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

ITEM: 2.11
(ID # 30862)
MEETING DATE:
Tuesday, July 14, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2026-031: Riverside County Children and Families Commission, Change of Department Head Audit, [District: All]; [$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-031: Riverside County Children and Families Commission, Change of Department Head Audit.

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	$ 0.00	$ 0.00	$ 0.00	$ 0.00
NET COUNTY COST	$ 0.00	$ 0.00	$ 0.00	$ 0.00
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 completed a Change of Department Head audit for the Riverside County Children and Families Commission. This audit was conducted to assess internal controls over the transfer and safeguarding of capital assets when there is a change in department head.

Based on the results of our audit, we identified improvement opportunities for internal controls over capital assets that can help provide reasonable assurance that the department's objectives relating to this area will be achieved. Specifically, capital asset records, tagging, and utilization monitoring need to be consistently implemented to support accurate records and timely evaluation of assets, and formal policies and procedures need to be established and maintained to support consistent capital asset management practices.

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

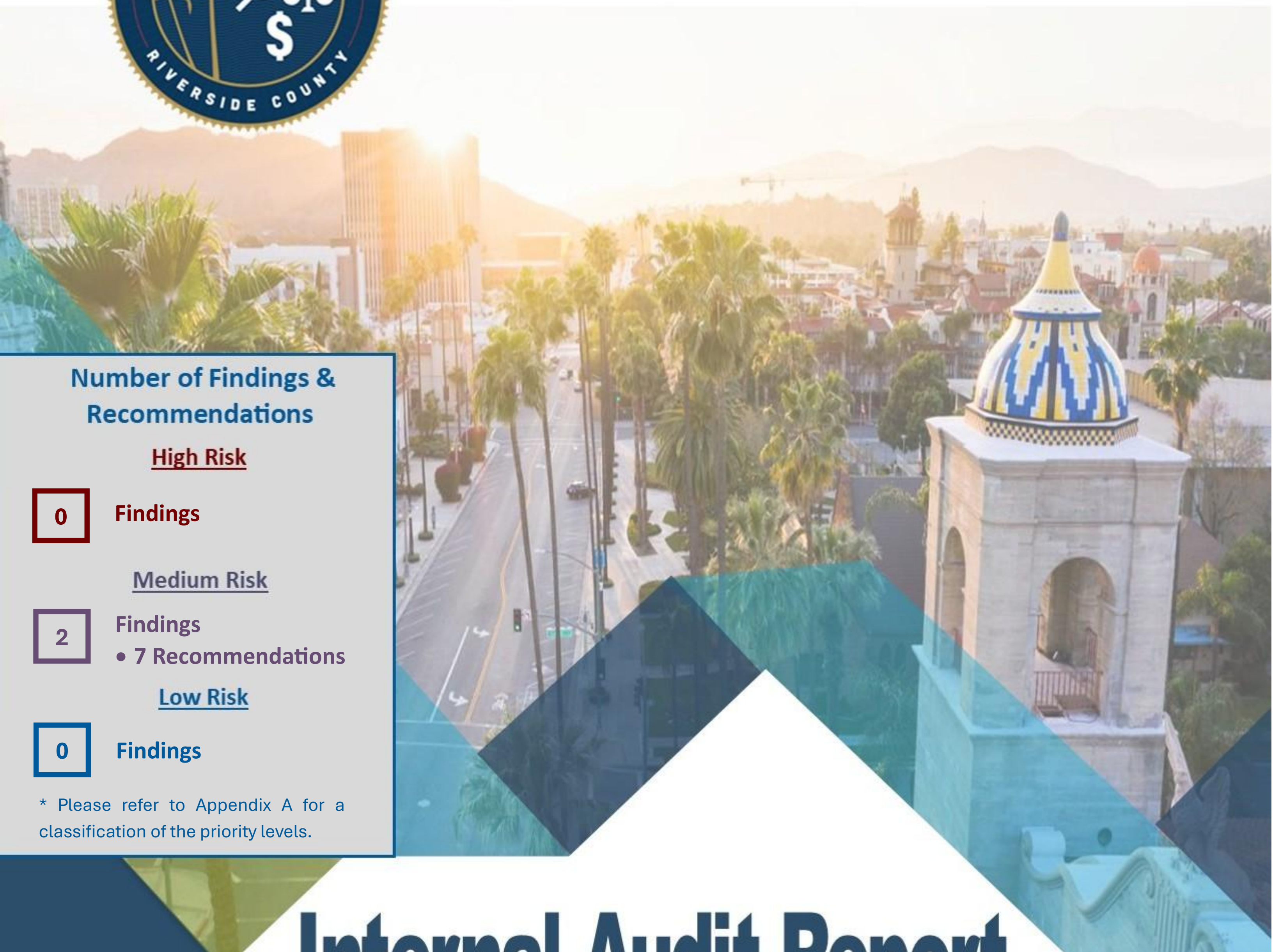
Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2026-031: Riverside County Children and Families Commission, Change of Department Head Audit

Office of Ben J. Benoit

Riverside County Auditor-Controller



Number of Findings & Recommendations

High Risk

0 **Findings**

Medium Risk

2 **Findings**

- **7 Recommendations**

Low Risk

0 **Findings**

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

Internal Audit Report

2026-031

Riverside County Children and Families Commission, Change of Department Head Audit

July 14, 2026

July 14, 2026

Charna Widby
Executive Director
Riverside County Children and Families Commission
585 Technology Court
Riverside, CA 92507

Subject: **Internal Audit Report 2026-031: Riverside County Children and Families Commission, Change of Department Head Audit**

Dear Ms. Widby:

In accordance with Board of Supervisors Resolution 83-338, we completed a Change of Department Head audit for the Riverside County Children and Families Commission. This audit was conducted to assess internal controls over the transfer and safeguarding of capital assets when there is a change in department head.

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

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

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

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 the help and cooperation. The assistance provided contributed significantly to the successful completion of this audit.

Ben J. Benoit

Ben J. Benoit
Riverside County Auditor-Controller

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
Kimberly Britt, Assistant County Executive Officer
Grand Jury

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Executive Summary

Overview

Riverside County Children and Families Commission (First 5 Riverside County) provides support to children from prenatal through age five. First 5 Riverside County receives funding from the California Children and Families Act (Proposition 10), which placed a statewide tax on cigarettes and other tobacco products to support and promote early childhood development programs.

The First 5 Riverside Commission (Commission) is tasked with implementing the goals and objectives of the California Children and Families Act of 1998 and Riverside County Ordinance No. 784. It carries out the strategic plan and exercises the powers, duties, and functions assigned by the statute, the Board, and the First 5 Commission.

First 5 Riverside County has an adopted budget of $31.7 million for fiscal year 2025-26 and 65 adopted positions. *County of Riverside, Fiscal Year 2025-26 Adopted Budget Volume I, 142*.

Audit Objective

Our audit objective is to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer and safeguarding of capital assets when there is a change in department head.

Audit Conclusion

Based on the results of our audit, we identified improvement opportunities for internal controls over capital assets that can help provide reasonable assurance that the department's objectives relating to this area will be achieved. Specifically, capital asset records, tagging, and utilization monitoring need to be consistently implemented to support accurate records and timely evaluation of assets, and formal policies and procedures need to be established and maintained to support consistent capital asset management practices.

AUDIT HIGHLIGHTS

- Capital asset records, tagging, and utilization monitoring need to be consistently implemented to support accurate records and timely evaluation of assets.
- Formal policies and procedures need to be established to guide capital asset management.

Capital Assets

Background

Capital assets are tangible assets of significant value which have a utility that extends beyond the current year and are broadly classified as land (valued at $1 or more), buildings and improvements, infrastructure, and equipment (acquisition cost of $10,000 or greater).

Riverside County Auditor-Controller's Standard Practice Manual 512, *Modifications to Capital Assets That Have Been Recorded and Transfer of Accountability*, states that upon retirement or termination of a department director, accountability for capital assets must be transferred to the new or acting department director and notification filed with the Riverside County Auditor-Controller's Office.

As of December 19, 2025, the time the new director was appointed and acknowledged receipt of capital assets from the outgoing officer, First 5 Riverside County maintained a total of 12 capital assets in the Riverside County Financial System's asset management module, consisting of building improvements, security systems, conference room audio-visual equipment, cabling infrastructure, and printers/copiers, with the combined acquisition cost of $2 million.

Objective

To determine if the required Standard Practice Manual Form AM-1, *Inventory of County Property for Capital Assets*, for the transfer of accountability of capital assets from the predecessor to the new appointed department head was completed and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of capital assets.

Audit Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller's Standard Practice Manual 505, *Equipment*, and 512, *Modifications to Capital Assets That Have Been Recorded and Transfer of Accountability*.

- Conducted interviews with department management to gain an understanding of the capital asset management processes.

- Established the date of the department head change.

- Verified whether proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.

- Obtained a listing of current and retired capital assets tracked in the asset management module.

- Selected a sample of capital assets to verify existence and whether adequate internal control exists over the safeguarding of assets.

- Identified potential capital assets during field review and evaluated whether items should have been recorded in the asset management module.

- Verified whether expenditures over $10,000 were coded to capital asset object codes and appropriately capitalized and incorporated into the capital asset listing.

Finding 1: Capital Asset Compliance	Priority Level: 2[1]

Standard Practice Manual (SPM) 513, Capital Asset Tags, states, "An asset tag will be distributed… to the department who will be responsible for properly affixing the tag to the asset." Additionally, SPM 505, Equipment, states, "The Department capital asset coordinator will provide their Department Head with a listing of all reportable property" and that "[t]he purpose of a physical inventory is to verify the existence and condition and ensure the accuracy of county inventory records. Discrepancies will be noted and investigated by the Department's capital asset coordinator." Lastly, SPM 514, Disposal of Capital Asset, states, "Capital assets that are physically disposed of, not in usage, are obsolete, beyond repair, are injured or older in biological age… are to be 'removed/disposed/retired' properly" and "[a] completed, current version AM-7 Form must be submitted to the ACO with all supporting documentation, as soon as possible."

Based on our review of seven capital assets selected for testing, we identified the following:

- One capital asset's (14%) serial number did not agree with the listing from the Riverside County Financial System.
- One capital asset (14%) did not have an affixed asset tag.
- Two capital assets (29%) were not in use.

Processes for maintaining accurate asset records, including verification of serial numbers, proper tagging, and timely evaluation of asset utilization, have not been consistently performed. As of the fieldwork date, a concurrent office improvement project limited access to assets and corresponded with delays in identifying and addressing items not in use. Inaccurate asset records and inconsistent tagging reduce the reliability of the County's capital asset inventory and limit the ability to effectively track and safeguard assets. Assets that are not in use or not properly recorded increase the risk of loss, misstatement, or delayed disposition in accordance with County requirements.

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

On April 20, 2026, First 5 Riverside County submitted a disposal request for one of the two assets identified as not in use, reflecting progress toward addressing asset disposition requirements.

Recommendation 1.1

Establish a process to periodically review asset utilization and promptly initiate disposal requests for assets that are no longer in use.

Management's Response

"**Partially Concur.** First 5 Riverside County partially concurs with the recommendation.

The Department agrees with establishing a formal process for periodic asset utilization review and disposal request initiation. However, neither applicable County guidance nor the Commission's current Capital Asset Policy establishes a specific timeframe for determining when disposal requests must be initiated.

The Department will establish written procedures for periodic asset utilization review, including review cadence, responsible staff roles, documentation requirements, and steps for initiating disposal or surplus requests when assets are no longer in use. During fieldwork, asset review was temporarily impacted by facility repairs related to roof leaks and flooring replacement, which required staff to pack, relocate, and restore office areas and workstations. This context contributed to the timing of the review; however, the Department agrees that a formal recurring process will strengthen consistency going forward.

No additional financial impact is anticipated at this time. Corrective actions are expected to be completed using existing staff resources and existing County/Commission processes."

Actual/estimated Date of Corrective Action: November 1, 2026

Recommendation 1.2

Establish a process to perform and document a comprehensive physical inventory of capital assets to verify the accuracy of asset records, including serial numbers and asset status, and investigate and resolve any discrepancies identified.

Management's Response

"**Concur.** First 5 Riverside County concurs with the recommendation.

First 5 Riverside County acknowledges the importance of performing and documenting a comprehensive physical inventory of capital assets to verify the accuracy of asset records, including serial numbers and asset status, and to investigate and resolve any discrepancies identified.

As part of the Department's annual external audit process, First 5 Riverside County reviews capital assets on record on an annual basis. During fieldwork, the Department provided supporting documentation showing the invoice serial number associated with the asset. The Department will use the physical inventory process to reconcile source documentation to the Riverside County Financial System and document any required corrections.

The Department will formalize its existing review process by establishing written procedures to perform and document a comprehensive physical inventory of capital assets, verify asset record accuracy, and document the resolution of any discrepancies identified.

No additional financial impact is anticipated at this time. Corrective actions are expected to be completed using existing staff resources and existing County/Commission processes."

Actual/estimated Date of Corrective Action: November 1, 2026

Recommendation 1.3

Update assets with inaccurate or missing information in the Riverside County Financial System.

Management's Response

"**Concur.** First 5 Riverside County concurs with the recommendation.

The serial number issue identified during fieldwork relates to an asset currently in the disposal process. Department staff also received guidance from the County asset team regarding how to record assets with multiple serial numbers to ensure asset information is entered consistently and accurately going forward.

The Department will review capital asset records, reconcile asset information to available source documentation, and update any inaccurate or missing information in the Riverside County Financial System.

Any remaining updates will be completed as part of the formal physical inventory and disposal/surplus process.

No additional financial impact is anticipated at this time. Corrective actions are expected to be completed using existing staff resources and existing County/Commission processes."

Actual/estimated Date of Corrective Action: November 1, 2026

Recommendation 1.4

Complete the required disposal/surplus process for assets no longer in use, including submission of appropriate documentation, and ensure timely removal from the asset management module.

Management's Response

"**Concur.** First 5 Riverside County concurs with the recommendation.

The Department had already initiated the disposal process for one of the assets identified during fieldwork. The remaining asset review was temporarily impacted by facility repairs and the disruption of normal office operations; however, the Department agrees that assets no longer in use should be reviewed and processed for disposal or surplus in a timely manner.

The Department will complete any pending disposal/surplus documentation, submit required forms and support materials, and coordinate with the appropriate County staff to support timely removal from the asset management module once the disposal/surplus process is complete.

No additional financial impact is anticipated at this time. Corrective actions are expected to be completed using existing staff resources and existing County/Commission processes."

Actual/estimated Date of Corrective Action: November 1, 2026

Finding 2: Capital Asset Policies and Procedures	Priority Level: 2[2]

SPM 1001, *Internal Control*, states that, to maintain an effective system of internal control, "well-documented policies and procedures are established and maintained to promote employee understanding of job duties, provide day-to-day guidance to staff and help ensure continuity during employee absences or turnover."

First 5 Riverside County does not have documented procedures governing capital asset management and the transfer of accountability. In addition, SPMs maintained by the department did not reflect current guidance issued by the Auditor-Controller's Office. A formal process to develop and periodically update departmental procedures and reference materials has not been established. Without current and documented procedures, capital asset management and accountability transfer activities may be performed inconsistently, resulting in errors, incomplete records, or noncompliance with County requirements.

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

Recommendation 2.1

Develop documented procedures over capital asset management and the transfer of accountability.

Management's Response

"**Concur.** First 5 Riverside County concurs with the recommendation.

The Department will develop written procedures to support consistent capital asset management and transfer of accountability. The procedures will identify staff roles, inventory review, asset record updates, tagging, disposal/surplus processing, and transfer requirements.

No additional financial impact is anticipated at this time. Corrective actions are expected to be completed using existing staff resources and existing County/Commission processes."

Actual/estimated Date of Corrective Action: November 1, 2026

Recommendation 2.2

Establish a process to communicate capital asset management and accountability transfer procedures to applicable staff and retain documentation demonstrating staff training or acknowledgment of the procedures.

Management's Response

"**Concur.** First 5 Riverside County concurs with the recommendation.

Once the procedures are finalized, the Department will communicate them to applicable staff and retain documentation of staff review or acknowledgment. Future updates will also be communicated as part of the Department's ongoing review process.

No additional financial impact is anticipated at this time. Corrective actions are expected to be completed using existing staff resources and existing County/Commission processes."

Actual/estimated Date of Corrective Action: November 1, 2026

Recommendation 2.3

Establish a process to periodically review and update departmental capital asset reference materials to ensure alignment with current Countywide guidance.

Management's Response

"**Partially Concur.** First 5 Riverside County partially concurs with the recommendation.

The Commission has adopted a Capital Asset Policy, and the Department will review and recommend updates to ensure the policy reflects current operational needs, Commission governance, and applicable Countywide forms, systems, and processes used for asset tracking, reporting, transfer of accountability, and disposal/surplus processing. The Commission's capital assets are Commission assets, and the Department will review Countywide guidance as applicable, particularly where County systems, forms, or processes are used for tracking, reporting, transfer of accountability, or disposal/surplus processing.

The Department will establish a periodic review process for capital asset reference materials and will prepare recommended updates to the Commission's Capital Asset Policy for Commission review and approval. The Department will also maintain current Countywide reference materials applicable to capital asset management and will update internal procedures as Countywide forms, systems, or guidance are revised.

No additional financial impact is anticipated at this time. Corrective actions are expected to be completed using existing staff resources and existing County/Commission processes."

Actual/estimated Date of Corrective Action: November 1, 2026

Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
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.	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.	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.
Expected Implementation Date of Recommendation* One to three months	**Expected Implementation Date of Recommendation *** Three to six months	**Expected Implementation Date of Recommendation *** Six to twelve months

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