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**COUNTY OF RIVERSIDE
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July 31, 2009

Mr. Robert Field, Director
Assistant County Executive Officer/EDA
County of Riverside
Economic Development Agency
3403 Tenth Street, 3rd Floor
Riverside, CA 92502

Subject: Internal Audit Report 2009-308: Economic Development Agency, Edward Dean Museum and Gardens, Follow-up

Dear Mr. Field,

We have completed a follow-up audit of the Economic Development Agency, Edward Dean Museum and Gardens. Our audit was limited to reviewing actions taken as of April 6, 2009, to correct the findings referenced in our Internal Audit Report 2008-006 dated June 24, 2008.

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 opinion.

The original audit report contained three findings, all of which required corrective action and therefore were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2008-006 at www.auditorcontroller.org.

This follow-up audit found that of the three findings, two findings were fully corrected and one was partially corrected as further discussed below:

Internal Audit Report 2008-006:

Finding 1: Controls are not adequate to ensure museum artifacts are properly safeguarded. Specifically, a current updated listing is not maintained to identify all museum artifacts including a detailed description, identification number (assigned and affixed to each artifact) and value for each item. Furthermore, the listing is not provided to the Auditor-Controller's Office for asset tracking purposes or disclosure information in the Comprehensive Annual Financial Report.

Current Status: **Fully Corrected.** EDA management updated the asset listing to include a detailed description, picture, identification number and value for each item. This listing was provided to the Auditor-Controller's Office for asset tracking purposes and disclosure information in the Comprehensive Annual Financial Report.

Finding 2: Controls are not adequate to ensure museum artifacts are properly insured; specifically, a completed artifacts listing has not been provided to Risk Management since 2003.

Current Status: Fully Corrected. EDA provided the completed artifact listing noted above to Risk Management on July 15, 2008. Per Risk Management, the new artifact listing was used for the FY2009/10 policy period.

Finding 3: Routine maintenance and improvements have not been adequately performed in accordance with Section 9 of the August 28, 1964 Transfer Agreement which states the county should pay for the necessary maintenance and improvements to the property.

Current Status: Partially Corrected. Museum renovations are currently underway and are expected to be completed October 2009. EDA has developed a maintenance schedule which details the ongoing maintenance to be performed at the Edward Dean Museum and Gardens. We observed that regular maintenance is performed at the museum in accordance with the maintenance schedule.

Some of the improvements noted during the original audit such as upgrades to the heating-ventilation and air-conditioning, and electrical systems; wall repairs, and computer systems have been performed. EDA has obtained quotes for other improvements such as the security system and roof repairs; however, these will not be completed until the museum renovations are complete. Furthermore, EDA is researching funding options to pay for the remaining renovations of the kitchens.

We appreciate the cooperation and assistance extended to us by staff of the Economic Development Agency. Their assistance contributed significantly to the successful completion of the audit.

Robert E. Byrd, CGFM
Auditor-Controller



By: Michael G. Alexander, MBA, CIA
Deputy Auditor-Controller

cc: Board of Supervisors
County Counsel
Executive Office
Grand Jury