

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



ITEM: 2.13
(ID # 22477)

MEETING DATE:
Tuesday, July 11, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-014: Riverside County Clerk of the Board Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-014: Riverside County Clerk of the Board Audit

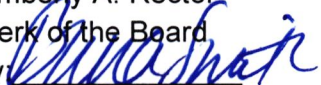
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/30/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Perez and Gutierrez
Nays: None
Absent: Washington
Date: July 11, 2023
xc: Auditor-Controller

Kimberly A. Rector
Clerk of the Board
By 
Deputy

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

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

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Clerk of the Board to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer and safeguarding of capital assets and revolving funds when there is a change in department head and system access controls.

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

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to system access controls. However, we determined Riverside County Clerk of the Board's internal controls over capital assets and revolving funds provide reasonable assurance that its objectives relating to these areas will be achieved. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

We will follow-up in one year 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 2023-014: Riverside County Clerk of the Board Audit

Internal Audit Report 2023-014

**Riverside County
Clerk of the Board
Audit**

Report Date: July 11, 2023



**Office of Ben J. Benoit
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Ben J. Benoit
Riverside County Auditor-Controller

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

July 11, 2023

Kimberly Rector
Clerk of the Board
Riverside County Clerk of the Board
4080 Lemon Street, 1st. Floor
Riverside, CA 92501

Subject: Internal Audit Report 2023-014: Riverside County Clerk of the Board Audit

Dear Ms. Rector:

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Clerk of the Board to provide management and the Board of Supervisors with an independent assessment of internal controls over the transfer and safeguarding of capital assets and revolving funds when there is a change in department head 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.

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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 reach 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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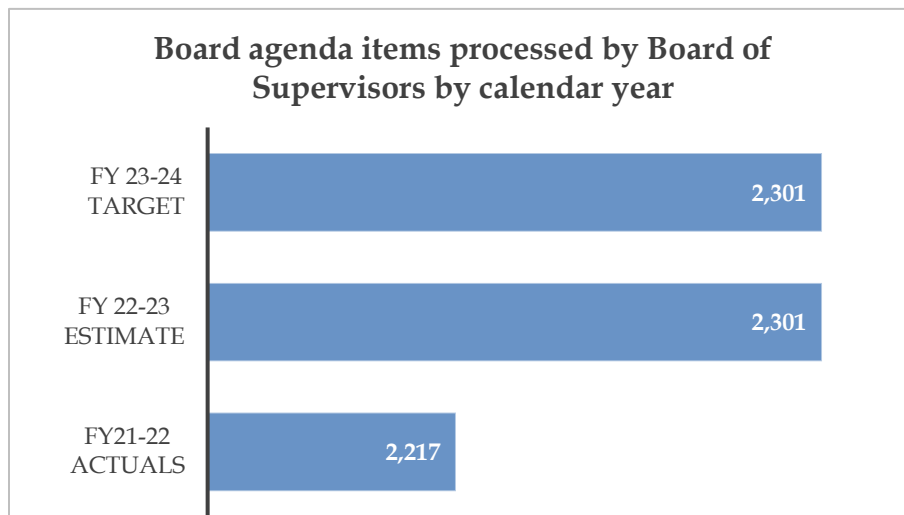
Executive Summary

Overview

The Board of Supervisors is the governing body of the county and Board-governed special districts. The Board of Supervisors is responsible for allocating budget towards policies, local legislative functions and projects that promote health, safety, and quality of life for county residents.

The Clerk of the Board supports the Board of Supervisors by providing administrative assistance and access to official county records and information.

*Figure 1: Number of actual and estimated Board agenda items processed
Fiscal Years 2022, 2023 and 2024*



(Data retrieved from *County of Riverside, Fiscal Year 2023/24 Recommended Budget Volume 1, 79*)

The Board of Supervisors and Clerk of the Board have a recommended budget of \$16.07 million and 66 recommended positions for FY 2023/24. *County of Riverside, Fiscal Year 2023/24 Recommended Budget Volume 1, 81-82.*

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 and revolving funds when there is a change in department head as well as internal controls over system access.

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Audit Scope and Methodology

We conducted the audit from February 15, 2023, through April 20, 2023, for the operations from July 1, 2021, through March 6, 2023. Our scope included the following:

- System Access Controls
- Capital Assets
- Revolving Funds

Audit Highlights

Summary of Existing Conditions

- Departing employees' access rights to Active Directory were not disabled timely. Additionally, an active directory account was not disabled after an employee ended employment with the department. When an account is not closed immediately after an employee separation or transfer, there is a security risk to the information maintained in the systems used by the department.

Summary of Improvement Opportunities

- Submit a request to terminate existing Active Directory accounts which belonged to former employees.
- Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, Account and Access Management, by requesting and approving the disabling of system access rights on the day of an employee's departure from the department.
- Develop policies and procedures to ensure the disabling of accounts linked to Active Directory are requested and approved within 24 hours of an employee separation or transfer.
- Centralize the approval of account termination requests to a designated staff member within Clerk of the Board to ensure requests are reviewed and approved promptly.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to system access controls. However, we determined Riverside County Clerk of the Board's internal controls over capital assets and revolving funds provide reasonable assurance that its objectives relating to these areas will be achieved.

Internal Audit Report 2023-014: Riverside County Clerk of the Board Audit

Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

System Access Controls

Background

System access controls within information systems ensure proper confidentiality, integrity, and availability to the data stored within the system. 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 a control which confirms a user's identity to provide access to a systems sensitive information. 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 Riverside County Information Technology and Clerk of the Board to manage permissions and access to network resources, and linked data applications utilized by the department. When a user ends employment with Clerk of the Board, it is the department's responsibility to create and approve a help desk ticket to request the removal of the terminated employees' access rights to their Active Directory account. Once the ticket is approved by department 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 a 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. Additionally, external agencies or entities may grant Riverside County employees' access to system applications, at which point it is the responsibility of county departments to request account terminations upon an employee's separation from the department.

Objective

To verify the existence and adequacy of internal controls over employee access termination to system applications used by Clerk of the Board.

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Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of County of Riverside Information Security Standard v1.0.
- Interviewed key personnel regarding the department’s employee access termination processes.
- Obtained a listing of employees who had access to Active Directory during the audit review period.
- Obtained report from Riverside County Information Technology that detailed Animal Services ticket creation and approval dates for disabling employee access to Active Directory.
- Verified whether access rights to the system applications linked to Active Directory were disabled within 24 hours of employee departure from the department.
- Verified whether requests to disable Active Directory access right were created and approved by department personnel within 24 hours of the employee departure from the department.

Finding 1: Timely Termination of Access Rights

Employee access right termination requests are not created and approved in a timely manner for Active Directory. See Table A for a summary of findings.

Table A: Summary of Conditions/Concerns - System Access Controls

System	Findings
Active Directory	Six out of 11 (55%) separated employees did not have their Active Directory account termination requests created and approved in a timely manner. The average time elapsed between employee departure and ticket approval was 58 days, with the longest taking 145 days for approval and the shortest taking 2 days.
	One out of 11 (9%) separated employees remained active as of March 6, 2023, 98 days after employee departure.

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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.” Several Clerk of the Board’s staff share the responsibility to approve employee termination requests. This causes a disjointed process and as a result, requests were not approved promptly. Additionally, written procedures are needed to ensure compliance with the 24-hour disabling of accounts for departing employees as stated in Riverside County Information Technology Security Standards.

Allowing Active Directory accounts to remain open after employment has ended exposes the department to risk where information maintained in department systems can be continuously accessed by individuals who no longer have a right or need to know. Depending on the sensitivity of the information maintained by department systems, it can create administrative issues and have a financial impact if held liable.

Recommendation 1.1

Submit a request to terminate existing Active Directory accounts that belong to former employees.

Management’s Response:

“Concur”

Actual/Estimated Date of Corrective Action: Completed

Recommendation 1.2

Ensure compliance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, by requesting and approving the disabling of system access rights on the day of an employee departure from the department.

Management’s Response:

“Concur”

Actual/Estimated Date of Corrective Action: Completed

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Recommendation 1.3

Develop policies and procedures to ensure the disabling of Active Directory accounts are requested and approved within 24 hours of an employee departure from the department.

Management's Response:

"Concur"

Actual/Estimated Date of Corrective Action: Completed

Recommendation 1.4

Centralize the approval of account termination requests to a designated staff member within Clerk of the Board to ensure requests are reviewed and approved promptly.

Management's Response:

"Concur"

Actual/Estimated Date of Corrective Action: Completed

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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 \$5,000 or greater).

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

As of December 29, 2022, the time the new department head was appointed and acknowledged receipt of capital assets from the outgoing officer, Board of Supervisors maintained eighteen office equipment capital assets in the Riverside County financial system asset management module, with combined acquisition cost of \$192,702.

Objective

To determine if the required Standard Practice Manual Form AM-1, *The 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:

- Obtained an understanding of Riverside County Auditor-Controller's Standard Practice Manual Section 5, *Capital Asset Policies*.
- Established the date of the department head change.
- Verified proper forms were completed for transfer of accountability of capital assets and submitted to the Riverside County Auditor-Controller's Office.

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- Selected a sample of capital assets to verify adequate internal controls exist over the safeguarding of assets.
- Selected a sample of capital assets and verified its existence.
- Selected a sample of disposed capital assets and verified that disposals and associated proceeds were reported timely and properly to the Riverside County Auditor-Controller's Office.

Findings: None Noted

Based upon the result of our audit, we determined internal controls over the safeguarding of capital assets 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.

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Revolving Funds

Background

Under the authority of Government Code Section 29320-29334, the Riverside County Board of Supervisor's adopted Board Resolution 74-156 on May 14, 1974, authorizing the establishment of a revolving fund, under the custodianship of a county officer, for use on official county business. The Board of Supervisor's adopted Board Resolution 83-338 on November 1, 1983, authorizing the Riverside County Auditor-Controller's Office to audit revolving funds of any officer accountable for such resources upon transfer of such resources to a new officer.

Board of Supervisors and Clerk of the Board have three revolving funds, with authorized balances totaling \$2,350. One fund is maintained in a bank account which totaled \$2,000, and the remaining is in two petty cash accounts totaling \$300 and \$50, respectively. Board of Supervisors and Clerk of the Board has an established process in place for the use of the revolving fund. The funds are primarily used to pay for emergency expenditures, such as training registration. Replenishment requests are prepared by the fund custodian and approved by authorized manager. Checks are processed by the fund custodian and signed by authorized personnel. The funds are reconciled monthly, signed, and dated by the preparer and reviewer.

Objective

To determine if the required forms for the transfer of accountability of revolving funds from the predecessor to the new appointed department head were completed, and properly filed with the Riverside County Auditor-Controller's Office. Also, to assess the adequacy of internal controls over the safeguarding of the revolving funds.

Audit Scope and Methodology

To accomplish these objectives, we:

- Reviewed Riverside County Auditor-Controller's Standard Practice Manual Form AR-1, *Revolving Fund Request Order & Change Form* for the establishment and transfer of the revolving funds.
- Interviewed key personnel and reviewed department procedures over the revolving funds.

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- Verified proper access to the fund checkbook was implemented.
- Verified revolving fund reconciliations were prepared.
- Performed a surprise cash count and reconciled to the fund assignment amounts without exception.
- Verified adequate segregation of duties existed.

Findings: None noted

Based upon the result of our audit, we determined internal controls over the safeguarding of the revolving funds 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.