

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



ITEM: 2.7
(ID # 28079)

MEETING DATE:
Tuesday, June 10, 2025

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2025-001: Riverside County Facilities Management Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2025-001: Riverside County Facilities Management Audit

ACTION: Consent


Ben J. Benoit

Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/4/2025

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: June 10, 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

In accordance with Board of Supervisors Resolution 83-338, we audited Riverside County Facilities Management. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over physical access controls, contract management, data management, purchasing processes, and succession planning.

Based on the results of our audit, we determined internal controls over purchasing processes and succession planning are functioning as designed to help Facilities Management achieve its business process objectives. However, we have identified improvement opportunities for internal controls over physical access controls, contract management, and data management that can help provide reasonable assurance that the department's objectives relating to these areas will be achieved. Specifically, the improvement opportunities are as follows: track the issuance and return of physical keys, deactivate employee badges timely upon separation from the department, improve the monitoring of badge activity, timesheets need to be reviewed to accurately reflect hours worked, process and pay supplier invoices timely, link expenditures to existing county contracts, maintain required parking application forms, review and remove county parking structure access for personnel who have stopped making payments, and update project management desk procedures to reflect current processes.

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

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2025-001: Riverside County Facilities Management Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

- 5** Findings
• 11 Recommendations

Medium Risk

- 3** Findings
• 6 Recommendations

Low Risk

- 1** Findings
• 2 Recommendations

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

Internal Audit Report

2025-001

Riverside County
Facilities Management Audit

June 10, 2025



COUNTY OF RIVERSIDE
OFFICE OF THE AUDITOR-CONTROLLER

BEN J. BENOIT, AUDITOR-CONTROLLER
TANYA S. HARRIS, DPA, CPA,
ASSISTANT AUDITOR-CONTROLLER



June 10, 2025

Vincent Yzaguirre
Director of Facilities Management
Riverside County Facilities Management
3450 14th Street, Suite 200
Riverside, CA 92501

Subject: **Internal Audit Report 2025-001: Riverside County Facilities Management Audit**

Dear Mr. Yzaguirre:

In accordance with Board of Supervisors Resolution 83-338, we audited Riverside County Facilities Management to provide management and the Board of Supervisors with an independent assessment of internal controls over physical access controls, contract management, data management, purchasing processes, 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.



Internal Audit Report 2025-001: Riverside County Facilities Management 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
Juan Perez, Chief Operating Officer
Grand Jury



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Table of Contents

	Page
Executive Summary	4
 Results:	
Physical Access Controls	6
Contract Management.....	16
Data Management	20
Purchasing Processes	25
Succession Planning	27
 Appendix A: Finding Priority Level Classification	 30



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Executive Summary

Overview

Riverside County Facilities Management (Facilities Management) is comprised of nine separate divisions that support county departments and agencies occupying approximately 14.5 million square feet of county-owned and leased space. Facilities Management's portfolio of professional services includes property acquisition, disposition, design and development of new construction, tenant improvements, space planning, energy management, custodial and maintenance services, and the management and oversight of community centers, active parks, and the Desert Expo Center (fairgrounds). Funding sources for Facilities Management include internal services funds, general funds, and special revenue funds.

Facilities Management has an adopted budget of \$257.3 million for FY 2024/25 and 441 adopted positions. *County of Riverside, Fiscal Year 2024/25 Adopted Budget Volume 1, 188.*

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 physical access controls, contract management, data management, purchasing processes, 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 HIGHLIGHTS

- The issuance and return of physical keys need to be tracked.
- Separated employee badges need to be deactivated timely.
- The monitoring of badge activity needs to be improved.
- Timesheets need to be reviewed to accurately reflect hours worked.
- Supplier invoices need to be paid timely.
- Expenditures need to be linked to existing county contracts.
- Required parking application forms need to be maintained.
- Parking structure access for personnel needs to be deactivated timely upon non-payment of fees.
- Project management desk procedures need to be updated to reflect current processes.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Audit Scope and Methodology

We conducted the audit from June 21, 2024, through January 22, 2025, for operations from July 1, 2022, through January 10, 2025.

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

- Physical Access Controls
- Contract Management
- Data Management
- Purchasing Processes
- Succession Planning

Audit Conclusion

Based on the results of our audit, we determined internal controls over purchasing processes and succession planning are functioning as designed to help Facilities Management achieve its business process objectives. However, we have identified improvement opportunities for internal controls over physical access controls, contract management, and data management that can help provide reasonable assurance that the department's objectives relating to these areas will be achieved. Specifically, the improvement opportunities are as follows: track the issuance and return of physical keys, deactivate employee badges timely upon separation from the department, improve the monitoring of badge activity, timesheets need to be reviewed to accurately reflect hours worked, process and pay supplier invoices timely, link expenditures to existing county contracts, maintain required parking application forms, review and remove county parking structure access for personnel who have stopped making payments, and update project management desk procedures to reflect current processes.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Physical Access Controls

Background

Badge access controls serve as a fundamental component of physical access controls in establishing and maintaining a secure physical environment within the organization. The implementation of badge access controls is essential for regulating and monitoring entry and exit points, aligning with the overarching objective of fortifying the organization's security infrastructure. The utilization of unique identification badges or electronic access cards contributes to the establishment of an effective internal control system, ensuring that access permissions are configured in adherence to organizational security policies and regulatory standards. By assessing the design and functionality of a badge access system, an organization can identify potential vulnerabilities or inefficiencies and determine enhancements that bolster overall physical security measures.

Access control also encompasses managing access using physical keys, ensuring that only authorized personnel can enter areas or buildings that are secured with traditional locks. This is essential for protecting the county's physical assets and sensitive information stored in physical locations. Managing physical keys for authorized personnel strengthens internal controls by ensuring access aligns with departmental and county security policies and best practices.

Objective

To verify the existence and adequacy of internal controls over Facilities Management's physical access controls.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of the department policies and procedures, *Badge and Key Access*, as it relates to issuing, managing, and using access badges and keycards.
- Conducted interviews with key personnel to gain an understanding of the department's physical access controls.
- Verified whether there was adequate segregation of duties in place relating to the department's physical access controls.
- Obtained a listing of department employees whose badge access was disabled during the audit review period, as well as a report that details the dates in which the badges were disabled.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

- Verified whether badge access was deactivated within 24 hours of an employee's separation or transfer from the department.
- Obtained a report detailing all badge scan activities across department property from January 1, 2024, through August 19, 2024 (data was limited to eight months due to report constraints).
- Verified whether separated employees had their badges scanned after their separation date.
- Compared badge scan activities with employee work schedules and timesheets to ensure employee building access matched their scheduled hours and were accurately reflected on their timesheets.
- Cross-referenced badge scan activity logs with timesheet records to ensure employees on vacation, sick, holiday, or unpaid leave did not access the building.
- Verified whether the department maintains a tracking log that details the assignment and return of physical keys to authorized personnel.

Finding 1: Maintenance and Tracking of Physical Keys

Priority Level: 1¹

County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, "County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only." Additionally, Standard Practice Manual 1001, *Internal Control*, states that, to maintain an effective system of internal control, "equipment, inventories, cash and other property are secured physically, counted periodically, and compared with control records."

The issuance and return of physical keys to authorized personnel are not tracked and monitored. Additionally, employees are not required to sign-out physical keys upon picking them up, or sign-in keys upon returning them. As a result, determining who holds which keys and the total number of keys distributed cannot be promptly identified. A process to track and document all keys issued and returned to authorized personnel has not been established. The absence of a process for tracking key issuance and return exposes the department to security risks, such as unauthorized access to restricted areas and potential theft of department managed assets and supplies. Additionally, operational efficiency is affected as time spent rekeying diverts staff from more critical tasks.

¹ Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Recommendation 1.1

Develop desk procedures that include a process to track and monitor the issuance and return of physical keys to authorized personnel.

Management's Response

"Concur. On August 6, 2024, the Facilities Management (FM) Maintenance Division implemented the Key Control Policy and Procedure (Policy Number 600-39). This policy establishes clear guidelines for managing access to County-owned facilities and vehicles overseen by FM. It outlines processes for approving, issuing, tracking, inventorying, and securing physical keys.

The policy enables FM to maintain a documented chain of custody for all keyholders and associated locations. It also designates a point of contact for key management, ensures that keys are issued according to appropriate access levels, and provides procedures for promptly restoring key security when necessary."

Actual/estimated Date of Corrective Action: "As of August 6, 2024."

Auditor's Comment

The procedure referenced in management's response was developed as a result of our initial document request sent on July 11, 2024, in which we asked whether such procedures existed. In the follow-up audit, we will verify whether the department is adhering to their desk procedures over the issuance and return of physical keys to authorized personnel.

Recommendation 1.2

Develop and maintain a master key listing to identify and monitor the issuance and return of physical keys to authorized personnel. The master listing should include, at minimum, the number of keys issued, the employees to whom they were distributed, and their return status.

Management's Response

"Concur. FM has enacted a Maintenance Keyholder Agreement which outlines the procedures and responsibilities for key issuance and return. Additionally, a key sign-out sheet is maintained for both internal and external customers who request access to various keys for our facilities. This ensures that each key issued is logged, allowing us to track who retains and returns the key at any given time."

Actual/estimated Date of Corrective Action: "As of August 6, 2024."



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Auditor's Comment

During our walkthroughs with department personnel on August 22, 2024, we noted that a master key listing to track the issuance and return of physical keys had not been established. As a result, the department was unable to determine who held which keys or how many had been distributed at any given time. In the follow-up audit, we will verify whether the department has since implemented a master key listing that tracks, at a minimum, the number of keys issued, the employees to whom they were assigned, and their return status.

Recommendation 1.3

Ensure employees sign-out keys when picking them up and sign-in keys when returning them.

Management's Response

"Concur.

Standardized Procedure for Securing Employee Keys:

FM has formalized a directive that establishes a standardized procedure for securing employee 3 keys. All keys issued to employees for facility access are to be stored in a designated lockbox at the end of each shift. This practice is aimed at ensuring the security of all facilities and provides a consistent approach for managing access and return of keys.

Building Engineer Daily Checklist:

FM Building Engineers (BEs) are required to complete a daily checklist to ensure that all facilities remain secure and that any issued keys are accounted for. This adds an additional layer of accountability and ensures the proper tracking of keys on a day-to-day basis.

Employee Accountability:

Employees are responsible for ensuring that keys issued to them are returned by the end of their shift. In addition, Building Engineers are responsible for documenting that all keys are accounted for at the end of each shift, using the Key Check-In Log template to maintain a comprehensive record of key returns."

Actual/estimated Date of Corrective Action: "As of August 6, 2024."



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Auditor's Comment

During our walkthroughs with department personnel on August 22, 2024, we observed that employees were not required to sign out physical keys upon issuance or sign them in upon return. At that time, the department indicated that physical key sign-in/sign-out forms were still under development. In the follow-up audit, we will verify whether the department is adhering to their desk procedures that require employees to sign out keys when issued and sign them in upon return.

Finding 2: Badge Access

Priority Level: 1²

Facilities Management's *Badge and Key Card Access Policy*, Section 4, *Deactivation*, states, "Users/Supervisors/Managers/Tenants will notify FM by email in the same day as other badge/keycard requests of any needs for deactivation same day or within 24 hours."

Ninety-one out of 166 (55%) employees separated from the department did not have their badges deactivated timely. Additionally, nine of the ninety-one badges were still active as of the fieldwork date. Badge access deactivation requests were not submitted within 24 hours of employee separation or transfer from the department. Allowing badge access to remain active after an employee has separated or transferred from the department exposes the department to risk where unauthorized individuals will continue to have physical access into restricted areas. Even if badges are collected from departing employees, not terminating the access of the badges exposes the department to the risk of active employees using respective badges to gain unauthorized access to restricted areas.

Recommendation 2.1

Ensure badge deactivation requests are submitted within 24 hours of employee separation or transfer from the department.

Management's Response

Concur. The Riverside County Information Technology (RCIT) Department has now extended Pro-Watch 4 Badge Administration capabilities to the Facilities Management Administration (FM-Admin) Division. In response, FM-Admin has established its own Access Management accounts, serving as a backup to the FM primary administrator. This enhancement ensures operational continuity and supports the timely and accurate processing of badge deactivation requests. A formal procedure is now in place requiring all badge deactivations to be completed within 24 hours of notification, in alignment with department policy. Additionally, FM-Admin has adopted

² Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

a proactive approach by providing advance separation notifications whenever possible, allowing the department to initiate necessary actions prior to an employee’s departure.”

Actual/estimated Date of Corrective Action: “As of November 1, 2024.”

Recommendation 2.2

Disable badge access within 24 hours of an employee’s separation or transfer from the department.

Management’s Response

“**Partially Concur.** A formal procedure has been implemented requiring all badge deactivations to be completed within 24 hours of notification, in alignment with department policy. Additionally, FM-Admin has adopted a proactive approach by providing advance separation notifications whenever possible, allowing for timely action prior to an employee’s departure.

In accordance with this policy, FM Real Estate (FM-RE) will deactivate an employee’s badge on the same day or within 24 hours of receiving written notification (e.g., email). However, for requests received during County observed holidays, weekends, or after regular business hours, deactivation will occur on the next business day. This operational constraint is the basis for the department’s partial concurrence with the recommendation.”

Actual/estimated Date of Corrective Action: “As of December 16, 2024.”

Auditor’s Comment

The formal procedure referenced in management’s response above had not been implemented at the time of our audit, as evidenced by the substantive testing results presented in Finding 2. As such, we will follow up on this recommendation in our follow-up audit to ensure badge deactivations are occurring as the new procedure indicates.

Finding 3: Monitoring Badge Activity

Priority Level: 1³

County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, “County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only.”

³ Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

We identified the following in our review of badge activity:

- Twenty-one employees had duplicate badges assigned to them since a process to identify and deactivate duplicate badges has not been implemented.
- Two employees shared their badges with other department personnel as a result of work conditions.

The sharing of badges and existence of duplicate badges enables individuals to access restricted areas without proper authorization, which leads to non-compliance with department policies.

Recommendation 3.1

Ensure duplicate badges are identified and deactivated.

Management's Response

“Partially Concur. Duplicate badge issuance is rare and typically circumstantial. Common scenarios that may result in duplicate badges include:

- Issuance of a temporary badge when an employee reports a lost permanent badge.
- Issuance of a FOB in addition to a badge for access to specific facilities, typically provided to executive staff for emergency and management purposes.
- Issuance of a second badge when FM staff require access to facilities managed by other departments that either operate a separate partition in Pro-Watch or use a completely different badging system.

In December 2024, FM-RE conducted a thorough review to identify and eliminate instances of duplicate badges. The number of such cases was low and appeared to be circumstantial in nature.

To strengthen controls and prevent future occurrences, FM-RE is amending its Badge and Key Card Access Policy to include provisions addressing duplicate badge issuance. Additionally, periodic reviews of the badge list will be conducted to identify and resolve duplicate records and concerns.”

Actual/estimated Date of Corrective Action: “Duplicate badge list purged in December 2024. Policy amendment expected within 1–3 months.”



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Recommendation 3.2

Update existing department policy, *Badge and Key Card Access Policy*, to include a process that ensures duplicate badges are identified and deactivated.

Management's Response

“Concur. As previously noted, FM-RE conducted a targeted effort in December 2024 to identify and eliminate instances of duplicate badge issuance. These occurrences were few and primarily circumstantial and for emergency and management purposes.

To strengthen internal controls and prevent future duplications, FM-RE will amend the *Badge and Key Card Access Policy* to include specific provisions for preventing duplicate badge issuance. The updated policy will also establish procedures for conducting periodic reviews (‘scrubbing’) of the badge list to identify and deactivate duplicate badges.”

Actual/estimated Date of Corrective Action: “As of December 2024, to purge the duplicate badge list, and within 1-3 months to amend its policy.”

Recommendation 3.3

Update existing department policy, *Badge and Key Card Access Policy*, to include prohibiting the sharing of badges among employees and communicate policy revisions to department personnel.

Management's Response

“Concur. FM-RE will amend the *Badge and Key Card Access Policy* to explicitly prohibit the sharing of badges among employees. Once revised, the updated policy will be distributed department-wide to ensure all personnel are informed of the change.

In the interim, all FM employees have been advised that badge sharing is prohibited, and employees are expected to comply with this directive pending formal policy updates.”

Actual/estimated Date of Corrective Action: “Within 1-3 months”



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Finding 4: Badge Use During Employee Time Off

Priority Level: 1⁴

Memorandum of Understanding (MOU) 2012 – 2016⁵, County of Riverside Laborers’ International Union of North America Local 777 (LIUNA), Article VIII, *Vacation*, Section 1.F, and MOU 2024 – 2027 County of Riverside Service Employees International Union, Local 721 (SEIU), Article 9, *Vacation*, Section 1.E, states, “No person shall be permitted to work for compensation for the County during vacation, except with prior approval of the Board of Supervisors and the Department Head.”

We identified eight instances where employees reported eight or more hours of vacation, sick leave, holiday, or unpaid leave on their timesheet, yet badge activity occurred throughout the workday. We were unable to determine whether employees were working on their scheduled day off or if there were inaccuracies in time reporting as the department explained the incorrect timesheets went undetected. A process to review employee timesheet and badge activity logs has not been implemented. Using vacation time to cover regular working hours without appropriate compensation can result in labor agreement violations. This impacts the integrity of the records and also exposes the county to liability.

Recommendation 4.1

Establish a process for supervisors to review badge activity logs with employee timesheets, ensuring that any noted discrepancies are investigated and corrected.

Management’s Response

“**Partially Concur.** FM supervisors may request badge activity logs at any time from FM-RE or FM-Admin, and the department will encourage the use of random sampling to support oversight efforts. However, it is important to note that not all County facilities utilize badge reader systems, and therefore, badge data may not always align precisely with employee timesheets.

Additionally, due to the nature of services provided by Facilities Management, including custodial and maintenance operations, swing shifts and on-call standby coverage are essential. An entire custodial swing shift operates countywide during evening hours to ensure cleaning services do not interfere with the regular business hours of County departments.

Many apparent discrepancies stem from employees working late shifts that end between 12:20 AM and 1:30 AM. In these cases, badge activity may appear on the following calendar day,

⁴ Please see Appendix A (page 30) for a description of the finding priority level classifications.

⁵ There is a current tentative agreement that is active from October 2020, through October 19, 2024. However, with the current tentative agreement, the terms relating to vacation remain the same.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

potentially overlapping with approved leave such as vacation, sick time, or holidays. This can give the impression of an inconsistency when, in fact, it reflects normal shift patterns.

To strengthen oversight, FM will establish a process by June 30, 2025, to encourage supervisors to conduct periodic random reviews of badge activity logs against employee timesheets. Any noted discrepancies will be reviewed in context with shift schedules and, when necessary, investigated and resolved. This process will be documented and shared with all supervisory staff through internal communication and training.”

Actual/estimated Date of Corrective Action: “Within 1-3 months.”

Recommendation 4.2

Update existing department policy, *Badge and Key Card Access Policy*, to include a review process that ensures approved timesheets accurately reflect the work performed by department personnel.

Management’s Response

“**Partially Concur.** FM supervisors may request badge logs at any time to verify employee work activity. However, due to the staggered shift schedules of some Facilities Management employees, badge log timestamps may not always align precisely with timesheet entries. As an example, employees working late swing shifts may badge out after midnight, resulting in a discrepancy between the badge activity date and the timesheet workday.

To improve accuracy and consistency, FM is implementing an additional level of timesheet review to ensure that time entries are properly coded and reflect actual hours worked. This enhanced review process will consider shift differentials and the unique operational requirements of FM.

This review process will be formally documented and incorporated into an update of the Badge and Key Card Access Policy. The revised policy will also include guidance for supervisors on reconciling badge activity with timesheet data. The updated policy is targeted for completion and department-wide distribution by June 30, 2025, in coordination with the implementation of the badge activity review process outlined in Recommendation 4.1.”

Actual/estimated Date of Corrective Action: “Within 1-3 months.”



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Contract Management

Background

The Riverside County *Purchasing Policy Manual* (December 31, 2021), defines a contract as “an agreement or purchase order for the purchase or disposal of commodities or services.” The *Purchasing Policy Manual* further states, “purchase contracts shall be entered into only after it has been determined that prices be paid are reasonable considering all of the circumstances pertaining to the particular purchase under consideration” Additionally, “price reasonableness can be established through competition sufficient to ensure an adequate market test or supported by an appropriate cost analysis.” The terms and conditions of county contracts identify the rights and responsibilities of the parties involved. Terms and conditions include, but are not limited to the following: payment, penalties, record retention, confidentiality, scope of services, and inspection of services.

Contract monitoring is a key process in ensuring compliance with a contract established terms and conditions. This process is crucial in maintaining effective partnerships, ensuring quality services, and achieving optimal value from supplier relationships. Contract monitoring consists of understanding the terms and conditions and the scope of work. Departments can promote contract compliance through validation of satisfactory work performance, ensuring timely performance of contracted work, maintaining adequate documentation, and proper review and approval of invoices prior to payment to a contractor.

Objective

To verify the existence and adequacy of internal controls over Facilities Management’s contract management process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of the department’s policy number 100-41, *FM Supplier Management*, relating to the purchasing of goods and services.
- Obtained and reviewed the Riverside County *Purchasing Policy Manual*, relating to purchasing authority limitations and emergency purchasing.
- Conducted interviews with key personnel to gain an understanding of the department’s contract management processes.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

- Verified whether there was adequate segregation of duties in place relating to the department's contract management processes.
- Obtained and reviewed a listing of all suppliers associated with Facilities Management during the audit review period. Randomly selected a sample of suppliers to determine if adequate internal controls exist over contract management.
- Examined contract agreements to ensure compliance with terms.
- Reviewed vouchers for completeness, accuracy, payment timeliness, adequate managerial approval, and adequate supporting documentation.
- Verified whether suppliers maintained insurance coverage that met required limits specified in contract terms.
- Ensured the addresses and names of suppliers did not match the addresses and names of department employees.

Finding 5: Invoice Processing

Priority Level: 1⁶

Riverside County *Purchasing Policy Manual*, Section 12, *Vendor Relations*, states, "A history of poor payment may result in a vendor placing a department on C.O.D. or refusing to ship a commodity or provide a service." Furthermore, "The County standard default terms are net 30, i.e., payable within 30 days."

One hundred fifty-three of 177 (86%) supplier invoices randomly selected for testing were not paid timely. The average time elapsed between the invoice due date and the payment date was 48 days, with the longest taking 275 days for payment and the shortest taking one day. The department's current accounts payable processes do not address the volume of invoices that need to be processed and paid. Persistent late payments risk damaging vendor relationships and can lead to late payment fees, difficulties in securing favorable contracts, and interruptions to goods or services received.

Recommendation 5

Ensure supplier invoices are processed timely.

⁶ Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Management's Response

“Concur. From a pool of over 700 vendors, FM processes over 600 invoices a week. These invoices are received via mail, email, and interoffice communications. Once received, invoices are uploaded into the Dynamics System, and each invoice is assigned a unique identifying number.

However, some invoices lack critical identifying information, which may require additional research, causing delays in routing for approval and payment processing. Invoices undergo multiple approval workflows, which can be prolonged due to factors such as staff absences, delays in approval work queues, missing backup documentation, or price discrepancies.

The heavy volume of invoices, combined with the vacancy factor within the Accounts Payable Unit, has contributed to a decline in the overall efficiency and timeliness of invoice processing. To address this, FM is actively recruiting for both temporary and permanent positions within the Accounts Payable Unit to increase capacity and improve the timeliness of invoice processing. Additionally, the department is exploring lean process improvement initiatives to streamline workflows, eliminate inefficiencies, and ensure faster and more accurate invoice processing.”

Actual/estimated Date of Corrective Action: “May 15, 2025, to get additional staffing and up to six months to integrate lean practices.”

Finding 6: Linking Expenditures to Existing Contracts

Priority Level: 2⁷

Facilities Management’s *Purchasing Policy Guidelines*, Section G, *Procedures*, states, “Check PeopleSoft for contract for requested purchase of goods or service: Link contract to PO and notate on the PR if there is a contract.”

Fifty-five out of 177 (31%) expenditure transactions randomly selected for testing were not linked to an existing county contract. Payments to suppliers with existing contracts were not properly linked to those specific contracts in the Riverside County Financial System. Contracts are established between Riverside County and suppliers to procure goods/services and typically include pricing agreements, terms and conditions, and limits on expenditures. Expenditures were not closely monitored to ensure the vouchers were linked to their respective contracts. Linking expenditures to contracts is a control designed to ensure contract limitations are monitored, reduce the risk of expenditure exceeding the contract limit, and ensure that departments are within the contract’s terms and conditions.

⁷ Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Recommendation 6.1

Ensure expenditures are linked to existing county contracts.

Management's Response

"Concur. With the PeopleSoft 9.2 update, FM encountered a system limitation that prevented contracts from being linked to current Purchase Orders. A ServiceNow ticket has been issued to correct this issue. In the interim, FM staff is aware that all County contracts must be linked to FM Purchase Orders, and steps are being taken to ensure compliance once the system correction is implemented."

Actual/estimated Date of Corrective Action: "As of August 5, 2024."

Auditor's Comment

A query was generated using the Riverside County Financial System on August 27, 2024, retrieving voucher information for the period from July 1, 2022, through August 24, 2024. The results of our testing reflected in Finding 6 are based on the data obtained at the time the query was run. In the follow-up audit, we will verify whether the department is adhering to their processes by ensuring expenditures are linked to existing county contracts.

Recommendation 6.2

Update existing department contract management policies to ensure expenditures are linked to existing county contracts.

Management's Response

"Concur. Internal Policy #100-39, FM Purchasing Policy Guidelines, was approved on January 31, 2023, and outlines the requirements for linking contracts within PeopleSoft. Additionally, Internal Policy #100-40, FM Contract Management, approved on August 1, 2024, defines the processes for developing and tracking contracts. FM Buyers ensure that expenditures are appropriately linked by monitoring contracts to verify that purchase orders fall within the designated budget and service scope before they are connected to the corresponding contracts."

Actual/estimated Date of Corrective Action: "As of August 1, 2024."



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Auditor's Comment

The procedure referenced in management's response was developed as a result of our initial document request sent on July 11, 2024, in which we asked whether such procedures existed. In the follow-up audit, we will verify whether the department is adhering to their desk procedures over linking expenditures to existing county contracts.

Data Management

Background

Data management refers to the processes and practices used to process, collect, organize, store, protect, and utilize data effectively. It plays a vital role in supporting department operations, ensuring that information is accurate, accessible, and secure. Proper data management enables departments to make informed decisions, maintain compliance with regulations, and deliver efficient and effective services. Effective data management also supports strategic initiatives by providing reliable information for performance monitoring, resource allocation, and planning efforts.

Facilities Management utilizes a parking management system to manage parking structure access for both county employees and non-county personnel. For county employees who want daily access to any of the paid county parking structures, they must submit an application and complete both a *Parking Regulation Form* and a *Transportation Expense Form*. Non-county employees may also use county parking structures for daily parking by applying online and paying monthly via credit card. In April 2022, Facilities Management began using Riverside County Information Technology's service management system to manage parking requests and store relevant supporting documentation such as the forms mentioned above.

Facilities Management also utilizes a project management system to manage projects across all county departments. This system records all data related to capital and non-capital projects, including purchase requisitions, purchase orders, invoices, and other relevant information that supports the overall project life cycle.

Objective

To verify the existence and adequacy of internal controls over Facilities Management's data management process.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and data management procedures, as it relates to inputting, processing, reconciling, and validating data.
- Conducted interviews with key personnel to gain an understanding of the department's data management processes.
- Obtained and reviewed a listing of all critical systems utilized by the department and judgmentally selected a sample of systems for testing.
- For the systems selected for testing, obtained and reviewed all applicable department desk procedures.
- Verified whether systems had adequate security measures, such as requiring unique usernames and passwords for authentication.
- Obtained a listing of all transactions during the audit review period and verified whether adequate internal controls exist over data management.
- Traced transactions from their source documents to the data inputted into the systems to verify completeness, accuracy, adequate review and approval, and the existence of audit trails.
- Verified whether data reconciliation was performed to ensure transactions are complete and accurate.

Finding 7: Parking Management System Documentation

Priority Level: 2⁸

Facilities Management's *Parking Access for County Employees Policies and Procedures*, Section 22.a, *Final Review*, states, "Scan together the following documents into one: 1) Parking Regulations Form and 2) Transportation Expense Form. Upload the documents into ServiceNow Application."

Five out of 30 (17%) county employee parking applications randomly selected for testing were missing either the *Transportation Expense Form* or the *Parking Regulations Form*. This was due to frequent changes in responsibility assignments and overall process management. During the audit review period, multiple managers have been assigned oversight duties over this process.

⁸ Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Missing the respective required forms can lead to unauthorized payroll deductions, accountability issues in parking assignments, and may allow ineligible parkers to access county parking structures.

Recommendation 7

Ensure department personnel signs, uploads, and maintains all required parking application forms prior to granting parking authorization.

Management's Response

“**Concur.** Following a reassignment of responsibilities and a thorough review of existing procedures, the department has implemented revised desk procedures designed to improve the accuracy of documentation. These updated procedures require that all required parking application forms be signed, uploaded to the centralized document management system, and maintained in the department's records before parking authorizations are granted. This enhancement ensures compliance with departmental standards and provides a clear audit trail for future reference.”

Actual/estimated Date of Corrective Action: “As of February 2025.”

Finding 8: Parking Structure Access to Non-County Personnel
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Priority Level: 2⁹

County of Riverside Facilities Security Specification v1.2, Section 7.1.1, *Physical Security*, states, “County facilities are only accessible to authorized individuals with properly coded key cards, authorized keys or access authorization, and access to the premises is by official identification only.”

A process to deactivate county parking structure access for personnel who have stopped making payments is not in place. The department ceased the regular review and removal of unauthorized access due to changes in process ownership. With no formal process in place to remove parking access for non-paying users can lead to unauthorized access to county facilities and hinders Facilities Management's ability to accurately assess available parking, potentially affecting the waiting list for other applicants. Additionally, this can cause overcrowding in parking facilities and lost revenue from non-paying users.

⁹ Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Recommendation 8.1

Develop a process and desk procedures to ensure county parking structure access is deactivated timely upon non-payment of parking fees.

Management's Response

“Concur. The Parking Division will develop and implement new desk procedures and processes aimed at ensuring timely deactivation of county parking structure access when parking fees are not paid. This initiative includes establishing clear protocols, timelines, and responsibilities to enforce prompt deactivation and provide an audit trail. The revised procedures are scheduled to be 12 fully implemented by May 31, 2025, thereby ensuring consistent enforcement of fee compliance.”

Actual/estimated Date of Corrective Action: “May 31, 2025.”

Recommendation 8.2

Communicate the respective desk procedures to staff involved in the parking structure access processes.

Management's Response

“Concur. A new procedure will be communicated to all staff via a documented training session. During the session, the updated desk procedures for managing parking structure access will be thoroughly reviewed, and each staff member will be required to acknowledge receipt and understanding of the new process. Documentation of attendance and compliance reviews will be maintained for future audit and compliance purposes.”

Actual/estimated Date of Corrective Action: “May 31, 2025.”

Recommendation 8.3

Review and remove county parking structure access for personnel who are no longer making payments.

Management's Response

“Concur. A monthly review of all parking accounts will be conducted to identify accounts that are in default or at risk of termination due to non-payment. When an attempt to collect past due



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

fees has proven unsuccessful, the corresponding parking access cards will be deactivated, ensuring that county parking structure access is maintained only for personnel in good standing.”

Actual/estimated Date of Corrective Action: “May 31, 2025.”

Finding 9: Procedures over the Project Management System

Priority Level: 3¹⁰

Standard Practice Manual 1001, *Internal Control*, states, “Well-documented policies and procedures are established and maintained to promote employee understanding of job duties, provide day-to-day guidance to staff and help ensure continuity during employee absences or turnover.”

The department’s current desk procedures have not been updated to include the reconciliation process between the department’s project management system and the Riverside County Financial System. While project-related data is stored in the department’s project management system, payments are processed through the Riverside County Financial System. To ensure data is accurately transferred between the two systems, reconciliation is performed by analyzing reports from both. However, this process is not documented in Facilities Management’s current procedures manual. Updating desk procedures to reflect the reconciliation between the two systems is essential to ensure accurate data transfers, improve operational efficiencies, and reduce the risk of errors. Additionally, the absence of updating procedures manual may impede potential successors’ ability to effectively and efficiently perform the reconciliation process.

Recommendation 9.1

Update the current project management desk procedures to reflect the current reconciliation process between the department’s project management system and the Riverside County Financial System.

Management’s Response

“**Partially Concur.** At the time of the initial audit, the Daily Dynamics Update Procedure which details the step-by-step reconciliation process between the Dynamics Project Management System and PeopleSoft Financials was not provided to the auditors due to employee turnover. The procedure, dated October 3, 2022, now serves as the official guide for this reconciliation. It outlines how any discrepancies are identified and then reviewed via a weekly Dynamics Aging Report. FM has reviewed these steps and confirms they remain current and in effect. However, further updates to the desk procedures may be warranted to ensure the documentation fully reflects any additional changes in the reconciliation process.”

¹⁰ Please see Appendix A (page 30) for a description of the finding priority level classifications.



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Actual/estimated Date of Corrective Action: “Review and modification of the existing desk procedures within 90 days.”

Recommendation 9.2

Communicate the respective updated procedures manual to staff involved in the reconciliation process.

Management’s Response

“**Concur.** It is our standard practice that whenever there is a change to the Daily Dynamics Update Procedure, the revised version is dated and saved to our designated directory. All staff involved in the reconciliation process—including primary, secondary, and tertiary backup personnel are promptly notified of the update, with clear instructions on where to access the new procedures.”

Actual/estimated Date of Corrective Action: “As of October 3, 2022.”

Purchasing Processes

Background

Riverside County Purchasing and Fleet Services is responsible for implementing policies and procedures set forth in the Riverside County *Purchasing Policy Manual*. The Director of Purchasing is the Purchasing Agent for Riverside County and can delegate his/her authority to Riverside County staff with limitations that vary depending on the level of authority granted. See Table 1 below for a purchasing authority delegation summary:

Table 1: Purchasing Authority Delegation Summary

Position	Purchase Order Authority	PO's Against County Contracts
Low Value Purchase Authority (LVPA)	\$5,000 per day per vendor	\$25,000 per day per vendor
Buyer I	\$25,000 per day per vendor	\$100,000 per day per vendor
Buyer II	\$50,000 per day per vendor	\$100,000 per day per vendor

Purchase authority limitations will vary depending on whether purchases are made against county-contracted suppliers and non-county-contracted suppliers. The *Purchasing Policy Manual*



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

states, “County staff may be granted LVPA upon successful completion of LVPO training. LVPA allows departmental staff the ability to issue purchase orders up to the amount of \$5,000 per day per vendor and issues purchase orders up the dollar value of \$25,000 against existing [county] contracts.”

Expenditures of \$5,000 or greater require county departments to obtain a minimum of three written quotes from potential vendors to ensure the best use of taxpayer dollars. The *Purchasing Policy Manual* describes the splitting of purchase orders as follows, “Deliberate attempts to split orders, where the purpose is keeping total cost of each order down below bid limits, and failure to combine orders when practical for the best interest of the county in order to circumvent the limitations, is prohibited and may result in disciplinary actions reduced or suspended purchasing authority.”

Objective

To verify the existence and adequacy of internal controls over Facilities Management’s purchasing processes.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of the Riverside County *Purchasing Policy Manual*, relating to purchase orders, vouchers, and invoices.
- Obtained a listing of all purchase orders processed by the department during the audit review period.
- Obtained a listing of all Facilities Management staff with delegated purchasing authority.
- Analyzed department expenditure data to identify instances in which same-day, same-vendor purchase order limitations were exceeded.
- Verified whether purchase orders were created for unique invoices.

Finding: None Noted

Based on the results of our audit, we determined that internal controls over purchasing processes provide reasonable assurance that the department’s 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 2025-001: Riverside County Facilities Management Audit

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 department 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 department.

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 Association¹¹, “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 Facilities Management had adequate, documented policies and procedures in the event of management or personnel turnover. Specifically, we reviewed the department’s prioritization of critical positions to the department’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 department had established training plans 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 Planning*¹² that will help an organization retain key talent and find skilled employees to replace staff members who move on:

¹¹ “Key Issues in Succession Planning.” Government Finance Officers Association. Accessed November 21, 2024. <https://www.gfoa.org/materials/key-issues-in-succession-planning>.

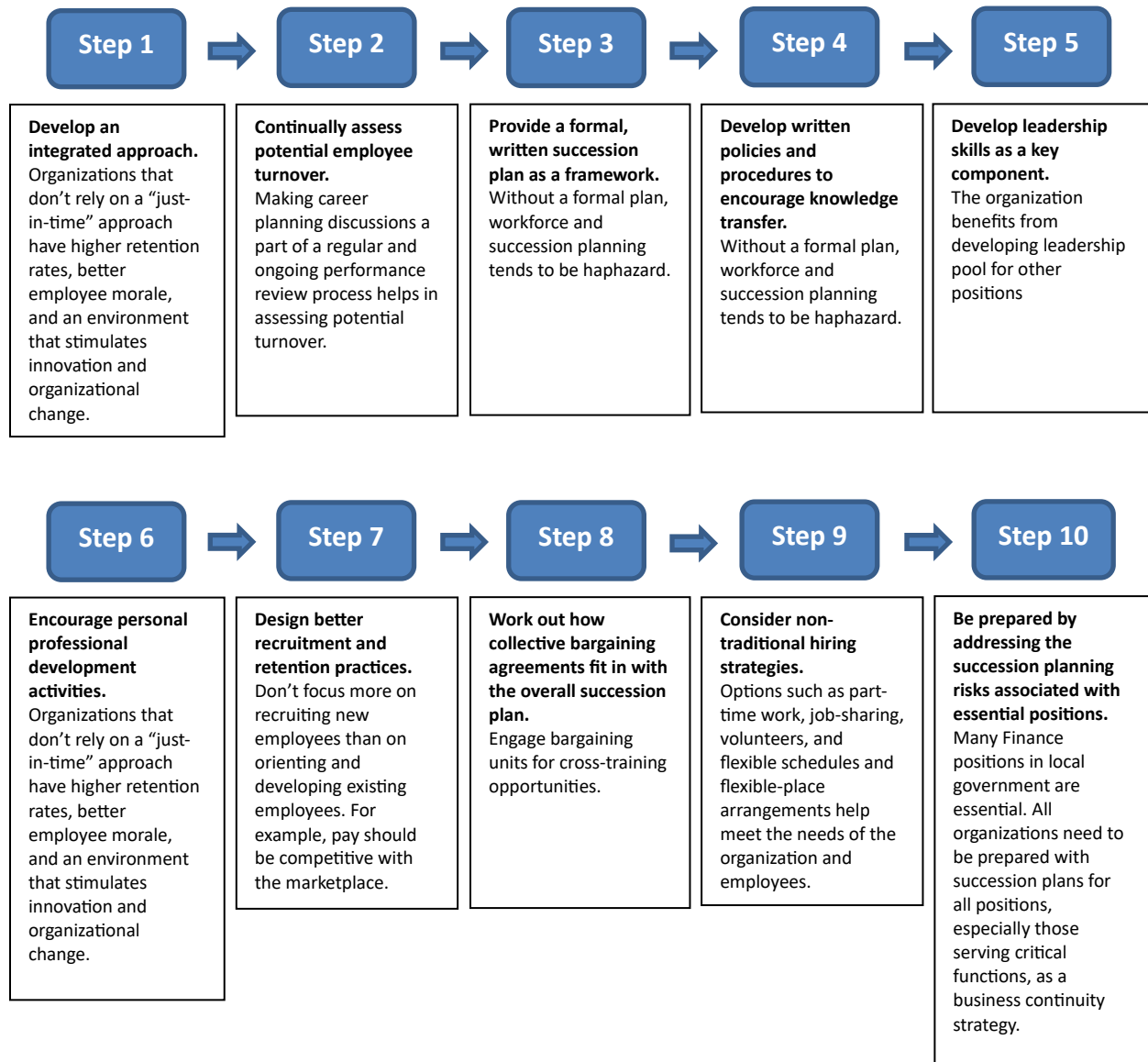
¹² *10 Steps to Succession Planning*. Government Finance Officers Association. (2022, February). <https://www.gfoa.org/materials/gfr222-10steps>



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

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.”¹³



¹³ 10 Steps to Succession Planning. Government Finance Officers Association. (2022, February). <https://www.gfoa.org/materials/gfr222-10steps>



Internal Audit Report 2025-001: Riverside County Facilities Management Audit

Objective

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

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of relevant continuity and training plans, including Facilities Management's *FM Succession Plan* and *Custodial Succession Plan*.
- Conducted interviews with key personnel to gain an understanding of the department's succession planning processes.
- 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 the department's 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 2025-001: Riverside County Facilities Management Audit

Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
<p>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.</p>	<p>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.</p>	<p>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.</p>
<p><u>Expected Implementation Date of Recommendation*</u> One to three months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Three to six months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Six to twelve months</p>

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