



*Final
Report*

County of San Diego, California

Auditor and Controller

HHSA North Regions Officers' Transition Audit

Office of **A**udits & **A**dvisory **S**ervices

January 2009
Report No. A09-016



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

January 20, 2009

TO: Donna Hand, Deputy Director
Health and Human Services Agency – North Regions

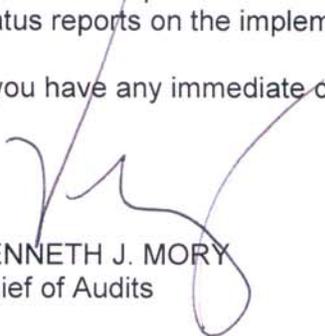
FROM: Kenneth J. Mory
Chief of Audits

FINAL REPORT: HHSA NORTH REGIONS OFFICERS' TRANSITION AUDIT

Enclosed is our report on the HHSA North Regions Officers' Transition Audit. The report includes various audit findings and recommendations.

We have reviewed your responses and have attached them to the audit report. The actions taken and planned, in general, are responsive to the findings and recommendations in the report. As required under Board Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations.

If you have any immediate concerns about the report, please contact me at (858) 495-5662.


KENNETH J. MORY
Chief of Audits

AUD:YM:aps

Enclosure

c: Nick Macchione, Director, Health and Human Services Agency
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Terry Hogan, Group Finance Director, Health and Human Services Agency

HHS NORTH REGIONS OFFICERS' TRANSITION AUDIT

In accordance with the County Charter, the Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Health and Human Services Agency (HHS) North Regions. The OAAS conducts such an audit when County officers leave and assume office to determine if certain affidavits, authorizations, disclosures, and reports are properly completed and processed. These actions provide for an orderly transition of officers, establish proper accountability for public assets, and promote the County's General Management System (GMS) including its key disciplines of accountability, fiscal stability, regional leadership, and continuous improvement.

Accordingly, we audited the reports filed by the outgoing and incoming officers of the HHS North Regions. Nick Macchione and Donna Hand were required to file outgoing and incoming officers' reports, respectively, as of July 18, 2008. The reports are the responsibility of the officer who signs them. Our purpose is to provide an opinion on the reports based upon our audit.

AUDIT SCOPE AND METHODOLOGY

The audit scope was to determine whether the outgoing and incoming officers took appropriate actions and filed complete and reasonably accurate reports as County officers in compliance with California Codes and the County's regulatory requirements as explained in the instruction letter provided to each officer. Tests were performed in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236 to determine if there is reasonable assurance that the information provided was accurately presented.

AUDIT RESULTS

In our opinion, the outgoing and incoming officers filed complete and reasonably accurate reports in compliance with California law and the County's regulatory requirements in connection with an officer's transition, except for the following items:

Finding I: Insufficient Recordkeeping to Support the "Minor Equipment and Books Inventory Certificates"

OAAS tested a small sample of minor equipment items and could not obtain reasonable assurance that the Minor Equipment and Books Inventory Certificates have been accurately presented for the following reasons:

- Two LCD projectors with a value of \$1,200 and \$4,500 could not be located, even though they were included on the minor equipment listing.
- A picnic table observed on site was not included on the minor equipment listing.

- The value of some minor equipment items could not be verified due to lack of acquisition documents.

Finding II: Capital Equipment Control Procedures Should Be Improved

OAAS tested a sample of capital equipment and found that the control procedures should be improved to properly safeguard and account for the assets for the following reasons:

- A copier with a value of \$7,274.59 (Tag #50454505) had not been removed from the Oracle Fixed Asset Register even though it had not been located in two consecutive triennial physical inventories.
- An x-ray with a value of \$7,564.78 (Tag #25901900) did not have a County property identifying label. As a result, OAAS could not determine if the x-ray observed on site was the same item listed on the Oracle Fixed Asset Register.

RECOMMENDATIONS

OAAS recommends that HHSA North Regions take the following actions in accordance with the County Administrative Manual:

1. Conduct a review of internal controls associated with minor equipment. Ensure that the controls over additions, changes, deletions, and recordkeeping of minor equipment are adequate and have been properly implemented.
2. Remove the copier (Tag #50454505) from the Oracle Fixed Asset Register. In addition, conduct a review of internal controls associated with capital equipment. Ensure that the controls over additions, changes, deletions, recordkeeping, identification, and marking of capital equipment are adequate and have been properly implemented.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the HHSA North Regions officers and staff throughout this audit.

AUDIT TEAM

Yuki Matsuura, Senior Auditor
Angela Chen, Auditor I

DEPARTMENT RESPONSE



County of San Diego

NICK MACCHIONE, FACHE
DIRECTOR

DONNA HAND
DEPUTY DIRECTOR

HEALTH AND HUMAN SERVICES AGENCY
NORTH REGIONS

- NORTH CENTRAL REGIONAL CENTER
8965 Balboa Avenue
San Diego, CA 92123-1507
(858) 616-5996 • FAX (858) 616-5816
- NORTH COASTAL REGIONAL CENTER
1701 Mission Avenue
Oceanside, CA 92058-7102
(760) 967-4599 • FAX (760) 967-4555
- NORTH INLAND REGIONAL CENTER
600 East Valley Parkway
Escondido, CA 92025-3008
(760) 740-4135 • FAX (760) 740-4196
- CALIFORNIA CHILDREN SERVICES
6160 Mission Gorge Road
San Diego, CA 92120-3410
(619) 528-4079 • FAX (619) 528-4087

January 12, 2009

TO: Kenneth J. Mory
Chief of Audits

FROM: Donna Hand, Deputy Director
North Regions

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OFFICE OF AUDITS &
ADVISORY SERVICES

**WRITTEN RESPONSE FOR HHSA NORTH REGIONS OFFICERS' TRANSITION AUDIT
FINDINGS AND RECOMMENDATIONS**

The following are responses to findings and recommendations for HHSA North Regions Officers' Transition Audit in December 2008.

Finding 1: Insufficient Recordkeeping to Support the "Minor Equipment and Books Inventory Certificates."

Recommendation: Conduct a review of internal controls associated with minor equipment. Ensure that the controls over additions, changes, deletions, and recordkeeping of minor equipment are adequate and have been properly implemented.

Action Plan/Taken: We have conducted a review of our internal controls for minor equipment and have determined that centralizing the purchase of minor equipment for the region will enhance our control of records and at the same time will allow us to keep supporting documents in one location. Consequently, the maintenance of the regions' minor equipment database and reports will be combined and transferred to the regions' Administrative unit to ensure that data will be centrally managed and errors will be minimized. The new procedure will be implemented by January 23, 2009. In addition, the new policy will be added in the regions' Annual Fiscal Training.

Finding 2: Capital Equipment Control Procedures Should Be Improved.

Recommendation: Remove the copier (Tag#50454505) from the Oracle Fixed Asset Register. In addition, conduct a review of internal controls associated with capital equipment. Ensure that the controls over additions, changes, deletions, recordkeeping, identification, and marking of capital equipment are adequate and have been properly implemented.

Kenneth J. Mory
January 12, 2009
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Action Plan/Taken: We have closely reviewed the County's Administrative Manual for capital equipment and conducted a review of the regions' internal controls to ensure compliance with county policy. Form AUD 253 has been submitted to remove the copier (Tag#50454505) from the Oracle Fixed Asset Register. In addition, we will visit our sites and inspect all our current capital equipment to make sure that they are properly tagged and reconciled with the Oracle Fixed Asset Register by January 30, 2009. Appropriate staff will be trained during the site visit to ensure that these assets are properly maintained with the tags securely attached.

If you have any questions or comments, please contact Elvie Bernales, Principal Administrative Analyst, at 760-740-4157.

Thank you for your assistance and support in our regions' transition of officers.

Sincerely,


DONNA HAND, Deputy Director
North Regions

DH/eb