

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



ITEM: 2.11
(ID # 22473)

MEETING DATE:
Tuesday, July 11, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-021: Riverside County Office of Economic Development, Perris Valley Cemetery Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-021: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

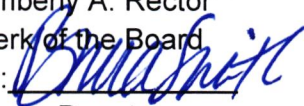
ACTION: Consent


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
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

In accordance with Board of Supervisors Resolution 83-338, we audited the Riverside County Office of Economic Development, Perris Valley Cemetery District. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over cremation interment process, customer complaint resolution, system application controls and vendor monitoring.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cremation interment process and system application 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.

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller's Office - Internal Audit Report 2023-021: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Internal Audit Report 2023-021

**Riverside County
Office of Economic Development,
Perris Valley Cemetery District Audit**

Report Date: July 11, 2023



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

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

July 11, 2023

Suzanne Holland, Director
Riverside County Office of Economic Development, Perris Valley Cemetery District
3499 10th Street, Suite 400
Riverside, CA 92501

Subject: Internal Audit Report 2023-021: Riverside County Office of Economic Development, Perris Valley Cemetery District Audit

Dear Ms. Holland:

In accordance with Board of Supervisors Resolution 83-338, we audited Riverside County Office of Economic Development, Perris Valley Cemetery District to provide management and the Board of Supervisors with an independent assessment of internal controls over cremation interment process and system application 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 the 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

Perris Valley Cemetery District serves the community by providing burial and cremation services for the families of the community, on the 19 acres of the memorial park. The Perris Valley Cemetery was created in 1927 as an independent district. In January of 2002, the Riverside County Board of Supervisors appointed itself as Trustees to provide administrative oversight and establish cash reserves and fiscal controls. Its mission is to serve the community with the highest level of service, care, and compassion, as well as provide affordability in burial and cremations services for the families of the deceased. *Riverside County Business & Community Services, Perris Valley Cemetery, accessed May 23, 2023, <https://rivcoed.org/pvc>.*

Perris Valley Cemetery District has a recommended budget of \$1.01 million for FY 2023-24. *County of Riverside, Fiscal Year 2023/24 Recommended Budget Volume 1, 289.*

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 cremation interment process, customer complaint resolution, system application controls, and vendor monitoring. 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 February 14, 2023, through March 16, 2023, for operations from July 1, 2021, through March 6, 2023. Following a risk-based approach, our scope initially included the following:

- Cremation Interment Process
- Customer Complaint Resolution
- System Application Controls
- Vendor Monitoring

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Through inquiry, observations, and limited examination of relevant documentation, it was determined through a risk assessment of the business processes for customer complaint resolution and vendor monitoring, that the risk exposure to Perris Valley Cemetery District associated with these processes are well mitigated with internal controls and are functioning as designed. Therefore, we focused our audit scope to internal controls over cremation interment process and system application controls.

Audit Highlights

Summary of Existing Conditions

- Management review of customer data in plot management application and original records is not performed consistently and not documented. Inconsistent or no record review can lead to untimely detection of data inaccuracy or unauthorized alternation to data records.
- There is no segregation of duties in access rights within the plot management application. This can increase the department's susceptibility to clerical errors, misappropriation of assets, and unauthorized activities.

Summary of Improvement Opportunities

- Perform and document management review of customer data and original customer records.
- Establish policies and procedure to review customer data in system application and original records routinely in ensuring department compliance with Riverside County Standard Practice Manual 1001, *Internal Control*.
- Work with the plot management application vendor to research and implement appropriate user security roles ensuring segregation of duties. If segregation of duties is not possible, develop compensating controls such as management review of a change log to identify irregularities in data entry.

Audit Conclusion

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to cremation interment process and system application controls.

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Cremation Interment Process

Background

The cremation interment process includes stages of documentation and authorization, cremation process, handling of cremated remains and preparation, and interment of final disposition.

The department handles interment of cremated remains and assists with memorial services, including ground burial or niching. Perris Valley Cemetery District utilizes a plot management application to process plot purchase invoices, interment orders and plot inventory, and customer management. Physical copies of vital records are maintained in an area with limited access.

Objective

To verify the existence and adequacy of internal controls over cremation interment process.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of Riverside County Standard Practice Manual 1001, *Internal Control*, and California Health and Safety Code, Division 8, *Cemeteries*.
- Obtained the department policies and procedures over cremation interment process.
- Conducted interviews and performed walk-throughs with department's personnel over cremation interment processes.
- Sampled a list of interments that were performed in the audit period.
- Verified segregation of duties exist in processing interments.
- Verified records are maintained and accurate in original form and in plot management application.

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Finding 1: Management Review of Customer Data

Management review of customer data in the plot management application and original records is not performed consistently and not documented. Riverside County Standard Practice Manual 1001, *Internal Control*, states that “records are routinely examined and reconciled to determine that transactions were properly processed.” Furthermore, California Health and Safety Code, §9064 (a) states, “the board of trustees shall cause to be prepared and maintained accurate and current records of all remains interred in cemeteries owned by the district, including the name of each person, his or her age at the time of death, place of death, date of interment, the interment plot and the name and address of funeral director.” The department does not require management review of records related to personal information. Lack of examination of physical and electronic data can lead to untimely detection of data inaccuracy or unauthorized alternation to data records.

Recommendation 1.1:

Perform and document management review of customer data in the plot management application and original customer records.

Management’s Response

“**Concur.** Cemetery management will perform routine quality assurance checks on data submitted to the new plot management software. These checks will be performed quarterly and will include, at a minimum, 5 new entries since the last quality assurance review. This will be implemented when the new software is fully functional, and staff have been properly trained on its use.”

Actual/Estimated Date of Corrective Action: November 1, 2023.

Recommendation 1.2:

Establish policies and procedures to routinely review customer data in system application and original records to ensure department compliance with Riverside County Standard Practice Manual 1001, *Internal Control*.

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Management's Response

“Concur. Cemetery management will be including a checklist to manage routine quality assurance checks and document the date of each check. The checklist has been created, but the new software system will not be ready until November 1, 2023.”

Actual/Estimated Date of Corrective Action: November 1, 2023.

System Application Controls

Background

System application controls involve implementing measures and procedures to safeguard data and maintain confidentiality, integrity, and availability of information. Access rights are assigned based on user security roles, which determine the level of permissions for viewing, editing, approving, and deleting transactions. Segregation of duties in the system application is implemented by assigning security roles to employees according to their responsibilities. Once authorized, user roles are established for each employee and changes to access rights are approved by management and performed by users with application admin rights.

Objective

To verify the existence and adequacy of system application control within plot management application.

Audit Methodology

To accomplish these objectives, we:

- Obtained an understanding of Riverside County Standard Practice Manual 1001, *Internal Control*.
- Conducted interviews and performed walk-throughs with department personnel over system application controls processes.
- Obtained a list of active users with security roles in the plot management application.

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- Reviewed the existence and effectiveness of segregation of duties in the application.

Finding 2: Segregation of Duties in Plot Management Application

Of the six users who have access to the plot management application, all users have full access rights. Riverside County Standard Practice Manual 1001, *Internal Control*, states that to maintain an effective system of internal control, "duties are divided or segregated so that no one person has complete control over a key function or activity."

The current application does not have the capability to set different user security and roles. Perris Valley Cemetery District is in the process of transitioning to a new plot management application. Lack of segregation of duties in the application increases the department's susceptibility to clerical errors, misappropriation of assets, and unauthorized access to privileged information.

Recommendation 2:

Work with the plot management application vendor to research and implement appropriate user security roles ensuring segregation of duties. If segregation of duties is not possible, develop compensating controls such as management review of a change log to identify irregularities in data entry.

Management's Response

"**Concur.** The current plot management software does not allow for a segregation of duties. Cemetery admin has procured the services of a new plot management software that includes the ability to assign roles and responsibilities and limit access to specific users. This software is expected to be fully functional, and staff trained on its use by November 1, 2023."

Actual/Estimated Date of Corrective Action: November 1, 2023.