

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



ITEM: 2.7  
(ID # 30333)

MEETING DATE:  
Tuesday, April 28, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit.

ACTION: Consent

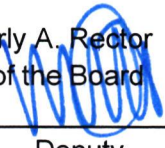
  
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 4/16/2026

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MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Perez 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: April 28, 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>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>NET COUNTY COST</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>SOURCE OF FUNDS:</b> N/A			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	N/A

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

We completed a follow-up audit of Riverside County Purchasing and Fleet Services. Our audit was limited to reviewing actions taken as of January 22, 2026, to correct findings noted in our original audit report 2025-002 dated August 26, 2025. The original audit report contained 24 recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we determined that all recommendations have been implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2025-002 included as an attachment to this follow-up audit report, or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>.

**Impact on 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 - Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit.



Office of Ben J. Benoit  
Riverside County Auditor-Controller

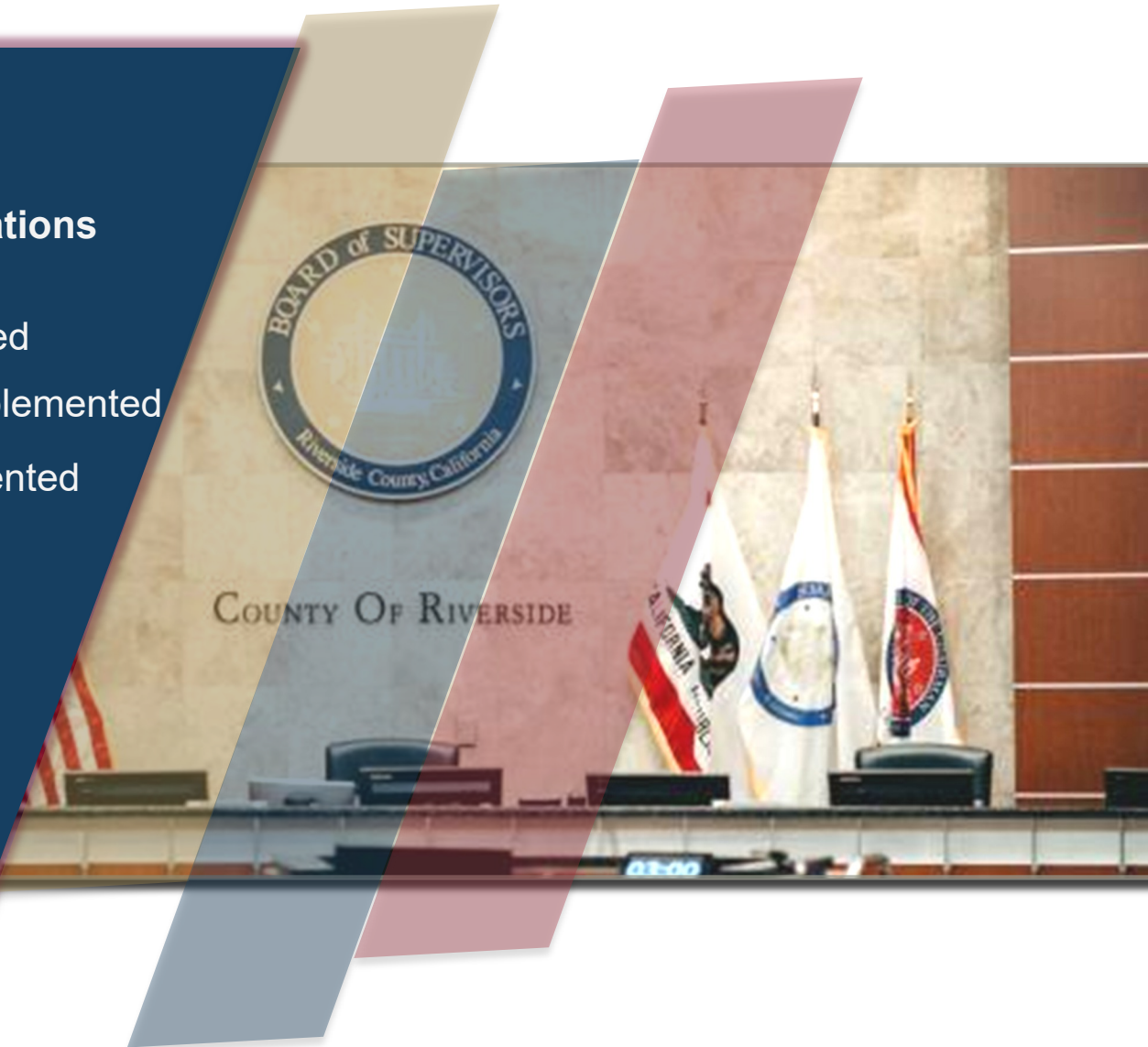
# Internal Audit Report

## 2026-310

### Follow-up

#### 24 Recommendations

- ✓ 24 Implemented
- ▶ 0 Partially Implemented
- ✗ 0 Not Implemented



**Riverside County  
Purchasing and Fleet Services,  
Follow-up Audit**

April 28, 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



April 14, 2026

Meghan Hahn  
Director of Purchasing and Fleet Services  
Riverside County Purchasing and Fleet Services  
3450 14th Street, 4th Floor  
Riverside, CA 92501

Subject: **Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit**

Dear Ms. Hahn:

We completed the follow-up audit of Riverside County Purchasing and Fleet Services. Our audit was limited to reviewing actions taken as of January 22, 2026, to help correct the findings noted in our original audit report 2025-002 dated August 26, 2025.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require that we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our conclusion.

The original audit report contained 24 recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we determined that all recommendations have been implemented.

A summary of the conditions from the original audit and the results of our review on the status of the implementation of the recommendations are provided in this report. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2025-002 included as "Attachment A" of this audit report along with your department status letter as "Attachment B."



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit/reports>.

We thank you and your staff for your 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, County Executive Officer  
Juan Perez, Chief Operating Officer  
Don Kent, Chief Finance Officer  
Sarah Franco, Assistant County Executive Officer  
Grand Jury



**Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit**

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## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

### Access Control Management

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#### Finding 1: Access Control Management

“National Institute of Standards and Technology’s (NIST) Special Publication (SP) 800-53 PE-2 *Physical Access Authorizations*, states, ‘review the access list detailing authorized facility access by individuals [Assignment: organization-defined frequency]’ and ‘remove individuals from the facility access list when access is no longer required.’ Additionally, County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, ‘County Departments and IT Administrators shall upon termination of individual employment: disable system access; terminate or revoke any authenticators and credentials associated with the individual; and notify personnel as appropriate.’

Eleven out of 32 (34%) badges assigned to employees who separated from the department were not deactivated within 24 hours of separation. The average deactivation time was 17 days, with a range of two to 62 days. The existing procedures do not include guidance on badge deactivation following employee separation or transfer. 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 1.1

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

#### Current Status 1.1: Implemented

#### Recommendation 1.2

“Establish a documented process to perform regular reviews of badge access rights to identify terminated employee accounts that still have active access.”

#### Current Status 1.2: Implemented

#### Recommendation 1.3

“Update current offboarding procedures to include clear guidance on terminating badge access.”



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

### Current Status 1.3: Implemented

#### Recommendation 1.4

“Conduct documented training for all personnel involved in badge access offboarding and ensure communication of the new policy requirements.”

### Current Status 1.4: Implemented

#### Finding 2: Documentation for Badge Access Rights Changes

“National Institute of Standards and Technology’s (NIST) Special Publication (SP) 800-53 PE-2 *Physical Access Authorizations*, states, ‘review the access list detailing authorized facility access by individuals [Assignment: organization-defined frequency]’ and ‘remove individuals from the facility access list when access is no longer required.’ Additionally, County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, ‘County Departments and IT Administrators shall upon termination of individual employment: disable system access; terminate or revoke any authenticators and credentials associated with the individual; and notify personnel as appropriate.’

We identified the following in our review of badge activity:

- Thirteen out of 32 (41%) badges tested did not have documentation to support the department’s process for badge access terminations.
- Seven out of 32 (22%) badges tested had no evidence of proper authorization for badge access terminations.

The existing procedures do not include guidance on the documentation requirements for badge deactivation following employee separation or transfer. Maintaining documentation for badge access right changes is important for confirming that updates were completed as intended, providing a reliable record of actions taken, and ensuring evidence is available for review when needed. Without complete records, the department cannot verify whether badge terminations occurred in accordance with best practices.”

#### Recommendation 2.1

“Ensure badge deactivation requests are submitted and approved by the department within 24 hours of an employee’s separation or transfer, and that the documentation of the request and completion is retained.”



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

### Current Status 2.1: Implemented

### Recommendation 2.2

“Update current offboarding procedures to include clear guidance on maintaining documentation of terminations.”

### Current Status 2.2: Implemented

## Administration Over Purchasing Policies

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### Finding 3: Formal Review Process for Purchasing Manuals

“Ordinance 459, *Purchasing, Policies and Procedures*, outlines the Purchasing Agent’s responsibility to ‘Maintain the County Purchasing Policy Manual as the source for Purchasing staff and Department staff to obtain current information on County purchasing requirements. The Purchasing Agent shall update the Policy Manual and include new legal requirements or information that will best fulfill his/her mission as described in this ordinance.’

The County Purchasing Manual had not been updated between 2021 and early 2025, despite changes in management. Although an update was made in February 2025, the manual still references an ‘as-needed’ update schedule rather than a defined review cadence. Additionally, the Procurement Card Manual has not been updated since 2016. While the intranet site has been routinely updated, the official manual that serves as the authoritative source for purchasing guidance did not consistently reflect current expectations and processes. A formal review cycle for updating procurement manuals has not been established to ensure updates are timely, routine, and responsive to changes. Establishing a formal, recurring review process would enable the department to ensure that its guidance remains current, aligned with operational practices, and consistently applied across departments.”

### Recommendation 3.1

“Establish a formal sunset review cycle for both the Purchasing Policy Manual and Procurement Card Manual, including a designated frequency and responsible parties to review, update, and document revisions, regardless of whether legal or policy changes have occurred.”

### Current Status 3.1: Implemented



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

### Recommendation 3.2

“Ensure that any updates or changes to procurement guidance currently included in the Purchasing Policy Manual are promptly revised to reflect corresponding updates made on the intranet, in accordance with County Ordinance 459. This helps preserve the manual’s role as the official and consistent point of reference.”

### Current Status 3.2: Implemented

### Finding 4: Enhance Purchasing Policy Manual

“Ordinance 459, *Purchasing, Policies and Procedures*, outlines the Purchasing Agent’s responsibility to ‘Maintain the County Purchasing Policy Manual as the source for Purchasing staff and Department staff to obtain current information on County purchasing requirements. The Purchasing Agent shall update the Policy Manual and include new legal requirements or information that will best fulfill his/her mission as described in this ordinance.’ Additionally, ‘The Director of Purchasing is the Purchasing Agent for the County of Riverside and shall be responsible for implementing and enforcing the policies and procedures as set forth in this Manual.’

The County’s Purchasing Policy Manual does not provide detailed guidance on key aspects of post-award contract oversight, such as vendor performance monitoring, contract spend tracking, blank purchase order use and monitoring, or contract placeholder management. Additionally, the manual does not provide best practices such as how to link purchase orders to contracts, what documents to upload in the Riverside County Financial System and outlining procedures for compliance monitoring. The manual provides limited information on cooperative agreements. Purchasing and Fleet created the *Contract Administration Guide and Toolbox For Departments* to share best practices; however, these resources were presented as optional and were not included in the official Purchasing Policy Manual, which limits their influence.

A formal process to regularly review and update the Purchasing Policy Manual has not been established. As a result, key guidance remains in optional tools rather than being codified. Implementing routine reviews of procurement policies and formally integrating key areas such as contract administration would enhance consistency, improve oversight, and support transparency and cost efficiency across the contract lifecycle.”



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

### Recommendation 4.1

“Update the Purchasing Policy Manual to include clear, required and detailed guidance on post-award contract oversight, including vendor performance, contract spend, blank purchase orders, placeholders, compliance monitoring, and cooperative contracts.”

**Current Status 4.1:** Implemented

### Recommendation 4.2

“Update the purchasing manual to include best practices for linking purchase orders to contracts in Riverside County Financial System and provide guidance on the types of supporting documents that should be uploaded to ensure consistency, transparency, and compliance with procurement procedures.”

**Current Status 4.2:** Implemented

## Contract and Supplier Management

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### Finding 5: Contract Monitoring

“Based on our review of 115 randomly sampled vouchers across three selected suppliers, we identified opportunities to strengthen contract monitoring and noted the following:

- Twenty-seven invoices (23%) were linked to a contract that was created in error. The invoices should have referenced a different contract, but the intended contract was not finalized or signed at the time of our review (March 2025). The Purchasing Policy Manual states, ‘All contracted spend must be accounted for regardless of the amount being greater or less than \$400.’
- Twenty-nine invoices (25%) were linked to an incorrect contract. These invoices should have been associated with another agreement, which had not been finalized or signed at the time of our review (March 2025).
- Twenty invoices (17%) were linked to the intended contract ID, however, the underlying contract had not been finalized. The contract ID functioned as a placeholder without an executed agreement, which prevented verification of pricing and terms. The Purchasing Policy Manual states, ‘Uniformity and consistency are desired for purchasing activities and contract development. There are standard contracts documents such as the County’s Professional Service Agreement and addendum template that was developed in cooperation with Central Purchasing and County Counsel.’



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

- Six invoices (5%) did not include the number of labor hours worked, which prevented validation of the total billed amount against contract terms. Per contract agreement, ‘The COUNTY shall pay the CONTRACTOR for services performed, products provided and expenses incurred.’
- Six invoices (5%) included billing amounts that did not align with the payment terms specified in the contract, including discrepancies in labor rates or line items billed.

A formal written policy and procedure for contract and supplier management specific to Fleet contracts is not in place. As a result, invoice payments were processed using incomplete or incorrect contract references. This occurred due to errors, the need to formally review procedures during procurement setup, and limitations department has associated to the Riverside County Financial System. Such limitations as described by the department include the systems inability to support core contract monitoring functions such as enforcing execution status, tracking spending against contract terms, or flagging inconsistencies in procurement activity. Using finalized contracts to link invoices, combined with consistent invoice validation, ensures parts align with agreed-upon terms. This strengthens the department’s ability to enforce pricing, track procurement accuracy, and maintain effective contract oversight.”

### Recommendation 5.1

“Develop a detailed written policy and procedure outlining the full contract and supplier management process for Fleet contracts, from initiation to closeout, to ensure consistent application and alignment.”

### Current Status 5.1: Implemented

### Recommendation 5.2

“Develop a documented process to communicate the established policies and procedures to staff on a regular basis, such as quarterly or annually, to ensure understanding, acknowledgment, and consistent application.”

### Current Status 5.2: Implemented



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

### Recommendation 5.3

“Establish and implement a documented process to verify invoices are linked to the correct and fully executed contract prior to use.”

**Current Status 5.3: Implemented**

### Recommendation 5.4

“Implement a documented formal review process following contract award notification to verify execution status before initiating procurement activity.”

**Current Status 5.4: Implemented**

### Recommendation 5.5

“Ensure contractors include necessary details, such as labor hours, to support validation against contract payment provisions.”

**Current Status 5.5: Implemented**

### Recommendation 5.6

“Establish a written review process to confirm invoice completeness and consistency with contract payment terms prior to approval and payment.”

**Current Status 5.6: Implemented**

### Recommendation 5.7

“Establish and implement a documented process to ensure all contracts and supporting documentation are attached in Riverside County Financial System.”

**Current Status 5.7: Implemented**



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

### Finding 6: Contract Amendments

“The Purchasing Policy Manual defines an amendment as, ‘An agreed addition, deletion from, correction or modification to the terms and conditions, scope of work, specifications or provisions of a contract.’ In addition, the contract states, ‘This Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.’

During our review of three contracted suppliers selected for review, we noted the following:

- Contract requirements were modified without a formal amendment. Specifically, a required checklist was removed, and the requirement to submit separate invoices for repairs and preventative maintenance was no longer enforced.
- Change orders were approved during the contract period without corresponding contract amendments. In one instance, a contract exceeded its annual spending cap without a formal amendment authorizing the increase.

See Table A below for an illustration of contract spending that exceeded the annual contract limit.

**Table A : Contract Spending**

Fiscal Year	Contract Cap	Actual Spending	Amount Over Cap
2022-23	\$100,000	\$249,583	\$149,583
2023-24	\$100,000	\$574,007	\$474,007
2024-25	\$100,000	\$547,669	\$447,669

These modifications were made informally by the department to accommodate internal workflows, without initiating formal amendment procedures. A documented process to ensure that operational changes, such as approved change orders or increased contract spending that would trigger formal contract modifications, was not in place. Establishing and following formal amendment processes for contract changes ensures consistency between the contract and actual practices. It strengthens internal controls, supports effective contract monitoring, and enables the departments to enforce expectations and address vendor performance. Documented amendments also promote transparency, reduce confusion among staff and vendors, and streamline future renewals or evaluations.”

### Recommendation 6.1

“Establish and implement a documented procedure requiring that all contract modifications, including changes to requirements, scope, or pricing, are processed through written amendments



## Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit

signed by authorized representatives, in accordance with the Purchasing Policy Manual and contract terms.”

### **Current Status 6.1: Implemented**

#### **Recommendation 6.2**

“Develop and implement a documented contract monitoring process that includes periodic reviews of contract activity, such as approved change orders or spending approaching contract caps, to determine when a formal amendment is required.”

### **Current Status 6.2: Implemented**

#### **Recommendation 6.3**

“Develop a documented process to communicate the established procedures for contract modification requirements to all relevant staff.”

### **Current Status 6.3: Implemented**

#### **Finding 7: Insurance Compliance**

“The contracts selected for testing each included a clause stating, ‘CONTRACTOR shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section.’ The contracts further stated, ‘Without limiting or diminishing the CONTRACTOR’s obligation to indemnify or hold the COUNTY harmless, CONTRACTOR shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages such as workers’ compensation, commercial general liability, vehicle liability, and professional liability during the term of the contract. Pertinent to the insurance, the COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.’

The three selected contracted suppliers did not provide certificates of liability insurance with the fully required coverage and/or endorsements as specified in the contract agreements. Specifically, endorsements naming the County as an additional insured were missing or incomplete. A process to monitor contractor insurance, including a centralized process to collect, retain, and track certificates of insurance is not in place, leading to gaps in required coverage and



## **Internal Audit Report 2026-310: Riverside County Purchasing and Fleet Services, Follow-up Audit**

not endorsing Riverside County as additional insured. When required certificates and endorsements are not properly obtained and verified, the County may be exposed to legal or financial liabilities that should be covered by the contractor.”

### **Recommendation 7.1**

“Establish and implement a centralized, documented process to collect, review, and track certificates of liability insurance and endorsements, ensuring all insurance requirements in contract agreements are met before work begins.”

#### **Current Status 7.1: Implemented**

### **Recommendation 7.2**

“Conduct periodic reviews of insurance documentation to confirm that coverage remains valid and in compliance throughout the contract term. Maintain records of each review as evidence of ongoing oversight.”

#### **Current Status 7.2: Implemented**

### **Recommendation 7.3**

“Require all suppliers to submit proof of insurance coverage and endorsements before beginning services. Each certificate should clearly reference the applicable contract or agreement to ensure traceability.”

#### **Current Status 7.3: Implemented**

### **Recommendation 7.4**

“Provide training to applicable departmental staff on training requirements, including required coverage, endorsements, and the need to list the County as an additional insured. Retain documentation of training completion as evidence of compliance.”

#### **Current Status 7.4: Implemented**



Office of Ben J. Benoit  
Riverside County Auditor-Controller

**Number of Findings & Recommendations**

High Risk

**7** Findings  
• **24 Recommendations**

Medium Risk

**0** Findings  
• **0 Recommendations**

Low Risk

**0** Findings  
• **0 Recommendations**

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

# Internal Audit Report

2025-002

**Riverside County  
Purchasing and Fleet Services Audit**

August 26, 2025



COUNTY OF RIVERSIDE  
OFFICE OF THE AUDITOR-CONTROLLER

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



August 26, 2025

Meghan Hahn  
Director of Purchasing and Fleet Services  
Riverside County Purchasing and Fleet Services  
3450 14<sup>th</sup> Street, 4<sup>th</sup> Floor  
Riverside, CA 92501

Subject: **Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit**

Dear Ms. Hahn:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Purchasing and Fleet Services to provide management and the Board of Supervisors with an independent assessment of internal controls over access control management, administration over purchasing policies, contract and supplier management, and vehicle management.

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 2025-002: Riverside County Purchasing and Fleet Services Audit

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

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

Ben J. Benoit  
Riverside County Auditor-Controller

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

cc: Board of Supervisors  
Jeff A. Van Wagenen, Jr., County Executive Officer  
Juan Perez, Chief Operating Officer  
Sarah Franco, Assistant County Executive Officer  
Grand Jury



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

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## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

### Executive Summary

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#### Overview

Riverside County Purchasing and Fleet Services (Purchasing and Fleet) oversees the divisions of Purchasing, Central Mail, Fleet Services, and Surplus Operations. The department establishes procurement policies and procedures to ensure compliance with state regulations and implements best practices to deliver services with fairness and integrity. Fleet Services provides fleet management for central county fleet, including vehicle acquisition, maintenance, repair, modification, fuel sales, motor pool operations, car wash services, and vehicle disposal.

Purchasing & Fleet has an adopted budget of \$62.8 million for FY 2024/25 and 89 adopted positions. *County of Riverside, Fiscal Year 2024/25 Adopted Budget Volume 1, 212-213.*

#### Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over access control management, administration over purchasing policies, contract and supplier management, and vehicle management. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

#### Audit Scope and Methodology

We conducted the audit from June 20, 2024, through June 12, 2025, for operations from July 1, 2022, through May 15, 2025. Using a risk-based approach, our scope included the following:

- Access Control Management
- Administration Over Purchasing Policies

#### AUDIT HIGHLIGHTS

- Badges need to be deactivated within 24 hours for all separated employees.
- Documentation and approvals for badge deactivations need to be consistently maintained.
- Purchasing and Procurement Card manuals need to be reviewed and updated on a defined schedule.
- The Purchasing Policy Manual needs to include guidance on post-award contract oversight.
- Invoices need to reference the correct and fully executed contracts.
- Contracts need to be finalized and signed before procurement activity begins.
- Invoices need to align with the pricing and terms outlined in the contract.
- Contract amendments need to be created when requirements, scope, or spending limits change.
- Certificates of liability insurance need to meet contract requirements and be submitted before work begins.



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

- Contract and Supplier Management
- Vehicle Management

### Audit Conclusion

Based on the results of our audit, we determined internal controls over vehicle management are functioning as designed to help Purchasing and Fleet achieve its business process objectives. However, we have identified improvement opportunities for internal controls over access control management, administration over purchasing policies and contract and supplier management, that can help provide reasonable assurance that the department's objectives relating to these areas will be achieved. Specifically, badge deactivations were not consistently completed within 24 hours of separation, and documentation or approvals were missing. The Purchasing Policy Manual has not been reviewed on a set schedule and can be updated with additional guidance addressing key aspects of post-award contract oversight. Invoices were not consistently linked to the correct or fully executed contracts, and some did not align with contract terms or include sufficient detail to verify charges. Contract changes were made without formal amendments and required insurance certificates and endorsements naming the County as an additional insured were not obtained.



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

### Access Control Management

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#### Background

Access Control Management is a crucial component of information security that involves the establishment, maintenance, and enforcement of policies and procedures to manage access to information systems, resources, and physical facilities within an organization. Access control management plays a vital role in safeguarding sensitive data, maintaining the integrity of systems, and protecting against unauthorized access or breaches. Access extends to physical access control, ensuring that only authorized personnel can enter secure areas or buildings. It is essential for protecting physical assets and sensitive information stored in physical locations.

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

#### Objective

To verify the existence and adequacy of internal controls over physical access to facilities used by Purchasing and Fleet.

#### Audit Methodology

To accomplish these objectives, we:

- Reviewed the County of Riverside Information Security Standard v2.0 and internal Purchasing and Fleet policies and procedures related to access control management.
- Conducted interviews with key personnel to gain an understanding of Purchasing and Fleet's access control management processes.
- Obtained copies of all Purchasing and Fleet organizational charts effective during the audit review period.



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

- Obtained a listing detailing active and terminated Purchasing and Fleet employees during the audit review period.
- Verified that employees in Purchasing and Fleet were trained on policies and procedures related to access controls.
- Obtained a report of all active and deactivated badges during the audit review period.
- Verified whether badge deactivations in Purchasing and Fleet were timely and supported by appropriate documentation.
- Reviewed badge activity for irregular use, such as use during time off, after normal working hours, or after termination.
- Conducted physical security checks to verify badge access points were secure and functioning properly.
- Compared employees with similar roles in Purchasing and Fleet to identify any discrepancies in access rights, including incompatible or irregular permissions.
- Verified that Purchasing and Fleet actively monitor access to facilities and buildings.

### Finding 1: Access Control Management

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

National Institute of Standards and Technology's<sup>2</sup> (NIST) Special Publication (SP) 800-53 PE-2 *Physical Access Authorizations*, states, "review the access list detailing authorized facility access by individuals [Assignment: organization-defined frequency]" and "remove individuals from the facility access list when access is no longer required." Additionally, County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, "County Departments and IT Administrators shall upon termination of individual employment: disable system access; terminate or revoke any authenticators and credentials associated with the individual; and notify personnel as appropriate."

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<sup>1</sup> Please see Appendix A (page 31) for a description of the finding priority level classifications.

<sup>2</sup> NIST is a federal agency within the US Department of Commerce whose standards and guidelines on security and privacy are considered authoritative references in designing and implementing security measures, including access control policies. Their standards are critical for ensuring the integrity, confidentiality, and availability of information systems, making them a reputable source for guiding security practices



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Eleven out of 32 (34%) badges assigned to employees who separated from the department were not deactivated within 24 hours of separation. The average deactivation time was 17 days, with a range of two to 62 days. The existing procedures do not include guidance on badge deactivation following employee separation or transfer. 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 1.1

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

### Management's Response

**“Concur.** We concur with the recommendation to disable badge access within 24 hours of an employee's separation or transfer from the department. We understand the importance of timely deactivation in maintaining physical security and ensuring compliance with NIST SP 800-53 PE-2 and the County of Riverside Information Security Standard v2.0.

Many of the badges identified in the finding were due to terminations or separations occurring prior to recent structural and process changes within the department and/or were related to staff that had no access connected to their issued badges. Since then, corrective steps have been taken to address the issue. Current procedures include improved coordination between the supervisors/managers and the department HR liaison to ensure badge access is consistently revoked within 24 hours of separation or transfer. As of this response, controls are actively in place and being enforced.”

**Actual/estimated Date of Corrective Action:** “02/10/2025 (Completed)”

### Auditors' Comment

We will review the recommendation's implementation in the follow-up audit to verify the department has applied the corrective measures outlined in its response.

### Recommendation 1.2

Establish a documented process to perform regular reviews of badge access rights to identify terminated employee accounts that still have active access.



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### Management's Response

**“Concur.** We concur with the recommendation and note that a process is currently in place to regularly review badge access rights on a **quarterly basis**. As part of this process, badge access is reviewed and compared against current **HR** separation and transfer records to identify any individuals who may still have active access that should be revoked.

As of this response, updated procedures are actively in place and being followed. The process has been updated and is now clearly documented, including responsibilities, timelines, and review procedures, to strengthen internal controls and support audit compliance.”

**Actual/estimated Date of Corrective Action:** “05/05/2025 (Completed)”

### Auditors' Comment

We will review the recommendation's implementation in the follow-up audit to verify the department has applied the corrective measures outlined in its response.

### Recommendation 1.3

Update current offboarding procedures to include clear guidance on terminating badge access.

### Management's Response

**“Concur.** We concur with the recommendation and have updated our offboarding procedures to include clear guidance on terminating badge access. This process ensures that badge deactivation is addressed immediately upon employee separation or transfer to prevent unauthorized physical access. As of this response, updated procedures are actively in place and being followed.”

**Actual/estimated Date of Corrective Action:** “February 10, 2025 (Completed)”

### Auditors' Comment

We will review the recommendation's implementation in the follow-up audit to verify the department has applied the corrective measures outlined in its response.

### Recommendation 1.4

Conduct documented training for all personnel involved in badge access offboarding and ensure communication of the new policy requirements.



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### Management's Response

**“Concur.** We concur with the recommendation. To address the identified gap in badge deactivation, training will be conducted to ensure all managers and supervisors involved in onboarding and offboarding processes understand and adhere to updated procedures. This training will reinforce responsibilities regarding badge deactivation and help prevent unauthorized access due to delayed removal of credentials.”

**Actual/estimated Date of Corrective Action:** “September 30, 2025”

### Finding 2: Documentation for Badge Access Right Changes

Priority Level: 1<sup>3</sup>

National Institute of Standards and Technology's<sup>4</sup> (NIST) Special Publication (SP) 800-53 PE-2 *Physical Access Authorizations*, states, “review the access list detailing authorized facility access by individuals [Assignment: organization-defined frequency]” and “remove individuals from the facility access list when access is no longer required.” Additionally, County of Riverside Information Security Standard v2.0, Section 4.16.4, *Personnel Termination*, states, “County Departments and IT Administrators shall upon termination of individual employment: disable system access; terminate or revoke any authenticators and credentials associated with the individual; and notify personnel as appropriate.”

We identified the following in our review of badge activity:

- Thirteen out of 32 (41%) badges tested did not have documentation to support the department's process for badge access terminations.
- Seven out of 32 (22%) badges tested had no evidence of proper authorization for badge access terminations.

The existing procedures do not include guidance on the documentation requirements for badge deactivation following employee separation or transfer. Maintaining documentation for badge access right changes is important for confirming that updates were completed as intended, providing a reliable record of actions taken, and ensuring evidence is available for review when

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<sup>3</sup> Please see Appendix A (page 31) for a description of the finding priority level classifications.

<sup>4</sup> NIST is a federal agency within the US Department of Commerce whose standards and guidelines on security and privacy are considered authoritative references in designing and implementing security measures, including access control policies. Their standards are critical for ensuring the integrity, confidentiality, and availability of information systems, making them a reputable source for guiding security practices



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needed. Without complete records, the department cannot verify whether badge terminations occurred in accordance with best practices.

### Recommendation 2.1

Ensure badge deactivation requests are submitted and approved by the department within 24 hours of an employee's separation or transfer, and that the documentation of the request and completion is retained.

### Management's Response

**“Concur.** We concur with the recommendation and recognize the importance of timely and documented badge deactivation to ensure physical security and policy compliance. To address the gap, we have implemented a formal process that includes submission of badge deactivation requests within 24 hours of separation or transfer. Supporting documentation for each action will be retained to ensure audit readiness and accountability. As of this response, clear internal procedures and roles have been established to ensure consistency and eliminate ambiguity in access termination.”

**Actual/estimated Date of Corrective Action:** “February 10, 2025 (Completed)”

### Auditors' Comment

We will review the recommendation's implementation in the follow-up audit to verify the department has applied the corrective measures outlined in its response.

### Recommendation 2.2

Update current offboarding procedures to include clear guidance on maintaining documentation of terminations.

### Management's Response

**“Concur.** We agree that offboarding procedures should include clear guidance on maintaining documentation of employee terminations. Proper documentation is essential for accountability and auditability. As of this response, our offboarding procedures have been updated to reinforce the requirement for maintaining documentation of termination decisions and ensure clarity around the role of the supervisor in this process.”

**Actual/estimated Date of Corrective Action:** “February 10, 2025 (Completed)”



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### Auditors' Comment

We will review the recommendation's implementation in the follow-up audit to verify the department has applied the corrective measures outlined in its response.



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### Administration Over Purchasing Policies

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#### Background

The Purchasing and Fleet Services Department is responsible for establishing and implementing procurement policies and procedures that comply with state regulations and promote best practices in service delivery across Riverside County. County Ordinance 459 designates the Purchasing Agent as the official responsible for maintaining the Purchasing Policy Manual as the centralized source of current information on county purchasing requirements. The manual serves as the authoritative guide for departments, agencies, special districts, and elected officials on procurement-related activities. The Purchasing Agent, along with the Assistant Director, Deputy Director, and Procurement Compliance Officer, ensures that policies and procedures are implemented consistently and in accordance with county ordinances and best practices.

The Purchasing Division supports the Executive Office, County Officers, Elected Officials, and other departments by assisting with bid specifications, conducting solicitations, evaluating responses, awarding contracts, and overseeing contract administration. In addition to the Purchasing Policy Manual, the department administers the Procurement Card Program, established in accordance with Board Policy A-62. The objective of the P-Card Program is to streamline the procurement process for small-dollar purchases, reducing paperwork and vendor payments while maintaining adherence to county policies and regulations.

#### Objective

To verify the existence and adequacy of controls over the administration of purchasing policies to ensure the department's ability to enforce purchasing guidelines and procedures effectively.

#### Audit Methodology

To accomplish these objectives, we:

- Obtained and reviewed Ordinance Nos. 757 and 459 and countywide policies and procedures established by Purchasing and Fleet to understand the legal and operational requirements for purchasing activities
- Conducted interviews with key personnel to understand Purchasing and Fleet's administration over purchasing policies.
- Obtained copies of all Purchasing and Fleet organizational charts that were effective during the audit review period.



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- Verified that employees received training on policies and procedures governing the administration of purchasing policies.
- Compared Purchasing and Fleet policies and procedures with those of neighboring counties to assess alignment with best practices and identify opportunities for improvement. Inquired about how Purchasing and Fleet ensure compliance with established purchasing policies.
- Inquired with Purchasing and Fleet about the steps taken to ensure that new inter and intradepartmental employees are trained on established purchasing policies and procedures.
- Inquired about the department's process for reviewing and updating purchasing policies to ensure legal compliance.

### Finding 3: Formal Review Process for Purchasing Manuals

Priority Level: 1<sup>5</sup>

Ordinance 459, *Purchasing, Policies and Procedures*, outlines the Purchasing Agent's responsibility to "Maintain the County Purchasing Policy Manual as the source for Purchasing staff and Department staff to obtain current information on County purchasing requirements. The Purchasing Agent shall update the Policy Manual and include new legal requirements or information that will best fulfill his/her mission as described in this ordinance."

The County Purchasing Manual had not been updated between 2021 and early 2025, despite changes in management. Although an update was made in February 2025, the manual still references an "as-needed" update schedule rather than a defined review cadence. Additionally, the Procurement Card Manual has not been updated since 2016. While the intranet site has been routinely updated, the official manual that serves as the authoritative source for purchasing guidance did not consistently reflect current expectations and processes. A formal review cycle for updating procurement manuals has not been established to ensure updates are timely, routine, and responsive to changes. Establishing a formal, recurring review process would enable the department to ensure that its guidance remains current, aligned with operational practices, and consistently applied across departments.

### Recommendation 3.1

Establish a formal sunset review cycle for both the Purchasing Policy Manual and Procurement Card Manual, including a designated frequency and responsible parties to review, update, and document revisions, regardless of whether legal or policy changes have occurred.

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<sup>5</sup> Please see Appendix A (page 31) for a description of the finding priority level classifications.



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### Management's Response

**“Concur.** We concur with the recommendation to establish a formal review cycle for both the Purchasing Policy Manual and the Procurement Card Manual. A defined review schedule -along with clearly designated responsible parties -will ensure the manuals are regularly evaluated and updated to remain aligned with current legal, regulatory, and operational requirements.

The delay in updating the manuals was, in part, due to significant changes in both leadership and structure within the department since the last revision. These transitions impacted the continuity and prioritization of manual updates. Establishing a formal, recurring review cycle will help mitigate such disruptions in the future by institutionalizing the responsibility for updates, regardless of leadership changes.”

**Actual/estimated Date of Corrective Action:** “January 31, 2026”

### Recommendation 3.2

Ensure that any updates or changes to procurement guidance currently included in the Purchasing Policy Manual are promptly revised to reflect corresponding updates made on the intranet, in accordance with County Ordinance 459. This helps preserve the manual's role as the official and consistent point of reference.

### Management's Response

**“Concur.** We agree that the Purchasing Policy Manual should serve as the central, authoritative source for procurement guidance and that updates must be incorporated in a timely manner. However, we recognize that intranet resources often provide real-time updates or clarifications that may precede full manual revisions. Additionally, not all intranet resources, such as templates and other fluid documents hold space in the manual. While we will work to ensure consistency between the intranet and the manual, we believe flexibility is needed to allow operational guidance to be communicated efficiently while formal updates to the manual follow a structured but realistic revision timeline. We will define reasonable timeframes for incorporating significant changes into the manual to balance both agility and consistency.”

**Actual/estimated Date of Corrective Action:** “January 31, 2026”



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### Finding 4: Enhance Purchasing Policy Manual

Priority Level: 1<sup>6</sup>

Ordinance 459, *Purchasing, Policies and Procedures*, outlines the Purchasing Agent's responsibility to "Maintain the County Purchasing Policy Manual as the source for Purchasing staff and Department staff to obtain current information on County purchasing requirements. The Purchasing Agent shall update the Policy Manual and include new legal requirements or information that will best fulfill his/her mission as described in this ordinance." Additionally, "The Director of Purchasing is the Purchasing Agent for the County of Riverside and shall be responsible for implementing and enforcing the policies and procedures as set forth in this Manual."

The County's Purchasing Policy Manual does not provide detailed guidance on key aspects of post-award contract oversight, such as vendor performance monitoring, contract spend tracking, blank purchase order use and monitoring, or contract placeholder management. Additionally, the manual does not provide best practices such as how to link purchase orders to contracts, what documents to upload in the Riverside County Financial System and outlining procedures for compliance monitoring. The manual provides limited information on cooperative agreements. Purchasing and Fleet created the *Contract Administration Guide and Toolbox For Departments* to share best practices; however, these resources were presented as optional and were not included in the official Purchasing Policy Manual, which limits their influence.

A formal process to regularly review and update the Purchasing Policy Manual has not been established. As a result, key guidance remains in optional tools rather than being codified. Implementing routine reviews of procurement policies and formally integrating key areas such as contract administration would enhance consistency, improve oversight, and support transparency and cost efficiency across the contract lifecycle.

#### Recommendation 4.1

Update the Purchasing Policy Manual to include clear, required and detailed guidance on post-award contract oversight, including vendor performance, contract spend, blank purchase orders, placeholders, compliance monitoring, and cooperative contracts.

#### Management's Response

**"Concur.** We concur with the majority of the recommendation and support the continued enhancement of the Purchasing Policy Manual to include greater clarity on cooperative contracts, blanket purchase orders, contract spend, and other key procurement-related practices.

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<sup>6</sup> Please see Appendix A (page 31) for a description of the finding priority level classifications.



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However, we differ on view regarding the inclusion of detailed, required guidance on post-award contract oversight, specifically vendor performance and monitoring. Post-award contract administration responsibilities are decentralized and fall under the purview of individual departments. Each department is responsible for managing its contracts in accordance with its own internal procedures, which reflect the unique operational needs and structures of their programs.

To support departments in fulfilling these responsibilities, Purchasing and Fleet Services will continue to maintain and promote the Contract Administration Guide and Toolbox for departments as a resource for best practices and departmental process development. While these tools are not formally embedded in the Purchasing Policy Manual, they serve as a flexible framework to guide departments in establishing or refining their internal processes. The Purchasing Policy Manual will be updated to include a reference to the Contract Administration Guide and Toolbox as a resource, ensuring greater visibility and encouraging utilization across departments. We acknowledge the importance of consistency and accountability across departments and will explore opportunities to enhance guidance and reinforce expectations without duplicating or replacing departmental responsibilities.”

**Actual/estimated Date of Corrective Action:** “January 31, 2026”

### Recommendation 4.2

Update the purchasing manual to include best practices for linking purchase orders to contracts in Riverside County Financial System and provide guidance on the types of supporting documents that should be uploaded to ensure consistency, transparency, and compliance with procurement procedures.

### Management’s Response

”**Concur.** We concur with the recommendation to update the Purchasing Policy Manual to include best practices for linking purchase orders to contracts within the Riverside County Financial System. Providing clear guidance on the types of supporting documents to be uploaded will help ensure consistency, transparency, and compliance across all procurement activities. This update will strengthen internal controls and promote uniform application of procurement procedures throughout the County.”

**Actual/estimated Date of Corrective Action:** “January 31, 2026”



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

### Contracts and Supplier Management

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#### Background

The Riverside County, Purchasing Policy Manual (February 14, 2025), 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.” Price reasonableness is established through competitive bidding and supported 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 Purchasing and Fleet’s contract and supplier management.

#### Audit Methodology

To accomplish these objectives, we:

- Obtained and reviewed Riverside County Purchasing Policy Manual as it relates to rights and responsibilities over procurement.
- Conducted interviews with key personnel to obtain an understanding of departmental processes and procedures over contract and supplier management.
- Obtained a listing of all contracts utilized during the audit review period and judgmentally selected suppliers for review and testing.



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- Obtained and reviewed Purchasing and Fleet contract agreements with selected suppliers to understand the requirements and deliverables of the contract.
- Verified whether there was adequate segregation of duties in place relating to the contract and supplier management process.
- Verified whether the contract and supplier agreements were approved, appropriate, had adequate supporting documentation, processed in a timely manner, rates agreed to the contract requirements, services performed are adequately monitored, and change orders were approved.
- Reviewed contractual insurance requirements for the selected suppliers during the audit period and verified compliance with these requirements.
- Reviewed and analyzed selected supplier invoices to confirm accurate billing and potential duplicate charges.
- Reviewed and analyzed the supplier selection process for the selected suppliers.
- Verified if vouchers were properly linked to contracts for the selected suppliers.

### Finding 5: Contract Monitoring

Priority Level: 1<sup>7</sup>

Based on our review of 115 randomly sampled vouchers across three selected suppliers, we identified opportunities to strengthen contract monitoring and noted the following:

- Twenty-seven invoices (23%) were linked to a contract that was created in error. The invoices should have referenced a different contract, but the intended contract was not finalized or signed at the time of our review (March 2025). The Purchasing Policy Manual states, “All contracted spend must be accounted for regardless of the amount being greater or less than \$400.”
- Twenty-nine invoices (25%) were linked to an incorrect contract. These invoices should have been associated with another agreement, which had not been finalized or signed at the time of our review (March 2025).
- Twenty invoices (17%) were linked to the intended contract ID, however, the underlying contract had not been finalized. The contract ID functioned as a placeholder without an executed agreement, which prevented verification of pricing and terms. The Purchasing Policy Manual states, “Uniformity and consistency are desired for purchasing activities and contract development. There are standard contracts documents such as the County’s Professional Service

<sup>7</sup> Please see Appendix A (page 31) for a description of the finding priority level classifications.



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Agreement and addendum template that was developed in cooperation with Central Purchasing and County Counsel.”

- Six invoices (5%) did not include the number of labor hours worked, which prevented validation of the total billed amount against contract terms. Per contract agreement, “The COUNTY shall pay the CONTRACTOR for services performed, products provided and expenses incurred.”
- Six invoices (5%) included billing amounts that did not align with the payment terms specified in the contract, including discrepancies in labor rates or line items billed.

A formal written policy and procedure for contract and supplier management specific to Fleet contracts is not in place. As a result, invoice payments were processed using incomplete or incorrect contract references. This occurred due to errors, the need to formally review procedures during procurement setup, and limitations department has associated to the Riverside County Financial System. Such limitations as described by the department include the systems inability to support core contract monitoring functions such as enforcing execution status, tracking spending against contract terms, or flagging inconsistencies in procurement activity. Using finalized contracts to link invoices, combined with consistent invoice validation, ensures parts align with agreed-upon terms. This strengthens the department’s ability to enforce pricing, track procurement accuracy, and maintain effective contract oversight.

### Recommendation 5.1

Develop a detailed written policy and procedure outlining the full contract and supplier management process for Fleet contracts, from initiation to closeout, to ensure consistent application and alignment.

### Management’s Response

“**Concur.** We concur with the recommendation to develop a detailed written policy and procedure for managing Fleet contracts throughout the full contract lifecycle-from initiation through closeout, aligning with Fleet-specific needs. The recent addition of dedicated support staff, including a Procurement Contract Specialist assigned to Fleet, will further enable consistent application of contract management practices and strengthen supplier relationship oversight.

In addition, previously unexecuted contracts resulting from staffing transitions have been identified, addressed, and properly uploaded into the financial system to ensure compliance and record accuracy moving forward.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”



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### Recommendation 5.2

Develop a documented process to communicate the established policies and procedures to staff on a regular basis, such as quarterly or annually, to ensure understanding, acknowledgment, and consistent application.

### Management's Response

**“Concur.** We concur with this recommendation. While we agree on the importance of ensuring staff understands and consistently applies established policies and procedures, we believe the intent is already being addressed through existing regular meetings between the Fleet, Fiscal, and Purchasing teams. These meetings are used to discuss ongoing operational and contract management needs and are documented via calendar invitations.

To strengthen this process, we will implement a more formal, agenda-driven approach that includes tracking and documenting which policies and procedures are reviewed or discussed during each meeting. This will help ensure clarity, understanding, and acknowledgement among staff, while building on the structure already in place.”

**Actual/estimated Date of Corrective Action:** “October 31, 2025”

### Recommendation 5.3

Establish and implement a documented process to verify invoices are linked to the correct and fully executed contract prior to use.

### Management's Response

**“Concur.** We concur with this recommendation. Fiscal, Fleet, and Purchasing division staff will collaborate to establish and maintain a centralized contract tracking spreadsheet that links Blanket Purchase Order numbers with corresponding contract identifiers. This tool will help ensure that invoices are matched to the correct and fully executed contracts prior to processing.

The spreadsheet will be updated as needed through ongoing coordination between the assigned Procurement Contract Specialist and the Administrative Services Analyst supporting Fleet. It will be shared with all relevant parties to promote accuracy and consistency in invoice review and payment processes.”

**Actual/estimated Date of Corrective Action:** “October 31, 2025”



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### Recommendation 5.4

Implement a documented formal review process following contract award notification to verify execution status before initiating procurement activity.

#### Management's Response

**"Concur.** We concur with this recommendation. As part of the enhanced contract monitoring process under development, a formal review step will be implemented following contract award notification to verify full execution before any procurement activity begins. This review will also include confirmation that the vendor has received notice to proceed, ensuring compliance and proper contract activation."

**Actual/estimated Date of Corrective Action:** "December 31, 2025"

### Recommendation 5.5

Ensure contractors include necessary details, such as labor hours, to support validation against contract payment provisions.

#### Management's Response

**"Concur.** We concur with this recommendation. Fleet is currently establishing award of a new cycle of external maintenance contracts which will ensure all vendors have approved, up-to-date, and accurate pricing and submit complete invoices that comply with the most recent contract terms. New contracts will require vendors to clearly specify labor hours, parts markup, and current labor rates on all invoices. Payments will only be approved when these details are included and align with the contract provisions.

Following contract award, Fleet will maintain a list of all approved vendors. Additionally, staff responsible for processing and approving invoices will be trained to verify that all charges on invoices match the contracted rates and include the required details before approval."

**Actual/estimated Date of Corrective Action:** "October 31, 2025"

### Recommendation 5.6

Establish a written review process to confirm invoice completeness and consistency with contract payment terms prior to approval and payment.



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### Management's Response

**“Concur.** We concur with this recommendation. Fleet is currently establishing award of a new cycle of external maintenance contracts which will ensure all vendors have approved, up-to-date, and accurate pricing and submit complete invoices that comply with the most recent contract terms.

Additionally, Fleet will develop a formal written review process to confirm invoice completeness and consistency with contract payment terms. This process will ensure that staff always use the most current contracted rates, and that validation documents are promptly updated when changes occur.”

**Actual/estimated Date of Corrective Action:** “October 31, 2025”

### Recommendation 5.7

Establish and implement a documented process to ensure all contracts and supporting documentation are attached in Riverside County Financial System.

### Management's Response

**“Concur.** We concur with this recommendation. As part of the contract monitoring process being developed for Fleet contracts, we will implement a checklist of required supporting documents. This checklist will be regularly reviewed and updated as needed to ensure all necessary documents are completed, received, and properly attached to the contract database as a document repository.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”

### Finding 6: Contract Amendments

Priority Level: 1<sup>8</sup>

The Purchasing Policy Manual defines an amendment as, “An agreed addition, deletion from, correction or modification to the terms and conditions, scope of work, specifications or provisions of a contract.” In addition, the contract states, “This Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.”

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<sup>8</sup> Please see Appendix A (page 31) for a description of the finding priority level classifications.



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During our review of three contracted suppliers selected for review, we noted the following:

- Contract requirements were modified without a formal amendment. Specifically, a required checklist was removed, and the requirement to submit separate invoices for repairs and preventative maintenance was no longer enforced.
- Change orders were approved during the contract period without corresponding contract amendments. In one instance, a contract exceeded its annual spending cap without a formal amendment authorizing the increase.

See Table A below for an illustration of contract spending that exceeded the annual contract limit.

**Table A : Contract Spending**

Fiscal Year	Contract Cap	Actual Spending <sup>9</sup>	Amount Over Cap
2022-23	\$100,000	\$249,583	\$149,583
2023-24	\$100,000	\$574,007	\$474,007
2024-25	\$100,000	\$547,669	\$447,669

These modifications were made informally by the department to accommodate internal workflows, without initiating formal amendment procedures. A documented process to ensure that operational changes, such as approved change orders or increased contract spending that would trigger formal contract modifications, was not in place. Establishing and following formal amendment processes for contract changes ensures consistency between the contract and actual practices. It strengthens internal controls, supports effective contract monitoring, and enables the departments to enforce expectations and address vendor performance. Documented amendments also promote transparency, reduce confusion among staff and vendors, and streamline future renewals or evaluations.

### Recommendation 6.1

Establish and implement a documented procedure requiring that all contract modifications, including changes to requirements, scope, or pricing, are processed through written amendments signed by authorized representatives, in accordance with the Purchasing Policy Manual and contract terms.

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<sup>9</sup> Actual spending was determined based on a report generated in May 2025 from the Riverside County Financial System, which summarizes all vouchers linked to the contract.



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### Management's Response

**“Partially Concur.** We partially concur with this recommendation. The amendment process is already outlined in executed agreements, and templates are available on the intranet to facilitate compliance with this requirement. However, to ensure greater consistency and clarity, this process will be explicitly incorporated into the contract monitoring procedures currently being developed specifically for Fleet contracts.

We acknowledge that a recent change in Procurement Contract Specialist assignments supporting Fleet may have contributed to some contract amendments being overlooked during the transition. The updated procedures will address this gap to prevent recurrence.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”

### Recommendation 6.2

Develop and implement a documented contract monitoring process that includes periodic reviews of contract activity, such as approved change orders or spending approaching contract caps, to determine when a formal amendment is required.

### Management's Response

**“Concur.** We concur with this recommendation. As part of the contract monitoring process being established specifically for Fleet, a documented procedure will be implemented that includes periodic reviews of contract activity, such as approved change orders and spending approaching contract caps. This process will help determine when formal amendments are required, ensuring consistency and clear oversight.

Additionally, the Administrative Services Analyst supporting Fleet will have primary responsibility for regularly monitoring contract expenditures to support timely and accurate contract management.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”

### Recommendation 6.3

Develop a documented process to communicate the established procedures for contract modification requirements to all relevant staff.



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### Management's Response

**“Concur.** We concur with this recommendation. While we agree on the importance of ensuring staff understands and consistently applies established policies and procedures, we believe the intent is already being addressed through existing regular meetings between the Fleet, Fiscal, and Purchasing teams. These meetings are used to discuss ongoing operational and contract management needs and are documented via calendar invitations.

To strengthen this process, we will implement a more formal, agenda-driven approach that includes tracking and documenting which policies and procedures are reviewed or discussed during each meeting. This will help ensure clarity, understanding, and acknowledgement among staff, while building on the structure already in place.”

**Actual/estimated Date of Corrective Action:** “October 31, 2025”

### Finding 7: Insurance Compliance

Priority Level: 1<sup>10</sup>

The contracts selected for testing each included a clause stating, “CONTRACTOR shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section.” The contracts further stated, “Without limiting or diminishing the CONTRACTOR’s obligation to indemnify or hold the COUNTY harmless, CONTRACTOR shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages such as workers’ compensation, commercial general liability, vehicle liability, and professional liability during the term of the contract. Pertinent to the insurance, the COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.”

The three selected contracted suppliers did not provide certificates of liability insurance with the fully required coverage and/or endorsements as specified in the contract agreements. Specifically, endorsements naming the County as an additional insured were missing or incomplete. A process to monitor contractor insurance, including a centralized process to collect, retain, and track certificates of insurance is not in place, leading to gaps in required coverage and not endorsing Riverside County as additional insured. When required certificates and endorsements are not properly obtained and verified, the County may be exposed to legal or financial liabilities that should be covered by the contractor.

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<sup>10</sup> Please see Appendix A (page 31) for a description of the finding priority level classifications.



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

### Recommendation 7.1

Establish and implement a centralized, documented process to collect, review, and track certificates of liability insurance and endorsements, ensuring all insurance requirements in contract agreements are met before work begins.

#### Management's Response

**“Concur.** We agree with the recommendation and recognize the importance of a centralized and consistent approach to managing certificates of insurance and related endorsements. To address this recommendation, we will leverage existing resources, including current administrative tools and staff expertise, to develop and implement a standardized operating procedure. This procedure will outline clear responsibilities, timelines, and review protocols to ensure that all departments consistently follow the same process.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”

### Recommendation 7.2

Conduct periodic reviews of insurance documentation to confirm that coverage remains valid and in compliance throughout the contract term. Maintain records of each review as evidence of ongoing oversight.

#### Management's Response

**“Concur.** We agree with this recommendation and acknowledge the importance of continuous oversight to ensure that insurance coverage remains active and compliant throughout the duration of each contract. To address this recommendation, we will leverage existing resources to develop a standardized procedure for departmental operations. This procedure will include a formal schedule for conducting periodic reviews of all certificates of liability insurance and endorsements associated with active contracts. The reviews will verify the continued validity of coverage, compliance with contract terms, and the presence of any material changes to policy limits or exclusions that could affect risk exposure.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”

### Recommendation 7.3

Require all suppliers to submit proof of insurance coverage and endorsements before beginning services. Each certificate should clearly reference the applicable contract or agreement to ensure traceability.



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

### Management's Response

**“Concur.** We concur with this recommendation and have taken proactive steps to strengthen our insurance documentation practices. As of July 2025, bid documentation and the countywide contract template for all new contracts have been revised to ensure that prospective suppliers are fully informed of the County's insurance requirements during the solicitation process.

The updated language clearly outlines the minimum coverage requirements, required endorsements, and the specific entities that must be named as additional insureds on the certificate of insurance. To enforce compliance, contracts will not be executed until all necessary insurance documentation is received and verified. Once approved, the insurance certificates and endorsements will be stored with the executed contract and other supporting documentation, ensuring proper recordkeeping and traceability for audit and contract management purposes.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”

### Recommendation 7.4

Provide training to applicable departmental staff on training requirements, including required coverage, endorsements, and the need to list the County as an additional insured. Retain documentation of training completion as evidence of compliance.

### Management's Response

**“Concur.** We concur with this recommendation and recognize the importance of ensuring that all relevant staff are properly trained on insurance requirements associated with contracts and vendor engagements.

Currently, new hire training includes a dedicated module on insurance provisions, which covers key topics such as required coverage limits, necessary endorsements, and the requirement to list the County as an additional insured. Additionally, annual training on insurance compliance is provided to the procurement team to reinforce these expectations and ensure consistency in contract administration.

To further strengthen this process, we will implement a more formalized approach to training documentation. This will include the development of standardized materials such as training agendas, presentation content, and attendance records (e.g., sign-in sheets or electronic confirmations). These materials will be retained in a centralized location and used to demonstrate compliance during internal reviews or audits.”

**Actual/estimated Date of Corrective Action:** “December 31, 2025”



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

### Vehicle Management

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#### Background

The goals and objectives of a vehicle management program are to ensure the efficient, safe, and compliant operation of an organization's vehicle fleet. Proper vehicle management supports operational reliability by minimizing downtime due to vehicle unavailability or mechanical failure. This includes the timely acquisition, utilization, maintenance, and disposal of vehicles in accordance with applicable policies and regulatory requirements. Effective oversight of vehicle usage and maintenance enhances accountability, promotes cost-efficiency, and extends the useful life of fleet assets. Preventive maintenance and regular inspections are essential to ensure vehicles operate safely and remain compliant with relevant local, state, and federal standards, including those related to emissions, insurance, and driver safety.

Vehicle management also encompasses the tracking of vehicle mileage, fuel consumption, maintenance history, and repair costs. These activities are typically supported by a fleet management system, which provides centralized documentation and supports data-driven decision-making. Monitoring vehicle utilization and retention practices also supports equitable allocation of fleet resources across departments, ensures alignment with operational needs, and facilitates strategic planning for future fleet investments.

#### Objective

To verify the existence and adequacy of internal controls over Purchasing and Fleet's vehicle management process.

#### Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department processes and procedures over vehicle management.
- Conducted interviews with key personnel to gain an understanding of the department's vehicle management process.
- Obtained copies of all department organizational charts that were effective during the audit review period.
- Obtained a listing of all vehicles managed by Purchasing and Fleet and tested a sample for compliance with documentation, required equipment installation, overnight retention approvals, mileage logs, vehicle utilization, and travel history alignment.



## Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

- Obtained and tested a sample of fuel card usage reports to verify assignment to vehicles, alignment with travel and mileage logs, anomaly reviews, and department oversight including spot checks.
- Performed a variance analysis of employee travel patterns to identify irregularities in vehicle usage.

### Finding: None Noted

Based on the results of our audit, we determined that internal controls over vehicle management 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 2025-002: Riverside County Purchasing and Fleet Services 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><b><u>Expected Implementation Date of Recommendation*</u></b> One to three months</p>	<p><b><u>Expected Implementation Date of Recommendation *</u></b> Three to six months</p>	<p><b><u>Expected Implementation Date of Recommendation *</u></b> Six to twelve months</p>

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



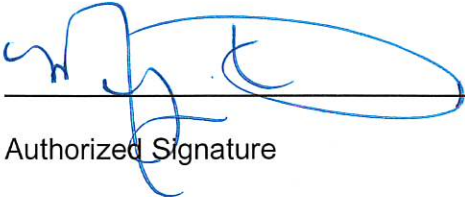
# Attachment B

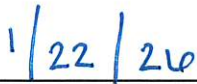
## Purchasing and Fleet Services

Meghan Hahn, Director

Purchasing ★ Fleet ★ Central Mail

The following are the current status of the reported findings and planned corrective actions contained in Internal Audit Report 2025-002: Riverside County Purchasing and Fleet Services Audit

  
\_\_\_\_\_  
Authorized Signature

  
\_\_\_\_\_  
Date

### Finding 1: Access Control Management

“National Institute of Standards and Technology’s (NIST) Special Publication (SP) 800-53 PE-2 Physical Access Authorizations, states, ‘review the access list detailing authorized facility access by individuals [Assignment: organization-defined frequency]’ and ‘remove individuals from the facility access list when access is no longer required.’ Additionally, County of Riverside Information Security Standard v2.0, Section 4.16.4, Personnel Termination, states, ‘County Departments and IT Administrators shall upon termination of individual employment: disable system access; terminate or revoke any authenticators and credentials associated with the individual; and notify personnel as appropriate.’

Eleven out of 32 (34%) badges assigned to employees who separated from the department were not deactivated within 24 hours of separation. The average deactivation time was 17 days, with a range of two to 62 days. The existing procedures do not include guidance on badge deactivation following employee separation or transfer. 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.”

Current Status

Reported Finding Corrected?  Yes  No

All Recommendation 1 findings have been fully implemented. The department strengthened coordination and updated offboarding procedures to ensure badge access is disabled within 24 hours of employee separation or transfer, supported by regular access reviews using standardized reports. Training and formal communication were completed to ensure staff understands and consistently apply the updated requirements.

### Recommendation 1.1

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

#### Management Reply

**“Concur.** We concur with the recommendation to disable badge access within 24 hours of an employee's separation or transfer from the department. We understand the importance of timely deactivation in maintaining physical security and ensuring compliance with NIST SP 80053 PE-2 and the County of Riverside Information Security Standard v2.0.

Many of the badges identified in the finding were due to terminations or separations occurring prior to recent structural and process changes within the department and/or were related to staff that had no access connected to their issued badges. Since then, corrective steps have been taken to address the issue. Current procedures include improved coordination between the supervisors/managers and the department HR liaison to ensure badge access is consistently revoked within 24 hours of separation or transfer. As of this response, controls are actively in place and being enforced.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of February 10, 2025. The department has implemented strengthened coordination procedures between supervisors, managers, and the department HR liaison to ensure badge access is disabled within 24 hours of employee separation or transfer. Separation and transfer notifications now trigger immediate badge deactivation requests.

### Recommendation 1.2

Establish a documented process to perform regular reviews of badge access rights to identify terminated employee accounts that still have active access.

#### Management Reply

**“Concur.** We concur with the recommendation and note that a process is currently in place to regularly review badge access rights on a quarterly basis. As part of this process, badge access is reviewed and compared against current HR separation and transfer records to identify any individuals who may still have active access that should be revoked. As of this response, updated procedures are actively in place and being followed. The process has been updated and is now clearly documented, including responsibilities, timelines, and review procedures, to strengthen internal controls and support audit compliance.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of May 5, 2025. A standardized badge access report was created to pull on a regular basis to support the badge review process. This report enables staff to review and validate active badge access against current P&F separation and transfer records. Any discrepancies identified are promptly addressed by revoking access as appropriate.

### Recommendation 1.3

Update current offboarding procedures to include clear guidance on terminating badge access.

#### Management Reply

**“Concur.** We concur with the recommendation and have updated our offboarding procedures to include clear guidance on terminating badge access. This process ensures that badge deactivation is addressed immediately upon employee separation or transfer to prevent unauthorized physical access. As of this response, updated procedures are actively in place and being followed.”

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

This was fully implemented as of February 10, 2025. Offboarding procedures have been formally updated and implemented to include clear, detailed guidance for terminating badge access upon employee separation or transfer. The updated procedures define supervisor and Administrative Services Assistant (ASA) responsibilities, notification requirements, and ensure badge deactivation occurs within 24 hours of the employee's last working day.

### Recommendation 1.4

Conduct documented training for all personnel involved in badge access offboarding and ensure communication of the new policy requirements.

#### Management Reply

**“Concur.** We concur with the recommendation. To address the identified gap in badge deactivation, training will be conducted to ensure all managers and supervisors involved in onboarding and offboarding processes understand and adhere to updated procedures. This training will reinforce responsibilities regarding badge deactivation and help prevent unauthorized access due to delayed removal of credentials.”

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

This was fully implemented as of September 25, 2025. Training has been completed for all managers, supervisors, and designated personnel involved in the badge access offboarding process. The updated policy requirements were formally communicated through departmental meetings and distributed written guidance. Attendance was documented, and all participants acknowledged receipt and understanding of the revised procedures.

## Finding 2: Documentation for Badge Access Rights Changes

“National Institute of Standards and Technology’s (NIST) Special Publication (SP) 800-53 PE-2 Physical Access Authorizations, states, ‘review the access list detailing authorized facility access by individuals [Assignment: organization-defined frequency]’ and ‘remove individuals from the facility access list when access is no longer required.’ Additionally, County of Riverside Information Security Standard v2.0, Section 4.16.4, Personnel Termination, states, ‘County Departments and IT Administrators shall upon termination of individual employment: disable system access; terminate or revoke any authenticators and credentials associated with the individual; and notify personnel as appropriate.’

We identified the following in our review of badge activity:

- Thirteen out of 32 (41%) badges tested did not have documentation to support the department’s process for badge access terminations.
- Seven out of 32 (22%) badges tested had no evidence of proper authorization for badge access terminations.

The existing procedures do not include guidance on the documentation requirements for badge deactivation following employee separation or transfer. Maintaining documentation for badge access changes is important for confirming that updates were completed as intended, providing a reliable record of actions taken, and ensuring evidence is available for review when needed. Without complete records, the department cannot verify whether badge terminations occurred in accordance with best practices.”

### Current Status

Reported Finding Corrected?  Yes  No

All Recommendation 2 findings have been fully implemented. The department formalized the badge deactivation process to ensure requests are submitted, approved, and completed within 24 hours of employee separation or transfer, with all supporting documentation retained. Offboarding procedures were updated to clearly define documentation requirements, ensuring consistent recordkeeping and audit readiness.

### Recommendation 2.1

Ensure badge deactivation requests are submitted and approved by the department within 24 hours of an employee’s separation or transfer, and that the documentation of the request and completion is retained.

### Management Reply

“Concur. We concur with the recommendation and recognize the importance of timely and documented badge deactivation to ensure physical security and policy compliance. To address the gap, we have implemented a formal process that includes submission of badge deactivation requests within 24 hours of separation or transfer. Supporting documentation for each action will be retained to ensure audit

readiness and accountability. As of this response, clear internal procedures and roles have been established to ensure consistency and eliminate ambiguity in access termination.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of February 10, 2025. Badge deactivation requests are now submitted and approved within 24 hours of separation or transfer. The process has been formalized, and all required documentation requests, approvals, and completion records is retained to ensure compliance and audit readiness.

#### Recommendation 2.2

Update current offboarding procedures to include clear guidance on maintaining documentation of terminations.

#### Management Reply

“Concur. We agree that offboarding procedures should include clear guidance on maintaining documentation of employee terminations. Proper documentation is essential for accountability and auditability. As of this response, our offboarding procedures have been updated to reinforce the requirement for maintaining documentation of termination decisions and ensure clarity around the role of the supervisor in this process.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of February 10, 2025. Offboarding procedures have been updated to include clear guidance on maintaining termination documentation. Supervisors have been informed of their responsibilities, and the revised procedures are now in use to ensure consistent documentation and audit compliance.

### **Finding 3: Formal Review Process for Purchasing Manuals**

“Ordinance 459, Purchasing, Policies and Procedures, outlines the Purchasing Agent’s responsibility to ‘Maintain the County Purchasing Policy Manual as the source for Purchasing staff and Department staff to obtain current information on County purchasing requirements. The Purchasing Agent shall update the Policy Manual and include new legal requirements or information that will best fulfill his/her mission as described in this ordinance.’

The County Purchasing Manual had not been updated between 2021 and early 2025, despite changes in management. Although an update was made in February 2025, the manual still references an “as-needed” update schedule rather than a defined review cadence. Additionally, the Procurement Card Manual has not been updated since 2016. While the intranet site has been routinely updated, the official

manual that serves as the authoritative source for purchasing guidance did not consistently reflect current expectations and processes. A formal review cycle for updating procurement manuals has not been established to ensure updates are timely, routine, and responsive to changes. Establishing a formal, recurring review process would enable the department to ensure that its guidance remains current, aligned with operational practices, and consistently applied across departments.”

#### Current Status

Reported Finding Corrected?  Yes  No

All Recommendation 3 findings have been fully implemented. Formal procedures have been established to ensure both the Purchasing Policy Manual and Procurement Card Manual are reviewed on a regular, scheduled cycle, with designated responsibilities for updating and documenting revisions. Processes have also been implemented to promptly incorporate changes to procurement guidance from the intranet, ensuring that the manuals remain the official and consistent point of reference. These procedures help maintain alignment with legal, regulatory, and operational requirements.

#### Recommendation 3.1

Establish a formal sunset review cycle for both the Purchasing Policy Manual and Procurement Card Manual, including a designated frequency and responsible parties to review, update, and document revisions, regardless of whether legal or policy changes have occurred.

#### Management Reply

“Concur. We concur with the recommendation to establish a formal review cycle for both the Purchasing Policy Manual and the Procurement Card Manual. A defined review schedule -along with clearly designated responsible parties -will ensure the manuals are regularly evaluated and updated to remain aligned with current legal, regulatory, and operational requirements.

The delay in updating the manuals was, in part, due to significant changes in both leadership and structure within the department since the last revision. These transitions impacted the continuity and prioritization of manual updates. Establishing a formal, recurring review cycle will help mitigate such disruptions in the future by institutionalizing the responsibility for updates, regardless of leadership changes.”

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

This was implemented as of January 5, 2026. A procedure has been developed that defines a review schedule along with task designation to ensure manuals are regularly reviewed and updated to align with legal, regulatory and operational requirements.

#### Recommendation 3.2

Ensure that any updates or changes to procurement guidance currently included in the Purchasing Policy Manual are promptly revised to reflect corresponding updates made on the intranet, in accordance with

County Ordinance 459. This helps preserve the manual's role as the official and consistent point of reference.

#### Management Reply

"Concur. We agree that the Purchasing Policy Manual should serve as the central, authoritative source for procurement guidance and that updates must be incorporated in a timely manner. However, we recognize that intranet resources often provide real-time updates or clarifications that may precede full manual revisions. Additionally, not all intranet resources, such as templates and other fluid documents hold space in the manual. While we will work to ensure consistency between the intranet and the manual, we believe flexibility is needed to allow operational guidance to be communicated efficiently while formal updates to the manual follow a structured but realistic revision timeline. We will define reasonable timeframes for incorporating significant changes into the manual to balance both agility and consistency."

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was implemented as of January 5, 2026. A procedure has been developed that defines timeframes for incorporating significant changes in policy and procedure and publication process of the revised versions.

#### Finding 4: Enhance Purchasing Policy Manual

"Ordinance 459, Purchasing, Policies and Procedures, outlines the Purchasing Agent's responsibility to 'Maintain the County Purchasing Policy Manual as the source for Purchasing staff and Department staff to obtain current information on County purchasing requirements. The Purchasing Agent shall update the Policy Manual and include new legal requirements or information that will best fulfill his/her mission as described in this ordinance.' Additionally, The Director of Purchasing is the Purchasing Agent for the County of Riverside and shall be responsible for implementing and enforcing the policies and procedures as set forth in this Manual.'

The County's Purchasing Policy Manual does not provide detailed guidance on key aspects of post-award contract oversight, such as vendor performance monitoring, contract spend tracking, blank purchase order use and monitoring, or contract placeholder management. Additionally, the manual does not provide best practices such as how to link purchase orders to contracts, what documents to upload in the Riverside County Financial System and outlining procedures for compliance monitoring. The manual provides limited information on cooperative agreements. Purchasing and Fleet created the Contract Administration Guide and Toolbox For Departments to share best practices; however, these resources were presented as optional and were not included in the official Purchasing Policy Manual, which limits their influence.

A formal process to regularly review and update the Purchasing Policy Manual has not been established. As a result, key guidance remains in optional tools rather than being codified. Implementing routine reviews of procurement policies and formally integrating key areas such as contract administration would enhance consistency, improve oversight, and support transparency and cost efficiency across the contract lifecycle."

## Current Status

Reported Finding Corrected?  Yes  No

All Recommendation 4 findings have been fully implemented. The Purchasing Policy Manual has been updated to include Section 4.12, *Post-Award Contract and Supplier Monitoring*, providing detailed guidance on contract oversight, vendor performance, contract spend, compliance monitoring, and cooperative contracts. The section also includes processes for linking purchase orders and invoices to contracts and attaching supporting documentation to ensure transparency, consistency, and compliance with procurement procedures. These updates have been documented through the interim revision process and will be incorporated into the manual during the next formal review cycle.

## Recommendation 4.1

Update the Purchasing Policy Manual to include clear, required and detailed guidance on post-award contract oversight, including vendor performance, contract spend, blank purchase orders, placeholders, compliance monitoring, and cooperative contracts.

## Management Reply

"Concur. We concur with the majority of the recommendations and support the continued enhancement of the Purchasing Policy Manual to include greater clarity on cooperative contracts, blanket purchase orders, contract spend, and other key procurement-related practices.

However, we differ on view regarding the inclusion of detailed, required guidance on post-award contract oversight, specifically vendor performance and monitoring. Post-award contract administration responsibilities are decentralized and fall under the purview of individual departments. Each department is responsible for managing its contracts in accordance with its own internal procedures, which reflect the unique operational needs and structures of their programs.

To support departments in fulfilling these responsibilities, Purchasing and Fleet Services will continue to maintain and promote the Contract Administration Guide and Toolbox for departments as a resource for best practices and departmental process development. While these tools are not formally embedded in the Purchasing Policy Manual, they serve as a flexible framework to guide departments in establishing or refining their internal processes. The Purchasing Policy Manual will be updated to include a reference to the Contract Administration Guide and Toolbox as a resource, ensuring greater visibility and encouraging utilization across departments. We acknowledge the importance of consistency and accountability across departments and will explore opportunities to enhance guidance and reinforce expectations without duplicating or replacing departmental responsibilities."

## Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

The Purchasing Policy Manual has been updated to add Section 4.12, *Post-Award Contract and Supplier Monitoring*, which provides guidance on contract responsibility and references the Contract Administration Guide and Toolbox as a supporting resource. This change has been documented through the interim revision process and will also be incorporated into the manual during the next formal review cycle.

## Recommendation 4.2

Update the purchasing manual to include best practices for linking purchase orders to contracts in Riverside County Financial System and provide guidance on the types of supporting documents that should be uploaded to ensure consistency, transparency, and compliance with procurement procedures.

### Management Reply

“Concur. We concur with the recommendation to update the Purchasing Policy Manual to include best practices for linking purchase orders to contracts within the Riverside County Financial System. Providing clear guidance on the types of supporting documents to be uploaded will help ensure consistency, transparency, and compliance across all procurement activities. This update will strengthen internal controls and promote uniform application of procurement procedures throughout the County.”

### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

The Purchasing Policy Manual has been updated to add Section 4.12, Post-Award Contract and Supplier Monitoring, which includes linking PO's and invoices to contracts to appropriately capture all spend as well as attaching supporting documents to ensure compliance with procurement activities. This change has been documented through the interim revision process and will also be incorporated into the manual during the next formal review cycle.

### Finding 5: Contract Monitoring

“Based on our review of 115 randomly sampled vouchers across three selected suppliers, we identified opportunities to strengthen contract monitoring and noted the following:

- Twenty-seven invoices (23%) were linked to a contract that was created in error. The invoices should have referenced a different contract, but the intended contract was not finalized or signed at the time of our review (March 2025). The Purchasing Policy Manual states, ‘All contracted spend must be accounted for regardless of the amount being greater or less than \$400.’
- Twenty-nine invoices (25%) were linked to an incorrect contract. These invoices should have been associated with another agreement, which had not been finalized or signed at the time of our review (March 2025).
- Twenty invoices (17%) were linked to the intended contract ID, however, the underlying contract had not been finalized. The contract ID functioned as a placeholder without an executed agreement, which prevented verification of pricing and terms. The Purchasing Policy Manual states, ‘Uniformity and consistency are desired for purchasing activities and contract development. There are standard contracts documents such as the County’s Professional Service Agreement and addendum template that was developed in cooperation with Central Purchasing and County Counsel.’
- Six invoices (5%) did not include the number of labor hours worked, which prevented validation of the total billed amount against contract terms. Per contract agreement, the COUNTY shall pay the CONTRACTOR for services performed, products provided and expenses incurred.’

- Six invoices (5%) included billing amounts that did not align with the payment terms specified in the contract, including discrepancies in labor rates or line items billed.

A formal written policy and procedure for contract and supplier management specific to Fleet contracts is not in place. As a result, invoice payments were processed using incomplete or incorrect contract references. This occurred due to errors, the need to formally review procedures during procurement setup, and limitations department has associated to the Riverside County Financial System. Such limitations as described by the department include the systems inability to support core contract monitoring functions such as enforcing execution status, tracking spending against contract terms, or flagging inconsistencies in procurement activity. Using finalized contracts to link invoices, combined with consistent invoice validation, ensures parts align with agreed-upon terms. This strengthens the department's ability to enforce pricing, track procurement accuracy, and maintain effective contract oversight."

Current Status

Reported Finding Corrected?  Yes  No

All Recommendation 5 findings have been fully implemented. Standard operating procedures have been established to guide the full contract and supplier management process for Fleet contracts, from initiation through closeout, ensuring consistent application and alignment. Processes have been implemented to verify invoice accuracy, confirm contract execution status, and ensure contractor compliance with payment provisions, with all supporting documentation properly attached in the County's financial system. Regular communication of policies and procedures to staff, along with dedicated support and review checklists, reinforces consistency, oversight, and compliance across all contract activities.

Recommendation 5.1

Develop a detailed written policy and procedure outlining the full contract and supplier management process for Fleet contracts, from initiation to closeout, to ensure consistent application and alignment.

Management Reply

"Concur. We concur with the recommendation to develop a detailed written policy and procedure for managing Fleet contracts throughout the full contract lifecycle-from initiation through closeout, aligning with Fleet-specific needs. The recent addition of dedicated support staff, including a Procurement Contract Specialist assigned to Fleet, will further enable consistent application of contract management practices and strengthen supplier relationship oversight.

In addition, previously unexecuted contracts resulting from staffing transitions have been identified, addressed, and properly uploaded into the financial system to ensure compliance and record accuracy moving forward."

Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

This was fully implemented as of December 31, 2025. A standard operating procedure has been developed that outlines processes covering all stages of the contract lifecycle, from initiation through closeout. Dedicated support staff has been assigned to ensure consistent application of these practices and to strengthen supplier oversight. Additionally, previously unexecuted and newly executed contracts have been identified, corrected as needed, and uploaded into the financial system to ensure compliance and maintain accurate records.

#### Recommendation 5.2

Develop a documented process to communicate the established policies and procedures to staff on a regular basis, such as quarterly or annually, to ensure understanding, acknowledgment, and consistent application.

#### Management Reply

“Concur. We concur with this recommendation. While we agree on the importance of ensuring staff understands and consistently applies established policies and procedures, we believe the intent is already being addressed through existing regular meetings between the Fleet, Fiscal, and Purchasing teams. These meetings are used to discuss ongoing operational and contract management needs and are documented via calendar invitations.

To strengthen this process, we will implement a more formal, agenda-driven approach that includes tracking and documenting which policies and procedures are reviewed or discussed during each meeting. This will help ensure clarity, understanding, and acknowledgement among staff, while building on the structure already in place.”

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

This was fully implemented as of December 31, 2025. A standard operating procedure has been developed that outlines processes for regularly communicating established policies and procedures to staff, such as on a quarterly or annual basis, to ensure understanding, acknowledgment, and consistent application.

#### Recommendation 5.3

Establish and implement a documented process to verify invoices are linked to the correct and fully executed contract prior to use.

#### Management Reply

“Concur. We concur with this recommendation. Fiscal, Fleet, and Purchasing division staff will collaborate to establish and maintain a centralized contract tracking spreadsheet that links Blanket Purchase Order numbers with corresponding contract identifiers. This tool will help ensure that invoices are matched to the correct and fully executed contracts prior to processing.

The spreadsheet will be updated as needed through ongoing coordination between the assigned Procurement Contract Specialist and the Administrative Services Analyst supporting Fleet. It will be

shared with all relevant parties to promote accuracy and consistency in invoice review and payment processes.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of December 31, 2025. A standard operating procedure has been developed with defined processes to verify that invoices are linked to the correct and fully executed contract prior to processing.

Implement a documented formal review process following contract award notification to verify execution status before initiating procurement activity.

#### Management Reply

“Concur. We concur with this recommendation. As part of the enhanced contract monitoring process under development, a formal review step will be implemented following contract award notification to verify full execution before any procurement activity begins. This review will also include confirmation that the vendor has received notice to proceed, ensuring compliance and proper contract activation.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of December 31, 2025. A a standard operating procedure has been developed that outlines processes for documenting post-award reviews to confirm contract execution status prior to initiating any procurement activity.

#### Recommendation 5.5

Ensure contractors include necessary details, such as labor hours, to support validation against contract payment provisions.

#### Management Reply

“Concur. We concur with this recommendation. Fleet is currently establishing award of a new cycle of external maintenance contracts which will ensure all vendors have approved, up-to-date, and accurate pricing and submit complete invoices that comply with the most recent contract terms. New contracts will require vendors to clearly specify labor hours, parts markup, and current labor rates on all invoices. Payments will only be approved when these details are included and align with the contract provisions.

Following contract award, Fleet will maintain a list of all approved vendors. Additionally, staff responsible for processing and approving invoices will be trained to verify that all charges on invoices match the contracted rates and include the required details before approval.”

## Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of December 31, 2025. A standard operating procedure has been developed that defines processes to ensure contractor invoices include all required details, such as labor hours, to support validation against the agreement's payment provisions.

## Recommendation 5.6

Establish a written review process to confirm invoice completeness and consistency with contract payment terms prior to approval and payment.

### Management Reply

"Concur. We concur with this recommendation. Fleet is currently establishing award of a new cycle of external maintenance contracts which will ensure all vendors have approved, up-to-date, and accurate pricing and submit complete invoices that comply with the most recent contract terms.

Additionally, Fleet will develop a formal written review process to confirm invoice completeness and consistency with contract payment terms. This process will ensure that staff always uses the most current contracted rates, and that validation documents are promptly updated when changes occur."

## Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of January 5, 2026. A standard operating procedure has been developed, outlining a checklist of required supporting documents. This process will be regularly reviewed and updated as needed to ensure all necessary documents are completed, received, and properly attached to the contract record.

## Recommendation 5.7

Establish and implement a documented process to ensure all contracts and supporting documentation are attached in Riverside County Financial System.

### Management Reply

"Concur. We concur with this recommendation. As part of the contract monitoring process being developed for Fleet contracts, we will implement a checklist of required supporting documents. This checklist will be regularly reviewed and updated as needed to ensure all necessary documents are completed, received, and properly attached to the contract database as a document repository."

## Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of December 31, 2025. A standard operating procedure has been developed that outlines processes to ensure all contracts and supporting documentation are properly attached in the County's financial system. These processes include a checklist of required documents to be reviewed and updated to maintain accuracy and completeness within the contract record.

**Finding 6: Contract Amendments**

“The Purchasing Policy Manual defines an amendment as, “An agreed addition, deletion from, correction or modification to the terms and conditions, scope of work, specifications or provisions of a contract.” In addition, the contract states, “This Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.”

During our review of three contracted suppliers selected for review, we noted the following:

- Contract requirements were modified without a formal amendment. Specifically, a required checklist was removed, and the requirement to submit separate invoices for repairs and preventative maintenance was no longer enforced.
- Change orders were approved during the contract period without corresponding contract amendments. In one instance, a contract exceeded its annual spending cap without a formal amendment authorizing the increase.

See Table A below for an illustration of contract spending that exceeded the annual contract limit.

Table A : Contract Spending

Fiscal Year	Contract Cap	Actual Spending <sup>1</sup>	Amount Over Cap
2022-23	\$100,000	\$249,583	\$149,583
2023-24	\$100,000	\$574,007	\$474,007
2024-25	\$100,000	\$547,669	\$447,669

These modifications were made informally by the department to accommodate internal workflows, without initiating formal amendment procedures. A documented process to ensure that operational changes, such as approved change orders or increased contract spending that would trigger formal contract modifications, was not in place. Establishing and following formal amendment processes for contract changes ensures consistency between the contract and actual practices. It strengthens internal controls, supports effective contract monitoring, and enables the departments to enforce expectations and address vendor performance. Documented amendments also promote transparency, reduce confusion among staff and vendors, and streamline future renewals or evaluations.”

Current Status

Reported Finding Corrected?     Yes   

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All Recommendation 6 findings have been fully implemented. Standard operating procedures have been established to ensure all contract modifications, including changes to requirements, scope, or pricing, are processed through written amendments signed by authorized representatives and in compliance with the Purchasing Policy Manual. Contract monitoring now includes periodic reviews of activity, such as approved change orders or expenditures approaching contract limits, to determine when formal amendments are required. Additionally, communication of contract modification procedures is reinforced through regular, agenda-driven meetings with documented tracking, ensuring clarity, consistency, and staff acknowledgment of established guidelines.

#### Recommendation 6.1

Establish and implement a documented procedure requiring that all contract modifications, including changes to requirements, scope, or pricing, are processed through written amendments signed by authorized representatives, in accordance with the Purchasing Policy Manual and contract terms.

#### Management Reply

“Partially Concur. We partially concur with this recommendation. The amendment process is already outlined in executed agreements, and templates are available on the intranet to facilitate compliance with this requirement. However, to ensure greater consistency and clarity, this process will be explicitly incorporated into the contract monitoring procedures currently being developed specifically for Fleet contracts.

We acknowledge that a recent change in Procurement Contract Specialist assignments supporting Fleet may have contributed to some contract amendments being overlooked during the transition. The updated procedures will address this gap to prevent recurrence.”

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

This was fully implemented as of December 31, 2025. A standard operating procedure has been developed that includes processes to ensure that all contract modifications—including changes to requirements, scope, or pricing—are processed through written amendments signed by authorized representatives and are fully compliant with the Purchasing Procedure Manual and applicable contract terms.

#### Recommendation 6.2

Develop and implement a documented contract monitoring process that includes periodic reviews of contract activity, such as approved change orders or spending approaching contract caps, to determine when a formal amendment is required.

#### Management Reply

“Concur. We concur with this recommendation. As part of the contract monitoring process being established specifically for Fleet, a documented procedure will be implemented that includes periodic reviews of contract activity, such as approved change orders and spending approaching contract caps. This process will help determine when formal amendments are required, ensuring consistency and clear

oversight.

Additionally, the Administrative Services Analyst supporting Fleet will have primary responsibility for regularly monitoring contract expenditures to support timely and accurate contract management.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of December 31, 2025. A standard operating procedure has been developed that includes processes to ensure contract monitoring incorporates periodic reviews of contract activity, such as approved change orders or expenditures approaching contract limits, to determine when a formal contract amendment is required.

#### Recommendation 6.3

Develop a documented process to communicate the established procedures for contract modification requirements to all relevant staff.

#### Management Reply

“Concur. We concur with this recommendation. While we agree on the importance of ensuring staff understands and consistently applies established policies and procedures, we believe the intent is already being addressed through existing regular meetings between the Fleet, Fiscal, and Purchasing teams. These meetings are used to discuss ongoing operational and contract management needs and are documented via calendar invitations.

To strengthen this process, we will implement a more formal, agenda-driven approach that includes tracking and documenting which policies and procedures are reviewed or discussed during each meeting. This will help ensure clarity, understanding, and acknowledgement among staff, while building on the structure already in place.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented in early January 2026. A standard operating procedure has been developed that includes processes to enhance communication regarding contract modification requirements through regular, agenda-driven meetings among division, fiscal, and purchasing teams. Each meeting includes documented tracking of the procedures and processes reviewed, ensuring clarity, consistency, and staff acknowledgment of established guidelines.

#### Finding 7: Insurance Compliance

“The contracts selected for testing each included a clause stating, ‘CONTRACTOR shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original

copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section.' The contracts further stated, 'Without limiting or diminishing the CONTRACTOR's obligation to indemnify or hold the COUNTY harmless, CONTRACTOR shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages such as workers' compensation, commercial general liability, vehicle liability, and professional liability during the term of the contract. Pertinent to the insurance, the COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.'

The three selected contracted suppliers did not provide certificates of liability insurance with the fully required coverage and/or endorsements as specified in the contract agreements. Specifically, endorsements naming the County as an additional insured were missing or incomplete. A process to monitor contractor insurance, including a centralized process to collect, retain, and track certificates of insurance is not in place, leading to gaps in required coverage and not endorsing Riverside County as additional insured. When required certificates and endorsements are not properly obtained and verified, the County may be exposed to legal or financial liabilities that should be covered by the contractor."

#### Current Status

Reported Finding Corrected?  Yes  No

All Recommendation 7 findings have been fully implemented. A centralized standard operating procedure has been established to collect, verify, and track certificates of insurance and endorsements, ensuring all insurance requirements are met before work begins. Periodic reviews are conducted annually to confirm ongoing compliance, with documentation retained in a centralized tracking system. Additionally, suppliers are required to submit proof of insurance prior to contract execution, and departmental staff receives training on insurance requirements, with records maintained to support accountability and audit readiness.

#### Recommendation 7.1

Establish and implement a centralized, documented process to collect, review, and track certificates of liability insurance and endorsements, ensuring all insurance requirements in contract agreements are met before work begins.

#### Management Reply

"Concur. We agree with the recommendation and recognize the importance of a centralized and consistent approach to managing certificates of insurance and related endorsements. To address this recommendation, we will leverage existing resources, including current administrative tools and staff expertise, to develop and implement a standardized operating procedure. This procedure will outline clear responsibilities, timelines, and review protocols to ensure that all departments consistently follow the same process."

#### Current Status

Corrective Action:  Fully Implemented  Partially Implemented  Not Implemented

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

This was fully implemented in January 2026. A standard operating procedure was developed and implemented, outlining responsibilities, timelines, and review protocols for collecting, verifying, and tracking certificates of insurance and endorsements. This process ensures that all insurance requirements specified in contract agreements are met prior to the commencement of work. Existing administrative tools and staff expertise were leveraged to establish a consistent approach for Fleet Services, aligned with other divisions, reducing risk and ensuring compliance with County standards.

#### Recommendation 7.2

Conduct periodic reviews of insurance documentation to confirm that coverage remains valid and in compliance throughout the contract term. Maintain records of each review as evidence of ongoing oversight.

#### Management Reply

"Concur. We agree with this recommendation and acknowledge the importance of continuous oversight to ensure that insurance coverage remains active and compliant throughout the duration of each contract. To address this recommendation, we will leverage existing resources to develop a standardized procedure for departmental operations. This procedure will include a formal schedule for conducting periodic reviews of all certificates of liability insurance and endorsements associated with active contracts. The reviews will verify the continued validity of coverage, compliance with contract terms, and the presence of any material changes to policy limits or exclusions that could affect risk exposure."

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented in January 2026. The implemented standard operating procedure includes processes to ensure ongoing oversight of contractor insurance compliance throughout the contract term. The procedure establishes a schedule for annual review of certificates of insurance and endorsements to verify continued validity and adherence to contract requirements. Each review is documented in a centralized tracking spreadsheet, and records are retained as evidence of oversight.

#### Recommendation 7.3

Require all suppliers to submit proof of insurance coverage and endorsements before beginning services. Each certificate should clearly reference the applicable contract or agreement to ensure traceability.

#### Management Reply

"Concur. We concur with this recommendation and have taken proactive steps to strengthen our insurance documentation practices. As of July 2025, bid documentation and the countywide contract template for all new contracts have been revised to ensure that prospective suppliers are fully informed of the County's insurance requirements during the solicitation process.

The updated language clearly outlines the minimum coverage requirements, required endorsements, and the specific entities that must be named as additional insureds on the certificate of insurance. To enforce compliance, contracts will not be executed until all necessary insurance documentation is received and verified. Once approved, the insurance certificates and endorsements will be stored with the executed

contract and other supporting documentation, ensuring proper recordkeeping and traceability for audit and contract management purposes.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of June 24, 2025. The bid and supporting documentation related to insurance coverage were revised in June 2025 to clearly communicate insurance requirements and, where applicable, require supplier acknowledgement. To enforce compliance, new contracts are not executed until all required insurance documentation is received and verified. One approved, insurance certificates and endorsements are retained with the executed contract and supporting documentation to ensure proper recordkeeping, traceability, and audit readiness.

#### Recommendation 7.4

Provide training to applicable departmental staff on training requirements, including required coverage, endorsements, and the need to list the County as an additional insured. Retain documentation of training completion as evidence of compliance.

#### Management Reply

“Concur. We concur with this recommendation and recognize the importance of ensuring that all relevant staff is properly trained on insurance requirements associated with contracts and vendor engagements.

Currently, new hire training includes a dedicated module on insurance provisions, which covers key topics such as required coverage limits, necessary endorsements, and the requirement to list the County as an additional insured. Additionally, annual training on insurance compliance is provided to the procurement team to reinforce these expectations and ensure consistency in contract administration.

To further strengthen this process, we will implement a more formalized approach to training documentation. This will include the development of standardized materials such as training agendas, presentation content, and attendance records (e.g., sign-in sheets or electronic confirmations). These materials will be retained in a centralized location and used to demonstrate compliance during internal reviews or audits.”

#### Current Status

Corrective Action:  Fully Implemented     Partially Implemented     Not Implemented

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

This was fully implemented as of January 2026. A dedicated training presentation on insurance provisions was delivered during the department’s monthly procurement meeting, with the agenda and attendance documented. Additional training was provided in January 2026 to fiscal and new staff involved with Fleet contracts, covering contract award and monitoring responsibilities, included insurance requirements. All training materials and attendance records are retained to ensure compliance, support accountability, and provide traceability for audits.