

OFFICE OF AUDITS & ADVISORY SERVICES



HEALTH AND HUMAN SERVICES AGENCY – AGING & INDEPENDENCE SERVICES OFFICERS' TRANSITION AUDIT

FINAL REPORT

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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

March 5, 2019

TO: Kimberly Gallo, Director
Health and Human Services Agency – Aging & Independence Services

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: HEALTH AND HUMAN SERVICES AGENCY – AGING & INDEPENDENCE SERVICES OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Health and Human Services Agency – Aging & Independence Services 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:MPT:nb

Enclosure

c: Nick Macchione, Director, Health and Human Services Agency
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
Dean Arabatzis, Chief Operations Officer, Health and Human Services Agency
Andrew Pease, Executive Finance Director, Health and Human Services Agency
Debbie Ordonez, Revenue & Budget Manager, Health and Human Services Agency

INTRODUCTION

Audit Objective The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Health and Human Services Agency - Aging & Independence Services (AIS). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Charles Matthews, and incoming officer, Kimberly Gallo, took appropriate actions and filed required reports as of October 12, 2018 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, and continuous improvement and innovation.

Audit Scope & Limitations 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.

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 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, we noted the following exception:

Finding I: Minor Equipment Missing Asset Decals

Audit testing identified minor equipment property with no asset decals affixed. Specifically, six of the ten (60%) minor equipment selected for testing did not have "Property of the County of San

Diego” decals attached. The items missing asset decals included the following:

Table 1: Minor Equipment Missing Asset Decals

Description	Recorded Value
Ergonomic Chair	\$650.00
Executive Chair	\$500.00
File Cabinet - 4 drawer/vertical locker	\$600.00
Ergo Air Touch Desks	\$1,100.00
Lexmark Pro915 Printer	\$500.00
Automatic External Defibrillator	\$1,935.00

According to AIS, these items were recently transferred from the HSA Facilities Unit. AIS staff assumed that asset tags were affixed to these items by the Facilities Unit. Moreover, there was turnover with the staff responsible for the administration of assets. Therefore, missing assets tags were not identified during the most recent physical inventory.

Missing minor equipment decals increase the risk of physical inventory error due to the inability to easily locate the items listed on the report. Further, it increases the risk of assets being lost or stolen.

The County of San Diego Administrative Manual Item No. 0050-02-01 (Admin. Manual) requires department heads to be responsible for all County property (assets) in their charge. The Admin. Manual also states that decals should be affixed to the minor equipment in a spot that is easily visible when conducting inventories and departments should establish a control system over all minor equipment and affix unnumbered "County of San Diego" decals to these assets.

Recommendation: To improve internal controls over minor equipment and ensure compliance with the Admin. Manual, AIS should:

1. Provide refresher training to staff responsible for managing minor equipment to ensure that they are aware of County policies related to the administration of minor equipment.
2. Develop a checklist to facilitate the completion of physical inventory of assets and maintenance of inventory records. This list should include, but not be limited to:
 - a) Asset identification
 - b) Location
 - c) Working conditions
 - d) Asset tags

3. Ensure that asset decals are affixed to all minor equipment property.

Office of Audits & Advisory Services

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

VALUE

DEPARTMENT'S RESPONSE
(HEALTH AND HUMAN SERVICES AGENCY)



County of San Diego

NICK MACCHIONE, FACHE
AGENCY DIRECTOR

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ANDREW PEASE
EXECUTIVE FINANCE DIRECTOR

February 25, 2019

RECEIVED

MAR 04 2019

TO: Juan R. Perez
Chief of Audits, OAAS

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Debbie Ordonez
Revenue & Budget Manager, HHSA

SUBJECT: Response to Final Report: HHSA- Aging & Independent Services
Officer's Transition Audit

We have received your final audit report of February 20, 2019 and have included the responses to the audit findings and recommendations below:

Finding 1: Minor Equipment Missing Asset Decals

Action Plan A:

Missing Minor Equipment County of San Diego Decals – AIS has physically placed yellow "Property of County San Diego" decals on the six minor equipment identified in the audit finding.

Table 1: Minor Equipment Missing Asset Decals

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Ergonomic Chair	\$650.00
Executive Chair	\$500.00
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February 25, 2019

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Action Plan B:

Recommended improvement of internal controls and of compliance to administration of minor equipment – The AIS Inventory Coordinator will provide an annual Inventory Procedure Training for current Site Asset Coordinators and on as-needed basis for new staff designated as a Site Asset Coordinator. AIS Inventory Coordinator will conduct random on-site inspection to ensure Site Asset Coordinators are following correct inventory procedures related to the administration of minor equipment.

Planned Implementation Date: Plan A has been implemented in February 2019. Plan B will be performed in May 2019.

Contact Information for Implementation: Yolanda Prado, Sr. Accountant, 858-495-5881, email Yolanda.Prado@sdcounty.ca.gov



Debbie Ordonez
Revenue & Budget Manager
Health & Human Services Agency

DO:yp

Attachments