

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

810



FROM: Auditor-Controller

SUBMITTAL DATE:
December 16, 2014

SUBJECT: Internal Audit Report 2014-015: Riverside County Sheriff-Coroner: Coroner's Bureau, [District: All]; [\$0].

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2014-015: Riverside County Sheriff-Coroner: Coroner's Bureau

BACKGROUND:

Summary

We have completed an audit of the Riverside County Sheriff-Coroner: Coroner's Bureau to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, information security, non-capital assets, records management, cash handling, employee certification, and expenditures. The audit covered the period of July 1, 2011 through June 30, 2013.

(Continued on page 2)

Paul Angulo
Paul Angulo, CPA, CGMA, MA
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 1/20/15*
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.:

District: ALL

Agenda Number:

2-13

Departmental Concurrence

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Internal Audit Report 2014-015: Riverside County Sheriff-Coroner: Coroner's Bureau, [District: All];
[\$0]

DATE: December 16, 2014

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we identified opportunities for improvement of controls relating to capital assets and records management. We determined the Riverside County Sheriff-Coroner: Coroner's Bureau internal controls provide reasonable assurance that its objectives will be achieved. Reasonable assurance recognizes internal control has limitations, including cost, mistakes, and intentional efforts to bypass internal controls. We will follow-up in one year to verify that management implemented the corrective action.

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 2014-015: Riverside County Sheriff-Coroner: Coroner's Bureau

Internal Audit Report 2014-015

**Riverside County Sheriff-Coroner:
Coroner's Bureau**

Report Date: December 9, 2014



**Office of Paul Angulo, CPA, CGMA, MA
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**ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE**

**Paul Angulo, CPA, CGMA, MA
AUDITOR-CONTROLLER**

December 9, 2014

Stanley Sniff, Sheriff
Riverside County Sheriff-Coroner
4095 Lemon Street
P. O. Box 512
Riverside, CA 92502

Subject: Internal Audit Report 2014-015: Riverside County Sheriff-Coroner: Coroner's Bureau

Dear Sheriff Sniff:

We have completed an audit of the Riverside County Sheriff-Coroner: Coroner's Bureau (Coroner's Bureau) to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, information security, non-capital assets, records management, cash handling, employee certification, and expenditures. The audit covered the period of July 1, 2011 through June 30, 2013.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require 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 operational efficiency, 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 assess the adequacy of internal controls based upon our audit.

Based upon the results of our audit, we identified opportunities for improvement of controls relating to capital assets and records management. We determined the Coroner's Bureau internal controls provide reasonable assurance that its objectives will be achieved. Reasonable assurance recognizes internal control has limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Internal Audit Report 2014-015: Riverside County Sheriff-Coroner: Coroner's Bureau

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 in one year to verify that management implemented the corrective action.

We thank the Coroner's Bureau management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

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



By: Mark Cousineau, CPA, CIA, CFE
Chief Internal Auditor

cc: Board of Supervisors
Executive Office
District Attorney
Grand Jury

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Executive Summary

Overview

The Coroner's Office was established on May 2, 1893. On January 4, 1999, the Coroner's Office consolidated with the Riverside County Sheriff's Office, becoming the 42nd county in the state to consolidate the Coroner's Office with the Sheriff's Office.

The Coroner's Bureau operations include a main office in Perris, an office and morgue facility in Indio, and a contract deputy coroner co-located at the mortuary in Blythe. In 2012, over eleven thousand deaths were reported to the Coroner's Bureau. The Coroner's Bureau investigates and reports on all violent, sudden, or unusual death of persons within Riverside County as established by California law.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, information security, non-capital assets, records management, cash handling, employee certification, and expenditures.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of controls relating to capital assets and records management. We determined the Coroner's Bureau internal controls provide reasonable assurance that its objectives will be achieved. Reasonable assurance recognizes internal control has limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Capital Assets

Background

The Auditor-Controller's Standard Practice Manual 913, *Capitalization Thresholds*, (SPM 913), defines capital assets as fixed assets and intangible assets of significant value having a utility which extends beyond the current year that are broadly classified as land, infrastructure (or, long-lived assets), buildings and improvements, equipment, livestock, and intangible assets.

Capital assets include real property such as building (structures), land, and land improvements, regardless of value, as well as vehicles, machinery, and equipment with a value of \$5,000 or more. The cost of a capital asset includes all costs necessary to place the asset in service (e.g. shipping, set-up, testing, and other ancillary costs). SPM 913 requires all real property with a value of \$1 (one dollar) and all capital assets with a value of \$5,000 or more to be recorded in the PeopleSoft Asset Management Module (Asset Management Module).

The Auditor-Controller's Standard Practice Manual 903, *Capital Asset Tags*, (SPM 903), requires that capital assets be tagged or marked as County property. If the County property tag will not adhere to an item because of size, shape or use of the item, the department or agency should affix the assigned number in some other manner, i.e., engraving, inscribing, stenciling, etching, or painting the number on the item itself, or labeling the box in which it is kept. The number must be affixed in some way that will ensure identification for accountability.

The responsibility for processing capital assets and maintaining an accurate record of the assets primarily resides with the departments. Departments management also have roles related to capital assets, including following the proper procedures when purchasing capital assets and annually verifying that all assets assigned to their locations are properly recorded in the Asset Management Module.

As of February 5, 2014, the Coroner's Bureau listed four capital assets in the Asset Management Module; all categorized as equipment.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed laws, codes, regulations, and Board of Supervisors' ordinances, and applicable policies and procedures.
- Conducted interviews and performed walk-throughs with Coroner's Bureau personnel.

Internal Audit Report 2014-015: Riverside County Sheriff-Coroner: Coroner's Bureau

- Communicated with County Auditor-Controller capital asset personnel on processes to classify and add assets to the Asset Management Module.
- Reviewed expenditure accounts that are not normally used to record purchases of capital assets to verify if any assets should have been capitalized.
- Queried PeopleSoft Financials for existing capital assets and recorded retirement of assets.
- Physically verified the existence of all capital assets listed in the Asset Management Module.
- Reviewed Coroner's Bureau documents submitted to the County Auditor-Controller to ensure capital assets were properly inventoried and certified.

Finding 1: Conducting the Annual Capital Asset Inventory

The Coroner's Bureau did not conduct an annual inventory in fiscal years 2011-12 or 2012-13 in accordance with Government Code 24051 and SPM 913. The annual inventory process was on hold due to the development of the Coroner's Bureau annual inventory policies and procedures completed in December 2013. Failure to conduct the annual inventory of capital assets could lead to loss of County assets and misstate assets in the County's financial statements, and increases the County's reputational risk for not following laws to which it is subject.

Recommendation 1

The Coroner's Bureau should conduct an annual inventory of capital assets in accordance with SPM 913.

Management position concerning the recommendation: Concur
Comments:

The Sheriff's Department as of December 2013, has implemented a Fixed Asset Policy to assure the safeguarding of capital assets and non-capital assets.

Actual/estimated Date of Corrective Action: 01/31/2014

As of January 2014, all Sheriff's Divisions have designated personnel to track and take inventory of all fixed assets. The personnel received training on the implementation of the new fixed asset policy. The new policy assures the proper recording of new inventory, disposal of old inventory, and physical inventory accountability. This includes the annual inventory certification.

Estimated cost to implement recommendation (if material): \$0.00

Records Management

Background

Board of Supervisors' Policy A-43, *County Records Management and Archives Policy, Section D.5 Records Retention Schedules – Standard – Retention Period*, (A-43), indicates, "retention periods on Board approved records retention schedules are mandatory, and records shall be disposed of in accordance with those approved retention periods." All County Departments must adhere to the Countywide General Records Retention Schedule (GRRS) if they do not have approved departmental records retention schedule by the Board of Supervisors.

The Coroner's Bureau currently has a department records retention schedule (DRRS) developed with the assistance of Records Management and Archives Program (RMAP). This retention schedule reflects the retention requirement for specific documents the Coroner's Office utilizes to conduct business. In addition, the Coroner's Bureau adheres to the Countywide General Records Retention Schedule (GRRS) for commonly found records that are standard in most departments.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over records management.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed laws, codes, regulations, and Board of Supervisors' ordinances, applicable policies, and procedures.
- Conducted interviews and performed walk-throughs with Coroner's Bureau personnel.
- Performed testing to ensure internal controls were adequate over records retention.

Finding 2: Adherence to Record Retention Policy

The Coroner's Bureau did not follow their DRRS or County GRRS for the destruction of records during fiscal years 2011-12 and 2012-13. Many of the Coroner's Bureau's temporary records were not destroyed as required by the policies. The accounting staff was under the impression that they were obligated to keep copies of the financial documents, despite the fact that the original documents are kept at the Sheriff's Department Accounting and Finance Bureau. Operational effectiveness is impaired when management either ignores or does not follow County or department policy, because it sends a message to the organization that rules are not important.

Recommendation 2

The Coroner's Bureau should seek and document approval of any variation from policy to avoid creating a control environment that encourages uncontrolled deviation from County and department policies and procedures.

Management position concerning the recommendation: Concur

Comments:

Coroner financial records were inadvertently kept beyond the records retention policy.

Actual Date of Corrective Action: 08/29/2014

As of August 29, 2014, old financial records have been purged. Only FY 12-13 and FY 13-14 remain on file since all original records are retained at Sheriff's Accounting and Finance and purged according to the County records retention policy.

Estimated cost to implement recommendation (if material): \$0.00