

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



ITEM: 2.9
(ID # 30350)

MEETING DATE:
Tuesday, April 28, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit, [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit.

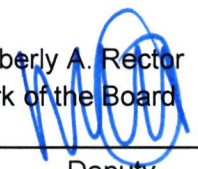
ACTION: Consent


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

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**

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

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Office of Economic Development, Perris Valley Cemetery District. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over records management and endowment fund.

Based upon the results of our audit, we have identified improvement opportunities for internal controls over records management and endowment fund that can help provide reasonable assurance that the department's objectives relating to the area will be achieved. Specifically, the improvement opportunities are as follows: document supervisory review of cemetery transactions, review cemetery management system audit trail activity and document the results, ensure reconciliation packets are timely completed, reviewed, and approved, establish user access within the cemetery management system based on job responsibilities, and periodically assess cemetery fees.

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

Impact on Citizens and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

1 Findings
• 1 Recommendations

Medium Risk

2 Findings
• 5 Recommendations

Low Risk

0 Findings

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

Internal Audit Report

2026-009

Riverside County Office of Economic Development,
Perris Valley Cemetery District 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 28, 2026

Suzanne Holland
Director of Economic Development
Riverside County Office of Economic Development, Perris Valley Cemetery District
3403 10th St., Suite 400
Riverside, CA 92501

Subject: **Internal Audit Report 2026-009: Riverside County Office of Economic Development,
Perris Valley Cemetery District Audit**

Dear Ms. Holland:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Office of Economic Development, Perris Valley Cemetery District to provide management and the Board of Supervisors with an independent assessment of internal controls over records management and endowment fund.

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

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

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



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District 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 conduct follow-up reviews to confirm that management has implemented corrective actions according to the timeframes assigned to each improvement area's priority level. The highest priority ranking will determine the schedule for verifying corrective actions across all identified areas in this report.

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

A handwritten signature in blue ink that reads "Ben J. Benoit".

Ben J. Benoit
Riverside County Auditor-Controller

A handwritten signature in blue ink that reads "René Casillas".

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

cc: Board of Supervisors
Jeff A. Van Wagenen, Jr., County Executive Officer
Juan Perez, Chief Operating Officer
Don Kent, Chief Finance Officer
Charissa Leach, Assistant County Executive Officer
Grand Jury



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Table of Contents

	Page
Executive Summary	4
 Results:	
Records Management.....	6
Endowment Fund.....	11
 Appendix A: Finding Priority Level Classification	 15



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Executive Summary

Overview

Perris Valley Cemetery District (Cemetery District) serves the community by providing burial and cremation services for the families of the community, on the 19 acres of the memorial park. The Perris Valley Cemetery was created in 1927 as an independent district. In January of 2002, the Riverside County Board of Supervisors appointed itself as Trustees to provide administrative oversight and establish cash reserves and fiscal controls.

The Cemetery District has an adopted budget of \$1.16 million for FY 2025-26. *County of Riverside, Fiscal Year 2025-26 Adopted Budget Volume 1, 285.*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment of the adequacy and effectiveness of internal controls over records management and endowment fund. 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 September 16, 2025, through January 21, 2026, for operations from July 1, 2023, through December 30, 2025. Using a risk-based approach, our scope included the following:

- Records Management
- Endowment Fund

AUDIT HIGHLIGHTS

- Supervisory review of cemetery transactions needs to be formally documented.
- System audit trail activity (deletions, edits, and canceled transactions) need to be reviewed and documented.
- Reconciliation packets need to be timely completed, reviewed, and approved.
- User access within the cemetery management system needs to be limited based on job responsibilities.
- Cemetery service fees need to be periodically reassessed.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Audit Conclusion

Based upon the results of our audit, we have identified improvement opportunities for internal controls over records management and the endowment fund that can help provide reasonable assurance that the department's objectives relating to the area will be achieved. Specifically, the improvement opportunities are as follows: document supervisory review of cemetery transactions, review cemetery management system audit trail activity and document the results, ensure reconciliation packets are timely completed, reviewed, and approved, establish user access within the cemetery management system based on job responsibilities, and periodically assess cemetery fees.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Records Management

Background

Records management is essential to the Cemetery District operations, supporting accountability, transparency, and compliance with applicable requirements. The Cemetery District currently uses the CemSites cemetery management system to process and record all cemetery transactions. Supporting documentation is then provided to Fiscal, where transactions are entered into the Riverside County Financial System.

The Cemetery District relies on accurate, complete, and well-maintained records within both systems to substantiate financial activity, support reconciliations, and maintain effective internal controls through supervisory oversight.

Records management practices also include controls designed to safeguard the integrity of cemetery records. These controls support data reliability through defined user access, system audit trails, and periodic reviews to ensure recorded information remains consistent with supporting documentation and financial system entries. Collectively, these processes support reliable reporting and informed operational and financial decision-making.

Objective

To verify the existence and adequacy of internal controls over records management.

Audit Methodology

To accomplish these objectives, we:

- Obtained and reviewed the department's policies and procedures related to records management, including the Perris Valley District Operations Manual.
- Conducted walkthrough interviews with key personnel to obtain an understanding of the department's processes and procedures over records management.
- Obtained and documented the accounting strings associated with the records management process.
- Obtained copies of the Cemetery District organizational charts effective during the audit period.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

- Obtained a payment receipt report from the CemSites system for all transactions occurring during the audit period.
- Obtained and documented the Interment Report from the CemSites system for all burials occurring during the audit period.
- Obtained and documented a PeopleSoft report detailing all transactions occurring during the audit period.
- Obtained and reviewed the Full Activity Report from the CemSites system for all activity occurring during the audit period.
- Obtained and documented the monthly activity report log and revenue log for the audit period.
- Reconciled the payment receipt report, monthly activity log, and revenue log to each other.
- Selected a sample from the revenue log and verified whether Monthly TCR packets and key controls were prepared timely, approved, documented, reconciled, and cash receipts were recorded.
- Tested pre-need and operating transactions by verifying invoices, review and approval, bank statement support, journal entries posting, proper revenue recognition, and payment receipt documentation.
- Selected a sample of work order reconciliation packets and verified whether packets were prepared timely, were reasonable, included evidence of review and approval, and agreed to supporting reports and the general ledger.
- Selected a sample of work orders and verified whether services billed, interment documentation, and grave information were supported, and whether evidence of completion was documented.
- Reviewed role-based access controls and verified whether authorization levels were appropriately segregated.
- Reviewed CemSites system audit trails to identify unauthorized changes, deletions, or unusual activity.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Finding 1: Cemetery Management System Segregation of Duties

Priority Level: 1¹

Standard Practice Manual 1001 (SPM 1001), *Internal Controls*, states, “Segregation of duties: Duties are divided or segregated so that no one person has complete control over a key function or activity... Custodial and Security Arrangements: Responsibility for custody of assets is separated from the related record keeping.”

The application currently in use provides only a single access level, which grants full system permissions to users. At present, all four individuals utilizing the system have been assigned these full rights, meaning each user has unrestricted access to every function within the application. The system does not have the capability to assign differentiated access levels based on specific job responsibilities, resulting in an environment where users are not limited to performing only the duties and functions relevant to their roles.

Allowing all users involved in cemetery operations to maintain full access rights significantly diminishes the effectiveness of segregation of duties within the application. Segregation of duties is a fundamental internal control principle intended to reduce the risk associated with the concentration of incompatible responsibilities. By ensuring that no single individual has control over all phases of a transaction, organizations can better safeguard against errors and potential improprieties.

Recommendation 1

Configure system access, where possible, to ensure users can only perform functions aligned with their assigned responsibilities or implement documented supervisory review controls to mitigate risks where technical role restrictions are not available.

Management indicated that the department is in the process of transitioning to a new cemetery management system, which is expected to provide enhanced access controls and address the current system limitations.

Management’s Response

“**Concur.** Staff agree the software system should have levels of access and separation of duties. PVC is in the process of changing the software provider to a system that will allow for this level of user administration.”

Actual/estimated Date of Corrective Action: July 2026

¹ Please see Appendix A (page 15) for a description of the finding priority level classifications.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Finding 2: Oversight and Monitoring Controls

Priority Level: 2²

SPM 1001, *Internal Controls*, states, “Review and reconciliation: Records are routinely examined and reconciled to determine that transactions were properly processed.... Training and Supervision: Employees receive appropriate training and guidance necessary to ensure that control processes function properly and suspected improprieties are reported appropriately.” In addition, the department’s Policies and Procedures, *Reconciliation Section*, states, “Reconciliation must be completed within 45 days of month end.”

During our review we noted the following:

- Twenty-four out of 24 (100%) invoices tested did not include documented evidence of management review of transactions originating in the cemetery management system prior to submission to Fiscal. Supervisory review of cemetery transactions is performed informally and is not documented.
- Three out of four (75%) of the reconciliation packets were not reviewed and approved timely, including one reconciliation that was not prepared timely. Reconciliation procedures, including expectations for timeliness and required evidence of review and approval, were not consistently followed due to training gaps among personnel responsible for preparing and reviewing reconciliations.
- Three of the 11 (27%) audit trail transactions tested, including deleted or cancelled items, did not have supporting documentation or a documented explanation. Current audit trail functionality limits management’s ability to clearly determine the nature and extent of system activity.

Regular, timely, and documented review and approval of reconciliations and cemetery transactions help ensure that transactions are processed in alignment with departmental policies and procedures and SPM 1001. Increased supervisory oversight contributes to accountability, supports control activities, and functions as a compensating control in situations where full segregation of duties may not be feasible. These internal control activities facilitate the identification and resolution of errors or discrepancies and contribute to the accuracy of financial reporting.

²Please see Appendix A (page 15) for a description of the finding priority level classifications.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Recommendation 2.1

Ensure reconciliation packets are completed, reviewed, and approved in a timely manner in accordance with departmental reconciliation policies and procedures and SPM 1001, including documentation of review and approval.

Management's Response

“Concur. The Accounting & Finance (A&F) division currently has a robust monthly reconciliation process for the Perris Valley Cemetery (PVC) deposits, pre-need plot sales, and work orders. This reconciliation compares all deposit and work order transactions between the PVC onsite staff and the tracking worksheets in the A&F division. The reconciliation verifies that all revenues received have been deposited, all revenues collected for pre-need sales are accounted for, and that all work paid for is completed through work orders. All positions supporting PVC are currently fully staffed, new staff are being trained, and reconciliations are being prepared and reviewed monthly.”

Actual/estimated Date of Corrective Action: April 2026

Recommendation 2.2

Ensure staff responsible for preparing and reviewing reconciliations complete training on timeliness expectations and documentation requirements and retain records of completed training.

Management's Response

“Concur. Training will be provided for all A&F staff.”

Actual/estimated Date of Corrective Action: April 2026

Recommendation 2.3

Revise the existing Cemetery District Manual to formally document the managerial review of cemetery transactions prior to submission to Fiscal, as well as periodic managerial review of system audit trail activity (e.g., deletions, and canceled transactions), including a defined review frequency.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Management's Response

“**Concur.** Management should be reviewing the transactions prior to submittal to Fiscal and conducting periodic spot checks to ensure transactions are conducted properly.”

Actual/estimated Date of Corrective Action: June 2026

Endowment Fund

Background

A cemetery endowment care trust fund is established to ensure that income will be available for the continued maintenance and upkeep of the cemetery once all interment spaces are sold. Per Health and Safety Code §8726(a), “the principal of all funds for endowment care shall be invested and the income may only be used for the care, maintenance, and embellishment of the cemetery... and for no other purpose.” These funds are intended to be permanent and to support the long-term care of the cemetery after primary operations cease. Health and Safety Code §8726.2(b)(1) further provides that endowment care investments should promote the mutual goals of “...growing the principal assets to sufficiently cover the costs of future and ongoing care and maintenance of the cemetery” and “...generating income to support the cemetery.”³ The Fiscal Year 2025–26 Adopted Budget Volume states, “A *permanent fund* is a governmental fund used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the County’s program. The County has one Permanent Fund: Perris Valley Cemetery District Endowment Fund.”⁴

The most recent comprehensive statewide Endowment Care Fund Sufficiency Study published by the California Cemetery and Funeral Bureau (2017) found that only 12% of cemeteries surveyed appeared to have sufficient endowment income to cover long-run maintenance costs, while 65% were not sufficient and 23% faced additional challenges. The report explains that, when combining the current statewide shortfall with the endowment care needed to maintain future spaces, fully funding endowment care would require adding over \$2.1 billion to cemetery trusts

³ California Health and Safety Code, Endowment and Special Care - Care of Active Cemeteries, Section 8726, California Legislative Information website, accessed February 10, 2026, <https://leginfo.legislature.ca.gov>

⁴ County of Riverside, Fiscal Year 2025/26 Adopted Budget, Volume I, FY 2025/26, County of Riverside website, accessed February 10, 2026, <https://rivco.org/budget>



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

over the remaining life of the cemeteries.⁵ Additionally, pursuant to Business and Professions Code §7612.11, licensed cemetery authorities are required to provide endowment care and interment data to the Bureau to support a statewide endowment sufficiency study to be reported to the Legislature by January 1, 2029.⁶

Objective

To verify the existence and adequacy of internal controls over the endowment fund.

Audit Methodology

To accomplish these objectives, we:

- Obtained and reviewed the department's policies and procedures related to the Endowment Fund, including the Perris Valley District Operations Manual.
- Conducted walkthrough interviews with key personnel to obtain an understanding of the department's processes and procedures over the endowment fund.
- Obtained copies of the Cemetery District's organizational charts effective during the audit period.
- Obtained and documented the accounting strings related to the endowment fund.
- Obtained and reconciled the payment receipt report, monthly activity log, and revenue log.
- Obtained and reviewed the documentation submitted to establish the Cemetery District's Endowment Fund.
- Reviewed and verified activity within the Cemetery District Endowment Fund account to ensure no withdrawals from the restricted principal occurred.
- Reviewed the Endowment Fee methodology to assess its reasonableness and measurability.

⁵ California Department of Consumer Affairs, Cemetery and Funeral Bureau, Endowment Care Fund Sufficiency Study, 2017 Endowment Care Fund Sufficiency Report, Cemetery and Funeral Bureau Forms & Publications webpage, accessed February 3, 2026, <https://www.cfb.ca.gov>

⁶ California Business and Professions Code, Cemetery and Funeral Act - Endowment Care Fund Sufficiency Study Requirement, Section 7612.11, (4) California Legislative Information website, accessed February 3, 2026, <https://leginfo.legislature.ca.gov>



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

- Performed an analysis of interest earnings compared to annual expenses to determine whether endowment earnings are sufficient to cover future perpetual care costs.
- Selected a sample of payment receipts to verify key controls over approval, documentation, reconciliation, and recording.

Finding 3: Periodic Review of Cemetery Fees

Priority Level: 2⁷

Board of Supervisors Policy B-4, *Rates Charged for Current Services*, Section 2, states: “All county departments will evaluate existing charges for services and make recommendations to the Auditor-Controller and the Executive Officer during the preparation of the county budget or more frequently if necessary.”

The Cemetery District’s current fee structure has been based on calculations established in 2017, with supporting documentation outlining the methodology used at that time. The review determined that, given recent investment earnings, there may be opportunities to further evaluate whether endowment funds are sufficient to support the cemetery’s long-term maintenance and care objectives. Existing policies and procedures do not currently specify requirements for routine reassessment or documentation of cemetery fee calculations. Implementing a regular review process for cemetery fees would help ensure continued alignment with current operating costs and service needs, while supporting transparency and the long-term sustainability of services.

Recommendation 3.1

Update the cemetery fee calculations to ensure they reflect current operating costs and funding needs.

Management’s Response

“**Concur.** Staff are currently being recruited to handle this task, and all department rates and fees will be reviewed and adjusted if necessary.”

Actual/estimated Date of Corrective Action: June 2026

Recommendation 3.2

Update the current policies and procedures to require periodic reassessment and documented support for all cemetery fees, including the Endowment Fee.

⁷ Please see Appendix A (page 15) for a description of the finding priority level classifications.



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Management's Response

"Concur. Cemetery fees for plots and services should be evaluated every 3 years. PVC is also researching consultants to improve the investment strategy for the endowment fund."

Actual/estimated Date of Corrective Action: July 2026



Internal Audit Report 2026-009: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
<p>These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department’s objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.</p>	<p>These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.</p>	<p>These are audit findings that are less critical and generally have a lower impact on the department’s objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.</p>
<p><u>Expected Implementation Date of Recommendation*</u> One to three months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Three to six months</p>	<p><u>Expected Implementation Date of Recommendation *</u> Six to twelve months</p>

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