

# OFFICE OF AUDITS & ADVISORY SERVICES



## DISTRICT ATTORNEY OFFICERS' TRANSITION AUDIT

*FINAL REPORT*

Chief of Audits: [Juan R. Perez](#)  
Audit Manager: [Laura R. Flores, CIA, CFE, CGAP](#)  
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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  
5530 OVERLAND AVENUE, SUITE 330, SAN DIEGO, CA 92123-1261  
Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

May 9, 2018

TO: Summer Stephan, District Attorney  
District Attorney

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: DISTRICT ATTORNEY OFFICERS' TRANSITION AUDIT**

Enclosed is our report on the District Attorney Officers' Transition Audit. We have reviewed your response to our recommendations and have attached it 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. You or your designee will receive email notifications when these quarterly updates are due, and these notifications will continue until all actions have been implemented.

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

A handwritten signature in blue ink, appearing to read "Juan R. Perez".

JUAN R. PEREZ  
Chief of Audits

AUD:IM:nb

Enclosure

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

## INTRODUCTION

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<b>Audit Objective</b>	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the District Attorney's Office (Department). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Bonnie Dumanis, and incoming officer, Summer Stephan, took appropriate actions and filed required reports as of July 8, 2017 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 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. 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 of 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 exceptions:
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<b>Finding I:</b>	<b>Internal Controls Over Fixed Assets</b> A sample of 30 fixed assets was selected for detail testing. OAAS identified 6 assets with an incorrect asset location recorded in the Oracle Fixed Assets Module (OFAM). While the Department was able to locate the assets, the actual physical location was not readily available upon OAAS' inquiry. See Table 1 for details:
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**Table 1. Assets with Incorrect Location**

<b>Asset No.</b>	<b>Description</b>	<b>Acquisition Cost</b>	<b>OFAM Location</b>	<b>Physical Location</b>
1342312	Scanner - Fujitsu FI-6800	\$16,685	Hall of Justice	South Bay
1607497	Scanner - Fujitsu FI-6800	\$17,413	Hall of Justice	North County
1019653	Forensic Computer	\$22,512	Hall of Justice	Vista Lab
1342313	Scanner - Fujitsu FI-6800	\$16,685	South Bay Regional	Hall of Justice
1033291	Copier - Canon IR 6075	\$11,100	Traffic Court	Hall of Justice
1003218	Dodge Minivan	\$45,128	Hall of Justice	Disposal Lot

According to the Department, some assets were moved by staff without informing the asset coordinator.

An effective system of internal controls over fixed assets involves the establishment of control activities designed to ensure accurate recording and accounting of fixed assets. These activities include maintaining adequate records of inventory with an asset description, identification tag, location information and serial number.

Further, the Auditor & Controller (A&C) Fiscal Year End Manual (FYE Manual) instructs departments to update asset(s) with missing physical location, or correct the location in the OFAM.

Inaccurate location of assets reported in the OFAM increases the risk of loss or misappropriation of assets. In addition, it prevents the Department from conducting an accurate physical inventory.

**Recommendation:** To improve internal controls over the administration of fixed assets, the Department should:

1. Provide refresher training to the appropriate staff to ensure that they are aware of responsibilities related to the administration of fixed assets, including maintaining accurate location information.
2. Make the necessary corrections to the OFAM to accurately reflect the physical location(s) of assets.

**Finding II: Internal Controls Over Minor Equipment**

The County of San Diego Administrative Manual (Admin Manual), Item No. 0050-02-01 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 Department reported on the Minor Equipment Certificate an estimated value and later conducted an actual physical count and prepared their inventory detail report.

Upon review of the inventory detail report, it was noted that 15 assets had a listed value over the capitalization threshold of \$5,000. OAAS determined that 13 of the 15 assets were already reported as fixed assets in the OFAM. However, the following two assets were incorrectly listed as minor equipment, see Table 2 for details:

**Table 2. Minor Equipment That Should Have Been Capitalized**

Description	Acquisition Cost	Location
Liebert Air Conditioner	\$7,782	Hall of Justice
Liebert Air Conditioner	\$7,782	Hall of Justice

The Admin Manual also requires that assets with a unit cost of at least \$5,000 be reported as capital (fixed) assets.

According to the Department, the reporting of 15 fixed assets in the inventory detail report was due to an oversight.

**Recommendation:** To ensure proper management and accountability of minor equipment inventory, the Department should:

1. Correct errors noted on the inventory detail report by removing the 15 fixed assets.
2. Make necessary corrections to the OFAM to record the two fixed assets found.

**Finding III: Procedures Regarding Management of Weapons Inventory**

While the audit did not identify any issues related to the accountability of weapons, it was noted that the Department does not have a comprehensive policy in place for the accountability and safeguarding of weapons inventory.

An effective system of internal controls requires the establishment of detailed procedures that outline requirements and provide guidance to staff.

According to the Department, procedures for the proper use of weapons by investigators and the inventory of issued weapons are in place. OAAS reviewed these procedures and verified that they adequately describe the process for issuing firearms and provide guidance on proper use of firearms as well as security of firearms in the field. However, these procedures do not explicitly address accountability and safeguarding of weapons in storage.

Absence of specific procedures to manage weapons inventory could increase the risk of loss and/or misplacement of these assets.

**Recommendation:** To ensure proper management and safeguarding of weapons inventory, the Department should:

1. Document procedures for the management and safeguarding of weapons held on inventory in one comprehensive policy.
2. Provide training to communicate written procedures to staff.

**Finding IV: Internal Controls Over Reporting of Revolving Funds**

As part of the transition audit, the Department reported eight petty cash funds (revolving funds) for a total amount of \$5,375. However, upon OAAS' review, it was noted that the Department reported one petty cash fund of \$5,375 to A&C instead of the eight individual accounts and their assigned custodians.

The FYE Manual requires completion of a Report of Revolving Funds YE-4 Detail Form for each individual petty cash, checking account and change fund. The custodian and supervisor for each fund must include their phone number, date, type and sign their names on the YE-4 Detail Form.

According to the Department, there was some confusion on the use of the year end forms, therefore the petty cash funds were not individually reported to A&C.

Inadequate reporting of revolving funds increases the risk of accountability and control issues over revolving funds.

**Recommendation:** To strengthen controls over reporting of revolving funds and ensure compliance with the County policies, the Department should:

1. Ensure that individual petty cash funds and their assigned fund custodians are reported to A&C, in accordance with the FYE Manual.
2. Provide refresher training to staff responsible for the administration of revolving funds to increase awareness of County policies and procedures regarding the reporting of funds.

**Finding V: Reconciliation of Revolving Funds**

OAAS reviewed the bank reconciliation for the period ending June 22, 2017, for a checking account with an established amount of \$19,375. The account is utilized for miscellaneous payments related to extraditions and investigative claims. The review identified the following issues with the reconciliation process:

- Long outstanding adjustments
- Unidentified adjustments
- Multiple errors with transaction descriptions

The issues identified were not material; they ranged between \$5 and \$1,679. However, due to the number of issues identified, management's attention is warranted. In addition, OAAS noted that the reconciliation was not properly signed by the preparer and reviewer.

Admin Manual Item No. 0030-21 states that all revolving funds must be balanced, reconciled, and reported to A&C at the end of the fiscal year. Further, a strong system of internal controls includes the performance of bank reconciliations to ensure that transactions are properly recorded and balances agree. Variances noted during the reconciliation process must be investigated and resolved. The reconciliation should be documented, signed by the custodian and approved by a supervisor.

Inadequate bank reconciliations and insufficient supervisory reviews increase the risk of undetected variance between the reported amount and the bank balance of revolving funds.

**Recommendation:** To strengthen controls over revolving funds, the Department should:

1. Provide refresher training to fund custodians for the performance of fund reconciliations; including proper investigation, resolution, and documentation of variances noted.
2. Ensure reconciliations are signed and dated by the preparer and reviewer.

## Office of Audits & Advisory Services

Compliance Reliability Effectiveness Accountability Transparency Efficiency

VALUE



**DEPARTMENT'S RESPONSE**  
(OFFICE OF THE DISTRICT ATTORNEY)

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(619) 531-4040

OFFICE OF  
**THE DISTRICT ATTORNEY**  
COUNTY OF SAN DIEGO

**JESUS RODRIGUEZ**  
ASSISTANT DISTRICT ATTORNEY

**SUMMER STEPHAN**  
DISTRICT ATTORNEY

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APR 23 2018

OFFICE OF AUDITS &  
ADVISORY SERVICES

April 20, 2018

**TO:** Juan R. Perez, Chief of Audits  
Auditor & Controller

**FROM:** Michelle Bush, Chief of Administrative Services  
District Attorney

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: D.A. OFFICER'S TRANSITION AUDIT

**Finding I:**

**OAAS Recommendation:** (1) Provide refresher training to the appropriate staff to ensure that they are aware of responsibilities related to the administration of fixed assets, including maintaining accurate location information. (2) Make the necessary corrections to the OFAM to accurately reflect the physical locations of assets.

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**Action Plan:** We concur with the recommendation and our plan is as follows: A) Provide updated departmental inventory procedure to staff with inventory responsibility. B) Meet with responsible staff in each unit/division to provide refresher training and answer questions. (C) Compare all fixed asset locations to the registry to ensure accuracy. (D) Complete and submit location update forms to County Auditor and Controller.

**Planned Completion Date:** (A) Completed March 14, 2018. (B), (C), and (D) in progress, to be completed by June 30, 2018.

**Finding II:**

**OAAS Recommendations:** (1) Correct errors noted on the inventory detail report by removing the 15 fixed assets. (2) Make necessary corrections to the OFAM to record the two fixed assets found.

**Action Plan:** We concur with the recommendation and our plan is as follows: (A) Updating the inventory report to remove assets. (B) Complete and submit asset forms to County Auditor and Controller.

**Planned Completion Date:** (A) and (B) Completed February 16, 2018.

**Finding III:**

**OAAS Recommendation:** (1) Document procedures for the management and safeguarding of weapons held on inventory in one comprehensive policy. (2) Provide training to communicate written procedures to staff.

**Action Plan:** We concur with the recommendation and appreciate the acknowledgement that weapons inventory was determined to be secure and accounted for under the current firearm management policies and procedures. Our plan is as follows: (A) Modify our current firearm management policies and procedures to include documentation that specifically addresses detailed procedures for weapons inventory in storage. (B) Provide training on comprehensive policies and procedures to staff.

**Planned Completion Date:** (A) and (B) in progress, to be completed by July 30, 2018.

**Finding IV:**

**OAAS Recommendation:** (1) Ensure that individual petty cash funds and their assigned fund custodians are reported to A&C, in accordance with the FYE Manual. (2) Provide refresher training to staff responsible for the administration of revolving funds to increase awareness of County policies and procedures regarding the reporting of funds.

**Action Plan:** We concur with the recommendation. Petty cash funds and their assigned custodians were annually reported to A&C on form YE-4 in aggregate and on form YE-4A individually. The FYE manual instructions do require individual reporting on form YE-4 as well. Our plan is as follows: (A) Provide refresher training to revolving fund staff to ensure reporting of funds is in accordance with FYE manual.

**Planned Completion Date:** To be completed by June 30, 2018.

**Finding V:**

**OAAS Recommendation:** (1) Provide refresher training to fund custodians for the performance of fund reconciliations; including proper investigation, resolution, and documentation of variances noted. (2) Ensure reconciliations are signed and dated by the preparer and reviewer.

**Action Plan:** We concur with the recommendation and our plan is as follows: (A) Provide refresher training for the fund custodian to address proper documentation and reconciliation of the checking account. (B) Develop and implement a protocol for review of reconciliations including a required signature by the preparer and the supervisor on every review.

**Planned Completion Date:** (A) and (B) in progress, to be completed by June 30, 2018.

If you have any questions, please contact me at (619) 531-4393.

A handwritten signature in black ink, appearing to read "Michelle Bush". The signature is fluid and cursive, with the first name "Michelle" being more prominent than the last name "Bush".

Michelle Bush  
Chief, Administrative Services  
District Attorney

MB:kh