

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



ITEM: 2.4
(ID # 21266)

MEETING DATE:
Tuesday, February 28, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-006: Riverside County Housing and Workforce Solutions Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-006: Riverside County Housing and Workforce Solutions Audit.

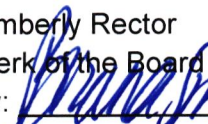
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 2/15/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, and Gutierrez
Nays: None
Absent: Perez
Date: February 28, 2023
xc: Auditor

Kimberly 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 of the Riverside County Workforce Solutions. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over grant monitoring, rental assistance program, and system access controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to rental assistance program and system access controls. However, we determined Riverside County Housing and Workforce Solutions internal controls over grant monitoring provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass controls.

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

Impact on Residents 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 2023-006: Riverside County Housing and Workforce Solutions Audit


 Stephanie P., Principal Management Analyst 2/21/2023

Internal Audit Report 2023-006

**Riverside County
Housing and Workforce Solutions
Audit**

Report Date: February 28, 2023



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Ben J. Benoit
Riverside County Auditor-Controller

Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller

February 28, 2023

Heidi Marshall
Director of Housing and Workforce Solutions
Riverside County Housing and Workforce Solutions
3403 Tenth Street, Suite 300
Riverside, CA 92501

Subject: Internal Audit Report 2023-006: Riverside County Housing and Workforce Solutions Audit

Dear Ms. Marshall:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Housing and Workforce Solutions to provide management and the Board of Supervisors with an independent assessment of internal controls over grant monitoring, rental assistance program, and system access controls.

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.

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

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



Ben J. Benoit
Riverside County Auditor-Controller



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

cc: Board of Supervisors
Jeff A. Van Wagenen, Jr., County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

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Internal Audit Report 2023-006: Riverside County Housing and Workforce Solutions

Executive Summary

Overview

Riverside County Housing and Workforce Solutions (Housing and Workforce Solutions) includes Housing and Workforce Solutions Administration, Continuum of Care, Workforce Development and Community Programs, Housing Authority, and Community Action Partnership. Housing and Workforce Solutions receives over \$160 million in funding from federal, state, and local agencies to provide homeless support services, employment assistance, housing opportunities, and low-income assistances to Riverside County residents.

Housing and Workforce Solutions has an adopted budget of \$218.1 million for FY 2022-23 and 343 authorized positions. *County of Riverside, Fiscal Year 2022-23 Adopted Budget Volume 1, 138-159.*

Audit Objective

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

Audit Scope and Methodology

We conducted the audit from June 24, 2022, through September 30, 2022, for operations from July 1, 2020, through September 26, 2022. Following a risk-based approach, our scope initially included the following:

- Grant Monitoring
- Rental Assistance Program
- System Access Controls
- Third-Party Contract Monitoring

Through inquiry, observations, and examination of relevant documentation, it was determined through a risk assessment of the third-party contract monitoring, that the risk exposure to Housing and Workforce Solutions associated with the process is well

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mitigated with internal controls and is functioning as designed. Therefore, our audit scope focused on internal controls over rental assistance program, system access controls, and grant monitoring.

Audit Highlights

Summary of Existing Conditions

- Housing and Workforce Solutions rental assistance provider application approvals were not consistently reviewed and documented. Documentation of approvals assist county departments in monitoring the providers' responsibilities and provide accountability for transactions and events. Proper approval of applications and related transactions ensures that activities meet established guidelines and objectives.
- Housing and Workforce Solutions does not track the date and time in which a user access was requested to be terminated from a third-party managed system or when account terminations were performed by department personnel. Monitoring account terminations help ensure that account deactivations are carried out properly, in a timely manner and prevent unauthorized access to applications systems that might contain sensitive and critical data.
- Employee Active Directory access rights were not terminated in a timely manner (within 24 hours) upon termination or transfer from the department. When an account is not closed immediately after employment has ended, there is a security risk to the information maintained in the systems used by the department. Depending on the sensitivity of the information maintained by department systems, it can create administrative issues and financial impact if held liable.

Summary of Improvement Opportunities

- Establish policies and procedures to require service providers document approvals and approval dates over rental assistance applications.
- Ensure service providers with approval responsibilities are documenting rental assistance application approvals in accordance with Standard Practice Manual 1001, *Internal Controls*.
- Develop a process to monitor and document account deactivation request dates from non-department managed systems to ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.

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- Develop a process to monitor and document account deactivation dates from department managed systems to ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.
- Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, by disabling Active Directory accounts on the day of an employee's termination or transfer from the department.
- Develop policies and procedures to ensure the disabling of Active Directory accounts are requested and approved within 24 hours of an employee's termination or transfer from the department.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to rental assistance program and system access controls. However, we determined Riverside County Housing and Workforce Solutions internal controls over grant monitoring provide reasonable assurance that its objectives relating to this area will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass controls.

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Rental Assistance Program

Background

The Statewide Emergency Rental Assistance Program has a total allocation of \$2.0 billion from federal funding, this program was designed to assist eligible landlords that have tenants with delinquent rents or tenants who were struggling financially and were not able to pay rental and/or utility obligations due to the COVID-19 pandemic from April 2020 through March 2022.

Housing and Workforce Solutions received a direct allocation of \$62.8 million of the U.S. Treasury Department Emergency Rental Assistance Program funding. Housing and Workforce Solutions, as a subrecipient of the grant, is responsible for administrating program activities and disbursing advance payments to two major provider agencies: the Inland Southern California 211 and Lift to Rise. These agencies directly provide rental assistance in their designated geographic areas within Riverside County. Housing and Workforce Solutions monitors program performance to ensure compliance with the program guidelines and applicable federal regulations.

Objective

To verify the adequacy and existence of internal controls over the rental assistance program.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of department rental assistance policies and procedures.
- Obtained an understanding of the rental assistance grant agreement between the Housing and Workforce Solutions and the U.S. Department of the Treasury.
- Obtained an understanding of the rental assistance grant agreement between the Housing and Workforce Solutions and passthrough provider agencies.
- Interviewed department management and staff to obtain an overview of the program monitoring process.

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- Selected a sample of the rental assistance applications and requested documentation pertained to the eligibility determination.
- Reviewed supporting documentation for compliance with grant agreement between Housing and Workforce Solutions and third-party vendors, completeness, and timeliness.
- Verified appropriate levels of management reviews and approvals.

Finding 1: Internal Controls over Rental Assistance Program

Rental assistance provider application approvals were not consistently reviewed and documented. We identified 23 out of 60 (38%) sampled applications that were not evidenced with an approval signature and date by provider management. Standard Practice Manual 1001, *Internal Controls*, states, "County departments and agencies shall establish, document and maintain an effective system of internal control and control principles of authorization and approval that transactions are authorized by a person assigned approval authority." Policies and procedures requiring the provider to include documentation of approval are not documented. Documentation of approvals assists county departments in monitoring the providers' responsibilities and provides accountability for transactions and events. Proper approval of applications and related transactions ensures that activities meet established guidelines and objectives.

Recommendation 1.1

Establish policies and procedures that require service providers to document approvals and approval dates over rental assistance applications.

Management's Response:

"**Concur.** On October 6, 2022, a meeting with auditor and Rental Assistance partners was held. At this time, guidance was provided to subrecipient partner, Inland SoCal 211+ to review and provide the missing date and signature on all applications. Inland SoCal 211+ agreed to make corrections as advised to all applications not signed. Moving forward, all application approvals will include signature and date. The policy and procedures will also include this update under section titled Payment Procedure #5."

Actual/Estimated Date of Corrective Acton: October 6, 2022

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Recommendation 1.2

Ensure service providers with approval responsibilities are documenting rental assistance application approvals in accordance with Standard Practice Manual 1001, *Internal Controls*.

Management's Response:

"Concur. Policies and Procedures were updated to include language that requires approval signature and date on all applications. This change is reflected in the policies and procedures under the section titled Payment Procedure #5. Additionally, HWS will continue to conduct reviews of all the backup documentation of draws as part of the ongoing monitoring. HWS has verified that for the months of September and October all applications include both the signature and date."

Actual/Estimated Date of Corrective Action: October 6, 2022

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System Access Controls

Background

System access controls within information systems ensure proper confidentiality, integrity, and availability to the data stored within the system. Authentication is a control which confirms a user's identity to provide access to a systems sensitive information. Sensitive information is any information that must be protected from unauthorized access to maintain the information security of an organization or an individual. Authentication is often achieved by using login credentials such as a username and password. Authentication relies on the presumption that the user is authorized to use the system and that only the user knows the login credentials to gain access.

Active Directory is a directory service which allows Housing and Workforce Solutions to manage permissions and access to network resources, and linked data applications utilized by the department. When a user ends employment with Housing and Workforce Solutions, it is the department's responsibility to create and approve a help desk ticket to request the removal of the terminated employee's access rights to their Active Directory account. Once the ticket is approved by Housing and Workforce Solutions personnel, Riverside County Information Technology is notified to disable Active Directory to remove permissions and network access.

System applications can be linked to Active Directory in such a way that terminating Active Directory accounts will also terminate access to the linked system applications. For system applications not linked to Active Directory, county departments must manually terminate accounts for employees no longer employed with the department.

Objective

To verify the existence and adequacy of internal controls over employee access termination to system applications used by Housing and Workforce Solutions.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of County of Riverside Information Security Standard v1.0.

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- Interviewed key personnel regarding the department's employee access termination processes.
- Obtained a listing of all critical systems used by Housing and Workforce Solutions and judgmentally selected a sample of systems not linked to Active Directory.
- Obtained listing of employees who had access to the selected system applications not linked to Active Directory during the audit review period.
- Obtained listing of employees whose access to the selected system applications not linked to Active Directory were terminated during the audit review period.
- Obtained report from Riverside County Information Technology that details Housing and Workforce Solutions ticket creation and approval dates for disabling employee access to Active Directory.
- Verified whether access rights to the selected system applications not linked to Active Directory were disabled within 24 hours of an employee's termination from Housing and Workforce Solutions.
- Verified whether requests to disable Active Directory were created and approved by Housing and Workforce Solutions personnel within 24 hours of an employee's termination or transfer from the department.

Finding 2: Monitoring of Access Rights Termination

For system applications not linked to Active Directory, Housing and Workforce Solutions does not track the date in which user access was requested to be terminated from a third-party managed system or when account terminations were performed by department personnel. During our review of the Homeless Management Information System (HMIS) managed by a third party, we were unable to determine when a request was submitted to have access rights terminated. In addition, we were unable to determine whether access rights were terminated in a timely manner for Housing Authority's HUD Security System managed by the department. County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, "Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer." Housing and Workforce Solutions does not have a process to document when requests are submitted to the third-party to terminate access to Homeless Management Information System. Furthermore, HUD Security System lacks the capability to timestamp or track when account access rights were terminated.

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Monitoring account termination requests and account terminations helps ensure that account deactivations are carried out properly and in a timely manner and assists management in preventing unauthorized access to application systems that might contain sensitive and critical data. Additionally, monitoring account terminations assists management in identifying areas where additional improvement or training is needed as it relates to access right terminations.

Recommendation 2.1

Develop a process to monitor and document account deactivation request dates from non-department managed systems to ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.

Management's Response:

“Concur. The Homeless Management Information System (HMIS) does have a “Deactivation Policy” in place that supports tracking dates in which a user’s access is terminated and is used to monitor user accounts and activity. The HMIS Charter states the following, “Within three (3) business days of revoking an individual’s authorization for HMIS access, the agency will contact the HMIS Lead Agency (HWS)... [and] complete a Change User Account Form... Upon receipt of the ‘Change User Account’ Form, HMIS Support will immediately deactivate and/or delete that individuals’ HMIS user account.” A full copy of the HMIS Charter can be found here: [HMIS Charter](#). The HMIS charter will be amended to terminate access in a timely manner (within 24 hours) upon employees’ termination or transfer from the department. Additionally, improvements will be made to monitor account terminations randomly and regularly for quality assurance and compliance with this policy on a bi-monthly basis (or every 30-60 days).

Actual/Estimated Date of Corrective Acton: January 2023

Recommendation 2.2

Develop a process to monitor and document account deactivation dates from department managed systems to ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.

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Management's Response:

“Concur. The HUD Secure System that the Housing Authority utilizes are does not track or keep records of deactivation dates. To comply with County of Riverside Information Security Standard v1.0, Section 4.1, the Housing Authority has developed and implemented a Department Employee Checklist that each supervisor must utilize and work with the program manager to deactivate user accounts in HUD Secure System within 24 hours of the staff member leaving the employment of the Housing Authority and maintain a record of this deactivation date that will be placed in the employee's department HR file. In addition, the Program Manager will complete a monthly review of active accounts to ensure quality assurance and compliance.”

Actual/Estimated Date of Corrective Acton: November 2022

Finding 3: Timely Termination of Active Directory Accounts

Active Directory access rights were not terminated in a timely manner (within 24 hours) upon employees' termination or transfer from the department. During the review of the system access rights, the following discrepancies were noted:

- Seven out of a total of 15 (47%) sampled employees did not have their Active Directory account termination requests created and approved in a timely manner (within 24 hours). The average days lapsed was 120 days, with the longest taking 267 days and the shortest taking 6 days.
- Three employees out of 47 (6%) employees no longer with the department continue to have active user accounts as of the date of our review.

County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, “Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer.” Requests and approvals to disable Active Directory accounts are not created and approved in a timely manner after employees are terminated or transferred from the department. Housing and Workforce Solutions does not have formal, written policies and procedures that ensure user accounts for terminated or transferred employees are to be disabled or removed on the day of termination or transfer. When an account is not closed immediately after employment has ended, there is a security risk to the information maintained in the systems used by the department. Maintaining active directory access rights open after employment has ended exposes the department to risks where information maintained in department systems can be continuously accessed by individuals who no longer have

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right or need to know. Depending on the sensitivity of the information maintained by department systems, it can create administrative issues and financially impact the county if held liable.

Recommendation 3.1

Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, by disabling Active Directory accounts on the day of an employee's termination or transfer from the department.

Management's Response:

"Concur. HWS and all its divisions has implemented procedures to ensure that all Active Directory accounts are disabled on the day of the employee's termination or transfer from the department."

Actual Date of Corrective Action: September 21, 2022

Recommendation 3.2

Develop policies and procedures to ensure the disabling of Active Directory accounts are requested and approved within 24 hours of an employee's termination or transfer from the department.

Management's Response:

"Concur. Policies and procedures which includes supervisor checklists has been developed and implemented to ensure the disabling of Active Directory Accounts within 24 hours of an employee's termination or transfer from the department and are included with this response."

Actual Date of Corrective Action: September 21, 2022

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Grant Monitoring

Background

Housing and Workforce Solutions receives over \$22.9 million in funding from federal, state, and local agencies for workforce related programs as illustrated below:

Grant	Contract Amount	Fiscal Year(s)	Funding Source
Summer Training and Employment Program for Students (STEPS)	\$1,000,000	2021-2023	Foundation for California Community Colleges
Financial Navigators Grant	\$80,000	2020-2022	Cities for Financial Empowerment
Regional Plan Implementation (Slingshot 4.0)	\$157,500	2021-2022	California Workforce Development Board
Workforce Innovation Opportunity Act (WIOA)	\$17,661,254	2021-2022	Department of Labor
Expanded Subsidized Employment Program	\$3,965,700	2020-2025	Riverside County Department of Public Social Services
Homeless Housing, Assistance, and Prevention Program	\$100,000	2021-2025	Riverside County Continuum of Care

Workforce Development division within Housing and Workforce Solutions is responsible for monitoring programs and activities, assisting Riverside County employers with recruitments, reimbursement for training and onboarding of new hires, aiding unemployed and underemployed jobseekers with job replacement, career coaching, and educational opportunities. Workforce Development division provides support and grant monitoring to ensure administrative, fiscal, and program compliance with the grants and applicable regulations.

Objective

To verify the adequacy and existence of internal controls over the grant monitoring.

Audit Methodology

To accomplish these objectives, we:

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- Obtained an understanding of Workforce Development grant monitoring policies and procedures.
- Obtained an understanding of the grant agreement between the Housing and Workforce Solutions and the grantors.
- Interviewed department management and staff to obtain an overview of the grant monitoring process.
- Selected a sample of the grant expenditure reports and reimbursement claims.
- Reviewed supporting documentation for completeness and timeliness of the grant expenditure reports and reimbursement claims.

Finding: None Noted

Based upon the result of our audit, we determined internal controls over grant monitoring processes provide reasonable assurance that its objective related to this area is achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.