

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



ITEM: 2.6
(ID # 22249)

MEETING DATE:
Tuesday, June 27, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2023-321 Riverside County Transportation and Land Management Agency, Planning Department, Follow-up Audit, All Districts, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning Department Follow-up Audit

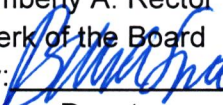
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 6/7/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: June 27, 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: [CEO use]

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside County Transportation and Land Management Agency, Planning Department. Our audit was limited to reviewing actions taken as of February 9, 2023, to correct findings noted in our original audit report 2022-006 dated January, 11, 2021. The original audit report contained seven recommendations, all of which required implementation to help correct the reported findings.

BACKGROUND:

Summary (continued)

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

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

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2022-006 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 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 - Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning Department, Follow-up Audit

Internal Audit Report 2023-321

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

Report Date: June 27, 2023



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Ben J. Benoit
Riverside County Auditor-Controller

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

June 27, 2023

Charissa Leach
Assistant County Executive Officer
Riverside County Transportation and Land Management Agency, Planning Department
4080 Lemon Street, 12th Floor
Riverside, CA 92501

Subject: Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning Department Follow-up Audit

Dear Ms. Leach:

We completed the follow-up audit of Riverside County Transportation and Land Management Agency, Planning Department. Our audit was limited to reviewing actions taken as of February 9, 2023, to help correct the findings noted in our original audit report 2022-006 dated January 11, 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 of the seven recommendations:

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

Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning 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 2022-006 included at "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/reports>.

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

Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning Department Follow-up Audit

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Billing for Services

Finding 1: Work on Depleted Deposit-Based Projects

“Department staff continues the work on the applications with exhausted deposit-based funding without prior approval. Five (16.67%) out of 30 of selected projects were performed at negative deposit-based funding level. The total negative amount of \$23,965 from the five projects was uncollected from the applicants. Our analysis also identified 107 applications closed out during the period of July 1, 2019, through June 30, 2021, with total negative balance of \$222,883.

Ordinance 671, *Consolidated Fees for Land Use and Related Functions*, section 1.1 references that work on any application will cease when the deposits are depleted and will resume when additional deposits are received. Deposits are monitored and, when 80% depleted, an analysis of the project is done to determine if the remaining portion of the deposit will cover expected project completion costs. Since planners do not consistently monitor the account balances of the deposit-based applications, work continues to be performed on depleted funding projects. Planning is subsidizing the costs of providing services to these unfunded projects through the use of the county general fund.”

Recommendation 1.1

“Discontinue providing services when the funding for deposited-based projects is 80% depleted until supplemental funding is deposited prior to performing additional work as outlined in Ordinance 671, *Consolidated Fees for Land Use and Related Functions*.”

Current Status 1.1: Not Implemented

We identified closed, completed, and active deposited-based projects with a negative funding balance. Planning performs work on projects with exhausted deposit-based funding. See Table A for summary negative fund balances by project status:

Table A: Summary of Conditions – Negative Funding Balances

Project Status	# Of Projects	Negative Funding Balance
Complete	37	\$106,203
Closed	13	\$17,422
Active	134	\$1,136,666

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Management's Response

"Due to the ongoing complex process for billing time against DBF projects, there will always be a gap between when the time is billed and when the actual account balance is correctly reflected, which in some cases can be up to three or four weeks. This is due to the way contract staff time is entered and processed, as well as some of the other departments in the County. Consistently projecting hours and account balances based upon these various scenarios is difficult, but planning will continue to evaluate case balances on a weekly basis. Planning will also continue to evaluate all approved and closed cases to ensure cost recovery. Separately, TLMA is working on a comprehensive amendment to Ordinance No. 671 (Fees), to amend the initial entitlement application fee deposits, which will more closely relate to an average processing amount."

Recommendation 1.2

"Ensure work authorization on projects with negative funding is approved by appropriate level of management."

Current Status 1.2: Partially Implemented

Planning stated management meetings are held on a weekly basis to approve and authorize work on projects with negative funding. However, five out of five (100%) projects sampled did not have documentation to reflect that projects with negative funding were authorized and approved by management to continue performing work on.

Management's Response

"When a project with a negative account balance is flagged from the weekly report, Planning staff identifies this project by placing a note in the County's permit tracking system (PLUS). From there, the district Principal, project planner, and department analyst will discuss a course of action, which generally includes creating an invoice for additional funds, followed with reaching out to the applicant to obtain payment. Work MAY continue on the project, or it MAY be terminated until appropriate funds are provided, which is determined on a case-by-case basis."

Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning Department Follow-up Audit

Recommendation 1.3

“Monitor deposit-based fees account balances during project review and perform reconciliations before the final approval of the project is granted.”

Current Status 1.3: Implemented

Finding 2: Deposit-Based Fees to Recover the Actual Costs of Providing the Services

“The deposit-based hourly rates were developed using the actual costs of FY 2016-17 and have not been annually reviewed or adjusted to reflect the recovery of current operating costs. Board of Supervisors Policy B-4, Rates Charged for Current Services, references that all county departments should evaluate existing charges for services on changes annually during the preparation of the county budget or more frequently, if necessary. The policy also outlines that department should submit a full cost study not less than every three years and adjust yearly to consider the inflation and any anticipated or negotiated salary and benefit increments. Without a full cost study of the deposit-based fees to reflect the current operation and actual costs of providing the services, Planning cannot assure full cost recovery from the deposit-based fees charged to users.”

Recommendation 2.1

“Conduct a full cost study of the deposit-based fees to ensure full cost recovery for the services it provides.”

Current Status 2.1: Implemented

Recommendation 2.2

“Review and adjust the deposit-based fees hourly rates annually in accordance with the Board Supervisors Policy B-4, Rates Charges for Current Services.”

Current Status 2.2: Implemented

Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning Department Follow-up Audit

Planning Project Review

Finding 3: Documentation of Planning Project Review

“The review and notice of decision over planning projects was not consistently and sufficiently documented to ensure a thorough review with authorized approval and compliance with department procedures. During our review observed the following discrepancies:

- Ten (33.3%) out of 30 selected projects were missing documentation.
- Nineteen (63.3%) out of 30 selected projects did not have close out checklists available.
- Four (13.3%) out of 30 selected projects in which department staff did not sign off the workflow before the projects were approved.

Riverside County Standard Practice Manual 1001, *Internal Controls*, references that county departments and agencies shall establish, document, and maintain an effective system of internal control to promote effectiveness and efficiency of the operations. Planning staff follow their own process since Planning does not have formal written procedures to ensure planning project reviews and approvals are promptly documented. Absence of formal written procedures to ensure complete documentation retained in file does not provide an adequate support to department decision over a planning project.”

Recommendation 3.1

“Establish formal procedures for the planning project review process to ensure staff complete the closeout checklist.”

Current Status 3.1: Implemented

Recommendation 3.2

“Ensure the review and notice of decision over planning projects is consistently and sufficiently documented with all documents required in the department closeout checklist.”

Internal Audit Report 2023-321: Riverside County Transportation and Land Management Agency, Planning Department Follow-up Audit

Current Status 3.2: Not Implemented

Eights out of eight (100%) of projects sampled did not have a closeout checklist as Planning does not maintain copies. The purpose of a closeout checklist is to aid in identifying documentation required to be maintained for projects.

Management's Response:

“Projects are appropriately being closed-out and include items required under the Planning Department's retention schedule. The checklist had been created to be used as a guideline, reflecting the documents were obligated to retain; however, it was not intended to be included with any final documentation. At the request of the auditor, Planning will retain the checklist and combine it with any future close-out documentation. Of note, not all items listed in the checklist are applicable to every project. It's meant as a reference guide for the close-out process.”