

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



ITEM: 2.9
(ID # 21278)

MEETING DATE:
Tuesday, February 28, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-313: Riverside County Transportation and Land Management Agency, Transportation Department, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-313: Riverside County Transportation and Land Management Agency, Transportation Department Follow-up Audit

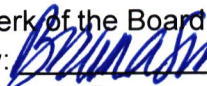
ACTION:Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 2/16/2023

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

We completed a follow-up audit of the Riverside County Transportation and Land Management Agency, Transportation Department. Our audit was limited to reviewing actions taken as of September 27, 2022, to correct findings noted in our original audit report 2019-009 dated December 17, 2019. The original audit report contained five recommendations, all of which required implementation to help correct the reported findings.

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

- Four of the recommendations were implemented.
- One of the recommendations was not implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2019-009 included as an attachment to this follow-up audit report or it can also be found at:

<https://auditorcontroller.org/divisions/internal-audit>

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 - Internal Audit Report 2023-313: Riverside County Transportation and Land Management Agency, Transportation Department Follow-up Audit.


 Stephanie Perez, Principal Management Analyst 2/21/2023

Internal Audit Report 2023-313

**Riverside County
Transportation and Land Management Agency,
Transportation Department
Follow-up 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

Charissa Leach
Assistant County Executive Officer
Riverside County TLMA, Transportation Department
4080 Lemon Street, 14th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2023-313: Riverside County Transportation and Land Management Agency, Transportation Department Follow-up Audit

Dear Ms. Leach:

We completed the follow-up audit of Riverside County Transportation and Land Management Agency, Transportation Department. Our audit was limited to reviewing actions taken as of September 27, 2022, to help correct the findings noted in our original audit report 2019-009 dated December 17, 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 five recommendations, all of which required implementation to help correct the reported findings. Based on the results of our audit, we found that of the five recommendations:

- Four of the recommendations were implemented.
- One of the recommendations was not implemented.

Internal Audit Report 2023-313: Riverside County Transportation and Land Management Agency, Transportation Department, 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 2019-009 included as "Attachment A" of this audit report along with your department status letter as "Attachment B". You can also find the original audit report at <https://auditorcontroller.org/divisions/internal-audit>.

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, County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury

Internal Audit Report 2023-313: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit

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Service Contractors

Finding 1: Street Sweeping Agreement

“The street sweeping agreement with the county requires the service contractors to submit monthly documentation with each invoice. Our review of the agreement and monthly invoices identified the following:

- The street sweeping contractor is not in compliance with the agreement with Transportation. Required documentation to support the services and charges from the contractor are not submitted.
- Transportation is not monitoring the street sweeping contractor. When we requested agreement required documentation from Transportation to support the services provided and invoiced by the contractor, they had to request it from the contractor since they could not provide the documentation themselves.
- An analysis of actual curb miles swept noted that Transportation is not being billed for actual miles swept and is instead billed for the estimated amount identified in the agreement. Additionally, the daily 45 curb mile street sweeping limit was exceeded multiple times. The contractor overbilled for the month of May 2018 as a result of charging for miles that exceed 45 per day.
- Transportation charges Riverside County Economic Development Agency a 15% administrative fee that is not supported by a rate methodology.

Exhibit 19 of the agreement states, “Contractor shall submit with the monthly statement the following terms: report showing the speed and miles swept on each sweeper used, corrective action request and completion report, copies of dump/disposal tickets, and equipment report showing all equipment used for the month with a summary of accidents, breakdowns, and spills.” We found the contractor is not submitting any of these documents on a monthly basis. Additional requirements from the agreement state, “The contractor will be paid for the actual number of curb miles swept each month (exhibit 15.1.2)”, and “the contractor shall not exceed 45 curb miles per day/per sweeper (exhibit 11.2.4).”

This was caused by Transportation relying on the contractor to submit the required monthly documentation, instead of using the agreement to identify the required documentation and ensure that documentation is submitted on a monthly basis with the

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invoice. With no oversight for the agreement, the risk of services not being performed at a dependable level and the potential for overbilling is high.

Furthermore, the current 15% administrative fee from Transportation to the Riverside County Economic Development Agency is non-compliant with Board of Supervisors Policy B-4, Rate Charged for Current Services, which requires that any fee charged may not exceed the cost of providing a service. The 15% administrative fee is identified in the memorandum of understanding for Transportation to charge for contract administration. However, the fee does not reflect the cost of providing the service and is not supported by a rate methodology.”

Recommendation 1.1

“Ensure required monthly documentation is submitted, reviewed, and approved with the invoice prior to payment for services.”

Current Status 1.1: Implemented

Recommendation 1.2

“Ensure monthly invoices are billed for actual miles swept and that the daily street sweeping limit of 45 miles is not exceeded.”

Current Status 1.2: Implemented

Recommendation 1.3

“Develop a rate methodology for the 15% administrative fee in accordance with Board of Supervisors Policy B-4, *Rate Charged for Current Services*.”

Current Status 1.3: Implemented

Internal Audit Report 2023-313: Riverside County Transportation and Land Management Agency, Transportation Department, Follow-up Audit

Construction in Progress

Finding 2: Improper Invoice Bills

“Our review of a sample of invoices noted the following:

- An invoice to Dokken Engineering totaling \$112,121 was charged to an incorrect project. The project manager did not code the invoice accurately, which resulted in the incorrect charge on a different project.
- One invoice was received from Power Engineers for on-call consulting services provided to three separate projects. The invoice was originally coded to two of those three projects. The invoice was then changed and charged to a new project. Fiscal staff created a new work order to allocate the costs.

Per Standard Practice Manual 1001, Internal Controls (Formerly referred to as SPM 104), county departments must ensure the "accuracy, reliability and timeliness of financial records and reports." By not charging invoices to the correct project, the costs reported on the county's financial statements are misrepresented. In addition, projects which receive federal and state funding are subject to audit and unsupported costs may be required to be repaid to the funding source.”

Recommendation 2.1

“Develop policies and procedures to formalize the process to pay invoices.”

Current Status 2.1: Not Implemented

The department has not developed internal policies and procedures to formalize the process to pay invoices. As an alternative, the department adheres to the Auditor-Controller’s Office Standard Practice Manual 802, *Accounts Payable Policies*.

Recommendation 2.2

“Ensure all invoices are coded to the correct project prior to payment.”

Current Status 2.2: Implemented