

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



2139

SUBMITTAL DATE:
October 18, 2016

FROM : AUDITOR CONTROLLER::

SUBJECT: Internal Audit Report 2016-306: Riverside County Department of Environmental Health, Follow-up, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2016-306: Riverside County Department of Environmental Health, Follow-up

Consent

Paul Angulo
Paul Angulo, Director of Auditor Controller 10/19/2016

BACKGROUND:

Summary

We have completed a Follow-up Audit of Riverside County Department of Environmental Health. Our audit was limited to reviewing actions taken as of July 20, 2016, to correct the findings noted in our original audit report 2013-009 dated June 4, 2013.

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

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Ashley
 Nays: None
 Absent: Benoit
 Date: November 1, 2016
 xc: Auditor

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

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

BACKGROUND:

Summary (continued)

The original audit report contained two findings, all of which required corrective action and; therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2013-009 at www.auditorcontroller.org. This follow-up audit found that of the two recommendations, one has been implemented and one was not implemented. The recommendation that has not been implemented, no longer requires corrective action.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENT A.

Riverside County Auditor-Controller's Office Internal Audit Report 2016-306: Riverside County Department of Environmental Health, Follow-up

Internal Audit Report 2016-306

**Riverside County Department of
Environmental Health, Follow-up**

Report Date: September 9, 2016



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



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CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
RIVERSIDE COUNTY AUDITOR-CONTROLLER

Frankie Ezzat, MPA
ASSISTANT AUDITOR-CONTROLLER

September 9, 2016

Steve Van Stockum
Director
4065 County Circle Drive
Riverside, CA 92503

Subject: Internal Audit Report 2016-306: Riverside County Department of Environmental Health, Follow-up

Dear Mr. Van Stockum:

We have completed a Follow-up Audit of Riverside County Department of Environmental Health. Our audit was limited to reviewing actions taken as of July 20, 2016, to correct the findings noted in our original audit report 2013-009 dated June 4, 2013.

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 opinion.

The original audit report contained two findings, all of which required corrective action and; therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2013-009 at www.auditorcontroller.org.

This follow-up audit found that of the two recommendations:

- one has been implemented
- one has not been implemented

Detailed statuses of the findings identified in the original audit are provided in the body of this report.

Internal Audit Report 2016-306: Riverside County Department of Environmental Health, Follow-up

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

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Interim Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

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Information Security

Finding 1:

The Riverside County Department of Environmental Health (Environmental Health) is storing highly sensitive customer credit card information in a hard copy format. The cardholder name, credit card number, expiration date, card type, and security code is written down when a customer wants to make a payment over the phone using a credit card. Payments over the phone can be made for services such as inspections or permit fees. The Payment Card Industry Security Standards Council (PCI SSC) has established data elements that allow businesses who absolutely need to store the information to do so in a manner that protects the data. However, no valid reason was provided of why the data needed to be stored by Environmental Health, nor were the hard copies containing the sensitive data completely secured.

Environmental Health was storing the sensitive information in a locked drawer. During our observations, we noticed hard copies containing sensitive information located outside the locked drawer and unsecured. Policy Number A-58 11.1.2.1 *Minimum Information Protection*, indicates sensitive information should be kept from view of unauthorized people and that information should not be stored in a given location any longer than the business function or regulation requires.

The storing of highly sensitive information by Environmental Health puts the department at risk of having sensitive information stolen or accessed by unauthorized users. This increases the risk of Environmental Health incurring legal liabilities.

Recommendation 1:

Environmental Health's procedures regarding the storage of sensitive information must be immediately modified to ensure sensitive information is properly destroyed when no longer needed. In addition, immediately discontinue the storage of security authentication codes to ensure compliance with PCI SSC.

Current Status 1: Implemented

The Department of Environmental Health has modified its policy and procedures regarding sensitive credit card data storage. Cardholder information such as the Primary Account Number and Security Authentication Code are immediately destroyed after receiving the credit card transaction authorization code.

Revolving Fund

Finding 2:

Environmental Health submitted Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form*, to the Auditor-Controller's Office to establish a revolving fund. The purpose noted was to allow Environmental Health to pay for emergency purchases. The revolving fund was approved by the Auditor-Controller's Office on August 27, 2012. Check number 10156 in the amount of \$5,000 was issued by the Riverside County Treasurer's Office on August 28, 2012. As of the date of fieldwork, the revolving fund had not been setup and the check was still located in Environmental Health's safe.

Upon this finding, Environmental Health established the revolving fund on April 12, 2013, operating without a revolving fund for more than 8 months.

Recommendation 2:

Environmental Health should immediately reduce their revolving fund account to \$1,000 since there is no evident business need for a revolving fund in the amount of \$5,000.

Current Status 2: Not Implemented

Environmental Health believes the \$5,000 level is appropriate for their operational needs and prefers that the revolving fund amount remain at the current level. The purpose of the fund is to cover for emergencies. As such, Environmental Health has set aside \$1,200 for environmental emergencies and the remaining funds are used to pay for non-environmental emergencies and change fund for their eight satellite offices. Based on our review of how the fund has been allocated and the replenishment activity its been having since the original finding, the \$5,000 level is adequate for their operational objectives.