

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



ITEM: 2.4
(ID # 29958)

MEETING DATE:
Tuesday, March 10, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2026-017: Riverside County Transportation and Land Management Agency, Change of Department Head Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-017: Riverside County Transportation and Land Management Agency, Change of Department Head Audit

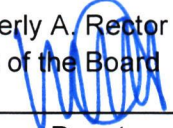
ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 2/12/2026

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: N/A	
			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 Transportation and Land Management Agency. This audit is conducted to assess internal controls over the transfer and safeguarding of revolving funds and capital asset management when there is a change in department head.

Based upon the results of our audit, internal controls over revolving funds are functioning as designed to help the Agency achieve its business objectives. We identified improvement opportunities for internal control over capital asset management that can help provide reasonable assurance that the department's objectives relating to the area will be achieved. Specifically, the improvement opportunities are as follows: capital asset information recorded in the Riverside County financial system needs to be updated to reflect the correct physical location of the assets.

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 2026-017: Riverside County Transportation and Land Management Agency, Change of Department Head Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

0 Findings
• 0 Recommendations

Medium Risk

1 Findings
• 3 Recommendations

Low Risk

0 Findings
• 0 Recommendations

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

Internal Audit Report

2026-017

Riverside County
Transportation and Land Management Agency,
Change of Department Head Audit

March 10, 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 10, 2026

Rania Odenbaugh
TLMA Agency Director
Riverside County Transportation and Land Management Agency
4080 Lemon Street, 14th Floor
Riverside, CA 92501

Subject: **Internal Audit Report 2026-017: Riverside County Transportation and Land Management Agency, Change of Department Head Audit**

Dear Ms. Odenbaugh:

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Head audit for the Riverside County Transportation and Land Management Agency. This audit was conducted to assess internal controls over the transfer and safeguarding of capital assets 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.



Internal Audit Report 2026-017: Riverside County Transportation and Land Management Agency, Change of Department Head 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

Ben J. Benoit
Riverside County Auditor-Controller



René Casillas

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 Financial Officer
Charissa Leach, Assistant County Executive Officer
Grand Jury



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Internal Audit Report 2026-017: Riverside County Transportation and Land Management Agency, Change of Department Head Audit

Executive Summary

Overview

The Riverside County Transportation and Land Management Agency (Agency) consists of the following divisions: Administrative Services, Aviation, Building and Safety, Code Enforcement, Planning, and Transportation. Agency oversees the design, operation, and maintenance of 2,248 miles of county-maintained roads and 108 bridges. The department protects the health and safety of residents and improves quality of life through a variety of critical activities. These include engineering design, construction, and maintenance of county roads; review of plans and construction of transportation facilities by private land development; and land surveying and map processing.

Agency has an adopted budget of \$473.6 million for FY 2025-26 and 747 adopted positions. *County of Riverside, Fiscal Year 2025-26 Adopted Budget Volume 1, 328 and 338*

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 HIGHLIGHTS

- Capital asset information in the Riverside County financial system needs to be updated to reflect the correct physical location of the assets.



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Audit Conclusion

Based upon the results of our audit, internal controls over revolving funds are functioning as designed to help the Agency achieve its business objectives. We identified improvement opportunities for internal control over capital asset management that can help provide reasonable assurance that the department's objectives relating to the area will be achieved. Specifically, the improvement opportunities are as follows: capital asset information recorded in the Riverside County financial system needs to be updated to reflect the correct physical location of the assets.

Upon discussing the conditions related to incorrect asset locations and P.O. boxes with management on November 5, 2025, Agency proceeded to resolve these conditions and communicated their efforts to improve the adequacy and effectiveness of their internal controls. We would like to extend our appreciation to the department for being receptive to our evaluation and proactive in implementing our recommendations.



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Capital Assets

Background

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 head, accountability for capital assets must be transferred to the new or acting department head and notification filed with the Riverside County Auditor-Controller's Office.

As of December 26, 2024, the time the department head was appointed/elected and acknowledged receipt of capital assets from the outgoing officer, the Riverside County Transportation and Land Management Agency maintains 11,647 capital assets in the Riverside County financial system, consisting of Building & Improvements, Structures, Construction in Progress, Equipment, Vehicles, Infrastructure, Land, and Software with a combined acquisition cost of \$4 billion.

Objective

To verify the existence and adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of the Auditor-Controller's Office Standard Practice Manuals, including 512, *Transfer of Accountability on Capital Assets* and 505, *Accounting for Equipment*.
- Conducted interviews with department management to gain an understanding of the capital asset management processes.
- Identified the date of the department head change.
- Verified 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 Riverside County financial system.



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- Selected a sample of capital assets to verify existence and whether adequate internal controls exist over the safeguarding of assets.
- Selected a sample of maintenance expenditures to identify any potential repairs on assets that should have been capitalized but were recorded as operating expenses.
- Identified additional capital assets during field review and traced back to the Riverside County financial system to verify accurate reporting.

Finding 1: Capital Asset Compliance

Priority Level: 2¹

Standard Practice Manual (SPM) 505, *Accounting for Equipment*, Section: *Movement of Equipment*, states, "In the event an asset is to be moved from one location to another or from one department to another, Form AM-6 must be completed. Once the asset has been moved, the location change must be noted in the PeopleSoft Asset Management Module." Furthermore, SPM 505, Section: *Physical Inventory of Equipment*, states "The purpose of a physical inventory is to verify the existence and condition and ensure the accuracy of county inventory records."

Based on our asset verification, we identified the following,

- Out of 49 sampled assets, eight capital assets (16%) were not at the locations indicated in the Riverside County financial system.
- Out of 49 sampled assets, one capital asset (2%) could not be located. As a result, the existence of the respective asset could not be confirmed.
- Out of the whole population, 43 assets were identified as being assigned to a P.O. Box. A P.O. Box does not represent a physical location.

During the annual inventory process, asset location details were not regularly verified or updated in the Riverside County financial system. This hinders asset tracking and monitoring, impacting the accuracy and reliability of financial reporting and oversight of County property.

Recommendation 1.1

Ensure capital assets' physical locations are accurately verified and updated in the financial system.

¹ Please see Appendix A (page 12) for a description of the finding priority level classifications.



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Management's Response:

"Concur. Out of 49 assets, 41 assets' (84%) physical locations were accurately verified in PeopleSoft system. While the physical location of our capital assets was available, the corresponding updates to the location codes within the PeopleSoft system were not consistently updated as assets movements occurred. During the course of the audit, a comprehensive review of all active assets locations codes was completed and have been reconciled to the asset's physical location. To solidify ongoing accuracy, TLMA will incorporate location-code verification at the time of entering asset into PeopleSoft system as well as during our annual review process, ensuring consistent oversight moving forward. These improvements will reinforce the integrity and reliability of our asset management records."

Actual/Estimated Date of Corrective Action: November 21, 2025

Auditor's Comment

Since the recommendation was implemented prior to the issuance of this report, we will follow up in the near future to ensure it was implemented.

Recommendation 1.2

Ensure capital assets assigned to non-physical locations, such as P.O. Boxes, are updated into the Riverside County financial system with actual physical locations to allow for proper verification.

Management's Response

"Concur. While the physical location of our capital assets was known, the PeopleSoft system reflected P.O. Box address for some assets. The GL6 - Class/Location Request forms were submitted to the Auditor Controller to designate location number to a location. Subsequently, the AM4 CAPITAL ASSET LISTING CORRECTIONS forms were submitted to the Auditor Controller in October and November. These changes were updated by ACO team in December. A comprehensive review of all active asset location codes was completed during the audit and have been reconciled to the asset's physical location."

Actual/Estimated Date of Corrective Action: November 5, 2025

Auditor's Comment

Since the recommendation was implemented prior to the issuance of this report, we will follow up in the near future to ensure it was implemented.



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Recommendation 1.3

Ensure periodic reconciliation between physical capital assets and financial system records is performed to identify discrepancies.

Management's Response

“Concur. TLMA completes ongoing asset additions, deletions, and corrections throughout the fiscal year as operational activities or events occur. The TLMA Agency departments also perform annual physical verifications of existing assets to ensure record accuracy and identify any changes that may not have been captured during the year. This verification process is comprehensive and supported by staff across multiple County locations.

The Transportation and Land Management Agency (TLMA) has approximately 11,000 individual capital assets in PeopleSoft asset management module, consisting of owned vehicles, equipment, buildings, software, infrastructure and land. These assets are located at 16 TLMA facilities throughout the County.

During the audit, we were unable to locate one of the Snap-On Tire Balancers previously located at the Transportation Washington Yard's tire shop. This asset was purchased in 1987 for \$5,362. Based on the other Tire Balancers auctioned off in 2021 and 2025, the market value of this asset would have been around \$200. This asset will be removed from our records via an AM-7 as a missing asset and we will work in conjunction with our on-site personnel to improve the annual verification process and ensure the continued accuracy and reliability of our asset records.”

Actual/Estimated Date of Corrective Action: December 31, 2025

Auditor's Comment

Since the recommendation was implemented prior to the issuance of this report, we will follow up in the near future to ensure it was implemented.



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Revolving Fund

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.

Agency maintains one revolving fund with an authorized balance of \$925, designated for change funds used in cashier operations at three locations: \$250 at the Palm Desert location and \$675 split between the 2 Downtown Riverside locations.

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.
- Interviewed key personnel and reviewed department procedures over the revolving funds.
- Verified whether revolving fund reconciliations were prepared.
- Performed a surprise cash count and reconciled to the fund assignment amounts without exception.
- Verified whether adequate segregation of duties existed.



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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.



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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.