

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



ITEM: 2.12
(ID # 20601)

MEETING DATE:
Tuesday, December 13, 2022

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-305 Riverside County Office of Economic Development, Perris Valley Cemetery District Follow-up Audit

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-305: Riverside County Office of Economic Development, Perris Valley Cemetery District, Follow-up Audit

ACTION:Consent

Tanya Harris

Tanya Harris, Assistant Auditor Controller 11/29/2022

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	\$ 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

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside County Office of Economic Development, Perris Valley Cemetery District. Our audit was limited to reviewing actions taken as of June 6, 2022, to correct findings noted in our original audit report 2021-013 dated June 29, 2021. The original audit report contained two recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of the two recommendations:

- The two recommendations were not implemented.

For an in-depth understanding of the original audit, please refer to the Internal Audit 2021-013 at www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports.

Impact on Citizens 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 2023-305: Riverside County Office of Economic Development, Perris Valley Cemetery, Follow-up Audit.


 Stephanie Perez, Principal Management Analyst 12/1/2022

Internal Audit Report 2023-305

**Riverside County
Office of Economic Development,
Perris Valley Cemetery District,
Follow-Up Audit**

Report Date: November 29, 2022



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
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www.auditorcontroller.org



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OFFICE OF THE
AUDITOR-CONTROLLER**

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

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

November 29, 2022

Suzanne Holland
Director
Riverside County Office of Economic Development, Perris Valley Cemetery District
3499 10th Street, Suite 400
Riverside, CA 92501

Subject: Internal Audit Report 2023-305: Riverside County Office of Economic Development, Perris Valley Cemetery District Follow-up Audit

Dear Ms. Holland:

We completed the follow-up audit of Riverside County Office of Economic Development, Perris Valley Cemetery District. Our audit was limited to reviewing actions taken as of June 6, 2022, to help correct the findings noted in our original audit report 2021-013 dated June 29, 2021.

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 two recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that the two recommendations were not implemented.

Internal Audit Report 2023-305: Riverside County Office of Economic Development,
Perris Valley Cemetery District, 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 2021-013 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 2023-305: Riverside County Office of Economic Development,
Perris Valley Cemetery District, Follow-up Audit

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Internal Audit Report 2023-305: Riverside County Office of Economic Development, Perris Valley Cemetery District, Follow-up Audit

Endowment Care Fund Methodology

Finding 1: Endowment Care Fund Methodology

The cemetery’s current endowment care fee is based on the current and historical costs of services. In addition, cemetery management compares the endowment fee to the endowment fees currently charged by other local cemeteries for comparison. The average endowment fee collected by this group of cemeteries for a single grave was \$1,100, Perris Valley Cemetery’s proposed and consequently adopted fee is \$800. As a best practice, the endowment care fees should be reviewed by an actuary in order to analyze the future financial consequences and risks. Additionally, the funds should be invested in appropriately rated equities in order to maximize the earning potential of the fund. Below is a chart by month of the actual investment earnings of the endowment care fund and the actual expenses, predicated on the cemetery’s proposed activity at the time the endowment fund will be required to maintain operations. The salary expense has been eliminated as well as all related office expenses.

	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019
Fiscal Year 2018-19												
Investment Interest Earned**	\$ (2,368)	\$ 4,127	\$ 2,368	\$ 172	\$ -	\$ -	\$ 3,408	\$ -	\$ 3,853	\$ 509	\$ -	\$ 12,377
Expenditures	11,026	10,931	4,894	11,972	9,825	14,523	12,625	5,990	10,178	5,125	6,671	26,066
Expenditures not covered by investment earnings	\$ 11,026	\$ 6,805	\$ 2,305	\$ 11,800	\$ 9,825	\$ 14,523	\$ 9,217	\$ 5,990	\$ 6,295	\$ 4,616	\$ 6,671	\$ 13,688
	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020
Fiscal Year 2019-20												
Investment Interest Earned	\$ (4,135)	\$ (3,449)	\$ 4,135	\$ 955	\$ -	\$ 3,838	\$ 395	\$ -	\$ 4,007	\$ 1,074	\$ -	\$ 9,007
Expenditures	3,865	21,070	5,805	8,901	5,793	11,476	7,743	5,744	7,223	20,094	8,118	20,296
Expenditures not covered by investment earnings	\$ 3,865	\$ 21,070	\$ 1,671	\$ 7,946	\$ 5,793	\$ 7,619	\$ 7,348	\$ 5,744	\$ 3,217	\$ 19,020	\$ 8,118	\$ 11,290

** Negative investment interest earned as shown in the table above, is the result of negative cash balance maintained in the county treasury.

If the endowment care fund does not take preemptive action over the management of the endowment care fund, future interest earnings will not be sufficient to sustain the maintenance of Perris Valley Cemetery. Cemetery management has discussed investing the endowment care fund but has not taken actionable steps to invest these monies

Recommendation 1.1

Establish an actuarial review of the endowment care fund fees and investment of those funds.

**Internal Audit Report 2023-305: Riverside County Office of Economic Development,
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Current Status 1.1: Not Implemented

Perris Valley Cemetery has not established an actuarial review of the endowment care fund. The department stated the Request for Proposal was delayed due to an increase of funeral services as a result of COVID-19. Perris Valley Cemetery plans to have an upcoming discussion with Purchasing and Fleet Management to locate an approved County vendor that can perform an actuary review of the endowment care fund.

Recommendation 1.2

Implement any recommendations resulting from the actuarial review.

Current Status 1.2: Not Implemented

Perris Valley Cemetery has not established an actuarial review of the endowment care fund.