers is under an 18-month collection agreement that was approved by the TLMA Director on 7/6/2021.

William Blair had an outstanding balance of \$964.76. Mr. Blair has passed away. The outstanding debt has been approved by the executor of his estate. At this time, we are waiting for the court to approve payment.”

Actual/Estimated Date of Corrective Action: January 2022



# Attachment B COUNTY OF RIVERSIDE




Transportation and Land Management Agency  
Charissa Leach  
Assistant CEO/TLMA Director

Transportation      Planning      Building & Safety      Code Enforcement      Aviation

---

The following are the current statuses of the reported findings and planned corrective actions contained in Internal Audit Report 2022-009: Riverside County Transportation and Land Management Agency, Aviation Division Audit.

  
\_\_\_\_\_

4/28/23  
\_\_\_\_\_

Authorized Signature

Date

---

### Finding 1: Payment Handling Process

"Based on our review of Aviation's cash handling process, we identified the following:

- Key duties were not segregated over payment handling functions. The same employee who opens the incoming mail, prepares and makes the deposits of the checks received. The Standard Practice Manual 1001, *Internal Control*, states, "Duties should be divided or segregated so that no one person has complete control over a key function or activity." The internal control gap was attributed by department staff as an issue of limited resources. Segregation of duties helps maintain sustainable risk management for business processes and it is based on shared responsibilities of key processes that disperses the critical functions of a process to more than one person. Segregating the responsibility of opening mailed payments, preparing deposits and making the deposits of mailed payments, helps reduce opportunities for any individual to both perpetrate and conceal errors or fraud in the normal course of duties.
- Department did not maintain logs detailing payments received by mail. Utilizing mail logs to record incoming checks provides evidence of tenant payment dates and amounts. Missing checks may remain undetected for long period of time. A mail log assists in tracking and identifying missing checks. Standard Practice Manual 1001, *Internal Control*, states, "county departments and agencies shall establish, document, and maintain an effective system of internal control." The absence of this internal control was attributed by department staff as the result of limited resources. Logs to track incoming mail ensures payments are not misplaced or forgotten. Also, it helps prevent and detect errors.
- Four (100%) out of four bank reconciliations randomly selected, did not contain the dates and signatures of the preparer and reviewer. As such, there is no evidence that reconciliations were reviewed timely. Further, we could not identify if reconciliation were reviewed and approved by an appropriate level of supervision. Standard Practice Manual 1001, *Internal Control*, states, "review and reconciliation records are routinely examined and reconciled to determine that transactions were properly processed." Dates and signatures aid in determining if reconciliations are prepared and reviewed in a timely manner, aids in the achievement of management objectives, helps determine if adequate segregation of duties exist, and errors are corrected timely.

- Form AR-6, *Daily Cash Deposits Exemption Request*, was not completed and submitted to Auditor Controller's Office as required by the Standard Practice Manual 602, *Cash Deposits in Outlying Areas*. This form is required when departments with cash operating business processes request exemptions from processing daily cash deposit. The Standard Practice Manual 602, *Cash Deposits in Outlying Areas*, states, "all departments collecting monies in outlying areas must deposit to the treasury using consolidated zero balance banking service." Completing the form ensures compliance with county policies and practices and maintains proper oversight of the county's cash management operations."

### Current Status

Reported Finding Corrected?  Yes  No

Payment handling process has been revised since June 2021.

The Executive Assistant sorts the mail, date stamps them, and gives the mail to the Accountant. As soon as the mail is received by an Accountant, she opens the mail, scans them, logs them into the Revenue Log that includes the check received date, check number, description, invoice number, customer name, accounting string, project number, class code and amount. She endorses the checks and gives the checks to the Accounts Receivable staff to deposit to US Bank (previously Union Bank). We're still using the Union Bank stamp until the US Bank stamp is given to us.

Once the Accountant gets the TCRs back from the AR staff, she verifies them with the log to ensure all checks are accounted for, and then applies the payments to customer accounts in Aviation software.

### Recommendation 1.1

"Ensure there are adequate segregation of duties between opening, preparing, and depositing payments received via mail."

### Management Reply

**"Partially Concur,** Aviation was part of the Economic Development Agency and joined the Transportation and Land Management Agency (TLMA) on March 25, 2020. Two fiscal staff members, an Accountant, and a Fiscal Analyst were transferred to TLMA at the time of restructure. An Accountant received Aviation's daily mail, logged the checks into the Revenue Tracking log, and made copies of the checks and envelopes; and the Fiscal Analyst deposited the checks into Union Bank, thus maintaining segregation of duties. This process continued for about a couple of months.

Due to the budget constraints during this time, rather than backfilling the vacancy created by attrition in another section, a Fiscal Analyst was moved to fulfill that role, leaving only an Accountant to handle Aviation fiscal tasks, with the Accounts Receivable staff depositing checks into Union Bank.

Right around this time, the COVID-19 pandemic started, creating many challenges with staff coverage in the Accounts Receivable section as staff members were quarantined one after another due to COVID illness. During this time, temporarily, the accountant was given access to Union Bank

to make the deposits. As COVID and staffing challenges continued, from January to May 2021, the daily mail logging process was shared by an Accountant and an Aviation Secretary.

The process has been corrected since June 2021. The accountant receives the daily mail, logs the checks, scans the check and corresponding envelop, gives those to AR staff. AR staff scans the checks into Union Bank, shortly after the deposit, AR staff gets an email notification from Union Bank for Remote Deposit Receipt.”

**Actual/Estimated Date of Corrective Action:** June 2021

**Current Status**

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

**Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).**

The segregation of duties was implemented in June 2021. The Executive Assistant sorts the mail, date stamps them, and gives the mail to the Accountant. The accountant opens the mail, scans, logs them into the Revenue Log, endorses the checks, and gives the checks to the AR staff to deposit to US Bank.

**Recommendation 1.2**

“Develop a process to log incoming mail to include tenant payments and date received.”

**Management Reply**

“**Partially Concur**, Aviation has always maintained the check log and had segregation of duties. There was a break in the process due to a staff shortage during the COVID surge.

We have a spreadsheet detailing all mailed payments for Aviation. This spreadsheet "Revenue Tracking Log" has the following fields: received date, deposit date, ABM (Aviation Software) posting date, check number, description, invoice number, customer name, TCR number, account number, fund, Dept ID number, class, project number, and amount.”

**Actual/Estimated Date of Corrective Action:** N/A

**Current Status**

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

**Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).**

The department utilizes the Revenue Log to log incoming mail which includes the fields mentioned above.

### Recommendation 1.3

"Ensure monthly bank reconciliations include dates and signatures by the preparer and reviewer."

#### Management Reply

"Concur, after the accountant reconciled the bank statement, it was reviewed by the Administrative Services Manager. There was an oversight of not dating and signing the reconciliation. This process has been corrected in September 2021."

**Actual/Estimated Date of Corrective Action:** 9/20/21

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The bank reconciliation now has the preparer's name and date and the reviewer's date and signature.

### Recommendation 1.4

"Ensure SPM Form AR-6, *Daily Cash Deposits Exemption Request Form*, is completed and filed for the outlying locations."

#### Management Reply

"Concur, TLMA was not aware that EDA had failed to complete the Form AR6 for Aviation. After learning this, the FormAR6 was submitted on September 8, 2021, and ACO approved it on September 9, 2021."

**Actual/Estimated Date of Corrective Action:** 9/8/21

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Form AR6 was submitted on September 8, 2021, with the ACO approval on September 9, 2021.

### Finding 2: Management Over Daily Inspections

"Fifteen (100%) out of 15 daily ground maintenance inspection checklist forms did not document the signature and date of the staff member performing the inspection and the manager reviewing the



inspection. The Standard Practice Manual 1001, *Internal Control*, states, "Review records are routinely examined to determine that transactions were properly processed." This was caused since the inspection form does not include signature lines to document the staff performing the inspection or the reviewer signature and date. By not implementing monitoring controls over daily inspections, it can impair department management objectives of maintaining a strong preventative maintenance program to ensure the safety and maintenance of equipment and facilities are up to standards."

### Current Status

Reported Finding Corrected?  Yes  No N/A

The Safety and Maintenance Standard Operating Procedure is being conducted as designed and required. Adding a requirement for additional oversight and signatures adds additional process without improving airport safety.

### Recommendation 2

"Update the ground maintenance inspection checklist form to include a field for the signature and date for both the staff members performing the inspections and management review."

### Management Reply

"**Partially Concur**, per our Safety and Maintenance Standard Operating Procedure, dated May 29, 2020, Operations and Maintenance staff inspect County airports and use the Inspection Checklist as a job aid to remind themselves of the things they have seen during their inspection.

The checklist does have a location for the staff member to document the date and their name, and both items were completed in 15 of 15 records reviewed. When two staff members are together conducting an inspection both names are included on the inspection report. We also follow the Safety and Maintenance Standard Operating Procedure (dated 5/29/2020) and have the Operations and Maintenance staff email the checklist to the airport manager or designee at the end of each day /week.

When something at an airport needs attention, the Operations and Maintenance staff member is responsible to implement the necessary action, or to escalate the item for repair or consideration. The Airport Manager is in communication with both Operations and Maintenance Supervisors at least daily (and typically several times a day) to coordinate and authorize needed repairs and/ or maintenance items.

Aviation's six field staff are deployed to the five County airports as needed on a daily basis. The supervisor is often at a different location up to 100 miles away from the person doing the inspection. The Checklist is not required by the FAA, CalTrans Aeronautics, or any other governing agency. It is an internal job aid to assist field employees.

With a small group of six Operations and Maintenance staff for five airports, adding signature lines for the staff member and supervisor adds process without improving the outcome of airport inspections."

**Actual/Estimated Date of Corrective Action:** N/A

**Current Status**

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The Safety and Maintenance Standard Operating Procedure is being conducted as designed and required.

As mentioned in initial audit response, when Operations and Maintenance staff inspect five County airports, they do use the Inspection Checklist and they also document the date of inspection and their name. The supervisor is often at a different location up to 100 miles away from the person doing the inspection, adding signature line for supervisor adds process without improving the outcome of airport inspections.

The Airport Manager is in communication with both Operations and Maintenance Supervisors at least daily (and typically several times a day) to coordinate and authorize needed repairs and/ or maintenance items.

The Checklist is not required by the FAA, CalTrans Aeronautics, or any other governing agency. It is an internal job aid to assist field employees.

**Finding 3: Debt Collection Process**

"Processes for writing off uncollectible accounts receivable are not currently aligned with the SPM 306, *Accounts Receivable Collections and Write-off Policy*. Based on our review of the account receivable aging report, the total uncollectible account receivable that should have been written off as of August 31, 2021, was \$67,486, of which, \$15,470 were uncollected from the prior fiscal years of 2017 through 2019. This exceeds the 120-day stipulated by SPM 306. Additionally, the SPM 306, *Accounts Receivable Collections and Write-off Policy*, states, "Within 30 days from the final demand letter, if the department has not received a response and all reasonable attempts to collect payment have failed, a transfer form is to be completed and sent to the Auditor-Controller's Office. The department must mark this customer as "inactive" in the PeopleSoft system and record a journal entry to record this account as a "bad debt expense." When policies and procedures are not consistently followed, it renders the policy objectives ineffective, weakens the internal controls established within the procedures, and inhibits the county's compliance with other regulatory requirements established within the SPM 306. Furthermore, assets presented in the financial statements are overstated since old uncollectible accounts have not been written off."

**Current Status**

Reported Finding Corrected?  Yes  No

Aviation has been aggressively pursuing past due accounts and now have no accounts older than 120 days.

**Recommendation 3**

“Ensure Aviation complies with SPM 306, *Accounts Receivable Collections and Write-Off Policy*, in collecting/reporting account receivable and bad debts.”

**Management Reply**

“Concur, we agree that the Division has not actively managed uncollectible accounts. We have made an aggressive effort to collect outstanding debt and are now following SPM 306. All outstanding debt has now been collected, written off, or payment arrangements have been made.

The uncollectable debt of Marvin Imm, as identified in the audit, in the amount of \$15,470, was approved by the Board to be written off on 1/12/2022.

We also note that \$33,700 of bad debt from Extreme Makeovers is under an 18-month collection agreement that was approved by the TLMA Director on 7/6/2021.

William Blair had an outstanding balance of \$964.76. Mr. Blair has passed away. The outstanding debt has been approved by the executor of his estate. At this time, we are waiting for the court to approve payment.”

**Actual/Estimated Date of Corrective Action:** January 2022

**Current Status**

Corrective Action  Fully Implemented  Partially Implemented  Not Implemented

**Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).**

We are now following SPM 306. The Extreme Makeovers debt described above has been collected in full and the William Blair estate debt has been paid.