

Internal Audit Report 2018-301

**Riverside County Animal Services,
Follow-up Audit**

Report Date: September 26, 2018



**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

September 26, 2018

Robert Miller
Director
Riverside County Animal Services
6851 Van Buren Blvd
Riverside, CA 92509

Subject: Internal Audit Report 2018-301: Riverside County Animal Services, Follow-up Audit

Dear Mr. Miller,

We have completed the follow-up audit of Riverside County Animal Services. Our audit was limited to reviewing actions taken as of July 24, 2018, to help correct the findings noted in our original audit report 2015-010 dated September 15, 2015.

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 three recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the three recommendations:

- Two of the recommendations were implemented
- One of the recommendations was 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 2015-010 at www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports.

Internal Audit Report 2018-301: Riverside County Animal Services, Follow-up Audit

We appreciate the cooperation and assistance provided by the staff of the Riverside County Animal 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
Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

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Contract Revenue

Finding 1: Review of Contract Rates

"The Animal Services department did not submit their city contract rates for shelter and field services to the Riverside County Auditor-Controller's Office for annual review as required under Board of Supervisors Policy B-3, *Contract Services to Cities*. The department's current city contract rates were submitted for review in 2011 and were based on fiscal year 2010 actual expenditures and staffing levels. Per the department, billable rates were not updated and submitted for yearly review after 2011 due to limited staffing resources. By not annually submitting their rates for review, the department is not in compliance with Board Policy B-3."

Recommendation 1

"To be in compliance with Board of Supervisors Policy B-3, update and submit city contract rates to the Riverside County Auditor-Controller's Office annually for review."

Current Status 1: Not Implemented

Animal Services continues to be non-compliant with Board Policy B-3, *Contract City Rates*. It continues to bill for services from rates developed based on fiscal year 2010 actual expenditures. With outdated rates, Animal Services is unable to determine if the rates they use to bill for services is fully recovering the cost of providing services or overcharging for services.

Capital Assets

Finding 2: Physical Verification of Capital Assets

"The Animal Services department submitted the *Inventory of County Property For Capital Assets*, Standard Practice Manual Form AM-1, to the Auditor-Controller's Office in a timely manner for fiscal year 2014. However, based upon our review, the department did not verify physical existence of the assets listed on the submitted asset certification. During the fiscal year 2015 asset certification process, the department discovered three assets valued at \$36,904 that were not in their physical possession. Upon further department investigation, the department discovered one asset was disposed of in 2012. The department was of the opinion that the other assets were destroyed in 2008, and sent to surplus a decade ago. As a result of not taking a physical inventory of assets, the value had been overstated for several fiscal years. Per department, they did not verify the physical existence of the assets due to limited staffing resources."

Recommendation 2

"Prior to submitting the department's year end capital asset certification to the Auditor-Controller's Office, assign an employee to verify the physical existence of all assets listed."

Current Status 2: Implemented

We confirmed Animal Services physically verifies the existence of the capital assets listed in the Riverside County Financial System. The assets are verified by a supervisor of the unit where the capital assets are assigned.

Finding 3: Capital Asset Retirements

"Five assets valued at \$79,950 were retired by the Animal Services department without timely reporting to the Auditor-Controller's Office. Standard Practice Manual 514 (Formerly known as SPM 922), *Asset Retirements*, requires departments to report the retirement of capital assets due to theft, loss, sale, or surplus, when there is no operational need to retain. The *Capital Asset Disposition*, Standard Practice Manual Form AM-7, must be completed and submitted to the Auditor-Controller's Office within 30 days of an asset retirement. By not submitting Form AM-7 on a timely basis, the department loses accountability for assets in their possession and the capital asset value may be overstated at year end. Per the department, they did not submit the forms in a timely manner due to limited staffing resources."

Recommendation 3

"Assign an employee the responsibility to complete and submit Form AM-7 to the Auditor-Controller's Office within 30 days of asset retirement."

Current Status 3: Implemented

We confirmed Animal Services has assigned an employee to complete and submit Standard Practice Manual Form AM-7, *Capital Asset Disposition* to the Auditor-Controller's Office within 30 days of asset retirement.