

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

402



FROM: County Auditor-Controller

SUBMITTAL DATE:
June 8, 2006

SUBJECT: Internal Auditor's Report #2006-303 – Department of Mental Health – Public Guardian Follow-up Audit

RECOMMENDED MOTION: Receive and file Internal Auditor's Report #2006-303 – Department of Mental Health – Public Guardian Follow-up Audit.

BACKGROUND: The Auditor-Controller completed a follow-up audit of the Riverside County Department of Mental Health – Public Guardian. Our primary objective was to determine if management implemented corrective action and resolved the findings identified in Internal Auditor's Report #2005-009, dated June 20, 2005. We performed tests and evaluated management's corrective actions to determine if the findings identified in Internal Auditor's Report #2005-009 were mitigated through the implementation of adequate internal controls.

Based upon the results of our follow-up audit, we determined management took action that was sufficient to correcting the findings reported in Internal Auditor's Report #2005-009.

Departmental Concurrence

Robert E. Byrd
Robert E. Byrd
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:
RECEIVE & FILE

County Executive Office Signature *Demis C. Hardin*

- Dep't Recomm.: Policy
- Per Exec. Ofc.: Consent
- Policy
- Consent

RECEIVED
JUN 15 2006
COUNTY OF RIVERSIDE



**OFFICE OF THE
COUNTY AUDITOR-CONTROLLER**

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Ivan M. Chand, CGFM
ASSISTANT AUDITOR-
CONTROLLER

June 8, 2006

Mr. Jerry Wengard, Director
Department of Mental Health
4095 County Circle Drive
Riverside, CA 92503

Subject: Internal Auditor's Report #2006-303 – Department of Mental Health - Public Guardian Follow-Up Audit

Dear Mr. Wengard:

We have completed a follow-up audit of the Department of Mental Health Public Guardian. We conducted the audit during the period March 13, 2006 through April 11, 2006, for operations of June 2005 through April 2006.

Our primary objective was to determine if management implemented corrective action and resolved the findings identified in Internal Auditor's Report 2005-009, dated June 20, 2005. A summary of those findings and recommendations is attached to this letter.

We conducted our audit in accordance with auditing standards established by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide sufficient, competent, and relevant evidence to achieve the audit objectives.

We performed tests and evaluated management's corrective actions to determine if the findings identified in Internal Auditor's Report #2005-009 were mitigated through the implementation of adequate internal controls.

Based upon the results of our follow-up audit, we determined management took action that was sufficient to correct the findings reported in Internal Auditor's Report #2005-009.

We thank the Public Guardians' staff for their cooperation during this audit. Their assistance contributed significantly to the successful completion of the audit.

ROBERT E. BYRD, CGFM
Auditor-Controller

By: Michael G. Alexander, MBA, CIA
Chief Internal Auditor

cc: Board of Supervisors
County Counsel
Executive Office
Grand Jury

Finding 1

Cash collected during an inventory of a conservatee's assets is not reported on a Property Inventory sheet. Rather, it is collected from a conservatee's residence or other location, and delivered to the accounting staff for verification and recording. This is contrary to the Public Guardians' internal policy, which requires all cash collected from a conservatee's residence or elsewhere to be reported on a Property Inventory sheet. The Property Inventory sheet is to be signed by the two parties collecting the cash and by an accounting staff member upon delivery of cash for posting and deposit preparation. Undocumented cash or checks can be lost or stolen during transport, without any evidence of their existence.

Recommendation 1 Require the Deputy Public Guardians or the Estate Property Technicians to count and record cash or other negotiable instruments on an inventory sheet prior to transporting items to the Public Guardian's office. Upon delivery, the appropriate accounting personnel should verify the amounts recorded and sign the inventory sheet as evidence of transfer of accountability.

Finding 2

Photo documentation of a conservatee's assets is maintained by the same employee responsible for maintaining the physical assets. The Public Guardian's internal policy requires photographs of a conservatee's assets to be taken upon first entering the residence. The Deputy Public Guardian is usually the first person to visit the residence. Due to space limitation in the conservatee's case file at the Public Guardian's office, the disc containing photos of the residence is stored with the inventory file at the warehouse. However, without proper segregation of the two functions, photographs may be tampered with and assets may be lost without any visual documentation to support its existence.

Recommendation 2 Assign custody of original photo documentation to a person other than the employee responsible for maintaining the physical assets.

Finding 3

The Public Guardian's accounting staff does not document the transfer of accountability for cash transferred between employees. Cash is frequently transferred among employees for safekeeping until a bank deposit is made. The Auditor-Controller's Internal Control Handbook (ICH), Chapter 2, Section 2, h (5) states that funds transferred from one employee to another should be immediately verified and evidenced by a written, signed receipt. Without the immediate verification of amounts transferred between employees, individual accountability cannot be established.

Recommendation 3 Require employees to document the transfer of accountability for cash transferred among employees.

Finding 4

Access to cash or other valuables is not limited to select personnel. Specifically, cash awaiting deposit is kept in an unlocked drawer throughout the day. Additionally, some conservatees' valuables are locked in a filing cabinet behind a locked door. However, the keys to the cabinet and door are stored in an unlocked desk drawer for the duration of the work day. Chapter 2, section 2.c of the Auditor-Controller's Internal Control Handbook asserts "adequate physical

security must be maintained at all times over locations where cash is stored and processed." Cash and/or other assets can be lost or stolen if appropriate measures are not taken to ensure their safekeeping.

Recommendation 4 Cash awaiting deposit should be secured in a safe or locked filing cabinet, with access limited to authorized personnel.