

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



FROM: County Auditor-Controller

SUBMITTAL DATE:
July 28, 2010

SUBJECT: County of Riverside, Auditor-Controller's Internal Audit Plan for Fiscal Year 2010/11.

RECOMMENDED MOTION: Receive and file Auditor-Controller's Internal Audit Plan for Fiscal Year 2010/11.

BACKGROUND:

We have prepared an Internal Audit Plan for FY2010/11 in accordance with the International Standards for the Professional Practice of Internal Auditing. The audit plan is consistent with meeting the requirements of California Government Codes 1236 and 25250.

Departmental Concurrence

Bruce Kincaid

BRUCE KINCAID - ASST. AUD-CONTR.

for Robert E. Byrd
County Auditor-Controller

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|---------------------------|-------------------------------|------|-------------------------|-----|
| 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

- Consent
- Policy
- Consent
- Policy

Dept's Recomm.:
Per Exec. Ofc.:

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



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

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**COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER**
Robert E. Byrd, CGFM
AUDITOR-CONTROLLER
Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER

**INTERNAL AUDIT PLAN
For
FISCAL YEAR 2010/11**

The primary goal of the Internal Audit function is to provide support to the Board of Supervisors and county management in accomplishing their missions and stewardship responsibilities by conducting audits that provide reliable, independent, objective assessments of the adequacy and effectiveness of internal controls. Internal controls are processes established by management designed to safeguard county assets and resources, maintain the reliability and integrity of financial information, promote the efficiency and effectiveness of operational processes, and ensure compliance with laws, regulations and policies.

The Internal Audit function applies the International Standards for the Professional Practice of Internal Auditing to all audits performed to meet the county's expectation for reliable, independent and objective audits. These standards require that we affirm our independence annually and follow ethical and professional standards.

In our effort to provide independent, objective, and reliable assessments of internal controls to the Board of Supervisors and management in accordance with Board of Supervisors Resolution 83-338, an annual internal audit plan is developed. The development of the annual Internal Audit Plan is driven by legal mandates, risk assessments, and information gathered through consultations with county management. While continuing to meet the mandate of performing a biennial audit of each department in accordance with California Government Code 25250, we intend to increase our focus on identifying opportunities for reducing costs and optimizing revenues as well as mitigating other significant exposures.

The Internal Audit Plan for the fiscal year 2010/11 includes 54 audit projects, 16 of which are fiscal year 2009/10 projects that are in progress and will be completed in the current fiscal year. Twenty new projects have been scheduled for fiscal year 2010/11, while 18 are follow-up audits of prior audit findings. We allocated hours to comply with Board of Supervisors' and management requests and provided coverage for conducting our key initiatives including assistance to the Fraud, Waste and Abuse Prevention Committee for the administration and investigation of reports received through the county's Fraud, Waste and Abuse Prevention Program. Additionally, the scope of some audits included in the annual plan will evaluate the adequacy of internal controls over data security and records retention.

As part of our commitment to quality, we will initiate a comprehensive county-wide risk assessment this year. This risk assessment will assist county management to identify and mitigate risks affecting their departments due to budget reductions, changes in key positions and other issues departments are faced with. The last comprehensive countywide risk assessment was completed in April 2001 and was one of the basis used to develop the Internal Audit five year plan.

In compliance with California Government Code 1236, the audits performed by the Auditor-Controller are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require the performance of an independent external quality assurance review (peer review) every five years. The Auditor-Controller's Office participates in the State Association of County Auditor's peer review program. This program keeps the cost of peer reviews to a minimum by reciprocal peer review agreements; San Diego County performed our peer review during fiscal year 2006/07 and we completed a peer review of the Orange County Internal Audit Department during August 2007. The Internal Audit Plan for fiscal year 2010/11 includes a peer review of San Luis Obispo county.

| Audit Project Distribution by Project Type: | Number of Projects |
|---|--------------------|
| FY 10/11 Projects | |
| Mandated audits | 20 |
| Mandated follow-up audits | 18 |
| Sub-total | 38 |
| FY09/10 mandated audits in progress | 16 |
| Total | 54 |

Breakdown of FY 10/11/projects by department/activity

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|---|
| 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 Employees |
| Countywide Overtime (Department of Mental Health) |
| Countywide Overtime (Sheriff Department) |
| Countywide Revenue Generating Leases |
| Economic Development Agency, Facilities Management |
| Economic Development Agency, Housing Authority, Follow-up |
| Facilities Management, Follow-up |
| Fire Department, 2nd Follow-up |
| Fire Department, Contract City Rates, Follow-up |
| Fire Department, Vehicle Fleet |

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| Group Purchasing Organizations Contracts - Exclusive Care |
| Human Resources Department, Unemployment Insurance Rate, Follow-up |
| Human Resources Department and Auditor-Controller, Short Term Disability, Follow-up |
| Human Resources Department, Exclusive Care |
| Human Resources, Temporary Assistance Program |
| 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 Department of Mental Health, Arlington Campus, Follow-up |
| 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 |
| TLMA, Transportation Garage, Follow-up |

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| 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 Districts, Follow-up |