

**Internal Audit Report 2019-307**

**Riverside County Flood Control and Water  
Conservation District,  
Follow-up Audit**

**Report Date: January 10, 2019**



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

[www.auditorcontroller.org](http://www.auditorcontroller.org)



**COUNTY OF RIVERSIDE**  
OFFICE OF THE  
AUDITOR-CONTROLLER

County Administrative Center  
4080 Lemon Street, 11<sup>th</sup> Floor  
P.O. Box 1326  
Riverside, CA 92502-1326  
(951) 955-3800  
Fax (951) 955-3802

**AC** | **AUDITOR**  
**CONTROLLER**  
**COUNTY OF RIVERSIDE**

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

January 10, 2019

Jason Uhley  
General Manager – Chief Engineer  
Riverside County Flood Control and Water Conservation District  
1995 Market Street  
Riverside, CA 92501

**Subject: Internal Audit Report 2019-307: Riverside County Flood Control and Water Conservation District, Follow-up Audit**

Dear Mr. Uhley:

We have completed the follow-up audit of Riverside County Flood Control and Water Conservation District. Our audit was limited to reviewing actions taken as of September 26, 2018, to help correct the findings noted in our original audit report 2017-011 dated June 2, 2017.

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 one recommendation, which required implementation to help correct the reported finding. Based on the results of our audit, we found that the recommendation was 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 2017-011 at [www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports](http://www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports).

**Internal Audit Report 2019-307: Riverside County Flood Control and Water Conservation District,  
Follow-up Audit**

We appreciate the cooperation and assistance provided by the staff of the Riverside County Flood Control and Water Conservation District 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

## Table of Contents

	Page
<b>Results:</b>	
Vendor Discounts .....	4

## Vendor Discounts

### Finding 1: Missed Vendor Discounts

“Flood Control did not consistently take advantage of prompt payment discounts offered by vendors. Our review of 207 vouchers disclosed that 171 (83%) of those vouchers offered a discount for prompt payment, and Flood Control did not take advantage of the discount. Flood Control does not have a process to ensure vendor invoices offering a discount for prompt payment are processed in a timely manner to take advantage of the discount. In addition, Flood Control’s policies and procedures do not address the need to take advantage of vendor discounts. Based on our statistical sample, we can project with a 95% confidence level, that as many as 370 of the 430 vouchers offered a discount for prompt payment and the discount was not taken. Leading business practices encourage agencies to take discounts for prompt payment as often as possible to maximize the financial benefit.”

### Recommendation 1

“Flood Control should review its policies and procedures and make changes as necessary to ensure vendor discounts for prompt payment are taken.”

### Current Status 1: Implemented

Flood Control had 5,581 transactions during our review period. Based on our limited testing, the department took advantage of all discounts with an exception of four discounts, which we deemed immaterial.