

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



**ITEM**  
2.11  
(ID # 3287)

**MEETING DATE:**  
Tuesday, January 24, 2017

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2017-319: Riverside County DEPARTMENT OF CHILD SUPPORT SERVICES, Follow-up, [District: All]; [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2017-319: Riverside County Department of Child Support Services, Follow-up

**ACTION: Change Order**

  
 Paul Angulo, Director of Auditor Controller 1/5/2017

**BACKGROUND:**

**Summary**

We have completed a Follow-up Audit of Riverside County Department of Child Support Services. Our audit was limited to reviewing actions taken as of September 19, 2016, to correct the findings noted in our original audit report 2014-013 dated June 18, 2014.

The original audit report contained three recommendations, which required implementation to help correct the reported findings. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-013 at [www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports](http://www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports). This follow-up audit found that of the three recommendations, all three were implemented.

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

**C.E.O. RECOMMENDATION:**

**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.**

Riverside County Auditor-Controller Internal Audit Report 2017-319: Riverside County  
Department of Child Support Services, Follow-Up

**Internal Audit Report 2017-319**

**Riverside County Department of Child  
Support Services, Follow-Up**

**Report Date: November 29, 2016**



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CONTROLLER  
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

Frankie Ezzat, MPA  
Assistant Auditor-Controller

November 29, 2016

David Kilgore  
Director  
Riverside County Department of Child Support Services  
2041 Iowa Avenue  
Riverside, CA 92507

**Subject: Internal Audit Report 2017-319: Riverside County Department of Child Support Services, Follow-Up**

Dear Mr. Kilgore:

We have completed the first follow-up Audit of Riverside County Department of Child Support Services. Our audit was limited to reviewing actions taken as of September 19, 2016, to correct the findings noted in our original audit report 2014-013 dated June 18, 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 three recommendations, which required implementation to help correct the reported findings. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2014-013 at [www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports](http://www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports).

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

- Three of the recommendations were implemented.

Details of the findings identified in the original audit and the status of the implementation of the respective recommendations are provided in the body of this report. We made some stylistic changes to the findings from how they were written in the original audit report only to clarify the meaning of the acronyms used and update the references to the Auditor-Controller's Standard Practice Manuals.

**Internal Audit Report 2017-319: Riverside County Department of Child Support Services, Follow-up**

We appreciate the cooperation and assistance extended to us by staff of the Riverside County Department of Child Support Services 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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## Capital Assets

### Finding 1: Inadequate Reporting of Capital Assets

Riverside County Department of Child Support Services (DCSS) did not delete two capital assets in a timely manner. We found a letter inserter and file server which were sent to County Purchasing on March 20, 2013, and October 11, 2006, respectively, but have not been removed from the Asset Module. Although a Surplus Property Transfer Form was completed for each of these assets the department did not complete the Standard Practice Manual (SPM) Form AM-7, *Capital Asset Disposition* (SPM Form AM-7) as required. This occurred because Child Support Services did not have a process to ensure a SPM Form AM-7 was prepared for each capital asset retirement or transfer. Standard Practice Manual 518 (Formerly known as SPM 922) states, "The Auditor-Controller (ACO) must be notified within 30 days of any asset retirement." As a result, the department's capital assets have been overstated.

### Recommendation 1

Establish a procedure to ensure that a SPM Form AM-7 is prepared and submitted to the ACO for capital assets transferred to surplus in accordance with SPM 518.

### Current Status 1: Implemented

DCSS established procedures to ensure that a SPM Form AM-7 is prepared and submitted to the ACO for capital assets transferred to surplus in accordance with SPM 518.

### Finding 2: Unrecorded Capital Assets

During our review of Child Support Service's expenses incurred from July 1, 2010, through June 30, 2012, we discovered one asset (filing system), with a total value of \$22,608, that was not capitalized. The Aurora file system was purchased in June 07, 2013, however, as of February 4, 2014, had not been entered into the PeopleSoft Asset Module (Riverside County Financial System) or tagged. We observed the file system was still in the original boxes. As a result, the capital assets held by Child Support Services and the County as a whole were understated and not identified in the PeopleSoft Asset Module for accountability and control.

### Recommendation 2.1

Ensure capital assets are entered into the asset module in a timely manner.

### Current Status 2.1: Implemented

DCSS established procedures to ensure that capital assets are entered into the asset module in a timely manner.

**Recommendation 2.2**

Request an asset tag from the ACO in accordance with SPM 516 (Formerly known as 903).

**Current Status 2.2: Implemented**

DCSS established procedures to ensure that capital assets tags are requested from the ACO in accordance with SPM 516.