

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



ITEM: 2.3
(ID # 29906)

MEETING DATE:
Tuesday, March 10, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2026-018: Riverside County Information Technology Department, Change of Department Head Audit

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-018: Riverside County Information Technology Change of Department Head Audit

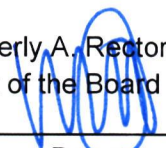
ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 3/4/2026

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Medina, seconded by Supervisor Washington 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 10, 2026
xc: Auditor

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	N/A

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Head audit for the Riverside County Information Technology Department. This audit is conducted to assess internal controls over the transfer and safeguarding of capital asset management and revolving funds when there is a change in department head.

Based upon the results of our audit, we determined internal controls are in place to ensure the safeguarding and timely transfer of revolving funds to the newly appointed director. However, internal controls over capital assets are not operating effectively to provide reasonable assurance that its objectives related to capital assets will be achieved. Specifically, we noted an instance where an asset improvement was not recorded in the Riverside County Financial System asset management module, highlighting the need to strengthen controls over capitalization and asset recording.

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

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2026-018: Riverside County Information Technology Change of Department Head Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

0

Findings

Medium Risk

0

Findings

Low Risk

1

Findings

• 2 Recommendations

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

Internal Audit Report

2026-018

Riverside County Information Technology Department,
Change of Department Head Audit

March 3, 2026



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

**BEN J. BENOIT
AUDITOR-CONTROLLER**

**TANYA S. HARRIS, DPA, CPA | JON JENSEN, CPP
ASSISTANT AUDITOR-CONTROLLER**



March 3, 2026

Karan Chandran
Chief Information Officer
Information Technology Department
3450 14 St.
Riverside, CA 92501

Subject: Internal Audit Report 2026-018: Information Technology Department, Change of Department Head Audit

Dear Mr. Chandran:

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Head audit for the Riverside County Information Technology Department. This audit is conducted to assess internal controls over the transfer and safeguarding of capital asset management and revolving funds when there is a change in department head.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

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

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**Internal Audit Report 2026-018: Riverside County Information Technology Department,
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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
Don Kent, Chief Finance Officer
Sarah Franco, Assistant County Executive Officer
Grand Jury



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Executive Summary

Overview

Riverside County Information Technology (Information Technology) is an umbrella organization responsible for planning, designing, implementing, operating, and coordinating the county's information and communication technology. The department fully manages 27 separate county departments under the Board's shared services approach. Information Technology provides a variety of application development, Office 365, operations support services, help desk services, field support, data center server and storage services, project management, and additional support services all designed to meet the demands of the county.

RCIT has an adopted budget of \$122.4 million for FY 2025/26 and 396 adopted county positions. County of Riverside, Fiscal Year 2025/26 Adopted Budget Volume 1, 206-207.

Audit Objective

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

Audit Conclusion

Based upon the results of our audit, we determined internal controls are in place to ensure the safeguarding and timely transfer of revolving funds to the newly appointed director. However, internal controls over capital assets are not operating effectively to provide reasonable assurance that its objectives related to capital assets will be achieved. Specifically, we noted an instance where an asset improvement was not recorded in the Riverside County Financial System asset management module, highlighting the need to strengthen controls over capitalization and asset recording.

AUDIT HIGHLIGHTS

- The department should ensure expenditures that extend the useful life of an asset are properly capitalized.
- Department policies should be updated to ensure the proper treatment of capital asset related expenditures.



Capital Assets

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year and are broadly classified as land (valued at \$1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of \$10,000 or greater).

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

As of September 4, 2025, the time the new director was appointed and acknowledged receipt of capital assets from the outgoing officer, Information Technology maintained total number of 638 capital assets in the Riverside County financial system asset management module, consisting of radio devices, generators, servers, machines, and infrastructure systems, with the combined acquisition cost of \$88.6 million.

Objective

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

Audit Methodology

To accomplish these objectives, we:

- Obtained understanding of the Riverside County Auditor-Controller Standard Practice Manual 505, *Equipment* and the Department's Capital Asset Management Procedures, *RCIT Capital Asset Management - Fiscal Procedure*.
- Conducted interviews with department management to gain an understanding of the capital asset management processes. Established the date of the department head change.
- Verified whether proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.
- Obtained a listing of current capital assets tracked in the asset management module.
- Selected a sample of capital assets to verify existence and whether adequate internal controls exist over the safeguarding of assets.



Internal Audit Report 2026-018: Riverside County Information Technology Department, Change of Department Head Audit

- Identified additional capital assets during field review and traced the capital assets to the asset management module to verify accurate reporting.
- Verified whether expenditures over \$10,000 coded to capital asset object codes to verify proper capitalization and inclusion in the capital asset listing.
- Reviewed a sample of repaired equipment to verify inclusion in the capital asset listing and assess whether repair costs met capitalization criteria.

Finding 1: Capital Improvement Costs

Priority Level: 3

Standard Practice Manual 505, *Equipment*, states, "expenditures over \$10,000 that improve, enhance, or extend the useful life of an asset be recorded as capital additions rather than expensed as repairs or maintenance."

We identified a repair-related invoice totaling \$115,876.64 which exceeded the County's capitalization threshold of \$10,000. The expense was recorded as a repair and maintenance cost rather than being capitalized as an improvement to the existing asset. Based on supporting documentation, the expenditure extended the useful life and functionality of the asset and therefore met capitalization criteria. The expense was misclassified due to oversight in evaluating the nature of the repair and determining whether the expenditure qualified as a capital improvement under policy. Misclassification of expenses understates the departments capital assets and overstate the current period's expenses, leading to inaccurate reporting of asset values and operational costs which can then impact budgeting, asset management decisions, and compliance with internal policies.

Recommendation 1.1

Ensure expenses that extend the useful life of an asset are properly capitalized in compliance with the Standard Practice Manual 505 and the department's internal policies.

Management's Response

"Concur. RCIT will strengthen its review process to ensure expenditures that extend the useful life of an asset are properly evaluated and capitalized in accordance with Standard Practice Manual 505."

Actual/Estimated Date of Corrective Action: July 1, 2026

Recommendation 1.2

Update written procedures to explicitly address the treatment of repair-related expenditures that extend the asset's useful life and ensure that the staff are informed on these updates.



Internal Audit Report 2026-018: Riverside County Information Technology Department, Change of Department Head Audit

Management's Response

"Concur. RCIT will update its departmental procedures to align with Standard Practice Manual 505, supporting proper evaluation and classification of expenditures in accordance with policy, and communicate with all applicable staff."

Actual/estimated Date of Corrective Action: July 1, 2026

Revolving Funds

Background

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

The Riverside County Information Technology has one revolving fund, with an authorized balance of \$8,000 maintained in the form of petty cash and a US Bank account. The petty cash and the US Bank Account are primarily seldomly used with most transactions being for postage stamps and office supplies.

Objective

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

Audit Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller Standard Practice Manual Form AR-1, Revolving Fund Request Order & Change Form, for the establishment and transfer of the revolving funds.
- Conducted interviews with department management to gain an understanding of the revolving fund processes.



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

Finding: None Noted

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



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.