

OFFICE OF AUDITS & ADVISORY SERVICES

INVENTORIES AUDIT

FINAL REPORT



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JUAN R. PEREZ
CHIEF OF AUDITS

October 28, 2024

TO: Tamika Nelson, Chief Probation Officer
Probation Department

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: INVENTORIES AUDIT

Enclosed is our report on the Inventories Audit. As there are no findings and recommendations in the report, 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:VC:nb

Enclosure

c: Andrew Strong, Deputy Chief Administrative Officer, Public Safety Group
Tracy Drager, Auditor and Controller
Rosemarie Degracia, Group Finance Director, Public Safety Group
Cyndy Trinh-Keo, Manager, Probation Department

About the Office of Audits & Advisory Services

The mission of the Auditor and Controller's Office of Audits & Advisory Services (OAAS) is to provide independent, objective assurance and consulting services designed to add value and improve the County of San Diego's operations. OAAS helps the County accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Audit Authority

OAAS derives its authority to conduct audits of County departments and programs primarily from the County Charter, County Administrative Code, Board of Supervisors Policy Manual, and California Government Code.

Statement of Auditing Standards

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.



AUDIT OBJECTIVE & SCOPE

The Office of Audits & Advisory Services (OAAS) completed an audit of the biennial inventories of capitalized assets and minor equipment. The objective of the audit was to conduct direct observation of physical inventories for a sample of County departments, to assess the adequacy of related internal controls and reporting processes.

The scope of the audit included observing the biennial inventories of capitalized assets and minor equipment for FY 2023-24 and assessing departments' conformance with Auditor and Controller (A&C) guidelines. The Probation Department was selected as the sampled department for review during this year's audit.

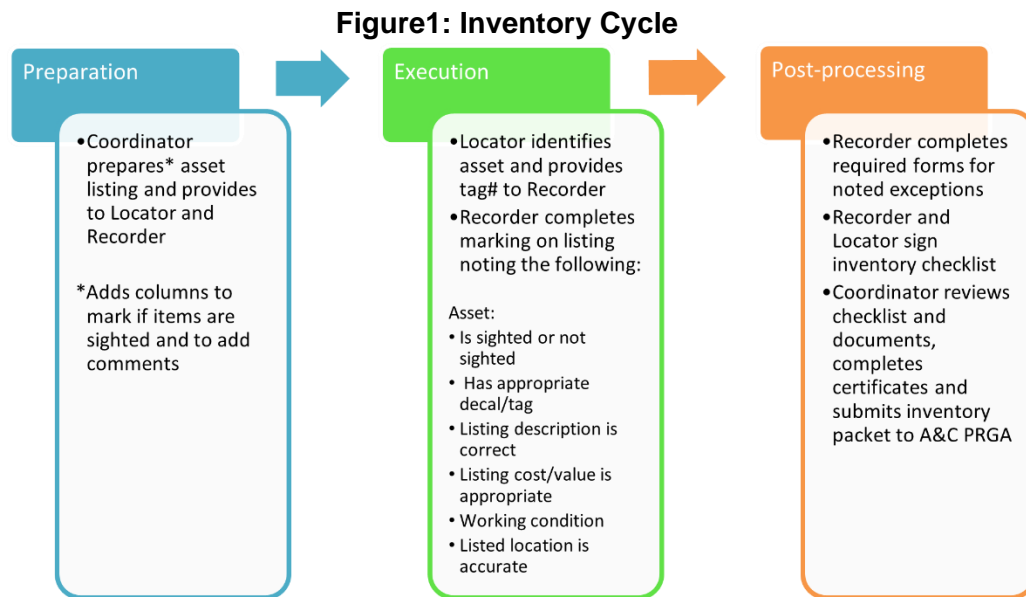
AUDIT RESULTS

Within the scope of the audit, OAAS observed that the inventories were conducted in accordance with the Admin Manual Item 0050-02-01 and the schedule established in the Year-End Manual for the Biennial Physical Inventories.

BACKGROUND

Government Code Section 24051 and Administrative Code Sections 80 and 91.1 through 91.3 confer to County officers and department heads the responsibility for all County property (assets) in their charge, including capital assets and minor equipment. These responsibilities include the identification and control of these assets, the filing of inventories, and the submission of reports as specified by the County Board of Supervisors.

County of San Diego Administrative Manual (Admin Manual) Item 0050-02-01 states that County departments are required to conduct a complete physical inventory of all capital assets, minor equipment, and books on a biennial basis. Additionally, Government Code Section 26881 provides authority for the County Auditor and Controller to prescribe, supervise, and review departmental and Countywide internal controls, including forms and methods of keeping the accounts of all offices. Inventories are to be conducted according to the schedule published in the A&C Fiscal Year-End Closing Manual. All physical inventories must be signed and certified by the department head. The inventory process is described in the Biennial Physical Inventory of Capital Assets guide published by A&C and available on the A&C website. The inventory process includes three phases as described in Figure 1.



METHODOLOGY

OAAS performed the audit using the following methods:

- Reviewed applicable audit standards, County policies and procedures, the Fiscal Year-End Manual, and required forms.
- Reviewed best practices for physical inventory of assets.
- Selected the Probation Department for detailed testing.
- Performed the following testing:
 - Conducted an unannounced visit for testing during the time the biennial inventories were being conducted.
 - Interviewed management and staff in charge of the biennial inventories to determine their awareness of County policies and procedures for conducting inventories.
 - Verified that the inventories were conducted in accordance with the Admin Manual Item 0050-02-01 and the Biennial Physical Inventory of Capital Assets procedures.
 - Reviewed the Oracle Fixed Asset Module (OFAM) to ensure that it did not have any unsighted assets listed. If unsighted assets were listed, verified that the department followed up on the procedures to locate or dispose of the assets.