

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



ITEM: 2.6
(ID # 31267)

MEETING DATE:

Tuesday, September 22, 2026

FROM : AUDITOR CONTROLLER

SUBJECT: AUDITOR-CONTROLLER: Internal Audit Report 2026-023: Riverside County Transportation and Land Management Agency, Transportation Department Audit

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report 2026-023: Riverside County Transportation and Land Management Agency, Transportation Department Audit

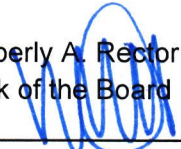
ACTION:Consent

Ben J. Benoit
Ben J. Benoit, COUNTY AUDITOR-CONTROLLER 9/9/2026

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez, and Gutierrez
Nays: None
Absent: None
Date: September 22, 2026
xc: Auditor

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	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
NET COUNTY COST	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	n/a

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In accordance with Ordinance No. 1008, we audited the Riverside County Transportation and Land Management Agency, Transportation Department. This audit is conducted to provide management and the Board of Supervisors with an independent assessment of internal controls over work order oversight and vehicle parts inventory. This audit is conducted to assess internal controls over work order oversight and vehicle parts inventory.

Based on the results of our audit, we determined internal controls over work order oversight and vehicle parts inventory are not operating effectively to provide reasonable assurance that its objectives relating to these areas will be achieved. Specifically, the department's process for work order oversight does not have consistency with approvals on change orders and several inspection reports are lacking review signatures by construction managers. Additionally, inventory counts and variances are not supported by a documented line-item verification process and are not consistently investigated, reviewed, and resolved with documented corrective action, parts issuance and return activities are not fully documented or traceable to corresponding work order.

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's Office - Internal Audit Report 2026-023: Riverside County Transportation and Land Management Agency, Transportation Department Audit



Office of Ben J. Benoit
Riverside County Auditor-Controller

Number of Findings & Recommendations

High Risk

2

Findings
• 7 Recommendations

Medium Risk

0

Findings
• 0 Recommendations

Low Risk

2

Findings
• 6 Recommendations

* Please refer to Appendix A for a classification of the priority levels.

Internal Audit Report

2026-023

Riverside County Transportation and Land Management Agency,
Transportation Department Audit

September 15, 2026



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

**BEN J. BENOIT
AUDITOR-CONTROLLER**

**TANYA S. HARRIS, DPA, CPA | JON JENSEN, CPP
ASSISTANT AUDITOR-CONTROLLER**



September 15, 2026

Rania Odenbaugh

Director

Riverside County Transportation and Land Management Agency, Transportation Department

4080 Lemon St., 14th Floor

Riverside, CA 92502

Subject: Internal Audit Report 2026-023: Riverside County Transportation and Land Management Agency, Transportation Department Audit

Dear Ms. Odenbaugh:

In accordance with Ordinance No. 1008, we audited the Riverside County Transportation and Land Management Agency, Transportation Department to provide management and the Board of Supervisors with an independent assessment of internal controls over work order oversight and vehicle parts inventory.

We conducted our audit in accordance with the Global Internal Audit Standards. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate internal controls.

Our conclusion and details of our audit are documented in the body of this audit report.



Internal Audit Report 2026-023: Riverside County Transportation and Land Management Agency, Transportation Department Audit

As requested, in accordance with Section 11 of Ordinance No. 1008, management responded to each reported condition and recommendation contained in our report. Management's responses are included in the report. We will conduct follow-up reviews to confirm that management has implemented corrective actions according to the timeframes assigned to each improvement area's priority level. The highest priority ranking will determine the schedule for verifying corrective actions across all identified areas in this report.

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
Juan Perez, Chief Operating Officer
Don Kent, Chief Finance Officer
Dennis Acuna, TLMA Director of Transportation
Charissa Leach, Assistant County Executive Officer
Grand Jury



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Executive Summary

Overview

Transportation and Land Management Agency, Transportation Department (Transportation) oversees engineering design, construction, and maintenance of county roads, review of plans and construction of transportation facilities by private land development, and land surveying and map processing. Riverside County-maintained road system is over 2,248 miles of roads and 108 bridges.

Transportation has a recommended budget of \$358.7 million for FY 2025-26 and 408 recommended positions. *County of Riverside, Fiscal Year 2026-27 Recommended Budget Volume 1, 323-324.*

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over work order oversight and vehicle parts inventory. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Reasonable assurance recognizes internal controls have inherent limitations, including cost, mistakes, and intentional efforts to bypass internal controls.

Audit Scope and Methodology

We conducted the audit from February 2, 2026, through May 15, 2026, for operations from July 1, 2023, through March 9, 2026. Using a risk-based approach, our scope included the following:

- Work Order Oversight
- Vehicle Parts Inventory

AUDIT HIGHLIGHTS

- Change order approvals must be obtained, documented, and retained in the project file prior to execution.
- Daily inspection reports must be signed, dated, and reviewed by construction managers at the time of inspection.
- Inventory Counts must be reconciled to system records at the line-item level with evidence of supervisory review retained.
- Inventory count variances must be investigated and resolved with documented root cause analysis and corrective action.
- Parts issuance and return activity must be documented and linked to corresponding work orders.



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Audit Conclusion

Based on the results of our audit, we determined internal controls over work order oversight and vehicle parts inventory are not operating effectively to provide reasonable assurance that its objectives relating to these areas will be achieved. Specifically, the department's process for work order oversight does not have consistency with approvals on change orders and several inspection reports are lacking review signatures by construction managers. Additionally, inventory counts and variances are not supported by a documented line-item verification process and are not consistently investigated, reviewed, and resolved with documented corrective action, parts issuance and return activities are not fully documented or traceable to corresponding work orders.



Work Order Oversight

Background

Within Riverside County Transportation and Land Management Agency (TLMA), the Transportation Department uses work orders as the mechanism for initiating, tracking, and managing, labor, materials, and contracted services associated with roadway construction, maintenance, and transportation-related improvements. Work orders document the scope, cost, and authorization of field activities, and serve as the records for cost allocation, budget monitoring, and project closeout.

Work order oversight requires documenting authorizations before work is being performed, tracking cost estimates against actual expenses, approving scope modifications through a defined change-order process, and maintaining support documentation in accordance with County policy. Without these controls, the department's ability to verify expenditure accuracy, prevent unauthorized charges, and demonstrate accountability for public funds is reduced.

Objective

To verify the existence and adequacy of internal controls over Transportation's work order oversight.

Audit Methodology

To accomplish these objectives, we:

- Obtained and reviewed policies governing work order oversight, including the *Riverside County Department of Transportation Construction Engineering Manual*.
- Assessed whether policies clearly define approval authority, documentation requirements, and segregation of duties.
- Interviewed department management and process owners to obtain an overview of work order oversight processes to help us gain an understanding of workflows.
- Determined whether department management performs periodic reviews of work orders, change orders, and reconciliations.
- Verified evidence of supervisory review by examining signoffs, email correspondence, review notes, tracking logs, and supporting documents that demonstrate oversight, issue escalation, and management follow-up.



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- Obtained a complete listing of all work orders during the audit period and when available, listing linking work orders to the associated project contracts and invoices.
- Reviewed selected work orders to determine all work orders were tied to valid contracts, scope cost limits, schedules, and approvals were fully documented, and documented supported compliance with department policies.
- Reviewed the selected projects to ensure the work orders and change orders had written justification and cost analysis and had the appropriate management and supervisory approvals.
- Evaluated whether the change-order approval process included adequate segregation of duties, independent review, verification of documentation completeness, and consistent retention of required support.
- Reviewed the contracts and related amendments for the selected projects to ensure material specification and work orders are defined.
- Reviewed a sample of pay estimates from selected projects to ensure the payments were paid timely and reviewed.
- Assessed whether appropriate segregation of duties existed over the work order and change order approval process.

Finding 1: Change Order Approvals

Priority Level: 3¹

According to TLMA's Construction Inspector Handbook Manual (Inspector Handbook), "if the Change Order (CCO) is over \$150,000 or if the CCO is 10% over the Contract Amount, the CCO's Board approval is needed."

As a part of our testing, we reviewed 77 change orders total across three projects. Fifty-six of the 77 (73%) of the total change orders reviewed identified approval inconsistencies. Specifically, we noted that three change orders, totaling \$188,103, \$163,138, and \$160,950, exceeded the \$150,000 threshold established in the Inspector Handbook but lacked Board of Supervisors approval. Additionally, 53 more change orders were associated with a third-party jurisdiction. Although the Inspector Handbook does not clearly define approval requirements for third-party jurisdictions, we observed that some change orders included evidence of the third-party's approval while others did not, despite appearing to involve similar circumstances.

Approval requirements for change orders are not consistently communicated or enforced, and the Inspector Handbook does not define approval expectations for third-party jurisdictions such

¹ Please see Appendix A (page 18) for a description of the finding priority level classifications.



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as signatures from other cities or municipalities. Additionally, supervisory monitoring controls do not ensure that required approval evidence is consistently obtained and retained in the project file.

Without consistently obtaining and documenting required approvals for change orders, the department's ability to demonstrate compliance with established authority thresholds, manage project costs, and maintain consistent coordination with external agencies.

Recommendation 1.1

Update the TLMA Construction Inspector Handbook Manual to define approval requirements for change orders involving third-party jurisdictions, including the circumstances under which third-party approval is required, the party responsible, and the documentation that must be retained in the project file.

Management's Response

"Concur. Per Policy B-11 and the CPCC 20405, the maximum change order authorization amount is \$210,000 for contracts exceeding \$250,000. The Construction Manual is in draft form and will be updated to reflect the correct amount, which changes the maximum threshold from \$150,000 to \$210,000. It will also be updated to include approval requirements for third-party jurisdictions including when third-party approval is required, the party responsible, and proper documentation. These procedures will be communicated with applicable staff."

Actual/estimated Date of Corrective Action: December 31, 2026

Recommendation 1.2

Communicate updated change order approval requirements to all applicable staff, and retain documentation of that communication, such as a distribution list, sign-off sheet, or training record, to demonstrate awareness and receipt.

Management's Response

"Concur. The Department will communicate the revised requirements to applicable staff and retain documentation of that communication."

Actual/estimated Date of Corrective Action: August 31, 2026



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Recommendation 1.3

Reinforce the existing supervisory review process to ensure a designated reviewer verifies, prior to change order execution, that all required approvals have been obtained and documented in the project file, and retain evidence of that review.

Management's Response

"Concur. The Department's existing supervisory review process for change order execution already requires verification that required approvals are obtained before change orders are finalized. Supervisory review is documented through existing project records that track the status of required approvals. The Department agrees to reinforce adherence with applicable staff to the existing procedures."

Actual/estimated Date of Corrective Action: August 31, 2026

Finding 2: Inspection Reports

Priority Level: 3²

The *Riverside County Transportation Department Construction Manual*, Section 6.2, states "Daily diaries should be prepared during normal work shifts and should be printed neatly or typed. The daily diary must be signed and dated and must be filed in the project files and available for review by the Construction Manager (or others each) week."

We reviewed inspection documentation for five transportation projects and noted that one of five (20%) projects contained inspection reports (daily diaries) missing required signatures. While the reports contained observations and daily activity notes, the absence of signatures prevented confirmation that an authorized inspector revised and approved the documentation. During discussions with the Department, management acknowledged that inspection reports are not consistently reviewed and signed by the construction manager in accordance with Section 6.2.

Upon inquiry, management provided signed versions of the reports. Based on the timing of the documentation provided and discussions with management, the signatures appeared to have been obtained after the original inspection dates, rather than with the inspection activity. Daily inspection reports are not consistently reviewed and signed by the construction manager prior to approval of related work orders or invoices, and the requirement for signatures is not clearly reinforced in practice. Without consistently obtaining and documenting required signatures on inspection reports at the time of inspection, the department's ability to confirm that field observations are valid, complete, and independently verified is reduced. This also limits management's ability to ensure work progress is properly verified prior to approval of payments

² Please see Appendix A (page 18) for a description of the finding priority level classifications.



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or work order changes and increases the risk that inspection issues are not identified, addressed, or documented when they occur.

Recommendation 2.1

Reinforce the requirements in Section 6.2 of the Riverside County Transportation Construction Manual to ensure all inspection reports are properly signed and retained in the project file

Management's Response

"Concur. The Department will reinforce the existing requirements in Section 6.2 of the Construction Manual regarding signatures and retention of daily inspection reports through communication with applicable staff."

Actual/estimated Date of Corrective Action: August 31, 2026

Recommendation 2.2

Ensure the supervisory review process requiring verification that daily inspection reports are signed, dated, and filed prior to approval of related work orders or invoices. Retain evidence of that review in the project file.

Management's Response

"Concur. The department will reinforce staff expectations regarding required signatures and documentation to ensure full adherence to the Construction Manual. Staff will be reminded to provide all necessary approval signatures and to verify that daily inspection reports are properly signed, dated, and maintained in accordance with established requirements. Supervisors will continue performing targeted reviews of daily inspection reports to confirm compliance and will reinforce existing review practices and project-file documentation."

Actual/estimated Date of Corrective Action: August 31, 2026

Recommendation 2.3

Ensure all reviewed daily inspection reports are properly maintained with signatures in accordance with the Riverside County Transportation Construction Manual Construction Manual.

Management's Response

"Concur. The Department will ensure that daily inspection reports are maintained in the project file with required signatures in accordance with the Construction Manual."

Actual/estimated Date of Corrective Action: August 31, 2026



Vehicle Parts Inventory

Background

Vehicle parts inventory represents County-owned parts and supplies used to support the maintenance and repair of fleet vehicles. Maintaining accurate inventory records and effective safeguarding of parts is essential for accountability and enables Transportation to identify the quantity, location, and value of inventory on hand. Effective inventory management helps prevent loss, theft, or misuse, avoid unnecessary or duplicate purchases, and ensure the timely availability of parts needed to support fleet operations. Table A represents the valuation and expenditures of vehicle parts during the audit period.

Table A: Vehicle Parts Inventory – Financial Summary

	FY 2023-24	FY 2024-25	Change
 INVENTORY VALUATION			
Beginning inventory value	\$ 363,631	\$ 477,477	↑ 31.3%
Ending inventory value	\$ 477,477	\$ 543,340	↑ 13.8%
Net inventory change	\$ 113,846	\$ 65,863	—
 PARTS EXPENDITURES			
Parts expenditures (actual)	\$ 446,471	\$ 567,962	↑ 27.2%

Vehicle parts inventory management relies on internal controls designed to promote accountability and data integrity throughout the inventory process. A fundamental internal control principle is the segregation of duties, which helps reduce the risk of error or misuse by separating responsibilities for the physical custody of inventory, the authorization and approval of inventory transactions, and the recording of inventory activity. Transportation relies on an electronic inventory management system to record parts usage, receipts and adjustments, and to track inventory balances. Periodic inventory counts, including cycle counts and an annual physical inventory, are performed to validate inventory records. Inventory balances are reconciled to physical counts and applicable financial records.

Objective

To verify the existence and adequacy of internal controls over Transportation’s vehicle parts inventory process.



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Audit Methodology

To accomplish this objective, we:

- Obtained and reviewed department's procedures, *Parts Pick Up Order* and *Parts Inventory Order*, related to vehicle parts inventory.
- Conducted interviews with key personnel to gain an understanding of the department's vehicle parts inventory processes.
- Performed on-site walkthroughs of warehouse locations to assess physical security controls, including access points, badge access, camera coverage, and storage areas for high-value parts.
- Verified whether there was adequate segregation of duties in place relating to physical custody of inventory, authorization and approval of inventory transactions, and recording of inventory activity. Obtained a listing of all vehicle parts tracked by the department.
- Reviewed Transportation vehicle parts inventory system access rights, user roles, and permissions, and verified whether access was restricted based on roles and responsibilities.
- Assessed inventory count practices, including cycle counts and physical inventories, and how discrepancies were investigated and resolved.
- Selected a judgmental sample of inventory items to assess physical existence, accuracy, organization, and supporting documentation.
- Selected a random sample of vehicle parts purchasing and receiving transactions to review inventory additions, approvals, and recording.
- Selected a random sample of issuance and return of vehicle parts, tracing to work orders and the documentation of activity.
- Reviewed the department's processes for identifying obsolete inventory.
- Reviewed documentation to verify whether exception reports and shrinkage reports were reviewed and retained.
- Assessed management review of reports, exception tracking, and follow-up on identified issues was supported by documentation evidencing review and approval.



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Finding 3: Inventory Reconciliation and Variance Review

Priority Level: 1³

The County of Riverside Auditor-Controller Standard Practice Manual 1001, *Internal Control*, states that “equipment, inventories, cash and other property are secured physically, counted periodically and compared with control records.” SPM 1001 further states, “Records are routinely examined and reconciled to determine that transactions were properly processed.”

We identified physical count variances in 14 out of 56 (25%) vehicle parts tested. The physical quantity on hand did not agree with the quantity recorded in the inventory system. Inventory counts are not supported by a documented line-item verification process to ensure quantities physically counted are individually compared and reconciled to inventory system records. Inventory variances are not investigated, approved, or resolved with documented corrective action. Additionally, 10 out of 11 (90%) inventory counts reviewed lacked evidence of management review and approval. Formalized procedures over inventory counts, reconciliation, and variance review and approval are not fully established or consistently documented. As a result, inventory variances are not investigated, approved, or resolved with documented corrective action, and evidence of supervisory review. Without consistent investigation, documentation, and resolution of inventory variances, the department’s ability to ensure inventory records accurately reflect quantities on hand is reduced. This increases the risk of undetected loss, misstatement, or improper use of inventory assets.

Recommendation 3.1

Document a line-item verification process to ensure quantities physically counted are individually compared and reconciled to inventory system records.

Management’s Response

“**Partially Concur.** Periodic Inventory counts, reconciliations, and variance identification are already performed as part of established inventory control practices. Physical counts are compared against system records, and variances are addressed through existing review and adjustment processes. To strengthen consistency and audit traceability, the department updated desk procedures to include management signature approval on the required documents.”

Actual/estimated Date of Corrective Action: April 02, 2026

Recommendation 3.2

³ Please see Appendix A (page 18) for a description of the finding priority level classifications.



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For inventory counts performed, develop a standardized form that captures preparer identification, date of completion, evidence of supervisory review and approval and retain completed forms as documented support.

Management's Response

"Concur. Transportation inventory verification, reconciliation, and supervisor review are already performed as part of the adjustment process; however, supervisory approval signature was not previously included. Beginning with the June 2026 inventory cycle, a formal routing form has been implemented to document review and approval prior to any inventory adjustments. The form includes required supervisory signature approval and is retained as supporting documentation for audit purposes."

Actual/estimated Date of Corrective Action: April 02, 2026

Recommendation 3.3

Document the resolution of inventory count variances, including the root cause identified and corrective action taken, for each variance investigated.

Management's Response

"Concur. A standardized process for investigating and resolving inventory variances is already in place. Inventory variances are reviewed, researched, and resolved as part of the existing inventory procedures, and transactions are maintained in the inventory system for any adjustments made. Resolutions of material inventory count variances will be noted on the inventory reconciliation report."

Actual/estimated Date of Corrective Action: April 02, 2026

Recommendation 3.4

Update desk procedures to define requirements for inventory counts, reconciliation, variance review, and approval.

Management's Response

"Concur. Transportation already updated its desk procedures to document the requirements for conducting inventory counts, reconciling physical counts to system records, reviewing inventory variances, and obtaining appropriate management approval. The updated procedures provide clear guidance and strengthen internal controls over inventory management."

Actual/estimated Date of Corrective Action: April 02, 2026



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Finding 4: Work Order Documentation and Parts Traceability

Priority Level: 1⁴

The County of Riverside Auditor-Controller Standard Practice Manual 1001, *Internal Control*, states that “well-documented policies and procedures are established and maintained to promote employee understanding of job duties, provide day-to-day guidance to staff and help ensure continuity.” Additionally, the U.S. Government Accountability Office (2025) states in *Standards for Internal Control in the Federal Government* (Green Book), Principle 13, that management should use relevant, quality information, including maintaining documentation that supports transactions and provides a clear audit trail.

Based on our review of 29 work orders, we noted that 16 out of 29 (55%) work orders did not have the documentation needed to verify whether returned/unused parts were inspected, documented, and re-entered into inventory. Desk procedures do not clearly define documentation expectations for parts issuance, use, and return activity, and supervisory controls do not ensure that required documentation is completed and retained before work orders are closed. Available records may not fully demonstrate that parts recorded as issued were used as intended or that returned parts were appropriately accounted for, increasing the risk of inaccurate inventory records or undetected loss. Without consistent documentation of parts issuance and return activity linked to corresponding work orders, the department’s ability to verify that issued parts were used as intended and that returned parts were appropriately accounted for is reduced. This increases the risk of inaccurate inventory records, undetected loss, and insufficient audit trail to support work order charges.

Recommendation 4.1

When a part obtained for a work order is not used, maintain supporting documentation of its return to inventory, including the part, quantity, date returned, and associated work order.

Management’s Response

“Do not Concur. Supporting documentation for work orders requested, including evidence of parts issuance and return to inventory was provided during the course of the audit review process. The transactional records are maintained within existing work order and inventory systems and are subject to review and reconciliation procedures. The documentation provided included Stock Request receipts and invoices with credit adjustments for parts returned to inventory. Although we do not concur, we will continue reinforcing expectations with staff in regard to documentation.”

Actual/estimated Date of Corrective Action: Not applicable

⁴ Please see Appendix A (page 18) for a description of the finding priority level classifications.



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Auditor's Comment:

We acknowledge Transportation's response and the supporting documentation provided during the audit, including stock request receipts and invoices reflecting credit adjustments. However, the documentation available for the transactions identified in our testing did not provide sufficient evidence to consistently trace unused or returned parts to the applicable work order and verify their return to inventory.

A documented and traceable process for returned parts supports management's ability to account for inventory throughout the work order lifecycle and provides an important control for monitoring the use and disposition of County resources. Establishing clear documentation expectations would strengthen management's ability to evaluate inventory activity, identify and address exceptions, and determine whether existing controls are operating as intended. Accordingly, we maintain that the recommendation would strengthen inventory accountability and provide a more complete audit trail supporting parts issued to and returned from individual work orders.

Recommendation 4.2

Develop standardized documentation requirements to ensure parts requested, issued, used, and returned are retained as part of the official work order record.

Management's Response

"Do not Concur. Documentation is currently captured in the existing system and work order lifecycle. The current process already maintains transaction-level detail within the inventory system of record, which services as the official documentation supporting parts usage and inventory adjustments. In addition, invoices are recorded in the County financial system of record and stock request receipts are maintained at the warehouse."

Actual/estimated Date of Corrective Action: Not applicable

Auditor's Comment:

We acknowledge that the department maintains transaction-level detail within its inventory and financial systems of record. While system-captured data supports individual transactions, standardized documentation requirements serve a broader purpose as they ensure that parts requested, issued, used, and returned are consistently linked to a specific work order as a complete and reviewable record of maintenance activity.



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A complete work order record provides management with a reliable history of maintenance activity and supports oversight of inventory utilization and repair costs. Standardizing documentation requirements would strengthen the connection between inventory and maintenance records, improve the efficiency and reliability of management review, and provide greater assurance that parts activity can be readily verified from issuance through final disposition.

Recommendation 4.3

Update desk procedures to define documentation expectations for parts activity and work order recordkeeping.

Management's Response

"Do not Concur. Existing desk procedures, combined with established system controls within the work order and inventory management system, already provide sufficient guidance and audit trail for parts transactions."

Actual/estimated Date of Corrective Action: Not applicable

Auditor's Comment:

While system controls support transaction processing, documented desk procedures serve the distinct purpose of establishing consistent expectations for what documentation must be retained, where it must be filed, and how exceptions are handled, independent of what the system captures.

Documented procedures are an important governance tool because they establish consistent practices, support continuity when responsibilities change, and provide supervisors with a standard for reviewing work order completeness. Without clearly defined procedures, documentation practices rely on individual interpretation rather than an established control framework.



Appendix A: Finding Priority Level Classification

Priority Level 1	Priority Level 2	Priority Level 3
These are audit findings that represent the most critical issues that require immediate attention and pose a significant risk to the department's objectives, compliance, security, financial health, or reputation. They may indicate serious control failures, non-compliance with laws or regulations, significant financial errors, or vulnerabilities with severe potential impact. Immediate corrective measures are necessary to mitigate the risks associated with these findings.	These are audit findings that are important and require timely resolution, but their impact is not as severe as Priority Level 1. They may highlight moderate control weaknesses, areas of non-compliance with internal policies and procedures, or financial discrepancies that are significant but are not critical. While they might not pose an immediate threat, they should be addressed promptly to prevent further escalation or potential negative consequences.	These are audit findings that are less critical and generally have a lower impact on the department's objectives, compliance, or operations. They may include minor control deficiencies, procedural deviations with minimal impact, or non-critical administrative errors. While they may not require immediate attention, they should still be acknowledged and addressed within a reasonable timeframe to ensure ongoing improvement and prevent potential accumulation of minor issues.
<u>Expected Implementation Date of Recommendation*</u> One to three months	<u>Expected Implementation Date of Recommendation *</u> Three to six months	<u>Expected Implementation Date of Recommendation *</u> Six to twelve months

* Expected completion to implement recommendation date begins after issuance of final audit report.