

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



ITEM: 2.9
(ID # 21627)

MEETING DATE:
Tuesday, May 02, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-319: Riverside Office of Economic Development, County Service Areas, Follow-up Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-319: Riverside County Office of Economic Development, County Service Areas, Follow-up Audit

ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 4/14/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Gutierrez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: May 2, 2023
xc: Auditor-Controller

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

**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	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
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, County Service Areas. Our audit was limited to reviewing actions taken as of January 24, 2023, to correct findings noted in our original audit report 2022-019 dated July 12, 2022. 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 all four recommendations were implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2022-019 included as an attachment to this follow-up audit report or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>

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 2023-319: Riverside County Office of Economic Development, County Service Areas, Follow-up Audit.


 Stephanie Perez, Principal Management Analyst 4/24/2023

Internal Audit Report 2023-319

**Riverside County
Office of Economic Development
County Service Areas
Follow-up Audit**

Report Date: May 2, 2023



**Office of Ben J. Benoit
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



Ben J. Benoit
Riverside County Auditor-Controller

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

May 2, 2023

Suzanne Holland
Director
Riverside County Office of Economic Development, County Service Areas
3403 Tenth Street, Suite 400
Riverside, CA 92501

Subject: Internal Audit Report 2023-319: Riverside County Office of Economic Development, County Service Areas, Follow-up Audit

Dear Ms. Holland:

We completed the follow-up audit of Riverside County Office of Economic Development, County Service Areas. Our audit was limited to reviewing actions taken as of January 24, 2023, to help correct the findings noted in our original audit report 2022-019 dated July 12, 2022.

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 all four recommendations were implemented.

**Internal Audit Report 2023-319: Riverside County Office of Economic Development,
County Service Areas, 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 2022-019 included as "Attachment A" of this audit report along with our department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit>.

We thank you and your staff for your help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.



Ben J. Benoit
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

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

**Internal Audit Report 2023-319: Riverside County Office of Economic Development,
County Service Areas, Follow-up Audit**

Table of Contents

	Page
Results:	
Purchasing Processes.....	4
Water Treatment Facility Safety and Maintenance.....	5

Attachments:

A. Internal Audit Report 2022-019

B. Status of Findings as Reported by Riverside County Office of Economic Development,
County Service Areas on January 24, 2023.



**Internal Audit Report 2023-319: Riverside County Office of Economic Development,
County Service Areas, Follow-up Audit**

Purchasing Processes

Finding 1: Purchase Orders

“Purchase orders were split and circumvented low value purchase authority limitations of \$5,000 per day per vendor for expenditures against non-contracted vendors in 22 instances, totaling \$206,784. The Purchasing Policy Manual states, ‘low value purchase authority allows departmental staff the ability to issue low value purchase orders up to the amount of \$5,000 per day per vendor and issues purchase orders up to the dollar value of \$5,000 against non-existing PeopleSoft Contracts.’ Department personnel indicated they do not have the positions with the authority of buyer I/II and personnel with the right level of authority needed additional training. Splitting purchase orders circumvents requisitions and approving controls put in place to ensure compliance with county purchasing policies and mitigate risks of inappropriate purchasing practices. Furthermore, when purchase orders are split, it circumvents the formal bid requirements designed to ensure the best use of taxpayer dollars.”

Recommendation 1.1

“Develop a process to maintain compliance with purchasing authority limitations as set forth in the Riverside County, *Purchasing Policy Manual*.”

Current Status 1.1: Implemented

Recommendation 1.2

“Ensure that staff is trained and knowledgeable on the Riverside County Purchasing Manual”.

Current Status 1.2: Implemented

Internal Audit Report 2023-319: Riverside County Office of Economic Development,
County Service Areas, Follow-up Audit

Water Treatment Facility Safety and Maintenance

Finding 2: Management over Schedule Maintenance

“Based on our review, we identified the following:

- CSA does not have a process in place for management to monitor water treatment facility inspections performed. We verified that maintenance inspection checklist forms do not document the signature and date of the manager reviewing inspections after they have been performed. Standard Practice Manual 1001, *Internal Control*, states, ‘Records are routinely examined to determine that transactions were properly processed.’ CSA is transitioning to a new water treatment facilities manager and monitoring of the maintenance process is not being performed. Absence of monitoring controls over scheduled maintenance, can impair department management objectives of maintaining a preventative maintenance program to ensure the safety and maintenance of equipment and facilities.
- Policies and procedures over water treatment facility scheduled maintenance should be formalized to include information such as effective date, approval date, and revision dates, (if any). Procedures were provided in handwritten format. Standard Practice Manual 1001, *Internal Control*, states, ‘Well-documented policies and procedures should be established and maintained to promote employee understanding of job duties, provide day-to-day guidance to staff, and help ensure continuity during employee absences or turnover.’ Policies and procedures did not go through a formal review and approval process. Formalized policies and procedures ensure important processes are consistently applied by staff and helps management in the achievement of its objectives.”

Recommendation 2.1

“Update the scheduled maintenance checklist form to document the monitoring process performed by management.”

Current Status 2.1: Implemented

**Internal Audit Report 2023-319: Riverside County Office of Economic Development,
County Service Areas, Follow-up Audit**

Recommendation 2.2

“Develop department policies and procedures to ensure that they are periodically reviewed, approved by management, and communicated to staff.”

Current Status 2.2: Implemented