

OFFICE OF AUDITS & ADVISORY SERVICES



HEALTH & HUMAN SERVICES AGENCY - FINANCIAL & SUPPORT SERVICES DIVISION OFFICERS' TRANSITION AUDIT

FINAL AUDIT REPORT

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November 2, 2010

TO: Michael Van Mouwerik, Executive Finance Director
Health & Human Services Agency

FROM: James L. Pelletier
Chief of Audits

**FINAL REPORT: HEALTH & HUMAN SERVICES AGENCY - FINANCIAL & SUPPORT
SERVICES DIVISION OFFICERS' TRANSITION AUDIT**

Enclosed is our report on the Health & Human Services Agency - Financial & Support Services Division Officers' Transition Audit. We have reviewed your responses to our recommendations and have attached them to the audit report.

The actions taken and/or planned, in general, are responsive to the 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. The Office of Audits & Advisory Services will contact you or your designee near the end of each quarter to request your response.

Also attached is an example of the quarterly report that is required until all actions have been implemented. To obtain an electronic copy of this template, please contact Kathleen Whitehead at (858) 495-5653.

If you have any questions, please contact me at (858) 495-5661.

JAMES L. PELLETIER
Chief of Audits

AUD:KMW: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

INTRODUCTION

Audit Objective

The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Health & Human Services Agency (Agency). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Terry Hogan, and incoming officer, Michael Van Mouwerik, took appropriate actions and filed complete and accurate reports as of May 4, 2010 in compliance with California Codes, County regulatory requirements, and County policies and procedures. These requirements were explained in the instruction letter provided to each officer.

Background

The County Charter requires that the OAAS conduct such an audit when County officers leave or 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/transparency, fiscal stability, and continuous improvement.

Audit Scope & Limitations

The reports are the responsibility of the officer who signs them. The OAAS' responsibility is to provide an opinion on the reports based upon the audit.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

Methodology

OAAS reviewed all the reports filed by the outgoing and incoming officers and obtained supporting documentation to test completeness and accuracy of the reports.

AUDIT RESULTS

Summary

In our opinion, there is reasonable assurance that the outgoing and incoming officers filed complete and accurate reports in compliance with California Codes, County regulatory requirements, and County policies and procedures in connection with an officer's transition, except for the following items:

Finding I:

Incorrect Amounts Stated on the Minor Equipment Listing

Out of the four areas tested, OAAS identified one area, Behavioral Health Services (BHS) with discrepancies between the Minor Equipment Listing amount and the invoice amount. OAAS identified four out of the five assets sampled (80%) had discrepancies. Specifically, OAAS identified discrepancies with the following assets:

- An automatic external defibrillator;
- Three LCD projectors (Proxima);

- A lectern/podium; and
- Two wall projector screens.

When minor equipment is purchased, BHS is not consistently recording the amount stated on the invoice on the Minor Equipment Listing. As a result, the Minor Equipment and Books Inventory Certificate was not accurate as of the transition date. According to the County of San Diego Administrative Manual (Admin Manual), lists should identify the quantity and nature of the minor equipment items, their location, and assigned value. Departmental listings of minor equipment should also provide sufficient information to permit the County to establish appropriate levels of insurance coverage and to prepare claims for insurance recovery in the event of loss.

Recommendation:

In accordance with the Admin Manual, BHS should ensure that minor equipment lists include the quantity and nature of the minor equipment items, their location, and assigned value.

Finding II:

Polinsky Children Center's Donations Not Recorded

During our walkthrough of the Polinsky Children's Center (PCC), OAAS identified two donated items that were not recorded on the Minor Equipment Listing or in the Oracle Fixed Asset Module (OFAM):

- A 40" Samsung flat-screen television, valued at \$1,050, was donated by a PCC staff member who placed the television in Cottage F but did not inform the PCC Accounting Clerk. Therefore, the television was not entered into the PCC donor records and was not included in the Minor Equipment Listing. As a result, the Minor Equipment and Books Certificate was not accurate as of the transition date; and
- A sound system, valued over \$5,000 in November 2009, was included in the PCC donation database but not included in the OFAM. This discrepancy was previously noted in the Child Welfare Services Officers' Transition Audit (A09-051), but no follow-up action had been taken. PCC is in the process of categorizing this asset as a fixture or a fixed asset.

According to the Admin Manual, capital assets or minor equipment that are donated to the County or purchased at a nominal price should be entered into the capital assets system or added to the department's minor equipment listing at their fair market value as of the date of acceptance by the County.

Recommendation:

In accordance with the Admin Manual, the Agency should ensure that capital assets or minor equipment that are donated are entered into the capital assets system or added to the Agency's minor equipment listings at their fair market value as of the date of acceptance by the County.

In addition, the Agency should consider strengthening their controls around donations and provide guidance in the Agency's Capital Assets and Minor Equipment Policy (FSSD-S-07) regarding donations.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the officers and staff of the Health & Human Services Agency throughout this audit.

Office of Audits & Advisory Services

C Compliance R Reliability E Effectiveness A Accountability T Transparency E Efficiency

VALUE

DEPARTMENT'S RESPONSE



County of San Diego

HEALTH AND HUMAN SERVICES AGENCY

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October 14, 2010

RECEIVED

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OFFICE OF AUDITS &
ADVISORY SERVICES

TO: James Pelletier, Chief of Audits
Office of Audits and Advisory Services, O-305

FROM: Michael Van Mouwerik, Executive Finance Director
Financial and Support Services Division

DEPARTMENTAL RESPONSE TO AUDIT RECOMMENDATIONS: HEALTH & HUMAN SERVICES AGENCY OFFICERS' TRANSITION AUDIT (Report No. A10-040)

Finding I: Incorrect Amounts Stated On the Minor Equipment Listing

OAAS Recommendation:

In accordance with the Admin Manual, BHS should ensure that the minor equipment lists include the quantity and nature of the minor equipment items, their location, and assigned value.

Action Plan:

Agree. In accordance with the Admin Manual and HHSA Policy, BHS will more closely monitor further inventory reports to ensure correct reporting with particular emphasis on accuracy of reported prices.

Planned Completion Date: This will be done beginning October 2010

Contact Information for Implementation: Mathew (Bob) Gerard, Admin Analyst III, Support Services.

James Pelletier
HHSA Officer's Transition Audit Response
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Finding II: Polinsky Children Center's Donation Not Recorded

OAAS Recommendation:

In accordance with the Admin Manual, the Agency should ensure that capital assets or minor equipment that are donated are entered into the capital assets system or added to the Agency's minor equipment listings at their fair market value as of the date of acceptance by the County.

Action Plan:

Agree: The Agency Asset Coordinator has scheduled a review of the HHSA Asset Policy for October 2010. Areas of particular concern will be strengthening controls on donations and improved guidance on recording of fixtures.

Planned Completion Date: This will be done beginning October 2010

Contact Information for Implementation: Mathew (Bob) Gerard, Admin Analyst III, Support Services.

If you have any questions, please contact Jim Lardy at (619) 338-2278.

Sincerely,



MICHAEL VAN MOUWERIK, Executive Finance Director
Financial and Support Services Division

MVM/dm

cc: Nick Macchione, HHSA Director, P501
Terry Hogan, HHSA Chief Operations Officer, P501
Jim Lardy, HHSA Finance Officer, W403
Alan Makinson, HHSA Facilities & Support Services Manager, P502L
Fiscal, W403