

OFFICE OF AUDITS & ADVISORY SERVICES



HHSA NORTH COASTAL AND NORTH INLAND REGIONS OFFICERS' TRANSITION AUDIT

FINAL AUDIT REPORT

Chief of Audits: Julie B. Nieminski, CPA, CIA, CFE, CISA, MPA
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September 20, 2012

TO: Charles Matthews, Deputy Director
HHSA - North Coastal and North Inland Regions Director

FROM: Julie B. Nieminski
Chief of Audits

FINAL REPORT: HHSA NORTH COASTAL AND NORTH INLAND REGIONS OFFICERS' TRANSITION AUDIT

Enclosed is our report on the HHSA North Coastal and North Inland Regions 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 Tatiana Foster at (858) 495-5667.

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

JULIE B. NIEMINSKI
Chief of Audits

AUD:TF:aps

Enclosure

c: Nick N. Macchione, Director, Health & Human Services Agency
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Michael Van Mouwerik, Executive Finance Director, Health & Human Services Agency

INTRODUCTION

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Health and Human Services Agency North Coastal and North Inland Regions (NC/NI Regions). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Barbara Jimenez, and incoming officer, Charles Matthews, took appropriate actions and filed required reports as of May 31, 2012 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 and ethical conduct; fiscal stability; and continuous improvement and innovation.
Audit Scope & Limitations	<p>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.</p> <p>This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.</p>
Methodology	OAAS reviewed all the reports filed by the outgoing and incoming officers, obtained supporting documentation, and performed limited internal control testing.

AUDIT RESULTS

Summary	In our opinion, there is reasonable assurance that the outgoing and incoming officers took appropriate actions and filed required 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:
Finding:	<p>Minor Equipment Reported But Not Sighted</p> <p>OAAS tested a sample of minor equipment items to verify existence and completeness. Out of 19 items sampled, one item (metal detector with the cost of \$2,600) at the North Coastal Family Resource Center was not sighted.</p>

According to HHS staff, this item was disposed on April 5, 2011 but was not removed from the minor equipment list. In addition, when staff conducted physical inventory count of minor equipment, this item was reported as sighted because it was mistaken for another metal detector recently purchased and recorded as fixed asset (tag #25910700). The physical count of minor equipment and fixed assets was not conducted concurrently; therefore, the asset custodian did not notice that the old metal detector had been disposed. As a result, the minor equipment balance reported on the certificate was overstated by \$2,600.

In accordance with the County of San Diego Administrative Manual Item No. 0050-02-01 (Admin Manual), department heads are required to maintain listings of minor equipment items for which they are responsible, adding new items as they are received and deleting items that are disposed of or no longer in use. Further, the County of San Diego Fiscal Year-End Closing Manual requires a minor equipment and books inventory count to be conducted concurrently with each department's regularly scheduled fixed assets inventory.

Recommendation: To improve accuracy and reliability of minor equipment reporting, NC/NI Regions should:

1. Strengthen inventory control procedures to ensure minor equipment is recorded and reported in compliance with the Admin Manual. At a minimum, sufficient training should be provided for staff to ensure:
 - a. Acquisitions and dispositions are recorded and reported in accordance with County established procedures.
 - b. Physical inventory count of minor equipment and fixed assets are done concurrently.
2. Remove the metal detector from the minor equipment listing.

Office of Audits & Advisory Services

C ompliance R eliability E ffectiveness A ccountability T ransparency E fficiency

VALUE

DEPARTMENT'S RESPONSE



NICK MACCHIONE, FACHE
DIRECTOR

CHUCK MATTHEWS, MBA, MS
DEPUTY DIRECTOR

County of San Diego

HEALTH AND HUMAN SERVICES AGENCY
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September 7, 2012

RECEIVED

TO: Julie B. Niemenski
Chief of Audits

SEP 13 2012

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Chuck Matthews, Deputy Director
North Coastal and North Inland Regions

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: HNSA NORTH COASTAL AND NORTH INLAND REGIONS OFFICERS' TRANSITION AUDIT

Finding: Minor Equipment Reported But Not Sighted

OAAS tested a sample of minor equipment items to verify existence and completeness. Out of 19 items sampled, one item (metal detector with the cost of \$2,600) at the North Coastal Family Resource Center was not sighted.

OAAS Recommendation: To improve accuracy and reliability of minor equipment reporting, NC/NI Regions should:

1. Strengthen inventory control procedures to ensure minor equipment is recorded and reported in compliance with the Admin Manual. At a minimum, sufficient training should be provided for staff to ensure:
 - Acquisitions and dispositions are recorded and reported in accordance with County established procedures.
 - Physical inventory count of minor equipment and fixed assets are done concurrently.
2. Remove the metal detector from the minor equipment listing.

Action Plan/Taken: We are in agreement with the audit recommendations and action plans/taken are as follows:

1. To strengthen inventory control procedures to ensure minor equipment is recorded and reported in compliance with the Admin Manual, we (North Coastal and North Inland Regions) will implement an internal regional policy to require all Site Asset Coordinators (SAC) to attend an Annual Inventory Training provided by the Regional Divisional Asset Coordinator (RDAC). This training will be more detailed

September 7, 2012

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: HHS NORTH COASTAL AND NORTH REGIONS OFFICERS' TRANSITION AUDIT

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to supplement the training provided by HHS under the Agency Asset Coordinator (AAC).

2. Metal detector has been removed from the minor equipment listing of North Coastal Family Resource Center.

Planned Completion Date: October 15, 2012

Contact Information for Implementation: Elvie P. Bernales, Principal Administrative Analyst (760) 740-4157.

If you have any questions, please contact me at (760) 967-4633.



CHUCK MATTHEWS, MBA, MS
Deputy Director,
Health and Human Services Agency

CM:eb