

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



FROM: County Auditor-Controller

SUBMITTAL DATE:
February 24, 2011

SUBJECT: Internal Audit Report 2010-309: Sheriff's Department, Ben Clark Training Center, Follow-up

RECOMMENDED MOTION: Receive and file Internal Audit Report 2010-309: Sheriff's Department, Ben Clark Training Center, Follow-up.

BACKGROUND: The Auditor-Controller has completed a follow-up audit of Sheriff's Department, Ben Clark Training Center. Our audit was limited to reviewing actions taken as of October 31, 2010, to correct the ten findings noted in our original audit report (2007-018) dated November 3, 2008.

Based upon the results of our audit, we determined the Sheriff's Department took corrective action to address eight of the findings noted. We will follow-up on the two partially corrected findings in our second follow-up audit of the Sheriff's Department, Ben Clark Training Center within one year.

Departmental Concurrence

Paul Angulo

Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

County Executive Office Signature

Dep't Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: _____ **District:** _____ **Agenda Number:** _____



County of Riverside

INTERNAL AUDIT REPORT

2010-309

Sheriff's Department, Ben Clark Training Center Follow-up Audit

February 24, 2011

Office of
Paul Angulo, CPA, MA
County Auditor-Controller

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**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

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February 24, 2011

Honorable Stanley Sniff, Sheriff
Riverside County Sheriff's Department
4095 Lemon Street
Riverside, CA 92501

Subject: Internal Audit Report 2010-309: Sheriff's Department, Ben Clark Training Center
Follow-up

Dear Sheriff Sniff:

We have completed the first Follow-up Audit of Sheriff's Department, Ben Clark Training Center. Our audit was limited to reviewing actions taken as of October 31, 2010, to correct the findings noted in our original audit report (2007-018) dated November 3, 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 10 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 2007-018 at www.auditorcontroller.org.

This follow-up audit found that of the ten findings:

- Eight findings were corrected.
- Two findings were partially corrected.

Detailed statuses of the findings identified in the original audit are provided in the body of this report. We will follow-up on the two partially corrected findings in our Second Follow-up Audit of the Sheriff's Department, Ben Clark Training Center within one year.

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

Paul Angulo, CPA, MA
Auditor-Controller

A handwritten signature in black ink that reads "Melissa S. Bender". The signature is written in a cursive, flowing style.

By: Melissa S. Bender, CIA
Audit Manager

cc: Board of Supervisors
Executive Office
Grand Jury

Cash Handling

Finding 1: Controls are not adequate to ensure cash is properly safeguarded from loss. Specifically:

- An excessive number of employees are authorized to collect cash. Currently, the class coordinators and all accounting staff members are authorized to collect cash.
- A cash receipt log is not utilized. An Official County Receipt (OCR) is utilized for all receivables; however, the receipt numbers and a description of the items are not recorded on a centralized log.

Current Status 1: Corrected. The Sheriff's Department, Ben Clark Training Center implemented procedures to centralize cash collections and records. Furthermore, a centralized log is used to record all cash receipts.

Finding 2: Deposits are not made in a timely manner. In some instances receipts were held as long as 48 days.

Current Status 2: Corrected. An average of one day elapses between the date of cash receipt and the deposit date.

Revenue

Finding 3: Eight of 19 agencies utilizing classroom spaces at Ben Clark Training Center during our audit period were not billed the Student Contact Fee. Undocumented agreements have resulted in a loss of expected revenue in the amount of \$109,925 for the period July 1, 2005 through June 30, 2007. The rates approved by the Board of Supervisors authorize the Sheriff's Department, Ben Clark Training Center to charge agencies \$1.34 per student per hour of classroom space utilization. Any deviation from the approved rates should occur only after approval by the Board of Supervisors and should be reflected in the appropriate fiscal year's revenue budget. In some instances, informal, verbal agreements with some agencies resulted in a loss of revenue opportunities.

Current Status 3: Partially Corrected. The Ben Clark Training Center currently bills all agencies utilizing the board approved rates. However, while the Sheriff's Department sent collection letters to agencies that utilized classroom space at Ben Clark Training Center without being properly billed as directed by the Board of Supervisors after the issuance of the initial audit report, they did not pursue collection efforts on the outstanding amounts owed to the county.

Finding 4: The Ben Clark Training Center does not bill its customers in a timely manner. It is the agency's policy to bill on a quarterly rather than monthly basis.

Current Status 4: Corrected. Based on the testing of 33 sample invoices, we determined that it took an average of 28 days after the close of the month to issue invoices to customers.

Finding 5: One of six agencies utilizing the firing range during the period March 2006 through June 30, 2007, was not charged the Board of Supervisors approved rate. Rather, the agency

was charged the Student Contact Fee for their use of the firing range, though the approved rate was \$200 for half-day use or \$350 for full day use. Unsubstantiated agreements have resulted in a loss of expected revenue in the amount of \$34,237. The current Firing Range rates were submitted by the Sheriff Department on February 14, 2006, and subsequently approved by the Board of Supervisors. However, an informal, verbal agreement with the agency resulted in the use of a different rate.

Current Status 5: Corrected. The rates charged for firing range usage from March 2008 through October 2010 are supported by the board approved rates for the Sheriff's Department, Ben Clark Training Center.

Finding 6: One agency was charged an unapproved rate for lodging services. The agency was charged \$43 per patron per night, though the approved rate is \$50 night. Between the period January 1, 2006, and March 31, 2007, unsubstantiated agreements have resulted in a loss of expected revenue in the amount of \$11,186 for lodging services. The rate approved by the Board of Supervisors authorizes agencies to be charged \$50 per patron per night for lodging services. Any deviation from the approved rates should occur only after approval by the Board of Supervisors and should be reflected in the appropriate fiscal years revenue budget.

Current Status 6: Corrected. The rates charged to agencies utilizing lodging during the follow-up audit period are supported by the board approved rates for the Sheriff's Department, Ben Clark Training Center.

Finding 7: Lodging revenue has not been collected from one agency. For the period September 2006 through December 2006, one agency incurred \$8,050 of lodging services that remain unpaid. The rates approved by the Board of Supervisors require agencies be charged \$50 per patron per night for lodging services. Any deviation from the approved rates should occur only after formal approval and should be reflected in the appropriate fiscal years revenue budget.

Current Status 7: Corrected. The Sheriff's Department, Ben Clark Training Center bills outside agencies for accommodations at Ben Clark Training Center utilizing the board approved rates.

Finding 8: Three of six agencies were not billed the monthly Operations and Maintenance fee for their use of office space at the Ben Clark Training Center. Unsubstantiated agreements have resulted in a loss of expected revenue in the amount of \$314,368 during the period July 1, 2005, through June 30, 2007. The Board of Supervisors approved rate is \$0.98 per square ft per month. Failure to bill the approved rates results in lost revenue to the Sheriff's Department and the County of Riverside.

Current Status 8: Corrected. The Sheriff's Department, Ben Clark Training Center utilizes the same rates as prescribed in the approved rates for the Sheriff's Department, Ben Clark Training Center.

Finding 9: The Ben Clark Training Center does not maintain records which accurately support invoices. Specifically, we determined the following:

- The office space allocation records from which the Operations and Maintenance fees are charged are inaccurate. The office space allocation records have not been updated since FY 2004/2005 though considerable changes have occurred.
- The classroom reservation records used to prepare invoices for Student Contact Fees are not accurate. The class coordinators do not consistently update the reservation records to reflect actual student enrollment. As a result, the partner agencies adjust billings based on their records, and charges are collected accordingly, without verification by the Ben Clark Training Center.

Invoices should be prepared from records which are accurate and timely. The inaccurate data has resulted in invoices that cannot be verified or audited.

Current Status 9: Corrected. Fiscal Year 2008/09 board approved rates has resulted in the implementation of a less complex billing method based on square footage cost for full or half day classroom usage. Records utilized for creating invoices indicate each classroom size and the established rate for full or half day use.

Assets

Finding 10: Ben Clark Training Center does not have controls in place to ensure capitalized assets are properly recorded and monitored. Specifically, out of 35 assets selected for detailed testing:

- two were sent to auction, but the necessary paperwork was not forwarded to the ACO for processing.
- ten assets, with a book value of \$53,584, could not be located by the department.
- three did not have an asset tag affixed, although an asset number was assigned by the ACO.
- four were recorded incorrectly in the PeopleSoft Asset Management Module.

Current Status 10: Partially Corrected. The department has taken steps to ensure asset tags are affixed to all assets and has located the 10 missing assets from the original audit. However, six (17%) of the 35 assets tested could not be located by the department.