

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



ITEM: 2.6  
(ID # 29984)

**MEETING DATE:**  
Tuesday, March 10, 2026

**FROM :** AUDITOR CONTROLLER

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit, [District: All]; [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit

**ACTION:**Consent


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

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**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**

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

**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 Facilities Management. 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.

**BACKGROUND:**

**Summary (continued)**

Based upon the results of our audit, we have identified improvement opportunities for internal controls over capital assets that can help provide reasonable assurance that the department's objectives relating to the area will be achieved. Specifically, identifying and correcting maintenance expenditures that meet capitalization criteria to ensure they are properly recorded as capital assets. We also noted opportunities to strengthen related tracking and monitoring practices, including assets location, tagging, and disposal 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 2026-019: Riverside County Facilities Management, Change of Department Head Audit



Office of Ben J. Benoit  
Riverside County Auditor-Controller

### Number of Findings & Recommendations

#### High Risk

**0** Findings  
• # Recommendations

#### Medium Risk

**2** Findings  
• 6 Recommendations

#### Low Risk

**0** Findings  
• # Recommendations

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

# Internal Audit Report

2026-019

Riverside County Facilities Management,  
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

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

Subject: **Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit**

Dear Mr. Yzaguirre:

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Head audit for the Riverside County Facilities Management. 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 2026-019: Riverside County Facilities Management, 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  
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



**Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit**

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## Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit

### Executive Summary

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#### 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. The Facilities Management portfolio of professional services consists of various responsibilities which include 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 annual Fair and Fairgrounds. Funding sources for Facilities Management include internal services funds, general funds, and special revenue funds.

Facilities Management has an adopted budget of \$269.2 million for FY 2025-26 and 385 authorized positions. *County of Riverside, Fiscal Year 2025-26 Adopted Budget Volume 1, 190.*

#### 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 when there is a change in department head.

#### Audit Conclusion

Based upon the results of our audit, we have identified improvement opportunities for internal controls over capital assets that can help provide reasonable assurance that the department's objectives relating to the area will be achieved. Specifically, identifying and correcting maintenance expenditures that meet capitalization criteria to ensure they are properly recorded as capital assets. We also noted opportunities to strengthen related tracking and monitoring practices, including asset location, tagging, and disposal processes.

#### AUDIT HIGHLIGHTS

- Process ensuring qualifying expenditures are capitalized can be improved.
- The tracking and monitoring of capital assets can be improved.



## Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit

### Capital Assets

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#### Background

Capital assets are fixed or tangible assets of significant value, providing a utility or use that extends beyond the current year. These assets fall into broad categories, including land (valued at \$1 or more), infrastructure, buildings and improvements, equipment (acquisition cost of \$10,000 or greater), construction-in-progress (CIP), lease assets, and intangible assets.

The Auditor-Controller's Standard Practice Manual, Policy 512, *Transfer of Accountability on Capital Assets*, 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 February 6, 2025, the time the new department head was appointed/elected and acknowledged receipt of capital assets from the outgoing officer, Facilities Management maintained 1,169 capital assets in the Riverside County financial system asset management module, consisting of buildings, improvements, shop/yard equipment, field equipment, office equipment, nondepreciable land, and vehicles, with the combined acquisition cost of \$2.4 Billion.

#### 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 Office. Additionally, to assess the adequacy of internal controls over the safeguarding of capital assets.

#### Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of Standard Practice Manual Section 5 - Capital Asset Policies.
- Conducted interviews with the department to gain an understanding of the capital asset management processes.
- Identified the date of the department head change.



## Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit

- 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.
- Obtained a listing of retired assets tracked in the asset management module.
- Selected a sample of retired assets to validate that procedures taken to retire the assets were in compliance with Auditor-Controller's Office Standard Practice Manual.
- Obtained a listing of expenditures during the audit period.
- Selected a sample of expenditures to identify potential capital assets.
- Selected a sample of expenditures from maintenance and repair accounts to identify repairs that met capitalization thresholds and criteria.

### Finding 1: Capitalization of Expenditures

Priority Level: 2<sup>1</sup>

Standard Practice Manual 504 (SPM 504), Betterments and Improvements Relating to Capital Assets, states, "Significant betterments are considered capital assets if they meet the capitalization thresholds noted in this policy and therefore are added to the value of the asset improved. Building improvements may consist of additions, improvements and replacements made to existing buildings. Equipment improvements make the capital asset better than its previous condition."

In review of the 63 assets tested, we identified the following:

- Eleven building improvement expenditures for heating and cooling system improvements, flooring installation, and electrical installation were not capitalized.
- Two equipment improvement expenditures for electrical installation were not capitalized.

These thirteen expenditures exceeding \$10,000 each, totaling \$345,365, met the capitalization threshold outlined in SPM 504 but were omitted from the required quarterly reporting submitted to the Riverside County Auditor-Controller's Office and, as a result, were not recorded in the

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<sup>1</sup> Please see Appendix A (page 11) for a description of the finding priority level class



## **Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit**

Riverside County Financial System. Proper capitalization of qualifying expenditures ensures that financial statements accurately reflect the department's capital assets and related depreciation, prevents the overstatement of operating expenses, and supports compliance with accounting standards and County capitalization policies.

### **Recommendation 1.1**

Ensure all qualifying expenditures are included in the quarterly capitalization review and accurately recorded as capital assets in accordance with County accounting standards and capitalization policies.

### **Management's Response**

**“Concur.** We agree that all qualifying expenditures must be included in the quarterly capitalizing review and accurately recorded as capital assets to be in accordance with County accounting standards. On October 8, 2025, Facilities Management implemented new budget coding procedures for assets within the Dynamic Purchase Requisition Module to improve the identification, tracking, and reporting of capital assets and to strengthen internal controls. Establishing these new procedures will ensure accurate and timely tracking of new capital assets.”

**Actual/Estimated Date of Corrective Action:** October 8, 2025

### **Recommendation 1.2**

Ensure staff receive training on capitalization of betterments and improvements to avoid misclassification of expenditures.

### **Management's Response**

**“Concur.** Facilities Management will ensure staff receive training on capitalization of betterments and improvements to avoid misclassification of expenditures. Facilities Management is currently working on updating our Capital Asset Procedures and Tracking logs. Training shall be conducted for the appropriate staff in January 2026 and annually thereafter.”

**Actual/estimated Date of Corrective Action:** January 30, 2026



## Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit

### Finding 2: Capital Asset Compliance

Priority Level: 2<sup>2</sup>

Standard Practice Manual 513, Capital Asset Tags, states, "An asset tag will be distributed once the Auditor-Controller's Office (ACO) receives the completed, current version, Form AM-5 and supporting documentation. The asset tag will be forwarded to the department who will be responsible for properly affixing the tag to the asset." Additionally, Standard Practice Manual 514, Disposal of Capital Asset, states, "Capital assets that cannot be located after a diligent and thorough investigation, and deemed lost or unaccounted for, require a discharge of accountability from the Board of Supervisors (BOS) via a Form 11 approval if the current fair market value of the capital asset is over \$1,000." Lastly, "Capital assets that are physically disposed of, not in usage, are obsolete, beyond repair, are injured or older in biological age are to be "removed/disposed/retired" properly. A completed, current version AM-7 form must be submitted to the ACO with all supporting documentation, as soon as possible."

In review of the 24 assets tested, we identified the following:

- Six capital assets' county tags (25%) were not affixed to assets sampled. Asset tags were not affixed due to a combination of historical practices, newly purchased assets not yet assigned tags, and/or aged assets with no documentation or replacement tags.
- Five capital assets (21%) could not be located. As a result, the existence of the respective asset could not be confirmed. The annual capital asset certification process is completed without performing a physical verification of assets, resulting in inconsistencies between recorded and actual asset locations.
- Three capital assets (13%) were not disposed or surplus in accordance with Standard Practice Manual 514, Disposal of Capital Asset. Assets were not disposed or surplus because required surplus forms were not submitted to the department asset team, leading to outdated items remaining on the inventory listing.

Maintaining accurate records of capital assets, including locations and updates, ensures reliable monitoring and reporting, prevents misstatements, safeguards against asset loss, and supports the annual physical inventory.

### Recommendation 2.1

Ensure asset tags are affixed to assigned assets in accordance with Standard Practice Manual 513, *Capital Asset Tag*.

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<sup>2</sup> Please see Appendix A (page 11) for a description of the finding priority level classifications.



## Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit

### Management's Response

**“Partially Concur.** Facilities Management will ensure asset tags are affixed to assigned assets in accordance with Standard Practice Manual 513, Capital Asset Tag. Facilities Management has betterments that cannot be tagged due to the nature of specific assets. Some machinery assets cannot be physically tagged or reviewed due to inaccessibility, Facilities Management has consulted with the ACO-Asset Team to determine if a justification must be submitted for approval or if a detailed inventory file maintained by Facilities Management is sufficient. Facilities Management will proceed in tagging any accessible asset and will await further direction from the ACO Team on the tagging of inaccessible assets.”

**Actual/estimated Date of Corrective Action:** June 30, 2026

### Recommendation 2.2

Ensure capital assets that cannot be located and require a discharge of accountability from the Board of Supervisors are disposed in accordance with Standard Practice Manual 514, *Disposal of Capital Asset*.

### Management's Response

**“Concur.** Facilities Management will ensure capital assets that cannot be located will be disposed of in accordance with Standard Practice Manual 514, Disposal of Capital Asset. This process will occur during the quarterly capitalization review. On April 23, 2025, Facilities Management provided an Asset Management Overview process that highlights "Salvaging and Surplus of Assets.”

**Actual/estimated Date of Corrective Action:** April 23, 2025

### Recommendation 2.3

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

### Management's Response

**“Concur.** Facilities Management will conduct reconciliations between physical capital assets and PeopleSoft Financials Asset Module to accurately identify asset existence. This process will occur regularly during the quarterly capitalization review. Facilities Management is currently working



## **Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head Audit**

on updating our Capital Asset Procedures and Tracking logs. Training shall be conducted for the appropriate staff in January 2026 and annually thereafter."

**Actual/estimated Date of Corrective Action:** January 30, 2026

### **Recommendation 2.4**

Ensure capital assets that are not in use or designated for surplus are disposed in accordance with Standard Practice Manual 514, Disposal of Capital Asset.

### **Management's Response**

"**Concur.** Facilities Management will ensure capital assets that are not in use or designated for surplus are disposed in accordance with Standard Practice Manual 514, Disposal of Capital Asset. This process will occur regularly during the quarterly capitalization review. On April 23, 2025, Facilities Management provided an Asset Management Overview process that highlights "Salvaging and Surplus of Assets"."

**Actual/estimated Date of Corrective Action:** February 28, 2026



**Internal Audit Report 2026-019: Riverside County Facilities Management, Change of Department Head 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.