

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



ITEM: 2.10
(ID # 26850)

MEETING DATE:
Tuesday, January 07, 2025

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

ACTION:Consent

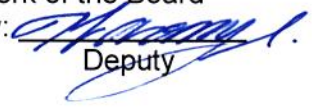

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 12/19/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Medina and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Medina, Spiegel, Perez and Gutierrez
Nays: None
Absent: Washington
Date: January 7, 2025
xc: Auditor

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	\$ 0.0	\$ 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

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Flood Control and Water Conservation District. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over contract amendments, infrastructure inventory, maintenance management, and succession planning.

Based on the results of our audit, internal controls over contract amendments, infrastructure inventory, maintenance management, and succession planning are functioning as designed to help Flood Control achieve its business process objectives. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

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's Office - Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

0 Findings

Medium Risk

0 Findings

Low Risk

0 Findings

Internal Audit Report

2025-004

Riverside County Flood Control and
Water Conservation District Audit

January 7, 2025



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

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

4080 Lemon Street, 6th Floor
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



January 7, 2025

Jason Uhley
General Manager – Chief Flood Control Engineer
Riverside County Flood Control and Water Conservation District
1995 Market Street
Riverside, CA 92501

Subject: Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

Dear Mr. Uhley:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Flood Control and Water Conservation District to provide management and the Board of Supervisors with an independent assessment of internal controls over contract amendments, infrastructure inventory, maintenance management, and succession planning.

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.



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Since the audit resulted in no findings or recommendation, there was no requirement for a response in accordance with Board of Supervisors Resolution 83-338.

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
Juan Perez, Chief Operating Officer
Grand Jury



Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

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Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

Executive Summary

Overview

The Riverside County Flood Control and Water Conservation District (Flood Control), established in 1945, manages regional stormwater needs across 2,700 square miles of western Riverside County. It plans, constructs, and operates storm drains, channels, levees, and dams while collaborating with local agencies to conserve water and protect local waterways. The district's efforts are funded through property taxes, contributions from various agencies, and grants, supporting nearly \$1 billion in assets and ongoing improvements to safeguard the community from flooding.

Flood Control has an adopted budget of \$313.3 million for FY 2024/25 and 324 adopted positions. *County of Riverside, Fiscal Year 2024/25 Adopted Budget Volume 1, 306-307.*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the adequacy and effectiveness of internal controls over contract amendments, infrastructure inventory, maintenance management, and succession planning. 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 June 20, 2024, through October 28, 2024, for operations from July 1, 2022, through October 17, 2024.

AUDIT HIGHLIGHTS

- The department adheres to its policies and procedures over the following scope areas reviewed in this audit: Contract amendments, infrastructure inventory, maintenance management, and succession planning.



Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

Using a risk-based approach, our scope included the following:

- Contract Amendments
- Infrastructure Inventory
- Maintenance Management
- Succession Planning

Audit Conclusion

Based on the results of our audit, internal controls over contract amendments, infrastructure inventory, maintenance management, and succession planning are functioning as designed to help Flood Control achieve its business process objectives. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



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Contract Amendments

Background

Contract amendments are formal modifications to an existing contract's terms, often addressing adjustments in scope, cost, or timeline. Amendments are a critical component of project management, particularly in industries like construction, where project conditions frequently change during execution. Properly managing contract amendments ensures that projects remain on track, within budget, and aligned with the objectives of the original contract.

Flood Control has established procedures for managing contract amendments. All contract modifications must be approved prior to implementation. For time-sensitive situations, Flood Control's Chief Engineer may authorize contractors to proceed with additional work prior to formal approval if the estimated cost is less than \$1,000. If the estimated cost exceeds \$1,000, appropriate approval is required at various levels, including approval from the Board of Supervisors for substantial changes. Approval of additional work must be obtained from the Board of Supervisors for the following circumstances:

- Amendments exceed 10% of the original contract amount for contracts with a total contract price of \$250,000 or less.
- Amendments exceed \$25,000 plus 1% of the value in excess of \$250,000 for contracts with a total contract price exceeding \$250,000.
- Any individual change order exceeds \$100,000.
- Cumulative changes exceed 10% of the original contract amount.

Contract amendments are essential to address unforeseen circumstances and evolving project requirements. However, if not controlled, they can produce significant risks such as cost overruns, quality issues, project delays, and compliance violations. A formalized process for managing and approving contract amendments is essential to mitigate these risks and ensure accountability.

Objective

To verify the existence and adequacy of internal controls over Flood Control's contract amendment process.



Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over contract amendments.
- Obtained and reviewed Riverside County Board Policy B-11, *Award of Public Works Contracts Pertaining to County Facilities and Certain Other Facilities*, which provides specific guidance for the approval/award of public works contracts.
- Obtained and reviewed Flood Control's *General Provisions* for construction contracts.
- Conducted interviews with key personnel to gain an understanding of the department's contract amendments process.
- Verified whether there was adequate segregation of duties in place relating to the contract amendments process.
- Obtained a listing of all contract amendments during the audit review period and selected all for review.
- Verified whether there were sufficient funds for contract amendments and whether contract amendments were approved, appropriate, had sufficient supporting documentation, and increases were in compliance with terms of the contract.
- Obtained a listing of all project managers including the total quantity of contract amendments associated with each manager.
- Conducted an analysis to determine whether a trend in contract amendments existed between project managers and contractors.
- Verified whether the addresses and names of contractors did not match the addresses and names of county employees.



Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

Finding: None Noted

Based on the results of our audit, we determined that internal controls over contract amendments provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



Internal Audit Report 2025-004: Riverside County Flood Control and Water Conservation District Audit

Infrastructure Inventory

Background

Flood Control relies on critical infrastructures, such as dams, levees, and basins, to manage water flow and mitigate flood risks. Currently, Flood Control manages nearly \$1 billion in assets, including over 703 miles of channels, storm drains, and levees, along with dams and debris basins. The district's master drainage plan also proposes an additional 400 miles of regional channels and 48 more dams and debris basins. Maintaining a comprehensive inventory of these infrastructures is essential to ensure their safety, performance, and longevity (through proper maintenance).

To support this effort, Flood Control utilizes the *Riverside County Flood Control Web Map*¹, an online platform that provides detailed, interactive maps of the district's infrastructures. This tool aids in tracking, visualizing, and updating records of district infrastructures in real time, enhancing the accuracy and accessibility of the inventory while also facilitating more efficient maintenance planning and resource allocation. Additionally, many of the Flood Control dams are listed in the National Inventory of Dams² maintained by the U.S. Army Corps of Engineers, which tracks the nation's most significant dams based on size, hazard classification, and potential impact. Aligning the district's internal inventory with this external listing helps monitor compliance with national safety and maintenance standards.

An up-to-date infrastructure inventory is critical for effective maintenance and for compliance with federal and state standards. Proper management of this inventory helps optimize resources and ensures the ongoing protection of county residents from flood hazards. Without a detailed record, key structures may be overlooked, leading to delayed maintenance or failures during flooding events.

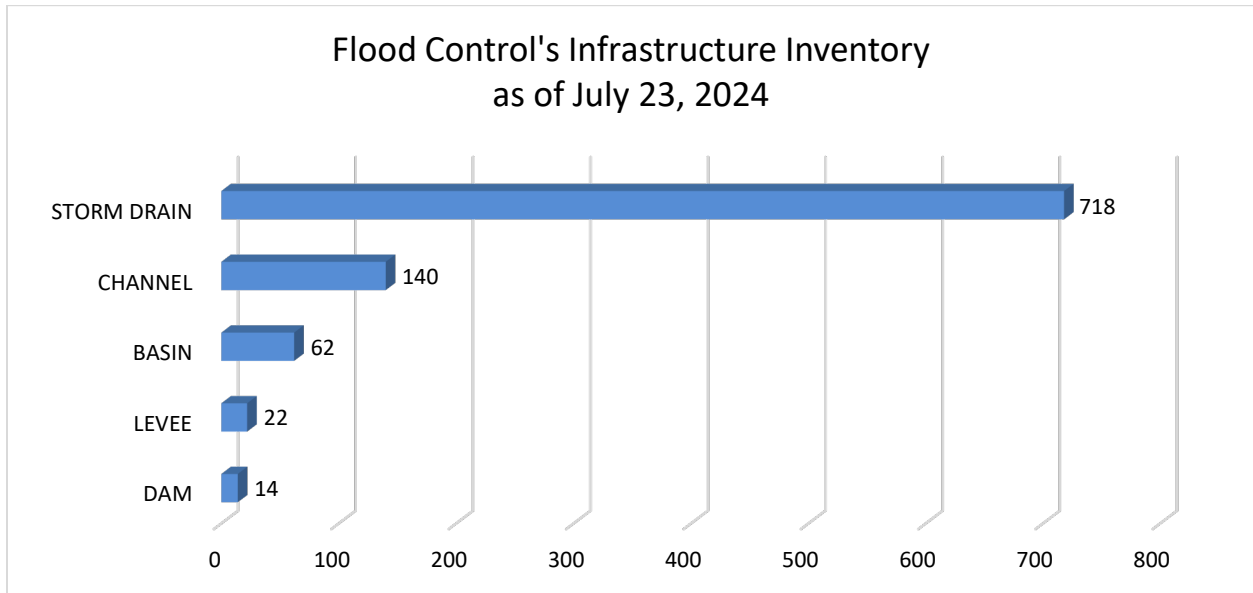
The graph below provides a visual representation of the key components of Flood Control infrastructures, highlighting the quantities of storm drains, channels, basins, levees, and dams currently in service. This data is critical for understanding the scale of existing infrastructure and planning for future flood mitigation efforts.

¹ "Facilities Properties." Riverside County Flood Control and Water Conservation District. Accessed November 12, 2024. <https://content.rcflood.org/webmaps/rcfc.html>.

² "National Inventory of Dams." U.S. Army Corps of Engineers. Accessed November 12, 2024. <https://nid.sec.usace.army.mil/#/>.



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Objective

To verify the existence and adequacy of internal controls over Flood Control's infrastructure inventory process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over infrastructure inventory.
- Obtained and reviewed Flood Control's *Facilities Lines Procedures*.
- Conducted interviews with key personnel to gain an understanding of the department's infrastructure inventory process.
- Verified whether there was adequate segregation of duties in place relating to the infrastructure inventory process.
- Obtained a listing of all Flood Control infrastructures and reviewed the California Department of Water Resources Division of Dam Safety's, *Dam Breach Inundation Map*, to analyze dams with the highest risk to public safety during a sunny-day failure.



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- Selected a sample of infrastructures for review and verified whether the infrastructures existed, were in their reported location, and their operational status.
- Verified whether the construction or purchase of infrastructure listed were approved, documented, and tracked.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over infrastructure inventory provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



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Maintenance Management

Background

Effective maintenance management of critical infrastructures, such as dams, levees, and basins, is essential for ensuring public safety, mitigating flood risks, and complying with federal and state regulations. Flood Control is responsible for maintaining these structures, which play a pivotal role in managing water flow, reducing flood hazards, and conserving water resources. The district must adhere to standards outlined by state agencies, such as the California Division of Safety of Dams, and federal entities, like the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers.

Key criteria for maintenance management include regular inspections, timely repairs, and adherence to emergency preparedness plans. California's Dam Safety Program³ mandates annual inspections for all dams and reservoirs to ensure structural integrity and operational readiness. Similarly, FEMA's National Flood Insurance Program⁴ emphasizes the importance of maintaining levees to meet certification standards, including vegetation management, erosion control, and seepage prevention. To support these standards, Flood Control utilizes their *Operation and Maintenance Manual*, which establishes the maintenance and inspection procedures for infrastructures. This manual highlights the importance of a comprehensive and systematic approach to maintaining critical infrastructure, ensuring safety, functionality, and compliance with regulatory standards.

Not properly maintaining these critical infrastructures poses significant risks, including structural failure, which could result in flooding, loss of life, and economic disruption. By aligning maintenance management practices with state and federal standards, the district can safeguard its infrastructure, protect the community, and uphold public trust.

Objective

To verify the existence and adequacy of internal controls over Flood Control's maintenance management process.

³ "California Water Code. Division 3, Chapter 4, Article 2." California Legislative Information. Accessed November 21, 2024. https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WAT&division=3.&title=&part=1.&chapter=4.&article=2.

⁴ "Guidance for Flood Risk Analysis and Mapping." Federal Emergency Management Agency. Accessed November 21, 2024. https://www.fema.gov/sites/default/files/2020-02/Levee_Guidance_Nov_2019_v2.pdf.



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Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over maintenance management.
- Conducted interviews with key personnel to gain an understanding of the department's maintenance management process.
- Verified whether there was adequate segregation of duties in place relating to the maintenance management process.
- Obtained and reviewed employee training documentation to gain an understanding of how the department monitors training and certification related to maintenance procedures.
- Obtained a listing of all Flood Control infrastructures and reviewed the California Department of Water Resources Division of Dam Safety's, *Dam Breach Inundation Map*, to analyze dams with the highest risk to public safety during a sunny-day failure.
- Selected a sample of infrastructures for review and obtained a listing of all maintenance tasks performed during the audit review period associated with the selected infrastructures. Then, selected a sample of maintenance tasks for review.
- Obtained a listing of all emergency repairs performed during the audit review period and selected a sample of repairs for review.
- Verified whether maintenance tasks and emergency repairs performed had sufficient supporting documentation, were reviewed by appropriate personnel, and complied with regulatory requirements.
- Verified the addresses and names of contractors that performed emergency repairs with the addresses and names of county employees.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over maintenance management provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.



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Succession Planning

Background

Succession planning is a strategic process crucial for ensuring the continuity of leadership within an organization. This process involves identifying and developing internal employees who have the potential to fill key leadership positions. Not only does succession planning focus on filling vacancies, but it can also prepare the district for the future by maintaining a pipeline of capable leaders who can drive the organization forward. Additionally, succession planning helps maintain leadership continuity, preserves institutional knowledge, and ensures a smooth transition of critical functions and services provided by key positions within the district.

All members of management are responsible for individual succession planning efforts. Department and division managers are responsible for implementing the program within their respective areas and should coordinate with Human Resources personnel for effectiveness of succession planning efforts for key leadership positions.

The primary objective of a succession plan is to limit the potential downside to unexpected terminations or departures from an organization. According to the Government Finance Officers Association⁵, “A successful succession plan should place a high priority on planning for a smooth change in such positions. Key components of an integrated succession management approach include workforce planning, succession planning, knowledge management practices, and recruitment and retention practices.”

In the absence of formal guidance over succession planning, the focus of our audit was to ensure that Flood Control had adequate, documented policies and procedures in the event of management or personnel turnover. Specifically, we reviewed the district’s prioritization of critical positions to the district’s ongoing operations, key objectives, and critical system applications used. In addition to reviewing documented policies and procedures associated with these attributes, we also focused on whether the district had established training programs to ensure knowledge is transferred among personnel so, in the event of turnover, the lapse in business continuity is minimized.

The following flowchart illustrates the Government Finance Officers Association’s 10 Steps to Succession Planning⁶ that will help an organization retain key talent and find skilled employees to replace staff members who move on:

⁵ “Key Issues in Succession Planning.” Government Finance Officers Association. Accessed November 21, 2024. <https://www.gfoa.org/materials/key-issues-in-succession-planning>.

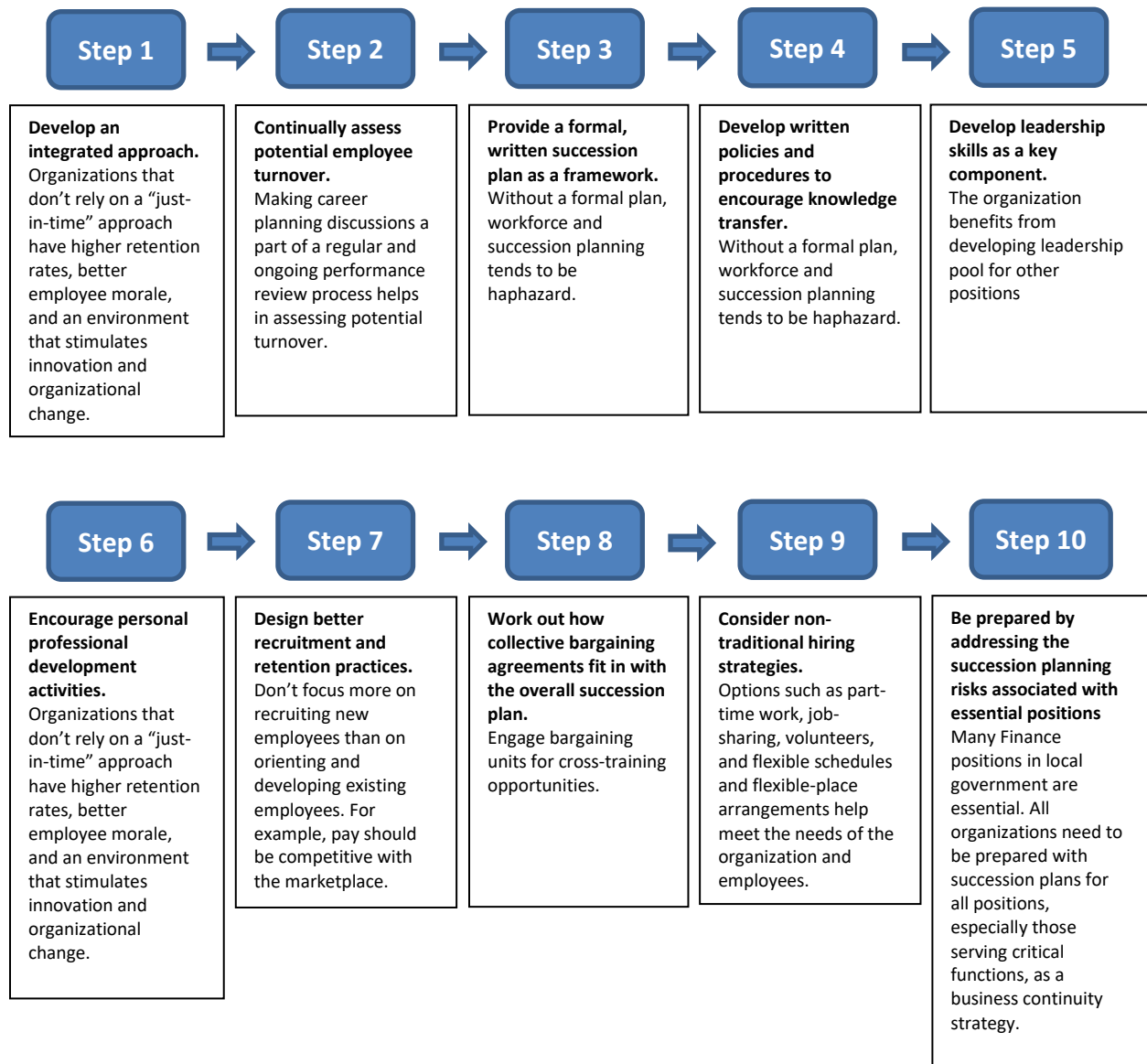
⁶ 10 steps to succession planning. Government Finance Officers Association. (2022, February). <https://www.gfoa.org/materials/gfr222-10steps>



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Flowchart 1: 10 Steps to Succession Planning

“Succession planning has gotten even more challenging in recent years, given a changing job market, shorter employee tenure, and COVID-19 job turnover-which means that governments should make it an even higher priority. GFOA’s 10 steps to succession planning will help your organization retain key talent and find skilled employees to replace staff members who move on.”⁷



⁷ 10 steps to succession planning. Government Finance Officers Association. (2022, February). <https://www.gfoa.org/materials/gfr222-10steps>



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Objective

To verify the existence and adequacy of internal controls over Flood Control's succession planning process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of relevant continuity/training plans, including Flood Control's *Training Program* and *Rotation Program Manual*.
- Conducted interviews with key personnel to gain an understanding of the department's succession planning process.
- Obtained a listing of employees that separated from the department during the audit review period.
- Identified positions critical to department operations and positions with the highest turnover rates.
- Identified key, transferable knowledge and essential systems tied to identified positions.
- Assessed adequacy of succession planning procedures by verifying whether critical roles and positions with higher turnover have established processes for continuity and effective coverage.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over succession planning provide reasonable assurance that its objective related to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.