

OFFICE OF AUDITS & ADVISORY SERVICES



VECTOR CONTROL BENEFIT ASSESSMENT AUDIT

FINAL REPORT

Chief of Audits: Juan R. Perez
Audit Manager: Lynne Prizzia, CISA, CRISC
Auditor I: Mercedes Pereira-Trent, MBA

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County of San Diego

TRACY M. SANDOVAL
DEPUTY CHIEF ADMINISTRATIVE OFFICER/
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JUAN R. PEREZ
CHIEF OF AUDITS

May 29, 2018

TO: Elise Rothschild, Director
Department of Environmental Health

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: VECTOR CONTROL BENEFIT ASSESSMENT AUDIT

Enclosed is our report on the Vector Control Benefit Assessment 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:MPT:nb

Enclosure

c: Sarah Aghassi, Deputy Chief Administrative Officer, Land Use & Environment Group
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
Yuliya Leina, Group Finance Director, Land Use & Environment Group

INTRODUCTION

Audit Objective The Office of Audits & Advisory Services (OAAS) completed an audit of the Vector Control Benefit Assessment. The objective of the audit was to determine whether Mosquito, Vector and Disease Control Assessment funds are used in accordance with ballot measure provisions approved by voters.

Background The Vector Control Program (VCP) exists within the Department of Environmental Health (DEH) and is responsible for mosquito and vector-borne disease surveillance and control services across San Diego County. To support its core surveillance and control functions, the VCP also performs public outreach to educate residents and respond to vector-related complaints.

Prior to 1996, VCP services had been funded primarily by a service charge levied against all parcels in the County. When Proposition 218 was passed in 1996, it froze the service charge at \$3.00 for the Coastal Region and \$2.28 for both Inland Regions. Eventually, this fixed charge proved insufficient for the growing demand for vector control services, and the protection of public health from vector-borne diseases, including West Nile virus. Therefore, in 2005, a new benefit assessment for improved mosquito, vector, and disease control services was approved by property owners within the County of San Diego. This new assessment was first levied in FY 2005-06 at a rate of \$8.55 per single family equivalent benefit unit, and has been modified and adjusted as needed annually. It was reduced to \$5.00 in FY 2015-16.

The ballot measure included several layers of fiscal safeguards to ensure that all funds are expended appropriately. First, the funds raised can only be spent on mosquito control and disease prevention services within the County. Second, the funds are overseen by the Board of Supervisors with annual audits to ensure all funds are spent appropriately. And third, the budget for the services proposed for each year is presented to the public annually.

In addition to increasing funds for basic surveillance and control services, the 2005 benefit assessment provided funding for additional programs designed to improve the VCP's core detection and control mission. Examples of these programs are the Vector Habitat Remediation Program and the Vector Disease Diagnostic Laboratory.

In June 2017, the County Board of Supervisors approved increasing the benefit assessment rate to \$7.07 per single-family equivalent benefit unit. No change was requested for the existing service charge of \$3.00 for the Coastal Region and \$2.28 for both Inland Regions. The new Vector and Disease Control benefit assessment and existing Vector Control service charges were placed on the tax roll for FY 2017-18.

DEH commissioned this annual audit to have an independent review of the benefit assessment funds to ensure that all funds are spent in accordance with the provisions of the 2005 ballot measure and to satisfy the second layer of fiscal safeguards described above.

Audit Scope & Limitations

The scope of the audit included the benefit assessment expenditures for the last quarter of FY 2016-17 and the first three quarters of FY 2017-18.

The total expenditures for the scoped period is \$7,618,799. A sample of \$860,251, equivalent to 11% of the total of expenditures, was selected for testing.

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.

Methodology

OAAS performed the audit using the following methods:

- Interviewed key DEH personnel regarding the VCP's assessment process and its various components.
- Reviewed Board of Supervisors resolutions and minute orders to confirm oversight and public presentation.
- Verified the existence and public availability of annual Engineer's Report for FY 2017-18 and noted any changes or updates made since the most recent audit was performed.
- Tested a sample of expenditures for compliance with voter-approved spending requirements.
- Reviewed grants awarded to third parties through the Vector Habitat Remediation Program for compliance with program award procedures.
- Assessed departmental policies and procedures governing the collection, budgeting, and spending of benefit assessment funds.

AUDIT RESULTS

Summary

In our opinion, there is reasonable assurance that the Mosquito, Vector and Disease Control Assessment funds are being used in accordance with ballot measure provisions approved by voters. However, OAAS identified some opportunities for improvement.

Finding I:

Strengthen Internal Controls Over Employee Timecard Approval and Processing Expenditure Related to the VCP

During the analysis of the VCP expenditures, OAAS identified an approved timecard containing 20 hours of work per day for two

consecutive days. Further research concluded that the employee was paid for 40 hours, but only worked 20 hours for that particular pay period.

DEH stated that the error occurred because a new departmental time accounting enhancement (e-TIME) was recently implemented, where employee work time is automatically input into Kronos from e-TIME. However, in the initial phase of this new system, some employees were still inputting time separately into Kronos creating duplicate entries, and because the total hours for the week did not exceed 40 hours, the discrepancy was not noticed by the employee's supervisor.

Lack of proper internal controls over payroll approval and processing increases the risk that the VCP may lose assets through overpayments to employees.

Kronos Desk Aid for Supervisors-Approving Employees' Timecards states that all employee timecards must be reviewed and verified to ensure that the timecard contains accurate information.

Recommendation: To ensure proper approval and processing of employees' time, the VCP should:

1. Strengthen internal controls over timecard approval, reminding the supervisors to review the accuracy of the data reported before approving it.
2. Process the claim to recover the payroll overpayment following the Payroll Overpayment Checklist provided by the Auditor and Controller Department.
3. VCP management should ensure that a review of VCP employee timecards is performed to verify their accuracy.

Finding II: **Strengthen Internal Controls Over Reviewing, Approving, and Processing VCP Expenditures**

OAAS identified two expenditures that did not have the appropriate invoice approval authorization. The payments were authorized by an employee who is not the Contracting Officer Representative (COR) as required in contracts Nos. DEH 12-0003 and DEH 15-0003.

DEH stated that they did not have a complete understanding that the COR was solely responsible for approvals of invoices and that this function could not be delegated to the DEH project lead.

Invoice payments not properly authorized increase the risk of misappropriation of VCP assets, in addition to overriding the contract provisions. Specifically, ARTICLE 4 AGREEMENT ADMINISTRATION states that the COR is designated to receive and approve Grantee invoices for payment, audit, and inspect records, inspect Grantee services, and provide other technical guidance as required.

Recommendation: To ensure CORs have the necessary skills and knowledge to manage and monitor contracts, DEH should:

1. Identify all VCP CORs and require them to attend standardized contracting and procurement training if they have not attended basic COR training in the last two years.
2. Update the Fiscal Process for Vector Program Expenditures approval to reflect the contract requirements, and communicate any updates to VCP CORs to ensure consistent implementation.

Office of Audits & Advisory Services

C ompliance R eliability E ffectiveness A ccountability T ransparency E fficiency

VALUE

DEPARTMENT'S RESPONSE
(DEPARTMENT OF ENVIRONMENTAL HEALTH)



County of San Diego

ELISE ROTHSCILD
DIRECTOR

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AMY HAFIBERT
ASSISTANT DIRECTOR

May 25, 2018

RECEIVED

MAY 25 2018

OFFICE OF AUDITS &
ADVISORY SERVICES

TO: Juan R. Perez
Chief of Audits

FROM: Elise Rothschild, Director
Department of Environmental Health

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: VECTOR CONTROL BENEFIT ASSESSMENT AUDIT

Finding I: Strengthen Internal Controls Over Employee Timecard Approval and Processing Expenditure Related to the VCP

OAAS Recommendation 1: Strengthen Internal Controls Over Employee Timecard Approval, reminding the supervisors to review the accuracy of the data reported before approving it.

Action Plan: The Vector Control Program agrees with this recommendation and has met with and discussed proper review of timecards, including daily and weekly work hour totals, with program supervisors. This will also be included in topics discussed during department supervisor meetings which are held quarterly. This overpayment occurred during the transition to using an enhanced time-accounting system that merges with the existing Kronos time accounting system. During the transition dual time-entry was possible if the employee was entering time in both systems before the automatic transfer. In addition, the employee was a temporary staff member without a pre-determined work schedule in Kronos. Because there is no pre-determined work schedule for temporary staff members, excess hours are not highlighted in the same manner as for permanent employees in the time accounting system.

Planned Completion Date: Completed as of April 4, 2018 and ongoing.

Contact Information for Implementation: KariLyn Merlos, Program Coordinator

OAAS Recommendation 2: Process the claim to recover the payroll overpayment following the Payroll Overpayment Checklist provided by the Auditor and Controller Department.

Action Plan: The Vector Control Program agrees with this recommendation and has worked with the Department of Environmental Health (DEH) Personnel, the Auditor and Controller Department, and the employee to recover the overpayment.

Planned Completion Date: Completed. Full payment was recovered as of April 26, 2018.

Contact Information for Implementation: KariLyn Merlos, Program Coordinator

OAAS Recommendation 3: VCP Management should ensure that a review of VCP employee timecards is performed to verify their accuracy.

Action Plan: The Vector Control Program agrees with this recommendation. The Program Coordinator reviewed timecards for all seasonal (temporary) employees of the VCP during the transition period of the new enhanced time-accounting system merging with the existing Kronos time accounting system when the dual-time entry had occurred. No other errors were identified. Program Supervisors were reminded to review staff timecards for accuracy. To enhance these monitoring efforts, the Program Coordinator will additionally be conducting random checks of all staff timecards. At the department level, DEH will be discussing the importance of supervisors' regular review of timecards as an upcoming quarterly training topic in 2018.

Planned Completion Date: Completed as of April 4, 2018 and ongoing.

Contact Information for Implementation: KariLyn Merlos, Program Coordinator

Finding II: Strengthen Internal Controls Over Reviewing, Approving, and Processing VCP Expenditures

OAAS Recommendation 1: Identify all VCP CORs and require them to attend standardized contracting and procurement training if they have not attended basic COR training in the last two years.

Action Plan: The Vector Control Program agrees with this recommendation and is in the process of reviewing all existing contracts to confirm identity of each of the VCP CORs. Required approval process per contract specifications and VCP standard operating procedures for expenditure approvals will be discussed with all VCP CORs. Basic COR training will be scheduled within the next six months for all VCP CORs.

Planned Completion Date: December 31, 2018

Contact Information for Implementation: KariLyn Merlos, Program Coordinator

OAAS Recommendation 2: Update the Fiscal Process for Vector Program Expenditures approval to reflect the contract requirements, and communicate any updates to VCP CORs to ensure consistent implementation

Action Plan: The Vector Control Program agrees with ensuring consistent implementation of approvals reflecting the contract requirements. This will be achieved by all VCP CORs attending the refresher COR training discussed above. It has been determined that no updates to the fiscal process are necessary at this time with consistent implementation of fiscal process.

Planned Completion Date: Ongoing. (COR training to be completed as above 12/31/18)

Contact Information for Implementation: KariLyn Merlos, Program Coordinator

If you have any questions, please contact me at (858) 505-6671.



ELISE ROTHSCHILD, Director

ER:klm