

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



ITEM: 2.18
(ID # 27712)

MEETING DATE:
Tuesday, May 06, 2025

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit


ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 4/25/2025

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: May 6, 2025
xc: Auditor

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 Department of Child Support Services. Our audit was limited to reviewing actions taken as of February 13, 2025, to correct findings noted in our original audit report 2024-025 dated December 3, 2024. 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, all eight were implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2024-025 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 Residents and Businesses

Provide an assessment of internal controls over the audited areas.

Additional Fiscal Information

Not applicable

ATTACHMENT.

A: Riverside County Auditor-Controller - Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Internal Audit Report

2025-328

Follow-up

8 Recommendations

- ✓ 8 Implemented
- ▶ 0 Partially Implemented
- ✗ 0 Not Implemented



**Riverside County
Department of Child Support Services,
Change of Department Head,
Follow-up Audit**

May 06, 2025



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

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

4080 Lemon Street, 6th Floor
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



May 06, 2025

Nicole Windom-Hurd
Director
Riverside County Department of Child Support Services
2001 Iowa Ave.
Riverside, CA 92507

Subject: Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit

Dear Ms. Windom-Hurd:

We completed the follow-up audit of Riverside County Department of Child Support Services Department. Our audit was limited to reviewing actions taken as of February 13, 2025, to help correct the findings noted in our original audit report 2024-025 dated December 3, 2024.

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 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, all eight were implemented.



**Internal Audit Report 2025-328: Riverside County Department of Child Support Services,
Change of Department Head, 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 2024-025 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, County Executive Officer
Juan Perez, Chief Operating Officer
Grand Jury



**Internal Audit Report 2025-328: Riverside County Department of Child Support Services,
Change of Department Head, Follow-up Audit**

Table of Contents

Page

Results:

Revolving Funds	4
-----------------------	---

Attachments:

A. Internal Audit Report 2024-025

B. Status of Findings as Reported by Riverside County Child Support Services, Follow-up Audit on
January 2, 2025



Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit

Revolving Funds

Finding 1: Revolving Fund Replenishment and Disbursement Practices

“Standard Practice Manual 603, Reimbursement Requirement, states, ‘Revolving fund purchases must be submitted for reimbursement within sixty (60) days from the date on the receipt and must be summarized on the AP-9 Form (Revolving Fund Request for Replenishment).’ Under Unallowable Revolving Fund Expenditures, the manual also states, that, ‘Revolving funds may not be used for any expenditures for employee-related activities (e.g., flowers, gifts, door prizes, refreshments, food, and awards), nor may they be used for purchases which have been split to stay under the \$300 limit.’

Based on our review for revolving fund replenishments, we identified the following:

- Six out of 21 (29%) revolving fund replenishments were not requested and deposited within the required timeframe.
- Three out of 21 (14%) revolving fund replenishments had disbursements not classified appropriately, including unallowable expenditures for employee-related and donation related activities.
- Two out of 21 (10%) revolving fund purchases was split to stay under the \$300 limit.

Staffing challenges, including the need for retraining new staff on policies, impacted adherence to required timelines. Additionally, internal policies and procedures need updating to better define allowable uses and timeframes for revolving fund activities. The donation and split purchase were one-time events where the revolving fund was used without obtaining an exemption from the Auditor-Controller’s Office to operate outside of policy guidelines.

Delays in requesting and depositing revolving fund replenishments, misclassification of disbursements, and splitting purchases to remain under the \$300 limit can result in inaccurate financial records, misuse of funds, and non-compliance with established policies.”

Recommendation 1.1

“Enhance internal policies and procedures to include a process for spending limits of revolving fund purchases and define allowable uses and timeframes for revolving fund activities.”

Current Status 1.1: Implemented



Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit

Recommendation 1.2

“Train staff on revolving fund processes over spending limit, allowable uses and timeframes for revolving fund activities and document the completion and understanding of the training.”

Current Status 1.2: Implemented

Recommendation 1.3

“In the event that revolving fund must be used outside of policy, obtain exemption from the Auditor-Controller’s Office.”

Current Status 1.3: Implemented

Finding 2: Stale-Dated Check

“The checks utilized by Child Support Services specify, ‘Void if not cashed after 6 months.’ Furthermore, Government code § 29802 states ‘Any warrant issued is void if not presented to the county treasury for payment within six months after its issuance date.’

Based on our review of the revolving fund checkbook, we identified 11 out of a total of 26 outstanding checks have been outstanding for more than six months. The dates ranged from early April 2023 to mid-December 2023. The department followed informal procedures to retain stale-dated checks for nine months, and the revolving fund policies and procedures did not include formal guidelines for handling these checks.

Compliance is essential to maintain accurate financial records and ensure funds are appropriately managed. Outstanding checks remaining uncashed for extended periods can lead to inaccurate financial records, potential cash flow issues, and increased risk of checks becoming stale, which may complicate the reconciliation process and potentially lead to the funds being unavailable for their intended purpose.”

Recommendation 2.1

“Ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.

Current Status 2.1: Implemented



Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit

Recommendation 2.2

“Update department procedures to ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.”

Current Status 2.1: Implemented

Finding 3: Insufficient Documentation and Reconciliation Practices

“Standard Practice Manual 1001 *Internal Controls*, states, ‘the methods and procedures should provide reasonable assurance regarding the achievement of objectives in ensuring the accuracy, reliability, and timeliness of financial records and reports.’ Additionally, ‘records should be routinely examined and reconciled to determine that transactions were properly processed.’

Based on our review for revolving fund reconciliation, we identified the following:

- Reconciliations did not incorporate all relevant documentation, specifically bank account analysis fees and interest, which were tracked separately from the reconciliation packet.
- Reconciliation did not include complete documentation for deposits, with deposits slips maintained separately in the department’s checkbook. The missing supporting documentation amounted to \$1,316, highlighting opportunity to improve the completeness of records for the revolving fund transactions.
- Revolving fund replenishments were not fully supported by documentation for bank account analysis fees and interest, as these items were recorded separately from the replenishment records.
- An internal daily check register or ledger to track the balance of revolving fund is not maintained.

The discrepancies highlight opportunities to improve documentation, standardize fund replenishment procedures, refine reconciliation processes, and update formal procedures for maintaining reconciliation books. These issues can lead to inaccurate financial records and a misrepresentation of the fund's financial position, increasing the risk of errors and unauthorized transactions.”



Internal Audit Report 2025-328: Riverside County Department of Child Support Services, Change of Department Head, Follow-up Audit

Recommendation 3.1

“Ensure the documentation is included for bank analysis fees and interest which is currently maintained separately within the reconciliation packet to provide complete support for the revolving fund reconciliation.”

Current Status 3.1: Implemented

Recommendation 3.2

“Revise existing procedures to ensure that back-up documentation substantiates amounts reported in revolving fund reconciliations, aligning with bank statements and supporting a complete balancing of the reconciliation.”

Current Status 3.2: Implemented

Recommendation 3.3

“Ensure a daily check register is maintained to supplement the monthly reconciliation process as a continuous record of the revolving fund’s balance.”

Current Status 3.3: Implemented



Attachment A

Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

- 2** Findings
• 5 Recommendations

Medium Risk

- 1** Findings
• 3 Recommendations

Low Risk

- 0** Findings

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

Internal Audit Report

2024-025

Riverside County Child Support Services,
Change of Department Head Audit

December 3, 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



December 3, 2024

Nicole Windom-Hurd
Director
Riverside County Child Support Services Department
2001 Iowa Ave.
Riverside, CA 92507

**Subject: Internal Audit Report 2024-025: Riverside County Child Support Services Department,
Change of Department Head Audit**

Dear Ms. Windom-Hurd:

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Head audit for the Riverside County Child Support Services. This audit is conducted to assess internal controls over the transfer and safeguarding of revolving funds and capital asset management when there is a change in department head.

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 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

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.

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 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Table of Contents

	Page
Executive Summary	4
Results:	
Revolving Funds	5
Capital Asset Management	11
Appendix A: Finding Priority Level Classification.....	13



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Executive Summary

Overview

The Riverside County Department of Child Support Services (Child Support Services) is the third largest anti-poverty program in the nation. Child Support Services assists parents and guardians in ensuring that children and families receive court-ordered financial and medical support and provides a wide range of services, including locating and establishing paternity, and enforcing court orders for child support, and health coverage.

Child Support Services has adopted budget of \$57.9 million for FY 2024/25 and 417 adopted positions. *County of Riverside, FY 2024/25 Adopted Budget, 144.*

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 revolving funds and capital assets when there is a change in department head.

Audit Conclusion

Based upon the results of our audit, we determined internal controls are in place to ensure the safeguarding and timely transfer of capital assets and revolving funds to the newly appointed department director. However, we have identified improvement opportunities for internal controls over revolving funds that can help provide reasonable assurance that its objectives relating to this area will be achieved. Specifically, discrepancies in the timing of replenishment requests and deposits, classification of disbursements, and the handling of split purchases. Additionally, supporting documentation for reconciliations was incomplete, with stale-dated checks present and no formal reconciliation books maintained.

AUDIT HIGHLIGHTS

- Revolving fund replenishments process needs improvement in timely request and deposit, appropriate classification of disbursements, and adherence to the \$300 purchase limit policy.
- Department procedures need to be updated to ensure compliance with the six-month void policy and government code requirements.
- Revolving fund reconciliation controls need improvement in completeness of reconciliation, documentation for deposits and replenishments, and maintenance of reconciliation books.



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Revolving Funds

Background

Under the authority of Government Code Section 29320-29334, the Riverside County Board of Supervisor's adopted Board Resolution 74-156 on May 14, 1974, authorizing the establishment of a revolving fund, under the custodianship of a county officer, for use on official county business. The Board of Supervisor's adopted Board Resolution 83-338 on November 1, 1983, authorizing the Riverside County Auditor-Controller to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

Child Support Services has one revolving fund, with an authorized balance of \$15,000 maintained in the form of a bank account totaling \$14,150 and petty cash totaling \$850. The revolving fund is primarily used to pay interstate record lien fees, service fees, release of judgment liens conferences and supplies for events. Access to the revolving fund/petty cash is limited to the fund custodian and three back-up individuals. We physically observed the petty cash funds are kept in locked boxes in a safe with access limited.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the predecessor to the new appointed department head were completed, and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of the revolving funds.

Audit Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form*, for the establishment and transfer of the revolving funds.
- Interviewed key personnel and reviewed department procedures over the revolving funds and Standard Practice Manual 603, *Cash Management Policies*.
- Verified whether revolving fund reconciliations were prepared.
- Performed a surprise cash count and reconciled to the fund assignment amounts without exception.



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

- Verified whether adequate segregation of duties existed.
- Reviewed supporting documentation for transactions.

Finding 1: Revolving Fund Replenishment and Disbursement Practices Review	Priority Level: 1¹
--	--------------------------------------

Standard Practice Manual 603, *Reimbursement Requirement*, states, “Revolving fund purchases must be submitted for reimbursement within sixty (60) days from the date on the receipt and must be summarized on the AP-9 Form (Revolving Fund Request for Replenishment).” Under *Unallowable Revolving Fund Expenditures*, the manual also states, that, “Revolving funds may not be used for any expenditures for employee-related activities (e.g., flowers, gifts, door prizes, refreshments, food, and awards), nor may they be used for purchases which have been split to stay under the \$300 limit.”

Based on our review for revolving fund replenishments, we identified the following:

- Six out of 21 (29%) revolving fund replenishments were not requested and deposited within the required timeframe.
- Three out of 21 (14%) revolving fund replenishments had disbursements not classified appropriately, including unallowable expenditures for employee-related and donation related activities.
- Two out of 21 (10%) revolving fund purchases was split to stay under the \$300 limit.

Staffing challenges, including the need for retraining new staff on policies, impacted adherence to required timelines. Additionally, internal policies and procedures need updating to better define allowable uses and timeframes for revolving fund activities. The donation and split purchase were one-time events where the revolving fund was used without obtaining an exemption from the Auditor-Controller’s Office to operate outside of policy guidelines.

Delays in requesting and depositing revolving fund replenishments, misclassification of disbursements, and splitting purchases to remain under the \$300 limit can result in inaccurate financial records, misuse of funds, and non-compliance with established policies.

¹ Please see Appendix A (page 13) for a description of the finding priority level classifications.



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Recommendation 1.1

Enhance internal policies and procedures to include a process for spending limits of revolving fund purchases and define allowable uses and timeframes for revolving fund activities.

Management's Response

"Concur. Department internal policies and procedures were updated to include a process for spending limits of revolving fund purchases and define allowable uses and timeframes for revolving fund activities."

Actual/Estimated Date of Corrective Action: 10/10/2024

Recommendation 1.2

Train staff on revolving fund processes over spending limit, allowable uses and timeframes for revolving fund activities and document the completion and understanding of the training.

Management's Response

"Concur. Department will provide training to new staff and retrain existing staff on revolving fund processes over spending limit, allowable uses and timeframes for revolving fund activities and document the completion and understanding of the training."

Actual/Estimated Date of Corrective Action: 11/10/2024

Recommendation 1.3

In the event that revolving fund must be used outside of policy, obtain exemption from the Auditor-Controller's Office.

Management's Response

"Concur. In the event that revolving fund must be used outside of policy, the Department will obtain exemption from the Auditor-Controller's Office."

Actual/Estimated Date of Corrective Action: 10/10/2024



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Finding 2: Stale-Dated Check

Priority Level: 1²

The checks utilized by Child Support Services specify, “Void if not cashed after 6 months.” Furthermore, Government code § 29802 states “Any warrant issued is void if not presented to the county treasury for payment within six months after its issuance date.”

Based on our review of the revolving fund checkbook, we identified 11 out of a total of 26 outstanding checks have been outstanding for more than six months. The dates ranged from early April 2023 to mid-December 2023. The department followed informal procedures to retain stale-dated checks for nine months, and the revolving fund policies and procedures did not include formal guidelines for handling these checks.

Compliance is essential to maintain accurate financial records and ensure funds are appropriately managed. Outstanding checks remaining uncashed for extended periods can lead to inaccurate financial records, potential cash flow issues, and increased risk of checks becoming stale, which may complicate the reconciliation process and potentially lead to the funds being unavailable for their intended purpose.

Recommendation 2.1

Ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.

Management's Response

“**Concur.** Department will ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly. “

Actual/Estimated Date of Corrective Action: 10/10/2024

Recommendation 2.2

Update department procedures to ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.

² Please see Appendix A (page 13) for a description of the finding priority level classifications.



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Management's Response

“Concur. Department will update department procedures to ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly. “

Actual/Estimated Date of Corrective Action: 10/10/2024

Finding 3: Insufficient Documentation and Reconciliation Practices

Priority Level: 2³

Standard Practice Manual 1001 *Internal Controls*, states, “the methods and procedures should provide reasonable assurance regarding the achievement of objectives in ensuring the accuracy, reliability, and timeliness of financial records and reports.” Additionally, “records should be routinely examined and reconciled to determine that transactions were properly processed.”

Based on our review for revolving fund reconciliation, we identified the following:

- Reconciliations did not incorporate all relevant documentation, specifically bank account analysis fees and interest, which were tracked separately from the reconciliation packet.
- Reconciliation did not include complete documentation for deposits, with deposits slips maintained separately in the department’s checkbook. The missing supporting documentation amounted to \$1,316, highlighting opportunity to improve the completeness of records for the revolving fund transactions.
- Revolving fund replenishments were not fully supported by documentation for bank account analysis fees and interest, as these items were recorded separately from the replenishment records.
- An internal daily check register or ledger to track the balance of revolving fund is not maintained.

The discrepancies highlight opportunities to improve documentation, standardize fund replenishment procedures, refine reconciliation processes, and update formal procedures for maintaining reconciliation books. These issues can lead to inaccurate financial records and a misrepresentation of the fund's financial position, increasing the risk of errors and unauthorized transactions.

³ Please see Appendix A (page 13) for a description of the finding priority level classifications.



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Recommendation 3.1

Ensure the documentation is included for bank analysis fees and interest which is currently maintained separately within the reconciliation packet to provide complete support for the revolving fund reconciliation.

Management's Response

"Concur. The Department will ensure the documentation is included for bank analysis fees and interest which is currently maintained separately within the reconciliation packet to provide complete support for the revolving fund reconciliation."

Actual/Estimated Date of Corrective Action: 10/10/2024

Recommendation 3.2

Revise existing procedures to ensure that back-up documentation substantiates amounts reported in revolving fund reconciliations, aligning with bank statements and supporting a complete balancing of the reconciliation.

Management's Response

"Concur. The Department will revise existing procedures to ensure that back-up documentation substantiates amounts reported in revolving fund reconciliations, aligning with bank statements and supporting a complete balancing of the reconciliation."

Actual/Estimated Date of Corrective Action: 11/10/2024

Recommendation 3.3

Ensure a daily check register is maintained to supplement the monthly reconciliation process as a continues record of the revolving fund's balance.

Management's Response

" Concur. The Department will ensure a daily check register is maintained to supplement the monthly reconciliation process as a continues record of the revolving fund's balance.

Actual/Estimated Date of Corrective Action: 10/10/2024



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Capital Assets

Background

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year and are broadly classified as land (valued at \$1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of \$5,000 or greater).

Per the Riverside County Auditor-Controller's Standard Practice Manual, Policy Number 512, *Transfer of Accountability on Capital Assets*, it states that upon retirement or termination of a department director, accountability for capital assets must be transferred to the new or acting department director and notification filed with the Riverside County Auditor-Controller's Office.

As of January 9, 2024, the time the new director was appointed/elected and acknowledged receipt of capital assets from the outgoing officer, the Riverside County Department of Child Support Services maintained three capital assets in the Riverside County financial system asset management module, consisting of equipment and software, with the combined acquisition cost of \$32,757.

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 Auditor-Controller's Office Standard Practice Manual 512, *Capital Assets Policies*
- Established the date of the department director change.
- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.
- Selected a sample of capital assets to verify adequate internal controls exist over the safeguarding of assets.



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Findings: None Noted

Priority Level: N/A

Based upon the results of our audit, we determined child support services internal control 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.



Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit

Appendix A: Finding Priority Level Classification

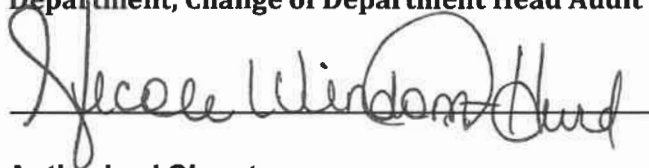
Priority Level 1	Priority Level 2	Priority Level 3
These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department's objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, 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.	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.	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.
<u>Expected Implementation Date of Recommendation*</u> One to three months	<u>Expected Implementation Date of Recommendation *</u> Three to six months	<u>Expected Implementation Date of Recommendation *</u> Six to twelve months

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

Nicole Windom-Hurd
Director

Dean Veith
Assistant Director

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2024-025: Riverside County Child Support Services Department, Change of Department Head Audit



Authorized Signature

2.13.2025

Date

Finding 1: Revolving Fund Replenishment and Disbursement Practices Review

#

"Standard Practice Manual 603, *Reimbursement Requirement*, states, 'Revolving fund purchases must be submitted for reimbursement within sixty (60) days from the date on the receipt and must be summarized on the AP-9 Form (Revolving Fund Request for Replenishment).' Under *Unallowable Revolving Fund Expenditures*, the manual also states, that, 'Revolving funds may not be used for any expenditures for employee-related activities (e.g., flowers, gifts, door prizes, refreshments, food, and awards), nor may they be used for purchases which have been split to stay under the \$300 limit."

Based on our review for revolving fund replenishments, we identified the following:

- Six out of 21 (29%) revolving fund replenishments were not requested and deposited within the required timeframe.
- Three out of 21 (14%) revolving fund replenishments had disbursements not classified appropriately, including unallowable expenditures for employee-related and donation related activities.
- Two out of 21 (10%) revolving fund purchases was split to stay under the \$300 limit.

Riverside Office (Executive):
2041 Iowa Avenue
Riverside, CA 92507

Indio Office:
47-950 Arabia Street
Indio, CA 92201

Blythe Office:
260 N. Broadway
Blythe, CA 92225

For assistance, please call us at: (866) 901-3212

www.RivCoDCSS.com



Customer Service – Communication – Collaboration – Creativity

Staffing challenges, including the need for retraining new staff on policies, impacted adherence to required timelines. Additionally, internal policies and procedures need updating to better define allowable uses and timeframes for revolving fund activities. The donation and split purchase were one-time events where the revolving fund was used without obtaining an exemption from the Auditor-Controller’s Office to operate outside of policy guidelines.

Delays in requesting and depositing revolving fund replenishments, misclassification of disbursements, and splitting purchases to remain under the \$300 limit can result in inaccurate financial records, misuse of funds, and non-compliance with established policies.”

Current Status

Reported Finding Corrected? ☒ Yes ☐ No

All recommendations related to Finding 1 have been implemented and corrected.

Recommendation 1.1

“Enhance internal policies and procedures to include a process for spending limits of revolving fund purchases and define allowable uses and timeframes for revolving fund activities.”

Management Reply

“Concur. Department internal policies and procedures were updated to include a process for spending limits of revolving fund purchases and define allowable uses and timeframes for revolving fund activities.”

Actual/Estimated Date of Corrective Action: October 10, 2024

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).

Department Internal policies and procedures have been updated and now include spending limits, a clear definition of allowable uses, and timeframes.

Recommendation 1.2

“Train staff on revolving fund processes over spending limit, allowable uses and timeframes for revolving fund activities and document the completion and understanding of the training.”

Management Reply

“Concur. Department will provide training to new staff and retrain existing staff on revolving fund processes over spending limit, allowable uses and timeframes for revolving fund activities and document the completion and understanding of the training.”

Actual/Estimated Date of Corrective Action: November 11, 2024

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).

Department held a training on October 19, 2024 for staff on revolving fund policies and procedures.

Recommendation 1.3

“In the event that revolving fund must be used outside of policy, obtain exemption from the Auditor-Controller’s Office.”

Management Reply

“Concur. In the event that revolving fund must be used outside of policy, the Department will obtain exemption from the Auditor-Controller’s Office.”

Actual/Estimated Date of Corrective Action: October 10, 2024

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).

Department has not needed to seek ACO exemption on any recent transactions but will do so if the need presents itself.

Finding 2: Stale-Dated Check

“Furthermore, Government code § 29802 states ‘Any warrant issued is void if not presented to the county treasury for payment within six months after its issuance date.’

Based on our review of the revolving fund checkbook, we identified 11 out of a total of 26 outstanding checks have been outstanding for more than six months. The dates ranged from early April 2023 to mid-December 2023. The department followed informal procedures to retain stale-dated checks for nine months, and the revolving fund policies and procedures did not include formal guidelines for handling these checks.

Compliance is essential to maintain accurate financial records and ensure funds are appropriately managed. Outstanding checks remaining uncashed for extended periods can lead to inaccurate

financial records, potential cash flow issues, and increased risk of checks becoming stale, which may complicate the reconciliation process and potentially lead to the funds being unavailable for their intended purpose.”

Current Status

Reported Finding Corrected? ☒ Yes ☐ No

All recommendations related to Finding 2 have been implemented and corrected.

Recommendation 2.1

“Ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.”

Management Reply

“Concur. Department will ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.”

Actual/Estimated Date of Corrective Action: October 10, 2024

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).

Department has removed all stale dated checks older than six months from the register and had implemented this practice monthly.

Recommendation 2.2

“Update department procedures to ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.”

Management Reply

“Concur. Department will update department procedures to ensure all outstanding checks that are six months or older are removed from the register and added back to the bank balance monthly.”

Actual/Estimated Date of Corrective Action: October 10, 2024

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).

Department has updated the internal policies and procedures to ensure staff working on monthly revolving fund reconciliation have removed all stale dated checks as part of the reconciliation process.

#

"Standard Practice Manual 1001 *Internal Controls*, states, 'he methods and procedures should provide reasonable assurance regarding the achievement of objectives in ensuring the accuracy, reliability, and timeliness of financial records and reports.' Additionally, records should be routinely examined and reconciled to determine that transactions were properly processed.'

Based on our review for revolving fund reconciliation, we identified the following:

- Reconciliations did not incorporate all relevant documentation, specifically bank account analysis fees and interest, which were tracked separately from the reconciliation packet.
- Reconciliation did not include complete documentation for deposits, with deposits slips maintained separately in the department's checkbook. The missing supporting documentation amounted to \$1,316, highlighting opportunity to improve the completeness of records for the revolving fund transactions.
- Revolving fund replenishments were not fully supported by documentation for bank account analysis fees and interest, as these items were recorded separately from the replenishment records.
- An internal daily check register or ledger to track the balance of revolving fund is not maintained.

The discrepancies highlight opportunities to improve documentation, standardize fund replenishment procedures, refine reconciliation processes and update formal procedures for maintaining reconciliation books. These issues can lead to inaccurate financial records and a misrepresentation of the fund's financial position, increasing the risk of errors and unauthorized transactions."

Current Status

Reported Finding Corrected? ☒ Yes ☐ No

All recommendations related to Finding 3 have been implemented and corrected.

Recommendation 3.1

"Ensure the documentation is included for bank analysis fees and interest which is currently maintained separately within the reconciliation packet to provide complete support for the revolving fund reconciliation."

Management Reply

"Concur. Ensure the documentation is included for bank analysis fees and interest which is currently maintained separately within the reconciliation packet to provide complete support for the revolving fund reconciliation."

Actual/Estimated Date of Corrective Action: October 10, 2024

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).

Department has included interest and account analysis fee documentation as part of monthly revolving fund reconciliation packet submission.

Recommendation 3.2

“Revise existing procedures to ensure that back-up documentation substantiates amounts reported in revolving fund reconciliations, aligning with bank statements and supporting a complete balancing of the reconciliation.”

Management Reply

“**Concur.** The Department will revise existing procedures to ensure that back-up documentation substantiates amounts reported in revolving fund reconciliations, aligning with bank statements and supporting a complete balancing of the reconciliation.”

Actual/Estimated Date of Corrective Action: November 11, 2024

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).

Department has updated internal policies and procedures to include all documentation to substantiate amounts reported on revolving fund reconciliations.

Recommendation 3.3

“Ensure a daily check register is maintained to supplement the monthly reconciliation process as a continuous record of the revolving fund's balance.”

Management Reply

“**Concur.** Concur. The Department will ensure a daily check register is maintained to supplement the monthly reconciliation process as a continues record of the revolving fund's balance.”

Actual/Estimated Date of Corrective Action: October 10, 2024

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).

Department has created and maintained a daily check register to monitor the revolving fund's balance.