

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



ITEM  
2.10  
(ID # 3891)

**MEETING DATE:**

Tuesday, April 11, 2017


**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2017-309: Riverside County  
Transportation and Land Management Agency - Building & Safety, Follow-up  
Audit, District: All. [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2017-309: Riverside County Transportation and Land Management Agency – Building & Safety, Follow-up Audit

**ACTION:** Consent

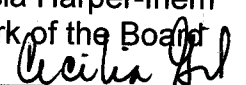
  
Paul Angulo, Director of Auditor Controller 3/30/2017

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Tavaglione, Washington and Ashley  
Nays: None  
Absent: None  
Date: April 11, 2017  
xc: Auditor

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>NET COUNTY COST</b>	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>SOURCE OF FUNDS:</b> N/A			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> n/a	

**C.E.O. RECOMMENDATION:** APPROVE

**BACKGROUND:**

**Summary**

We have completed a follow-up audit of the Riverside County Transportation and Land Management Agency – Building & Safety Department. Our audit was limited to reviewing actions taken as of September 29, 2016, to help correct the findings noted in our original audit report 2013-008 dated October 10, 2013. The original audit report contained seven recommendation, all of which required implementation to help correct the reported findings.

Our follow-up audit found that five of the recommendations were implemented, and two of the recommendations were not implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2013-008 at [www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports](http://www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports).

**Impact on Residents and Businesses**

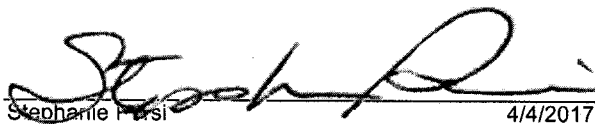
Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENT A.** Riverside County Auditor-Controller – Internal Audit Report 2017-309: Riverside County Transportation and Land Management Agency – Building & Safety, Follow-up Audit.

  
 Stephanie Pasi 4/4/2017

**Internal Audit Report 2017-309**

**Riverside County Transportation and Land  
Management Agency - Building & Safety,  
Follow-up Audit**

**Report Date: February 16, 2017**



**Office of Paul Angulo, CPA, MA  
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OFFICE OF THE  
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**ACO** AUDITOR  
CONTROLLER  
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

Frankie Ezzat, MPA  
Assistant Auditor-Controller

February 16, 2017

Juan C. Perez  
Transportation and Land Management Agency Director  
4080 Lemon Street, 14<sup>TH</sup> Floor  
P.O. Box 1605  
Riverside, CA 92501

**Subject: Internal Audit Report 2017-309: Riverside County Transportation and Land Management Agency – Building & Safety, Follow-up Audit**

Dear Mr. Perez:

We have completed the follow-up audit of Riverside County Transportation and Land Management Agency – Building & Safety Department. Our audit was limited to reviewing actions taken as of September 29, 2016, to help correct the findings noted in our original audit report 2013-008 dated October 10, 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 conclusion.

The original audit report contained seven recommendations, all of which required implementation to help correct the reported findings. Our follow-up audit, found that of the seven recommendations five of the recommendations were implemented, and two of the recommendations were not implemented.

Details of the findings identified in the original audit and the status of the implementation of the respective recommendations is provided in the body of this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2013-008 at [www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports](http://www.auditorcontroller.org/Divisions/InternalAudit/InternalAuditReports). We made some changes to the findings from how they were written in the original audit report to better reflect the context of the original finding.

**Internal Audit Report 2017-309: Riverside County Transportation and Land Management Agency –  
Building & Safety, Follow-up Audit**

We appreciate the cooperation and assistance provided by the staff of the Riverside County Transportation and Land Management Agency – Building & Safety Department 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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## **Project Security Deposits**

### **Finding 1:**

The Riverside County Transportation and Land Management Agency – Building & Safety Department (Building & Safety) has unclaimed project security deposits totaling \$1,641,185 on their accounting records. The project security deposits remain as a department liability until they are claimed by the customers. Building & Safety has attempted to notify customers of their security deposits 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. Building & Safety intends on obtaining advice from the Riverside County Office of County Counsel (County Counsel) to evaluate the proper action needed to notify the public of the project security deposits.

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:**

Building & Safety should immediately adhere to California Government Code §50050 and collaboratively work with the Riverside County 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.

### **Current Status 1: Not Implemented**

Building & Safety has consulted with County Counsel on the appropriate disposition of these funds. County Counsel has advised Building & Safety that these funds are deposits for work covered under agreements entered with the applicant to satisfy conditions of approval that fall under contract law, rather than unclaimed money. Therefore, California Government Code §50050 does not apply and the finding cannot be implemented.

### **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.

Internal Audit Report 2017-309: Riverside County Transportation and Land Management Agency – Building & Safety, Follow-up Audit

**Current Status 1.2: Not Implemented**

Building & Safety has consulted with County Counsel on the appropriate disposition of these funds. County Counsel has advised Building & Safety that these funds are deposits for work covered under agreements entered with the applicant to satisfy conditions of approval that fall under contract law, rather than unclaimed money. Therefore, California Government Code §50050 does not apply and the finding cannot be implemented.

**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.

**Current Status 1.3: Implemented**

Building & Safety has established written procedures over the refund of project security deposits and has educated all pertinent staff.



## **Information Security**

### **Finding 2:**

Building & Safety 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 two 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 the Riverside County Financial System (PeopleSoft), six with the Land Management System (LMS), and one with the Hicks, Hinderliter and Lloyd de Lamas Software (HDL). Although Building & Safety information technology section was consolidated with Riverside County Information Technology (RCIT) in July 2012, it was the responsibility of Building & Safety during this period to adhere to the Riverside County Board of Supervisors (BOS) 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.

### **Current Status 2: Implemented**

Building & Safety has established Building & Safety Policy No. 105: Employee Departure. This policy is to ensure the immediate termination of employee access to the department's information systems upon employment separation.

## **Records Retention Management**

### **Finding 3:**

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

- Building & Safety 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
- Building & Safety does not adhere to the Countywide General Records Retention Schedule (GRRS\_2012\_Rev07) as promulgated by BOS Policy A-43, Section D.5
- Building & Safety 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.
- Building & Safety 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 Riverside County 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.

### **Current Status 3: Implemented**

Building & Safety has collaborated with the Riverside County Records Management & Archives Program to develop their Records Retention Schedule which was adopted by the BOS on September 9, 2014.

## **Training & Certifications**

### **Finding 4:**

Building & Safety 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 that Building & Safety 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.

### **Current Status 4.1: Implemented**

Building & Safety has established Building & Safety Policy No. 106: Continued Education Tracking. The policy establishes uniform guidelines to monitor and track continuing education as required by 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.

### **Current Status 4.2: Implemented**

Building & Safety has established Building & Safety Policy No. 106 Continued Education Tracking. The policy requires all plan examiners and building inspectors to obtain a minimum of 16 hours of continuing education every year. We verified that all plan examiners and building inspectors held a valid certification and were on track to complete the minimum 45 hours of required continuing education.