

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

129



FROM: Auditor-Controller

SUBMITTAL DATE:
September 3, 2015

SUBJECT: Internal Audit Report 2015-003: Riverside County Economic Development Agency, Facilities Management, Custodial Services Division, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2015-003: Riverside County Economic Development Agency, Facilities Management, Custodial Services Division

BACKGROUND:

Summary

We have completed an audit of the Riverside County Economic Development Agency, Facilities Management, Custodial Services Division to provide the Board of Supervisors and management with an independent, objective, and reliable assessment of internal controls over the billing and collection processes. The audit covered the period of July 1, 2012 through March 23, 2015.

(Continued on page 2)

Paul Angelo

Paul Angelo, CPA, CGMA, MA
Riverside County Auditor-Controller

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
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

BY: *Samuel Wong 9/3/15*
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Washington, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: September 15, 2015
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By: *[Signature]*
Deputy

Prev. Agn. Ref.:

District: ALL

Agenda Number:

2-4

Departmental Concurrence

A-30

Positions Added

4/5 Vote

Change Order

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: County of Riverside Auditor-Controller's Office - Internal Audit Report 2015-003: Riverside County Economic Development Agency, Facilities Management, Custodial Services Division, [District: All]; [\$0]

DATE: September 3, 2015

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we determined Riverside County Economic Development Agency, Facilities Management, Custodial Services internal controls relating to billing and collection provide reasonable assurance that its objectives will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Since we did not identify any areas of improvement, a response from department officials was not necessary.

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: County of Riverside Auditor-Controller's Office - Internal Audit Report 2015-003: Riverside County Economic Development Agency, Facilities Management, Custodial Services Division

Internal Audit Report 2015-003

**Riverside County
Economic Development Agency,
Facilities Management,
Custodial Services Division**

Report Date: September 3, 2015



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

www.auditorcontroller.org



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OFFICE OF THE
AUDITOR-CONTROLLER

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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, CGMA, MA
Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

September 3, 2015

Robert Field
Assistant CEO/ EDA Director
EDA, Facilities Management, Custodial Services Division
3403 10th Street, Suite 400
Riverside, CA 92501

Subject: Internal Audit Report 2015-003: Riverside County Economic Development Agency, Facilities Management, Custodial Services Division

Dear Mr. Field:

We have completed an audit of the Riverside County Economic Development Agency, Facilities Management, Custodial Services Division to provide the Board of Supervisors and management with an independent, objective, and reliable assessment of internal controls over the billing and collection processes. The audit covered the period of July 1, 2012 through March 23, 2015.

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.

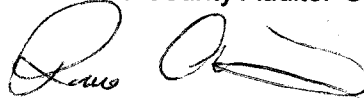
Based upon the results of our audit, we determined Riverside County Economic Development Agency, Facilities Management, Custodial Services Division internal controls relating to billing and collection provide reasonable assurance that its objectives will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Since we did not identify any areas of improvement, a response from department officials was not necessary.

Internal Audit Report 2015-003: Riverside County Economic Development Agency, Facilities Management, Custodial Services Division

We thank the Riverside County Economic Development Agency, management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, CGMA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
District Attorney
Grand Jury

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Executive Summary

Overview

The Riverside County Economic Development Agency, Facilities Management, Custodial Services Division (Custodial Services) operates as an internal service fund which generates revenue from providing services to other county departments and non-county agencies. With 225 team members providing a comprehensive custodial service, the goal is to deliver environments that are clean, safe and healthy to its customers whether they are county employees, partner agencies, or the general public.

With over 6.75 million square feet of diverse county-owned facilities, Custodial Services provides services for detention centers, health clinics, administrative centers, courts and judge's chambers, law enforcement buildings, conference rooms, and libraries. Superintendents, supervisors and lead custodians manage three regional areas, which include Eastern, Southwest, and Western. Generally, custodial duties include emptying trashcans, cleaning restrooms, vacuuming floors, dusting, and other services necessary to meet its goals.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the billing and collection processes for Custodial Services.

Audit Conclusion

Based upon the results of our audit, we determined Riverside County Economic Development Agency, Facilities Management, Custodial Services Division internal controls relating to billing and collection provide reasonable assurance that its objectives will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Billing and Collection

Background

Board of Supervisors Policy B-28, *Charges for Internal Services*, directs county departments and districts in providing consistency in the calculation of rates. Custodial Services has a goal to provide exceptional service to its customers by "reducing cleaning costs, using green standards, and an increased level of cleanliness." Team cleaning is the approach taken for sites with high volume. Additionally, service teams are assigned for annual cleanings, special requests and projects. Custodial Services states that their division provides "quality, reliable, and sustainable levels of custodial services" which they are able to accomplish by tailoring their services to meet the needs of their customer's budgetary concerns while maintaining standards for health and safety. This is accomplished by not only the custodial services but also through the following:

- Housekeeping services
- Management and supervision
- Janitorial supplies and equipment
- Restroom sanitation
- Carpet cleaning
- Flooring
- Interior and exterior window washing
- Graffiti removal
- Emergency clean-ups and sanitation
- Recycling programs

Rates for custodial services are reviewed each fiscal year. For Fiscal Year 2014/15 Custodial Services productive hourly rates for regular and overtime are \$34.42 and \$43.97, respectively. Additional costs are incurred for services such as pest control, executive level detailed cleaning, specialized services, event support, upholstery cleaning, renovation/moving clean-ups, special requests and contractor service. The costs for custodial supplies are not included in the productive hourly rates mentioned above; as such, they are billed separately.

Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over custodial services billing and collection processes.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies, applicable laws, codes, regulations, and board ordinances related specifically to custodial services.
- Conducted interviews and performed walkthroughs with designated department staff members.

Internal Audit Report 2015-003: Riverside County Economic Development Agency, Facilities Management, Custodial Services Division

- Obtained and reviewed custodial agreements to ensure they are authorized and approved by appropriate levels of management.
- Selected and analyzed sample billing invoices to determine the accuracy of billing as it relates to custodial agreements.
- Verified payments were appropriately applied for sample billing invoices.

Results

We were able to interview key staff members to obtain an understanding of the types of services provided, how services are tracked in Dynamics Customer Relationship Management, a server-client application, and how services are invoiced. Billing for custodial services captures all labor hours provided by building. We reviewed time cards, allocation of supplies, services requested, services provided, rates billed, and percentages applied. Occupants are billed based on the percentage of occupancy as well as the percentage of common core charges. The invoices include purchase requisition, purchase order, and parts/supplies. Based upon the results of our audit, internal controls over the billing and collection processed for Custodial Services Division are adequate.

**Riverside County Board of Supervisors
Request to Speak**

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
to Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: Holmstrom, Britt

Address: Mead Valley
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: _____

Date: _____ **Agenda #** 2-4

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

_____ **Support** _____ **Oppose** _____ **Neutral**

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

_____ **Support** _____ **Oppose** _____ **Neutral**

I give my 3 minutes to: _____

BOARD RULES

Requests to Address Board on "Agenda" Items:

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

Requests to Address Board on items that are "NOT" on the Agenda:

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES.

Power Point Presentations/Printed Material:

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, insuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please insure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo.

Individual Speaker Limits:

Individual speakers are limited to a maximum of three (3) minutes. Please step up to the podium when the Chairman calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chairman adheres to a strict three (3) minutes per speaker. ***Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.***

Group/Organized Presentations:

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chairman's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

Addressing the Board & Acknowledgement by Chairman:

The Chairman will determine what order the speakers will address the Board, and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles in order to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the general public and/or meeting participants. Such behavior, at the discretion of the Board Chairman may result in removal from the Board Chambers by Sheriff Deputies.