

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



ITEM: 2.8
(ID # 19444)

MEETING DATE:
Tuesday, July 12, 2022

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2022-311 Riverside County Environmental Health Department, Follow-up Audit

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2022-311: Riverside County Environmental Health Department, Follow-up Audit

ACTION:Consent



Tanya Harris, Assistant Auditor Controller 6/22/2022

MINUTES OF THE BOARD OF SUPERVISORS

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

Summary

We completed the follow-up audit of Riverside County Environmental Health Department. Our audit was limited to reviewing actions taken as of April 11, 2022, to help correct the findings noted in our original audit report 2020-006 dated March 12, 2020. The original audit report contained four recommendations, all of which required implementation to help correct the reported findings.

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 - Internal Audit Report 2022-311: Riverside County Environmental Health Department, Follow-up Audit.

Internal Audit Report 2022-311

**Riverside County
Environmental Health, Follow-Up Audit**

Report Date: July 12, 2022



**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

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4080 Lemon Street, 11th Floor
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Riverside, CA 92502-1326
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Paul Angulo, CPA, MA
Riverside County Auditor-Controller

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

July 12, 2022

Jeffrey Johnson
Director
Riverside County Environmental Health Department
4065 County Circle Dr.
4th Floor, Ste. 412
Riverside, CA 92503

Subject: Internal Audit Report 2022-311: Riverside County Environmental Health Department, Follow-up Audit

Dear Mr. Johnson:

We completed the follow-up audit of Riverside County Environmental Health Department. Our audit was limited to reviewing actions taken as of April 11, 2022, to help correct the findings noted in our original audit report 2020-006 dated March 12, 2020.

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

- Three of the recommendations were implemented.
- One of the recommendations was not implemented.

**Internal Audit Report 2022-311: Riverside County Environmental Health Department,
Follow-up Audit**

Summary of the conditions from the original audit and the results of our review on 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 2020-006 at [www.auditorcontroller.org/Divisions/AuditsandSpecialized Accounting/InternalAuditReports](http://www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports).

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Jeff A. Van Wagenen, County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

Internal Audit Report 2022-311: Riverside County Environmental Health Department,
Follow-up Audit

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A. Internal Audit Report 2020-006

B. Status of Findings as Reported by Riverside County Environmental Health on April 11, 2022.

**Internal Audit Report 2022-311: Riverside County Environmental Health Department,
Follow-up Audit**

Revolving Funds

Finding 1: Revolving Fund Reconciliation

The department is not completing revolving fund reconciliations in accordance with county policy. We noted the following in our review:

- Preparation and review of monthly revolving fund reconciliations are not endorsed with signatures and dates from the preparer and reviewer.
- There is no evidence that proper segregation of duties exists.
- Reviews at the proper level are not being performed.

Standard Practice Manual 603, Revolving Fund, states, "Reconciliations must be properly reviewed and approved by a supervisor, with sufficient segregation of duties expected." Standard Practice Manual 1001, Internal Controls, states, "Duties are divided or segregated so that no one person has complete control over a key function or activity." This occurred as there was a lack of oversight with monthly reconciliations. Lack of internal controls in bank reconciliations can lead to unauthorized activities and misappropriation of funds.

Recommendation 1

Ensure monthly bank reconciliations are evidenced with dates and signatures by the preparer and reviewer.

Current Status 1: Implemented

Finding 2: Use of Revolving Funds

Environmental Health used revolving funds for unallowable purchases and other expenditures were not in compliance with county policy. We noted the following in our review:

- All three expenditures exceeded the \$300 limit.
- One expenditure for a training event did not include a required travel authorization form.

**Internal Audit Report 2022-311: Riverside County Environmental Health Department,
Follow-up Audit**

- One expenditure was a refund issued for a cancelled business catering permit.

County policies for these expenditures were not reviewed by the department to determine compliance prior to approval. Standard Practice Manual 603, *Revolving Funds*, states, "Revolving Funds reimbursement is limited to purchases totaling \$300 per day, per person, regardless of fund source." Purchases made with the revolving fund should be within the county policy limit, have accompanying documentation, be used for approved expenses and comply with county policies to eliminate the likelihood of theft and misappropriation of funds.

Recommendation 2

Ensure expenditures are in compliance with Standard Practice Manual 603, *Revolving Funds*.

Current Status 2: Implemented

Finding 3: Cash Shortage

Environmental Health had a cash shortage of \$204. During our cash count, we found the "Illegal Food Fund Program" had a shortage and no supporting documentation was provided. Standard Practice Manual 603, *Revolving Funds*, states, "The Custodian must maintain a log to track all shortages and/or overages of the fund and the daily overages and shortages must be reported to the Auditor-Controller's Office using Form AR-3, Cash Overage/Shortage Daily Report." When shortages and overages are not reported to the Auditor-Controller's Office, Environmental Health is non-compliant with county policies, and increases the risk of theft or misuse of funds.

Recommendation 3

Ensure the Standard Practice Manual Form AR-3, *Cash Overage/Shortage Daily Report*, is filed with the Auditor-Controller's Office once a discrepancy is identified.

Current Status 3: Implemented

**Internal Audit Report 2022-311: Riverside County Environmental Health Department,
Follow-up Audit**

Capital Assets

Finding 4: Capital Asset Oversight

Environmental Health is not properly tracking capital assets. We noted the following:

- Seven assets were not disposed of timely
- Six assets were not in the location indicated in the Riverside County financial system
- Two assets were not located

Standard Practice Manual 513, *Asset Tags*, states, "In the event an asset is to be moved from one location to another, or from one department to another, a Form AM-6 must be completed. Once the asset has been moved, the location change must be noted in the PeopleSoft Asset Management module." The department does not have a tracking system for capital assets used in the field. When a capital asset is move to a different location, the asset management module is not updated to reflect the change in location. Further, Standard Practice Manual 514, *Disposal of Capital Assets*, states, "Completed AM-7 Form must be submitted to the ACO with all supporting documentation, as soon as possible." The department's information technology personnel were reassigned which affected the information technology equipment surplus process. Properly accounting for capital assets and their locations should be processed timely to ensure over or understatements do not occur, are readily accessible, and reduce the risk of theft for transportable items.

Recommendation 4

Ensure capital assets are properly tracked and disposed of in accordance with Standard Practice Manual 513, *Capital Assets*.

Current Status 4: Not Implemented

Four (44%) out of nine capital assets disposed during the audit period, Environmental Health did not submit the AM-7 forms to the Auditor-Controller's Office in a timely manner. The average time lapsed to submit AM-7 forms after capital assets had been disposed was 295 days with the longest time lapsed being 379 days and shortest being 211 days.

Attachment A

Internal Audit Report 2020-006

Riverside County Environmental Health Department, Change of Department Director Audit

Report Date: March 12, 2020



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

Oscar Valdez
Assistant Auditor-Controller

March 12, 2020

Keith Jones
Director
Riverside County Environmental Health Department
4065 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2020-006: Riverside County Environmental Health Department, Change of Department Director Audit

Dear Mr. Jones:

In accordance with Board of Supervisors Resolution 83-338, we completed a change of department director audit for Riverside County Environmental Health Department. This audit is conducted to ensure accountability over the transfer of revolving funds and capital assets from the predecessor to the new appointed department director.

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.

Based upon the results of our audit, we determined:

- 1) Internal controls are in place to ensure timely transfer of revolving funds to the newly appointed director. However, the internal controls to ensure safeguarding of revolving funds are not in place. Specifically, a refund for an unauthorized transaction was made, monthly bank reconciliations are not adequately prepared, and a cash shortage was not reported to the Auditor-Controller's Office.

Internal Audit Report 2020-006: Riverside County Environmental Health Department, Change of Department Director Audit

- 2) Internal controls are in place to ensure the timely transfer of capital assets. However, the internal controls to ensure the safeguarding of capital assets are not in place. Specifically, seven assets were retired up to eighteen months late with the Auditor-Controller's Office, six assets were identified with an incorrect location, and two assets were not located.

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report.

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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Executive Summary

Overview

The Riverside County Environmental Health Department (Environmental Health) has three divisions:

- District Environmental Services Division
- Environmental Protection and Oversight Division
- Business Operations and Finance Division

The District Environmental Division and the Environmental Protection and Oversight Division provide services to the public that promote safety and the well-being of environmental health within Riverside County. The Business Operations and Finance Division provides administrative support to the department, including accounting, budget preparation, revenue tracking, and purchasing. Environmental Health serves county residents through the implementation of various health, waste, land, and water programs with 203 staff members and a FY 2019-2020 adopted budget of \$30.6 million. *County of Riverside, Fiscal Year 2019/20 Adopted Budget, June, 2019, 197.*

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer and safeguarding of revolving funds and capital assets when there is a change in department director.

Audit Conclusion

Based upon the results of our audit, we determined:

- 1) Internal controls are in place to ensure timely transfer of revolving funds to the newly appointed director. However, the internal controls to ensure safeguarding of revolving funds are not in place. Specifically, a refund for an unauthorized transaction was made, monthly bank reconciliations are not adequately prepared, and a cash shortage was not reported to the Auditor-Controller's Office.
- 2) Internal controls are in place to ensure the timely transfer of capital assets. However, the internal controls to ensure the safeguarding of capital assets are not in place. Specifically, seven assets were retired up to eighteen months late with the Auditor-Controller's Office, six assets were identified with an incorrect location, and two assets were not located.

Revolving Funds

Background

Under the authority of Government Code Section 29320-29334, the Riverside County Board of Supervisor's adopted Board Resolution 74-156 on May 14, 1974, authorizing the establishment of a revolving fund, under the custodianship of a county officer, for use on official county business. The Board of Supervisor's adopted Board Resolution 83-338 on November 1, 1983, authorizing the Riverside County Auditor-Controller to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

The Riverside County Environmental Health Department has one revolving fund, with an authorized balance of \$5,000, maintained in the form of petty cash and a bank account. The revolving fund is primarily used to pay for trainings, daily operations, and special programs. Bank checks are held in a locked safe that is accessible to a manager and two back-up staff. The bank checks are primarily signed by the fund custodian or department director, with two backup staff. Replenishments are processed by an accounting technician, with the approval of the fund custodian or department director.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the predecessor to the new appointed department director were completed, and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of the revolving funds.

Audit Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* for the establishment and transfer of the revolving funds
- Interviewed key personnel regarding the use of the revolving funds
- Verified revolving fund reconciliations were prepared
- Performed a cash count and reconciled to the fund assignment amounts
- Reviewed for adequate segregation of duties
- Reviewed supporting documentation for transactions

Finding 1: Revolving Fund Reconciliation

The department is not completing revolving fund reconciliations in accordance with county policy. We noted the following in our review:

- Preparation and review of monthly revolving fund reconciliations are not endorsed with signatures and dates from the preparer and reviewer
- There is no evidence that proper segregation of duties exists
- Reviews at the proper level are not being performed

Standard Practice Manual 603, *Revolving Fund*, states, "Reconciliations must be properly reviewed and approved by a supervisor, with sufficient segregation of duties expected." Standard Practice Manual 1001, *Internal Controls*, states, "Duties are divided or segregated so that no one person has complete control over a key function or activity." This occurred as there was a lack of oversight with monthly reconciliations. Lack of internal controls in bank reconciliations can lead to unauthorized activities and misappropriation of funds.

Recommendation 1

Ensure monthly bank reconciliations are evidenced with dates and signatures by the preparer and reviewer.

Management's Response

"Concur. The department concurs with this recommendation and will ensure the required controls are implemented by establishing and/or modifying departmental procedures."

Actual/estimated Date of Corrective Action: April 1, 2020

"Expected date of procedure completion on or about April 1, 2020. However, the department will implement the recommendation immediately."

Finding 2: Use of Revolving Funds

Environmental Health used revolving funds for unallowable purchases and other expenditures were not in compliance with county policy. We noted the following in our review:

- All three expenditures exceeded the \$300 limit
- One expenditure for a training event did not include a required travel authorization form
- One expenditure was a refund issued for a cancelled business catering permit

County policies for these expenditures were not reviewed by the department to determine compliance prior to approval. Standard Practice Manual 603, *Revolving Funds*, states, "Revolving Funds reimbursement is limited to purchases totaling \$300 per day, per person, regardless of fund source." Purchases made with the revolving fund should be within the county policy limit,

Internal Audit Report 2020-006: Riverside County Environmental Health Department, Change of Department Director Audit

have accompanying documentation, be used for approved expenses and comply with county policies to eliminate the likelihood of theft and misappropriation of funds.

Recommendation 2

Ensure expenditures are in compliance with Standard Practice Manual 603, *Revolving Funds*.

Management's Response

“Concur. The department concurs with this recommendation and will ensure the required controls are implemented by establishing and/or modifying departmental procedures.”

Actual/estimated Date of Corrective Action: April 1, 2020

“Expected date of procedure completion on or about April 1, 2020. However, the department will implement the recommendation immediately.”

Finding 3: Cash Shortage

Environmental Health had a cash shortage of \$204. During our cash count, we found the “*Illegal Food Fund Program*” had a shortage and no supporting documentation was provided. Standard Practice Manual 603, *Revolving Funds*, states, “The Custodian must maintain a log to track all shortages and/or overages of the fund and the daily overages and shortages must be reported to the Auditor-Controller’s Office using Form AR-3, *Cash Overage/Shortage Daily Report*.” When shortages and overages are not reported to the Auditor-Controller’s Office, Environmental Health is non-compliant with county policies, and increases the risk of theft or misuse of funds.

Recommendation 3

Ensure the Standard Practice Manual Form AR-3, *Cash Overage/Shortage Daily Report*, is filed with the Auditor-Controller’s Office once a discrepancy is identified.

Management's Response

“Concur. The department concurs and will ensure Report AR-3 is completed and filed with ACO as instructed.”

Actual/estimated Date of Corrective Action: February 3, 2020

Capital Assets

Background

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year, and are broadly classified as land (valued at \$1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of \$5,000 or greater).

Per the Riverside County Auditor-Controller's Standard Practice Manual, Policy Number 515, *Transfer of Accountability on Capital Assets*, states that upon retirement or termination of a department head, accountability for capital assets must be transferred to the new or acting department head and notification filed with the Riverside County Auditor-Controller's Office.

As of January 3, 2019, the new director was appointed and acknowledged receipt of capital assets from the outgoing officer, Environmental Health Department maintained 56 capital assets in the Riverside County financial system asset module, consisting of servers, printers, freezers, and radiation equipment, with the combined acquisition cost of \$1,225,389.

Objective

To determine if the required Standard Practice Manual Form AM-1, *The Inventory of County Property for Capital Assets*, for the transfer of accountability of capital assets from the predecessor to the new appointed department director was completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards
- Established the date of the department director change
- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office
- Verified the existence of capital assets that were transferred to the new department director
- Verified proper forms were completed for the retirement of capital assets

Finding 4: Capital Asset Oversight

Environmental Health is not properly tracking capital assets. We noted the following:

- Seven assets were not disposed of timely
- Six assets were not in the location indicated in the Riverside County financial system
- Two assets were not located

Standard Practice Manual 513, *Asset Tags*, states, "In the event an asset is to be moved from one location to another, or from one department to another, a Form AM-6 must be completed. Once the asset has been moved, the location change must be noted in the PeopleSoft Asset Management module." The department does not have a tracking system for capital assets used in the field. When a capital asset is move to a different location, the asset management module is not updated to reflect the change in location. Further, Standard Practice Manual 514, *Disposal of Capital Assets*, states, "Completed AM-7 Form must be submitted to the ACO with all supporting documentation, as soon as possible." The department's information technology personnel was reassigned which affected the information technology equipment surplus process. Properly accounting for capital assets and their locations should be processed timely to ensure over or understatements do not occur, are readily accessible, and reduce the risk of theft for transportable items.

Recommendation 4

Ensure capital assets are properly tracked and disposed of in accordance with Standard Practice Manual 513, *Capital Assets*.

Management's Response

Concur. The Department has assigned additional oversight and responsibility of Capital Asset Tracking to the Administrative Services Officer (ASO). The ASO will have PeopleSoft access to the Asset Module and will review/verify capital assets quarterly with appropriate departmental staff. The ASO will ensure that assets are tracked and disposed of in compliance with Standard Practice Manual 513, *Capital Assets*."

Actual/estimated Date of Corrective Action: April 1, 2020

"In order to successfully validate the worksheet, all capital equipment will need to be identified and re-tagged with Department's barcode. It is estimated to be completed within two months."



Attachment B
County of Riverside
DEPARTMENT OF ENVIRONMENTAL HEALTH

P.O. BOX 7909 • RIVERSIDE, CA 92513-7909

JEFF JOHNSON, DIRECTOR

April 11, 2022

Rene Casillas, Chief Internal Auditor
Office of the Auditor-Controller
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502

Subject: DEH Response to Internal Audit Report 2020-006

As requested, attached you will find the status of corrective actions based on Internal Audit Report 2020-006. Your Findings and Recommendations contained therein occurred during a very trying time during the pandemic and as such your patience with our department was greatly appreciated. We believe that we have improved several key processes relative to the audit report.

Thank you for your follow up on this issue, allowing us the opportunity to describe current practices and implementation dates in response to the report Findings.

Should you have any questions, please do not hesitate to reach out to me at 951-358-5316 or Steve Horn at 951-358-5477 to assist you.

Kind Regards,

Jeff Johnson
Director, Environmental Health



County of Riverside
DEPARTMENT OF ENVIRONMENTAL HEALTH

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2020-006: Riverside County Environmental Health Department, Change of Department Head Audit.

Jeff Johnson

April 5, 2022

Authorized Signature

Date

Finding 1: Revolving Fund Reconciliation

The department is not completing revolving fund reconciliations in accordance with county policy. We noted the following in our review:

- Preparation and review of monthly revolving fund reconciliations are not endorsed with signatures and dates from the preparer and reviewer
- There is no evidence that proper segregation of duties exists
- Reviews at the proper level are not being performed

Standard Practice Manual 603, *Revolving Fund*, states, "Reconciliations must be properly reviewed and approved by a supervisor, with sufficient segregation of duties expected." Standard Practice Manual 1001, *Internal Controls*, states, "Duties are divided or segregated so that no one person has complete control over a key function or activity." This occurred as there was a lack of oversight with monthly reconciliations. Lack of internal controls in bank reconciliations can lead to unauthorized activities and misappropriation of funds.

Current Status

Reported Finding Corrected? Yes No

DEH has established departmental procedure to adhere to SPM 603 in regards to separation of duties. Current revolving fund duties are assigned to different individuals so that no one person has complete control of the activity.

Recommendation 1

Ensure monthly bank reconciliations are evidenced with dates and signatures by the preparer and reviewer.

Management Reply

"Concur. The department concurs with this recommendation and will ensure the required controls are implemented by establishing and/or modifying departmental procedures."

Actual/estimated Date of Corrective Action: April 1, 2020

"Expected date of procedure completion on or about April 1, 2020. However, the department will implement the recommendation immediately."

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department has since established a monthly verification process according to the SPM. The verification process consists of the custodian providing a month-end bank statement, a reconciliation sheet of ending balance per book and per bank, change fund reconciliation, and the ACO AR-5 form from the eight (8) office locations to the Supervising Accountant or Manager for review and signature.

Finding 2: Use of Revolving Funds

Environmental Health used revolving funds for unallowable purchases and other expenditures were not in compliance with county policy. We noted the following in our review:

- All three expenditures exceeded the \$300 limit
- One expenditure for a training event did not include a required travel authorization form
- One expenditure was a refund issued for a cancelled business catering permit

County policies for these expenditures were not reviewed by the department to determine compliance prior to approval. Standard Practice Manual 603, Revolving Funds, states, "Revolving Funds reimbursement is limited to purchases totaling \$300 per day, per person, regardless of fund source." Purchases made with the revolving fund should be within the county policy limit, have accompanying documentation, be used for approved expenses and comply with county policies to eliminate the likelihood of theft and misappropriation of funds.

Current Status

Reported Finding Corrected? Yes No

DEH has established departmental procedure to adhere to SPM 603 in regards to allowable purchases and the dollar amount limited to per day, per person.

Recommendation 2

Ensure expenditures are in compliance with Standard Practice Manual 603, *Revolving Funds*.

Management Reply

"**Concur.** The department concurs with this recommendation and will ensure the required controls are implemented by establishing and/or modifying departmental procedures."

Actual/estimated Date of Corrective Action: April 1, 2020

"Expected date of procedure completion on or about April 1, 2020. However, the department will implement the recommendation immediately."

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department implemented procedures outlining the purpose of the revolving fund, the required documentation for reimbursement, and the approval for the transaction. Documentations include original receipt, required forms, paid-out voucher, and the ACO's AP-9 form for replenishment.

Finding 3: Cash Shortage

Environmental Health had a cash shortage of \$204. During our cash count, we found the "*Illegal Food Fund Program*" had a shortage and no supporting documentation was provided. Standard Practice Manual 603, *Revolving Funds*, states, "The Custodian must maintain a log to track all shortages and/or overages of the fund and the daily overages and shortages must be reported to the Auditor-Controller's Office using Form AR-3, *Cash Overage/Shortage Daily Report*." When shortages and overages are not reported to the Auditor-Controller's Office, Environmental Health is non-compliant with county policies, and increases the risk of theft or misuse of funds.

Current Status

Reported Finding Corrected? Yes No

DEH has established departmental procedures to adhere to SPM 603 in regards to reporting cash overages and shortages. The shortage in the amount of \$204 (voucher EHARC 11375) was replenished to the revolving fund in order to resolve the fund balance issue.

Recommendation 3

Ensure the Standard Practice Manual Form AR-3, *Cash Overage/Shortage Daily Report*, is filed with the Auditor-Controller's Office once a discrepancy is identified.

Management Reply

"**Concur.** The department concurs and will ensure Report AR-3 is completed and filed with ACO as instructed."

Actual/estimated Date of Corrective Action: February 3, 2020

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The department implemented the overages and shortages procedure under DEH's Policy & Procedure Handbook. The procedure for employees to report any overages and shortages to include a completed AR-3 form is outlined under the Daily Deposit section of the department's handbook.

Currently, the department has established procedures for reporting cash overages and shortages.

Finding 4: Capital Asset Oversight

Environmental Health is not properly tracking capital assets. We noted the following:

- Seven assets were not disposed of timely
- Six assets were not in the location indicated in the Riverside County financial system
- Two assets were not located

Standard Practice Manual 513, *Asset Tags*, states, "In the event an asset is to be moved from one location to another, or from one department to another, a Form AM-6 must be completed. Once the asset has been moved, the location change must be noted in the PeopleSoft Asset Management module." The department does not have a tracking system for capital assets used in the field. When a capital asset is move to a different location, the asset management module is not updated to reflect the change in location. Further, Standard Practice Manual 514, *Disposal of Capital Assets*, states, "Completed AM-7 Form must be submitted to the ACO with all supporting documentation, as soon as possible." The department's information technology personnel were reassigned which affected the information technology equipment surplus process. Properly accounting for capital assets and their locations should be processed timely to ensure over or understatements do not occur, are readily accessible, and reduce the risk of theft for transportable items.

Current Status

Reported Finding Corrected? Yes No

DEH is now using Custody Receipts to validate who the asset is assigned to, what program, and its physical location. A checklist was developed for consistent tracking of documentation. Supervisors were instructed to notify the Admin Services Officer if asset needs to be reassigned to a different location for submittal of AM-6 to ACO. AM-7 Form will be submitted to the ACO when a capital asset is disposed of or identified for surplus.

Recommendation 4

Ensure capital assets are properly tracked and disposed of in accordance with Standard Practice Manual 513, *Capital Assets*.

Management Reply

"Concur. The Department has assigned additional oversight and responsibility of Capital Asset Tracking to the Administrative Services Officer (ASO). The ASO will have PeopleSoft access to the Asset Module and will review/verify capital assets quarterly with appropriate departmental staff. The ASO will ensure that assets are tracked and disposed of in compliance with Standard Practice Manual 513, *Capital Assets*."

Actual/estimated Date of Corrective Action: April 1, 2020

"In order to successfully validate the worksheet, all capital equipment will need to be identified and re-tagged with Department's barcode. It is estimated to be completed within two months."

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

All EH capital assets are now tagged with both EH and ACO bar code asset tags. The ASO and Principal Accountant work in concert to ensure tracking of capital assets. The Principal Accountant runs a report in PeopleSoft and provides to the ASO for review and validation.