

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



ITEM: 2.8
(ID # 21626)

MEETING DATE:
Tuesday, May 02, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit

ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 4/14/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: May 2, 2023
xc: Auditor-Controller

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: n/a	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside County Transportation and Land Management Agency, Transportation Department. Our audit was limited to reviewing actions taken as of February 9, 2023, to correct findings noted in our original audit report 2022-016 dated March 22, 2022. 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 all four recommendations were implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2022-016 included as an attachment to this follow-up audit report or it can also be found at:

<https://auditorcontroller.org/divisions/internal-audit>

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit.


 Stephanie P., Principal Management Analyst 4/24/2023

Internal Audit Report 2023-323

**Riverside County
Transportation and Land Management Agency,
Transportation Department
Follow-up Audit**

Report Date: April 18, 2023



**Office of Ben J. Benoit
Riverside County Auditor-Controller
4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800**

www.auditorcontroller.org



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CONTROLLER**
COUNTY OF RIVERSIDE

Ben J. Benoit
Riverside County Auditor-Controller

Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller

April 18, 2023

Charissa Leach
Assistant County Executive Officer
Riverside County TLMA, Transportation Department
4080 Lemon Street, 14th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department Follow-up Audit

Dear Ms. Leach:

We completed the follow-up audit of Riverside County Transportation and Land Management Agency, Transportation Department. Our audit was limited to reviewing actions taken as February 9, 2023, to help correct the findings noted in our original audit report 2022-016 dated March 22, 2022.

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 all four recommendations were implemented.

Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit

Summary of the conditions from the original audit and the results of our review on 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 2022-016 included as "Attachment A" of this audit report along with your department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit>.

We thank you and your staff for the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.



Ben J. Benoit
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Deputy Auditor-Controller

cc: Board of Supervisors
Jeff A. Van Wagenen, County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit

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Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit

Application Controls

Finding 1: Access Rights Documentation and Management

“Documentation detailing when AssetWorks access was granted or terminated to Transportation employees is not maintained. As such, we were unable to verify if AssetWorks’ accounts were authorized by appropriate personnel and accounts were disabled 24 hours after an employee’s departure. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, ‘Accounts shall only be created following documented, signed approval by the authorized individual or parties within the organization.’ It further states, ‘Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer.’ Transportation relies in verbal and email request to grant and terminate access for employees and does not formally document any of the request. Maintaining documentation that details whether access was granted or terminated will ensure the system application access rights are actively managed, application information is safeguarded, and the risk of employees misusing county resources through the use of employee credentials such as county fuel, is mitigated.”

Recommendation 1.1

“Ensure the department maintains documentation of employee access/termination right for system applications used.”

Current Status 1.1: Implemented

Recommendation 1.2

“Create and implement a written request form to include name of supervisor/manager granting permission, when access was granted/terminated, security role granted, and signature of supervisor/manager”

Current Status 1.2: Implemented

Internal Audit Report 2023-323: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit

Purchasing Processes

Finding 2: Purchase Orders

“Riverside County purchasing policies and procedures were not followed. Purchase orders were split and circumvented low value purchase authority limitations of \$25,000 per day per vendor for expenditures against contracted vendors for 381 (14%) of 2,715 instances, totaling \$3,742,099. The Purchasing Policy Manual states, ‘low value purchase authority allows departmental staff the ability to issue LVPOs up to the amount of \$5,000 per day per vendor and issues purchase orders up to the dollar value of \$25,000 against existing PeopleSoft Contracts.’ The Purchasing Policy Manual further states, ‘deliberate attempts to split orders, where the purpose is keeping total cost of each order down below bid limits, and failure to combine orders when practical for the best interest of the County in order to circumvent the limitations, is prohibited.’ Personnel state they were not aware of purchasing order limitations. The splitting of purchase orders can result in unauthorized commitments and increases the likelihood of improper payments. Furthermore, when purchase orders are split into smaller components, it circumvents the formal bid requirements designed to ensure the best use of taxpayer dollars.”

Recommendation 2.1

“Develop a process to maintain compliance with purchasing authority limitations as set forth in the Riverside County Purchasing Manual.”

Current Status 2.1: Implemented

Recommendation 2.2

“Ensure that staff is trained and knowledgeable on the Riverside County Purchasing Manual.”

Current Status 2.2: Implemented

Attachment A

Internal Audit Report 2022-016

**Riverside County
Transportation and Land Management Agency,
Transportation Department Audit**

Report Date: March 22, 2022



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

4080 Lemon Street, 11th Floor
Riverside, CA 92509
(951) 955-3800

www.auditorcontroller.org



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COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller

March 22, 2022

Charissa Leach
Director
Riverside County TLMA, Transportation Department
4080 Lemon Street, 14th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Dear Ms. Leach:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Transportation and Land Management Agency, Transportation Department to provide management and the Board of Supervisors with an independent assessment of internal controls over application controls and the purchasing processes.

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.

Our conclusion and details of our audit are documented in the body of this audit report.



Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

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 corrective actions.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller

By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
Jeff A. Van Wagenen, Jr., County Executive Officer
Grand Jury

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

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Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Executive Summary

Overview

Transportation and Land Management Agency, Transportation Department (Transportation) oversees planning, designing, funding, building, operating, and maintaining roads, bridges, and transportation facilities within unincorporated areas of the county. Riverside County-Maintained Road System is over 2,200 miles and contains 116 bridges and 616 traffic signals.

Transportation has an adopted budget of \$231.9 million for FY 2021-22 and 357 authorized positions. *County of Riverside, Fiscal Year 2021-22 Adopted Budget Volume 1, 320-321.*

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 application controls and the purchasing processes. 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. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Audit Scope and Methodology

We conducted the audit from October 18, 2021, through December 20, 2021, for operations from July 1, 2019, through December 14, 2021. Following a risk-based approach, our scope initially included the following:

- Application Controls
- Equipment Training and Safety Maintenance
- Purchasing Processes
- Road and Bridges Infrastructure Maintenance

Through inquiry, observations, and limited examination of relevant documentation, it was determined through a risk assessment of equipment training and safety maintenance, and road and bridges infrastructure maintenance, that the risk exposure to Transportation associated with these business processes are well mitigated with internal

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

controls and are functioning as designed. Therefore, we focused our audit scope to internal controls over application controls and the purchasing processes.

Audit Highlights

Summary of Existing Conditions

- Transportation does not maintain documentation detailing when AssetWorks access was granted or terminated. Maintaining documentation that details whether access was granted or was terminated will ensure that system application rights are actively managed.
- Split purchases were identified in multiple purchase orders. Splitting purchase orders result in unauthorized commitments, increases the likelihood of improper payments, and circumvents county procurement policies.

Summary of Improvement Opportunities

- Ensure the department maintains documentation of employee access/termination rights to department systems.
- Create and implement a written request form containing who granted permission, when access was granted/terminated, security role given, and signature of supervisor.
- Develop a process to maintain compliance with purchasing authority limitations as set forth in the Riverside County Purchasing Manual.
- Ensure that staff is trained and knowledgeable on the Riverside County Purchasing Manual.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to application controls and purchasing processes. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Application Controls

Background

AssetWorks System (AssetWorks) is a fleet maintenance management software utilized by Riverside County Transportation to assist in the vehicle maintenance process as well as tracking work orders, invoices, maintenance schedules, repairs due, fuel management, and service history records.

Application controls within information systems ensure proper confidentiality, integrity, and availability to the data stored within the system. Authentication is a control which confirms a user's identity to provide access to a systems sensitive information. Sensitive information is any information that must be protected from unauthorized access to maintain the information security of an organization or an individual. Authentication is often achieved by using login credentials such as a username and password. Authentication relies on the presumption that the user is authorized to use the system and that only the user knows the login credentials to gain access.

Objective

To verify the existence and adequacy of internal controls over Transportation's fleet maintenance management system.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of County of Riverside Information Security Standard v1.0.
- Conducted interviews and performed walk-throughs with department personnel.
- Verified whether AssetWorks users were disabled timely.
- Verified whether the fuel usage was used by active personnel.
- Verified if AssetWorks user access requests were documented and adequately approved.

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

- Reviewed AssetWorks user profile access to determine if adequate segregation of duties exist.

Finding 1: Access Rights Documentation and Management

Documentation detailing when AssetWorks access was granted or terminated to Transportation employees is not maintained. As such, we were unable to verify if AssetWorks' accounts were authorized by appropriate personnel and accounts were disabled 24 hours after an employee's departure. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, "Accounts shall only be created following documented, signed approval by the authorized individual or parties within the organization." It further states, "Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer." Transportation relies in verbal and email request to grant and terminate access for employees and does not formally document any of the request. Maintaining documentation that details whether access was granted or terminated will ensure the system application access rights are actively managed, application information is safeguarded, and the risk of employees misusing county resources through the use of ex-employee credentials such as county fuel, is mitigated.

Recommendation 1.1

Ensure the department maintains documentation of employee access/termination right for system applications used.

Management's Response

"Concur. The Transportation Department Garage's Principal Accountant and their Senior staff member(s) will create and maintain an electronic spreadsheet that will clearly document AssetWorks' new access requests and terminations and will keep an electronic copy of the form(s) signed and submitted by the employee's supervisor who requested those actions."

Actual/Estimated Date of Corrective Action: **March 1, 2022**

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Recommendation 1.2

Create and implement a written request form to include name of supervisor/manager granting permission, when access was granted/terminated, security role granted, and signature of supervisor/manager.

Management's Response

"Concur. The Transportation Department Garage will create a written request form for AssetWorks' new user requests. This form will be submitted to the Transportation Garage's fiscal team, and then be signed by the employee's supervisor. The current departure form used by the Agency will be modified to include AssetWorks as a part of the system that may be requested to be removed at an employee's departure. These forms will be submitted to the Transportation Department Garage's fiscal staff for entry into AssetWorks, and an electronic copy will be retained on file at the Transportation Garage Fiscal offices."

Actual/Estimated Date of Corrective Action: **April 1, 2022**

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Purchasing Processes

Background

Riverside County Purchasing and Fleet Services Department is responsible for implementing policies and procedures set forth in the Riverside County *Purchasing Policy Manual* (December 31, 2021). The Director of Purchasing is the Purchasing Agent for Riverside County and can delegate his/her authority to Riverside County staff with limitations that vary depending on the level of authority granted. See Table A for a summary of delegation of purchasing authority.

Table A: Summary of Delegation of Purchasing Authority

Position	Purchase Order Authority	PO's Against PeopleSoft Contracts
Low Value Purchase Authority (LVPA)	\$5,000 per day per vendor	\$25,000 per day per vendor
Buyer I	\$25,000 per day per vendor	\$100,000 per day per vendor
Buyer II	\$50,000 per day per vendor	\$100,000 per day per vendor

Purchasing authority limitations will vary depending on whether purchases are made against county contracted vendors and non-county contracted vendors. "County staff may be granted low value purchase authority upon successful completion of required training. Low value purchase authority allows departmental staff the ability to issue purchase orders up to the amount of \$5,000 per day per vendor and issues purchase orders up the dollar value of \$25,000 against existing PeopleSoft contracts" (*Purchasing Manual, December 2021*).

Expenditures of \$5,000 or greater, require county departments to obtain a minimum of three written quotes from potential vendors to ensure the best use of taxpayer dollars. The *Purchasing Policy Manual* describes the splitting of purchase orders as follows, "Deliberate attempts to split orders, where the purpose is keeping total cost of each order down below bid limits, and failure to combine orders when practical for the best interest of the county in order to circumvent the limitations, is prohibited and may result in disciplinary actions reduced or suspended purchasing authority.

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Objective

To verify the existence and adequacy of controls over department expenditures.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of county procurements policies and procedures.
- Interviewed key personnel regarding procurement expenditure processes.
- Obtained a listing of all expenditures for Transportation during the review period of the audit to analyze and identify split purchase orders.
- Obtained a listing of all Transportation staff with delegated purchasing authority.
- Analyzed department expenditure data for the audit period to identify instances of split purchase orders at the \$5,000 and \$25,000 limitations.

Finding 2: Purchase Orders

Riverside County purchasing policies and procedures were not followed. Purchase orders were split and circumvented low value purchase authority limitations of \$25,000 per day per vendor for expenditures against contracted vendors for 381 (14%) of 2,715 instances, totaling \$3,742,099. The Purchasing Policy Manual states, "low value purchase authority allows departmental staff the ability to issue LVPOs up to the amount of \$5,000 per day per vendor and issues purchase orders up to the dollar value of \$25,000 against existing PeopleSoft Contracts." The Purchasing Policy Manual further states, "deliberate attempts to split orders, where the purpose is keeping total cost of each order down below bid limits, and failure to combine orders when practical for the best interest of the County in order to circumvent the limitations, is prohibited." Personnel state they were not aware of purchasing order limitations. The splitting of purchase orders can result in unauthorized commitments and increases the likelihood of improper payments. Furthermore, when purchase orders are split into smaller components, it circumvents the formal bid requirements designed to ensure the best use of taxpayer dollars.

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Recommendation 2.1

Develop a process to maintain compliance with purchasing authority limitations as set forth in the Riverside County Purchasing Manual.

Management's Response

"Partially Concur. The Transportation and Land Management Agency (TLMA) follows Riverside County's purchasing policies and procedures. For most of the large, contracted vendors blanket purchase orders are generated, and then purchase orders are generated as the invoices are received to draw the funds from the vendor's blanket Purchase Order (PO).

The Transportation Department routes the approved invoice to TLMA's Purchasing section once the purchase is confirmed. The Purchasing section then issues a PO. Many times, invoices received for purchases completed on different dates can be sent to purchasing all at once, creating a backlog of invoices. TLMA's Purchasing section will create a PO for each one of these invoices on the day they have been received. Although, it may appear that purchases are being split because several POs were created with the same accounting date and for the same vendor, these invoices are in fact separate orders, received on different dates. Each invoice has a different invoice date.

All 381 POs mentioned above were for purchases completed under board approved PeopleSoft contracts. Each purchase was from different dates and for an invoice amount totaling under \$25,000. These were processed by a staff member with LVPA authority, to process contracted vendor invoices under \$25,000 per day, per vendor.

TLMA's Purchasing section processes approximately 10,000 POs annually with only two staff members; one has LVPA authority, and the other has Buyer II authority. The purchases mentioned above are fuel purchases for multiple Transportation yards, On-Call Engineering Services, and landscape services (for over 200 Landscape Maintenance Districts), etc. TLMA's Purchasing section has worked with the Transportation Department's fiscal Garage and field staff to route invoices as soon as they have been received, and departmentally approved to Purchasing to avoid backlogs. Although TLMA's Purchasing section has not violated any of the County's Purchasing policies. Effective December 2021, LVPA staff batches invoices as they are completed, and have Buyer II or Procurement Contract Specialists approve those batches with proper credentials to avoid the perception of circumvention."

Internal Audit Report 2022-016: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Actual/Estimated Date of Corrective Action: **December 21, 2022**

Auditor's Comment

Transportation should work under established Purchasing guidelines as each policy is created with an objective that ensures compliance with all applicable laws, regulations, procurement requirements, and to support the best interests of the County. If Transportation cannot work within the guidelines, then Transportation should communicate with Purchasing for appropriate solutions. As indicated in our finding, at the time of our review, Transportation circumvented low value purchase authority limitations of \$25,000 per day per vendor for expenditures against contracted vendors. We thank Transportation for communicating with Purchasing to implement solutions and we encourage for continued communication.

Recommendation 2.2

Ensure that staff is trained and knowledgeable on the Riverside County Purchasing Manual.

Management's Response

"Partially Concur. TLMA's Purchasing section has worked with the Transportation Department's fiscal Garage team, and field staff, to route invoices as soon as they have been received and departmentally approved by Purchasing to avoid backlogs. Although TLMA's Purchasing section has not violated any County Purchasing policies, effective December 2021, LVPA staff batches invoices as they are currently done but have Buyer II or Procurement Contract Specialist approve those batches with proper credentials to avoid the perception of circumvention."

Actual/Estimated Date of Corrective Action: **December 21, 2022**

Auditor's Comment

Transportation should work under established Purchasing guidelines as each policy is created with an objective that ensures compliance with all applicable laws, regulations, procurement requirements, and to support the best interests of the County. Transportation should communicate with Purchasing for appropriate solutions if they cannot work within the guidelines. We thank Transportation for communicating with Purchasing to implement solutions and we encourage for continued communication.

Attachment B

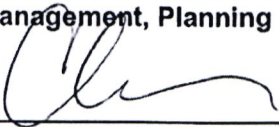


COUNTY OF RIVERSIDE
Transportation and Land Management Agency
Charissa Leach
Assistant CEO/TLMA Director



Transportation Planning Building & Safety Code Enforcement Aviation

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2022-016: Riverside County Transportation and Land Management, Planning Department Audit.



2/9/23

Authorized Signature

Date

Finding 1: Access Rights Documentation and Management

"Documentation detailing when AssetWorks access was granted or terminated to Transportation employees is not maintained. As such, we were unable to verify if AssetWorks' accounts were authorized by appropriate personnel and accounts were disabled 24 hours after an employee's departure. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, "Accounts shall only be created following documented, signed approval by the authorized individual or parties within the organization." It further states, "Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer." Transportation relies in verbal and email request to grant and terminate access for employees and does not formally document any of the request. Maintaining documentation that details whether access was granted or terminated will ensure the system application access rights are actively managed, application information is safeguarded, and the risk of employees misusing county resources through the use of ex-employee credentials such as county fuel, is mitigated."

Current Status

Reported Finding Corrected? Yes No

The department continues to improve our protocols and has implemented the corrective action recommended by the ACO.

Recommendation 1.1

"Ensure the department maintains documentation of employee access/termination right for system applications used."

Management Reply

Concur. The Transportation Department Garage's Principal Accountant and their Senior staff member(s) will create and maintain an electronic spreadsheet that will clearly document AssetWorks' new access requests and terminations and will keep an electronic copy of the form(s) signed and submitted by the employee's supervisor who requested those actions."

Actual/estimated Date of Corrective Action: **March 1, 2022**

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

The Garage Principal accountant maintains an electronic spreadsheet that clearly documents AssetWorks' new access requests and terminations.

Recommendation 1.2

"Create and implement a written request form to include name of supervisor/manager granting permission, when access was granted/terminated, security role granted, and signature of supervisor/manager."

Management Reply

Concur. The Transportation Department Garage will create a written request form for AssetWorks' new user requests. This form will be submitted to the Transportation Garage's fiscal team, and then be signed by the employee's supervisor. The current departure form used by the Agency will be modified to include AssetWorks as a part of the system that may be requested to be removed at an employee's departure. These forms will be submitted to the Transportation Department Garage's fiscal staff for entry into AssetWorks, and an electronic copy will be retained on file at the Transportation Garage Fiscal offices."

Actual/ estimated Date of Corrective Action: **April 1, 2022**

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

A new user request form gets created, signed and submitted by the employee's supervisor who requests those actions, to the Transportation Department's Garage fiscal staff for entry into AssetWorks, and an electronic copy is retained on file.

Finding 2: Purchase Orders

"Riverside County purchasing policies and procedures were not followed. Purchase orders were split and circumvented low value purchase authority limitations of \$25,000 per day per vendor for

expenditures against contracted vendors for 381 (14%) of 2,715 instances, totaling \$3,742,099. The Purchasing Policy Manual states, "low value purchase authority allows departmental staff the ability to issue LVPOs up to the amount of \$5,000 per day per vendor and issues purchase orders up to the dollar value of \$25,000 against existing PeopleSoft Contracts." The Purchasing Policy Manual further states, "deliberate attempts to split orders, where the purpose is keeping total cost of each order down below bid limits, and failure to combine orders when practical for the best interest of the County in order to circumvent the limitations, is prohibited." Personnel state they were not aware of purchasing order limitations. The splitting of purchase orders can result in unauthorized commitments and increases the likelihood of improper payments. Furthermore, when purchase orders are split into smaller components, it circumvents the formal bid requirements designed to ensure the best use of taxpayer dollars."

Current Status

Reported Finding Corrected?

Yes

No

Although, it may have appeared that purchases were being split because several POs were created with the same accounting date and for the same vendor, these invoices were in fact separate orders, received on different dates. TLMA purchasing staff aim to continuously improve our processes and ensure the guidelines of the County Purchasing Manual are followed. The corrections recommended by the ACO have been implemented.

Recommendation 2.1

"Develop a process to maintain compliance with purchasing authority limitations as set forth in the Riverside County Purchasing Manual."

Management Reply

"Partially Concur. The Transportation and Land Management Agency (TLMA) follows Riverside County's purchasing policies and procedures. For most of the large, contracted vendors blanket purchase orders are generated, and then purchase orders are generated as the invoices are received to draw the funds from the vendor's blanket Purchase Order (PO).

The Transportation Department routes the approved invoice to TLMA's Purchasing section once the purchase is confirmed. The Purchasing section then issues a PO. Many times, invoices received for purchases completed on different dates can be sent to purchasing all at once, creating a backlog of invoices. TLMA's Purchasing section will create a PO for each one of these invoices on the day they have been received. Although, it may appear that purchases are being split because several POs were created with the same accounting date and for the same vendor, these invoices are in fact separate orders, received on different dates. Each invoice has a different invoice date.

All 381 POs mentioned above were for purchases completed under board approved PeopleSoft contracts. Each purchase was from different dates and for an invoice amount totaling under \$25,000. These were processed by a staff member with LVPA authority, to process contracted vendor invoices under \$25,000 per day, per vendor.

TLMA's Purchasing section processes approximately 10,000 POs annually with only two staff members; one has LVPA authority, and the other has Buyer II authority. The purchases mentioned

above are fuel purchases for multiple Transportation yards, On-Call Engineering Services, and landscape services (for over 200 Landscape Maintenance Districts), etc. TLMA's Purchasing section has worked with the Transportation Department's fiscal Garage and field staff to route invoices as soon as they have been received, and departmentally approved to Purchasing to avoid backlogs. Although TLMA's Purchasing section has not violated any of the County's Purchasing policies. Effective December 2021, LVPA staff batches invoices as they are completed, and have Buyer II or Procurement Contract Specialists approve those batches with proper credentials to avoid the perception of circumvention."

Actual/ estimated Date of Corrective Action: **December 21, 2022**

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

Transportation staff are routinely notified not to hold and batch invoices for payment. Invoices are coded and sent to the Purchasing team for Purchase orders on a daily basis as to not exceed the threshold of \$25,000 per day per vendor.

Recommendation 2.2

"Ensure that staff is trained and knowledgeable on the Riverside County Purchasing Manual."

Management Reply

"Partially Concur. TLMA's Purchasing section has worked with the Transportation Department's fiscal Garage team, and field staff, to route invoices as soon as they have been received and departmentally approved by Purchasing to avoid backlogs. Although TLMA's Purchasing section has not violated any County Purchasing policies, effective December 2021, LVPA staff batches invoices as they are currently done but have Buyer II or Procurement Contract Specialist approve those batches with proper credentials to avoid the perception of circumvention."

Actual/estimated Date of Corrective Action: **December 21, 2022**

Current Status

Corrective Action: Fully Implemented Partially Implemented Not Implemented

Description of the corrective action taken (or pending action and estimated date of completion for planned corrective action that is partially or not implemented).

LVPA Staff now has Buyer I rights and has been trained on the guidelines as per the County Purchasing Manual. Buyer II and PCS also approve POs in Peoplesoft as needed.