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COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE  
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February 26, 2007

Joe Rank, County Counsel  
3535 10<sup>th</sup> Street, Suite 300  
Riverside, CA 92501-3674

Subject: Internal Auditor's Report #2007-313 - Office of County Counsel Follow-up Audit

Dear Mr. Rank:

We have completed a follow-up audit of the Office of County Counsel. The follow-up audit was limited to reviewing actions taken, as of January 31, 2007, to correct the audit findings noted in the original audit report dated February 10, 2006.

We conducted our audit in accordance with auditing standards established by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide sufficient, competent, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusions.

The original audit contained eight recommendations, all of which required implementation and therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Auditor's Report #2006-005.

Management implemented our recommendations to correct the findings noted in Internal Auditor's Report #2006-005. The following is a summary of the current status of the findings and recommendations identified in the original audit.

**Capital Assets**

**Finding 1:** The Office of County Counsel acquired three copy machines during fiscal year 2004/05, with a combined value exceeding \$18,000, that were not recorded in the PeopleSoft Asset Management Module.

**Recommendation 1.1:** Establish a method for monitoring and recording the acquisition of all capitalized assets.

**Current Status 1.1: Fully Implemented.**

The Office of County Counsel has established a procedure to ensure assets will be recorded immediately upon acquisition.

**Recommendation 1.2:** Notify the Auditor-Controller's Office within 30 days of acquiring capitalized assets.

**Current Status 1.2: Fully Implemented.**

The Office of County Counsel has established a procedure to ensure the Auditor-Controller's Office will be notified within 30 days of acquiring capitalized assets.

**Recommendation 1.3:** Update the PeopleSoft Asset Management Module to include the three assets noted above. Ensure the Auditor-Controller's Office is notified of the additions.

**Current Status 1.3: Fully Implemented.**

The PeopleSoft Asset Management Module has been updated to include the three assets noted above. The Auditor-Controller's Office was notified of the three assets on February 8, 2006.

**Finding 2:** The Department failed to submit the required documentation necessary to retire or dispose of capitalized fixed assets.

**Recommendation 2:** Submit the required documentation to the Auditor-Controller's Office within 30 days of disposition of capital assets.

**Current Status 2: Fully Implemented.**

The department has implemented procedures to ensure the Auditor-Controller's Office is notified upon the disposal of capitalized assets.

**Finding 3:** The Department did not perform an annual physical inventory of capitalized assets as required by the County Internal Control Handbook (ICH) and generally accepted accounting principles (GAAP). In addition, the fixed asset report as of June 30, 2005, was certified under oath despite the absence of a physical inventory to verify the list.

**Recommendation 3.1:** Perform an annual physical inventory count of all capitalized assets in accordance with the County Internal Control Handbook (ICH) and generally accepted accounting principles (GAAP).

**Current Status 3.1: Fully Implemented.**

The Office of County Counsel performed a physical inventory count of their capitalized assets prior to certifying the fixed asset report as of June 30, 2006.

**Recommendation 3.2:** Update the capital asset listing before certifying the report under oath.

**Current Status 3.2: Fully Implemented.**

The department implemented procedures to ensure the capital asset listing is updated as necessary prior to certifying the report under oath.

**Revolving Funds**

**Finding 4:** The Office of County Counsel's revolving fund is not reconciled on a monthly basis. Failure to reconcile the fund resulted in an unidentified fund shortage of \$9.86.

Recommendation 4.1: Properly reconcile the revolving fund in accordance with Chapter 2, paragraph 3.a of the Internal Control Handbook.

Current Status 4.1: **Fully Implemented.**

The department's revolving fund is appropriately reconciled on a monthly basis.

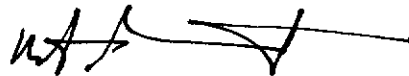
Recommendation 4.2: Report the shortage to the Auditor-Controller's Office in accordance with Standard Practice Manual III-E-I-1.1.

Current Status 4.2: **Fully Implemented.**

The shortage was reported to the Auditor-Controller's Office on February 10, 2006.

We appreciate the cooperation and assistance extended to us by the Office of County Counsel staff during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

ROBERT E. BYRD, CGFM  
Auditor-Controller



By: Michael G. Alexander, MBA, CIA  
Chief Internal Auditor

cc: Board of Supervisors  
County Counsel  
Executive Office  
Grand Jury