

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



ITEM: 2.10  
(ID # 23243)

MEETING DATE:  
Tuesday, October 17, 2023

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2024-307: Riverside County Department of Waste Resources, Follow-up Audit, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-307: Riverside County Department of Waste Resources, Follow-up Audit.

ACTION: Consent

  
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 10/9/2023

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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: October 17, 2023  
xc: Auditor Controller, Waste

Kimberly A. Rector  
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: No</b>	
			<b>For Fiscal Year: N/A</b>	

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

**BACKGROUND:**

**Summary**

We completed a follow-up audit of the Riverside County Department of Waste Resources. Our audit was limited to reviewing actions taken as of June 21, 2023, to correct findings noted in our original audit report 2022-012 dated March 1, 2022. The original audit report contained two recommendations, all of which required implementation to help correct the reported findings.

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

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

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2022-012 included as an attachment to this follow-up audit report or it can also be found at <https://auditorcontroller.org/divisions/internal-audit/reports>.

**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 2024-307: Riverside County Department of Waste Resources, Follow-up Audit.

Office of Ben J. Benoit  
Riverside County Auditor-Controller

4080 Lemon Street, 11th Floor

Riverside, CA 92501

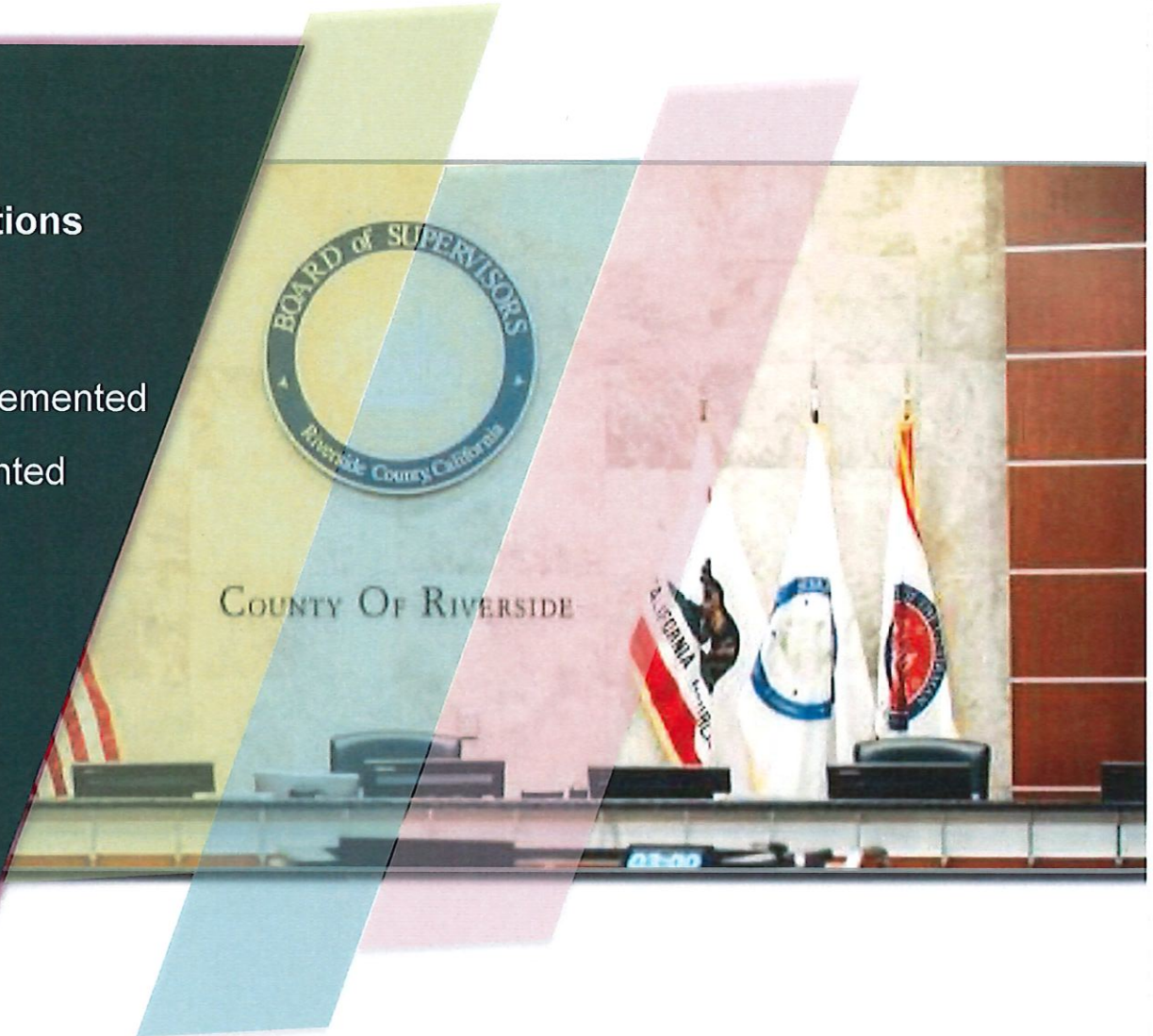
(951) 955-3800

# Internal Audit Report 2024-307

## Follow-up

### 2 Recommendations

- ✓ 1 Implemented
- ▶ 0 Partially Implemented
- ✗ 1 Not Implemented



**Riverside County  
Department of Waste Resources,  
Follow-up Audit**

October 17, 2023



**COUNTY OF RIVERSIDE**  
**OFFICE OF THE**  
**AUDITOR-CONTROLLER**

County Administrative Center  
4080 Lemon Street, 11<sup>th</sup> Floor  
P.O. Box 1326  
Riverside, CA 92502-1326  
(951) 955-3800  
Fax (951) 955-3802

**AO** | **AUDITOR**  
**CONTROLLER**  
**COUNTY OF RIVERSIDE**

Ben J. Benoit  
County Auditor-Controller

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

October 17, 2023

Hans Kernkamp  
General Manager-Chief Engineer  
Riverside County Department of Waste Resources  
14310 Frederick St.  
Moreno Valley, CA 92552

**Subject: Internal Audit Report 2024-307: Riverside County Department of Waste Resources, Follow-up Audit**

Dear Mr. Kernkamp:

We completed the follow-up audit of Riverside County Department of Waste Resources. Our audit was limited to reviewing actions taken as of June 21, 2023, to help correct the findings noted in our original audit report 2022-012 dated March 1, 2022.

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

- One of the recommendations was implemented.
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**Internal Audit Report 2024-307: Riverside County Department of Waste Resources,  
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 2022-012 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/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 Jr., 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 2022-012

B. Status of Findings as Reported by Riverside County Department of Waste Resources on  
June 22, 2023.

Internal Audit Report 2024-307: Riverside County Department of Waste Resources,  
Follow-up Audit

**Landfill Payment Collection Process**

**Finding 1: Review and Approval of Voided Transactions**

“One hundred percent (82 out of 82) of the voided transactions sampled, were not approved in real time by designated personnel and segregation of duties were not in place for voided transactions. Standard Practice Manual 1001, Internal Controls, states, ‘Authorization and approval: Transactions are authorized by a person assigned approval authority.’ It further states, ‘Segregation of duties: Duties are divided or segregated so that no one person has complete control over a key function or authority.’ Waste Resources relies on employee knowledge and judgement to void transactions. Waste Resources, *Gate Fee Program Guide* does not state procedures for voided transactions to be approved and reviewed by authorized personnel. Gate Services Assistants initiating a transaction should not be able to void its own transaction. If one individual has responsibility for more than one of these duties it weakens the internal controls meant to prevent and monitor against cash misappropriation and loss of revenue.”

**Recommendation 1.1**

“Ensure voided transactions are reviewed and approved by designated personnel.”

**Current Status 1.1: Not Implemented**

Thirty of the 30 (100%) voided transactions selected for review were not reviewed and approved by designated personnel in real time. The 30 voided transactions sampled were reviewed during the ticket audit process (performed at a minimum of once a week), after the voids have been performed, and lacked evidence of approval by designated personnel. We recommend that all voided transactions are reviewed and approved by designated personnel within 24 hours and evidence of review and approval are documented including signature and date.

**Management’s Response**

“On-site real time review of voided transactions is not feasible to due remote geographic landfill locations and limited supervisory staff. Beginning October 1, 2023, site staff shall be responsible to email copies of voided transactions to Gate Fee Supervisory staff for review at the end of their shift. Gate Fee Supervisory staff shall be

**Internal Audit Report 2024-307: Riverside County Department of Waste Resources,  
Follow-up Audit**

responsible to reconcile voided transactions and document review and approval and/or initiate investigation into validity of reason for void within one workday of receipt.”

**Recommendation 1.2**

“Update *Gate Fee Program Guide* for processing voids to including supervisory approval of all voided transactions.”

**Current Status 1.2: Implemented**