



Orange County Auditor-Controller Internal Audit



Second and Final Close-Out Follow-Up Audit:
District Attorney-Public Administrator
Selected Processes & Controls

As of May 31, 2017

Audit Number 1634-M (Reference 1523-F2)
Report Date: June 21, 2017



O R A N G E C O U N T Y
AUDITOR-CONTROLLER
I N T E R N A L A U D I T

Eric H. Woolery, CPA
Orange County Auditor-Controller

Toni Smart, CPA	Director, Internal Audit
Scott Suzuki, CPA, CIA, CISA	Assistant Director
Michael Dean, CPA, CIA, CISA	Audit Manager II
Raquel Zubi, CPA	Auditor II

12 Civic Center Plaza, Room 200
Santa Ana, CA 92701

Auditor-Controller Website
www.ac.ocgov.com



ERIC H. WOOLERY, CPA
AUDITOR-CONTROLLER



Transmittal Letter

Audit No. 1634-M
(Reference 1523-F2)

June 21, 2017

TO: Tony Rackauckas
District Attorney-Public Administrator

SUBJECT: Second and Final Close-Out Follow-Up Audit:
District Attorney-Public Administrator Selected Processes & Controls
Original Audit No. 1523, Issued July 20, 2016

We have completed our Second and Final Close-Out Follow-Up of District Attorney-Public Administrator (DA-PA) Selected Processes & Controls as of May 31, 2017. Our final report is attached for your review.

I submit an **Audit Status Report** quarterly to the Audit Oversight Committee (AOC) and a quarterly report to the Board of Supervisors (BOS) where I detail any critical and significant audit findings released in reports during the prior quarter and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this Follow-Up Audit will be included in future status reports to the AOC and BOS.

Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Eric H. Woolery, Auditor-Controller
- Frank Kim, County Executive Officer
- Michael Lubinski, Senior Assistant District Attorney, DA-PA
- Jenny Qian, Director of Administrative Services, DA-PA
- Ronald Freeman, Chief Deputy Public Administrator, DA-PA
- Elizabeth Henderson, Senior Deputy District Attorney, DA-PA
- Ana Roach, Revenue & Compliance Manager, DA-PA
- Michele Gorey, Fiscal Services Manager, DA-PA
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Macias Gini & O'Connell LLP, County External Auditor



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District Attorney-Public Administrator
Selected Processes & Controls
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Internal Auditor's Report

**Audit No. 1634-M
(Reference 1523-F2)**

June 21, 2017

TO: Tony Rackauckas
District Attorney-Public Administrator

FROM: Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

SUBJECT: Second and Final Close-Out Follow-Up Audit:
District Attorney-Public Administrator Selected Processes & Controls
Original Audit No. 1523, Issued July 20, 2016

SCOPE

We have completed a Second and Final Close-Out Follow-Up of District Attorney-Public Administrator (DA-PA) Selected Processes & Controls. Our audit was limited to reviewing actions taken, as of May 31 2017, to implement the **one (1) remaining recommendation** from our First Follow-Up Audit No. 1634-K, issued April 5, 2017

BACKGROUND

On February 4, 2014, the Board of Supervisors approved the consolidation of the Office of the Public Administrator with the Office of the District Attorney. We conducted the original audit to:

1. Determine the status of audit issues noted in the former Internal Audit Department's Audit Withdrawal Letter dated February 19, 2014 (Audit No. 1325).
2. Conduct interviews with key personnel to determine any issues or concerns related to the transition of the Public Administrator function to the District Attorney's Office.
3. Review FY 2014-15 Performance Measures as noted in the Public Administrator's FY 2015-16 Recommended Final Budget to ensure those measures are adequately supported.

The original audit identified **one (1) Critical Control Weakness**, **three (3) Control Findings**, and **five (5) Efficiency/Effectiveness Findings**.

RESULTS

Our Second Follow-Up Audit found that DA-PA has taken satisfactory action and **implemented the one remaining recommendation** from the original audit. As such, **this report represents the final close-out of the original audit.**

Based on our First and Second Follow-Up Audits, the following is the implementation status of the nine (9) original recommendations:



Internal Auditor's Report

Finding No. 1 – Obsolete Case Management System (ePAGES) (Critical Control Weakness)

Recommendation No. 1: We recommend DA-PA prioritize the replacement or upgrade of ePAGES. The replacement system must address compliance requirements to avoid potential court penalties and to enhance DA-PA operational efficiencies. Application controls must be adequate to ensure the completeness and accuracy of system information. We also recommend DA-PA implement a mechanism for inventory tracking purposes.

Current Status: Implemented. Our Second Follow-up Audit found that DA-PA acquired BOS approval on April 25, 2017 to obtain a replacement information system from Panoramic Software, Inc. (Panoramic). The contract with Panoramic was signed on May 3, 2017, and specifically identifies the objective to “enable Health Care Agency/Public Guardian (HCA/PG) and DA-PA users to manage each case from inception to closure. Users will have the ability to enter case demographics data into the systems, perform all accounting functions, and manage assets and trusts for each case throughout the many different case types and life cycles. The systems will also allow users to generate various reports related to each case in compliance with court mandates.” User access roles and application security will be configured to meet department requirements, such as HIPAA compliance and general security.

The planned implementation timeline is to start the project in June 2017 and complete implementation by June 2018. DA-PA and HCA/PG staff will co-develop and manage a detailed project plan with specific milestones and deliverables. Due to the actions taken by the DA-PA, we consider this recommendation implemented.

Finding No. 2 – Physical Inventories of Personal Property (Control Finding)

Recommendation No. 2: We recommend DA-PA determine an appropriate frequency of physical inventory counts and perform and document physical periodic inventories of property that is valuable and/or susceptible to theft.

Current Status: Implemented. Our First Follow-up Audit found that DA-PA has performed and documented periodic physical inventories and implemented an MOU effective February 2, 2017 between DA-PA and Public Guardian (PG) that specifies “annual physical inventory of all PG conservatee or trust personal property, including vehicles.” Due to the actions taken by the DA-PA, we consider this recommendation implemented.

Finding No. 3 – Memorandum of Understanding for Joint Processes with HCA/PG (Control Finding)

Recommendation No. 3: We recommend DA-PA work with HCA/PG to develop an MOU describing the shared responsibilities in the areas of real and personal property services.

Current Status: Implemented. Our First Follow-up Audit found that the DA-PA has developed and implemented an MOU effective February 6, 2017 between the DA-PA and HCA/PG that includes a breakdown of responsibilities regarding real and personal property. Due to the actions taken by the DA-PA, we consider this recommendation implemented.



Internal Auditor's Report

Finding No. 4 – Inventories of Serially-Numbered Forms (Control Finding)

Recommendation No. 4: We recommend DA-PA perform documented, periodic physical inventories of unused handwritten cash receipt forms and property inventory forms.

Current Status: **Implemented.** Our First Follow-up Audit found that the DA-PA has performed and documented periodic physical inventories of unused cash receipt forms and property inventory forms. Due to the actions taken by the DA-PA, we consider this recommendation implemented.

Finding No. 5 – County Counsel Staff Onsite (Efficiency/Effectiveness Finding)

Recommendation No. 5: We recommend DA-PA evaluate the benefit of having one or two full-time County Counsel staff stationed at the DA-PA office.

Current Status: **Implemented.** Our First Follow-up Audit found that the DA-PA has had discussions with County Counsel (COCO) regarding on-site counsel and their required equipment, and that two COCO staff members have been selected to be stationed at DA-PA. Due to the actions taken by the DA-PA, we consider this recommendation implemented.

Finding No. 6 – Medallion Guarantee Transfer Stamp (Efficiency/Effectiveness Finding)

Recommendation No. 6: We recommend DA-PA continue to work with the T-TC to acquire a "Medallion Guarantee Transfer Stamp."

Current Status: **Implemented.** Our First Follow-up Audit found that on December 13, 2016, the BOS approved an agreement with Kemark Financial Services to become Securities Transfer Agents Medallion Program Guarantor and designated the Treasurer-Tax Collector as Securities Transfer Agents Medallion Program Administrator to provide Medallion Signature Guarantee services only to County Agencies and Departments on official documents that require a Medallion Signature Guarantee. As such, we consider this recommendation implemented.

Finding No. 7 – Witness Pool (Efficiency/Effectiveness Finding)

Recommendation No. 7: We recommend DA-PA evaluate the benefit of expanding the pool of potential witnesses.

Current Status: **Implemented.** Our First Follow-up Audit found that DA-PA has identified three individuals for their permanent witness pool and has engaged neighboring public citizens who are utilized on a rotational basis when appropriate. Due to the actions taken by the DA-PA, we consider this recommendation implemented.

Finding No. 8 – Succession Planning (Efficiency/Effectiveness Finding)

Recommendation No. 8: We recommend DA-PA continue its succession planning and ensure that other individuals are trained to perform the duties of retiring staff.



Internal Auditor's Report

Current Status: Implemented. Our First Follow-up Audit found that DA-PA holds case review meetings every six to eight weeks wherein all staff share details of cases and provide input as to how to solve problems. In addition, senior management has taken actions toward eventual replacement of long-term staff by appointing new Deputy Public Administrators. Due to the actions taken by the DA-PA, we consider this recommendation implemented.

Finding No. 9 – California Association of PAs, PGs, and PCs (Efficiency/Effectiveness Finding)

Recommendation No. 9: We recommend DA-PA consider increasing employee participation in the California Association of Public Administrators, Public Guardians, and Public Conservators.

Current Status: Implemented. Our First Follow-up Audit found that DA-PA employees attended the California Association of Public Administrators, Public Guardians and Public Conservators (CAPAPGPC) 2016 Fall Conference, including participation by one staff member as a featured speaker. In addition, Ronald Freeman, Chief Deputy Public Administrator has joined the CAPAPGPC Board as a Member-at-Large. Due to the actions taken by the DA-PA, we consider this recommendation implemented.

We appreciate the assistance extended to us by the personnel of District Attorney-Public Administrator during our Follow-Up Audit. If you have any questions, please contact me directly at (714) 834-5442 or Scott Suzuki, Assistant Director, at (714) 834-5509.