

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



ITEM: 2.7
(ID # 22250)

MEETING DATE:
Tuesday, June 27, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-013 Riverside County
Department of Animal Services Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-013: Riverside County Department of Animal Services Audit

ACTION: Consent

Ben J. Benoit

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/7/2023

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 received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: June 27, 2023
xc: Auditor-Controller

Kimberly A. Rector
Clerk of the Board

By: *Kimberly A. Rector*
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	\$ 0.0	\$ 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: [CEO use]

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Department of Animal Services. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over inventory management and system access controls.

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

BACKGROUND:

Summary (continued)

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to inventory management and system access controls.

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

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2023-013: Riverside County Department of Animal Services Audit

Internal Audit Report 2023-013

**Riverside County
Department of Animal Services
Audit**

Report Date: June 27, 2023



Ben J. Benoit
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CONTROLLER
COUNTY OF RIVERSIDE

Ben J. Benoit
Riverside County Auditor-Controller

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

June 27, 2023

Erin Gettis
Director
Riverside County Department of Animal Services
6851 Van Buren Blvd
Jurupa Valley, CA 92509

Subject: Internal Audit Report 2023-013: Riverside County Department of Animal Services Audit

Dear Ms. Gettis:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Department of Animal Services to provide management and the Board of Supervisors with an independent assessment of internal controls over inventory management and system access controls.

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.

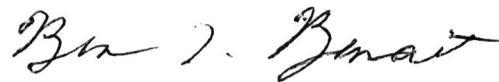
Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. 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 2023-013: Riverside County Department Animal Services 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.

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, Jr., County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

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Internal Audit Report 2023-013: Riverside County Department Animal Services Audit

Executive Summary

Overview

Riverside County Department of Animal Services (Animal Services) provides animal care and control for unincorporated Riverside County areas and 16 contract cities. Three divisions (Operations, Administration, and Programs) encompass the activities performed by the department including sheltering of stray or lost impounded animals, rabies control, public safety, emergency response, animal law enforcement, veterinary care, and programs that support the community.

Animal Services has an adopted budget of \$27.8 million for FY 2022-23 and has 177 authorized positions to execute its objectives. *County of Riverside, Fiscal Year 2022-23 Adopted Budget Volume 1, 285.*

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 dispatch calls management, inventory management, purchasing processes, and system access controls. 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 December 12, 2022, through March 9, 2023, for operations from September 18, 2020, through March 9, 2023. Following a risk-based approach, our scope initially included the following:

- Dispatch Calls Management
- Inventory Management
- Purchasing Processes
- System Access Controls

Through inquiry, observations, and limited examination of relevant documentation, it was determined through a risk assessment of dispatch calls management and purchasing processes, that the risk exposure to Animal Services associated with these processes are well mitigated with internal controls and are functioning as designed.

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Therefore, we focused our audit scope to internal controls over inventory management and system access controls.

Audit Highlights

Summary of Existing Conditions

- Inventory list with quantities to help with effective periodic inventory counts and overall inventory management is not maintained. Also, inventory management internal controls such as, inventory logs, processes, and physical security are not in place. This increases the likelihood of inventory loss, over-ordering of supplies, and inaccurate records.
- Employees access rights termination requests are not created in a timely manner for systems that are linked to Active Directory. When an account is not closed immediately after employment has ended, there is a security risk to the information maintained in the systems used by the department.
- Access rights termination for system application as not linked to Active Directory is unclear, as Animal Services does not record the date and time of employee's access termination. Proper monitoring of account deactivations facilitates timely and accurate closures and helps identify areas where additional training is required.

Summary of Improvement Opportunities

- Establish written policies and procedures to include a process for maintaining an inventory listing, performing periodic inventory counts require management review and approval, segregating inventory process duties, and physically safeguarding inventory.
- Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, by disabling system access rights on the day of an employee's termination or transfer from the department.
- Develop policies and procedures to ensure the disabling of Active Directory accounts are requested and approved within 24 hours of an employee's termination or transfer from the department.
- Develop policies and procedures to document the date in which user access rights are terminated within system applications not linked to Active Directory.

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- Develop a process to monitor account deactivation dates to ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to inventory management and system access controls.

Inventory Management

Background

Perpetual inventory is an accounting method of maintaining up to date inventory records that accurately reflect the level of goods on hand. The ability to accurately count physical inventory is only one factor that must be considered in improving the reliability of inventory records. Physical inventory is critical in verifying that inventory exists, and that on-hand balances agree with financials. Inaccurate and unreliable inventory information impairs the county 's ability to (1) know the quantity, location, condition, and value of assets it owns, (2) safeguard its assets from physical deterioration, theft, loss, or mismanagement, (3) prevent unnecessary storage and maintenance costs or purchase of assets already on hand, and (4) determine the full costs of government programs that use these assets.

Animal Services maintains an inventory of supplies, including animal food, animal toys, and microchips. Keeping an accurate inventory is essential to ensure that animals are cared for properly, and to avoid shortages or waste of resources. Proper management of inventory supplies is crucial for the Animal Services to fulfill its mission of promoting animal welfare and protecting public health and safety.

Objective

To verify the existence and adequacy of internal controls over inventory supplies.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards over inventory handling processes.
- Obtained an understanding of department inventory processes.
- Conducted interviews with department management and staff.
- Obtained a listing detailing inventory quantities on hand.
- Observed physical storage of animal food, animal toys, and microchips inventory.

Internal Audit Report 2023-013: Riverside County Department Animal Services Audit

Finding 1: Inventory Management Processes

Based on our review and observations of Animal Services supplies inventory, we identified the following:

- Listing of inventory items detailing inventory being stored and inventory item quantities is not maintained. As such, the operation is unable to perform periodic inventory counts since there is no inventory information to reconcile. The absence of periodic physical counts increases the likelihood of errors and makes it challenging to identify and correct any discrepancies.
- There is a lack of segregation of duties between employees responsible for ordering items, receiving items, and maintaining custody of inventory items. The lack of segregation of duties means that one employee or a group of employees have access to the entire inventory management process.
- Physical access to inventory items is not restricted. Inventory items are maintained in an unlocked room which is accessible by all employees. Physically safeguarding inventory items ensures that only authorized personnel have access to items which allows the department to safeguard inventory items.

Per Standard Practice Manual 1001 (SPM 1001), *Internal Control*, states, "Equipment, inventories, cash and other property should be secured physically, counted periodically, and compared with control records." Also, SPM 1001 states, "Duties should be divided or segregated so that no one person has complete control over a key function of activity." Additionally, SPM 1001 furthers states, "County departments and agencies shall establish document and maintain an effective system of internal controls to safeguard and track assets." Policies and procedures were not in place to provide guidelines for staff on how to manage inventory.

Recommendation 1.1

Establish written policies and procedures to include a process for maintaining an inventory listing, performing periodic inventory counts, segregating inventory process duties, and physically safeguarding inventory.

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Management's Response

"Concur. The Department is currently working on written policies and procedures that will cover how to properly maintain inventory, do periodic counts, ensure segregation of duties, and physically safeguard inventory. This policy/SOP will be applied to a variety of places such as our warehouse, veterinary supplies, office supplies, etc."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

Recommendation 1.2

Develop a process to record, track, and monitor the inventory for microchips and food supplies on hand.

Management's Response

"Concur. Animal Services concurs that the items listed above should be included in our inventory and are working out details for the recording, tracking, and monitoring of food supplies in our warehouse.

Based on current procedures for tracking animal licensing tags, we are working out a similar process to track microchips. Every microchip received belongs to a batch bag. For every microchip number entered in the department database, the associated batch bag will also be entered with the record. Once this is done, each microchip issued to a pet is entered into the department database under the Animal Identification. Reports based on the batches will then be ran and compared to what was entered when the items were received in the department. A small percentage of microchips never end up in animals."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

Recommendation 1.3

Develop a process to perform periodic physical inventory counts and maintain inventory logs that require review by appropriate level of management.

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Management's Response

"Concur. Animal Services concurs that a physical inventory should be done at regular intervals along with having logs that are reviewed by someone in a position of authority. The department has an existing policy on controlled substances – Policy 100-08, Controlled Substances Chain of Custody that provides for the inventorying and recording of controlled substances."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

Recommendation 1.4

Ensure there are adequate segregation of duties over personnel who order items, receive items, and maintain custody of inventory items. If adequate segregation of duties is not possible due to staffing, develop compensating controls to monitor inventory items.

Management's Response

"Concur. Animal Services concurs that a segregation of duties should be required to ensure a consistent system of checks and balances is met for all supplies and equipment."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

Recommendation 1.5

Ensure inventory items are physically safeguarded by restricted access to authorized individuals.

Management's Response

"Concur. Animal Services concurs that all items should be safeguarded. We can do this except for the warehouse. Most inventory has restricted access but due to the pace of business the warehouse cannot be as limited as some other areas. We do have cameras recording the exterior of the warehouse and are planning to institute a log in/out system to determine if any concerns about the warehouse supplies are necessitated."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

System Access Controls

Background

System access 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.

Active Directory is a directory service which allows Animal Services to manage permissions and access to network resources, and linked data applications utilized by the department. When a user ends employment with Animal Services, it is the department's responsibility to create and approve a help desk ticket to request the removal of the terminated employee's access rights to their Active Directory account. Once the ticket is approved by Animal Services personnel, Riverside County Information Technology is notified to disable Active Directory to remove permissions and network access.

System applications can be linked to Active Directory in a such a way that terminating Active Directory accounts will also terminate access to the linked system applications. For system applications not linked to Active Directory, county departments must manually terminate accounts for employees no longer employed with the department. Additionally, external agencies or entities may grant Riverside County employees' access to system applications, at which point it is the responsibility of county departments to request account terminations upon an employee's separation from the department.

Objective

To verify the existence and adequacy of internal controls over employee access termination to system applications used by Animal Services.

Internal Audit Report 2023-013: Riverside County Department Animal Services Audit

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of County of Riverside Information Security Standard v1.0.
- Interviewed key personnel regarding the department's employee access termination processes.
- Obtained a listing of all critical systems used by Animal Services and judgmentally selected a sample of systems not linked to Active Directory.
- Obtained listing of employees who had access to the selected system applications not linked to Active Directory during the audit review period.
- Obtained listing of employees whose access to the selected system applications not linked to Active Directory were terminated during the audit review period.
- Obtained report from Riverside County Information Technology that detailed Animal Services ticket creation and approval dates for disabling employee access to Active Directory.
- Verified whether access rights to the selected system applications linked and not linked to Active Directory were disabled within 24 hours of an employee's departure from Animal Services.
- Verified whether requests to disable Active Directory were created and approved by Animal Services personnel within 24 hours of an employee's departure or transfer from the department.
- Verified whether requests to disable access to state managed systems were performed within 24 hours of an employee's departure or transfer from the department.

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Finding 2: Timely Termination of System Access Rights

Employee access right termination requests are not created and approved in a timely manner for Active Directory. See Table A for a summary of findings:

Table A: Summary of Conditions/Concerns - System Access Controls

System	Findings
Active Directory	20 out of 91 departed employees (22%) did not have their Active Directory account termination requests created and approved in a timely manner. The average time elapsed between employee termination and ticket approval was 14 days, with the longest taking 87 days for approval and the shortest taking 2 days.
	31 out of 91 departed employees (34%) Active Directory accounts remained active as of March 2, 2023, as a request was not submitted to terminate the accounts.

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 department does not have written policies and procedures to include a process that ensures accounts for departed or transferred employees are disabled or removed on the day of departure or transfer. Allowing Active Directory accounts to remain open after employment has ended exposes the department to risk where information maintained in department systems can be continuously accessed by individuals who no longer have a right or need to know. Depending on the sensitivity of the information maintained by department systems, it can create administrative issues and have a financial impact if held liable.

Recommendation 2.1

Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, by disabling system access rights on the day of an employee's departure or transfer from the department.

Management's Response

"**Concur.** Animal Services concurs that access should be disabled as soon as possible upon termination or transfer to another department. A standard query or report will be requested from RCIT/HR departments. A report like this would allow all departments to verify that the submitted request takes place."

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Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

Recommendation 2.2

Develop policies and procedures to ensure the disabling of Active Directory accounts are requested and approved within 24 hours of an employee's departure or transfer from the department.

Management's Response

"**Concur.** Animal Services concurs with the recommendation and will develop a policy/procedure to help ensure employees are terminated from the system upon termination or transfer to another department. Animal Services will have a second person verify removal of any employee where an e-mail/trouble ticket request has been sent to HR/RCIT to process."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

Finding 3: Monitoring the Removal of Access Rights to System Applications

For the system applications not linked to Active Directory, we were unable to determine whether access rights were terminated in a timely manner as Animal Services does not track the date and time in which an employee's access was terminated. 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 system application lacks the capability to timestamp when account terminations occur. As such, Animal Services is unable to monitor system applications to ensure user accounts are terminated timely after an employee's departure or transfer from the department. Monitoring account terminations helps ensure that account deactivations are carried out properly and in a timely manner and assists management in identifying areas where additional improvement is needed.

Recommendation 3.1

Develop policies and procedures to document the date in which user access rights are terminated within system applications not linked to Active Directory.

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Management's Response

"Concur."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023

Recommendation 3.2

Develop a process to monitor account deactivation dates to ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.

Management's Response

"Concur. Animal Services concurs with the recommendation and will develop a policy/procedure to help ensure employees are terminated from the system upon termination or transfer to another department. Animal Services will have a second person verify removal of any employee where an e-mail/trouble ticket request has been sent to HR/RCIT to process."

Actual/Estimated Date of Corrective Action: Estimated date of August 30, 2023