



OFFICE OF THE
COUNTY AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



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

February 26, 2007

Mr. William H. Densmore, Director
Department of Veterans' Services
1153A Spruce Street
Riverside, CA 92507

Subject: Internal Auditor's Report #2007-316 Department of Veterans' Services Follow-up Audit

Dear Mr. Densmore:

We have completed the Follow-up Audit of the Department of Veterans' Services. Our audit was limited to reviewing actions taken, as of February 5, 2007, to implement the recommendations made in our original audit report dated June 2, 2005.

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 two recommendations, both 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 Auditor's Report #2005-007.

Management implemented our recommendations to correct the findings in Internal Auditor's Report #2005-007. The following is a summary of the current status of the findings and recommendations identified in the original audit.

Finding 1: Confidential information was not properly safeguarded. As a means of off-site storage, a designated employee maintained possession of the Veterans' Information Database backup micro-tape overnight; therefore, increasing accessibility to confidential information.

Recommendation 1: Properly safeguard and limit access to confidential information. Consider storing database backup tapes at a secure off-site location.

Current Status 1: Fully Implemented.

The Department of Veterans' Services has purchased an Office Max Media Chest which is used to store the nightly backup tapes. The purchase of the Media Chest was made after exploring other options and consulting with Wayne Beckham of the County's Information Security Office.

Finding 2: A proper segregation of duties did not exist between the ordering, receiving and payment functions. For purchases made through County Purchasing, one individual was responsible for placing orders, receiving orders and verifying inter-fund transfers.

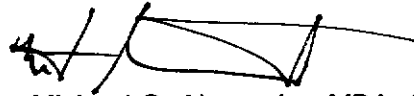
Recommendation 2: Require management's approval of any inter-fund transfers prior to payment.

Current Status 2: Fully Implemented.

Veterans' Services Department has required management's approval for any inter-fund transfers prior to payment. A sample of 28 inter-fund transfers found that management's approval was obtained prior to the issuance of payment.

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

ROBERT E. BYRD, CGFM
Auditor-Controller



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

cc: Board of Supervisors
County Counsel
Executive Office
Grand Jury