

OFFICE OF AUDITS & ADVISORY SERVICES



PUBLIC ADMINISTRATOR/GUARDIAN/ CONSERVATOR OFFICERS' TRANSITION AUDIT

FINAL REPORT

Chief of Audits: [Juan R. Perez](#)
Audit Manager: [Lynne Prizzia, CISA, CRISC](#)
Auditor II: [Rani Gorgis, CPA](#)

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County of San Diego

TRACY DRAGER
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

November 2, 2020

TO: LaShaunda Gaines, Director
Public Administrator/Guardian/Conservator

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: PUBLIC ADMINISTRATOR/GUARDIAN/CONSERVATOR OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Public Administrator/Guardian/Conservator 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: Dean Arabatzis, Acting Director and General Manager, Health and Human Services Agency
Tracy Drager, Auditor and Controller
Andrew Pease, Acting Chief Operating Officer, Health and Human Services Agency
Amy Thompson, Acting Group 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 Public Administrator/Guardian/Conservator (PA/PG/PC). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Mark Sellers, and incoming officer, LaShaunda Gaines, took appropriate actions and filed required reports as of July 17, 2020 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	<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 the reports filed by the outgoing and incoming officers, obtained supporting documentation, and performed limited internal control testing based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework.

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:	<p>Inadequate Evidence that Minor Equipment and Supplies Desk Procedures Are Periodically Reviewed</p> <p>Written procedures are a mechanism for management to implement internal control activities. OAAS obtained three different Minor Equipment and Supplies Desk Procedures. The desk procedures are used to train staff but there was insufficient evidence that these desk</p>

procedures were reviewed and approved by management. We noted the following for each desk procedure:

- Purchasing Supplies and Minor Equipment – The document footer states it was last updated in December 2018 by staff. However, the footer also includes fields for dates of review and approval by management that were left blank.
- Supplies and Minor Equipment Tracking – The document footer states it was last updated in May 2020 by staff. However, the footer also includes fields for dates of review and approval by management that were left blank.
- PA/PG/PC FYE Inventory of Capital Assets/Minor Equipment & Books/Office Supplies & Materials – The document footer states it was last updated in May 2020 by staff. However, the footer also includes fields for dates of review and approval by management that were left blank.

According to Health and Human Services Agency staff, the department does fully commit to COSO by issuing, reviewing, and approving official policies and procedures, and although desk procedures are reviewed and updated as needed, they do not require management approval. However, best practices established by the COSO Internal Control framework require the periodic review and assessment of policies and procedures to ensure the related control activities are in place and working effectively as intended.

According to the COSO framework, control activities are the policies and procedures that help ensure management directives are carried out. The COSO framework includes a monitoring component and specifies that some level of documentation is necessary for assurance that each of the COSO framework components and relevant principles is present and functioning.

Recommendation: OAAS recommends the following:

1. PA/PG/PC management should establish a monitoring process to periodically review and approve the desk procedures for Minor Equipment and Supplies and retain adequate evidence of this process.

Office of Audits & Advisory Services

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

VALUE

DEPARTMENT'S RESPONSE
(PUBLIC ADMINISTRATOR/GUARDIAN/CONSERVATOR)



County of San Diego

NICK MACCHIONE, FACHE
AGENCY DIRECTOR

HEALTH AND HUMAN SERVICES AGENCY
OFFICE OF THE PUBLIC ADMINISTRATOR,
PUBLIC GUARDIAN AND PUBLIC CONSERVATOR
5560 OVERLAND AVENUE, SUITE 130, MAIL STOP O-95
SAN DIEGO, CA 92123-1699
(858) 694-3500 • PAPG FAX (858) 799-0800 • PC FAX (858) 799-0801
www.papgpc.org

LASHAIJNDA GAINES
PUBLIC ADMINISTRATOR
PUBLIC GUARDIAN
PUBLIC CONSERVATOR

October 12, 2020

TO: Juan R. Perez
Chief of Audits

FROM: LaShaunda Gaines, Director
Office of the Public Administrator/ Guardian/ Conservator

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: Public Administrator/
Guardian/ Conservator Offices' Transition Audit

**Finding I: Inadequate Evidence that Minor Equipment and Supplies Desk
Procedures Are Periodically Reviewed**

OAAS Recommendation: PA/PG/PC management should establish a monitoring process to periodically review and approve the desk procedures for Minor Equipment and Supplies and retain adequate evidence of this process.

Department Response: The department disagrees with the audit finding and would like to underscore the difference between the official policies and procedures that are issued, reviewed, and approved by management and desk procedures or desk aids that are created by employees. The COSO framework was cited as establishing best practices for the control activities, or policies and procedures, that help ensure management directives are carried out. The department understands the importance of this and maintains that the COSO recommendations are followed by formally issuing, reviewing, and approving official policies and procedures, including Policy No: FSSD-S-07 for Capital Assets and Minor Equipment. There is no official County policy that can be cited for the requirement that desk procedures which are created as a supplement for official Agency policies and procedures also be signed by management. The department would like to assert that control activities are in place and working effectively with the same proof that the auditor noted: one of the three desk procedures were updated in December 2018 and remained up to date and the other two were updated in May 2020. Additionally, the Department's formal Policy No: FSSD-S-07 was signed by the Executive Finance Director on September 1, 2019 and is scheduled to be reviewed on September 1, 2021.

Action Plan: The department will continue our commitment to COSO by issuing, reviewing, and approving official policies and procedures. The department will remind employees to update desk procedures periodically or as needed.

Contact information for Implementation: Erik Nouvong, Administrative Services Manager I.

If you have any questions, please contact me at 858-495-5586.

LaShaunda Gaines

LaShaunda Gaines
Public Administrator, Guardian, Conservator

Office of Audits & Advisory Services
Public Administrator/Guardian/Conservator Officers' Transition Audit (A21-002)
Rebuttal to the Department's Response

In its response, the department states that it disagrees with our finding while declaring its full commitment to the COSO framework because formal policies and procedures are issued, reviewed, and approved by management; however, desk procedures or desk aids that are created by employees are not. Further, the department states that there is no County policy that can be cited for the requirement that desk procedures which are created as a supplement for official Agency policies and procedures also be signed by management.

OAAS stands by its finding and recommendation. The informal desk procedures referenced in the finding are utilized to train staff on a basic and important management function: accountability of assets. Establishing internal controls is a management function, and policies and procedures are the primary method by which management ensures that control activities are carried out by employees. The COSO framework makes no distinction between formal and informal policies and/or procedures. Further, the COSO framework requires not only the implementation of control activities (e.g. policies and procedures), but continuous monitoring activities to ensure controls are in place and working as designed, and it also requires minimum levels of documentation to demonstrate that these monitoring activities are taking place.