

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



ITEM: 2.11
(ID # 26848)

MEETING DATE:
Tuesday, January 07, 2025

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up Audit [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up 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	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We completed a follow-up audit of Riverside County Transportation and Land Management Agency, Building and Safety. Our audit was limited to reviewing actions taken as of September 16, 2024, to correct findings noted in our original audit report 2023-016 dated July 11, 2023. The original audit report contained two recommendations, all of which required implementation to help correct the reported findings.

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

- One of the recommendations was implemented.
- One of the recommendations was not implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2023-016 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 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

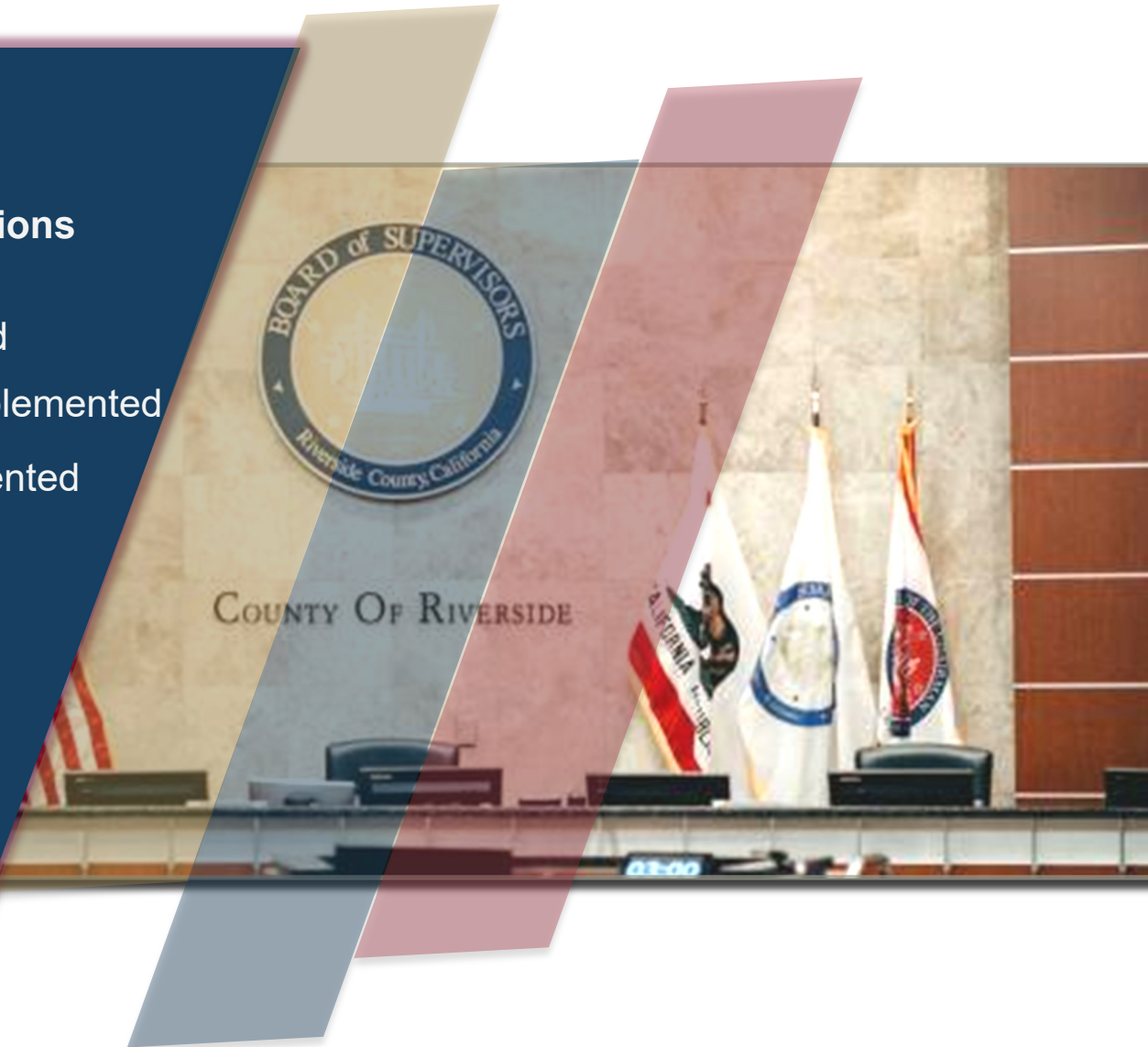
Internal Audit Report

2025-306

Follow-up

2 Recommendations

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



**Riverside County
Transportation and Land Management Agency,
Building & Safety,
Follow-up 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

Rania Odenbaugh
Assistant Director of TLMA
Riverside County Transportation and Land Management Agency, Building and Safety
4080 Lemon Street, 9th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up Audit

Dear Ms. Odenbaugh:

We completed the follow-up audit of Riverside County Transportation and Land Management Agency, Building and Safety. Our audit was limited to reviewing actions taken as of September 16, 2024, to help correct the findings noted in our original audit report 2023-016 dated July 11, 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 two recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the two recommendations:

- One of the recommendations was implemented.
- One of the recommendations was not implemented.



Internal Audit Report 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up Audit

A 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 2023-016 included as "Attachment A" of this audit report along with your department status letter as "Attachment B." You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit/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
Juan Perez, Chief Operating Officer
Grand Jury



Internal Audit Report 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up Audit

Table of Contents

	Page
Results:	
Building Permits	4
Attachments:	
A. Internal Audit Report 2023-016	
B. Status of Findings as Reported by Transportation and Land Management Agency, Building and Safety on September 16, 2024	



Internal Audit Report 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up Audit

Building Permits

Finding 1: Review and Approval

“Standard Practice Manual 1001, *Internal Control*, states that, to maintain an effective system of internal control, ‘records are routinely examined and reconciled to determine that transactions were properly processed.’ Additionally, Standard Practice Manual 1001, *Internal Control*, states, ‘duties are divided or segregated so that no one person has complete control over a key function or activity.’

Building and Safety states random quality controls checks are performed weekly as a method to review and approve building inspections performed by contracted and county building inspectors, but there is not a process in place to formally document which permits were subjected to quality control review, when they were reviewed, and who performed the review. As such, we cannot independently determine whether quality control review and approval over work performed by building inspectors is completed. Documenting quality reviews of the inspections performed by contracted and county building inspectors assures department management the services provided by department personnel are performed to department standards and are compliant with state and local laws and regulations. It also promotes transparency and accountability of the work performed by department personnel, supports continuous improvement, enables knowledge sharing, and acts a deterrence for approving final inspections that are not in compliance with state-mandated building codes.”

Recommendation 1.1

“Document the random quality control review of work performed by building inspectors by maintaining evidence of the building permits reviewed, when they were reviewed, and who performed the review.”

Current Status 1.1: Implemented

Recommendation 1.2

"Develop policies and procedures to ensure the quality control review of work performed by building inspectors is adequately documented by maintaining which building permits were reviewed, when they were reviewed, and who performed the review."



Internal Audit Report 2025-306: Riverside County Transportation and Land Management Agency, Building and Safety, Follow-up Audit

Current Status 1.2: Not Implemented

Building and Safety did not develop formal, written policies and procedures that ensure the quality control review of work performed by building inspectors is adequately documented. Department management issued an email to personnel detailing the use of a shared spreadsheet to track quality control for building inspections. However, emails, while helpful for immediate communication, lack the permanence, accessibility, and level of detail that structured policies and procedures provide. Formalized procedures serve as a consistent, approved reference that supports long-term adherence and is readily available to personnel. Developing and storing a policy in a central location will ensure that procedures are clear, accessible, and aligned with organizational standards.

Management's Response

"An email memo we sent to Building Department management and inspection supervisory team as provided in the first audit response. Based of the follow up recommendation from the Auditor Controller office, we have transformed the email into a printed memo and distributed to the management inspection supervisory team in the Building Department."

Attachment A

Internal Audit Report 2023-016

Riverside County
Transportation and Land Management Agency,
Building and Safety Audit

Report Date: July 11, 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
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Ben J. Benoit
Riverside County Auditor-Controller

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

July 11, 2023

Charissa Leach
Assistant County Executive Officer
Riverside County Transportation and Land Management Agency, Building and Safety
4080 Lemon Street, 9th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit

Dear Ms. Leach:

In accordance with Board of Supervisors Resolution 83-338, we audited Riverside County Transportation and Land Management Agency, Building and Safety to provide management and the Board of Supervisors with an independent assessment of internal controls over building permits.

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 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety 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 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
Rania Odenbaugh, Assistant Agency Director
Sam Shahrouri, TLMA Deputy Director
Grand Jury

Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit

Table of Contents

	Page
Executive Summary	4
 Results:	
Building Permits.....	6

Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit

Executive Summary

Overview

Riverside County Transportation and Land Management Agency, Building and Safety (Building and Safety) provides construction permit related services, including grading, building plan check, counter assistance, and field inspections. The department uses contract services to assist with peaks in activity relating to building inspections and plan checks. A deposit-based fee system is utilized to recover costs associated with providing these services to the residents of Riverside County.

Building and Safety has a recommended budget of \$11.8 million for FY 2023-24 and 48 recommended positions. *County of Riverside, Fiscal Year 2023-24 Recommended Budget Volume 1, 343-344.*

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 building permits. 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 19, 2022, through April 13, 2023, for operations from July 1, 2021, through April 10, 2023. Following a risk-based approach, our scope initially included the following:

- Building Permits
- Contract Monitoring

Through inquiry, observations, and limited examination of relevant documentation, it was determined through a risk assessment of contract monitoring, that the risk exposure to Building and Safety associated with these processes are well mitigated with

Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit

internal controls and are functioning as designed. Therefore, we focused our audit scope to internal controls over building permits.

Audit Highlights

Summary of Existing Conditions

- Quality control reviews performed by department supervisory personnel over inspections completed by contracted and county building inspectors are currently not documented to assure department management the services provided by the inspectors are performed to department standards and are compliant with state and local laws and regulations.

Summary of Improvement Opportunities

- Document the random quality control review of work performed by building inspectors by maintaining evidence of the building permits reviewed, when they were reviewed, and who performed the review.
- Develop policies and procedures to ensure the quality control review of work performed by building inspectors is adequately documented by maintaining which building permits were reviewed, when they were reviewed, and who performed the review.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to building permits.

Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit

Building Permits

Background

Building and Safety issues building permits that allow a property owner to construct a new building or structure, or to alter an existing building or structure. The building permits provide county and contracted building staff the ability to review and inspect construction services to ensure that it meets the minimum requirements set forth in the California Building Code. A building permit is valid for as long as it takes to complete the construction project. If the work is halted or abandoned for a period of at least 180 days or more, the permit may be expired.

To obtain a building permit, a property owner must submit an application to Building and Safety. Once the application is accepted, the plan check process begins, where Building and Safety staff, or contracted plan-check consultants, review the project plans for structural design and compliance that is consistent with state-mandated building codes. After the plan check is completed, if there are no corrections and other departments' approvals are met, a permit is issued to the property owner. The property owner must schedule an inspection at a certain key construction stage with Building and Safety to obtain an approved final building inspection and certificate of occupancy prior to any use or occupancy of the building or structure.

Objective

To verify the existence and adequacy of internal controls over Building and Safety's building permit issuance process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over issuing building permits.
- Interviewed key personnel regarding the department's building permit issuance process.

Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit

- Verified whether the department established criteria for allowing virtual building inspection appointments.
- Verified whether the department monitors the timeliness of addressing building permit requests as they are received from property owners.
- Verified whether there was adequate segregation of duties in place relating to the building permit issuance process.
- Obtained a listing of all finalized building permits during the audit review period and selected a random sample for review.
- Verified whether building permit requests were addressed timely, follow-up inspection appointments were created timely, outstanding work and corrections were completed prior to approving the final inspection, and the work performed by the building inspectors were adequately reviewed and approved.

Finding 1: Review and Approval

Standard Practice Manual 1001, *Internal Control*, states that, to maintain an effective system of internal control, "records are routinely examined and reconciled to determine that transactions were properly processed." Additionally, Standard Practice Manual 1001, *Internal Control*, states, "duties are divided or segregated so that no one person has complete control over a key function or activity."

Building and Safety states random quality controls checks are performed weekly as a method to review and approve building inspections performed by contracted and county building inspectors, but there is not a process in place to formally document which permits were subjected to quality control review, when they were reviewed, and who performed the review. As such, we cannot independently determine whether quality control review and approval over work performed by building inspectors is completed. Documenting quality reviews of the inspections performed by contracted and county building inspectors assures department management the services provided by department personnel are performed to department standards and are compliant with state and local laws and regulations. It also promotes transparency and accountability of the work performed by department personnel, supports continuous improvement, enables knowledge sharing, and acts a deterrence for approving final inspections that are not in compliance with state-mandated building codes.

Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit

Recommendation 1.1

Document the random quality control review of work performed by building inspectors by maintaining evidence of the building permits reviewed, when they were reviewed, and who performed the review.

Management's Response

"Concur. Quality control is part of our supervisory process that allows us to evaluate the work of inhouse and contract staff and is used in performance evaluation of staff. It's also used as the basis for determining the needs for training and customer service improvements. The feedback given to employees is not formally logged, but we did keep notes as needed."

Actual/estimated Date of Corrective Action: April 20, 2023

Recommendation 1.2

Develop policies and procedures to ensure the quality control review of work performed by building inspectors is adequately documented by maintaining which building permits were reviewed, when they were reviewed, and who performed the review.

Management's Response

"Concur. A written procedure was created on June 27, 2023. However, initially a verbal direction was given to senior staff on April 20, 2023, to start a log of quality control checks for inspections."

Actual/estimated Date of Corrective Action: June 27, 2023



Attachment B

COUNTY OF RIVERSIDE

Transportation and Land Management Agency

Charissa Leach

Assistant CEO/TLMA Director



Transportation

Planning

Building & Safety

Code Enforcement

Aviation

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2023-016: Riverside County Transportation and Land Management Agency, Building and Safety Audit.

9/16/24

Authorized Signature

Date

Finding 1: Review and Approval

“Standard Practice Manual 1001, *Internal Control*, states that, to maintain an effective system of internal control, ‘records are routinely examined and reconciled to determine that transactions were properly processed.’ Additionally, Standard Practice Manual 1001, *Internal Control*, states, ‘duties are divided or segregated so that no one person has complete control over a key function or activity.’

Building and Safety states random quality controls checks are performed weekly as a method to review and approve building inspections performed by contracted and county building inspectors, but there is not a process in place to formally document which permits were subjected to quality control review, when they were reviewed, and who performed the review. As such, we cannot independently determine whether quality control review and approval over work performed by building inspectors is completed. Documenting quality reviews of the inspections performed by contracted and county building inspectors assures department management the services provided by department personnel are performed to department standards and are compliant with state and local laws and regulations. It also promotes transparency and accountability of the work performed by department personnel, supports continuous improvement, enables knowledge sharing, and acts a deterrence for approving final inspections that are not in compliance with state-mandated building codes.”

Current Status

Reported Finding Corrected?

Yes

No

Recommendation 1.1

“Document the random quality control review of work performed by building inspectors by maintaining evidence of the building permits reviewed, when they were reviewed, and who performed the review.”

Management Reply

“Concur. Quality control is part of our supervisory process that allows us to evaluate the work of inhouse and contract staff and is used in performance evaluation of staff. It’s also used as the basis for determining the needs for training and customer service improvements. The feedback given to employees is not formally logged, but we did keep notes as needed.”

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).

Created a log that supervisors have been using, it includes the permit number, supervisor’s name, date, and finding of quality control issues.

Recommendation 1.2

“Develop policies and procedures to ensure the quality control review of work performed by building inspectors is adequately documented by maintaining which building permits were reviewed, when they were reviewed, and who performed the review.”

Management Reply

“Concur. A written procedure was created on June 27, 2023. However, initially a verbal direction was given to senior staff on April 20, 2023, to start a log of quality control checks for inspections.”

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).

Written procedure was created and communicated to supervisors per Recommendation 1.2