

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



**ITEM: 3.17
(ID # 13037)**

MEETING DATE:
Tuesday, August 04, 2020

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2020-303: Riverside County Human Resources Department, Follow-up Audit, District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2020-303: Riverside County Human Resources Department, Follow-up Audit

ACTION:Consent


Paul A. Angulo, County Auditor-Controller 7/6/2020

MINUTES OF THE BOARD OF SUPERVISORS

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

BACKGROUND:

Summary

We have completed a follow-up audit of the Human Resources Department. Our audit was limited to reviewing actions taken as of May 5, 2020, to correct findings noted in our original audit report 2018-010 dated July 1, 2019. The original audit report contained seven recommendations, all of which required implementation to help correct the reported findings.

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 (See Additional Response from Human Resources)

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

SUPPLEMENTAL:

Additional Fiscal Information

Not Applicable

ATTACHMENT A.

Internal Audit Report 2020-303: Riverside County Human Resources Department, Follow-up Audit.


 Stephanie Perez, Principal Management Analyst 7/30/2020

Internal Audit Report 2020-303

**Riverside County Human Resources Department
Follow-Up Audit**

Report Date: July 21, 2020



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Assistant Auditor-Controller

July 21, 2020

Brenda Diederichs
Assistant County Executive Officer/Human Resources Director
Riverside County Human Resources
4080 Lemon Street, 7th Floor
Riverside, CA 92501

**Subject: Internal Audit Report 2020-303: Riverside County Human Resources Department,
Follow-Up Audit**

Dear Ms. Diederichs:

We have completed the follow-up audit of Riverside County Human Resources Department. Our audit was limited to reviewing actions taken as of May 5, 2020, to help correct the findings noted in our original audit report 2018-010 dated July 1, 2019.

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 seven recommendations, with one implemented by the end of fieldwork in the original audit, and six of which required implementation to help correct the reported findings. Based on the results of our follow-up audit, we found that of the remaining six recommendations:

- Two of the recommendations were partially implemented
- Four of the recommendations were not implemented

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Details of the findings from the original audit and 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 2018-010 at www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports.

Paul Angulo, CPA, MA
Riverside County Auditor-Controller



By: René Casillas, CPA, CRMA
Chief Internal Auditor

cc: Board of Supervisors
George Johnson, County Executive Officer
Grand Jury

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Follow-up Audit

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Background Checks

Finding 1: Background Checks Policy Does Not Address Universal Inclusion

Federal level background clearances, which includes sex offender background checks, have not been conducted on all employees. Riverside County Board Resolution 2011-258, Authorizing Background Checks and Live Scan Services, grants the departments the necessary authorization to conduct federal level checks. Riverside County department heads were notified on May 23, 2016, about the adoption of the use of federal level checks throughout the county which was effective July 1, 2016. This supplementary component would be included with the Live Scan criminal background checks. Although the county is authorized to complete these checks, federal level checks for current employees are only performed when an employee is promoted. Not having universal inclusion of conducting federal level background checks (with the inclusion of registered sex offender checks) for all current employees, is negating management the necessary information it must have about its employees to ensure a safe work environment and the prevention of negative impacts to business operations.

Recommendation 1.1

Ensure federal level background checks, including the registered sex offender check, are completed on all county employees.

Management's Response to Audit Recommendation as of July 1, 2019:

“Partially Concur. Since July 1, 2016 all new and rehired employees to the county are background checked with both the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI). Prior to that time, unless the hiring department specifically ran an FBI background check, only DOJ background checks were completed. Human Resources is currently evaluating the number of background checks that would need to be completed to comply with this recommendation on every county employee. An extensive review of the background check database needs to be completed to review each employee records to determine which checks the employee has had. Once that is complete, the background check would need to be ordered. It should be noted that to complete the FBI check, the DOJ check must be completed at the same time. The cost for both tests is currently \$49. Depending on the number of employees needing an FBI background check to comply with this recommendation, this could be very costly to the county.

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It should also be noted that completing these background checks outside of the regular hiring process is a meet and confer item with the unions.”

Status Update from Human Resources as of May 11, 2020:

“Response Update: As noted in our original response to this recommendation, all new and rehired employees since July 1, 2016 have been background checked with both the Department of Justice and the Federal Bureau of Investigation.

Effective July 1, 2016, all promotional employees who do not have both DOJ and FBI background checks already on file are sent for another Livescan that captures both checks prior to being promoted to the new position.

For employees hired/rehired prior to July 1, 2016 who have not promoted since then, the cost of re-performing the DOJ check and adding the FBI check is \$49 per employee and the County is required to meet and confer with the exclusive representative of impacted employees (if any) prior to performing the re-check. Due to the high cost to complete this process and the requirement to meet and confer with representation, no further action has been taken to re-perform DOJ and FBI background checks on existing employees that have not promoted since July 1, 2016.”

Current Status 1.1: Not Implemented

Based on the response the department provided, this recommendation is not implemented.

Recommendation 1.2

Ensure all county policies are revised to reflect federal level background checks should include registered sex offender checks.

Management’s Response to Audit Recommendation as of July 1, 2019:

“**Partially Concur.** As a County agency, our background checks must comply with CA Penal Code Section 11105(p) which states what information must be provided to us. According to Section 11105(p) (2) (C) sex offender registration status of the applicant is included. Section 11105.3 (C) (1) also states that an offense committed outside the state of California that would be a crime in California would be reported as well. To ensure these

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checks occur, Human Resources will add this requirement to the Board policy when it is updated.”

Status Update from Human Resources as of May 11, 2020:

“Response Update: The board policy has not been updated since our initial response. Human Resources will add this requirement to the Board policy when it is updated as original response indicated.”

Current Status 1.2: Not Implemented

Based on the response the department provided, this recommendation has not been implemented.

Duplicate Worker’s Compensation/Stale Dated Warrants

Finding 2: Claims Processing

Human Resources Worker’s Compensation Division did not have a procedure in place to ensure claims submitted for payment via the health insurance claim form or vendor invoice were not duplicate claims. Their duplicate payment policy process required staff to enter “a potential duplicate payment in the Internet-based Valley Oak System claims management system,” which would indicate whether a payment is duplicated. However, when claims from vendors have been processed utilizing invoices with fixed rates rather than the health insurance claim form, which provides the current procedural terminology code, the system would not indicate duplication and the staff would not know based on this process. The current procedural terminology assists medical coders in reporting the proper medical services provided to patients. When an invoice has been utilized to process a claim instead of the health insurance claim form, a claim can be processed twice without regard to payments already issued.

Recommendation 2

The department revise its duplicate payments policy to ensure adequate controls are in place to limit the more than one payment on a claim.

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Current Status 2: No further action required

This recommendation was implemented during original audit.

Employee Identification Number Issuance Process

Finding 3: Delayed Employee Identification Number Issuance

The employee identification numbers were delayed for 10 out of 30 employee transaction forms we reviewed. In our review of the forms, there were processing delays for issuances, ranging from 6-21 days. The procedures for new hires did not provide guidance for issuing employee identification numbers. As such, there were inconsistencies on how Human Resources tracks the employee transaction forms when delivered for processing the new hires and the issuance of identification numbers. Delays in processing the employee transaction forms impacts productivity, accessibility to county systems, and training for new employees.

Recommendation 3.1

Revise the new hire procedures to indicate specific steps for processing employee identification numbers within a specific timeframe and train all work team staff on new hire procedures.

Management's Response to Audit Recommendation as of July 1, 2019:

"Concur. Human Resources has revised the procedures to indicate a time period in which the processing for employee identification numbers should take place and the processing time has been discussed with staff members."

Status Update from Human Resources as of May 11, 2020:

"Response Update: Corrective action was completed in November 2018 prior to the issuance of the original Audit Report; procedures functioning as expected."

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Current Status 3.1: Partially Implemented

Human Resources revised the new hire procedures and is requesting staff to place high priority on new hire packets. However, based on the results of our audit, there continues to be a delay in the issuance of newly hired employee identification numbers. Our testing of 41 employee transaction forms showed it takes an average of nine days for a new employee to be provided an identification number with the longest taking 15 days. The delays in processing employee transaction forms impacts productivity, accessibility to county systems, and training for new employees.

Recommendation 3.2

Perform cursory review of the employee identification number issuance at least monthly to ensure staff are processing as indicated in the revised procedure.

Management's Response to Audit Recommendation as of July 1, 2019:

"**Concur.** Staff members are currently sending emails to departments when the employee identification numbers are issued. Therefore, review is happening in real time. Management will also do an overall monthly review to ensure employee identification numbers are being issued timely."

Status Update from Human Resources as of May 11, 2020:

"Response Update: Corrective action was completed in November 2018 prior to the issuance of the original Audit Report; procedures functioning as expected."

Current Status 3.2: Not Implemented

Based on discussions with Human Resources, the department does not document reviews of the new hire employee transaction forms to ensure new hires are processed timely to issue an employee identification number. As such, there is no evidence that reviews are being conducted and we were not able to verify. We recommend that Human Resources develop an aging system to track and document the review of department procedures and the timing of when employee id numbers are issued.

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Exit Interviews

Finding 4: Exit Interview Feedback

Riverside County departments are not provided the feedback from exit interviews and surveys completed by departing employees. There was no process in place to ensure feedback occurs to the exiting/terminating employees department. Board of Supervisors Policy, C-22, *Exit Interview*, states the purpose of the exit interview is “to determine and document the reasons employees leave the county, to provide an opportunity for the airing of unresolved issues, and to solicit constructive feedback to improve the county.” We found that once exit surveys were completed, Human Resources had not provided feedback to the departments. When feedback is not provided departments organizational improvement opportunities are not identified.

Recommendation 4

Develop a system to notify department officials the results of the exit interviews.

Management’s Response to Audit Recommendation as of July 1, 2019:

“**Concur.** Monthly a report is created by the class and compensation team that HR Business Partners have access to. The report lists all the exit surveys completed by former employees and the departments they worked for. In April 2019, Business Partners reviewed this report and the expectation they are to discuss it with their departments and the information contained therein during their monthly meetings.”

Status Update from Human Resources as of May 11, 2020:

“Response Update: Correction completed in 2019; procedures functioning as expected. The executive team is currently exploring options for new software tools to help manage and interpret exit interview results.”

Current Status 4: Not Implemented

Human Resources compiles exit information obtained from departing employees into an Employee Exit Report and distributes to the Human Resources liaison to communicate the results. The Human Resources liaison will only share information they deem valuable with department officials. There is no system in place to share all feedback to department

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officials. When all feedback is not provided to department officials, improvement opportunities are not identified.

Incidents Received from Fraud Waste and Abuse

Finding 5: Timeliness to Conflict Resolution Processes

One out of the 10 incidents selected for review was not investigated timely. An incident reported in the fraud, waste, and abuse program that was forwarded to Human Resources for investigation and closed within 10 days by the Fraud, Waste, and Abuse program administrators, had not been assigned for investigation for more than one year by Human Resources. Fraud, Waste, and Abuse Guidelines require investigating departments to investigate incidents within 45 days. Delays in processing incidents may result in the loss of integrity for the county's fraud, waste, and abuse program.

Recommendation 5

Ensure policies are in place to investigate incidents reported in the timeframe outlined in the Fraud Waste and Abuse Guidelines.

Management's Response to Audit Recommendation as of July 1, 2019:

"**Concur.** Human Resources has changed its procedure regarding Fraud, Waste, and Abuse cases. All Fraud, Waste, and Abuse cases, no matter if there is an investigation or not, are now loaded into the Employee Relations database and are reviewed to ensure appropriate action was taken."

Status Update from Human Resources as of May 11, 2020:

"Response Update: Corrective action was completed in 2018 prior to the issuance of the original Audit Report; procedures functioning as expected."

Current Status 5: Partially Implemented

Human Resources did update policies to investigate and assign incidents within 10 working days. However, based on the results of our audit of internal procedures, two of the 11 incidents reviewed were not investigated timely as outlined in their updated

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procedures with one incident taking 31 days and the second taking 67 days to initiate the investigations. Delays in processing incidents may result in the loss of integrity, accountability, and transparency for the county's fraud, waste, and abuse program.