

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



ITEM: 2.7  
(ID # 20429)

**MEETING DATE:**

Tuesday, November 29, 2022

**FROM :** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Internal Audit Report 2023-307: Riverside County Housing and Workforce Solutions Follow-up Audit

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-307: Riverside County Housing and Workforce Solutions, Follow-up Audit

**ACTION:Consent**

  
Paul A. Angulo, County Auditor-Controller 11/7/2022

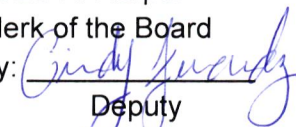
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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Spiegel, Washington, Hewitt, and Perez  
Nays: None  
Absent: None  
Date: November 29, 2022  
xc: Auditor

Kecia R. Harper  
Clerk of the Board

By:   
Deputy

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

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

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

We completed a follow-up audit of the Riverside County Housing and Workforce Solutions. Our audit was limited to reviewing actions taken as of July 22, 2022, to correct findings noted in our original audit report 2021-004 dated March 9, 2021. The original audit report contained seven recommendations, all of which required implementation to help correct the reported findings.

Based on the results of our audit, we found that of the seven recommendations:

- The seven recommendations were implemented.

For an in-depth understanding of the original audit, please refer to the Internal Audit 2021-004 at [www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports](http://www.auditorcontroller.org/Divisions/AuditsandSpecializedAccounting/InternalAuditReports).

**Impact on Citizens and Businesses**

Provide an assessment of internal controls over the audited areas.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

Not applicable

**ATTACHMENTS:**

A: Internal Audit Report 2023-307: Riverside County Housing and Workforce Solutions, Follow-up Audit.

**Internal Audit Report 2023-307**

**Riverside County  
Housing and Workforce Solutions  
Follow-up Audit**

**Report Date: November 1, 2022**



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[www.auditorcontroller.org](http://www.auditorcontroller.org)



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OFFICE OF THE  
AUDITOR-CONTROLLER**

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**Paul Angulo, CPA, MA  
Riverside County Auditor-Controller**

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

November 1, 2022

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 2023-307: Riverside County Housing and Workforce Solutions Follow-up Audit**

Dear Ms. Marshall:

We completed the follow-up audit of Riverside County Housing and Workforce Solutions. Our audit was limited to reviewing actions taken as of July 22, 2022, to help correct the findings noted in our original audit report 2021-004 dated March 9, 2021.

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, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that all seven recommendations were implemented.

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Follow-up Audit**

Summary of the conditions from the original audit and the results of our review on 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 2021-004 at [www.auditorcontroller.org/Divisions/AuditsandSpecialized\\_Accounting/InternalAuditReports](http://www.auditorcontroller.org/Divisions/AuditsandSpecialized_Accounting/InternalAuditReports).

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

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

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

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Follow-up Audit**

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**Attachments:**

A. Internal Audit Report 2021-004.

B. Status of Findings as Reported by Riverside County Housing and Workforce Solutions on July 22, 2022.



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**Program Integrity Monitoring of the Housing Choice Voucher Program**

**Finding 1: Internal Controls over Program Integrity Monitoring Unit**

Twelve of the 18 fraud referrals selected from the master fraud tracking log had no documentation retained in investigative files. The Program Integrity Monitoring Unit utilizes a spreadsheet known as the master fraud tracking log to identify all referrals made from other agencies, companies, or persons which allege that a family is violating the obligations or program rules of the Housing Choice Voucher Program. The spreadsheet used by the Program Integrity Monitoring unit does not reflect when and who the fraud allegation was given to investigate by the unit's administration. Additionally, it does not identify the resolution of the investigation completed by Housing staff. Without documentation we were unable to determine whether controls over the Program Integrity Monitoring Unit were functioning effectively as designed.

Code of Federal Regulation 24 CFR §792.101 recommends public housing agencies to investigate and pursue instances of tenant and owner fraud and abuse in the operations of the section 8 housing assistance payments programs. According to the Administrative Plan for the Housing Choice Voucher Program, all referrals will be thoroughly documented, remain anonymous, and/ or placed in the participant's file. Without documentation of who investigated the referral, the results of the investigation, and a standard of documentation to be retained in the file if a fraud referral is found credible, management cannot ensure that the goals of the program are being achieved efficiently and effectively.

**Recommendation 1.1**

Update the master fraud tracking log to include when the case was assigned to an investigator and who was assigned to complete the investigation. Additionally, the log should include both the current and final dissolution of the investigation.

**Current Status 1.1: Implemented**

**Recommendation 1.2**

Develop a checklist to document the minimum number of resources, i.e., credit bureau inquiries, verification of credit, employers or prior employers, neighbors or witnesses, other agencies, public records, Department of Motor Vehicles, enterprise income

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verification reports, interviews, and other sources as applicable to be verified during Housing's investigation.

**Current Status 1.2: Implemented**

**Recommendation 1.3**

Develop a checklist to document the minimum required documents required to be retained to support Housing's actions, ultimately ending in termination of assistance.

**Current Status 1.3: Implemented**



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**Housing Authority Loan Monitoring**

**Finding 2: Single Family Project Monitoring**

The department did not send the required number of homeowner self-certification surveys for the last two years. The department's Monitoring Policies and Procedures Manual states, "5% of all ... housing projects shall be monitored during each fiscal year." In order to accomplish this, "EDA monitoring compliance staff will mail out Homeowner Self Certification Surveys to 5% of the homeowner assisted households ...." While the department does utilize the Monitoring Policies and Procedures Manual noted above, the manual lacks clarity and specific actions to be taken in the procedures it outlines such as the escalation process for homeowners who do not comply, the consequences for non-compliance, or the process of how the department will select the five percent of housing projects to monitor compliance.

As of June 30, 2020, Housing had extended approximately 1,823 loans between the First Time Home Buyer, Neighborhood Stabilization Program, and Mobile Home Tenant Loan programs. Using the department's policies and procedures, a random selection should have been completed selecting approximately 92 loans for compliance testing with self-certification surveys. The table below illustrates the actual monitoring level activity for the past two fiscal years.

| Approximate number of total program participants: 1,823 |                                      |                |                 |                   |               |
|---|--------------------------------------|----------------|-----------------|-------------------|---------------|
|   | Sample Size per<br>Department Policy | Total Selected | Total Completed | Total Outstanding | In Conveyance |
| 2018-19   | 92                                   | Unknown        | 31              | 15                | Unknown       |
| 2019-20   | 92                                   | 77             | 31              | 20                | 26            |

*The total completed represents the self-certification surveys that were completed and retained by Housing Authority. The total outstanding represents the self-certification surveys that were documented, a second follow up was initiated with the loan participant, but there is no completed self-certification survey nor supporting documentation. Some loans maintained on management's list were noted as in conveyance. Conveyance is the action of transferring property from one party to another. In relation to Housing, loans to program participants that fully repay the loan have titles of respective properties officially transferred to participants.*

Additionally, monitoring letters were sent for the First Time Home Buyer Program and the Neighborhood Stabilization Program, but not the Mobile Home Tenant Loan program. This increases noncompliance with department monitoring policies and procedures and hinder its ability to ensure compliance with program requirements.

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**Recommendation 2.1**

Develop a framework to specify loans selected for monitoring and specific detailed steps to be taken when escalating monitoring and noncompliance.

**Current Status 2.1: Implemented**

**Recommendation 2.2**

Revise Monitoring Policies and Procedures Manual to document the review of the self-certification survey process by department administration. Management's review should be evidenced by a signature and date.

**Current Status 2.2: Implemented**

**Recommendation 2.3**

Require all Housing staff to complete program specific training to ensure compliance with projects funded by CalHome, Community Development Block Grant, Bonds, HOME Investment Partnership program, Neighborhood Stabilization programs, and the Redevelopment Agency.

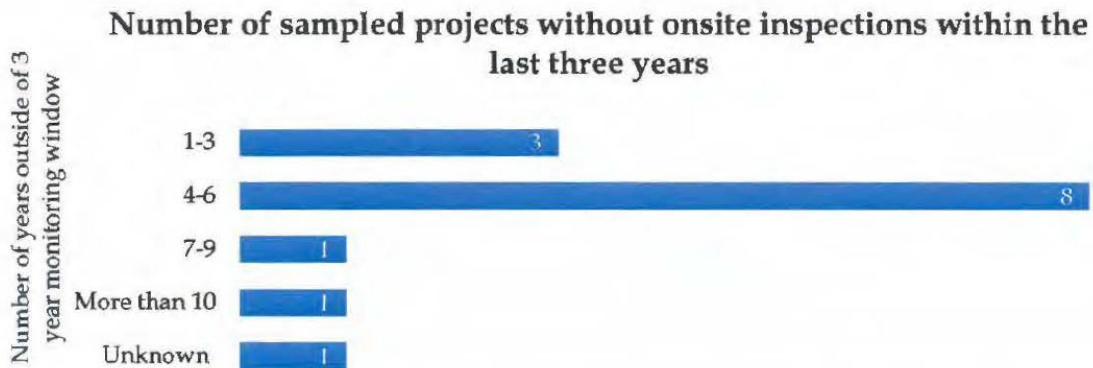
**Current Status 2.3: Implemented**

**Finding 3: Multifamily Project Monitoring**

Fourteen (56%) out of 25 multifamily project samples had not been visited for onsite monitoring within the last three years. Projects ranged from one to 11 years outside of the three-year window for the physical inspection, with the average project tested five years outside of the inspection window. The department did not complete onsite monitoring visits in accordance with the department's Monitoring Policies and Procedures Manual. Both the Monitoring Policies and Procedures, as well as, the Code of Federal Regulations, Title 24, Section 92.504, *Participating jurisdiction responsibilities; written agreements; on-site inspection*, states, "on-site inspections must occur within twelve months after project completion and at least once every three years thereafter during the period of affordability." In addition, the department Monitoring Policies and

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Procedures states that annually, "a monitoring calendar will be created by compliance staff which will include the dates of all onsite monitoring technical assistance workshop dates." This lapse in onsite monitoring does not ensure compliance with program requirements. The graph below denotes the number of projects that are outside of the onsite inspection window and how far outside of the inspection window they are.



Note: The number inside of the bar graph is the number of projects whose last inspections falls within the above increments.

**Recommendation 3**

Ensure projects are appropriately monitored, at a minimum of once every three years as required by department's Monitoring Policy and Procedures Manual.

**Current Status 3: Implemented**