

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



ITEM: 2.12
(ID # 27344)

MEETING DATE:
Tuesday, March 18, 2025

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit


ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 3/8/2025

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: March 18, 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 Department of Veterans' Services. Our audit was limited to reviewing actions taken as of December 19, 2024, to correct findings noted in our original audit report 2024-016 dated June 11, 2024. The original audit report contained nine recommendations, all of which required implementation to help correct the reported findings.

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

- Seven of the recommendations were implemented.
- One of the recommendations was partially implemented.
- One of the recommendations was not implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2024-016 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 Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

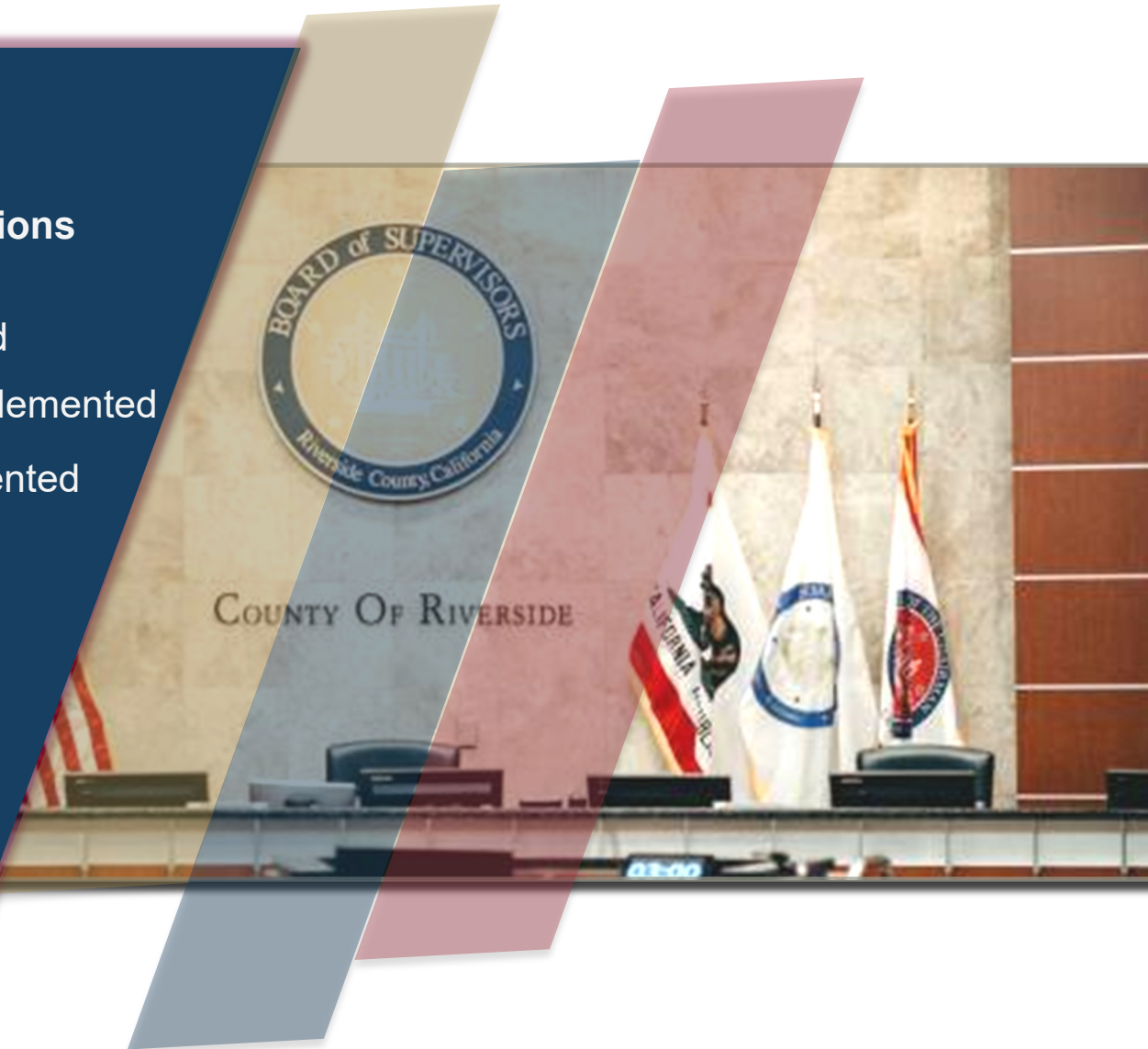
Internal Audit Report

2025-318

Follow-up

9 Recommendations

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



**Riverside County
Department of Veterans' Services,
Follow-up Audit**

March 18, 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



March 18, 2025

Gregory Coffos
Director of Veterans' Services
Riverside County Department of Veterans' Services
4360 Orange Street
Riverside, CA 92501

**Subject: Internal Audit Report 2025-318: Riverside County Department of Veterans' Services,
Follow-up Audit**

Dear Mr. Coffos:

We completed the follow-up audit of Riverside County Department of Veterans' Services. Our audit was limited to reviewing actions taken as of December 19, 2024, to help correct the findings noted in our original audit report 2024-016 dated June 11, 2024.

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

- Seven of the recommendations were implemented.
- One of the recommendations was partially implemented.
- One of the recommendations was not implemented.



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

Summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2024-016 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 2025-318: Riverside County Department of Veterans’ Services, Follow-up Audit

Table of Contents

	Page
Results:	
Access Control Management	4
Expenditures	7

Attachments:

A. Internal Audit Report 2024-016

B. Status of Findings as Reported by Riverside County Department of Veterans’ Services on December 19, 2024



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

Access Control Management

Finding 1: Monitoring Access Right Terminations to System Applications

"County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, 'County Departments and IT Administrators shall disable system access and retrieve all security-related organizational system-related property upon termination of individual employment.'

For the system applications not linked to Active Directory we were unable to determine whether access rights were terminated in a timely manner as Veterans Department does not track the date and time in which an employee's access was terminated. We verified one employee continued to have access to the system after ending employment with the department. The department does not have internal policies and procedures that ensure user accounts for systems not linked to active directory, third party critical system, are to be disabled or removed for employees on the day of departure.

Monitoring account terminations helps ensure that account deactivations are carried out properly and in a timely manner and assists management in identifying areas where additional improvement and training is needed to safeguard privileged county information."

Recommendation 1.1

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

Current Status 1.1: Implemented

Recommendation 1.2

"Develop a process to monitor account deactivation dates to ensure compliance with County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*."

Current Status 1.2: Implemented



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

Finding 2: Badge Access Termination Timeliness and Documentation

"County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, 'County Departments and IT Administrators shall disable system access and terminate or revoke any authenticators and credentials associated with the individual; upon termination of individual employment.'

We Identified the following in our review of badge access termination:

- Eleven out of 18 (61%) terminated employees did not have physical badge access terminated timely, the average time elapsed was 100 days and shortest 2 days.
- Eight out of 18 (44%) terminated employees, proper documentation was not maintained for physical badge access right terminations.

Veterans Department does not have internal policies and procedures to ensure that badge access rights for terminated or transferred employees are promptly disabled. Delayed termination of badge access exposes the organization to security risks, as terminated employees may still have physical access to sensitive areas or assets, increasing the likelihood of unauthorized entry and compromises employee safety."

Recommendation 2.1

"Ensure employees physical access rights are terminated timely."

Current Status 2.1: Partially Implemented

One out of six (17%) employees separated from the department did not have their badge access deactivated timely. Six days elapsed between employee separation and badge access deactivation.

Management's Response

"The Veterans Department acknowledges the importance of timely badge access termination and has already established internal policies to ensure that access is revoked promptly upon employee separation. These policies include immediate deactivation of system access, quarterly audits, and documentation of all termination activities in the department's access management database.



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

The Partially Implemented status is due to one instance where an employee's badge access was not deactivated timely, with a six-day delay between separation and termination of access. The previous staff charged with execution have been relieved of these duties due to lack of compliance. While this reflects an improvement over previous findings, we recognize the need for stricter adherence to existing policies to ensure full compliance.

Corrective Actions to Achieve Full Implementation

1. **Reinforcement of Existing Policy** – Staff responsible for access termination will receive refresher training on the department's policy to emphasize the requirement for immediate deactivation.
2. **Enhanced Monitoring and Compliance Oversight** – The department will strengthen its enforcement of the quarterly audit process, ensuring that any identified discrepancies are escalated to the Compliance Officer within the 72-hour requirement.
3. **Accountability Measures** – A new escalation process will be introduced to ensure that delays in access termination are addressed immediately, with direct reporting to management if deactivation is not completed within the required timeframe.
4. **Documentation Review and Verification** – The access management database will be reviewed to ensure that all termination activities are consistently logged and verified, reducing the risk of oversight.

The Veterans Department remains committed to full compliance and will take the necessary steps to ensure that access is terminated promptly upon employee separation.

Estimated Full Implementation Date: Immediately"

Recommendation 2.2

"Develop policies and procedures to ensure timely termination of physical access rights upon an employee's termination or transfer from the department."

Current Status 2.2: Implemented



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

Recommendation 2.3

"Develop clear guidelines and requirements for maintaining proper documentation related to badge access rights termination."

Current Status 2.3: Implemented

Expenditures

Finding 3: Timeliness of Invoice Processing

"Standard Practice Manual 1001, *Internal Controls (Formerly referred as SPM 1001)*, states, 'safeguarding of assets' and 'ensuring accuracy, reliability, and timeliness of financial records and reports' are internal controls used to, 'provide reasonable assurance regarding the achievement of objectives.'

Twenty-four out of 27 (89%) sampled invoices were paid after their respective due dates, with the average time elapsed being 55 days, the longest 181 days, and shortest 2 days. The delay in processing invoices was due to the absence of specific internal policies and procedures for invoice processing, recent management changes, and subsequent staff shortages within the department. Untimely invoice processing can result in compliance issues, disrupted cash flow, and strained vendor relationships, thus undermining the organization's operational efficiency and financial integrity."

Recommendation 3.1

"Establish procedures to ensure timely payment of invoices, procedures should outline clear guidelines for payment process, including invoice receipt, approval, and disbursement."

Current Status 3.1: Not Implemented

Veterans' Services current policies and procedures do not provide updated guidance to ensure timely payment of invoices and do not outline clear guidelines for the payment process, including invoice receipt, approval, and disbursement. While some guidance is provided, the procedures reference outdated accounts payable software which no longer aligns with the department's current payment processing practices. As a result, there is a gap in the department's framework for managing timely payments, increasing the risk of delays in the invoice payment process.



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

Management's Response

"The Veterans Department acknowledges the importance of timely invoice processing to maintain financial integrity and vendor relationships. While we have policies in place that align with Riverside County's purchasing guidelines and provide a framework for training and invoice processing, we recognize that they require updates to fully address the issues identified in the audit.

The Not Implemented status is due to:

1. Outdated Payment Processing References – Current procedures still reference an outdated accounts payable system that is no longer in use, creating inconsistencies in processing methods.
2. Lack of Specific Timelines and Responsibilities – While general invoice processing steps exist, the policy does not include clearly defined timelines, escalation procedures for delayed payments, or specific accountability measures.
3. Impact of Staff Turnover – Recent management transitions and staff shortages have contributed to inconsistencies in following existing guidelines, leading to delays in invoice approvals and payments.

Steps to Achieve Full Implementation

1. Update Internal Policies and Procedures – The invoice processing policy will be revised to:
 - Remove outdated references to legacy systems and align with current payment processing tools (e.g., RivcoPRO and PeopleSoft Financials).
 - Establish specific timeframes for invoice receipt, approval, and payment to ensure consistency.
 - Define responsibilities for each stage of the process to improve accountability.
2. Enhance Invoice Processing Oversight – A monitoring system will be implemented to track invoice processing times, flag overdue payments, and generate periodic reports for management review.
3. Implement Escalation Procedures – A structured escalation process will be developed for delayed invoices, ensuring that any payment delays are addressed promptly.



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

4. Strengthen Training and Compliance Measures –

- Staff will receive refresher training on updated invoice processing policies and payment software.
- Training records will continue to be maintained in the department's centralized database, ensuring all personnel stay current with policy changes.
- Annual policy reviews will be conducted to ensure continued alignment with countywide financial procedures.

By implementing these corrective actions, the department will ensure compliance with Standard Practice Manual 1001 and strengthen internal controls over invoice processing.

Estimated Full Implementation Date: Immediately”

Recommendation 3.2

“Ensure Veterans Services department train personnel with clear responsibilities to process vendor payments in a timely manner after receiving confirmation of goods/services.”

Current Status 3.2: Implemented

Finding 4: Purchase Orders

“Riverside County Purchasing Policy Manual 2021, section 3.4, *Authorized Delegations of Purchasing Authority*, ‘Purchases over \$400 require a purchase order unless the item or service was Board approved or is exempted by Ordinance 459.’

Seven out of 27 (26%) invoices sampled totaling \$11,087 lacked a purchase order. Department processes were not set up to ensure compliance with Riverside County Purchasing Policy Manual 2021. Not having purchase orders complicates expenditure tracking and control, increasing the risk of unauthorized purchases, duplicate payments, and budget overruns, thereby undermining financial oversight.”

Recommendation 4.1

“Develop a process to ensure expenditures over \$400 are made with a purchase order in accordance with Riverside County Purchasing Policy Manual.”



Internal Audit Report 2025-318: Riverside County Department of Veterans' Services, Follow-up Audit

Current Status 4.1: Implemented

Recommendation 4.2

"Ensure a purchase order is utilized for expenditures over \$400 in accordance with Riverside County Purchasing Policy Manual."

Current Status 4.2: Implemented

Attachment A



Office of Ben J. Benoit
Riverside County Auditor-Controller

4080 Lemon Street, 11th Floor

Riverside, CA 92509

(951) 955-3800

www.auditorcontroller.org

Number of Recommendations

5

Priority Level 1
High Risk

4

Priority Level 2
Medium Risk

0

Priority Level 3
Low Risk

* Please refer to Appendix A for a
classification of the priority levels.

Internal Audit Report

2024-016

Department of Veterans' Services

June 11, 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



June 11, 2024

Gregory Coffos
Director of Veterans Services
Riverside County Department of Veterans' Services
4360 Orange Street
Riverside, CA 92501

Subject: Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Dear Mr. Coffos:

In accordance with Board of Supervisors Resolution 83-338, we audited the Department of Veterans' Service to provide management and the Board of Supervisors with an independent assessment of internal controls over access control management and expenditures.

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.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

As requested, in accordance with paragraph III.C of the Board of Supervisors Resolution 83-338, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will follow-up to verify that management implemented the corrective actions.

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

Ben J. Benoit
Riverside County Auditor-Controller

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

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



Table of Contents

	Page
Executive Summary.....	4
Results:	
Access Control Management.....	6
Expenditures	11
Appendix A: Finding Priority Level Classification	15



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Executive Summary

Overview

Riverside County Department of Veterans' Services (Veterans' Services) mission is to promote and honor all veterans and enhance their quality of life, and that of their dependents and survivors through benefits counseling, claims assistance, education, advocacy, and special projects.

Veterans' Services has an adopted budget of \$3.1 million for FY 2023-24 and has 26 authorized county positions to execute its responsibilities. *County of Riverside, Fiscal Year 2023-2024 Adopted Budget, Volume 1, 178.*

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 access control management and expenditures. 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 January 11, 2024, through March 5, 2024, for operations from July 1, 2021, through March 6, 2024. Following a risk-based approach, our scope included the following:

- Access Control Management
- Expenditures

AUDIT HIGHLIGHTS

- Physical and system access rights need to be terminated upon departure of employee's separation or transfer from the department.
- Invoices need to be processed timely.
- Expenditures lacked associated purchase orders and need to be utilized for expenditures over \$400.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Audit Conclusion

Based on the results of our audit, we identified opportunities for improvement relating to access control management and expenditures to help provide reasonable assurance that its objectives relating to these areas will be achieved. Specifically, Veterans' Services does not track user account deactivation dates, promptly terminate physical badge access, process vendor invoices timely, or utilize purchase orders for expenditures.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Access Control Management

Background

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

County of Riverside Information Security Office Revision 2.0, section 4.13.3 *Physical Security*, states, Facility Administrators, and Information Custodians are tasked with enforcing physical access authorizations across all county facilities. This includes verifying individual access permissions before entry, utilizing physical control systems or security guards to manage entry and exit, and maintaining logs for access in controlled areas. They are also responsible for ensuring publicly accessible areas within the facility are secured appropriately, escorting and monitoring visitors in controlled zones, and safely securing physical access devices such as keys and combinations. Additionally, they must conduct an inventory of these devices annually or as required, and change combinations or keys, when necessary, due to loss, compromise, or changes in personnel status.

Objective

To verify the existence and adequacy of internal controls over physical access and access to system applications.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of County of Riverside Information Security Standard v2.0.
- Interviewed key personnel regarding the department's employee access termination processes.
- Obtained a listing of Veterans Department staff and selected a sample of individuals who were terminated during the audit review period.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

- Obtained a listing of all critical systems used by Veterans Department and judgmentally selected a sample of systems not linked to Active Directory.
- Obtained listing of employees who had access to the selected system application not linked to Active Directory during the audit review period.
- Verified whether access rights to the selected system application, not linked to Active Directory, were disabled upon employee's termination from Veterans Department.
- Obtained a report from Riverside County Information Technology specifically detailing the dates and times of badge access termination for employees terminated from Veterans Department.
- Verified that staff ID badges are deactivated timely.
- Verified whether requests to disable badge access rights were created and approved by Veterans Department personnel within 24 hours of an employee's termination or transfer from the department.

Finding 1: Monitoring Access Right Terminations to System Applications Priority Level: 1¹

County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, "County Departments and IT Administrators shall disable system access and retrieve all security-related organizational system-related property upon termination of individual employment".

For the system applications not linked to Active Directory we were unable to determine whether access rights were terminated in a timely manner as Veterans Department does not track the date and time in which an employee's access was terminated. We verified one employee continued to have access to the system after ending employment with the department. The department does not have internal policies and procedures that ensure user accounts for systems not linked to active directory, third party critical system, are to be disabled or removed for employees on the day of departure.

Monitoring account terminations helps ensure that account deactivations are carried out properly and in a timely manner and assists management in identifying areas where additional improvement and training is needed to safeguard privileged county information.

¹ Please see Appendix A (page 15) for a description of the finding priority level classifications.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Recommendation 1.1

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

Management's Response

"Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to an Active Directory. Additionally, monthly audits are now being conducted by our subject matter expert on the confirmation of those having a newly deactivated status. "

Actual/estimated Date of Corrective Action: May 16, 2024

Recommendation 1.2

Develop a process to monitor account deactivation dates to ensure compliance with County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*.

Management's Response

"Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to an Active Directory."

Actual/estimated Date of Corrective Action: May 16, 2024

Finding 2: Badge Access Termination Timeliness and Documentation

Priority Level: 1²

County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, "County Departments and IT Administrators shall disable system access and terminate or revoke any authenticators and credentials associated with the individual; upon termination of individual employment".

² Please see Appendix A (page 15) for a description of the finding priority level classifications.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

We Identified the following in our review of badge access termination:

- Eleven out of 18 (61%) terminated employee did not have physical badge access terminated timely, the average time elapsed was 100 days and shortest 2 days.
- Eight out of 18 (44%) terminated employee, proper documentation was not maintained for physical badge access right terminations.

Veterans Department does not have internal policies and procedures to ensure that badge access rights for terminated or transferred employees are promptly disabled. Delayed termination of badge access exposes the organization to security risks, as terminated employees may still have physical access to sensitive areas or assets, increasing the likelihood of unauthorized entry and compromises employee safety.

Recommendation 2.1

Ensure employees physical access rights are terminated timely.

Management's Response

"Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to Active Directory. "

Actual/Estimated Date of Corrective Action: May 16, 2024

Recommendation 2.2

Develop policies and procedures to ensure timely termination of physical access rights upon an employee's termination or transfer from the department.

Management's Response

"Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

in which user access rights are terminated within system applications not linked to an Active Directory. “

Actual/Estimated Date of Corrective Action: May 16, 2024

Recommendation 2.3

Develop clear guidelines and requirements for maintaining proper documentation related to badge access rights termination.

Management's Response

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to an Active Directory. “

Actual/Estimated Date of Corrective Action: May 16, 2024



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Expenditures

Background

The expenditure process within Riverside County involves a series of steps aimed at judiciously allocating financial resources to support county operations and services. Beginning with budget planning and allocation, departments submit funding requests aligned with their programmatic needs and priorities. Once budgets are approved, the procurement phase commences, where departments identify necessary goods and services and initiate purchase requisitions. Following procurement, expenditures are authorized through established approval workflows, ensuring compliance with budgetary constraints and procurement regulations. Subsequently, payments are processed, often through electronic systems, with rigorous oversight to verify accuracy and adherence to contractual agreements. Finally, expenditures are recorded and reported transparently, enabling accountability, and informing future budgetary decisions. This systematic approach to expenditure management ensures the efficient utilization of county funds while upholding financial integrity and regulatory compliance.

Objective

To verify the existence and adequacy of internal controls over expenditures made by Veterans Department.

Audit Methodology

To accomplish these objectives, we:

- Reviewed the Riverside County's Purchasing Policy.
- Interviewed key personnel regarding the department's expenditures.
- Obtained listing of expenditures for the audit period.
- Selected a sample of expenditures to verify their appropriateness and whether supervisory review and approval was obtained, and to verify if invoices are processed timely, supportive documentation and purchase orders were obtained.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Finding 3: Timeliness of Invoice Processing

Priority Level: 2³

Standard Practice Manual 1001, *Internal Controls (Formerly referred as SPM 1001)*, states, “safeguarding of assets” and “ensuring accuracy, reliability, and timeliness of financial records and reports” are internal controls used to, “provide reasonable assurance regarding the achievement of objectives.”

Twenty-four out of 27 (89%) of sampled invoices were paid after their respective due dates, with the average time elapsed being 55 days, longest 181 days, and shortest 2 days. The delay in processing invoices was due to absence of specific internal policies and procedures for invoice processing, recent management changes, and subsequent staff shortages within the department. Untimely invoice processing can result in compliance issues, disrupted cash flow, and strained vendor relationships, thus undermining the organization's operational efficiency and financial integrity.

Recommendation 3.1

Establish procedures to ensure timely payment of invoices, procedures should outline clear guidelines for payment process, including invoice receipt, approval, and disbursement.

Management's Response

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes timely payment of invoices, procedures should outline clear guidelines for payment process, including invoice receipt, approval, and disbursement.”

Actual/Estimated Date of Corrective Action: May 16, 2024

Recommendation 3.2

Ensure Veterans Services department train personnel with clear responsibilities to process vendor payments in a timely manner after receiving confirmation of goods/services.

Management's Response

” **Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes affiliated training of personnel with

³ Please see Appendix A (page 15) for a description of the finding priority level classifications.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

clear responsibilities to process vendor payments in a timely manner after receiving confirmation of goods/services.”

Actual/Estimated Date of Corrective Action: May 16, 2024

Finding 4: Purchase Orders

Priority Level: 2⁴

Riverside County Purchasing Policy Manual 2021, section 3.4, *Authorized Delegations of Purchasing Authority*, “Purchases over \$400 require a purchase order unless the item or service was Board approved or is exempted by Ordinance 459.”

Seven out of 27 (26%) invoices sampled totaling \$11,087 lacked a purchase order. Department processes were not setup to ensure compliance with Riverside County Purchasing Policy Manual 2021. Not having purchase orders complicates expenditure tracking and control, increasing the risk of unauthorized purchases, duplicate payments, and budget overruns, thereby undermining financial oversight.

Recommendation 4.1

Develop a process to ensure expenditures over \$400 are made with a purchase order in accordance with Riverside County Purchasing Policy Manual.

Management's Response

“Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes affiliated training of personnel with clear responsibilities to process purchase orders in compliance with Riverside County Purchasing Policy Manual.”

Actual/Estimated Date of Corrective Action: May 16, 2024

Recommendation 4.2

Ensure a purchase order is utilized for expenditures over \$400 in accordance with Riverside County Purchasing Policy Manual.

⁴ Please see Appendix A (page 15) for a description of the finding priority level classifications.



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Management's Response

"Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes affiliated training of personnel with clear responsibilities to process purchase orders in compliance with Riverside County Purchasing Policy Manual."

Actual/Estimated Date of Corrective Action: May 16, 2024



Final Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit

Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department's objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.	These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.	These are audit findings that are less critical and generally have a lower impact on the department's objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.
<u>Expected Implementation Date of Recommendation*</u> One to three months	<u>Expected Implementation Date of Recommendation *</u> Three to six months	<u>Expected Implementation Date of Recommendation *</u> Six to twelve months

* Expected completion to implement recommendation date begins after issuance of final audit report.



Attachment B

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2024-016: Riverside County Department of Veterans' Services Audit.

12-19-24

Signature

Date

Finding 1: Monitoring Access Right Terminations to System Applications

"County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, 'County Departments and IT Administrators shall disable system access and retrieve all security-related organizational system-related property upon termination of individual employment.'

For the system applications not linked to Active Directory we were unable to determine whether access rights were terminated in a timely manner as Veterans Department does not track the date and time in which an employee's access was terminated. We verified one employee continued to have access to the system after ending employment with the department. The department does not have internal policies and procedures that ensure user accounts for systems not linked to active directory, third party critical system, are to be disabled or removed for employees on the day of departure.

Monitoring account terminations helps ensure that account deactivations are carried out properly and in a timely manner and assists management in identifying areas where additional improvement and training is needed to safeguard privileged county information."

Current Status

Reported Finding Corrected?

☒

Yes

☐

No

Veterans Service has complied with the recommendation to develop and implement policies and procedures for documenting the date in which user access rights are terminated within system applications that are not linked to Active Directory. These policies and procedures are now in place to ensure proper documentation and tracking of user access rights termination within such systems, enhancing our overall security and compliance framework.

Recommendation 1.1

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

Management Reply

“Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to an Active Directory. Additionally, monthly audits are now being conducted by our subject matter expert on the confirmation of those having a newly deactivated status.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services has complied with the recommendation to develop and implement policies and procedures a process to monitor account deactivation dates to ensure compliance with County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*.

Recommendation 1.2

“Develop a process to monitor account deactivation dates to ensure compliance with County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*.”

Management Reply

“Concur. The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to an Active Directory.”

Actual/estimated Date of Corrective Action: May 16, 2024

Current Status

Corrective Action: ☒ Fully Implemented ☐ Partially Implemented ☐ Not Implemented

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

The department has developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications.

Finding 2: Badge Access Termination Timeliness and Documentation

“County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, ‘County Departments and IT Administrators shall disable system access and terminate or revoke any authenticators and credentials associated with the individual; upon termination of individual employment.’

We Identified the following in our review of badge access termination:

- Eleven out of 18 (61%) terminated employee did not have physical badge access terminated timely, the average time elapsed was 100 days and shortest 2 days.
- Eight out of 18 (44%) terminated employee, proper documentation was not maintained for physical badge access right terminations.

Veterans Department does not have internal policies and procedures to ensure that badge access rights for terminated or transferred employees are promptly disabled. Delayed termination of badge access exposes the organization to security risks, as terminated employees may still have physical access to sensitive areas or assets, increasing the likelihood of unauthorized entry and compromises employee safety.”

Current Status

Reported Finding Corrected? ☒ **Yes** ☐ **No**

Veterans Services has complied with the recommendation to develop and implement policies and procedures a process to ensure that badge access rights for terminated or transferred employees are promptly disabled.

Recommendation 2.1

“Ensure employees physical access rights are terminated timely.”

Management Reply

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to Active Directory.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services has complied with the recommendation to develop and implement policies and procedures a process to ensure that badge access rights for terminated or transferred employees are promptly disabled.

Recommendation 2.2

“Develop policies and procedures to ensure timely termination of physical access rights upon an employee’s termination or transfer from the department.”

Management Reply

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance in which user access rights are terminated within system applications not linked to an Active Directory.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services has complied with the recommendation to develop and implement policies and procedures a process to ensure that badge access rights for terminated or transferred employees are promptly disabled and documented appropriately.

Recommendation 2.3

“Develop clear guidelines and requirements for maintaining proper documentation related to badge access rights termination.”

Management Reply

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes an updated Equipment Custody Form that now includes a process that monitors account deactivation dates to ensure compliance

in which user access rights are terminated within system applications not linked to an Active Directory.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services has complied with the recommendation to develop and implement policies and procedures a process to ensure that badge access rights for terminated or transferred employees are promptly disabled and documented appropriately.

Finding 3: Timeliness of Invoice Processing

“Standard Practice Manual 1001, *Internal Controls (Formerly referred as SPM 1001)*, states, ‘safeguarding of assets’ and ‘ensuring accuracy, reliability, and timeliness of financial records and reports’ are internal controls used to, ‘provide reasonable assurance regarding the achievement of objectives.’

Twenty-four out 27 (89%) of sampled invoices were paid after their respective due dates, with the average time elapsed being 55 days, longest 181 days, and shortest 2 days. The delay in processing invoices was due to absence of specific internal policies and procedures for invoice processing, recent management changes, and subsequent staff shortages within the department. Untimely invoice processing can result in compliance issues, disrupted cash flow, and strained vendor relationships, thus undermining the organization's operational efficiency and financial integrity.”

Current Status

Reported Finding Corrected? ☒ Yes ☐ No

Veterans Services has complied with the recommendation to develop and implement policies and procedures a process to ensure timely payment of invoices, procedures should outline clear guidelines for payment process, including invoice receipt, approval, and disbursement.

Recommendation 3.1

“Establish procedures to ensure timely payment of invoices, procedures should outline clear guidelines for payment process, including invoice receipt, approval, and disbursement.”

Management Reply

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes timely payment of invoices,

procedures should outline clear guidelines for payment process, including invoice receipt, approval, and disbursement.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services department has complied with the recommendation of implementing with the training of personnel with clear responsibilities to process vendor payments in a timely manner after receiving confirmation of goods/services.

Recommendation 3.2

“Ensure Veterans Services department train personnel with clear responsibilities to process vendor payments in a timely manner after receiving confirmation of goods/services.”

Management Reply

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes affiliated training of personnel with clear responsibilities to process vendor payments in a timely manner after receiving confirmation of goods/services.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services department has complied with the recommendation of implementing with the training of personnel with clear responsibilities to process vendor payments in a timely manner after receiving confirmation of goods/services.

Finding 4: Purchase Orders

“Riverside County Purchasing Policy Manual 2021, section 3.4, *Authorized Delegations of Purchasing Authority*, ‘Purchases over \$400 require a purchase order unless the item or service was Board approved or is exempted by Ordinance 459.’

Seven out of 27 (26%) invoices sampled totaling \$11,087 lacked a purchase order. Department processes were not setup to ensure compliance with Riverside County Purchasing Policy Manual

2021. Not having purchase orders complicates expenditure tracking and control, increasing the risk of unauthorized purchases, duplicate payments, and budget overruns, thereby undermining financial oversight.”

Current Status

Reported Finding Corrected? ☒ Yes ☐ No

Veterans Services department has complied with the recommendation of implementing with the of a process to ensure expenditures over \$400 are made with a purchase order in accordance with Riverside County Purchasing Policy Manual.

Recommendation 4.1

“Develop a process to ensure expenditures over \$400 are made with a purchase order in accordance with Riverside County Purchasing Policy Manual.”

Management Reply

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes affiliated training of personnel with clear responsibilities to process purchase orders in compliance with Riverside County Purchasing Policy Manual.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services department has complied with the recommendation of implementing with the training of personnel with clear responsibilities and development of a process and an internal procedure to obtain a purchase order is utilized for expenditures over \$400 in accordance with Riverside County Purchasing Policy Manual.

Recommendation 4.2

“Ensure a purchase order is utilized for expenditures over \$400 in accordance with Riverside County Purchasing Policy Manual.”

Management Reply

“**Concur.** The new administration for Veterans Services identified the lack of internal policies and systematically started to take corrective action to amend these identified issues. The department has recently developed several internal policies, that includes affiliated training of personnel with

clear responsibilities to process purchase orders in compliance with Riverside County Purchasing Policy Manual.”

Actual/estimated Date of Corrective Action: May 16, 2024

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).

Veterans Services department has complied with the recommendation of implementing with the training of personnel with clear responsibilities and development of a process and an internal procedure to obtain a purchase order is utilized for expenditures over \$400 in accordance with Riverside County Purchasing Policy Manual.