



# County of San Diego, California

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## Auditor and Controller

*Final  
Report*

### Child Welfare Services Officers' Transition Audit

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

November 2009  
Report No. A09-051



**COUNTY OF SAN DIEGO**  
**INTER-DEPARTMENTAL CORRESPONDENCE**

November 4, 2009

**TO:** Edward Cadena, Interim Deputy Director  
HHSA – Child Welfare Services

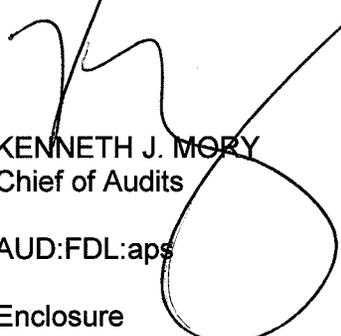
**FROM:** Kenneth J. Mory  
Chief of Audits

**FINAL REPORT: CHILD WELFARE SERVICES OFFICERS' TRANSITION AUDIT**

Enclosed is our report on the Child Welfare Services Officers' Transition Audit (Bahl – Cadena). The report includes 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:FDL:aps

Enclosure

c: Nick Macchione, Director, Health & Human Services Agency  
Donald F. Steuer, Chief Financial Officer  
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller  
Debra Zanders-Willis, Deputy Director, Child Welfare Services  
Terry Hogan, Group Finance Director, Health & Human Services Agency

## CHILD WELFARE SERVICES OFFICERS' TRANSITION AUDIT

In accordance with the County Charter, the Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Child Welfare Services. 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 Child Welfare Services (CWS). Mary Harris and Ed Cadena were required to file outgoing and incoming officers' reports, respectively, as of March 13, 2009. 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 is to determine whether the outgoing and incoming officials 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. To determine that the reports are reasonably accurate and to provide assurance for the incoming officer, we tested controls designed to establish accountability for the fixed assets, minor equipment, and revolving funds.

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.

### 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 findings:

#### **Finding I: Discrepancies Identified in Reports Filed**

OAAS' review found the following discrepancies as of the transition date:

**Materials and Supplies Inventory Certificate** – The reported balance was understated by \$11,850. This understatement was due to an error in the CWS materials and supplies site summary schedule, which incorrectly reported the CWS Balboa site at a balance of \$2,642. Inventory documentation reviewed for the Balboa site reported a balance of \$14,492.

**Minor Equipment and Books Inventory Certificate** – The reported balance of \$2,516,648 was overstated by \$13,020. This overstatement was due to the lack of supporting documentation for the CWS Adoptions North Inland site's inventory balance.

**Capitalized Property Inventory Certificate** – The report was overstated when compared against the Oracle Fixed Asset Module (OFAM) (see Table 1 for details). This overstatement was due to CWS relying on an internally maintained fixed asset schedule to complete the certificate; however, this schedule did not match the historical balance recorded in the OFAM. The Capitalized Property Inventory Certificate and the OFAM balance should be consistent and reflect actual capital property held by CWS.

**Table 1: Capitalized Property Inventory Certificate Discrepancies**

<b>Disclosure</b>	<b>OFAM Balance</b>	<b>Reported Amount</b>	<b>Reported Overstatement</b>
Inventory Accountability	\$ 310,026	\$ 398,745	\$ 88,719
Items Sighted Not Charged	\$ 67,862	\$ 88,720	\$ 20,858
Items Sighted	\$ 197,309	\$ 286,029	\$ 88,720

**Finding II: HHSA Fixed Assets and Minor Equipment Policy Not Fully Implemented**

OAAS determined that the HHSA Fixed Assets and Minor Equipment Policy is not fully implemented at CWS. As a result, the Minor Equipment and Books Inventory Certificate was not accurate as of the transition date. This was due to the outdated inventory schedules used for reporting.

Testing of minor equipment identified a 50" television valued at \$1,000 which was disposed of in December 2007, but included in the minor equipment listing of the Polinsky's Children Center (PCC). Walkthroughs and inquiries at CWS sites at PCC, Balboa, El Cajon, and Mission Valley found that sites were not aware of policy requirements to report donated assets and minor equipment. Additionally, the following minor equipment items were not reported in the Minor Equipment and Books Inventory Certificate:

- A digital camera at the Mission site;
- Books, donated garden furniture, and a donated sound system at PCC;
- Donated children's table and seven digital cameras at the Balboa site; and
- A leased printer at the El Cajon site.

The HHSA Asset Control Policy outlines that each HHSA region and division is required to maintain listings of minor equipment items, adding new items as they are received and deleting items that are disposed of or no longer in use. Policy further states that minor equipment that is donated to the County should also be entered into department's minor equipment listing at its fair market value as of the date of acceptance by the County. Finally, minor equipment used in County operations, but not owned by the County, should be identified and recorded separately in the department's minor equipment listing.

## **RECOMMENDATIONS**

OAAS recommends that CWS consider taking the following actions to properly safeguard and account for County assets in accordance with the Admin Manual:

1. CWS should consider updating its inventory schedules and ensure summary schedules used in reporting accurately reflect detail documentation;
2. CWS should consider referencing the OFAM to obtain official record history and asset historical cost information. External schedules used for reporting purposes should be consistent with the OFAM; and
3. CWS should consider fully implementing HHSAs Fixed Assets and Minor Equipment Policy. Areas within the HHSAs policy related to the reported findings include:
  - Maintaining a listing of minor equipment items by adding new items as they are received and deleting items that are disposed or no longer in use;
  - Identifying the quantity, nature, location and assigned value of minor equipment items by their location;
  - Capital assets or minor equipment that are donated to the County 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;
  - Non-County assets and minor equipment provided by another entity for use in County operations should be identified and recorded separately in the department's minor equipment listing or in OFAM as appropriate; and
  - Ensure that all assets and minor equipment items are properly identified with the appropriate decal.

## **COMMENDATION**

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the Child Welfare Services' officers and staff throughout this audit.

## **AUDIT TEAM**

Franco Lopez, Auditor II

**DEPARTMENT RESPONSE**



NICK MACCHIONE, FACHE  
DIRECTOR  
HEALTH AND HUMAN SERVICES AGENCY

## County of San Diego

DEBRA ZANDERS-WILLIS  
DIRECTOR  
CHILD WELFARE SERVICES

HEALTH AND HUMAN SERVICES AGENCY

CHILD WELFARE SERVICES  
6950 LEVANT STREET, SAN DIEGO, CA 92111-6098  
(858) 694-5413 FAX (858) 694-5475

CHILD WELFARE PROGRAMS  
858-694-5111

POLICY AND PROGRAM SUPPORT  
858-514-6603

POLINSKY CHILDREN'S CENTER  
858-514-4718

ADOLESCENT SERVICES  
858-694-5751

October 29, 2009

**RECEIVED**

TO: Ken Mory, Chief of Audits  
Office of Audits and Advisory Services, O-305

**NOV 02 2009**

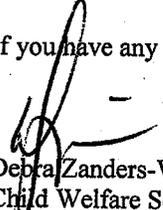
**OFFICE OF AUDITS &  
ADVISORY SERVICES**

FROM: Debra Zanders-Willis, Director  
Child Welfare Services, W-94

### RE: HEALTH & HUMAN SERVICES AGENCY OFFICERS' TRANSITION AUDIT

We have reviewed the recommendations noted in the September 2009, *Final Draft Report: Health & Human Services Agency Officers' Transition Audit, Report No A09-051*. The span of controls cited in the report pertain to the following three areas; Fixed Assets, Minor Equipment, and Material/Supplies. We have coordinated the responses to your recommendations in Attachment A. The responses indicate actions that comply with the cited recommendations.

If you have any questions, please contact Barbara Wiener at (858) 694-5447.

  
Debra Zanders-Willis, Director  
Child Welfare Services

DZW/bw

Attachment

cc: Nick Macchione, HHSA Director, P501  
Paula Landau-Cox, HHSA Director of Operations, P501  
Jim Lardy, HHSA Finance Officer, W403  
Alan Makinson, HHSA Facilities & Support Services Manager, P502L  
Terry Hogan, Finance Director, Financial and Support Services Division, P501  
Edward Cadena, Assistant Deputy Director, Child Welfare Services, W94

Attachment A

COUNTY OF SAN DIEGO

Response Schedule

Recommendation	RESPONSE
<p>OAAS recommends that CWS consider taking the following actions to properly safeguard and account for county assets in accordance with the Admin Manual:</p>	
<p>1. CWS consider updating its inventory schedules and ensure summary schedules used in reporting accurately reflect detailed documentation</p>	<p>We agree with the recommendation. Completion of an ongoing asset inventory project to correct location codes and other errors in OFAM is planned in conjunction with the September 2009 Triennial Inventory. We agree that invoices for minor equipment should be retained which is a normal part of our business processes. Our alternate approach to maintaining a separate system is to access invoices as needed on Oracle.</p>
<p>2. CWS should consider referring the OFAM to obtain official record history and asset historical cost information. External schedules used for reporting purposes should be updated based on OFAM; and</p>	<p>We agree with the recommendation. A review of the HHSA Asset Control Policy is in progress. This review's scope includes compliance with Admin Manual 0050-02-1 and strengthening controls to track fixed asset changes. Training of personnel involved in taking inventory was held prior to the September 2009 Triennial Inventory to address these changes.</p>
<p>3. CWS should consider fully implementing HHSA Fixed Assets and Minor Equipment Policy. Areas within the HHSA policy related to the reported findings include:</p> <ul style="list-style-type: none"> <li>• Maintaining a listing of minor equipment items by adding new items as they are received and deleting items that are disposed or no longer use;</li> <li>• Identifying the quantity, nature, location and assigned value of minor equipment items by their location;</li> <li>• Capital assets or minor equipment that are donated to the County 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;</li> <li>• Non-county assets and minor equipment provided by another entity for use in County operations should be identified and recorded separately in the department's minor equipment listing or in OFAM as appropriate; and</li> <li>• Ensure that all assets and minor equipment items are properly identified with the appropriate decal.</li> </ul>	<p>We agree with the recommendation. A HHSA Asset Control Policy has finalized August 30, 2009. We are the process of implementing the policy steps. This review's scope includes compliance with Admin Manual 0050-02-1 and strengthening controls to track fixed asset changes. Training of personnel involved in taking inventory was held prior to the September 2009 Triennial Inventory to address these changes. We agree that invoices for minor equipment should be retained which is a normal part of our business processes. Our alternate approach to maintaining a separate system is to access invoices as needed on Oracle.</p>