



HEALTH AND HUMAN SERVICES AGENCY – BEHAVIORAL HEALTH SERVICES OFFICERS’ TRANSITION AUDIT

FINAL REPORT

Chief of Audits: Juan R. Perez
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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

August 14, 2019

TO: Dr. Luke Bergmann, Director
Health and Human Services Agency – Behavioral Health Services

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: HEALTH AND HUMAN SERVICES AGENCY – BEHAVIORAL HEALTH SERVICES OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Health and Human Services Agency – Behavioral Health 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 Drager, 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 – Behavioral Health Services (BHS). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Alfredo Aguirre, and incoming officer, Luke Bergmann, took appropriate actions and filed required reports as of March 29, 2019 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 exceptions:
Finding I:	Internal Controls Over Fixed Assets A sample of 20 fixed assets from BHS' Edgemoor Nursing Facility was selected for detail testing. <ul style="list-style-type: none">• Unsighted Fixed Asset – BHS staff were unable to locate Asset No. 1022225 Maximove Combination System with Scale.• Missing Fixed Asset Tag – Asset No. 1234303 Carendo Shower Chair did not have the required fixed asset tag affixed.

- **Asset Tag Affixed to the Incorrect Asset** – Asset No. 1718514 is described in the Oracle Fixed Asset Module (OFAM), and the BHS inventory records as Carendo Shower Chair. However, the asset tag assigned to this asset was affixed to a different asset (Maximove Combination System with Scale).
- **OFAM Not Updated Timely to Remove Salvaged Assets** – Asset No. 1563398 Steam Generator was salvaged in February 2019. However, it was still listed in the OFAM module as of May 2019. BHS issued the Capital Asset Exception List Form 253 requesting the removal of the asset but did not confirm that the asset was removed as requested.

According to BHS, the nursing staff regularly moves medical equipment throughout the facility to accommodate the needs of the residents without informing the asset coordinator. In addition, medical equipment is frequently exposed to water, heat, and cleaning and disinfecting procedures making it difficult to keep asset tags affixed.

Missing or incorrect asset tags may result in inaccurate or incomplete inventories due to the inability to confirm whether the sighted asset is the item listed on the OFAM report. Further, it increases the risk of assets being lost or stolen.

An effective system of internal control over fixed assets involves the establishment of control activities designed to ensure accurate recording and accounting of fixed assets. These activities include but are not limited to, maintaining accurate inventory records with an asset description, identification tag, location information, and historical cost.

The County of San Diego Administrative Manual (Admin Manual) Item No. 0050-02-1 states that department heads are responsible for all County Property in their charge. These responsibilities include the identification and control of these assets, the filing of inventories, and the submission of reports, as specified by the Board of Supervisors.

Recommendation: To improve controls over the administration of fixed assets and compliance with the Admin Manual, BHS should:

1. Develop the appropriate internal controls over the administration of department assets to ensure that individuals in charge of assets have a clear understanding of their duties and responsibilities and are aware of County policies related to the administration of assets.
2. Ensure that assets 1234303 and 1718514 have an asset tag affixed and they match the OFAM.
3. Develop and implement a checklist to facilitate the completion of physical inventory of fixed assets and maintenance of inventory records. The list should include, but not be limited to:
 - a) Asset identification (Description and Tag Number)
 - b) Location

- c) Working conditions
 - d) Asset tags
 - e) OFAM match
4. Prepare a Capital Asset Exception List Form 243 to report the asset that was not sighted during the testing (Asset No. 1022225).
 5. Ensure that the asset salvaged was removed from the OFAM.

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

A sample of 30 minor equipment items from BHS' Edgemoor Nursing Facility was selected for detail testing. Of the 30 items sampled, 13 (43%) did not have "Property of the County of San Diego" tags affixed.

The Admin Manual Item No. 0050-02-1 requires that department heads are responsible for all County property in their charge. The Admin Manual also states that (1) tags should be affixed to the asset in a spot that is easily visible when conducting inventories and (2) departments should establish a control system over all minor equipment and affix unnumbered "County of San Diego" tags to these assets.

Recommendation: To improve internal controls over the administration of minor equipment and ensure compliance with the Admin Manual, BHS should:

1. Develop a checklist to facilitate the completion of physical inventory of assets and maintenance of inventory records. The list should include, but not be limited to:
 - a) Asset identification
 - b) Location
 - c) Working conditions
 - d) Asset tags
2. Ensure that asset tags are properly affixed to all minor equipment.

Finding III:**Internal Controls Over Mobile Devices**

OAAS tested a sample of 10 mobile devices and could not obtain reasonable assurance that the mobile device listing is accurately presented. Of the 10 devices selected, the following exceptions were noted:

- Two (2) devices are assigned to terminated employees and have not been reassigned. The employees were terminated on December 12, 2018 and January 26, 2018 respectively.
- One (1) device is assigned to an employee who is on medical leave living outside the USA and is still using the County mobile device.
- Two (2) devices are assigned to employees who transferred to other County departments. The mobile devices have not been reassigned. One of the devices is listed on the Verizon bill as an active account, even though the employee transferred from BHS on June 20, 2018.

- An unidentified quantity of obsolete mobile devices has been kept in boxes at BHS' Edgemoor Nursing Facility.

Maintaining obsolete and unassigned mobile devices for extended periods of time increases the risk of theft, loss, unnecessary service charges, and/or misappropriation of County property. Also, not properly salvaging mobile devices increases the risk that unauthorized individuals may gain access to County information stored on the device.

Admin Manual Item No. 0400-07 requires departments to discontinue mobile phone service immediately to avoid unnecessary service charges if an authorized user transfers or terminates employment with the County and the device will not be reassigned within a reasonable amount of time.

Audit Alert AA16-001 states that it is also best practice to remove all County and user data from mobile phones by wiping them when employees transfer, terminate employment, or upgrade their device. This prevents the misuse of the County information on the device. Furthermore, departments should salvage devices that will not be reassigned as the County has entered into a blanket purchase agreement (BPA) with Cal State Electronics to salvage mobile devices.

Recommendation: To strengthen the inventory control over mobile devices, BHS should:

1. Discontinue mobile phone service when a user transfers or terminates employment with the County and his/her device will not be reassigned within a reasonable amount of time.
2. Remove existing data from inactive mobile devices and coordinate with the Department of Purchasing and Contracting to salvage obsolete mobile devices using the BPA.
3. Ensure that the inventory of mobile devices is monitored by BHS periodically to identify obsolete or damaged devices and remove them from the inventory.

Office of Audits & Advisory Services

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R_eliability

E_{ff}ectiveness

A_{cc}ountability

T_{ra}nsparency

E_{ff}iciency

VALUE

**DEPARTMENT'S RESPONSE
(BEHAVIORAL HEALTH SERVICES)**



County of San Diego

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AGENCY DIRECTOR

HEALTH AND HUMAN SERVICES AGENCY
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LUKE BERGMANN, PhD
DIRECTOR, BEHAVIORAL HEALTH SERVICES

RECEIVED

July 29, 2019

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OFFICE OF AUDITS &
ADVISORY SERVICES

TO: Juan R. Perez
Chief of Audits

FROM: Erin M. Chancler, Deputy Director, Inpatient/Resident Care Facility
HHSA – Behavioral Health Services – Edgemoor DPSNF

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: HHSA – BEHAVIORAL HEALTH SERVICES OFFICERS' TRANSITION AUDIT

Finding I: Internal Controls Over Fixed Assets

OAAS Recommendation: To improve controls over the administration of fixed assets and compliance with the Admin Manual, BHS should:

1. Develop the appropriate internal controls over the administration of department assets to ensure that individuals in charge of assets have a clear understanding of their duties and responsibilities and are aware of County policies related to the administration of assets.
2. Ensure that assets 1234303 and 1718514 have an asset tag affixed and they match the OFAM.
3. Develop and implement a checklist to facilitate the completion of physical inventory of fixed assets and maintenance of inventory records. The list should include, but not be limited to:
 - a) Asset identification (Description and Tag Number)
 - b) Location
 - c) Working conditions
 - d) Asset tags
 - e) OFAM match
4. Prepare a Capital Asset Exception List Form 243 to report the asset that was not sighted during the testing (Asset No. 1022225).
5. Ensure that the asset salvaged was removed from the OFAM.

Action Plan:

1. County policies reviewed 06/03/2019 with assigned Analyst related to the administration of assets. There is now a clear understanding of the duties and responsibilities assigned. Review of policy will be done yearly at start of new Fiscal Year.
2. Asset Coordinator ordered new replacement decals for Asset No. 1234303 and No. 1718514. The replacement decals were affixed, and they now match the OFAM.
Moving forward Receiving will notify the Asset Coordinator when new equipment is received, this will ensure that the Asset No. decals will be ordered.
3. A spreadsheet was created and implemented for inventory tracking of Capital Assets. Spreadsheet includes: Edgemoor identification number (EDG #), Asset description, location, working conditions, asset tag number, "Property of County of San Diego" sticker, price, purchase date, and OFAM match.
4. A Capital Asset Exception List Form 243 was submitted on 07/29/2019. Asset No. 1022225 has since been sighted and Form 253 was completed on 7/31/19. No asset decal was affixed to the equipment when sighted; therefore, a new replacement decal has been requested.
5. Follow up was made on Asset No. 1563398-Steam Generator. Equipment has been removed from the Capital Asset Registry Report. Asset Coordinator now has access to OFAM and can verify that equipment has been removed or added to Capital Asset Registry Report.

Planned Implementation Date: Action Plan Items (1 -5) were implemented and/or completed by July 29, 2019.

Contact Information for Implementation: Kathryn Lee, Admin. Analyst II, 619-596-5596, email Kathryn.Lee@sdcounty.ca.gov.

Finding II: Internal Controls Over Minor Equipment

OAAS Recommendation: To improve internal controls over the administration of minor equipment and ensure compliance with the Admin Manual, BHS should:

1. Develop a checklist to facilitate the completion of physical inventory of assets and maintenance of inventory records. The list should include, but not be limited to:
 - a) Asset identification
 - b) Location

- c) Working conditions
 - d) Asset tags
2. Ensure that asset tags are properly affixed to all minor equipment.

Action Plan:

1. Spreadsheet for Minor Equipment has been updated to include verification that the equipment/furniture is in good condition and that it has "Property of the County of San Diego" tags affixed in a visible location.
2. Asset Coordinator has ordered *Property of County of San Diego* decals. It was announced at our managers meeting that if staff notice a decal is missing, they need to notify the Asset Coordinator. Extra decals have been distributed to Receiving and moving forward will be checked annually during physical inventory. Upon purchase of new equipment and/or furniture, "Property of County of San Diego" decals are affixed to minor equipment. Asset tags were affixed to the 13 items identified during the audit.

Planned Implementation Date: Action Plan Items (1 -2) were implemented and/or completed by July 26, 2019.

Contact Information for Implementation: Kathryn Lee, Admin. Analyst II, 619-596-5596, email Kathryn.Lee@sdcounty.ca.gov.

Finding III: Internal Controls Over Mobile Devices

OAAS Recommendation: To strengthen the inventory control over mobile devices, BHS should:

1. Discontinue mobile phone service when a user transfers or terminates employment with the County and his/her device will not be reassigned within a reasonable amount of time.
2. Remove existing data from inactive mobile devices and coordinate with the Department of Purchasing and Contracting to salvage obsolete mobile devices using the BPA.

Ensure that the inventory of mobile devices is monitored by BHS periodically to identify obsolete or damaged devices and remove them from the inventory.

Action Plan:

1. The two devices that were assigned to the terminated employees have been salvaged/recycled.

The device assigned to an employee on medical leave living outside the USA was returned and is awaiting reassignment. The service to this device has been suspended. The two devices assigned to employees who transferred to other County departments have been salvaged/recycled. The service on the device listed as an active account was suspended.

All obsolete mobile devices being kept in boxes were submitted to the COSD contractor for salvaging/recycling on 07/10/2019.

Policies and procedures to account for County of San Diego issued Mobile Devices have been reviewed and implemented as of 7/8/19. The procedures will be updated as needed.

A Mobile Device Master Listing (MDML) spreadsheet was created. All COSD mobile device assets used at Edgemoor are accounted for on the MDML. A Mobile Device (MD) Coordinator was designated and has primary responsibility for the prompt and regular updating of the MDML. When notice is received that an employee is terminating, transferring, or going on a leave of absence or extended leave, the MD Coordinator will contact the employee to request the return of the device. The calling plan will be suspended if the employee's return is anticipated. The return date of mobile devices will be entered promptly on the MDML. Returned devices will be recycled within 30 days unless retention of the device for a longer period is approved by the Administrator or the Fiscal Analyst III as per facility procedures. The Fiscal Analyst III is responsible for the verification of the monthly Verizon bill. This will include the review of any suspended calling plans and confirmation there is no charge for any suspended plan(s).

2. Data was removed from the inactive mobile devices and the obsolete devices were sent to the County contractor on 07/10/2019 for salvaging/recycling. Hereinafter, data will be removed promptly from returned devices and devices will be recycled within 30 days unless retention of the device for a longer period is approved by the Administrator or the Fiscal Analyst III as per facility procedures.
3. To ensure mobile device inventory is monitored, the Fiscal Analyst III will be responsible for the verification of the monthly Verizon bill. This will include the review of any suspended calling plans and confirmation there are no billable charges. The Administrator and Fiscal Analyst III will monitor the MDML periodically for accuracy, to

note any obsolete or damaged devices and assure these are removed from inventory and sent for recycling.

Planned Implementation Date: Action Plan Items (1 -3) were implemented and/or completed by July 11, 2019.

Contact Information for Implementation: Juanita Rettinghaus, Chief, Departmental Operations, 619-596-5598, email Juanita.Rettinghaus@sdcounty.ca.gov.

If you have any questions, please contact me at (619)596-5513.



Erin M. Chanler
Deputy Director, Inpatient/Resident Care Facility