

# OFFICE OF AUDITS & ADVISORY SERVICES



## HEALTH AND HUMAN SERVICES AGENCY- REGIONAL OPERATIONS REORGANIZATION TRANSITION AUDIT

*FINAL REPORT*

Chief of Audits: [Juan R. Perez](#)  
Audit Manager: [Chris Efird, CPA](#)  
Auditor I: [Mercedes Pereira-Trent, MBA](#)

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# County of San Diego

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AUDITOR AND CONTROLLER

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**JUAN R. PEREZ**  
CHIEF OF AUDITS

December 2, 2022

TO: Kimberly Giardina, Director of Child Welfare Services  
HHSA – Child Welfare Services Administration

FROM: Juan R. Perez  
Chief of Audits

## FINAL REPORT: HEALTH AND HUMAN SERVICES AGENCY – REGIONAL OPERATIONS REORGANIZATION TRANSITION AUDIT

Enclosed is our report on the Health and Human Services Agency – Regional Operations Reorganization 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: Patty Kay Danon, Chief Operations Officer, Health and Human Services Agency  
Tracy Drager, Auditor and Controller  
Amy Thompson, Executive Finance Director, Health and Human Services Agency  
Christy Carlson, Group Program Manager, Health and Human Services Agency  
Debbie Ordonez, Revenue & Budget Manager, Health and Human Services Agency



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**JUAN R. PEREZ**  
CHIEF OF AUDITS

December 2, 2022

TO: Dr. Eric McDonald, Chief Medical Officer  
HHS – Medical Care Services

FROM: Juan R. Perez  
Chief of Audits

## FINAL REPORT: HEALTH AND HUMAN SERVICES AGENCY – REGIONAL OPERATIONS REORGANIZATION TRANSITION AUDIT

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If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ  
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- c: Patty Kay Danon, Chief Operations Officer, Health and Human Services Agency
- Tracy Drager, Auditor and Controller
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## INTRODUCTION

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<b>Audit Objective</b>	The Office of Audits & Advisory Services (OAAS) has completed an audit of the transition of accountabilities related to the July 2021 Health and Human Services Agency's (HHS) - Regional Operations Reorganization (ROR). The objective of the audit was to determine if there is reasonable assurance that HHS-ROR executives who relinquished or assumed accountabilities related to the reorganization took appropriate actions and filed required reports as of July 1, 2021, 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 (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 the reports filed by the outgoing and incoming officers for accuracy and completeness, obtained supporting documentation, and performed limited internal control testing. Table 1 outlines the list of reports and certificates filed by HHS-ROR executives, and Table 2 provides an overview of the judgmental sample selected for testing.

**Table 1: Total of Accountabilities Reported by HHSR-ROR Executives**

Officer From - To	Minor Equipment Inventory Certificates	Materials & Supplies Inventory Certificates	Report of Trust Liabilities	Revolving Funds	Total Accountabilities Reported
Matthews to Giardina	1,972,686.76	9,606.28		300.00	1,982,593.04
Matthews to McDonald	1,528,638.04	49,783.51		375.00	1,578,796.55
Bransford-Koons to Giardina	1,513,479.98	9,118.14		400.00	1,522,998.12
Jimenez to Giardina	1,961,383.45	6,021.26		350.00	1,967,754.71
Jimenez to McDonald	462,348.96	25,608.02		150.00	488,106.98
Bransford-Koons to McDonald	597,459.83	16,993.56			614,453.39
Bransford-Koons to Jimenez	178,664.51	4,102.41			182,766.92
Wanne to Jimenez			6,761,375.14		6,761,375.14
	<b>8,214,661.53</b>	<b>121,233.18</b>	<b>6,761,375.14</b>	<b>1,575.00</b>	<b>15,098,844.85</b>

**Table 2: Sample of Accounts and Locations Selected for Testing**

Description	Sample Selected	Officer From - To
Trust Funds	<b>Fund No. 66024</b> Community Service Block Grant	Wanne to Jimenez
Revolving Funds	<b>Petty Cash:</b> 389 N. Magnolia Ave., El Cajon, CA 92020	Bransford-Koons to Giardina
	<b>Petty Cash:</b> 8911 Balboa Ave., San Diego, CA 92123	Bransford-Koons to Giardina
	<b>Petty Cash:</b> 4305 University Ave., San Diego, CA 92105	Jimenez to Giardina
	<b>Change Fund:</b> 5202 University Ave., San Diego, CA 92105	Jimenez to McDonald
Materials & Supplies	389 N. Magnolia Ave., El Cajon, CA 92020	Bransford-Koons to Giardina
	5055 Ruffin Rd., San Diego, CA 92123	Matthews to McDonald
	303 H St., Chula Vista, CA 91910	Jimenez to Giardina
Minor Equipment	389 N. Magnolia Ave., El Cajon, CA 92020	Bransford-Koons to Giardina
	5055 Ruffin Rd., San Diego, CA 92123	Matthews to McDonald
	303 H St., Chula Vista, CA 91910	Jimenez to Giardina

## 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 identified the following areas as opportunities for improvement:

### Finding I:

#### **Internal Controls over Minor Equipment and Materials & Supplies Need Improvement**

OAAS noted the following with respect to the accuracy and completeness of the Minor Equipment (ME) and Materials & Supplies Inventory Certificates submitted by HHSa:

#### **Minor Equipment Certificates**

HHSa-ROR officers reported \$8,214,661 on the Minor Equipment Inventory Certificates; however, OAAS noted the following errors which caused the Minor Equipment Certificates to be overstated by \$972,765:

- Eight minor equipment inventory listings (MEIL) submitted to support the reported minor equipment balance were included more than once. As a result, the Minor Equipment Certificates were overstated by \$1,059,808.
- Two MEILs totaling \$87,043 were provided as support for the reported minor equipment balance; however, these listings were not included in the \$8,214,661 minor equipment inventory total reported by HHSa-ROR officers.

#### **Materials & Supplies Certificates**

- HHSa-ROR officers reported \$121,233 on the Materials & Supplies Inventory Certificates; however, OAAS noted that six materials and supplies inventory listings submitted to support the reported materials and supplies balance were included more than once. As a result, the Materials & Supplies Certificates were overstated by \$42,601.

Additionally, OAAS identified exceptions in 13 out of 40 sampled minor equipment assets. These exceptions are outlined below in Table 3.

**Table 3: Summary of Minor Equipment Exceptions**

Type of Exceptions	Exceptions
Un sighted ME asset listed on the MEIL, with wrong description	1
Un sighted asset listed on MEIL, belonging to another department	1
ME asset sighted, but not listed on MEIL	3
ME sighted without ME decal affixed	8
<b>Total Minor Equipment Exceptions</b>	<b>13</b>

County Administrative 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.

According to HHSR-ROR, the errors were an oversight by the staff who prepared the inventory certificates. Additionally, employees with asset management responsibilities were not always fully aware of all minor equipment requirements.

Deficiencies in internal controls related to the tracking of minor equipment and materials and supplies increase the risk of asset misappropriation, misuse, or loss. Furthermore, inaccurate, or incomplete inventory listings may hinder the County's ability to establish appropriate levels of insurance coverage while also preventing HHSR-ROR executives from relinquishing or assuming the correct amount of assets.

**Recommendation:** To strengthen inventory controls over minor equipment and capitalized assets HHSR should:

1. Ensure that employees with asset management responsibilities are trained and understand their duties as required by County policy.
2. Update the Minor Equipment and Materials & Supplies Certificates to accurately reflect the correct amount of the assets relinquished or assumed by officers involved in the reorganization.
3. Ensure that the exceptions outlined in Table 3 are resolved.

Office of Audits & Advisory Services



VALUE



**DEPARTMENT'S RESPONSE**  
**(CHILD WELFARE SERVICES)**



# County of San Diego

**NICK MACCHIONE, FACHE**  
AGENCY DIRECTOR

**HEALTH AND HUMAN SERVICES AGENCY**  
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**KIMBERLY GIARDINA, DSW, MSW**  
DIRECTOR  
CHILD WELFARE SERVICES

December 2, 2022

**TO:** Juan R. Perez, Chief of Audits  
Auditor & Controller

**FROM:** Kimberly Giardina, Director  
Child Welfare Services

## **DEPARTMENT RESPONSE TO HHSA REGIONAL OPERATIONS REORGANIZATION TRANSITION AUDIT**

### **Finding I:**

**Internal Controls over Minor Equipment and Materials & Supplies Need Improvement**

#### OAAS Recommendation

To strengthen inventory controls over minor equipment and capitalized assets, HHSA should:

1. Ensure that employees with asset management responsibilities are trained and understand their duties as required by County policy
2. Update the Minor Equipment and Materials & Supplies Certificate to accurately reflect the correct amount of the assets relinquished or assumed in the reorganization
3. Ensure that the exceptions outlined in Table 3 are resolved

#### Action Plan

CWS agrees with the audit recommendations and will work to complete them in a timely manner. The exceptions outlined in Table 3 and the Minor Equipment and Materials & Supplies Certificates applicable to CWS will be updated by 12/22/22.

Staff with assessment management responsibilities will review County policy and view recordings in LMS related to inventory (Inventory 2022 FYE Workshop – Recording) to comprehend their required duties more fully. Staff will also attend the yearly inventory trainings as they are offered (typically in May).

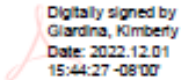
Additionally, CWS has dedicated a team of analysts to the regional offices to help coordinate activities such inventory management. This is expected to help streamline the inventory process and reduce risk for future audits.

Juan R. Perez  
December 2, 2022  
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Planned Completion Date

For recommendations 1 & 2, the planned completion date is 12/22/22. Recommendation 3 will be fully complete depending on the date of the inventory training. However, review of County policy and LMS activities will be completed by 12/22/22.

Please contact Samuel Murray, Departmental Budget Manager at (858) 616-5943 if you have any questions.

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Kimberly  Digitally signed by  
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KIMBERLY GIARDINA, Director, DSW, MSW  
Child Welfare Services

SM/kg

**DEPARTMENT'S RESPONSE  
(MEDICAL CARE SERVICES)**



# County of San Diego

**NICK MACCHIONE, FACHE**  
AGENCY DIRECTOR

**HEALTH AND HUMAN SERVICES AGENCY**  
MEDICAL CARE SERVICES  
PO BOX 231309, MAIL STOP S-555  
SAN DIEGO, CA 92193-1309  
(858) 514-3260 • FAX (619) 399-3459

**ERIC C. MCDONALD, MD, MPH, FACEP**  
CHIEF MEDICAL OFFICER

December 1, 2022

TO: Juan R. Perez  
Chief of Audits

FROM: Eric C. McDonald, MD, MPH, FACEP, Chief Medical Officer  
Medical Care Services

## **DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: HEALTH AND HUMAN SERVICES AGENCY – REGIONAL OPERATIONS REORGANIZATION TRANSITION AUDIT**

The Health and Human Services Agency (HHSA), Medical Care Services (MCS) Department has received the Final Draft Report on the Regional Operations Reorganization Transition Audit. This letter details MCS’s response to the findings and recommendations identified in the report and the actions taken by MCS to ensure continued compliance with current HHSA policies.

### **Finding I:** Internal Controls over Minor Equipment and Materials & Supplies Need Improvement

**OAAS Recommendation:** To strengthen inventory controls over minor equipment and capitalized assets HHSA should:

1. Ensure that employees with asset management responsibilities are trained and understand their duties as required by County policy.
2. Update the Minor Equipment and Materials & Supplies Certificates to accurately reflect the correct amount of the assets relinquished or assumed by officers involved in the reorganization.
3. Ensure that the exceptions outlined in Table 3 are resolved.

### **Action Plan:**

- Finding I, #1 – MCS concurs with the audit recommendations. Employees with asset management responsibilities attend County Auditor & Controller Inventory training in May of each year. In addition, HHSA Fiscal Services will set up a training session for staff to understand their duties as required by County policy.
- Finding I, #2 - MCS concurs with the audit recommendations. The Minor Equipment and Materials & Supplies Certificates have been corrected and submitted to accurately reflect the assets relinquished or assumed by officers involved in the reorganization on 10/19/2022.

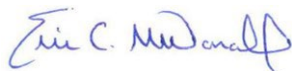
Juan R. Perez  
December 1, 2022  
Page 2

- Finding I, #3 - MCS concurs with the audit recommendations. We are ensuring that the exceptions outlined in Table 3 are resolved. We have corrected the unsighted asset with the wrong description, the sighted asset not listed on the Minor Equipment Inventory Listing, and the sighted asset without the decal as of 10/20/2022. MCS is currently correcting the unsighted asset listed on the Minor Equipment Inventory Listing belonging to another department.

**Planned Completion Date:** Training for employees with asset management responsibilities will be completed by 6/30/2023, while the exceptions outlined in Table 3, the unsighted asset listed on the Minor Equipment Inventory Listing belonging to another department, will be resolved by 12/15/2022.

Please do not hesitate to contact Tamara Murphy, Departmental Budget Manager at (619) 820-1802 if you have any questions or concerns.

Respectfully,



**ERIC C. MCDONALD, MD, MPH, FACEP**, Chief Medical Officer  
Medical Care Services

ER:tm