

Internal Audit Report 2019-301

**Riverside County
Office of County Counsel
Change of Department Head
Follow-up Audit**

Report Date: December 26, 2018



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Paul Angulo, CPA, MA
Riverside County Auditor-Controller

December 26, 2018

Gregory P. Priamos
County Counsel
Riverside County Office of County Counsel
3960 Orange Street, Suite 500
Riverside, CA 92501

**Subject: Internal Audit Report 2019-301: Riverside County Office of County Counsel,
Change of Department Head, 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 September 18, 2018, to help correct the findings noted in our original audit report 2015-023 dated March 17, 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 partially 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 2015-023 at www.auditorcontroller.org/Divisions/-AuditsandSpecializedAccounting/InternalAuditReports.

**Internal Audit Report 2019-301: Riverside County Office of County Counsel, Change of
Department Head, Follow-up Audit**

We appreciate the cooperation and assistance provided by the staff of the Riverside County Office of County Counsel during this follow-up audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

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Revolving Fund

Finding 1: Revolving Fund Reconciliations

“Based on our review of the July through September 2014 monthly revolving fund reconciliations, we noted the following deficiencies in the reconciliation process:

- (a) The department reconciled the authorized revolving fund amount to the beginning bank statement balance, instead of the month-end balance. We were informed, and verified these were isolated cases, and the ending balance was properly used for the next reconciliation prepared for October 2014.
- (b) Adequate detail was not provided for the reconciliations prepared. For instance, a \$90.58 fee on the bank statement was not included in the department’s checkbook, nor was it identified as a reconciling item. Furthermore, outstanding checks did not have dates to indicate the length of time they were outstanding, and overages ranging from \$110.45 to \$602.42 were included on each of the July through September 2014 reconciliations prepared. The department researched and identified additional outstanding checks, the \$90.58 fee and reduced the overage to \$3.67 on the reconciliation prepared for October 2014.
- (c) Although the department reconciled the bank statement to the authorized balance, a reconciliation to its checkbook balance was not prepared. Each reconciliation has a control purpose; the first to identify outstanding transactions that need to flow into the General Ledger to maintain the authorized balance; the second, to identify differences including errors and/or irregularities between the bank and the checkbook and resolve in a timely basis. During our audit, we provided written procedures on both reconciliation processes for guidance.”

Recommendation 1.1

“Ensure the ending bank statement balance is used for monthly revolving fund reconciliation purposes.”

Current Status 1.1: Implemented

The Riverside County Office of County Counsel has revised the revolving fund reconciliation to include a required line entry for the ending balance per bank statement. Based on our review of four monthly revolving fund reconciliations, we verified the ending bank statement balances were properly used for reconciliations.

Recommendation 1.2

“Monitor monthly revolving fund reconciliations to ensure adequate detail exists to clearly identify all reconciliation differences and timely resolution.”

Current Status 1.2: Implemented

We reviewed and verified the monthly revolving fund reconciliation has been revised to include a line entry for adjusting entries and a section to provide an explanation for adjustments.

Recommendation 1.3

“Reconcile the revolving fund checkbook monthly to the bank statement and the authorized balance.”

Current Status 1.3: Partially Implemented

Based on our review of revolving fund reconciliations, we confirmed the checkbook is reconciled to the bank statement and the ending balance in the ledger. However, three of the four reconciliations reviewed did not contain a date to show when the reconciliation was completed. We were unable to verify that the revolving fund checkbook was reconciled monthly.