

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



**ITEM: 2.9
(ID # 11201)**

MEETING DATE:
Tuesday, November 5, 2019

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2019-011: Riverside County
Department of Public Social Services, Children and Families Commission Audit,
District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2019-011: Riverside County Department of Public Social Services, Children and Families Commission Audit


ACTION: Consent


Paul A. Angulo, County Auditor-Controller 10/22/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel 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: November 5, 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

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Department of Public Social Services, Children and Families Commission to provide management and the Board of Supervisors with an independent assessment of internal controls over non-capital assets and safeguarding of personal identifiable information.

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|-----------------------------|-----------------------------|--------------------------|---------------------------|---------------------|
| COST | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 |
| 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

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we:

- 1) Determined internal controls over non-capital assets are operating effectively.
- 2) Identified opportunities for improvement of internal controls relating to timely termination of user access right to the department's systems.

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

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 2019-011: Riverside County Department of Public Social Services, Children and Families Commission Audit

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STATE OF CALIFORNIA



Stephanie Perez, Principal Management Analyst 10/28/2019

Internal Audit Report 2019-011

**Riverside County
Department of Public Social Services
Children and Families Commission
Audit**

Report Date: October 16, 2019



**Office of Paul Angulo, CPA, MA
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
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AO | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Oscar Valdez
Assistant Auditor-Controller

October 16, 2019

Sarah Mack, Assistant County Executive Officer
Riverside County Department of Public Social Services, Children and Families Commission
4080 Lemon Street, 4th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2019-011: Riverside County Department of Public Social Services, Children and Families Commission Audit

Dear Ms. Mack:

In accordance with Board of Supervisors Resolution 83-338, we completed an audit of the Riverside County Department of Public Social Services, Children and Families Commission to provide management and the Board of Supervisors with an independent assessment of internal controls over non-capital assets and safeguarding of personal identifiable information.

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 sufficient, reliable, relevant and useful information to provide reasonable assurance that 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 efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we:

- 1) Determined internal controls over non-capital assets are operating effectively.
- 2) Identified opportunities for improvement of internal controls relating to timely termination of user access right to the department's systems.

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As requested, in accordance with paragraph III. C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the correction actions.

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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Executive Summary

Overview

Riverside County Department of Public Social Services, Children and Families Commission, also known as First 5 Riverside, provides support to children from prenatal through age five. First 5 Riverside receives funding from the California Children and Families Act (Proposition 10), which placed a statewide tax on cigarettes and other tobacco products to support and promote early childhood development programs.

Proposition 10 tax revenues are collected at the state level and allocated to counties based on their annual birth rates. First 5 Riverside has a recommended budget of \$32.8 million for FY 2019-20 and 42 current authorized positions.

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over non-capital assets and the safeguarding of personal identifiable information. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information.

Audit Scope and Methodology

We conducted the audit from March 6, 2019, through June 24, 2019, for operations from July 1, 2016 through June 20, 2019. Following a risk based approach, our scope initially included the following:

- Capital assets
- Child care and development services scholarships
- Client concerns and complaints
- Contractors inventoriable equipment
- Compliance with grants awarded by First 5 Riverside
- Delivery of services to First 5 Riverside
- Non-capital assets
- Procurement card compliance with county policy
- Timely termination of user access rights to department systems

Through inquiry, observations, and examination of relevant documentation, we reduced our scope to non-capital assets and timely termination of user access rights to department systems.

Audit Highlights

Existing Conditions

The current processes are unable to mitigate the following risk areas:

- First 5 Riverside does not timely disable accounts to systems containing personal identifiable information

Improvement Opportunities

The major improvement opportunities are in the following areas:

- Establish policies and procedures for disabling system accounts for terminated or transferred employees

Audit Conclusion

Based upon the results of our audit, we:

- 1) Determined internal controls over non-capital assets are operating effectively.
- 2) Identified opportunities for improvement of internal controls relating to timely termination of user access right to the department's systems.

Non-Capital Assets

Background

Board of Supervisor's Policy H-26, *Non-Capitalized Asset Management*, defines "non-capitalized assets as walk-away assets which are small, mobile, easily converted for personal use and have a fair market value between \$200 to \$5,000 (over \$5,000 are classified as capital assets). Examples include, but are not limited to laptops, and cell phones." Policy H-26 require departments to track walkaway assets either in the Riverside County Financial System or other established system, if reviewed and approved by the Auditor-Controller's Office.

As of June 17, 2019, Riverside County Department of Public Social Services, Children and Families Commission, First 5 Riverside had a total of 113 non-capital assets in the department's non-capital asset listing.

Objective

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

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards
- Conducted interviews and performed walk-throughs with department's personnel
- Selected a sample of non-capital assets to perform detailed testing

Finding: None Noted

Based upon the results of our testing, we determine internal controls over non-capital assets provided reasonable assurance that its objective related to this area will be achieved.

System User Accounts

Background

Personal Identifiable Information (PII) is any data, physical or electronic, that can identify a specific individual. Common examples of PII include but are not limited to an individual's full name, social security number, date of birth, health information, and e-mail address. Sensitive PII consists of information that may harm an individual if disclosed.

iPinwheel is a browser-based web application which tracks, measures, stores, and reports data from a centralized database. First 5 Riverside utilizes iPinwheel to implement the Tiered Quality Rating and Improvement System. First 5 Riverside uses iPinwheel to store personal identifiable information of children, parents, and legal guardians.

Objective

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

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards
- Conducted interviews and performed walk-throughs with department's personnel
- Selected a sample of terminated employees to perform detailed testing
- Determined if terminated employees had access to the iPinwheel system
- Reviewed the dates of employee termination and date access to iPinwheel were removed

Finding 1: User Accounts

First 5 Riverside did not timely disable the iPinwheel account for one employee no longer employed with the department. The account was maintained active for 243 days after employment was ended. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states "Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer." The employee's account was kept active for the purpose of viewing the information stored in the account. It was indicated the account was locked by First 5 Riverside, but maintained the account active. When an account is not closed immediately after employment has ended, there is a security risk to the sensitive information maintained in the systems used by the department. Specifically, since

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the system is web based and departing employees know how to access the information, the data they have access to, where it is located, and how it can be exported from the system.

Recommendation 1

Establish policies and procedures for disabling system accounts for terminated or transferred employees immediately when employee leaves employment with the department.

Management's Response:

Concur. For Clarification: Access to the system for the terminated employee was disabled following notification to Administrator on or around 1/25/2018. Disabling the account eliminated the former employee's access to information in the database system.

It is possible to inactivate employee records in iPinwheel. When a status is changed to inactive, the staff profile will be removed from view. For record keeping purposes, iPinwheel does not delete inactive staff profiles. In this case, the staff profile remained viewable for 243 days to internal administrators only eliminating the security risk to sensitive information in the system. First 5 Riverside has requested technical reconfigurations with the database vendor, Early Quality Systems Inc. that pertain to tracking the disabling of access and other related features at the Administrator level.

Corrective Action 1:

Effective immediately, First 5 Riverside will comply with County of Riverside Information Security Standard v1.0, Section 4.1, Account and Access Management. Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer.

Actual/estimated Date of Corrective Action: **October 1, 2019**