

# OFFICE OF AUDITS & ADVISORY SERVICES



## DEPARTMENT OF PUBLIC WORKS OFFICERS' TRANSITION AUDIT

*FINAL REPORT*

Chief of Audits: Juan R. Perez  
Audit Manager: Franco Lopez, CIA, CISA, CPA, CISSP  
Auditor I: Peter Serwach, 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

May 1, 2023

TO: Bill Morgan, Interim Director  
Department of Public Works

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: DEPARTMENT OF PUBLIC WORKS OFFICERS' TRANSITION AUDIT**

Enclosed is our report on the Department of Public Works 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:PS:nb

Enclosure

c: Sarah Aghassi, Deputy Chief Administrative Officer, Land Use and Environment Group  
Tracy Drager, Auditor and Controller  
Jennifer Lawson, Chief Operations Officer, Land Use and Environment Group  
Aimee Leighton, Interim Group Finance Director, Land Use and Environment Group

## INTRODUCTION

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|--------------------------------------|--|
| <b>Audit Objective</b>               | The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Department of Public Works (DPW). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Jeff Moneda, and incoming officer, Derek Gade, took appropriate actions and filed required reports as of October 5, 2022, 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.                 |
| <b>Background</b>                    | 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's (GMS) Evaluation and Accountability component, as well as the County's Sustainability/Resilience and Empower/Transparency and Accountability strategic initiatives. |
| <b>Audit Scope &amp; Limitations</b> | <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>   |
| <b>Methodology</b>                   | OAAS reviewed all the reports filed by the outgoing and incoming officers, obtained supporting documentation, and performed limited internal control testing.  |

## AUDIT RESULTS

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| <b>Summary</b>    | 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: |
| <b>Finding I:</b> | <b>Internal Controls Over Capitalized Assets Need Improvement</b><br>OAAS identified capital assets with no asset tags affixed in 6 out of 10 sampled capital assets as outlined in Table 1:   |

**Table 1: Capital Assets Missing Asset Tags**

| Asset Tag # | Asset Description   | Amount    |
|-------------|---|-----------|
| 26301200    | Super Unicom System   | \$43,095  |
| None        | Scada Monitoring System   | \$329,175 |
| 22204300-1  | Scrubber-Activated Carbon                                       | \$27,553  |
| 25788600    | Camera Multi-Conductor Pan & Tilt                               | \$22,728  |
| 25815200    | Generator MQ Power  | \$26,202  |
| 26329400    | Reel Rigid 13998 KD - 325-325 F with Self Leveling Color Camera | \$7,543   |

DPW indicated asset tags were missing due to natural wear and exposure out in the field. However, the tags should have been replaced and updated as needed during the most recent physical inventory, or as noted. Missing tags may result in inaccurate or incomplete inventories due to the inability to confirm assets are properly tracked. Insufficient accountability for capital assets increases the risk of theft, loss, and/or misappropriation of assets without detection.

Admin Manual Item No. 0050-02-01 states that department heads are responsible for all County property in their charge. These responsibilities include identification and control of these assets, filing of inventories, and submission of reports as specified by the Board of Supervisors. This includes ensuring decals are affixed to assets in a spot that is easily visible when conducting inventories.

**Recommendation:** To improve internal controls over fixed assets and ensure compliance with the Admin Manual, DPW should:

1. Ensure that employees with asset management responsibilities are trained and understand their duties as required by County policy.
2. Ensure that asset decals are affixed to the capital assets sighted in Table 1.

Office of Audits & Advisory Services



VALUE

**DEPARTMENT'S RESPONSE**  
(DEPARTMENT OF PUBLIC WORKS)



# County of San Diego

**DEREK R. GADE**  
INTERIM DIRECTOR

DEPARTMENT OF PUBLIC WORKS  
5510 OVERLAND AVENUE, SUITE 410  
SAN DIEGO, CA 92123-1237  
(858) 694-2212  
[www.sdcounty.ca.gov/dpw/](http://www.sdcounty.ca.gov/dpw/)

April 19, 2023

TO: Juan R. Perez  
Chief of Audits

FROM: Derek R. Gade, Interim Public Works Director  
Department of Public Works

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: Department of Public Works Officers' Transition Audit

**Finding I: Internal Controls Over Capitalized Assets Need Improvement**

**OAAS Recommendations:** 1) Ensure that employees with asset management responsibilities are trained and understand their duties as required by County policy. 2) Ensure that asset decals are affixed to the capital assets sighted in Table 1 of the report.


**Action Plan:** 1) DPW will determine the list of all asset management staff who conducts our annual reviews and provide training to them on how to ensure responsible control for DPW's capital assets including regular review of inventory practices, documenting inventories, and properly marking capital assets with asset tags. 2) DPW will ensure new asset tags are attached to the six capital assets identified in the report and provide proof to the Auditor.

**Planned Completion Dates:** 1) June 30, 2023 and 2) May 19, 2023.

**Contact Information for Implementation:** Derek Gade, Interim Director

If you have any questions, please contact me at (858) 694-3897 or by email at [derek.gade@sdcounty.ca.gov](mailto:derek.gade@sdcounty.ca.gov).

Sincerely,

  
DEREK R. GADE, P.E., Interim Director  
Department of Public Works