

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



ITEM: 2.8
(ID # 24304)

MEETING DATE:
Tuesday, February 27, 2024

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2024-317: Assessor-County Clerk-Recorder, Follow-up Audit [District: All]; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2024-317: Riverside County Assessor Clerk-Recorder, Follow-up Audit

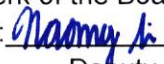
ACTION: Consent


Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 2/16/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Perez 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: February 27, 2024
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: Approve

BACKGROUND:

Summary

We completed a follow-up audit of the Riverside County Assessor Clerk Recorder. Our audit was limited to reviewing actions taken as of August 3, 2023, to correct findings noted in our original audit report 2023-002 dated March 28, 2023. The original audit report contained 8 recommendations, all of which required implementation to help correct the reported findings.

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

- Five of the recommendations were implemented.
- Three of the recommendations were not implemented.

For an in-depth understanding of the original audit, please refer to Internal Audit Report 2023-002 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 Residents and Businesses

Provide an assessment of internal controls over the audited areas.

Additional Fiscal Information

Not applicable

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Riverside County Auditor-Controller - Internal Audit Report 2024-317: Riverside County Assessor-County Clerk-Recorder, Follow-up Audit.



Office of Ben J. Benoit
Riverside County Auditor-Controller

Internal Audit Report

2024-317

Follow-up

8 Recommendations

- ✓ 5 Implemented
- ✗ 3 Not Implemented



Riverside County
Department of Assessor-County Clerk - Recorder
Follow-up Audit

February 27, 2024



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

Ben J. Benoit, Auditor-Controller
Tanya S. Harris, DPA, CPA, Assistant Auditor-Controller

4080 Lemon Street, 11th Floor.
P.O. Box 1326
Riverside, CA 92502-1326
951-955-3800



February 27, 2024

Peter Aldana
Assessor-County Clerk-Recorder
Riverside County Assessor-County Clerk-Recorder
4080 Lemon Street, 1st Floor
Riverside, CA 92501

**Subject: Internal Audit Report 2024-317: Riverside County Assessor-County Clerk-Recorder,
Follow-up Audit**

Dear Mr. Aldana:

We completed the follow-up audit of Assessor-County Clerk Recorder. Our audit was limited to reviewing actions taken as of August 3, 2023, to help correct the findings noted in our original audit report 2023-002 dated March 28, 2023.

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

- Five of the recommendations were implemented
- Three of the recommendations were not implemented



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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 2023-002 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, Jr., County Executive Officer
Dave Rogers, Chief Administrative Officer
Grand Jury



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Capital and Non-capital Assets

Finding 1: Capital Asset Compliance

“Assessor-County Clerk-Recorder is not in compliance with the county capital asset procedures. We identified the following in our review of capital assets:

- Eight out of 23 (35%) capital assets sampled were not affixed with a county asset tag. Standard Practice Manual 513, *Capital Asset Tags*, states, “County departments, agencies, special districts and authorities are required to properly tag individual capital asset in order to maintain proper control over owned assets”, and “tags should stay with the asset until it is retired.” Department does have procedures in place to tag capital assets but does not have a process to ascertain all capital assets that have been affixed with a county asset tag. Tagging is an internal control designed to provide a method of identifying individual capital assets and assist in the annual physical inventory. This practice ensures accurate reporting requirements are met, capital assets are adequately accounted for, and processes are consistent throughout department and county.
- Two out of 23 (9%) assets sampled and identified as data servers were disposed but not removed from the county financial system. The two capital assets were not removed from the county financial system due to an input error on the surplus property transfer form, submitted to the Auditor-Controller’s Office by Assessor-County Clerk-Recorder staff. Additionally, we verified both assets did not have a Standard Practice Manual Form AM-7, *Capital Asset Disposition* which must be submitted to the Riverside County Auditor-Controller’s Office for removal of the asset from the Riverside County financial system.

Standard Practice Manual 514, *Disposal of Capital Asset*, requires county departments disposing of assets to submit a completed Standard Practice Manual Form AM-7 and attach a Surplus Property Transfer Form and an Electronic Liability Surplus and Release Form for electronic devices. Not disposing of capital assets properly can overstate the financial reporting of capital assets. Accurate physical capture inventory aids in managing equipment and identifying theft and misuse of capital assets timely.”

Recommendation 1.1

“Ensure capital assets are affixed with a county tag in accordance with the Standard Practice Manual 513, *Asset Tags*.”



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Current Status 1.1: Not Implemented

- Four out of 20 (20%) capital assets sampled were not affixed with a county asset tag.
- Seven out of 20 (35%) capital assets sampled could not be located at the time of the audit. Three of the assets were in the process of being surplus with documentation provided post-visit to confirm the status. Two of the assets were still in active use and documentation was also provided subsequent to the visit.
- One out of 20 (5%) capital assets sampled asset tag mismatch with the corresponding number from the county financial system.

Management's Response

“We have been in the process of rolling out procedural changes to address the initial audit finding, and the timing of the follow-up audit during our changes attributed to the discrepancies.

Management has identified that out of the four assets not affixed with a county tag, three assets were awaiting the Asset Tag from the ACO Asset Team. To prevent similar occurrences in the future, we have established a new procedure. The responsible custodians will now inform the accounting division if an asset tag is not received within a timely manner. The Accounting staff will then follow up with the ACO Asset Team to ensure that assets tags are received promptly and affixed to the respective assets.

Furthermore, we have determined that two out of the three surplus capital assets that were not located during the walk-through with the Auditors were in the custody of the Digital Equity Program/Information Technology Department (IT). The department was awaiting signed documentation to officially remove them from the County's financial system. In addition, the third asset was found at the bottom of a pallet, in the process of being surplus and sent to IT. To address these challenges and prevent similar occurrences in the future, we have implemented a new procedure. The responsible capital asset custodian will now follow up with IT if signed documentation is not received within two weeks of dropping off the surplus assets.

Through the establishment of these new procedures, we aim to promptly address and resolve any delays in tagging and obtaining necessary documentation. This will ensure accurate tracking, proper identification, and timely removal of our capital assets. This proactive



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approach not only improves the effectiveness of our asset management practices but also enhances accountability within our organization.”

Recommendation 1.2

“Update procedures to perform annual physical inventory and tracking of all capital assets in the department’s possession in accordance with the Standard Practice Manual 515, *Capital Asset Certification*.”

Current Status 1.2: Implemented

Recommendation 1.3

“Ensure disposed capital assets are thoroughly reviewed and submitted to the Auditor-Controller’s Office for removal from the county financial system in accordance with Standard Practice Manual 514, *Disposal of Capital Asset*.”

Current Status 1.3: Implemented

Finding 2: Non-Capital Assets

“The Assessor-County Clerk-Recorder is not in compliance with the county non-capital asset procedures. We identified the following in our review of non-capital assets:

- Three out of 30 (10%) sampled non-capital assets could not be located.
- One out of 30 (3%) sampled non-capital assets assigned to an employee possession but listed under a different employee name.
- Eight out of 30 (27%) selected non-capital assets were surplused and were not updated in the department’s non-capital asset system.
- Non-capital assets tracked in the department’s internal system did not include non-capital assets maintained in the county financial system. Department stated they no longer use the county financial system to track the non-capital asset, instead utilize an internal asset system to track non-capital assets. However, the non-capital assets initially recorded in the county financial system were not cleaned up or transferred to the department’s internal system. We verified 287 non-capital assets with an active status were reported in the county’s asset



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management module of which 267 were not recorded in the department's internal tracking system.

Board of Supervisor Policy H-26, *Non-Capitalized Asset Management*, states, "department shall ensure compliance with this policy by tracking walk-away assets. Departments may use another established system to ensure the accountability of non-fixed assets if the department's system has been reviewed and approved by the Auditor-Controller." When assets are not accounted for or properly identified, control is lost as to the quantity and specific identification of assets."

Recommendation 2.1

"Update the department non-capital asset listing to reflect the actual physical inventory of the non-capital assets in accordance with the Board of Supervisors Policy H-26, *Non-Capitalized Asset Management*."

Current Status 2.1: Not Implemented

- Three out of 30 (10%) sampled non-capital assets could not be located at the time of the audit. One asset had been surplus with documentation provided post-visit to confirm the status. One asset was still in use and documentation was also provided subsequently to the visit.
- One out of 30 (3%) sampled non-capital assets assigned to locations different from what listed in departments non-capital asset tracking system.
- One out of 30 (3%) sampled non-capital assets tag mismatch with corresponding number from the departments non-capital asset tracking system.

Management's Response

"We have updated our processes and comply with existing policies. Management has implemented a new process to enhance our asset verification procedures during annual inventory. During the annual inventory, the asset's custodian will now document and verify the location of each asset. Additionally, they will ensure that the asset tag is securely fixed to the asset and matches the information recorded in our internal tracking system. This verification process improves record accuracy and enhances accountability for the assets."



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Recommendation 2.2

“Identify and remove non-capital assets no longer owned by the department from the Riverside County financial system and the department’s internal tracking system to ensure non-capital asset listing is accurate and complete.”

Current Status 2.2: Implemented

Recommendation 2.3

“Update procedures to perform annual physical inventory and tracking of the non-capital assets listing in the department’s possession in accordance with the Board of Supervisors Policy H-26, *Non-Capitalized Asset Management*.”

Current Status 2.3: Implemented

System Access Controls

Finding 3: Timely Termination of Access Rights

“Active Directory and non-Active Directory access rights were not terminated in a timely manner (within 24 hours). We identified the following in our review:

- Thirteen out of 16 (82%) employees sampled Active Directory access were not disabled within 24 hours upon the employee’s termination from Assessor-County Clerk-Recorder. The average days lapsed was 70 days, with the longest taking 438 days and the shortest taking 2 days.
- Forty-seven out of 47 (100%) employees sampled who had access to the Aumentum system was not terminated within 24 hours upon the employee termination from Assessor-County Clerk-Recorder. The average days lapsed was 327 days, with the longest taking 726 days and the shortest taking 25 days.
- Five out of 21 (24%) employees sampled who had access to the Eagle Recorder system were not terminated within 24 hours upon the employee termination from Assessor-County Clerk-Recorder. The average days lapsed was 16 days, with the longest taking 31 days and the shortest taking 4 days.



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County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*, states, “Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer.” The Assessor-County Clerk-Recorder *Policy Manual* states accounts for employees leaving the department should be removed as soon as possible. The departments policies and procedures do not require user accounts for terminated or transferred employees being disabled or removed on the day of termination or transfer. Allowing accounts to remain open after employment has ended exposes the department to risk where information maintained in department systems can be continuously accessed by individuals who no longer have a right or need to know. Depending on the sensitivity of the information maintained by department systems, it can create administrative issues and have a financial impact if held liable.”

Recommendation 3.1

“Disable all user system accounts on the day of an employee’s termination or transfer from the department in accordance with County of Riverside Information Security Standard v1.0, Section 4.1, *Account and Access Management*.”

Current Status 3.1: Not Implemented

- Five out of 13 (38%) employees sampled Active Directory access were not disabled within 24 hours upon the employee’s termination from Assessor-County Clerk-Recorder. The average days lapsed was 10 days, with the longest taking 16 days and the shortest taking 2 days.
- Eight out of 13 (62%) employees sampled had access to the Aumentum system, three out of 8 (40%) employees sampled was not terminated within 24 hours upon the employee termination from Assessor-County Clerk-Recorder. The average days lapsed was 14 days, with the longest taking 19 days and the shortest taking 8 days.

Management’s Response

“We have been in the process of implementing procedural adjustments to rectify the findings from the initial audit. The discrepancies noted during the follow-up audit are attributable to the ongoing nature of these changes, which are still in progress.

Management recognizes the importance of promptly deactivating access for separated employees. To address this, ACR-IT and ACR-HR have collaborated to enhance our employee deactivation process. Our joint efforts aim to ensure that employees who separate from the



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department are promptly deactivated within a 24-hour period, thereby maintaining the security and integrity of our systems.

To ensure the prompt deactivation of access for separated employees, ACR-HR has implemented a proactive approach. In cases where employees provide sufficient notice of separation, ACR-HR will submit tickets to ACR-IT in advance. These tickets will specify that deactivation should occur by 5:00 p.m. on the employee's last working day. This collaborative effort between ACR-HR and ACR-IT allows us to streamline the deactivation process and minimize any potential delays.

In addition to the collaborative efforts between ACR-HR and ACR-IT, we will be expanding our utilization of an IT Service Management tool called Fresh Service. This tool will enable us to implement a streamlined offboarding process, enhancing efficiency and accountability throughout the employee deactivation process. By centralizing both the Onboarding and Offboarding procedures within Fresh Service, we anticipate significant improvements in our ability to deactivate employees' access within a 24-hour period.

We are committed to continuously improving our processes and maintaining compliance with information security standards. The implementation of Fresh Service and the enhanced coordination between ACR-HR and ACR-IT will significantly contribute to our ability to promptly terminate access upon employee separation.”

Recommendation 3.2

“Update policies and procedures to ensure the disabling of all user system accounts are requested and approved within 24 hours of an employee’s termination or transfer from the department.”

Current Status 3.2: Implemented