

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



ITEM
2.14
(ID # 3175)

MEETING DATE:

Tuesday, January 17, 2017

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2017-313: ECONOMIC DEVELOPMENT AGENCY – FAIR & NATIONAL DATE FESTIVAL Follow-up , [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2017-313: Economic Development Agency – Fair and National Date Festival Follow-up

ACTION: Consent


Paul Angulo, Director of Auditor Controller 12/5/2016

BACKGROUND:

Summary

We have completed a follow-up audit of the Economic Development Agency – Fair and National Date Festival. Our audit was limited to reviewing actions taken as of October 20, 2016, to correct the finding noted in our original audit report 2014-006 dated August 21, 2014.

The original audit report contained two recommendations, all of which required implementation to help correct the reported finding. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-006 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports. This follow-up audit found that of the two recommendations, one was implemented and one was partially implemented.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: APPROVE

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

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

N/A

ATTACHMENT A.

Internal Audit Report 2017-313: Economic Development Agency – Fair and National Date Festival Follow-up


Stephanie P. Rossi 1/10/2017

Internal Audit Report 2017-313

**Economic Development Agency -
Fair and National Date Festival
Follow-up**

Report Date: November 15, 2016



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92501
(951) 955-3800**

www.auditorcontroller.org



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AUDITOR-CONTROLLER

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CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Frankie Ezzat, MPA
Assistant Auditor-Controller

November 15, 2016

Robert Field
Assistant County Executive Officer/EDA
Riverside County Economic Development Agency
3403 10th Street, Suite 400
Riverside, CA 92501

Subject: Internal Audit Report 2017-313: Economic Development Agency - Fair and National Date Festival Follow-Up

Dear Mr. Field:

We have completed a follow-up audit of the Economic Development Agency – Fair and National Date Festival. Our audit was limited to reviewing actions taken as of October 20, 2016, to correct the finding noted in our original audit report 2014-006 dated August 21, 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 opinion.

The original audit report contained two recommendations, all of which required implementation to help correct the reported finding. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-006 at www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports.

This follow-up audit found that of the two recommendations:

- One was implemented.
- One was partially implemented

Details of the findings identified in the original audit and the status of the implementation of respective recommendations are provided in the body of this report.

Internal Audit Report 2017-313: Economic Development Agency – Fair and National Date Festival Follow-up

We appreciate the cooperation and assistance extended to us by staff of the Economic Development Agency – Fair and National Date Festival 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

Cash Management

Finding 1: Verification of parking revenues

The Fair and National Date Festival (Fair) did not have a mechanism to ensure that all parking operation cash collections are accounted for. Economic Development Agency (EDA) contracts with two vendors to manage the fair's parking operations. Each parking entrance is manned by a vendor employee who issues a ticket for each paying vehicle. EDA provides the vendors, on a daily basis, with a batch of parking tickets to sell and relies on the difference between the number of tickets provided and returned to determine the vehicle flow and the daily amount to be collected from each vendor. The parking entrances did not have vehicle counter controls to maintain reliable daily counts of vehicle flow and tie it to parking revenue sales. Since parking revenue is directly tied to vehicle flow, not having a reliable count, increases the risk of vendors skimming cash from parking sales by collecting a parking fee without issuing a parking ticket.

The Auditor-Controller's Standard Practice Manual 104, *Internal Controls*, (SPM 104), defines internal controls as methods and procedures used to provide reasonable assurance regarding the achievement of objectives relating to the safeguarding of assets. It further describes the control principles with one being the physical controls of equipment, inventories, cash and other property are to remain secured, counted periodically and compared with control records.

Recommendation 1.1:

Strengthen internal controls to ensure all parking revenue sales are collected from vendors by implementing a portable vehicle counting control at fairground parking lots.

Current Status 1.1: Implemented

To help mitigate any risk of revenue loss or theft at the paid parking lots, the Fair has implemented several processes:

- Parking vendors report and reconcile with the Fair office on a nightly basis to track all sales and hold vendors accountable.
- The Fair issues rolls of tickets to both parking lots, instead of loose or books tickets, eliminating the possibility to sell tickets from the center of the roll.
- Spot checking of parking lots by staff to randomly verify that all cars parked have appropriate parking passes/tickets displayed in their windshields.

Recommendation 1.2:

Use the daily totals from the vehicle counters to aid in the reconciliation of parking ticket sales

Current Status 1.2: Partially Implemented

For the 2017 Fair and National Date Festival, vehicle counting devices will be used at each parking lot to track the number of vehicles that have entered. The vehicle count is to be reconciled with the actual ticket sales. These numbers will help keep statistical information on the number of paying vehicles to total vehicles, which can be used to help identify any inappropriate actions by the parking vendor. Fair parking reconciliation procedures have been updated to reflect the new changes.

The Internal Audit Unit will follow-up during the 2017 audit of the Fair and National Date Festival to verify vehicle counting devices were implemented and the new updated procedures are being followed.