

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



**ITEM: 2.7**  
(ID # 16734)

**MEETING DATE:**  
Tuesday, July 20, 2021

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities Districts Audit, All Districts. [\$0]

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

1. Receive and file Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities Districts Audit

**ACTION:Consent**

  
Tanya Harris, Assistant Auditor Controller 6/30/2021

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

<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	\$ 0.0	\$ 0.0
<b>NET COUNTY COST</b>	\$ 0.0	\$ 0.0	\$ 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:** Approve

**BACKGROUND:**

**Summary**

In accordance with Board of Supervisors Resolution 83-338, we completed the audit of the Riverside County Executive Office, County Facilities Districts to provide management and the Board of Supervisors with an independent assessment of internal controls over expenditures

Please see report for audit results.

**Impact on Residents and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities Districts Audit

  
Stephanie Perez, Principal Management Analyst 7/12/2021

**Internal Audit Report 2021-009**

**Riverside County Executive Office,  
County Facilities Districts  
Audit**

**Report Date: July 20, 2021**



**Office of Paul Angulo, CPA, MA  
Riverside County Auditor-Controller  
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**COUNTY OF RIVERSIDE  
OFFICE OF THE  
AUDITOR-CONTROLLER**

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**Paul Angulo, CPA, MA  
Riverside County Auditor-Controller**

**Tanya Harris, DPA, CPA  
Assistant Auditor-Controller**

July 20, 2021

Jeff Van Wagenen, Jr.  
County Executive Officer  
Riverside County Executive Office  
4080 Lemon Street, 4<sup>th</sup> Floor  
Riverside, CA 92501

**Subject: Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities Districts Audit**

Dear Mr. Van Wagenen:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of Riverside County Executive Office, County Facilities Districts to provide management and the Board of Supervisors with an independent assessment of internal controls over expenditures.

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.

**Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities  
Districts Audit**

Since the audit resulted in no findings or recommendation, there is no requirement for a response in accordance with Board of Supervisors Resolution 83-338.

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA  
Chief Internal Auditor

cc: Board of Supervisors  
Juan Perez, County Chief Operating Officer  
Dave Rogers, County Chief Administrative Officer  
Grand Jury

**Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities  
Districts Audit**

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**Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities Districts Audit**

## **Executive Summary**

### **Overview**

Riverside County Executive Office, County Facilities Districts provide an alternative method of financing for certain public capital facilities and services. They are authorized by the Mello-Roos's Community Facilities Act of 1982, which authorizes local governments and developers to create County Facilities Districts for the purpose of selling tax-exempt bonds to fund public improvements and services. Currently, the Executive Office utilizes County Facilities Districts to implement infrastructure in the unincorporated areas of Riverside County. The County Facilities Districts Assessment District Administration operates with an adopted budget of \$560,185 for fiscal year 2020/21. *County of Riverside, Fiscal Year 2020/21 Adopted Budget, September 2020, 118.*

### **Audit Objective**

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over expenditures. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information.

### **Audit Scope and Methodology**

We conducted the audit from November 3, 2020, through April 30, 2021, for operations from July 1, 2018, through April 30, 2021. Our scope included the following expenditures: debt service payments, Transportation Land Management Agency invoices/projects, and administrative expenses.

### **Audit Conclusion**

Based upon the results of our audit, we determined Riverside County Executive Office, County Facilities Districts internal controls over expenditures funded by Riverside County provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

**Internal Audit Report 2021-009: Riverside County Executive Office, County Facilities Districts Audit**

## **Expenditures**

### **Background**

Each Riverside County's County Facilities Districts are established for a particular purpose or project, constructing streets, sewers, or storm drains in the unincorporated areas throughout the county. Currently, there are two active projects being built by the County Facilities Districts in the areas of Clinton Keith and Scott Road. County Facilities Districts expenditures include architect fees, building costs, various consulting costs, administrative expense reimbursement, and debt service payments. Once the initial construction is over the administrative expense reimbursement and debt service payments continue in order to finish servicing the debt until it is defeased.

### **Objective**

Verify expenditures made with County Facilities Districts funds are allowable and accurate to the purpose of the County Facilities Districts creation.

### **Audit Methodology**

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards.
- Conducted interviews and performed walk-throughs with management.
- Reviewed bond official statements and reconciliations.
- Selected a sample of invoices to verify appropriateness and accuracy of the supported documents and whether adequate approval was obtained.
- Reviewed detailed support for expenditure and interfund transactions.

**Finding: None Noted**