

Internal Audit Report 2017-306

**Riverside County Office of County Counsel
Follow-up Audit**

Report Date: March 27, 2017



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
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



Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

March 27, 2017

Greg Priamos
County Counsel
Riverside County Office of the County Counsel
3960 Orange Street, Suite 500
Riverside, CA 92501

**Subject: Internal Audit Report 2017-306: Riverside County Office of County Counsel
Follow-up Audit**

Dear Mr. Priamos:

We have completed the follow-up audit of Riverside County Office of County Counsel. Our audit was limited to reviewing actions taken as of February 15, 2017, to help correct the findings noted in our original audit report 2013-004 dated June 16, 2014.

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 conclusion.

The original audit report contained six recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the six recommendations:

- One of the recommendations was implemented.
- One of the recommendations were partially implemented
- Four of the recommendations were not implemented.

Details of the findings from the original audit and the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report original audit report 2013-004 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

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We appreciate the cooperation and assistance provided by the staff of the Riverside County Office of County Counsel during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

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Revolving Fund

Finding 1: Timeliness in Reporting Cash Overages

Our review of the bank reconciliations for the months of August, September and October, 2012 disclosed that overages ranging from \$508.63 to \$558.63 were not reported to the Auditor-Controller's Office (ACO). According to the department accounting personnel the overage occurred during the month of August 2011. As a result, the funds held in the revolving fund checking account exceeded the authorized limit.

Government Code (GC) 29375 requires immediate deposit of the overage into the county's overage fund.

Recommendation 1

Cash overages should be reported to ACO in accordance with ACO Standard Practice Manual 605 (Formerly referred as SPM 302), and immediately deposited into the county's cash overage fund.

Current Status 1: Not Implemented

We reviewed the bank reconciliations and in the July 2015 reconciliation we found there was a cash overage in the amount of \$11.04. This cash overage was not reported to the ACO until February 15, 2017. Although bank reconciliations were completed additional measures should be incorporated to ensure all overages are reported in accordance with ACO Standard Practice Manual 605, *Reporting Overages and Shortages* which requires reporting to the ACO "no later than the twentieth (20th) day of the month following the month of the transaction."

Non-Capital Assets

Finding 2: Tracking Non-Capital Assets

Internal controls over non-capital assets need improvement. The department uses a listing (via word) and not the Riverside County Financial System, PeopleSoft Asset Module (Asset Module) for tracking non-capital assets. Additionally, Riverside County Information Technology (RCIT) maintains the inventory for computers and related equipment. A review of expenditure transactions for the last two fiscal years disclosed that the department purchased five Dell notebooks totaling \$8,400 on August 11, 2011. However, these notebooks were not included on the inventory list. We verified the existence of two of the five notebooks.

Recommendation 2

The department should ensure that all non-capital assets are accounted for utilizing the Asset Module or an ACO approved system.

Current Status 2: Not Implemented

County Counsel continues to track non-capital assets in a system which has not been approved by ACO.

Records Management

Finding 3: Records Retention

The department retained files beyond the required retention period. Our review of the "Records Disposition Certificate" dated August 28, 2012, disclosed that files for Probate and Conservatorship cases were retained three years after the required retention period. The files which were closed in 2005 should have been destroyed in 2009 but instead were sent to Records Management & Archives Program (RMAP) Division in February 2012. Retaining materials beyond the required retention period incurs unnecessary costs and avoidable risk exposure.

Recommendation 3

To reduce archive costs and limit liability exposure from discovery requests, files should be destroyed after their official retention period.

Current Status 3: Not Implemented

We reviewed the retention schedule for County Counsel which was approved by the Board of Supervisors on March 19, 2015. Additionally, we obtained the most recent list of inventoried records sent to RMAP, dated December 31, 2016. Based on our review of both documents, County Counsel has records at RMAP which should have been destroyed as required by the retention schedule.

Revenue

Finding 4: Tracking Conservatorship Fees

The department's collection effort over fees attributed to support of Public Guardian Conservatorship cases was not sufficient.

Our review of 45 cases totaling \$34,589 associated with conservatorship cases disclosed that fees were collected 11 to 524 days (or an average of 125 days) from the court order dates. This occurred because the department discontinued the bill tracking system, due to the lack of personnel. As a result, the department did not bill for their services monthly.

Recommendation 4

Reestablish a bill tracking system that provides for monthly billing and follow-up.

Current Status 4: Partially Implemented

We reviewed copies of three monthly reports used by County Counsel to track the conservatorship fees for Public Guardian for outstanding court orders. The monthly reports confirm the revenues collected by month, name associated with the case, receipt number and the amount received. However, it does not show where follow-up occurs when the conservatorship fees are not paid timely. The department reestablished the bill tracking system as recommended.

Information Security

Finding 5: System Access of Separated Employees

The department's administrative personnel did not disable the system access of separated employees in a timely manner. Personnel indicated this occurred due to an oversight on their part. The department took an average of 1,001 days to delete/remove Riverside County Financial System PeopleSoft (PeopleSoft) and Riverside County Human Resources Management System (HRMS) access for two employees whose employment with the department ended between March 2009 and August 2010. While PeopleSoft and HRMS systems access is limited to county networks, there is a potential for misuse of an account or information if unnecessary accounts are active.

Subsequent to the completion of the audit, the department disabled PeopleSoft and HRMS systems access of these separated employees.

Recommendation 5

The department should ensure that they comply with Riverside County Information Technology Systems standard by removing separated employees' accounts on the day of their separation from the department.

Current Status 5: Implemented

County Counsel officials completed a checklist to remove system access for separated employees. We reviewed a list of separated employees and their job title. Based on our review we determined access had not been granted to the employees who have separated from the county as their job title did not require access. According to department officials, all time entries are made by one of two administrative staff once paper timesheets are provided.

Finding 6: User's Acknowledgement

The department did not have three of their users acknowledge in writing that they have received, read, and understood Board of Supervisor Policy A-58, *Information Security Policy* (BOS Policy A-58). According to the department's administrative personnel, these users were in place prior to the issuance of the policy. The Security/Workflow Access Request documents indicate that the department's three (3) users were given access to county systems in February 2006, September

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2007, and November 2009, respectively and as such should have completed the acknowledgement.

Recommendation 6

The department should ensure that all users acknowledge in writing that they have received, read, and understood BOS Policy A-58.

Current Status 6: Not Implemented