

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



ITEM
2.6
(ID # 10923)

MEETING DATE:

Tuesday, September 24, 2019


FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2019-312: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Control Environment, Follow-up Audit, District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2019-312: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Control Environment, Follow-up Audit

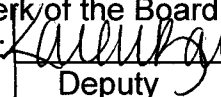
ACTION: Consent


Paul A. Angulo, County Auditor-Controller 9/11/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Hewitt, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: September 24, 2019
xc: Auditor

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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

BACKGROUND:

Summary

We have completed the follow-up audit of Riverside County Transportation and Land Management Agency Code Enforcement Department. Our audit was limited to reviewing actions taken as of May 28, 2019, to correct findings noted in our original audit report 2017-017 dated January 16, 2018. The original audit report contained four recommendations, all of which required implementation to help correct the reported findings.

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

BACKGROUND:

Summary (continued)

Based on the results of our audit, we found that of the four recommendations:

- One of the recommendations was fully implemented
- Three recommendations were undetermined. The department did not provide the supporting documentation to conclude implementation of the recommendations.

For an in-depth understanding of original audit, please refer to Internal Audit Report 2017-017 at www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/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 2019-312: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Control Environment, Follow-up Audit.

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STATE OF CALIFORNIA



Stephanie Pava, Principal Management Analyst 9/16/2019

Internal Audit Report 2019-312

**Riverside County
Transportation and Land Management Agency
Code Enforcement Department,
Control Environment,
Follow-up Audit**

Report Date: September 10, 2019



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Oscar Valdez
Assistant Auditor-Controller

September 10, 2019

Juan Perez
Assistant County Executive Officer
Transportation and Land Management Agency, Code Enforcement Department
4080 Lemon Street, 14th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2019-312: Riverside County Transportation and Land Management Agency, Code Enforcement Department, Control Environment, Follow-up Audit

Dear Mr. Perez:

We have completed the follow-up audit of Riverside County Transportation and Land Management Agency, Code Enforcement Department. Our audit was limited to reviewing actions taken as of May 28, 2019, to help correct the findings noted in our original audit report 2017-017 dated January 16, 2018.

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 of the four recommendations:

- One of the recommendations was fully implemented
- Three recommendations were undetermined. The department did not provide the supporting documentation to conclude implementation of the recommendations.

Internal Audit Report 2019-312: Riverside County Transportation and Land Management Agency,
Code Enforcement Department, Control Environment, Follow-up Audit

Details of the findings from the original audit and 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 2017-017 at www.auditorcontroller.org/Divisions/-AuditsandSpecializedAccounting/InternalAuditReports.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

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Effective and Consistent Communication

Observation 1: Effective and Consistent Communication

Survey results issued to Code Enforcement employees suggest department officials need more consistent and effective communication with its employees. Of the 25 (69%) responses received, between 40-48 percent agreed that a message of honesty, integrity, and transparency can be improved, and that an environment that fosters communication with management to freely discuss concerns or provide feedback can also be improved. Furthermore, the same percentage agree that management can increase its engagement with employees to establish professional goals or increase the development of its staff.

To ensure an organization has a strong control environment and help it achieve its mission and objectives, leading practices suggest for organizations to consistently communicate a message of ethical conduct, maintain direct engagement with employees for feedback on business operations, and set professional goals and development plans for employees.

Full Disclosure:

The surveys the Auditor-Controller's Office conducted occurred during Code Enforcement's layoff period, where approximately 40% of the department's work force were laid off. Because the employee surveys were conducted during times of hardship, the results might not have been the best representative of departmental operations.

Recommendation 1.1

Increase communication promoting a message of honesty, integrity, and transparency.

Current Status 1.1: Unable to Determine

The department has made organizational changes in its leadership in recent years. With a new leadership team set to be in place by October 2019, the department plans to rebuild its teams as resources permit. The department did not provide any support or documentation for us to determine if this recommendation was implemented.

Recommendation 1.2

Promote and encourage an environment that fosters employee feedback and communicate related concerns.

Current Status 1.2: Unable to Determine

The department has made organizational changes in its leadership in recent years. With a new leadership team set to be in place by October 2019, the department has outlined the following

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core values: empowering employees, clarification of roles, and staff engagement. However, we were not able to review any support to document the implementation of this recommendation.

Recommendation 1.3

Work with department employees to establish professional goals and development.

Current Status 1.3: Unable to Determine

Code Enforcement has stated this recommendation will be a part of the staff evaluation process. We were not able to determine whether this recommendation was implemented as no documentation was provided for our review.

Formal Succession Plan

Observation 2: Formal Succession Plan

Code Enforcement does not have a formal written succession plan. Formal plans would identify risks and strategies, thereby providing a guiding background for specific succession initiatives, including how employees are eligible to participate. In addition, experience-transfer is a critical component of succession management. There should be written procedures in place to formalize the experience-transfer from management and key personnel to successors. Without a succession plan, an organization may not have a means of ensuring that services important to its operations are maintained when management or key personnel changes occur.

Recommendation 2

Implement a formal written succession plan for management and key personnel.

Full Disclosure:

While the County does not have a formal policy, it is a leading business practice to develop a formal succession plan.

Current Status 2: Fully Implemented

Code Enforcement implemented corrective action by developing a formal, written succession plan dated, March 2019. The plan contains information for successful succession planning including the requirements necessary to be eligible for certain positions, the identification of key positions that are to be filled in the near future, and potential successors and their qualifications.