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July 20, 2007

Ron W. Komers  
Assistant CEO/Human Resources Director  
Department of Human Resources  
4080 Lemon Street  
Riverside, CA 92502

Subject: Internal Auditor's Report #2007-310 – Human Resources Asset Management Follow-up Audit

Dear Mr. Komers:

We have completed the Follow-up audit of Human Resources asset management. Our audit was limited to reviewing actions taken, as of June 28, 2007, to implement the recommendations made in our original audit report dated November 6, 2006.

We conducted our audit in accordance with auditing standards established by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide sufficient, competent, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusions.

The original audit contained two recommendations, both 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 Auditor's Report #2006-015.

Management implemented our recommendations to correct the findings noted in Internal Auditor's Report #2006-015. The following is a summary of the current status of the findings and recommendations identified in the original audit.

**Capital Assets**

**Finding 1:** Human Resources Department does not maintain an adequate system of internal controls to safeguard and monitor capitalized assets. The department maintains a current list of capitalized assets; however, the detailed description, serial number and location of the assets were not always accurate. Records were not appropriately updated when capitalized assets were transferred in or out of the Human Resources Department's facilities.

Recommendation 1.1: Obtain concurrence of the Director of Purchasing to remove the missing assets from the Capitalized Asset Listing, in accordance with SPM III-E-2.1.1 .

Current Status 1.1: **Fully Implemented.**

The department has removed the missing assets from the Capitalized Asset Listing.

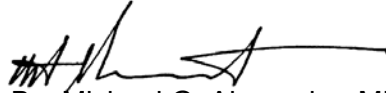
Recommendation 1.2: Utilize PeopleSoft Asset Management Module to achieve a more comprehensive tracking and monitoring system for the department's capitalized assets, including asset detailed description, serial number, county tag number, location, and the individual accountable for the asset.

Current Status 1.2: **Fully Implemented.**

The department is utilizing the PeopleSoft Asset Management Module for tracking and monitoring capitalized assets.

We appreciate the cooperation and assistance extended to us by the Human Resources Department staff during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

ROBERT E. BYRD, CGFM  
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By: Michael G. Alexander, MBA, CIA  
Chief Internal Auditor

cc: Board of Supervisors  
County Counsel  
Executive Office