

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



ITEM: 2.4
(ID # 26017)

MEETING DATE:
Tuesday, October 08, 2024

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2024-023: Riverside County Purchasing and Fleet Services, Change of Department Director Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-023: Riverside County Purchasing and Fleet Services, Change of Department Director Audit

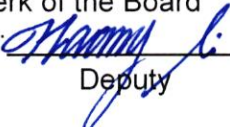
ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 9/25/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Gutierrez, 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 Gutierrez
Nays: None
Absent: None
Date: October 8, 2024
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 completed a Change of Department Director audit for Riverside County Purchasing and Fleet Services. This type of audit is conducted to assess internal controls over the transfer and safeguarding of capital assets and revolving funds when there is a change in department director. However, we omitted audit procedures for revolving funds since the department does not maintain one.

Based on the results of our audit, we determined internal controls over capital asset management are functioning as designed to help Purchasing & Fleet achieve its business process objective.

Impact on Residents 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 2024-023: Riverside County Purchasing and Fleet Services, Change of Department Director Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

0 Findings

Medium Risk

0 Findings

Low Risk

0 Findings

* Please refer to Appendix A for a classification of the priority levels.

Internal Audit Report

2024-023

Riverside County Purchasing and Fleet Services,
Change of Department Director Audit

October 1, 2024



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

Ben J. Benoit, Auditor-Controller
Tanya S. Harris, DPA, CPA, Assistant Auditor-Controller

4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



October 1, 2024

Meghan Hahn
Director of Purchasing and Fleet Services
Riverside County Purchasing and Fleet Services
3450 14th Street, Suite 420
Riverside, CA 92501

**Subject: Internal Audit Report 2024-023: Riverside County Purchasing and Fleet Services,
Change of Department Director Audit**

Dear Ms. Hahn:

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Director audit for Riverside County Purchasing and Fleet Services. This type of audit is conducted to assess internal controls over the transfer and safeguarding of capital assets and revolving funds when there is a change in department director. However, we omitted audit procedures for revolving funds since your department does not maintain one for your operations.

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 2024-023: Riverside County Purchasing and Fleet Services, Change of Department Director Audit

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

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
Juan Perez, Chief Operating Officer
Grand Jury



Internal Audit Report 2024-023: Riverside County Purchasing and Fleet Services, Change of Department Director Audit

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Internal Audit Report 2024-023: Riverside County Purchasing and Fleet Services, Change of Department Director Audit

Executive Summary

Overview

Riverside County Purchasing and Fleet Services (Purchasing & Fleet) provides materials, vehicles, and services to county departments and agencies. Purchasing & Fleet manages the divisions of Central Mail, Fiscal, Fleet Services, Purchasing Services, and Surplus. The Fleet Services division provides a comprehensive fleet management program for all vehicles and light trucks in the central County fleet. This includes vehicle selection and acquisition, maintenance, upfitting and modification, accident repair, fuel sales, car wash, vehicle and surplus disposal. The division leases vehicles for long-term use to County departments and agencies as well as maintains 2 central motor pools for short-term rentals. The division operates 12 fueling locations, 2 maintenance facilities and 3 car washes strategically located throughout the County. The division owns and maintains over 2,500 vehicles, including a growing percentage of fuel-efficient hybrids, electric and alternative fuel vehicles.

Purchasing & Fleet has a recommended budget of \$62.8 million for FY 2024-25 and 89 recommended positions. *County of Riverside, Fiscal Year 2024-25 Recommended Budget Volume 1, 208-209.*

Audit Objective

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

Audit Conclusion

Based on the results of our audit, we determined internal controls over capital asset management are functioning as designed to help Purchasing & Fleet achieve its business process objective.

AUDIT HIGHLIGHTS

- Policies and procedures for capital asset management are followed as written and established by the department, with review, approval, and reconciliation processes in place.



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Capital Asset Management

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 512, *Modifications to Capital Assets That Have Already Been Recorded and Transfer of Accountability*, 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 November 16, 2023, the time the new director was appointed/elected and acknowledged receipt of capital assets from the outgoing officer, the Riverside County Purchasing and Fleet Services maintained 2,822 capital assets in the Riverside County financial system asset management module, consisting of software, equipment, buildings & improvements, land, and vehicles with the combined acquisition cost of \$93.6 million.

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 new appointed department director was completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards over capital asset management.
- Conducted interviews with department management to gain an understanding of the capital asset management process.
- Established the date of the department director change.



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- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.
- Obtained a listing of current and retired capital assets tracked in the asset management module.
- Selected a sample of capital assets to verify adequate internal controls exist over the safeguarding of assets.
- Selected a sample of capital assets and verified its existence.
- Identified additional capital assets during field review and traced the capital assets to the asset management module to verify accurate reporting.
- Selected a sample of disposed capital assets and verified that disposals and associated proceeds were reported timely and properly to the Riverside County Auditor-Controller's Office.

Finding: None noted

Based on the results of our audit, we determined Purchasing & Fleet's internal controls over capital asset management provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



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Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
<p>These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department’s objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.</p>	<p>These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.</p>	<p>These are audit findings that are less critical and generally have a lower impact on the department’s objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.</p>
<p><u>Expected Implementation Date of Recommendation *</u> One to three months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Three to six months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Six to twelve months</p>

* Expected completion to implement recommendation date begins after issuance of final audit report.