

# OFFICE OF AUDITS & ADVISORY SERVICES



## HHSA – HUMAN RESOURCES OFFICERS’ TRANSITION AUDIT

*FINAL REPORT*

Chief of Audits: Juan R. Perez  
Audit Manager: Laura R. Flores, CIA, CFE, CGAP  
Auditor I: Erich Hannon

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# County of San Diego

**TRACY M. SANDOVAL**

DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

**AUDITOR AND CONTROLLER**

**OFFICE OF AUDITS & ADVISORY SERVICES**

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Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

May 20, 2015

TO: Kimberly Evers, Group HR Director  
HHS – Human Resources

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: HEALTH AND HUMAN SERVICES AGENCY – HUMAN RESOURCES  
OFFICERS' TRANSITION AUDIT**

Enclosed is our report on the Health and Human Services Agency – Human Resources Officers' Transition Audit (Winterbottom-Whitney to Evers). We have reviewed your response 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 of Supervisors 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 Erich Hannon at (858) 495-5651.

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

**JUAN R. PEREZ**  
Chief of Audits

AUD:EH

Enclosure

c: Nick Macchione, Director, Health and Human Services Agency  
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Andrew Pease, Executive Finance Director, Health and Human Services Agency  
James Lardy, Finance Officer, Health and Human Services Agency

## INTRODUCTION

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<b>Audit Objective</b>	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Health and Human Services Agency - Human Resources (HHS-A-HR). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Brandy Winterbottom-Whitney, and incoming officer, Kimberly Evers, took appropriate actions and filed required reports as of January 9, 2015 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.
<b>Background</b>	The County Charter, Section 801.1(a), 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.
<b>Audit Scope &amp; Limitations</b>	<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>
<b>Methodology</b>	OAAS reviewed all the reports filed by the outgoing and incoming officers, obtained supporting documentation, and performed limited internal control testing.

## AUDIT RESULTS

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<b>Summary</b>	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. However, we noted the following exception:
<b>Finding I:</b>	<b>Insufficient Controls Over Minor Equipment Identified for Disposal</b> OAAS was unable to obtain reasonable assurance that the Minor Equipment and Books Inventory Certificate (AUD Form 501) was accurately prepared and presented. Moreover, OAAS determined that HHS-A-HR does not have adequate controls in place to ensure that assets identified for disposal are properly transferred to Property

Disposal<sup>1</sup> or to the receiving department. Specifically, the following was noted:

**Assets Sighted But Not Recorded** – During a walkthrough of the facility, OAAS sighted four Hitachi Projectors that were not included on the HHS-A-HR Minor Equipment Inventory List. Per HHS-A-HR staff, the four projectors were surplus assets from the HHS-A-HR's Knowledge Center Facility awaiting disposal. As evidence, HHS-A-HR staff provided a Transfer or Disposition of Minor Equipment Form (Form 203) dated March 4, 2014 listing the four projectors in addition to other minor equipment identified for transfer or disposal totaling \$45,859.

However, according to six additional transfer forms (Form 203) subsequently provided by HHS-A-HR staff, some of the assets listed in the Form 203 dated March 4, 2014 had already been transferred to other locations or salvaged between December 2013 and May 2014. Per the information provided by HHS-A-HR staff, surplus minor equipment totaling \$28,761 from the \$45,859 had already been transferred or disposed of. OAAS reviewed the six additional transfer forms and found that one of the forms (Form 203 dated December 20, 2013) listed the four Hitachi Projectors sighted on the floor as if they had already been salvaged. In addition, three of the forms provided did not have dates and signatures confirming receipt of assets from Property Disposal or the receiving department.

Due to the inconsistencies noted on the transfer forms and the lack of key data, OAAS is unable to determine the accuracy of the information provided by HHS-A-HR staff regarding the number of assets that have been transferred or disposed of and assets that remain in inventory.

Insufficient inventory controls over minor equipment increased the risk of assets being lost or stolen without detection. In addition, it resulted in the Minor Equipment Inventory Certificate being understated.

The County of San Diego Administrative Manual, Section 0050-02-01 - Control and Maintenance of Minor Equipment, requires department heads 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. The minor equipment lists should identify the quantity and nature of minor equipment items, their location and assigned value.

**Recommendation:** HHS-A-HR should strengthen their inventory control procedures to ensure minor equipment is recorded and managed in compliance with the County of San Diego Administrative Manual. Specifically, HHS-A-HR should:

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<sup>1</sup> The Department of Purchasing and Contracting, Property Disposal manages the disposition of County surplus property. If such property is not re-used by another County department, the property must be disposed of through auction, competitive sealed bid, or recycling.

1. Conduct an inventory of assets identified for transfer or disposal and determine an accurate balance of surplus assets.
2. Upon completion of Form 203, ensure that the information recorded is accurate and that all required signatures are obtained upon transfer.
3. Ensure that assets awaiting disposal are transferred to Property Disposal or other departments in a timely manner.

Office of Audits & Advisory Services

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

VALUE

## **DEPARTMENT'S RESPONSE**



# County of San Diego

**NICK MACCHIONE, FACHE**  
AGENCY DIRECTOR

**HEALTH AND HUMAN SERVICES AGENCY**  
HUMAN RESOURCES  
5469 KEARNY VILLA ROAD, SUITE 2000, MAIL STOP W-406  
SAN DIEGO, CA 92123  
(858) 636-3598 • FAX (858) 467-9605

**KIMBERLY EVERS**  
DIRECTOR, GROUP HUMAN RESOURCES

May 13, 2015

**RECEIVED**

**MAY 20 2015**

**OFFICE OF AUDITS &  
ADVISORY SERVICES**

**TO:** Juan R. Perez, Chief of Audits  
Office of Audits & Advisory Services

**FROM:** Kimberly Evers, Group Human Resource Director  
Health and Human Services Agency

**DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: FINAL DRAFT REPORT:  
HEALTH AND HUMAN SERVICES AGENCY- GROUP HUMAN RESOURCE DIRECTORS  
TRANSITION AUDIT**

**Finding I: Insufficient Controls Over Minor Equipment Identified for Disposal**

**OAAS Recommendation:**

HHSA-HR should strengthen their inventory control procedures to ensure minor equipment is recorded and managed in compliance with the County of San Diego Administrative Manual. Specifically, HHSA-HR should:

1. Conduct an inventory of assets identified for transfer or disposal and determine an accurate balance of surplus assets.
2. Upon completion of Form 203, ensure that the information recorded is accurate and that all required signatures are obtained upon transfer.
3. Ensure that assets awaiting disposal are transferred to Property Disposal or other departments in a timely manner.

**Action Plan:**

**We agree with items 1,2, and 3. This includes performing the following:**

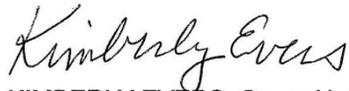
- **Conducting an inventory of the assets held in the surplus asset area as of May 31, 2015.**
- **Implementing steps to ensure the accurate completion and authorization of Form 203.**
- **Implementing steps to ensure the timely disposition of assets awaiting transfer to property disposal and other departments.**

Juan R. Perez  
May 13, 2015  
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**Planned Completion Date: July 30, 2015**

**Contact Information for Implementation: Tom Van Voorhis, Admin Analyst III.**

If you have any questions, please contact me at (619) 515-6546.



KIMBERLY EVERS, Group Human Resources Director  
Health and Human Services Agency

KE:TV

cc: Nick Macchione, Director, Health and Human Services Agency  
Andrew Pease, Executive Finance Director, Health and Human Services Agency  
Amy Thompson, Assistant Group Finance Director, Health and Human Services Agency  
James Lardy, Finance Officer, Health and Human Services Agency