

OFFICE OF AUDITS & ADVISORY SERVICES



PROBATION DEPARTMENT OFFICERS' TRANSITION AUDIT

FINAL REPORT

Chief of Audits: Juan R. Perez
Audit Manager: [Laura R. Flores, CIA, CFE, CGAP](#)
Auditor II: [Wasim Akand, MPA](#)

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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

January 4, 2017

TO: Adolfo Gonzales, Chief Probation Officer
Probation Department

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: PROBATION DEPARTMENT OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Probation Department Officers' Transition Audit (Jenkins to Gonzales). 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 Wasim Akand at (858) 694-2248.

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

JUAN R. PEREZ
Chief of Audits

AUD:WA:aps

Enclosure

c: Ronald Lane, Deputy Chief Administrative Officer, Public Safety Group
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
Eunice Ramos, Group Finance Director, Public Safety Group

INTRODUCTION

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Probation Department (Probation). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Mack Jenkins, and incoming officer, Adolfo Gonzales, took appropriate actions and filed required reports as of March 4, 2016 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, 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.
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. However, OAAS found exceptions regarding the internal controls over inventory balances, reporting, and related records.
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Finding I:	Errors Noted on Inventory Balances Reported Probation reported a balance of \$2,630,143 in the Minor Equipment (ME) and Books Inventory Certificate (General Fund) and \$26,811.50 in the ME and Books Inventory Certificate (Asset Forfeiture). Also, the Materials and Supplies (MS) Inventory Certificate reported a balance of \$375,956 (General Fund). However, audit work identified errors in the inventory balances reported. As such, OAAS could not obtain reasonable assurance that the balances reported for minor equipment and materials and supplies are accurately presented. Specifically:
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- **Inaccurate Inventory Balance Reported for Radios (ME)** – The minor equipment inventory balance reported to OAAS included 202 radios with an assigned value of \$770,683. However, based on a review of perpetual inventory records provided by Probation, 735 radios were listed as of July 2016, with an assigned value of \$2,851,809. This results in an unreported minor equipment inventory amount of \$2,081,126. OAAS found that the balance reported for radios was based on a physical count of the radios on site excluding radios currently assigned to staff.
- **Inventory of Weapons was Not Included** – According to Probation's records, the inventory of weapons belonging to the Juvenile Probation Center (JPC)-Armory had an assigned value of \$381,476, including \$290,552.30 in the General Fund and \$90,924.54 in Asset Forfeiture. However, per audit work conducted, the value of this inventory was not included in the ME and Books Inventory Certificate balances reported to OAAS.
- **Materials and Supplies for Juvenile Probation Center-Weapons Training Unit (WTU) was Not Included** – According to Probation's records, materials and supplies for JPC-WTU had an assigned value of \$57,319. However, per audit work conducted, the value of this inventory was not included in the MS Inventory Certificate balance reported to OAAS.
- **Minor Equipment Decals Were Missing** – During audit testing, it was found that 8 out of 12 assets selected for review did not have "County of San Diego" property decals. These assets included radios, printers, refrigerator, sofa, standing desk, and a white board.

Resulting from the inventory balance errors listed above, the ME and Books Inventory Certificate and MS Inventory Certificate reported to OAAS as part of the transition audit are understated by a total of \$2,462,602 and \$57,319 respectively. In addition, missing minor equipment tags increases the risk of assets being lost or stolen without detection.

According to Probation, staff's knowledge and ability to prepare accurate and complete inventory reports was limited due to the absence of key personnel. Probation management also indicated that insufficient training may have contributed to the inventory balance errors and requirement to affix decals on minor equipment.

To determine the total amount of minor equipment and books on hand at the end of each fiscal year, as required by the County Administrative Code, Section 91.1 and 91.3, departments are required to maintain and report a complete list of their minor equipment and books for which they are responsible. Also, according to the County of San Diego Administrative Manual (Admin Manual), departments should establish a control system over all minor equipment and affix unnumbered "County of San Diego" decals to these assets.

Recommendation: Probation should strengthen their inventory controls over minor equipment to ensure that inventory balances reported are accurate and complete. Specifically, Probation should:

1. Provide a revised ME and Books Inventory Certificate and MS Inventory Certificate to OAAS with the accurate inventory balances.
2. Ensure that "County of San Diego" decals are affixed to all ME.
3. Provide adequate training to staff responsible for control activities related to management and oversight of minor equipment and materials and supplies inventories.

Finding II:

Inadequate Procedures for Disposal of Capital Assets

The Capitalized Property Inventory Certificate provided by Probation indicated that an obsolete fixed asset (Securescan II Concealed Weapons Detection System) was removed from inventory on August, 2015. However, as of March 3, 2016, the asset was still recorded in the Oracle Fixed Asset Module (OFAM).

OAAS found that Probation did not follow property disposal procedures established by the County, including completing Form 253 to properly remove the asset from the OFAM. Due to the closure of the Juvenile Ranch Facility, the machine was disposed of as it was broken and could not be fixed. Staff at the Juvenile Ranch Facility was unaware of the specific property disposal procedures.

As a result, the balance reported in the OFAM is overstated by \$11,716. Additionally, disposing of assets without a proper audit trail increases the risk of assets being lost or stolen without detection.

According to the County of San Diego Capital (Fixed) Asset Guide, departments must follow property disposal procedures when removing assets no longer serviceable or needed by County departments. Departments must complete form 257 to report asset impairments. If the impairment is permanent, a form 253 must also be completed and sent to PRGA to remove the asset from the OFAM.

Recommendation: In order to comply with County policy regarding property disposal, Probation should:

1. Complete required forms and submit to the Auditor & Controller, Projects, Revenue and Grants Accounting to properly remove the asset from the OFAM.
2. Provide adequate training to Probation staff responsible for the administration of assets regarding County property disposal procedures.

Office of Audits & Advisory Services

Compliance Reliability Effectiveness Accountability Transparency Efficiency

VALUE

DEPARTMENT'S RESPONSE



San Diego County Probation Department

Post Office Box 23597 • San Diego, California 92193-3597
www.sandiegocounty.gov/probation



Adolfo Gonzales, Chief Probation Officer

December 21, 2016

RECEIVED

DEC 23 2016

TO: Juan R. Perez
Chief of Audits

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Adolfo Gonzales, Chief Probation Officer
Probation Department

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: PROBATION DEPARTMENT
OFFICERS' TRANSITION AUDIT

Finding I: Errors Noted on Inventory Balances Reported

OAAS Recommendation 1: Provide a revised Minor Equipment (ME) and Books Inventory Certificate and Materials and Supply (MS) Inventory Certificate to OAAS with the accurate inventory balances.

Action Plan: The Probation Department agrees with the recommendation that our minor equipment and books inventory and materials and supply inventory must be corrected to reflect the correct minor equipment and materials and supply values. The ME and Books Inventory Certificate and MS Inventory Certificate have been corrected. The amended certificates are attached.

Planned Completion Date: Complete

OAAS Recommendation 2: Ensure that "County of San Diego" decals are affixed to all ME.

Action Plan: The Probation Department agrees with the recommendation that all minor equipment are affixed a 'County of San Diego' decal. The items missing tags have been corrected. All minor equipment have the County of San Diego decal.

Planned Completion Date: Complete

OAAS Recommendation 3: Provide adequate training to staff responsible for control activities related to management and oversight of minor equipment and materials and supplies inventories.

Action Plan: The Probation Department agrees with the recommendation to provide training to staff responsible for control activities related to management and oversight of minor equipment and material and supplies inventories.

Planned Completion Date: March 31, 2017

Protect community safety, reduce crime and assist victims through offender accountability and rehabilitation.

December 21, 2016
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Contact Information for Implementation: Mercedes Neder, Administrative Analyst III,
858.514.3261

Finding II: Inadequate Procedures for Disposal of Capital Assets

OAAS Recommendation 1: Complete required forms and submit to the Auditor & Controller, Projects, Revenue and Grants Accounting to properly remove the asset from the Oracle Fixed Asset Module (OFAM).

Action Plan: The Probation Department agrees with the recommendation of removing the asset from the OFAM. The required forms to remove the asset from the OFAM were submitted to the Auditor and Controller's Office in June 2016. The Projects, Revenue and Grants Accounting recently removed the asset from the OFAM and this recommendation was completed in October 2016 – see attached Record of Change report.

Planned Completion Date: Complete

OAAS Recommendation 2: Provide adequate training to Probation staff responsible for the administration of assets regarding County property disposal procedures.

Action Plan: The Probation Department agrees with the recommendation to provide training to responsible staff on the administration of assets regarding County property disposal procedures.

Planned Completion Date: March 31, 2017

Contact Information for Implementation: Mercedes Neder, Administrative Analyst III,
858.514.3261

If you have any questions, please contact Veronica Allen at (858) 514-3135.

Sincerely,



ADOLFO GONZALES
CHIEF PROBATION OFFICER

AG:va

cc: Debbie Patag
Veronica Allen
Mercedes Neder