

OFFICE OF AUDITS & ADVISORY SERVICES



HEALTH AND HUMAN SERVICES AGENCY - PUBLIC ADMINISTRATOR/GUARDIAN/ CONSERVATOR REORGANIZATION TRANSITION AUDIT

FINAL REPORT

Chief of Audits: Juan R. Perez
Audit Manager: Christopher Efird, CPA
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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

May 3, 2023

TO: Dr. Luke Bergmann, Director
Behavioral Health Services

FROM: Juan R. Perez
Chief of Audits

**FINAL REPORT: PUBLIC ADMINISTRATOR/GUARDIAN/CONSERVATOR
REORGANIZATION TRANSITION AUDIT**

Enclosed is our report on the Public Administrator/Guardian/Conservator Reorganization Transition Audit. As there are no findings and recommendations in the report pertaining to your department, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

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

May 3, 2023

TO: Kimberly Gallo, Director, Aging and Adult Services
Public Administrator/Public Guardian
Aging & Independence Services

FROM: Juan R. Perez
Chief of Audits

**FINAL REPORT: PUBLIC ADMINISTRATOR/GUARDIAN/CONSERVATOR
REORGANIZATION TRANSITION AUDIT**

Enclosed is our report on the Public Administrator/Guardian/Conservator 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

INTRODUCTION

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Health and Human Services Agency - Public Administrator/Guardian/Conservator (PA/PG/PC). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, LaShaunda Gaines, and incoming officers, Kimberly Gallo and Luke Bergmann, took appropriate actions and filed required reports as of November 11, 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.
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's (GMS) Evaluation and Accountability component, as well as the County's Sustainability/Resilience and Empower/Transparency and Accountability strategic initiatives.
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 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:	<p>Controls Over Minor Equipment Need Improvement</p> <p>OAAS noted the following with respect to the accuracy and completeness of the Minor Equipment Inventory Listing (MEIL) and the Minor Equipment Inventory Certificate submitted by PA/PG/PC:</p>

- PA/PG/PC reported a total of \$18,517.58 on the Minor Equipment Inventory Certificate. OAAS selected 14 minor equipment assets for testing and found that 8 out of 14 sampled minor equipment assets were not recorded in the MEIL and did not have the required Minor Equipment Decal affixed.
- Additionally, three sampled minor equipment assets did not have the correct location on the MEIL.

According to PA/PG/PC, the eight minor equipment assets (locker-cabinets) are part of 248 minor equipment assets that were transferred by the Department of General Services to PA/PG/PC in 2015. The total value of the transferred assets was \$291,234.84. However, according to PA/PG/PC, the Fiscal Team was never provided the paperwork, nor instructions, to add those items to the MEIL. Therefore, these items were never properly recorded.

PA/PG/PC stated that the assets with the incorrect location are currently being used in the warehouse. The staff that performed the minor equipment inventory were unaware that they needed to report the inventory by location.

OAAS conducted a prior PA/PG/PC transition audit in 2020; however, due to the ongoing health emergency at the time, was not able to conduct a site visit and thus did not note this deficiency for the previous PA/PG/PC officer.

Deficiencies in internal controls related to the tracking of minor equipment 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 PA/PG/PC from relinquishing or assuming the correct amount of assets.

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. Additionally, minor equipment listings must describe the quantity and nature of the minor equipment items, their location and assigned value.

Recommendation: To strengthen inventory controls over minor equipment PA/PG/PC should:

1. Perform an inventory of all the minor equipment assets transferred in 2015 to confirm the number of items that are still in their possession.

2. Update the MEIL and Minor Equipment Certificate to accurately reflect the correct amount and location of minor equipment assets relinquished or assumed by officers involved in the reorganization.
3. Affix the required minor equipment decal to all the minor equipment assets missing the decal.
4. Ensure that employees with asset management responsibilities are trained and understand their duties as required by County policy.

Finding II:**Incomplete Safe Activity Log Records**

OAAS reviewed a section of the PA/PG/PC safe/vault activity log from 12/27/22 to 12/29/22 and noted there were 37 entries on the document, 20 of which did not have two signatures from authorized employees.

According to the PA/PG/PC, the entries with only one signature are related to the vault custodian entering the vault for purposes of storing and/or retrieving customer belongings in the vault, not for items stored in the petty cash security cabinet. Therefore, they believed it was not necessary to record two signatures.

Allowing a single employee to enter the vault unsupervised greatly increases the risk of misuse, loss, or misappropriation of monetary valuables and other assets stored in the vault.

The Treasurer and Tax Collector Cash Handling Policies and Procedures states that each time the main safe is opened and closed, there should be two employees present (double custody/dual custody). One employee should open and close the main safe and one employee should verify the activity performed.

Additionally, the employee verifying the activity should be present during the entire time to confirm the activity performed, and both employees should initial the safe activity log.

Recommendation: To strengthen inventory controls over Revolving Funds, PA/PG/PC should:

1. Revise internal procedures to state that at least two employees are required to be present each time the vault is entered, and that both employees are required to sign and date the safe/vault activity log.

 Office of Audits & Advisory Services

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

VALUE

DEPARTMENT'S RESPONSE
(PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN)



County of San Diego

NICK MACCHIONE, FACHE
AGENCY DIRECTOR

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KIMBERLY GALLO
DIRECTOR
AGING AND ADULT SERVICES
PUBLIC ADMINISTRATOR
PUBLIC GUARDIAN

May 2, 2023

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

FROM: Kimberly Gallo, Director, Aging and Adult Services
Public Administrator/Public Guardian
Aging & Independence Services

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: A23-008 PAPAGPC TRANSITION AUDIT

Finding I: Controls Over Minor Equipment Need Improvement

OAAS Recommendation: To strengthen inventory controls over minor equipment PA/PG/PC should:

1. Perform an inventory of all the minor equipment assets transferred in 2015 to confirm the number of items that are still in their possession.
2. Update the MEIL and Minor Equipment Certificate to accurately reflect the correct amount and location of minor equipment assets relinquished or assumed by officers involved in the reorganization.
3. Affix the required minor equipment decal to all the minor equipment assets missing the decal.
4. Ensure that employees with asset management responsibilities are trained and understand their duties as required by County policy.

Action Plan: We agree with the recommendations.

1. Inventory was completed on April 28, 2023.
2. MEIL and Minor Equipment Certificate has been signed with new total value.
3. Minor equipment decal has been added to minor equipment assets missing the decal.
4. Employees with asset management responsibilities will attend the A&C Year-End Inventory Training during May 2023.

Planned Completion Date: May 31, 2023.

Finding II: Incomplete Safe Activity Log Records

OAAS Recommendation: To strengthen inventory controls over Revolving Funds, PA/PG/PC should:

1. Revise internal procedures to state that at least two employees are required to be present each time the vault is entered, and that both employees are required to sign and date the safe/vault activity log.

Action Plan: We agree with the recommendation. This has been implemented on March 2, 2023; attached are updated procedures on page 3, center dot: "Entering and exiting the Vault". Also included are Vault Activity Log to confirm implementation.

Contact Information for Implementation is Renato Bondoc, Senior Accountant. If you have any questions, please contact me at (858) 505-6329.

Sincerely,



KIMBERLY GALLO, Director, Aging and Adult Services
Public Administrator/Public Guardian
Aging & Independence Services