

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Honorable Peter Foy, Board of Supervisors, District 4
Marty Robinson, County Executive Officer

Date: September 30, 2009

From: Christine L. Cohen 

Subject: AUDIT OF CHANGE IN COUNTY SUPERVISOR FOR DISTRICT 4

EXECUTIVE SUMMARY

We have completed our audit of the change in County Supervisor for District 4. Our overall objective was to determine whether appropriate actions had been taken to accomplish the transfer of accountability and administrative functions from the preceding to the succeeding Supervisor. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors. Our findings are summarized below with details provided in the attached report.

Overall, accountability and administrative functions were satisfactorily transferred between officials. For example, we confirmed that annual, leaving office, and assuming office *Statements of Economic Interest* were properly filed with the County Clerk and Recorder. We also verified that computer access was properly disabled for the prior Supervisor and that County equipment was returned. In addition, credit card claims and other expenditures incurred by the prior Supervisor generally appeared reasonable, and sensitive non-fixed assets were accounted for properly.

However, improvements were needed to address the following conditions noted during our audit:

- The current Supervisor was improperly paid an automobile allowance for nearly 2 years due to inadequate revision of the Management Resolution, resulting in \$8,250 in overpayments.
- Employee exit and entrance procedures were not always performed timely to report the transfer of facility access devices and update signature authorizations.
- Petty cash was not always properly secured.

District 4 and County Executive Office management has implemented corrective actions as noted in the attached report and will complete any outstanding corrective actions by November 2009.

We appreciate the cooperation and assistance extended by you and your staff during this audit.

Attachment

cc: Honorable Steve Bennett, Chair, Board of Supervisors
Honorable Kathy Long, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable John C. Zaragoza, Board of Supervisors

AUDIT OF CHANGE IN COUNTY SUPERVISOR FOR DISTRICT 4

BACKGROUND:

The Board of Supervisors (BOS) is the governing body for the County of Ventura. The BOS is comprised of five members who maintain legislative, executive, and quasi-judicial authority for the County of Ventura. Each member oversees an assigned district and is elected by voters in the supervisorial district for a term of 4 years. District 4 includes the communities of Simi Valley, Moorpark, Somis, Las Posas Valley, Santa Susana Knolls, Box Canyon, Chatsworth Peak, Home Acres, Sinaloa Lake, and Tierra Rejada Valley.

Supervisor Peter C. Foy was elected to replace Supervisor Judy Mikels for District 4 in November 2006 and took office in January 2007. The BOS, as a whole, was authorized 32 positions for fiscal year 2008-09 with a combined budget of \$3.75 million. Supervisor Foy's office specifically employs five staff members. The County Executive Office (CEO) provides fiscal and administrative services for the BOS.

SCOPE:

Our overall audit objective was to determine whether appropriate actions had been taken to accomplish the transfer of accountability and administrative functions from the preceding to the succeeding Supervisor. Specifically, we:

- verified that petty cash was accounted for properly and balances were reasonably stated at the time of the change in Supervisor;
- confirmed that sensitive non-fixed assets were tracked and accounted for properly;
- verified that required documents, such as *Statements of Economic Interests* and signature authorizations, were completed;
- reviewed actions taken to update security measures, including the deactivation of facility access cards and termination of computer access;
- confirmed that County equipment was collected from the outgoing Supervisor and accounted for properly; and
- verified that expenses incurred by the prior Supervisor in the months before leaving office were reasonable.

We performed audit tests and evaluations using documents provided by the BOS, CEO, and the Auditor-Controller's Office. The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors. For our audit, we used documents and records for the period October 2005 through April 2009.

FINDINGS:

Overall, accountability and administrative functions were satisfactorily transferred between officials. We confirmed that annual, leaving office, and assuming office *Statements of Economic Interests* (i.e., California Form 700's) were properly filed. We also verified that computer access was properly disabled for the prior Supervisor and that County equipment assigned to the prior Supervisor was returned. In addition, credit card claims and other expenditures incurred by the prior Supervisor generally appeared reasonable, and sensitive non-fixed assets were tracked and accounted for properly.

However, our audit disclosed that the current Supervisor was improperly paid an automobile allowance for nearly 2 years due to inadequate revision of the Management Resolution. We also found that employee exit and entrance procedures were not always sufficient to report the transfer of facility access devices and update signature authorizations in a timely manner. In addition, improvements were needed to better safeguard petty cash.

Following are details of the areas where improvements were needed. Management initiated corrective action during the audit as noted.

1. **Automobile Allowance.** The current Supervisor was improperly paid an automobile allowance of \$375 per month for 22 months, from the date of hire on January 7, 2007, until discovered during our audit, resulting in \$8,250 in overpayments. According to Ordinance 4316 adopted by the BOS on February 15, 2005, compensation to the BOS no longer includes an automobile allowance. However, the Management Resolution was not revised by the CEO's Human Resources Division to reflect this change, which resulted in a Human Resources transaction establishing this payment in error. (Note: The Auditor-Controller's Office took immediate action to discontinue the automobile allowance and notify the current Supervisor of the overpayment. We have confirmed that the full overpayment has been reimbursed to the County).

Management Action. Management stated: "CEO Human Resources is in the process of updating the 2010 Management Resolution to indicate no auto allowance for County Supervisors as reflected in Ordinance 4316. It is anticipated that the Management Resolution will be updated by November 2009."

2. **Exit/Entrance Procedures.** Procedures required upon a change in Supervisor were not always performed in a timely manner, increasing County security risks and potential unauthorized transactions.
 - A. **Key Fob Transfer.** Although the key fob assigned to the prior Supervisor was reportedly given to the current Supervisor upon entering office, the transfer of this facility access device was not formally reported in a timely manner. The General Services Agency (GSA) makes all facility access modifications (i.e., additions and deletions) to the electronic system and is reliant on information provided by departments to authorize these modifications. However, due to untimely notification, GSA's facility access records continued to report access to the Hall of Administration and East County Courthouse under the prior Supervisor's name until June 2007 (i.e., 5 months after the prior Supervisor left office). As a result, proper identification of individuals accessing County facilities, which is fundamental to the maintenance of a secure workplace, was undermined.

Management Action. Management stated: "A new procedure has been implemented, which when an employee terminates employment an e-mail is sent from CEO Fiscal & Administrative Services notifying GSA and requesting that all security access be terminated. The key fob and employee I.D. badge are collected on the employee's last day of employment and sent to GSA."

- B. **Signature Authorizations.** Signature authorizations were not updated in a timely manner upon the change in Supervisor. The *Authorized Department Document and Function Signatures* form is required by the Auditor-Controller to authorize individuals to sign and/or receive designated documents, such as for the approval of journal vouchers and claims for payment. The form lists the authorized individuals and is approved by the agency/department head. However, this form was not updated for the District 4 Supervisor until May 2007 (i.e., 4 months after the change in Supervisor). Failure to update signature authorizations promptly could allow for unauthorized transactions resulting in misappropriation of assets.

Management Action. Management stated: "A new procedure was implemented in January 2009 in which CEO Fiscal & Administrative Services administers the signature authorization forms on behalf of the Board of Supervisors. This new procedure was tested when Supervisor Zaragoza assumed office and the signature authorization forms were updated in one week."

3. **Safeguarding Petty Cash.** Improvement was needed to properly safeguard petty cash. Although the \$50 petty cash fund is locked in a desk drawer overnight, the drawer is not locked during the day, including when the custodian is away from the desk. Because the unlocked drawer is accessible to any person in the District 4

office, a theft could possibly go undetected for weeks at a time until petty cash is reconciled during the reimbursement process.

Management Action. Management stated: "The Petty Cash fund is locked in a desk drawer at all times."

AUDITOR'S EVALUATION OF MANAGEMENT ACTION: We believe that management actions taken or planned were responsive to the audit findings. Management planned to complete corrective actions by November 2009.

We appreciate the cooperation and assistance extended by you and your staff during this audit.