

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



ITEM: 2.6
(ID # 14551)

MEETING DATE:
Tuesday, March 02, 2021

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder Division Audit

ACTION:Consent


Tanya Harris, Assistant Auditor Controller 2/22/2021

MINUTES OF THE BOARD OF SUPERVISORS

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

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Assessor-County Clerk-Recorder. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over the authorizations and use of procurement cards.

Please refer to the audit for the conclusion on the results of our audit.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A				Budget Adjustment: No
				For Fiscal Year: n/a

C.E.O. RECOMMENDATION: Approve

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A.

Riverside County Auditor-Controller - Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder Audit.


 Stephanie Perez, Principal Management Analyst 2/22/2021

Internal Audit Report 2021-003

**Riverside County
Assessor County Clerk Recorder
Audit**

Report Date: March 2, 2021



**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

Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller

March 2, 2021

Peter Aldana
Assessor-County Clerk-Recorder
Riverside County Assessor-County Clerk-Recorder
4080 Lemon Street, 6th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder Audit

Dear Mr. Aldana:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Assessor-County Clerk-Recorder to provide management and the Board of Supervisors with an independent assessment of internal controls over the authorizations and use of procurement cards.

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 sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Our conclusion and details of our audit are documented in the body of this audit report.

Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder

We thank the Riverside County Assessor-County Clerk-Recorder management and staff for their cooperation. Their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Juan Perez, Interim County Executive Officer
Grand Jury

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Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder

Executive Summary

Overview

The Riverside County Assessor-County Clerk-Recorder's (Assessor) manages all taxable property, provides a variety of public services, and maintains permanent public records on behalf of the County of Riverside. The Assessor has five offices located throughout Riverside County and provides these services with a recommended budget of \$41.1 million for fiscal year 2020-21 and 210 current authorized positions. *County of Riverside, Fiscal Year 2020/21 Adopted Budget, September 2020, 85. Assessor-County Clerk-Recorder, About, Mission Statement, accessed September 23, 2020, [https:// www.asrclkrec.com/ mission-statement](https://www.asrclkrec.com/mission-statement).*

Audit Objective

Our objective is to provide an independent assessment about the adequacy and effectiveness of internal controls over payment processing of monthly procurement card invoices and compliance with the Riverside County Procurement Card Program Procedures Handbook. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information.

Audit Scope

We conducted the audit from July 29, 2020, through September 23, 2020, for operations from July 1, 2018, through September 15, 2020. Following a risk-based approach, our scope initially included the following:

- Procurement Card
- Accuracy of Aumentum Property Listing for Riverside County Owned Properties

Through inquiry, observations, and examination of relevant documentation related to Aumentum Property Listing, we concluded that internal controls over this area is sufficient to provide reasonable assurance that the objective as described above is achieved. We focused our scope to procurement cards.

Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder

Audit Conclusion

Based upon the results of our audit, we verified the internal controls over the authorizations and use of procurement cards are adequate and in compliance with county policies and procedures.

Procurement Card

The County's Procurement Card program was developed to improve efficiencies associated with the procurement process and reduce the costs associated with making purchases and processing vendor payments. The program requires compliance with current statutes and county procurement procedures and is intended to improve the timely delivery of products and services.

The Riverside County Purchasing & Fleet Services Department (Purchasing) is responsible for managing and monitoring the overall program. Additionally, Purchasing administers the training required for all program participants, establishes and communicates rules and guidelines, oversees participants' compliance with the county's procurement policies and procedures, and coordinates the interface between U. S. Bank and the county. Cardholders are required to comply with the Procurement Card Manual as written by Purchasing. Additionally, cardholders must complete the training prior to being provided with a procurement card.

The procurement card policy has controls developed and implemented that are different than traditional credit cards. The controls ensure the cards can be used only for specific types of purchases with established dollar limits. Additionally, approving officials assigned to each cardholder are required to provide prior approval on the purchases. The cardholder is responsible to verify all purchases once card statement is obtained.

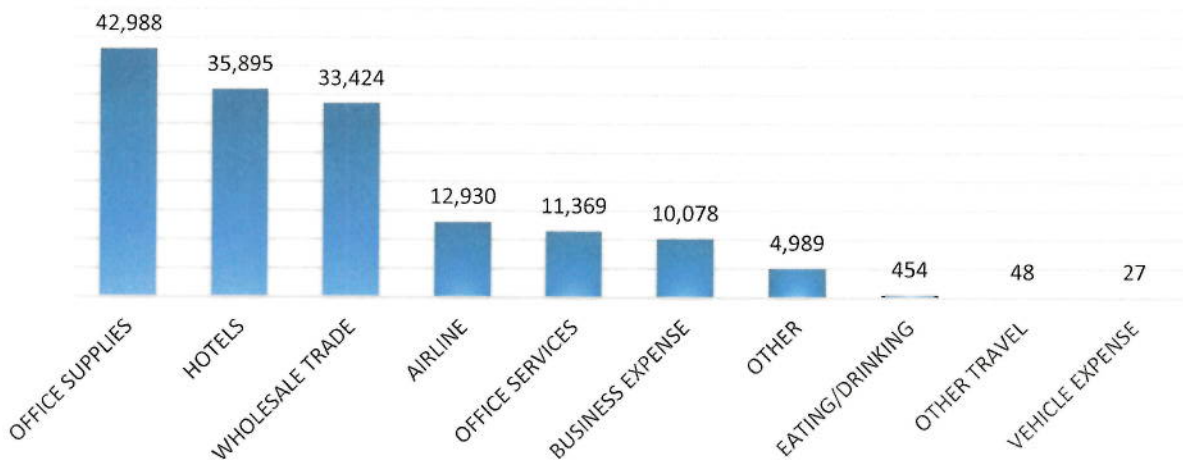
As an integral part of a county department's internal control structure, management within each department is responsible for implementing a system of internal controls that effectively and efficiently performs financial related activities and safeguards assets. The system should provide management with reasonable assurance that assets are properly safeguarded against loss from unauthorized use or theft, and transactions are executed in accordance with management's authorization.

Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder

Assessor had six procurement cardholders, as of June 30, 2020. Procurement card expenditures for the period July 1, 2019, through June 30, 2020, included 689 transactions totaling \$152,202.

The chart below illustrates Assessor procurement card expenditures for the period of July 1, 2019, through June 30, 2020, categorized in the following: airlines, hotels, business expense, office supplies, eating/drinking, office services, wholesale trade, other travel, other, and vehicle expense. Expenditures for the top three merchant groups include office supplies at \$42,988, hotels at \$35,895, and wholesale trade at \$33,424 for a total of \$112,307. These categories make up 74% of the total department procurement card expenditures.

**Assessor Procurement Card Transactions
 (July 1, 2019, through June 30, 2020)**



Audit Objective

To provide an independent assessment of internal controls over the authorizations and use of procurement cards.

Audit Methodology

To accomplish our objectives, we performed the following:

- Reviewed county policies and procedures, specifically:
 - County of Riverside Procurement Card Program, Procedure Handbook (8/1/2016)

Internal Audit Report 2021-003: Riverside County Assessor-County Clerk-Recorder

- Board Policy A-62, *Credit Card Use*
- Board Policy D-1, *Reimbursement for General Travel and Other Actual and Necessary Expenses*
- Obtained and reviewed department policies and other documents to determine compliance with Riverside County's procurement card policies and procedures.
- Obtained and reviewed a listing of all cardholder agreements.
- Analyzed procurement card data pulled from Riverside County financial systems and U.S. Bank for audit period.
- Examined cardholder transaction logs, receipts, and credit card statements.
- Selected a sample of purchased items for physical existence of items.
- Verified for appropriate levels of management review and approval.
- Interviewed key personnel regarding procurement card internal controls and their processes.
- Reviewed supporting documentation for procurement card expenditures.

Audit Results

Based on our review, the Assessor has adequate internal controls over the authorizations and use of procurement cards.