

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



ITEM: 2.17
(ID # 25701)

MEETING DATE:
Tuesday, August 27, 2024

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit.

ACTION:Consent

Ben J. Benoit

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 8/12/2024

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: August 27, 2024
xc: Auditor Controller

Kimberly A. Rector
Clerk of the Board
By: *Cindy Sanchez*
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: Approve

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside County Office of County Counsel. Our audit was limited to reviewing actions taken as of March 14, 2024, to correct findings noted in our original audit report 2023-019 dated May 23, 2023. The original audit report contained five recommendations, all of which required implementation to help correct the reported findings.

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

- Two of the recommendations were implemented.
- Two of the recommendations were no longer applicable.
- One of the recommendations was not implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2023-019 included as an attachment to this follow-up audit report or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>.

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 - Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit.



Office of Ben J. Benoit
Riverside County Auditor-Controller

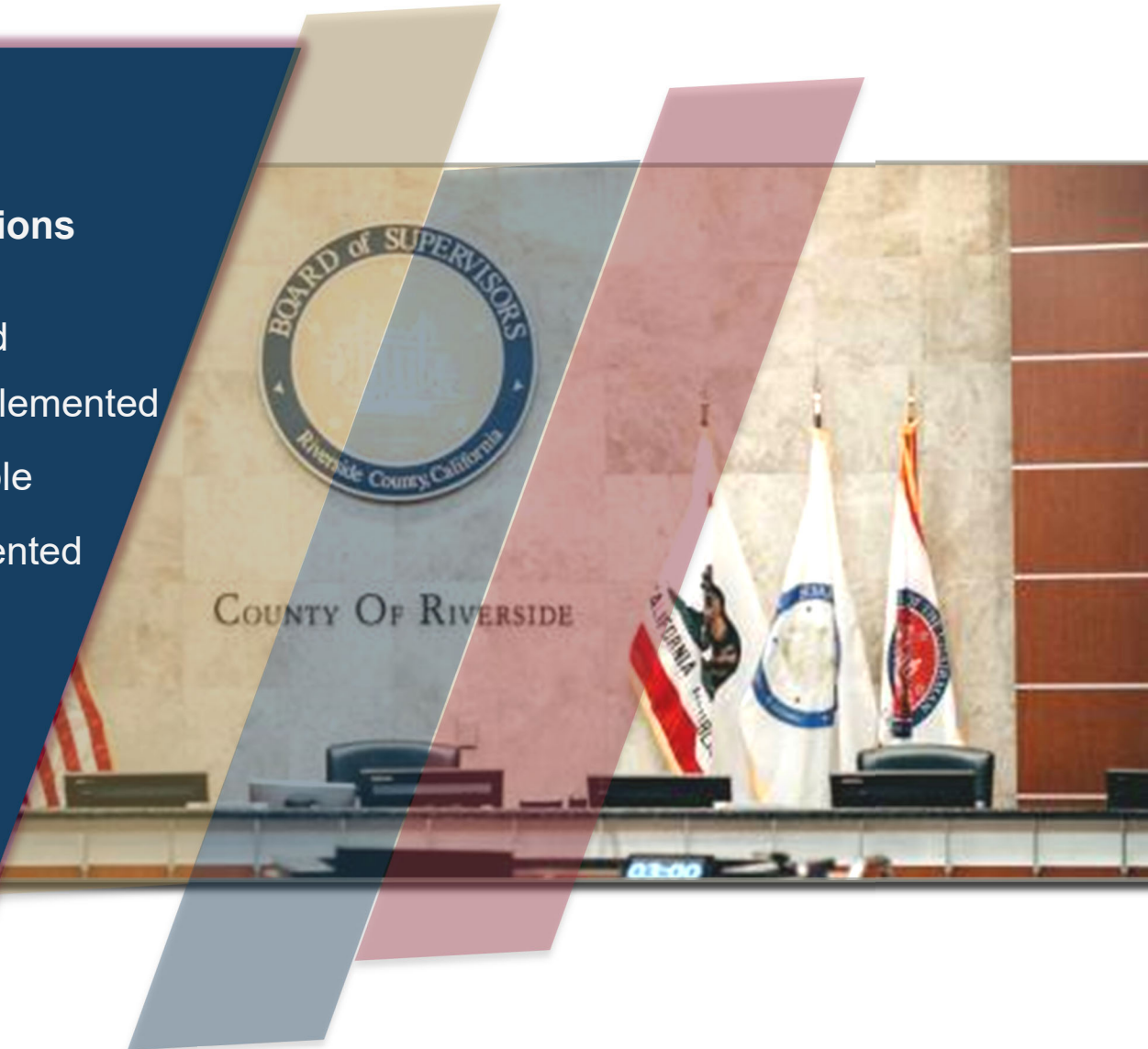
Internal Audit Report

2024-324

Follow-up

5 Recommendations

- ✓ 2 Implemented
- ▶ 0 Partially Implemented
- 2 Not Applicable
- ✗ 1 Not Implemented



**Riverside County
Office of County Counsel,
Follow-up Audit**

August 27, 2024



**COUNTY OF RIVERSIDE
OFFICE OF THE AUDITOR-CONTROLLER**

Ben J. Benoit, Auditor-Controller
Tanya S. Harris, DPA, CPA, Assistant Auditor-Controller

4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



August 27, 2024

Minh Tran
County Counsel
Riverside County Office of County Counsel
3960 Orange St, Ste 500
Riverside, CA 92501

Subject: Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit

Dear Mr. Tran:

We completed the follow-up audit of the Riverside County Office of County Counsel. Our audit was limited to reviewing actions taken as of March 14, 2024, to help correct the findings noted in our original audit report 2023-019 dated May 23, 2023.

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 five recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the five recommendations:

- Two of the recommendations were implemented.
- Two of the recommendations were not applicable.
- One of the recommendations was not implemented.

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 2023-019 included as



Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit

“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/reports>.

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 2024-324: Riverside County Office of County Counsel, Follow-up Audit

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B. Status of Findings as Reported by the Riverside County Office of County Counsel on March 14, 2024



Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit

Capital Assets

Finding 1: Capital Asset Disposal

“Three out of seven (43%) disposed assets were reported untimely to the Riverside County Auditor-Controller’s Office. The average time lapsed to report disposed assets was 381 days. Auditor-Controller’s Office Standard Practice Manual 514, *Disposal of Capital Asset*, states the disposal of capital assets must be reported to the Auditor-Controller’s Office as soon as possible. Currently, written procedures over the reporting and management of disposed capital assets are needed internally. Untimely reporting of capital asset disposals can result in loss of county assets that may go undetected and cause capital asset to be overstated in the departments financial statements.”

Recommendation 1.1

“Establish internal policies and procedures to ensure timely reporting of asset disposals to the Riverside County Auditor-Controller.”

Current Status 1.1: Implemented

Recommendation 1.2

“Establish proper tracking of capital assets to ensure assets are disposed in accordance with county procedures.”

Current Status 1.2: Not applicable

County Counsel had zero capital asset retirements during the audit review period. As such, we were unable to verify whether the recommendation was implemented.



Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit

Revolving Funds

Finding 2: Safeguarding of Revolving Funds

“Revolving fund checkbook was not physically secured to restrict unauthorized access. We identified the revolving fund checkbook was kept in an unlocked cabinet. Riverside County Auditor-Controller’s Standard Practice Manual 104, *Internal Control*, states, ‘cash and other property are secured physically’ as one of the control principles. The revolving fund policies and procedures were not communicated to the new custodian during staffing changes. Unrestricted access to the checkbook increases opportunities for checks to be written and disbursed to unauthorized parties.”

Recommendation 2

“Ensure unauthorized access to the revolving fund checkbook is restricted using locked storage area.”

Current Status 2: Not applicable

As of November 8, 2023, County Counsel’s revolving fund was closed. As such, the recommendation is no longer applicable.



Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit

System Access Controls

Finding 3: Timely Termination of Access Rights

“Twenty-two out of 25 (88%) terminated employees did not have their Active Directory account termination requests created and approved in a timely manner. The average time elapsed between employee departure and ticket approval was 95 days, with the longest taking 560 for approval and the shortest taking 5 days. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, ‘Accounts for departing employees shall be disabled or removed on the day of termination or transfer.’ Currently, written procedures are needed to ensure compliance with 24-hour disabling of accounts for departing employees as stated in Riverside County Information Technology Security Standards. 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 3.1

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

Current Status 3.1: Not Implemented

Three out of eight former employees (38%) did not have their Active Directory account termination requests created and approved in a timely manner (within 24 hours). Despite the original recommendation not being implemented, County Counsel has taken steps to improve the adequacy and effectiveness of their internal controls relating to disabling Active Directory accounts in a timely manner upon employee separation or transfer from the department.

Management’s Response:

“Our office has been working diligently to ensure compliance with this recommended 24-hour requirement to terminate employees. Of the eight employees tested; three employees not complying with their access being terminated within 24 hours were due to special circumstances. Two of those employees were attorneys. Friday was their last day and these attorneys worked after 5pm trying to finalize and delegate all pending cases. In one case, access was not terminated until Tuesday due to a Monday holiday. To address such special situations regarding weekends and holidays, it has been agreed by management that staff would not be



Internal Audit Report 2024-324: Riverside County Office of County Counsel, Follow-up Audit

allowed to work after 5pm on their last day to ensure we can create the termination ticket on a timely matter and for ticket to be approved before office being closed for weekends and holidays.”

Recommendation 3.2

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

Current Status 3.2: Implemented

Attachment A

Internal Audit Report 2023-019

**Riverside County
Office of County Counsel**

Report Date: May 23, 2023



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

www.auditorcontroller.org



COUNTY OF RIVERSIDE
OFFICE OF THE
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Ben J. Benoit
Riverside County Auditor-Controller

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

May 23, 2023

Minh Tran
County Counsel
Riverside County Office of County Counsel
3960 Orange St, Ste 500
Riverside, CA 92501

Subject: Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

Dear Mr. Tran:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Office of County Counsel to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer and safeguarding of capital assets and revolving funds when there is a change in department head 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.

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

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

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 your 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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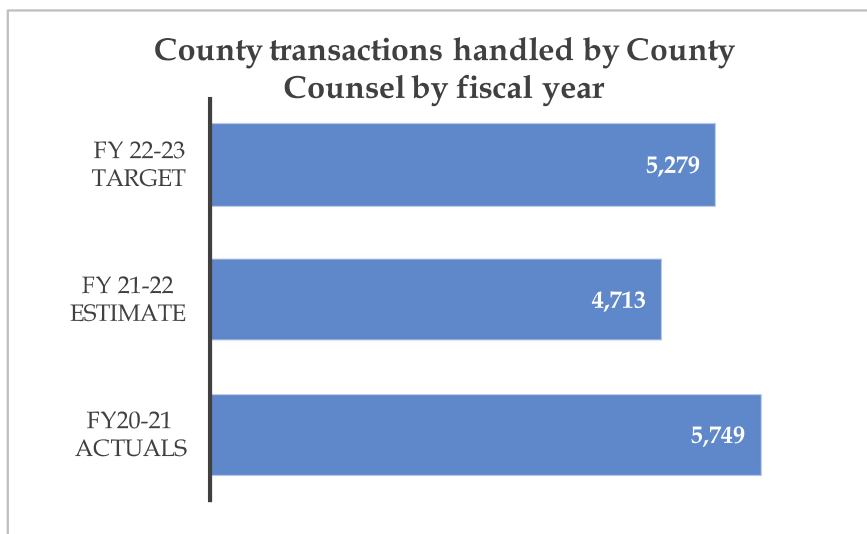
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Executive Summary

Overview

The Riverside Office of County Counsel (County Counsel) provides a full range of legal services designed to promote the public service objectives of the County of Riverside, while at the same time protecting the county from risk and loss. It serves the Board of Supervisors and county agencies, departments, commissions and officers, and other public entities within the county. County Counsel provides advisory, transaction, and litigation support on county issues such as health care, public safety, adult and child welfare, land development, environmental protection, real estate, contracts, public finance, taxation, public works, and elections.

Figure 1: Number of actual and estimated business transactions handled for Riverside County departments
 Fiscal Years 2021-23



(Data retrieved from *County of Riverside, Fiscal Year 2022/23 Adopted Budget Volume 1, 87*)

County Counsel has an adopted budget of \$5.3 million and 96 authorized positions for FY 2022-23. *County of Riverside, Fiscal Year 2022/23 Adopted Budget Volume 1, 90.*

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer and safeguarding of capital assets and revolving funds when there is a change in department head as well as internal controls over system access.

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

Audit Scope and Methodology

We conducted the audit from November 23, 2022, through January 26, 2023, for the operations from July 1, 2020, through December 5, 2022. Our scope included the following:

- Capital Assets
- Revolving Funds
- System Access Controls

Audit Highlights

Summary of Existing Conditions

- Disposals of capital assets were not reported timely. Untimely reporting of capital asset disposals can result in loss of county assets that may go undetected and cause capital asset to be overstated in the departments financial statements.
- Access to revolving fund checkbook was not restricted. Unrestricted access to the checkbook increases opportunities for checks to be written and disbursed to unauthorized parties.
- Departing employees' access rights to active directory were not disabled timely. Additionally, an active directory account was not disabled after an employee ended employment with the department. When an account is not closed immediately after an employee separation or transfer, there is a security risk to the information maintained in the systems used by the department.

Summary of Improvement Opportunities

- Establish internal policies and procedures on disposing assets to ensure timely reporting of asset disposals to the Riverside County Auditor-Controller.
- Establish proper tracking of capital assets to ensure assets are disposed in accordance with county procedures.
- Ensure unauthorized access to the revolving fund checkbook is restricted using locked storage area.

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

- Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, by requesting and approving the disabling of system access rights on the day of an employee's departure from the department.
- Develop policies and procedures to ensure the disabling of accounts linked to Active Directory are requested and approved within 24 hours of an employee separation or transfer.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to capital assets, revolving funds, and system access controls.

Capital Assets

Background

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year and are broadly classified as land (valued at \$1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of \$5,000 or greater).

Per the Riverside County Auditor-Controller's Standard Practice Manual 512, *Transfer of Accountability on Capital Assets*, it states that upon retirement or termination of a department head, accountability for capital assets must be transferred to the new or acting department head and notification filed with the Riverside County Auditor-Controller's Office.

As of August 31, 2022, the time the new department head was appointed and acknowledged receipt of capital assets from the outgoing officer, County Counsel maintained two office equipment capital assets in the Riverside County financial system asset management module, with the combined acquisition cost of \$16,614.

Objective

To determine if the required Standard Practice Manual Form AM-1, *The Inventory of County Property for Capital Assets*, for the transfer of accountability of capital assets from the predecessor to the new appointed department head was completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of board policies and applicable standards.
- Established the date of the department head change.
- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

- Selected a sample of capital assets to verify adequate internal controls exist over the safeguarding of assets.
- Selected a sample of capital assets and verified its existence.
- Selected a sample of disposed capital assets and verified that disposals and associated proceeds were reported timely and properly to the Riverside County Auditor-Controller's Office.

Finding 1: Capital Asset Disposal

Three out of seven (43%) disposed assets were reported untimely to the Riverside County Auditor-Controller's Office. The average time lapsed to report disposed assets was 381 days. Auditor-Controller's Office Standard Practice Manual 514, *Disposal of Capital Asset*, states the disposal of capital assets must be reported to the Auditor-Controller's Office as soon as possible. Currently, written procedures over the reporting and management of disposed capital assets are needed internally. Untimely reporting of capital asset disposals can result in loss of county assets that may go undetected and cause capital asset to be overstated in the departments financial statements.

Recommendation 1.1

Establish internal policies and procedures to ensure timely reporting of asset disposals to the Riverside County Auditor-Controller.

Management's Response:

“**Concur.** County Counsel fiscal section has been undergoing through various staff changes in the last couple of years due to retirements and staff resignations. Going from a workforce of 4 fiscal staff members to 2, and the unexpected retirement of the fiscal manager in June 2019 presented operational challenges as positions were not filled right away. Current staff was assigned with various fiscal manager duties without proper training and lack of procedures to follow which resulted in the audit findings. Now new fiscal manager has been hired, duties are being reassigned, and policies and procedures have been implemented to comply with the Auditor-Controller's Office Standard Practice Manual 514, *Disposal of Capital Asset* and to ensure that once an asset is disposed, transaction is reported to the Auditor Controller's Office in a timely matter.”

Actual/Estimated Date of Corrective Action: February 8, 2023.

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

Auditor's Comments:

We have verified that the department has written policies and procedures to ensure timely reporting of asset disposals as recommended. Therefore, we will not be following up on the implementation of this recommendation in the future.

Recommendation 1.2

Establish proper tracking of capital assets to ensure assets are disposed in accordance with county procedures.

Management's Response:

“Concur. County Counsel has reassigned the tracking of capital assets responsibility to the fiscal manager, and it has implemented policies and procedures that comply with the Auditor Controller's Office Standard Practice Manual 514, Disposal of Capital Asset to ensure assets are disposed in accordance with county protocols.

Actual/Estimated Date of Corrective Action: Fiscal manager now has the roles and responsibility to track capital assets and procedures were implemented on February 8, 2023.

Revolving Funds

Background

Under the authority of Government Code Section 29320-29334, the Riverside County Board of Supervisor's adopted Board Resolution 74-156 on May 14, 1974, authorizing the establishment of a revolving fund, under the custodianship of a county officer, for use on official county business. The Board of Supervisor's adopted Board Resolution 83-338 on November 1, 1983, authorizing the Riverside County Auditor-Controller's Office to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

County Counsel has one revolving fund, with an authorized balance of \$10,000 (which was then reduced to \$500 in October 2022), maintained in the form of a bank account. County Counsel has an established process in place for the use of the revolving fund. The fund is primarily used to pay for emergency expenditures, such as training registration. Replenishment requests are prepared by the fund custodian and approved by authorized manager. Checks are processed by the fund custodian and signed by authorized personnel. The fund is reconciled monthly, signed, and dated by the preparer and reviewer.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the predecessor to the new appointed department head were completed, and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of the revolving funds.

Audit Scope and Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller's Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* for the establishment and transfer of the revolving funds.
- Interviewed key personnel and reviewed department procedures over the revolving funds.
- Verified proper access to the fund checkbook was implemented.

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

- Verified revolving fund reconciliations were prepared.
- Performed a surprise cash count and reconciled to the fund assignment amounts without exception.
- Verified adequate segregation of duties existed.

Finding 2: Safeguarding of Revolving Funds

Revolving fund checkbook was not physically secured to restrict unauthorized access. We identified the revolving fund checkbook was kept in an unlocked cabinet. Riverside County Auditor-Controller's Standard Practice Manual 104, *Internal Control*, states, "cash and other property are secured physically" as one of the control principles. The revolving fund policies and procedures were not communicated to the new custodian during staffing changes. Unrestricted access to the checkbook increases opportunities for checks to be written and disbursed to unauthorized parties.

Recommendation 2

Ensure unauthorized access to the revolving fund checkbook is restricted using locked storage area.

Management's Response:

"**Concur.** Revolving fund checkbook is now in a locked cabinet. In addition, County Counsel has added more safeguard protocols by reducing the revolving fund authorized amount to \$500 and by updating the internal Revolving Fund procedures to be more in alignment with Auditor-Controller's Office Standard Practice Manual 603, Revolving Funds.

Actual/Estimated Date of Corrective Action: February 7, 2023.

System Access Controls

Background

System access controls within information systems ensure proper confidentiality, integrity, and availability to the data stored within the system. 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 a control which confirms a user's identity to provide access to a systems sensitive information. 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 County Counsel to manage permissions and access to network resources, and linked data applications utilized by the department. When a user ends employment with County Counsel, it is the department's responsibility to create and approve a help desk ticket to request the removal of the terminated employees' access rights to their Active Directory account. Once the ticket is approved by County Counsel 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 system access rights upon employee termination performed by County Counsel.

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

Audit Methodology

To accomplish these objectives, we:

- Obtained a listing of employees with active and inactive access to Active Directory during the audit review period.
- Verified access rights to the Active Directory were disabled within 24 hours of the employee departure.
- Obtained a listing of employees with active and inactive access to system applications (System A and System B) which were not linked to Active Directory during the audit review period.
- Verified whether access rights to the system applications sampled outside of Active Directory were disabled within 24 hours of the departure.

Finding 3: Timely Termination of Access Rights

Twenty-two out of 25 (88%) terminated employees did not have their Active Directory account termination requests created and approved in a timely manner. The average time elapsed between employee departure and ticket approval was 95 days, with the longest taking 560 for approval and the shortest taking 5 days. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, "Accounts for departing employees shall be disabled or removed on the day of termination or transfer." Currently, written procedures are needed to ensure the compliance with 24-hour disabling of accounts for departing employees as stated in Riverside County Information Technology Security Standards. 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 3.1

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

Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit

Management's Response:

“Concur. Fiscal staff members were made aware of the 24-hour termination requirement and were provided with the County of Riverside Information Security Standard v1.0 manual after receiving the document from Auditor Controller staff on January 12, 2023. In addition, new process was implemented to do termination requests on employee's last day of work or to submit request when resignation letter is received with effective date being the last day the staff will be in the office. Management has been informed to prioritize approving the request as soon as email is received from RCIT.

Actual/Estimated Date of Corrective Action: February 1, 2023.

Recommendation 3.2

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

Management's Response:

“Concur. Procedures will be written to ensure staff has guidance and for the correct process to be followed to disable accounts within 24 hours of an employee separation or transfer.

Actual/Estimated Date of Corrective Action: April 28, 2023.

Attachment B



OFFICE OF COUNTY COUNSEL COUNTY OF RIVERSIDE

3960 ORANGE STREET, SUITE 500
RIVERSIDE, CA 92501-3674
TELEPHONE: 951/955-6300
FAX: 951/955-6322 & 951/955-6363

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2023-019: Riverside County Office of County Counsel Audit.

Authorized Signature

3/14/24

Date

Finding 1: Capital Asset Disposal

“Three out of seven (43%) disposed assets were reported untimely to the Riverside County Auditor-Controller’s Office. The average time lapsed to report disposed assets was 381 days. Auditor-Controller’s Office Standard Practice Manual 514, *Disposal of Capital Asset*, states the disposal of capital assets must be reported to the Auditor-Controller’s Office as soon as possible. Currently, written procedures over the reporting and management of disposed capital assets are needed internally. Untimely reporting of capital asset disposals can result in loss of county assets that may go undetected and cause capital asset to be overstated in the departments financial statements.”

Current Status

Reported Finding Corrected? Yes No

Recommendation 1.1

“Establish internal policies and procedures to ensure timely reporting of asset disposals to the Riverside County Auditor-Controller.”

Management Reply

“Concur. County Counsel fiscal section has been undergoing through various staff changes in the last couple of years due to retirements and staff resignations. Going from a workforce of 4 fiscal staff members to 2, and the unexpected retirement of the fiscal manager in June 2019 presented

operational challenges as positions were not filled right away. Current staff was assigned with various fiscal manager duties without proper training and lack of procedures to follow which resulted in the audit findings. Now new fiscal manager has been hired, duties are being reassigned, and policies and procedures have been implemented to comply with the Auditor-Controller's Office Standard Practice Manual 514, Disposal of Capital Asset and to ensure that once an asset is disposed, transaction is reported to the Auditor Controller's Office in a timely matter."

Actual/Estimated Date of Corrective Action: February 8, 2023.

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).

As of February 8, 2023, the Administrative Deputy has the roles and responsibility to track capital assets and procedures were implemented. Note: This audit findings are mostly related to transactions that have occurred before the current leadership.

Recommendation 1.2

"Establish proper tracking of capital assets to ensure assets are disposed in accordance with county procedures."

Management's Response:

"Concur. County Counsel has reassigned the tracking of capital assets responsibility to the fiscal manager, and it has implemented policies and procedures that comply with the Auditor Controller's Office Standard Practice Manual 514, Disposal of Capital Asset to ensure assets are disposed in accordance with county protocols."

Actual/Estimated Date of Corrective Action: Fiscal manager now has the roles and responsibility to track capital assets and procedures were implemented on February 8, 2023.

Finding 2: Safeguarding of Revolving Funds

"Revolving fund checkbook was not physically secured to restrict unauthorized access. We identified the revolving fund checkbook was kept in an unlocked cabinet. Riverside County Auditor-Controller's Standard Practice Manual 104, *Internal Control*, states, 'cash and other property are secured physically' as one of the control principles. The revolving fund policies and procedures were not communicated to the new custodian during staffing changes. Unrestricted access to the checkbook increases opportunities for checks to be written and disbursed to unauthorized parties."

Current Status

Reported Finding Corrected? Yes No

Recommendation 2

“Ensure unauthorized access to the revolving fund checkbook is restricted using locked storage area.”

Management Reply

“Concur. Revolving fund checkbook is now in a locked cabinet. In addition, County Counsel has added more safeguard protocols by reducing the revolving fund authorized amount to \$500 and by updating the internal Revolving Fund procedures to be more in alignment with Auditor-Controller's Office Standard Practice Manual 603, Revolving Funds.”

Actual/Estimated Date of Corrective Action: February 7, 2023.

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).

Checkbook was locked as of January 20, 2023, after a follow up meeting with the Auditor Controller's audit staff and procedures were revised as of February 7, 2023. As of November 8, 2023, the revolving fund was closed. County Counsel no longer has a revolving fund.

Finding 3: Timely Termination of Access Rights

“Twenty-two out of 25 (88%) terminated employees did not have their Active Directory account termination requests created and approved in a timely manner. The average time elapsed between employee departure and ticket approval was 95 days, with the longest taking 560 for approval and the shortest taking 5 days. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, ‘Accounts for departing employees shall be disabled or removed on the day of termination or transfer.’ Currently, written procedures are needed to ensure the compliance with 24-hour disabling of accounts for departing employees as stated in Riverside County Information Technology Security Standards. 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.”

Current Status

Reported Finding Corrected? Yes No

Recommendation 3.1

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

Management Reply

“**Concur.** Fiscal staff members were made aware of the 24-hour termination requirement and were provided with the County of Riverside Information Security Standard v1.0 manual after receiving the document from Auditor Controller staff on January 12, 2023. In addition, new process was implemented to do termination requests on employee's last day of work or to submit request when resignation letter is received with effective date being the last day the staff will be in the office. Management has been informed to prioritize approving the request as soon as email is received from RCIT.”

Actual/Estimated Date of Corrective Action: February 1, 2023.

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).

As of February 1, 2023, new process was implemented to do termination requests on employee’s last day of work or to submit request when resignation letter is received with effective date being the last day the staff will be in the office. Management has been informed to prioritize approving the request as soon as email is received from RCIT.

Recommendation 3.2

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

Management Reply

“Concur. Procedures will be written to ensure staff has guidance and for the correct process to be followed to disable accounts within 24 hours of an employee separation or transfer.”

Actual/Estimated Date of Corrective Action: April 28, 2023.

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).

Procedures were written as of April 25, 2023, to ensure staff has guidance and has knowledge of the correct process to follow to disable accounts within 24 hours of an employee separation or transfer.