

# Internal Audit Division



Robert E. Byrd, CGFM  
County Auditor-Controller



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## Overview

- The Audit Plan
- Focus Areas
- FY 2010/11 Scheduled Audits
- Preparing For an Audit
- Audit Findings
- Where to Find Reports
- Customer Satisfaction Surveys




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# County of RVSD Mission

**MISSION AND BUSINESS**  
 The mission of Riverside County is to provide local government services as mandated by State and Federal law, and discretionary services as requested by County taxpayers, within the bounds of available fiscal resources, in a manner which reflects favorably upon the profession of public service and the American form of democratic government. Riverside County will:

1. **ensure** Government function that honors and builds the public **ethical** through effective financial administration, and promotes **accurate** accountability, and taxation, and the ethical conduct of elections. Provide political, legal, and administrative leadership services that support the breadth of our wide array of life- and livelihood-supporting functions.
2. Administer a Law Enforcement and Criminal Justice System that operates in a swift and efficient manner, which is predictable enough to deter crime, decisive enough to punish, large enough to incarcerate, sensitive enough to recognize those who can be changed, and strong enough to assist them in that change. Serve the public and assist those in need. Respect and protect the rights of victims and ensure due process for the accused, and provide services that will address their unique needs.
3. Provide quality Health Services to promote optimal health, prevent disease, disability, and premature death, treat illness, and ensure a safe and healthy environment. Provide emergency medical services to the indigent. Assist the general public in achieving and maintaining their optimal level of personal health and societal well-being. **trust**
4. Design and implement Social Services to provide employment services and temporary financial assistance, focused on breaking the cycle of welfare dependency. Protect children and vulnerable adults from abuse, neglect, and exploitation. Provide adequate shelter for those who would not otherwise be able to attain it. Help to strengthen individuals, the home family unit, and community service systems. Encourage self respect and encourage responsible self-sufficient citizenship. **honors**
5. Guide and manage a Community Development function which provides for orderly growth, restores vitality to existing communities, and promotes prosperity in the County economy. Operate a land use system that recognizes and strives to maintain that delicate balance between the right of the individual to control his or her land and the broader interests of the community for a high level of livability. Conduct a construction review program which ensures that all new structures are safe from collapse, fire, and other peril, and guarantees a standard of quality for the protection of the consumer and the public. Build and operate a coordinated, balanced transportation system that promotes and develops alternatives to automobile use while ensuring a safe and effective system of freeways, highways, boulevards, local streets, multi-purpose paths, and alternative resources for those with special transportation needs. **efficient**
6. Maintain Quality for current and future generations. Implement State and Federal environmental laws in an ethical, effective, and practical manner in helping promote resource preservation of critical wildlife habitat and prime agricultural lands, and public education concerning environmental protection. Ensure that waste is ultimately disposed of in a manner that protects the health of current and future generations and preserves our nation's resources and our community's environment. **legal**
7. Support current and future Recreational/Cultural/Educational programs to serve the varied interests of our community and protect important historical, cultural, and archaeological resources for the education and enjoyment of our descendants. **effective**



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# IA's Primary Goal



Provide support to BOS & management

↓

in accomplishing their missions

↓

& steward responsibilities.



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## Audit Plan

- Annual
- Collaborative
- Consistent with BOS 83-338



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## Audit Plan Driving Factors

- Input from the BOS, EO and dept mgt
- Audit cycle (GC Section 25250)
- Risk assessment results
- Internal Audit resources

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**The audit plan includes:**

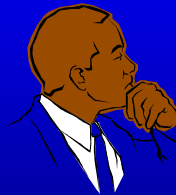


- Scheduled areas to be audited
- Time required for each audit, risk, & exposure
- Starting date for each audit



**Planning**

Risk models/risk analysis



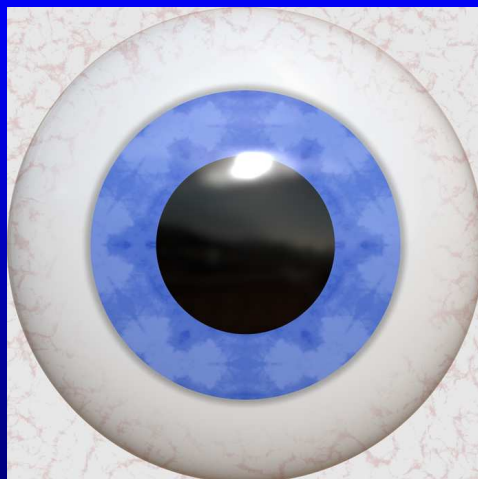
## Focus Areas




- County assets & resources
- Financial information
- Operational processes &
- Compliance with laws, regulations & policies



## FY 2010/11 Audit Plan



FY 2010/11 Schedules Audits
Assessor-Clerk-Recorder, Property Tax Appeals
Auditor-Controller, Warrant Special Handling, Follow-up
CHA, Animal Services, Follow-up
CHA, Public Health, Follow-up
Clerk of the Board
County Counsel
Countywide Duplicate Vendor Payments
Countywide Ghost Employee
Countywide Overtime (Department of Mental Health)
Countywide Overtime (Sheriff Department)
Countywide Revenue Generating Leases



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FY 2010/11 Schedules Audits
Economic Development Agency, Facilities Management
Economic Development Agency, Housing Authority, Follow-up
Facilities Management, Follow-up
Fire Department, 2 <sup>nd</sup> Follow-up
Fire Department, Contract City Rates, Follow-up
Fire Department, Vehicle Fleet
Group Purchasing Organizations Contract – Exclusive Care
Human Resources, Unemployment Insurance Rate, Follow-up
Human Resources and ACO, Short Term Disability, Follow-up
Human Resources Department, Exclusive Care
Human Resources, Temporary Assistance Program




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FY 2010/11 Schedules Audits
Information Technology
Office on Aging
Peer Review of San Luis Obispo
Probation Department, Follow-up
Public Defender, Follow-up
Public Social Services (Foster Agencies/ Group Homes)
Public Social Services, Electronic Welfare Payments
Public Social Services, Foster Care
Public Social Services, Foster Care, Follow-up
Purchasing & Fleet Services, Purchasing (Blanket Purchase Orders)
RCRMC and Mental Health, Arlington Campus, Follow-up




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FY 2010/11 Schedules Audits
RCRMC, Detention Health
RCRMC, Operating Room Materials Management, Follow-up
RCRMC, Pharmacy Materials Management, Follow-up
RCRMC, Purchasing and Materials Management, Follow-up
RCRMC, Computer Disposal, Follow-up
Registrar of Voters
Sheriff Athletic Federation
Sheriff's Department, Ben Clark Training Center, Follow-up
Sheriff's Department, Contract City Rates, Follow-up
Sheriff's Department, Vehicle Fleet, Follow-up
TLMA, Code Enforcement

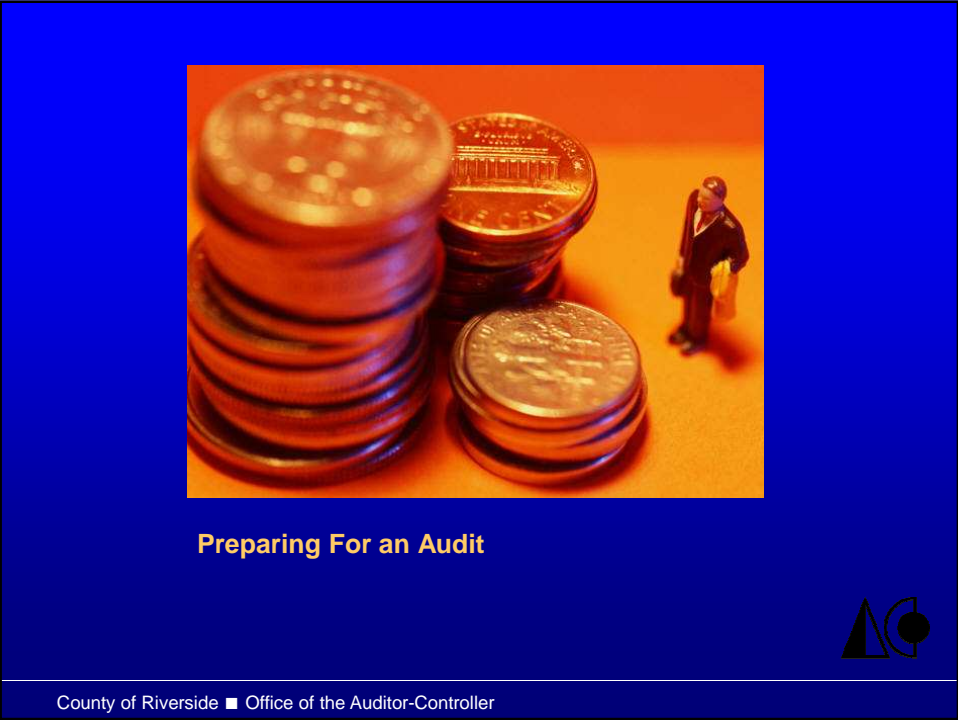


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FY 2010/11 Audit Plan
TLMA, Transportation Garage, Follow-up
Treasurer-Tax Collector 1Q '11
Treasurer-Tax Collector 2Q '11
Treasurer-Tax Collector 3Q '11
Treasurer-Tax Collector 4Q '10
Treasurer-Tax Collector 4Q '11
Vehicle Fleet, Follow-up
Veterans' Services
Waste Management
Wildomar and Elsinore Cemetery District, Follow-up



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# Audit Awareness

Internal Audit here to assist;

not to point the finger.



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# Attitude

- Tone at top
- Confidence in work quality
- Desire to be in compliance
- Interest in continuous improvement



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## Be Prepared to

### Provide

- Primary contact person
- Work procedures
- Contracts
- Records & reports
- Segregation of duties matrix
- One – two weeks onsite accommodations

### Demonstrate

- Security over assets
- HIPAA compliance
- Compliance with Board Policy A-58 (IS)
- Compliance with Board Policy A-43 (RMAP)



## Findings

- "exceptions"
- "ineffective controls"
- "risks that have not been addressed"



## Five Common Elements

- Condition
- Criteria
- Cause
- Effect or impact
- Recommendation



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## CONDITION

- Conclusion, problem or opportunity noted during the audit review
- Addresses a control objective or some other standard of performance



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## Sample Condition Statements

- "The appropriate individual did not authorize this document."
- "The account has not been reconciled for three months."



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## Level of Detail

“Internal controls in place are not adequate over the cash handling process, specifically: 20 of 60 deposits totaling \$1,024,739.22 were not recorded in a control document, such as the Daily Log Sheet. These receipts were from local, state, and federal agencies.”



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## CRITERIA

- Standard or benchmark for evaluation
- Specific policy, procedure, or regulation



"Per policy #1234, all loans greater than \$100,000 must be approved by the board of directors."



"Payroll processing responsibilities should be segregated to control the authorization of master file changes."



## CAUSE

- Root cause why the problem occurred
- Surface explanations are not effective
- Management comments
- Quote from individual performing the task
- 



## EFFECT

- Risk that exists as a result of the condition
- “So what?”
- Potential for loss
- Noncompliance created by the problem



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## RECOMMENDATION

- How the situation might be remedied
- Directly relates to and attacks the cause
- Explains how remediation is to be achieved
- Considers cost of quality



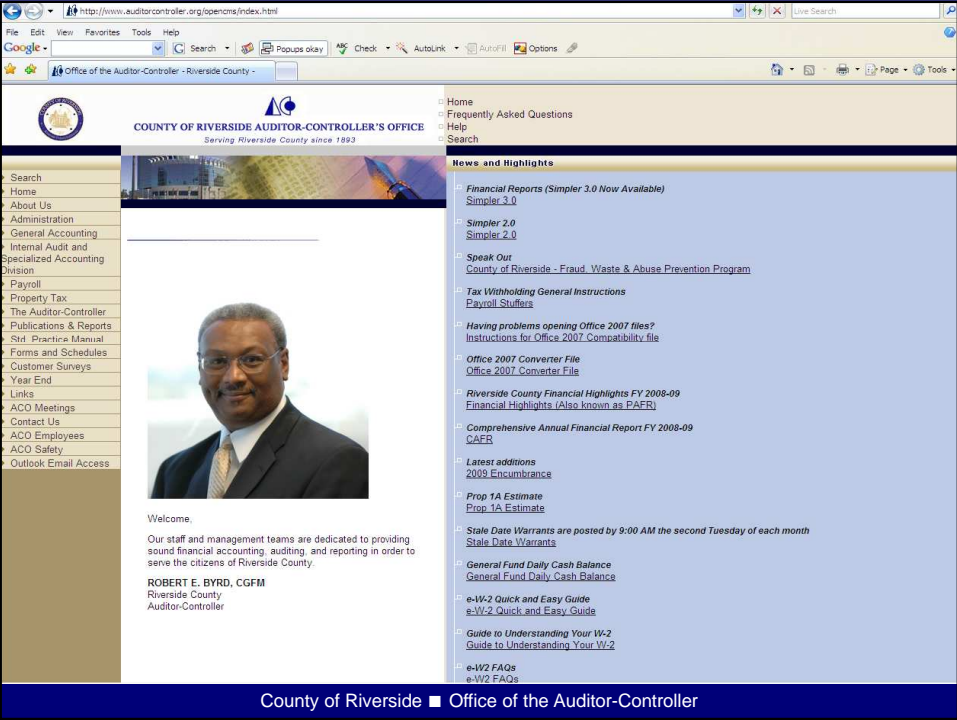
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# Find Internal Audit Reports @

## County of Riverside Auditor-Controller's Office web site



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The screenshot shows the website interface for the County of Riverside Auditor-Controller's Office. At the top, the browser address bar shows the URL <http://www.auditorcontroller.org/openscms/index.html>. The page header includes the office name and logo, with the tagline "Serving Riverside County since 1893". A navigation menu on the left lists various services such as Search, Home, About Us, Administration, General Accounting, Internal Audit and Specialized Accounting Division, Payroll, Property Tax, The Auditor-Controller, Publications & Reports, Std. Practice Manual, Forms and Schedules, Customer Surveys, Year End, Links, ACO Meetings, Contact Us, ACO Employees, ACO Safety, and Outlook Email Access. The main content area features a "Welcome" message from Robert E. Byrd, CGFM, Auditor-Controller, and a "News and Highlights" section with several links to reports and documents, including "Financial Reports (Simpler 3.0 Now Available)", "Simpler 2.0", "Speak Out", "Tax Withholding General Instructions", "Having problems opening Office 2007 files?", "Office 2007 Converter File", "Riverside County Financial Highlights FY 2008-09", "Comprehensive Annual Financial Report FY 2008-09", "Latest additions", "Prop 1A Estimate", "State Date Warrants", "General Fund Daily Cash Balance", "e-W-2 Quick and Easy Guide", and "Guide to Understanding Your W-2". The footer of the page reads "County of Riverside ■ Office of the Auditor-Controller".

The screenshot shows a web browser window displaying the website for the County of Riverside Auditor-Controller's Office. The page title is "Internal Audit and Specialized Accounting". The main content area is titled "Internal Audit and Specialized Accounting Division" and contains several sections: "Internal Audit", "Mandate Reimbursement and Cost Accounting", and "Capital Asset". A sidebar on the left lists various navigation options such as "Home", "About Us", "Administration", "General Accounting", "Internal Audit and Specialized Accounting Division", "Payroll", "Property Tax", "The Auditor-Controller", "Publications & Reports", "Std. Practice Manual", "Forms and Schedules", "Customer Surveys", "Year End", "Links", "ACO Meetings", "Contact Us", "ACO Employees", "ACO Safety", and "Outlook Email Access". A "News and Highlights" section on the right lists recent updates, including "Financial Reports (Simpler 3.0 Now Available)", "Simpler 2.0", "Speak Out", "Tax Withholding General Instructions", "Office 2007 Converter File", "Riverside County Financial Highlights FY 2008-09", and "Comprehensive Annual Financial Report FY 2008-09". The footer of the page reads "County of Riverside ■ Office of the Auditor-Controller".

The screenshot shows a web browser window displaying the website for the County of Riverside Auditor-Controller's Office. The page title is "Publications & Reports". The main content area is titled "Internal Audit Reports" and lists various reports under different categories: "Aging", "Agriculture", "Animal Services", "Assessor", "Clerk of the Board", and "Community Action". A sidebar on the left lists navigation options similar to the previous page. A "News and Highlights" section on the right lists recent updates, including "Financial Reports (Simpler 3.0 Now Available)", "Simpler 2.0", "Speak Out", "Tax Withholding General Instructions", "Office 2007 Converter File", "Riverside County Financial Highlights FY 2008-09", and "Comprehensive Annual Financial Report FY 2008-09". The footer of the page reads "County of Riverside ■ Office of the Auditor-Controller".

## Customer Satisfaction Surveys

Evaluation Criteria KEY:

4 = Excellent, 3 = Good, 2 = Fair, 1 = Poor



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## Audit Clients Rate

- Relationships with Management
- Audit Staff
- Scope of Audit Work
- Audit Process and Report
- Management of the Internal Audit Activity
- Value Added



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