

OFFICE OF AUDITS & ADVISORY SERVICES



DEPARTMENT OF THE PUBLIC DEFENDER OFFICERS' TRANSITION AUDIT

FINAL REPORT

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County of San Diego

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Phone: (858) 495-5991

JUAN R. PEREZ
CHIEF OF AUDITS

August 3, 2017

TO: Randy Mize, Public Defender
Department of the Public Defender

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: DEPARTMENT OF THE PUBLIC DEFENDER OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Department of the Public Defender 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.

JUAN R. PEREZ
Chief of Audits

AUD:RG: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

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Department of the Public Defender (PD). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Henry Coker, and incoming officer, Randy Mize, took appropriate actions and filed required reports as of March 31, 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.
Background	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, continuous improvement, and innovation.
Audit Scope & Limitations	<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>
Methodology	OAAS reviewed all of 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 identified the following exception related to the internal controls over fixed assets.
Finding I:	<p>Incorrect Asset Capitalization</p> <p>OAAS selected a sample of five fixed assets for detail testing and could not obtain reasonable assurance that the Capitalized Property Inventory Certificate (AUD Form 504) is accurately presented.</p> <p>Specifically, OAAS determined that the following two assets were incorrectly capitalized:</p>

Table 1: Fixed Assets Incorrectly Capitalized

Asset No.	Description	Cost
26556000	Audiovisual System - Central Training Room	\$111,528.46
26555900	Audiovisual System - South Bay Training Room	\$126,866.30

OAAS reviewed the supporting documentation provided by PD and noted that each of these assets is composed of 43 and 67 individual units, respectively. Based on our review, 3 of the 43 individual units for asset number 26556000 and 5 of 67 individual units for asset number 26555900 meet the capitalization threshold of \$5,000 or above per unit. However, these items were recorded as single assets and categorized as fixed assets. Also, PD incorrectly capitalized maintenance cost.

When these assets were acquired, Hewlett Packard, the County's IT contractor, billed a single invoice. According to PD staff, this caused them to determine that each item within the audiovisual system operated as a whole unit. Therefore all items were capitalized and recorded as a single asset.

As a result, the balance reported on the Capitalized Property Inventory Certificate and the Oracle Fixed Asset Module (OFAM) is inaccurate.

According to the County of San Diego Administrative Manual Item No. 0050-02-1 (Admin Manual), department heads have the responsibility for all County property (assets) in their charge, including (fixed) capital assets. The Admin Manual states that capital assets should have a unit cost of \$5,000 or above plus ancillary cost (taxes, freight charges, installation and site preparation charges) required to place the asset in service.

Recommendation:

To improve the accuracy of fixed assets reported and ensure compliance with the Admin Manual, PD should:

1. Contact Auditor & Controller, Projects, Revenue and Grants Accounting (PRGA), and make necessary corrections to the OFAM to accurately list the number and value of fixed assets owned by PD.
2. Provide refresher training to staff responsible for managing assets.
3. Submit a revised Capitalized Property Inventory Certificate (AUD Form 504) with updated inventory balances.

Office of Audits & Advisory Services

Compliance

Reliability

Effectiveness

Accountability

Transparency

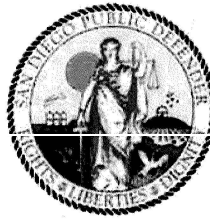
Efficiency

VALUE

DEPARTMENT'S RESPONSE
(DEPARTMENT OF THE PUBLIC DEFENDER)

PRIMARY PUBLIC DEFENDER

450 B Street, Suite 900
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OFFICE OF ASSIGNED COUNSEL

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County of San Diego

DEPARTMENT OF THE PUBLIC

RANDY MIZE
PUBLIC DEFENDER

MULTIPLE CONFLICTS OFFICE

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August 2, 2017

TO: Juan R. Perez, Chief of Audits

RECEIVED

FROM: Randy Mize, Public Defender

AUG 02 2017

OFFICE OF AUDITS &
ADVISORY SERVICES

Public Defender Response to Transition Audit Recommendation

Finding I: Incorrect Asset Capitalization

Office of Audits and Advisory Services Recommendation: To improve the accuracy of fixed assets reported and ensure compliance with the Administrative Manual, the Department of the Public Defender (Department) should:

1. Contact Auditor & Controller, Projects, Revenue and Grants Accounting (PRGA), and make necessary corrections to the OFAM to accurately list the number and value of fixed assets owned by Department.
2. Provide refresher training to staff responsible for managing assets.
3. Submit a revised Capitalized Property Inventory Certificate (AUD Form 504) with updated inventory balances.

Action Plan: The Department agrees with this audit recommendation. The Department will continue to work with PRGA and revise the valuation of the fixed assets. Refresher training will be provided to staff responsible for managing assets. Staff will work with the PRGA and submit an updated Form 504.

Planned Completion Date: October 31, 2017.

Contact Information for Completion: Andrew Kownacki, Principal Administrative Analyst, Department (619) 338-4838.

If you have any questions, please contact me at (619) 338-338-4797.

Randy Mize, Public Defender
Department of the Public Defender