

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

321



FROM: Auditor-Controller

SUBMITTAL DATE:
October 10, 2013

SUBJECT: County of Riverside Auditor-Controller's Office – Internal Audit Report 2013-008:
Transportation and Land Management Agency – Building & Safety All Districts [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2013-008: Transportation and Land Management Agency – Building & Safety.

BACKGROUND:

Summary

We have completed an audit of the Transportation and Land Management Agency – Building & Safety department to provide the Board of Supervisors with an independent assessment of internal controls over capital assets, customer refunds, information security, records retention management, and training & certifications. The audit covered the period July 1, 2010 through September 30, 2012.

Based upon the results of our audit, we determined Building & Safety has adequate internal controls over capital assets; however, we noted areas for improvement regarding customer refunds, information security, records retention management, and training & certifications.

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

Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
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**
BY: *Karen E. Johnson*
Karen E. Johnson
County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Stone and Ashley
Nays: None
Absent: Benoit
Date: November 5, 2013
XC: Auditor, TLMA-Building & Safety

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

NOV 10 2013 11:11 AM
RECEIVED BY: [Signature]

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.: _____ District: ALL Agenda Number: _____

2-10

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: County of Riverside Auditor-Controller's Office – Internal Audit Report 2013-008 Transportation and Land Management Agency – Building & Safety All Districts [\$0]

DATE: October 10, 2013

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued)

We will follow-up in one year to determine if actions were taken to correct the findings noted.

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: County Auditor-Controller Internal Audit Report 2013-008: Transportation and Land Management Agency – Building & Safety



County of Riverside

INTERNAL AUDIT REPORT

2013-008

Transportation & Land Management Agency - Building & Safety

Capital Assets, Customer Refunds, Information Security, Records Retention
Management, and Training & Certifications

October 10, 2013

Office of
Paul Angulo, CPA, MA
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

County Administrative Center
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P.O. Box 1326
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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

**Paul Angulo, CPA, MA
AUDITOR-CONTROLLER**

October 10, 2013

Juan C. Perez, Transportation & Land Management Agency Director
Building & Safety
4080 Lemon St., 14th Floor
P. O. Box 1605
Riverside, CA 92502-1605

Subject: Internal Audit Report 2013-008: Transportation & Land Management Agency - Building & Safety

Dear Mr. Perez:

We have completed an audit of TLMA - Building & Safety to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, customer refunds, information security, records retention management, and training & certifications. The audit covered the period July 1, 2010 through September 30, 2012.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require we plan and perform the audit to obtain sufficient, reliable, relevant, and useful information to provide reasonable assurance 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 operational efficiency, compliance with laws and regulations, reliability of financial information, and to safeguard county assets. Management is responsible for establishing and maintaining adequate internal controls; our responsibility is to assess the adequacy of internal controls.

Based upon the results of our audit, we determined Building & Safety has adequate internal controls over capital assets; however, we noted areas for improvement regarding customer refunds, information security, records retention management, and training & certifications. We will follow-up in one year to determine if actions were taken to correct the findings noted.

We thank Building & Safety's management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Paul Angulo, CPA, MA
County Auditor-Controller

A handwritten signature in black ink, appearing to read "Russell S. Dominski". The signature is fluid and cursive, with a large initial "R" and "D".

By: Russell S. Dominski
Principal Accountant

cc: Board of Supervisors
Executive Office

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Executive Summary

Overview

Building & Safety is one of six departments comprising of the County of Riverside's Transportation & Land Management Agency. The other departments are Planning, Transportation, Code Enforcement, Environmental Programs, and Administrative Services.

The Riverside County Building & Safety's overall goal is to provide safe, pleasant living and working environments for the public. They are dedicated to achieve this goal by providing the citizens of Riverside County with courteous, efficient and cost effective services. The department consists of five divisions - Plan Review, Inspection, Grading, Environmental Compliance, and Administrative Services.

The Plan Review Division is responsible for performing residential and commercial plan checks prior to the issuance of most building permits for the purpose of providing approved construction documents for Building Inspection personnel and the public to facilitate the proper construction and inspection of the building or structure permitted. Plan Review checks the submitted building plans for compliance with life-safety, structural, electrical, mechanical, plumbing, and pertinent county and state regulations governing the design and construction of buildings and other structures in Riverside County.

The Inspection Division is responsible for processing and routing applications and plan revisions, maintenance of applied, issued, expired and canceled permits, and for answering technical inquiries from the public. In addition, the Inspection Division inspects structures during construction for compliance with State Building Standards and Model Codes adopted by the County of Riverside.

The Grading Division is involved with all facets of grading plan check and permit issuance of single family, commercial, and industrial grading plans as well as all site grading field inspection. This division also develops and directs the implementation of programs necessary to enforce Federal and State Statutes, Model Codes, and County Ordinances specific to grading, local area drainage, surface mines, and landscaping for the purpose of mitigating the adverse effects of erosion.

The Environmental Compliance Division is responsible for the Business License Registration Program and the Stormwater Compliance Program. And lastly, the Administrative Services Division provides administrative support to all the above mentioned divisions.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets, customer refunds, information security, records retention management, and training & certifications.

Audit Conclusion

Based upon the results of our audit, we determined Building & Safety has adequate internal controls over capital assets; however, we noted areas for improvement regarding customer refunds, information security, records retention management, and training & certifications. We will follow-up in one year to determine if actions were taken to correct the findings noted.

Capital Assets

Background

The Auditor-Controller's (SPM) Standard Practice Manual 913, *Capitalization Thresholds*, defines capital assets as fixed assets and intangible assets of significant value having a utility which extends beyond the current year that are broadly classified as land, infrastructure (or, long-lived assets), buildings and improvements, equipment, livestock, and intangible assets.

Capital assets include real property such as building (structures), land, and land improvements, regardless of value, as well as vehicles, machineries, and all equipment with a value of \$5,000 or more. The cost of a capital asset includes all costs necessary to place the asset in service (e.g. shipping, set-up, testing, and other ancillary costs).

SPM 913 requires all *real property* with a value of \$1 (one dollar) and all capital assets with a value of \$5,000 or more to be recorded in the PeopleSoft Asset Management Module. In addition, all entities are strongly encouraged to use the Asset Management Module to manage and maintain all non-capitalized assets. SPM 903, *Capital Asset Tags*, requires that capital assets be tagged or marked as County property. If the County property tag will not adhere to an item because of size, shape or use of the item, the department or agency should affix the assigned number in some other manner, i.e., engraving, inscribing, stenciling, etching, or painting the number on the item itself, or labeling the box in which it is kept. The number must be affixed in some way that will ensure identification for accountability.

The responsibility for processing capital assets and maintaining an accurate record of the assets primarily resides with the Department. Department Management also have roles related to capital assets, including following the proper procedures when purchasing capital assets and annually verifying that all assets assigned to their locations are properly recorded in the Asset Management Module.

Building & Safety's capital assets consists of servers, routers and switches, a microfilm reader, scanners, and copiers. Currently, the department manages 17 capital assets worth \$249,122.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over capital assets.

Audit Methodology

To accomplish our objectives, we:

- Identified and reviewed policies, applicable laws, codes, regulations, and board ordinances
- Conducted interviews and performed walk-throughs with department personnel
- Utilized PeopleSoft queries to identify the quantity, locations, and capital asset movement
- Verified appropriate levels of management review and approval

- Selected samples of capital asset transactions to perform detailed testing
- Verified the safeguarding and inventory of capital assets

Audit Results

Based upon the results of our audit, internal controls over capital assets are adequate and effective.

Customer Refunds

Background

The majority of the department's revenue consists of deposit based fees (DBF) for services. Deposit based fees are collected for inspection and plan check services related to new commercial buildings, residential projects, and grading projects. In some instances, deposits are made in the anticipation of new projects; however, the projects are abandoned or canceled. When this occurs, customers are entitled to a refund of their deposit, less any charges already incurred by the department for any services performed.

In fiscal year's 2011 and 2012, deposit based fees represented 61% of total departmental revenue, as reflected in Table 1.

Table 1

Fiscal Year (FY)	Total Departmental Revenue	Total DBF Revenue	Percentage of Total Revenue
FY2011	\$5,848,378	\$3,539,524	61%
FY2012	\$5,068,713	\$3,086,216	61%

For fiscal years 2011 and 2012, the DBF account balances at fiscal year-end were \$3,804,017 and \$3,669,617, respectively. These balances include an amount of \$1,641,185 of outstanding unclaimed customer refunds that dates back several years. The components of the unclaimed customer refunds include the following:

Table 2

Grading	\$1,013,320
Erosion	\$260,472
Land use	\$165,693
Planting Wall/Fence Improvement	\$196,100
Special Condition Improvements	\$5,600
Total:	\$1,641,185

The department believes the outstanding unclaimed customer refund balance comprises of deposits for projects that may have never been started or were abandoned. The unclaimed refunds remain as a department liability until the deposits are returned to the customers. The department has attempted to notify customers of their refunds by sending letters, with not much success.

Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over customer refunds.

Audit Methodology

- Conducted interviews and observed operating procedures of department personnel

-
- Identified and reviewed laws, codes, and regulations, Board of Supervisors' ordinances, applicable policies and procedures
 - Conducted a financial statement variance analysis of the department for the review period of July 1, 2010 through September 30, 2012
 - Consulted with County Counsel regarding legal interpretations

Finding 1

The department has unclaimed refunds totaling \$1,641,185 on their accounting records, as detailed in Table 2 above. The unclaimed refunds remain as a department liability until they are properly refunded to the appropriate customers. The department has attempted to notify customers of their refunds by corresponding via sending letters; however, this approach has not been effective. They are in the process of evaluating other methods of notification, such as postings in the local newspapers or publicizing online on their website. The department intends on obtaining advice from County Counsel to evaluate the proper action needed to notify the public of the unclaimed refunds.

California Government Code §50050 indicates, "Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency after notice if not claimed or if no verified complaint is filed and served. At any time after the expiration of the three-year period, the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the local agency." In addition, §50051 indicates, "The notice shall state the amount of money, the fund in which it is held, and that it is proposed that the money will become the property of the local agency on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice."

Recommendation 1.1

The department should immediately adhere to California Government Code §50050 and collaboratively work with the Treasurer's Office to publicize for two successive weeks in a newspaper or general circulation all unclaimed money for a period of three years or greater.

Management's Response

"**Partially Concur.** Building and Safety agrees that a refund process needs to be implemented to address the unclaimed "Agreement" funds, so that they can be properly processed and returned to the appropriate parties. We are verifying with County Counsel and the Treasurer's Office the appropriate process to follow to notify potential parties that may be eligible for a refund."

Recommendation 1.2

On a designated date between 45 and 60 days after the first publication of notice, transfer all unclaimed money to the general fund.

Management's Response

“Partially Concur. Building and Safety is currently working with County Counsel to determine the appropriate disposition of any funds that remain unclaimed after the notification process, and if those funds are restricted to a specific use. We will be bringing a recommendation forward to the Board for final disposition of any unclaimed funds.”

Recommendation 1.3

Upon obtaining advice from County Counsel, establish, document, and ensure processes are in place over the customer refund process and educate staff of the new procedures.

Management’s Response

“Concur. Building and Safety is modifying its processes to reduce the need for separate bonds in the future, and working with County Counsel and the Transportation Department to explore opportunities to combine development bonding requirements under one program to be managed by the Transportation Department. This will improve our oversight, enhance customer service by reducing the number of bonding processes, and provide ensure consistent monitoring of bond status and timely releases.”

Information Security

Background

The primary computer software systems utilized by the department are PeopleSoft Financials, Land Management System (LMS), and Hicks, Hinderliter and Lloyd de Lamas Software (HdL). LMS is the department's primary development, land use, and permitting case management system. HdL is the department's business license system, which manages business license activities including processing applications, fee assessments, and printing licenses and renewal notices. These systems are used daily by the department and contain information needed by the organization for accurate reporting and to operate effectively and efficiently.

Board of Supervisors (BOS) Policy Number A-58, *Riverside County Enterprise Information Systems Security Policy*, is the policy of Riverside County to protect Riverside County information in accordance with all applicable laws, governmental regulations and accepted best practices to minimize information security risk; ensuring the right information is available to the right people at the right time. The policy also states each department will ensure that tested processes are in place for the immediate termination of access when users are terminated. As of July 2012, management over information technology and the security over systems and equipment have been undertaken by the County's business solutions partner, Riverside County Information Technology (RCIT).

Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over information security.

Audit Methodology

To accomplish our objectives, we:

- Conducted interviews and observed operating procedures of department personnel
- Identified and reviewed laws, codes, and regulations, Board of Supervisors' ordinances, applicable policies and procedures
- Obtained and understood policies and procedures regarding information security
- Determined the nature of information stored by the department
- Performed tests to ensure internal controls were adequate over security of information

Finding 2

The department did not disable system access of terminated employees in a timely manner. Our review disclosed system access termination took up to 62 days to over 2 years from the termination date for 9 of 11 terminated employees during the audit period July 2010 through September 2012. Specifically, two were associated with access to PeopleSoft Financials, six with LMS, and one with HDL. Although the department's information technology section was consolidated with RCIT in July 2012, it was the responsibility of the department during this period to adhere to Board of Supervisors Policy Number A-58 to ensure processes are in place

to ensure all system access of terminated employees is completed. Effective July 2012, this responsibility has been transferred to RCIT.

The risk of not ensuring system access of terminated employees is completed in a timely manner may result in unauthorized system activity, compromised data, or unauthorized access to sensitive information.

Recommendation 2

Establish, document, and ensure processes are in place for the immediate termination of access to the department's information systems when users terminate their employment from the department.

Management's Response

"Concur. Building and Safety now sends RCIT notifications via email requesting the termination of all system access any time an employee separates from the County."

Records Retention Management

Background

Board of Supervisors Policy A-43, Section B.5: *Responsibilities – Departmental Cooperation*, indicates “County departments shall, as appropriate, cooperate with RMAP to meet the intent of this policy, follow the guidelines for responsible recordkeeping established under this policy, and develop department policies and procedures in accordance with those guidelines.” The department does not have written policies and procedures over records retention management, including the destruction of records.

In addition BOS Policy A-43, *County Records Management and Archives Policy*, Section D.5 *Records Retention Schedules – Standard – Retention Period*, indicates “retention periods on Board approved records retention schedules are mandatory, and records shall be disposed of in accordance with those approved retention periods.” All County Departments must adhere to the Countywide General Records Retention Schedule (GRRS_2012_Rev07) if they do not have an approved departmental records retention schedule by the Board of Supervisors. The department does not have an approved departmental records retention schedule by the Board of Supervisors; and therefore, must adhere to the Countywide General Records Retention Schedule (GRRS_2012_Rev07).

The department retains records primarily related to permit history, commercial building plans, grading plans, and soil reports. Documentation is retained on microfilm, laser fiche, and in hard copy format. Most of the documentation stored is considered public information. Building plans are located throughout the department in designated bins or shelves. When plan reviews and inspections are completed they are stored in a locked storage room. Permits, plans, and other related documentation are recorded in LMS and can be retrieved by address or permit number. The LMS record, along with other information, notes the location of the documentation and the format in which it is retained.

Permits are recorded in an electronic format in LMS and can be printed upon request. Permit information can also be viewed online on the department’s website. Permits issued before July 1997 are archived and retained in a hard copy format, scanned or on microfilm and need to be manually retrieved upon request. The department’s practice is in compliance with California Health and Safety Code Section 19850, whereas stated “the building department of every city or county shall maintain an official copy, which may be on microfilm or other type of photographic copy, of the plans of every building, during the life of the building, for which the department issued a building permit.”

Although the department is in compliance with California Health and Safety Code Section 19850, they are not in compliance with the following Board of Supervisors Policies and California Government Code:

- BOS Policy A-43, Section C.7: *Standards – Electronic Format*, indicates “In accordance with Government Code §12168 et seq., the Board of Supervisors recognizes the need to adopt uniform countywide standards for the purpose of storing and recording both permanent and temporary records in electronic media. In order to ensure that

uniform countywide standards remain current and relevant, RMAP, in consultation with the County Executive Officer and County Counsel, shall adopt appropriate standards established by the American National Standards Institute, the Association for Information and Image Management, or other generally recognized standard setting organizations as applicable and relevant. These standards shall include a requirement that a trusted system be utilized.

In order to implement standards as expeditiously as possible, and until such time as specific countywide standards are adopted, RMAP shall make readily available to departments copies of standards and/or guidelines recommended by the American National Standards Institute, the Association for Information and Image Management, or other generally recognized standard setting organizations, as applicable and relevant, for recording permanent and/or nonpermanent records. County officers shall ensure microfilming, electronic data imaging, and photographic reproduction meet or exceed these minimum standards.”

- BOS Policy A-68, Section A: *Responsibility of Department Heads* indicates “It is the responsibility of department heads to ensure their departmental ECMS is a trusted system and departmental compliance with the trusted system requirements, this policy and the associated departmental procedures on trusted system, and Board Policy A-43.

For purpose of this policy, “trusted system” means a combination of techniques, policies, and procedures for which there is no plausible scenario in which a document retrieved from or reproduced by the system could differ substantially from the document that is originally stored and is further defined in Section 5.3.3 of AIIM ARP1-2009.”

The department is utilizing LMS, which has not been recognized as a trusted system, to store and record both permanent and temporary records in electronic media.

- BOS Policy A-68, Section B: *Prohibited Destruction of Certain Official Records*, indicates “Departments shall not destroy: (i) official records that are expressly required by law to be filed and preserved; and/or (ii) official records that are required by law to be retained in hardcopy format. This policy shall not be construed to allow a department to maintain such official records electronically in place of the original hardcopy.”
- California Government Code, Section 26202, indicates “The board may authorize the destruction or disposition of any record, paper, or document which is more than two years old and which was prepared or received in any manner other than pursuant to a state statute or county charter.”

The department is scanning their records and maintaining the e-record as the official record and destroying the original hardcopy after 3 months.

Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over records retention management.

Audit Methodology

- Conducted interviews and observed operating procedures of department personnel
- Identified and reviewed laws, codes, and regulations, Board of Supervisors' ordinances, applicable policies and procedures
- Obtained and understood policy and procedures regarding records retention management
- Determined the nature of information stored by the department

Finding 3

There are no systematic procedures over records retention management. Our review of the process identified the following:

- The department does not have written policies and procedures over records retention management, including the destruction of records, as promulgated by BOS Policy A-43, Section B.5
- The department does not adhere to the Countywide General Records Retention Schedule (GRRS_2012_Rev07) as promulgated by BOS Policy A-43, Section D.5
- The department is utilizing LMS, which has not been recognized as a trusted system, to store and record both permanent and temporary records in electronic media and is not in compliance with BOS Policy A-43, Section C.7 and BOS Policy A-68, Section A.
- The department is scanning their records and maintaining the e-record as the official record and destroying the original hardcopy after 3 months and is not in compliance with BOS Policy A-68, Section B and California Government Code, Section 26202.

Recommendation 3

Collaboratively work with the County of Riverside Records Management & Archives Program (RMAP) to obtain professional guidance to develop responsible recordkeeping procedures to ensure the integrity of accurate and reliable county records are maintained by the department, in accordance with all applicable laws.

Management's Response

“Concur. Building and Safety is currently working with TLMA administrative personnel and RMAP to establish a Records Management & Archives Program. Once the program is complete and RMAP has reviewed and approved our program. Building and Safety will be move forward with a Form 11 for Board approval.”

Training & Certifications

Background

Health and Safety Code §18949.25 through §18949.31 require each building official, plan examiner, and building inspector receive 45 hours of qualified continuing education in each three year period, with at least eight hours regarding disabled access requirements. California Civil Code §55.53 requires at least one building inspector be a Certified Access Specialist.

The department provides annual training and encourages employees to take courses that can be applied to their daily work and also to maintain their professional certifications.

Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over training and certifications.

Audit Methodology

- Conducted interviews and observed operating procedures of department personnel
- Identified and reviewed laws, codes, and regulations, Board of Supervisors' ordinances, applicable policies and procedures
- Requested and reviewed training records and certifications of department personnel

Finding 4

The department does not monitor the continuing education hours and certifications maintained by their professional staff to ensure compliance with Health and Safety Code §18949.25 through §18949.31. Based on our review, 4 of 15 plan examiners and building inspectors did not obtain nor had scheduled to obtain the required 45 hours of qualified continuing education in a three year period. In addition, 8 of 15 plan examiners and building inspectors did not obtain the required eight hour training regarding disabled access requirements. However, it was noted the department has one Certified Access Specialist on staff, as required.

As noted by the California Building Standards Commission, training is essential to the professional and efficient operation of a building department in order to serve the public appropriately.

Recommendation 4.1

Develop and maintain a training record to monitor all continuing education hours for plan examiners and building inspectors to ensure compliance with Health and Safety Code §18949.25 through §18949.31.

Management's Response

“Concur. Building and Safety has struggled to maintain both plan check and inspection staffing levels over the past 5 years due to the economic down turn. During this time we have continued to provide and pay for continuing education, while maintaining minimum service levels needed to provide the expected level of customer service.

Building and Safety will begin setting up a program to monitor the required continuing education as identified in the Health and Safety Code Sections 18949.25 – 18949.31.”

Recommendation 4.2

Ensure all noncompliant plan examiners and building inspectors obtain the required continuing education by end of calendar year 2013.

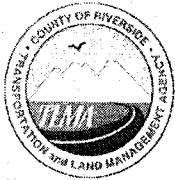
Management’s Response

“Concur. Building and Safety will make its best efforts to increase the number of continuing education hours before the end of this year. However, given that we are in the final quarter of 2013, full implementation of this program will not be feasible until calendar year 2014 because of the need for our limited personnel to continue to serve our customers at the counter, in plan check and in the inspection areas.

We will implement the following changes to our current continuing education program:

- Schedule (4) hours of Accessibility training prior to the end of 2013
- Each staff member will have received a minimum of 16 hours of continuing education by the end of 2013 for a total of 20 hours.
- Schedule an additional 4 hours of ADA training in 2014
- Each inspector will have an additional 16 hours of continuing education by the end 2014 for a total of 40 hours in 2 years.
- Our policy from 2014 on will be a minimum of 16 hours of continuing education for all inspectors, which will provide 48 hours every 3 years.
-

We will also include training on accessibility to ensure we provide at least 8 hours within a 3 year period.”



**COUNTY OF RIVERSIDE
TRANSPORTATION AND LAND MANAGEMENT AGENCY**

Juan C. Perez
Agency Director



Patricia Romo
Assistant Director
Transportation Department

Carolyn Syms Luna
Planning Director
Planning Department

Mike Lara
Building & Safety Official
Building & Safety Department

Greg Flannery
Interim Code Enforcement Official
Code Enforcement Department

DATE: October 9, 2013

TO: Auditor-Controller's Office
Audits and Specialized Accounting Division

FROM: Juan C. Perez, Director
Transportation and Land Management (TLMA)
Mike Lara, Riverside County Building Official
Building and Safety

SUBJECT: Reply to Draft Audit Report 2013-008

Recommendation 1:

The department has unclaimed refunds totaling \$3.2 million on their accounting records, as detailed in Table 2 above. The unclaimed refunds remain as a department liability until they are properly refunded to the appropriate customers. The department has attempted to notify customers of their refunds by corresponding via sending letters; however, this approach has not been effective. They are in the process of evaluating other methods of notification, such as postings in the local newspapers or publicizing online on their website. The department intends on obtaining advice from County Counsel to evaluate the proper action needed to notify the public of the unclaimed refunds.

California Government Code §50050 indicates, "Except as otherwise provided by law, money, excluding restitution to victims, that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency after notice if not claimed or if no verified complaint is filed and served. At any time after the expiration of the three-year period, the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation published in the local agency." In addition, §50051 indicates, "The notice shall state the amount of money, the fund in which it is held, and that it is proposed that the money will become the property of the local agency on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice."

Recommendation 1.1

The department should immediately adhere to California Government Code §50050 and collaboratively work with the Treasurer's Office to publicize for two successive weeks in a newspaper or general circulation all unclaimed money for a period of three years or greater.

Management position concerning the recommendation: Partially Concur

Comments:

Building and Safety agrees that a refund process needs to be implemented to address the unclaimed "Agreement" funds, so that they can be properly processed and returned to the appropriate parties. We are verifying with County Counsel and the Treasurer's Office the appropriate process to follow to notify potential parties that may be eligible for a refund.

Actual/estimated Date of Corrective Action: April 1, 2014

Complete appropriate database research, newspaper notification, phone outreach, web site outreach, and Board Action.

Estimated cost to implement recommendation (If material): \$10,000 plus staff time.

Recommendation 1.2

On a designated date between 45 and 60 days after the first publication of notice, transfer all unclaimed money to the general fund.

Management position concerning the recommendation: Partially Concur

Comments:

Building and Safety is currently working with County Counsel to determine the appropriate disposition of any funds that remain unclaimed after the notification process, and if those funds are restricted to a specific use. We will be bringing a recommendation forward to the Board for final disposition of any unclaimed funds.

Actual/estimated Date of Corrective Action: April 1, 2014

Item 1.1 and 1.2 will track together and be completed together.

Estimated cost to implement recommendation (If material): \$ Counsel and Staff time

Recommendation 1.3

Upon obtaining advice from County Counsel, establish, document, and ensure processes are in place over the customer refund process and educate staff of the new procedures.

Management position concerning the recommendation: Concur

Comments:

Building and Safety is modifying its processes to reduce the need for separate bonds in the future, and working with County Counsel and the Transportation Department to explore opportunities to combine development bonding requirements under one program to be managed by the Transportation Department. This will improve our oversight, enhance customer service by reducing the number of bonding processes, and provide ensure consistent monitoring of bond status and timely releases.

Actual/estimated Date of Corrective Action: April 1, 2014

Click here to comment if necessary to clarify what action the timing refers to.

Estimated cost to implement recommendation (If material): \$ Staff time

Finding 2

The department did not disable system access of terminated employees in a timely manner. Our review disclosed system access termination took up to 62 days to over 2 years from the termination date for 9 of 11 terminated employees during the audit period July 2010 through September 2012. Specifically, two were associated with access to PeopleSoft Financials, six with LMS, and one with HDL. Although the department's information technology section was consolidated with RCIT in July 2012, it was the responsibility of the department during this period to adhere to Board of Supervisors Policy Number A-58 to ensure processes are in place to ensure all system access of terminated employees is completed. Effective July 2012, this responsibility has been transferred to RCIT.

The risk of not ensuring system access of terminated employees is completed in a timely manner may result in unauthorized system activity, compromised data, or unauthorized access to sensitive information.

Recommendation 2

Establish, document, and ensure processes are in place for the immediate termination of access to the department's information systems when users terminate their employment from the department.

Management position concerning the recommendation: Concur

Comments:

Building and Safety now sends RCIT notifications via email requesting the termination of all system access any time an employee separates from the County.

Actual/estimated Date of Corrective Action: October 31, 2013

This process was implemented with the transfer of TLMA IT personnel to RCIT in mid-2012

Estimated cost to implement recommendation (If material): Staff time

Finding 3

There are no systematic procedures over records retention management. Our review of the process identified the following:

- The department does not have written policies and procedures over records retention management, including the destruction of records, as promulgated by BOS Policy A-43, Section B.5
- The department does not adhere to the Countywide General Records Retention Schedule (GRRS_2012_Rev07) as promulgated by BOS Policy A-43, Section D.5
- The department is utilizing LMS, which has not been recognized as a trusted system, to store and record both permanent and temporary records in electronic media and is not in compliance with BOS Policy A-43, Section C.7 and BOS Policy A-68, Section A.

- The department is scanning their records and maintaining the e-record as the official record and destroying the original hardcopy after 3 months and is not in compliance with BOS Policy A-68, Section B and California Government Code, Section 26202.

Recommendation 3

Collaboratively work with the County of Riverside Records Management & Archives Program (RMAP) to obtain professional guidance to develop responsible recordkeeping procedures to ensure the integrity of accurate and reliable county records are maintained by the department, in accordance with all applicable laws.

Management position concerning the recommendation: Concur

Comments:

Building and Safety is currently working with TLMA administrative personnel and RMAP to establish a Records Management & Archives Program. Once the program is complete and RMAP has reviewed and approved our program. Building and Safety will be move forward with a Form 11 for Board approval.

Actual/estimated Date of Corrective Action: April 1, 2014

The date is an estimated time of completion, because of the research and review process.

Estimated cost to implement recommendation (If material): Staff time

Finding 4

The department does not monitor the continuing education hours and certifications maintained by their professional staff to ensure compliance with Health and Safety Code §18949.25 through §18949.31. Based on our review, 4 of 15 plan examiners and building inspectors did not obtain nor had scheduled to obtain the required 45 hours of qualified continuing education in a three year period. In addition, 8 of 15 plan examiners and building inspectors did not obtain the required eight hour training regarding disabled access requirements. However, it was noted the department has one Certified Access Specialist on staff, as required.

As noted by the California Building Standards Commission, training is essential to the professional and efficient operation of a building department in order to serve the public appropriately.

Recommendation 4.1

Develop and maintain a training record to monitor all continuing education hours for plan examiners and building inspectors to ensure compliance with Health and Safety Code §18949.25 through §18949.31.

Management position concerning the recommendation: Concur

Comments:

Building and Safety has struggled to maintain both plan check and inspection staffing levels over the past 5 years due to the economic down turn. During this time we have

continued to provide and pay for continuing education, while maintaining minimum service levels needed to provide the expected level of customer service.

Building and Safety will begin setting up a program to monitor the required continuing education as identified in the Health and Safety Code Sections 18949.25 – 18949.31

Actual/estimated Date of Corrective Action: April 1, 2014

[Click here to comment if necessary to clarify what action the timing refers to.](#)

Estimated cost to implement recommendation (If material): \$6,000.00 per year plus staff time

Recommendation 4.2

Ensure all noncompliant plan examiners and building inspectors obtain the required continuing education by end of calendar year 2013.

Management position concerning the recommendation: Partially Concur

Comments:

Building and Safety will make its best efforts to increase the number of continuing education hours before the end of this year. However, given that we are in the final quarter of 2013, full implementation of this program will not be feasible until calendar year 2014 because of the need for our limited personnel to continue to serve our customers at the counter, in plan check and in the inspection areas.

We will implement the following changes to our current continuing education program:

- Schedule (4) hours of Accessibility training prior to the end of 2013
- Each staff member will have received a minimum of 16 hours of continuing education by the end of 2013 for a total of 20 hours.
- Schedule an additional 4 hours of ADA training in 2014
- Each inspector will have an additional 16 hours of continuing education by the end 2014 for a total of 40 hours in 2 years.
- Our policy from 2014 on will be a minimum of 16 hours of continuing education for all inspectors, which will provide 48 hours every 3 years.
- We will also include training on accessibility to ensure we provide at least 8 hours within a 3 year period.

Actual/estimated Date of Corrective Action: December 1, 2014

[Click here to comment if necessary to clarify what action the timing refers to.](#)

Estimated cost to implement recommendation (If material): \$ 6,000.00 per year plus staff time