Internal Audit Division

Robert E. Byrd, CGFM
County Auditor-Controller

Overview

• The Audit Plan
• Focus Areas
• FY 2010/11 Scheduled Audits
• Preparing For an Audit
• Audit Findings
• Where to Find Reports
• Customer Satisfaction Surveys
County of RVSD Mission

The mission of Riverside County is to provide local government services as mandated by State and Federal law, and discretionary services as required by County policies, within the bounds of available fiscal resources. In doing so, the County seeks to promote the provision of public services and the preservation of local and regional governments. Riverside County will provide support to the Board of Supervisors (BOS) and management in accomplishing their missions and steward responsibilities.

IA’s Primary Goal

Provide support to BOS & management in accomplishing their missions & steward responsibilities.
Audit Plan

• Annual
• Collaborative
• Consistent with BOS 83-338

Audit Plan Driving Factors

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

Risk Factors
- financial exposure
- potential loss of assets
- results of prior audits
- failure to comply with laws & regulations

County of Riverside 〡 Office of the Auditor-Controller
Focus Areas

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

FY 2010/11 Audit Plan
## FY 2010/11 Schedules Audits

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

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

### 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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<td>TLMA, Transportation Garage, Follow-up</td>
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<tr>
<td>Treasurer-Tax Collector 1Q '11</td>
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<tr>
<td>Treasurer-Tax Collector 2Q '11</td>
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<td>Treasurer-Tax Collector 3Q '11</td>
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<td>Treasurer-Tax Collector 4Q '10</td>
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<tr>
<td>Treasurer-Tax Collector 4Q '11</td>
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<tr>
<td>Vehicle Fleet, Follow-up</td>
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<td>Veterans’ Services</td>
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<td>Waste Management</td>
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<td>Wildomar and Elsinore Cemetery District, Follow-up</td>
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Audit Awareness

Internal Audit here to assist; not to point the finger.

Attitude

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

CONDITION

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

• "The appropriate individual did not authorize this document."

• "The account has not been reconciled for three months."

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.”
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

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
Find Internal Audit Reports @
County of Riverside
Auditor-Controller’s Office
web site

COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER’S OFFICE
Serving Riverside County since 1897

Welcome.

Our staff and management teams are dedicated to providing quality financial accounting, auditing, and reporting in service of the taxpayers of Riverside County.

ROBERT H. WOOD, CFE, CPA
Riverside County
Auditor-Controller

8/19/2010
Customer Satisfaction Surveys

Evaluation Criteria KEY:

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

Audit Clients Rate

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