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August 7, 2007

Matthew Frymire, Chief Information Officer
Riverside County Information Technology Department
4080 Lemon Street, 10th Floor
Riverside, CA 92501-1589

Subject: Internal Auditor's Report #2008-301 - Riverside County Information Technology
Second Follow-up Audit

Dear Mr. Frymire:

We have completed the Second Follow-up Audit of Riverside County Information Technology (RCIT) Department. Our audit was limited to reviewing actions taken, as of July 11, 2007; to implement the recommendations made in our original Internal Auditor's Report #2005-020 dated June 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 review provides a reasonable basis for our conclusions.

The original audit report contained nine recommendations, all of which required corrective action. Internal Auditor's Report #2006-301 - RCIT First Follow-up Audit found that of nine recommendations, six were fully implemented, two were partially implemented and one was not implemented. This audit included the review of the two recommendations that were partially implemented and the one recommendation that was not implemented. For an in-depth understanding of the original and the first follow-up audit, please refer to Internal Auditor's Report #2005-020 and #2007-301, respectively.

Management implemented our recommendations to correct the findings noted in Internal Auditor's Report #2005-020. The following is a summary of the current status of the two recommendations that were partially implemented and the one recommendation that was not implemented in the first follow-up audit.

Capital Assets

Finding 1: The Information Technology Department does not maintain an adequate system of internal controls to safeguard and monitor capitalized assets.

Recommendation 1.2: Conduct an inventory of all the department's capitalized assets and request write-off of dislocated and disposed assets.

Current Status 1.2: Fully Implemented.

RCIT has successfully completed inventory counts of their capitalized and non-capitalized assets. In addition, they have properly disposed any surplus assets and have accurately updated the recording of the assets that are no longer in service.

Finding 2: The Information Technology Department has not been consistent in recording nor capitalizing assets valued over \$5,000 in the PeopleSoft Asset Management Module.

Recommendation 2.1: Ensure all acquisitions of capital assets are properly recorded in the PeopleSoft Asset Management Module within 30 days of acquisition.

Current Status 2.1: Fully Implemented.

We selected a random sample of capital assets acquired by the department for the period July 1, 2006 through July 11, 2007 and determined that RCIT properly documented the acquisition of capital assets in the PeopleSoft Asset Management Module within the required 30 days.

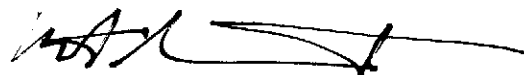
Finding 3: Internal controls in place are not adequate to effectively monitor non-capitalized assets valued under \$5,000, including such items as personal computers, printers and hand-held radios.

Recommendation 3: Establish a comprehensive method of monitoring non-capitalized assets in accordance with Auditor-Controller's Office Standard Practice Manual issued on December 12, 2005.

Current Status 3: Fully Implemented.

RCIT has successfully implemented a comprehensive tracking system to monitor non-capitalized assets. This new system requires the input of detailed information of the non-capitalized assets for proper monitoring. Pop-up screens have been implemented in the program to ensure all pertinent information is captured and provides the user excellent explanations of the procedures to accurately input the required information.

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By: Michael G. Alexander, MBA, CIA
Chief Internal Auditor

cc: Board of Supervisors
County Counsel
Executive Office