

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



ITEM: 2.10
(ID # 30859)

MEETING DATE:
Tuesday, July 14, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Fiscal Year 2026/27 Internal Audit Plan; [District: ALL];
[\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the Riverside County Auditor-Controller's Office FY 2026/27 Internal Audit Plan.

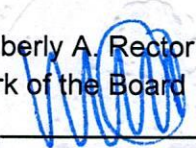
ACTION:Consent

Ben J. Benoit
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 7/7/2026

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Gutierrez, seconded by Supervisor Medina and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Medina, Spiegel, and Gutierrez
Nays: None
Absent: Washington and Perez
Date: July 14, 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
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

We prepared the FY 2026/27 Internal Audit Plan in accordance with the Institute of Internal Auditors Global Internal Auditing Standards. The audit plan is consistent with the requirements of California Government Code Sections 1236, 25250, 26920(a), 26922, and County Ordinance 1008. It also provides broad audit coverage to the various components of the county's business operations.

The Internal Audit Plan for fiscal year 2026/27 includes 18 audit projects, two Change of Department Directors, 23 Follow-up audits, and four quarterly verification of assets held by the county treasurer.

Impact on Residents and Businesses

Provide oversight of taxpayer assets.

SUPPLEMENTAL:

N/A

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office FY 2026/27 Internal Audit Plan.



Ben J. Benoit

Riverside County Auditor-Controller

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FY 2026/27 Audit Plan

July 14, 2026

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Auditor-Controller Governing Authority

Established under Government Code Sections 24000 et seq. and Government Code 26900 et seq., the Auditor is an Elected Official with a 4-year term. Subsequent to Government Code Section (§) 26880 et seq. and Board of Supervisors Resolutions dated April 15, 1957, and June 17, 1957, the Auditor Controller's primary duty and responsibility is as chief accounting and disbursing officer of the Riverside County (County). Additionally, the Auditor-Controller is the chief audit executive for the county as established by California Government Code Section (§) 26883 and designated by Resolution No. 83-338 of the County's Board of Supervisors.

Independence and Objectivity

As an elected official, the Auditor-Controller is independent from the County's organizational structure, which allows objective reporting of audit results. The Internal Audits Division is organizationally structured in a manner that assures the independence of audit activities. The Internal Audit Charter along with the California Government Code, clearly provide the Internal Audit activity with the authority to conduct independent audits.

Internal Audit Division Mission Statement

The mission of Internal Audit is to support the County of Riverside achieve its overall service objectives for county citizens by providing independent and objective assessments of business risks, identifying, and recommending internal controls to safeguard assets, improve the reliability and integrity of financial and non-financial information, enhance the efficiency and effectiveness of county operational processes, and ensure compliance with laws, regulations, and policies.

Internal Audit Charter

Internal Audit is established as a function within the Riverside County Auditor-Controller's Office. Pursuant to Government Codes 26883, 25250, and Riverside County Board of Supervisors' Resolution No. 83-338, "Establishing Authority and Declaring Policy For Internal Audits," and County Ordinance 1008, "Ordinance of the County of Riverside Reaffirming the Authority of the Auditor-Controller through the Assurance and Advisory Services Performed by the Internal Audit Division," authorizes the Auditor-Controller to audit county contracts, the accounts and records of any department, office, board or



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institution under the control of the Board of Supervisors, and any district keeping funds in the County Treasury. Internal Audit assists all levels of the administration in achieving county objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control, and the administrative processes in the following areas:

- Compliance with policies, laws, and regulations
- Safeguarding of assets
- The reliability and integrity of financial and non-financial information
- Efficiency and effectiveness of operations and resource used

Objectives and Responsibilities

The primary objectives of the Internal Audit function are to provide fiscal and operational oversight of county departments and give an independent assessment of county operations. We provide support to the Board of Supervisors and county management in meeting their missions and stewardship responsibilities to the constituents of this county, by conducting audits that provide reliable, independent, objective assessments of the adequacy and effectiveness of internal controls. Internal controls are processes established by management to safeguard assets, maintain the reliability and integrity of financial and non-financial information, promote the efficiency and effectiveness of operational processes, and ensure compliance with laws, regulations, and policies.

Internal Auditing covers a broad range of audit areas including:

- Testing transactions for compliance with accepted business practices.
- Review of internal controls over financial and non-financial operations.
- Operational audits which involve reviews directed towards improving efficiency and cost savings.
- Evaluating risk exposure relating to the achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization and the county overall.
- Evaluating the internal controls for the safeguarding assets and verifying the existence of such assets.



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- Evaluating the effectiveness and efficiency with which resources are employed.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the management.

The Internal Audit function applies the Global Internal Audit Standards to all audits. The development of this audit plan is in compliance with the standards and is driven by legal mandates and information gathered through research.

Dedication Of Resources to Audit Related Services

The audit plan is based on services provided by Auditor-Controller internal audit professionals. In addition to the audit projects outlined in the audit plans, audit staff will be involved throughout the year in various other audit initiatives and tasks as follows:

Cash Shortages/Overages. We will continue to devote time to the reviews of departmental cash shortages and overages throughout the year.

Review of Special Districts' and Joint Power Authorities' Financials. The Auditor-Controller has the responsibility to ensure Special Districts and Joint Power Authorities receive an annual financial audit. These audits are generally delegated to public accounting firms. Internal Audit staff monitor the submission of these agencies' financial statements to ensure they are conducted as required by Government Code and review the reports in order to identify any concerns.

Fraud Hotline Management. Internal Audit staff performs oversight responsibility of the Fraud Hotline. Responsibilities include the following:

- Ensure fraud incidents are forwarded to department senior management for appropriate response.
- Provide updates to incident reporters.
- Ensure incidents are completed as required.
- Ensure the Fraud Hotline database is updated in a timely manner.
- Conduct reviews and investigations of reported incidents relating to financial and internal control matters as directed by the Fraud, Waste, and Abuse Committee.

Review of Rates Developed by County Departments. Internal Audit staff review rate development methodologies used by county departments to develop billable rates for services provided to the public or to other county departments. The Auditor-Controller's Office does not calculate the rates but has been entrusted by the Board of Supervisors to review the reasonableness of the methodology used to develop the rates. In addition, rates are reviewed to ensure compliance with mandated guidelines and government codes.



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Key Governance and Oversight Enhancements Achieved During FY 2025-2026

During Fiscal Year 2025/26, the Internal Audit Division:

- Completed¹ a total of 48 out of 50 internal audit projects:
 - ❖ 27 mandated audit reports identifying 30 areas for improvement and containing 82 recommendations to strengthen areas with internal controls.
 - ❖ 17 follow-up audit reports to ensure implementation of a total of 195 prior recommendations issued.
 - ❖ Three treasury asset verification reports and one audit report reviewing the Statement of Assets held by the County Treasurer (audit is conducted by county external auditors).
 - ❖ During the fiscal year, one mandated and two Change of Department Directors audits were added to the audit plan.
- Issued a risk assessment questionnaire and obtained responses from departments that are part of the audit plan for Fiscal Year 2026/27. The responses to the questionnaire received from departments and the results of the countywide risk assessment conducted at the end of Fiscal Year 2025/26 will guide the audit scopes for Fiscal Year 2026/27 audit projects.
- Successfully implemented and deployed a new audit management system, enhancing the oversight and coordination of all mandated and follow-up audit projects.
- Completed 32 reviews of rate methodologies for county departments to help validate the reasonableness and consistency of cost recovery calculations. These reviews provided departments with independent review regarding their rate structures, supported compliance with applicable costing principles, enhancing the County's ability to recover costs.
- Handled 96 new incidents reported through the Fraud, Waste, and Abuse Hotline. In comparison to prior fiscal year, this is an increase of 66% incidents
- Compiled the Schedule of Expenditures of Federal Awards for the County's Fiscal Year 2024/25 Single Audit.
- Monitored the audits of 93 special districts and joint power authorities.
- Successfully developed and obtained Board approval of Ordinance No. 1008, reaffirming and codifying the Auditor-Controller's authority to provide independent assurance and advisory services through the Internal Audit Division. The ordinance modernized the County's oversight framework by expanding recognized audit

¹ Within the completed are a total of 8 draft audit reports that have been issued to departments and are awaiting responses before we issue these as final audit reports to the Board of Supervisors.



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functions, formalizing administration of the Fraud, Waste and Abuse Prevention Program, and establishing authority for contract auditing activities, thereby strengthening transparency, accountability, and stewardship of public resources.

- Successfully developed and secured Board approval of Resolution No. 2026-027 establishing the Contract Monitoring Unit (CMU). The CMU enhances oversight of County contracts by providing independent review of vendor compliance, contract performance, and fiscal accountability, helping ensure taxpayer-funded services are delivered as intended and reducing risks associated with noncompliance, inefficiencies, and misuse of public funds.
- Successfully developed and secured Board approval of Resolution No. 2026-028 establishing the County Audit Committee. The Audit Committee strengthens governance by providing independent oversight of internal auditing activities, risk management, internal controls, and accountability processes, while enhancing transparency and public confidence in the County's stewardship of resources and commitment to sound governance practices.

Status Of Fiscal Year 2025/26 Audit Plan

For Fiscal Year 2025/26, all audit projects included in the approved Annual Audit Plan, with the exception of two follow-up audits and four mandated audit reports, are expected to be completed and issued by July 31, 2026.

The four mandated and two follow-up audits that will remain outstanding at fiscal year-end are:

- **Human Resources (Audit Report 2026-027):** The final testing will be completed, and we will move forward with finalizing the audit. Anticipated issuance to the board will be August 2026.
- **Housing Workforce Solutions, Housing Authority (Audit Report 2026-025):** The final testing will be completed, and we will move forward with finalizing the audit. Anticipated issuance to the board will be in August 2026.
- **County Service Areas (Audit Report 2026-024):** The final testing will be completed, and we will move forward with finalizing the audit. Anticipated issuance to the board will be in August 2026.
- **Transportation and Land Management Agency – Planning (Audit Report 2026-030):** The final testing will be completed, and we will move forward with finalizing the audit. Anticipated issuance to the board will be in August 2026.
- **Executive Office Follow-Up to Audit Report 2025-021:** No audit findings were issued in the original audit report; therefore, no follow-up audit work is required.
- **County Facilities Districts Follow-Up to Audit Report 2025-020:** The original audit report was issued in February 2026. Consistent with Internal Audit Division



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follow-up procedures, sufficient time must be provided for management to implement corrective actions before follow-up testing can be performed. Follow-up audit work is scheduled to begin in July 2026 and is listed as part of the audit plan.

Fiscal Year 2026/27 Audit Plan

The Internal Audit Plan for FY 2026/27 contains a total of 47 audit projects, which includes 18 mandated audit projects, two Change of Department Directors audits, 23 Follow-up audit projects, and four quarterly verifications of assets held by the County Treasury. The plan is designed to meet the objective of providing a timely and comprehensive scope of audit coverage and constitutes the schedule of audits and other direct audit activities which arise during the year.

The Internal Audit Plan is intended to represent our primary means of providing audit coverage to comply with the requirements of Government Code 1236, 25250, 26920(a), 26922, and County Ordinance 1008. It also provides broad audit coverage to the various components of the county's business operations.

To address the risks², the Internal Audit Division will be using the results of the countywide risk assessment conducted in Fiscal Year 2026/27 to prioritize the allocation of audit resources. The division has also obtained the input for department specific risks associated with respective operations for departments listed in the audit plan. The risk assessment input has helped identify risks associated with general county and department specific operations, how these risks impact the achievement of organizational objectives, and how respective risks are mitigated.

Our objective is to help instill confidence in the risk management processes by independently and objectively evaluating the internal controls designed and put in place by management to help with overall governance. We are focused on adding value and improving the departments' operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and control.

As a result of the countywide risk assessment, general risk areas were identified, and each risk concern addressed by respective participants were categorized into each of the following risk areas:

- Purchasing Processes
- Accounting & Reporting

² "Risk," for this purpose, does not imply any unwarranted business strategy or lack of management oversight; however, risk is inherent in any business activity ability to meet its stated mission.



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- HR Benefits & Processes
- Payroll Compliance & Processes
- Service & Contract Monitoring
- Information Technology
- Compliance – Regulations & Board of Supervisors Policies
- Information Security
- Vehicle and Capital Asset Management

We are using the risk assessment questionnaire responses received from departments included in this audit plan to address unique department specific operational risks. This will ensure our continuous assessment of risks related to each county department, and address those risks associated with their unique operations.

Mandated Audits

California Government Code Section 25250 requires the Board of Supervisors to audit the financial accounts and records of all officers having responsibility for the care, management, collection or disbursement of county funds every two years. Government Code Section 26920 and 26922 requires a quarterly count of assets held by the Treasurer. The Auditor-Controller ensures the scope of internal audits includes an examination of the organization's system of internal controls and follow-up on prior audit findings and recommendations.

Special Concerns and Other Allocation of Audit Time

We reserved audit hours to address potential incidents of fraud, waste and abuse and have also allocated audit hours and resources to comply with Board of Supervisors' and management requests.

Contract Auditing Unit

During Fiscal Year 2026/27, the Contract Auditing Unit (CMU) will conduct a comprehensive risk assessment of County contracts to identify those presenting the greatest financial, operational, compliance, and service delivery risks. The results of the risk assessment will be used to develop a risk-based contract audit plan, which will be presented to the Audit Committee for consideration and approval at its inaugural meeting. The initial focus of contract auditing activities will be on high-risk and high-impact contracts, including Continuum of Care and other human services contracts, construction-related contracts, and medical services contracts. These contract categories represent significant County investments and are critical to the delivery of essential services to residents. Through independent oversight and evaluation of contract compliance, performance, and fiscal accountability, the Contract Auditing Unit will help strengthen stewardship of public funds, improve transparency, and support the effective delivery of contracted services.



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Audit Initiatives for Fiscal Year 2026/27

Continuous Auditing Program

With the recent implementation of our audit management system, the Internal Audit Division has continued to make meaningful progress toward the development of a continuous auditing program. Current efforts are focused on identifying key transactions and business processes for ongoing monitoring, laying the groundwork for a more responsive audit approach.

We are working closely with key county departments to move this initiative forward—both on the technical side and in shaping how information will be reported and used.

Once fully developed, the continuous auditing program will enhance our ability to monitor critical activities in near real-time, helping to detect discrepancies early, improve financial accuracy, and strengthen overall risk management. This work reflects the county's ongoing commitment to transparency, accountability, and improving how we manage and safeguard public resources



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Audit and Other Projects for the Fiscal Year 2026/27

Department		Reason for Audit (Gov't Code 25250) & County Ordinance 1008
1.	Agricultural Commissioner	Mandated
2.	Animal Services	Mandated
3.	Assessor County Clerk Recorder	Mandated
4.	Children and Families Commission	Mandated
5.	Clerk of the Board/BOS	Mandated
6.	County Counsel	Mandated
7.	DPSS, In Home Support Services	Mandated
8.	Emergency Management	Mandated
9.	Executive Office	Mandated
10.	Facilities Management	Mandated
11.	Fire Department	Mandated
12.	Flood Control District	Mandated
13.	Housing Workforce Solutions	Mandated
14.	Purchasing & Fleet Services	Mandated
15.	Registrar of Voters	Mandated
16.	TLMA Building & Safety	Mandated
17.	TLMA Code Enforcement	Mandated
18.	Treasurer Tax-Collector	Mandated
19.	Environmental Health CODH	Change of Department Director
20.	Office on Aging CODH	Change of Department Director

Follow Up Audits		
21.	Animal Services #2 FU (Report #2025-006)	Follow-up
22.	Child Support Services (Report #2026-026)	Follow-up



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<i>Follow Up Audits</i>		
23.	County Airports, TLMA (Report #2026-012)	Follow-up
24.	County Facilities District (Report #2025-020)	Follow-up
25.	County Service Area (Report #2026-024)	Follow-up
26.	District Attorney (Report #2026-022)	Follow-up
27.	Human Resources (Report #2026-027)	Follow-up
28.	HWS Housing Authority (Report #2026-025)	Follow-up
29.	Information Technology (Report #2026-005)	Follow-up
30.	Office of Economic Dev. (Report #2026-008)	Follow-up
31.	Office on Aging (Report #2026-013)	Follow-up
32.	Parks (Report #2026-021)	Follow-up
33.	Perris Valley Cemetery (Report #2026-009)	Follow-up
34.	Probation (Report #2026-007)	Follow-up
35.	Public Defender (Report #2026-010)	Follow-up
36.	Public Social Services (Report #2026-004)	Follow-up
37.	RUHS Behavioral Health (Report #2026-001)	Follow-up
38.	RUHS Medical Center (Report #2026-003)	Follow-up
39.	RUHS Public Health (Report #2026-020)	Follow-up
40.	Sheriff/Coroner (Report #2026-002)	Follow-up
41.	TLMA Planning (Report #2026-030)	Follow-up
42.	TLMA Transportation (Report #2026-023)	Follow-up
43.	Veteran's Services (Report #2026-029)	Follow-up



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Mandated Reviews		Department	Reason for Review (Gov't Code §26920(a) & §26922)
44.	1st Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
45.	2nd Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
46.	3rd Quarter Treasury Verification	Treasurer-Tax Collector	Mandated
47.	4th Quarter Treasury Verification <i>(Audit of the Statement of Net Position of the Treasurer's Investment Pool is completed by external auditor)</i>	Treasurer-Tax Collector	Mandated