



OFFICES OF THE
**DISTRICT ATTORNEY
PUBLIC ADMINISTRATOR**
ORANGE COUNTY, CALIFORNIA



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July 21, 2016

THE HON. CHARLES MARGINES, Presiding Judge
Orange County Superior Court
Central Justice Center
700 Civic Center Drive West
Santa Ana, California 92701

Re: Responses to Orange County Grand Jury Report

Dear Judge Margines:

Enclosed, please find a copy of the Office of the District Attorney-Public Administrator's responses to Findings F9 through F15, and Recommendations R12 through R17 of the 2015-2016 Orange County Grand Jury Report, "Changing of the Guardian: Life After Reorganization of the Public Administrator and Public Guardian Offices." Thank you.

Sincerely,

Tony Rackauckas
District Attorney-Public Administrator

TR:vlb
Enclosure

2015-2016 Orange County Grand Jury Report:

“Changing of the Guardian: Life after the Reorganization of the Public Administrator and Public Guardian Offices”

SUMMARY RESPONSE STATEMENT

On May 23, 2016 the Grand Jury released a report entitled “*Changing of the Guardian: Life After Reorganization of the Public Administrator and Public Guardian Offices*”. This report directed a response from the District Attorney/Public Administrator to certain findings and recommendations in that report which are included below.

On March 7, 2014 the position of Public Administrator, along with the responsibility for review and reorganization of the Public Administrator agency, was separated from the Public Guardian and consolidated with the District Attorney’s Office. The District Attorney’s Office immediately undertook a complete review of operational processes, interviewed all staff, and identified a number of issues that were present and needed attention. There was a large backlog of open/uncompleted probate cases dating back decades. There were not enough Deputy Public Administrators to perform the work required. Public Administrator staff were demoralized from years of internal strife within the Public Administrator/Public Guardian offices. There were unaddressed personnel and performance issues and a bureaucratic environment that created unnecessary steps that caused delays in agency actions. The District Attorney/Public Administrator’s Office, management and staff, worked together to address the issues and is proud of the progress that has been made since 2014.

During the transition and continuing to the present, the District Attorney/Public Administrator and HCA/Public Guardian have worked closely and cooperatively. After the split, both agencies continue to share services where it is financially or programmatically more efficient to do so and this process has gone well.

Pre-existing problems and issues have been or are being addressed by the staff of the Public Administrator’s Office, who are deeply caring and committed public servants. DA/PA solved issues of unnecessary bureaucracy and delays, implemented needed internal controls, and addressed staffing needs and personnel issues that effected productivity. Morale and communication are now good. Needed changes have occurred in the real estate area with Public Administrator staff efficiently handling the joint needs of both Public Administrator and Public Guardian as part of a shared services agreement. Significant improvements have been made by regularly scheduling quarterly real estate auctions and personal property auctions. The Public Administrator is now meeting county revenue expectations and operating efficiently in terms of budget.

At the same time as the Grand Jury reviewed operations, the County Auditor-Controller undertook an Internal Control Audit (“Audit”) and recently published their findings and report (Attachment A). Many of the somewhat gratuitous negative comments made in the body of the Grand Jury report were refuted by the Audit including their observations of employees and management working together well, good communication and improved morale.

The Grand Jury report was silent on the successes of the Public Administrator’s Office including structural changes that improved service to the public, efficiency and morale. Highlights of the accomplishments are attached (Attachment B).

Our office has worked well with the CEO’s Office, County Human Resources, HCA-Public Guardian, County Counsel, Treasurer-Tax Collector, Orange County Sheriff-Coroner, Orange County Animal Control, Orange County Social Services and Auditor-Controller; and expects those strong relationships to continue.

FINDINGS AND RESPONSES

Finding F9

“The Office of the District Attorney/Public Administrator did not ensure that one candidate who was hired met minimum qualifications when filling Extra Help positions by not conducting an investigation of past employment or experience.”

Response: Disagree wholly with the finding.

The District Attorney/Public Administrator, through its Human Resources Unit, did in fact determine that all potential extra help employees met minimum qualifications prior to considering them for extra help temporary positions. This policy of review by Human Resources applies to all District Attorney/Public Administrator personnel. Public Administrator management provided this written documentation to the Grand Jury subcommittee, which was an email from the District Attorney/Public Administrator Human Resources Unit indicating that in fact Human Resources did conduct a minimum qualifications review on all extra help staff hired by Public Administrator and found that they did meet minimum qualifications. Either the two Grand Jury subcommittee members misread or misunderstood the information provided or disregarded the information provided resulting in an incorrect assessment and finding.

Deputy Public Administrators are sworn personnel pursuant to California law, even though they are not peace officers. County of Orange policy for sworn personnel requires that prior employment information for a Deputy level, past employment can only be verified after a conditional job offer is made. The District Attorney/Public Administrator has complied with this policy in full for both temporary and permanent Deputy Public Administrator positions.

In addition to conducting a Human Resources level review for minimum qualifications, all extra help/temporary employees at the District Attorney/Public Administrator did and are required to undergo and pass a rigorous background investigation before starting temporary extra help employment.

Finding F10

“The District Attorney/Human Resources Department does not have a process in place to verify that a candidate meets all minimum qualifications (MQs), nor do they verify employment history that qualifies candidates for a position in the District Attorney’s Office.”

Response: Disagree wholly with the finding.

Since the District Attorney was appointed as Public Administrator in March, 2014, all candidates for any permanent position in the Public Administrator’s Office were and are reviewed by the Human Resources Unit for a minimum qualifications review and only those who meet those minimum qualifications are referred for two levels of review in the hiring process. First is a paper screening of candidates, after which the best of those candidates are referred for in person interview. Separate people conduct the two processes to ensure fairness in the selection process.

Deputy Public Administrators are sworn personnel pursuant to California law, even though they are not peace officers. County policy for sworn personnel requires that prior employment information can only be verified after a conditional job offer is made and the District Attorney/Public Administrator has complied with this policy in full for both temporary and permanent Deputy Public Administrator positions.

The District Attorney/Public Administrator also requires a satisfactory background investigation to be reviewed/approved by a DA/PA manager prior to any employee being hired temporarily or permanently.

Finding F11

“The Office of the District Attorney/Public Administrator violated County Merit Selection Rules (CMSR) when an employee was reassigned from one temporary position to another within the Public Administrator’s Office”

Response: Disagree wholly with the finding.

When a temporary/extra help position was filled with a candidate already in the Public Administrator’s Office who had been in another temporary/extra help position, the Public Administrator management acted based on the needs of the Public Administrator’s Office for

temporary staff to reduce the backlog. County Human Resources was contacted and allowed the move of the temporary staffer, on the condition that the employee left the first extra help position prior to beginning the second extra help assignment. This process took place. The employee was moved from a higher to a lower paid extra help/temporary assignment with the agreement of the employee and because it was in the best interests of the office. The two Grand Jury subcommittee members were made aware of this fact, as well as the reasons for the change of position. It appears from the report that the two subcommittee members either did not understand or accept that the Public Administrator sought guidance from County Human Resources before making the above change. Unfortunately, this is a situation where the two Grand Jury subcommittee members sought to substitute their own preferences and opinions for the actions of the Public Administrator leadership.

Finding F12

“The Office of the District Attorney/Public Administrator demonstrated questionable leadership when a newly hired temporary employee was promoted into a leadership position, resulting in experienced Public Administrator employees being passed over for promotional and leadership opportunities.”

Response: Disagree wholly with the finding.

In filling a leadership position more than a year after the separation of the Public Administrator and Public Guardian, the District Attorney/Public Administrator conducted a public recruitment including candidates from government and the private sector. The process involved county protocol including minimum qualifications review, paper screening and live interviews. This involved rating candidates for necessary leadership and problem solving skills as well as experience in fiduciary management, budget oversight, and supervision experience. The hiring decision was based on scoring the more than 10 candidates who advanced to the live interview stages. The successful candidate was a person who had recently joined the office in an extra help temporary capacity after a substantial resume of business leadership in the private sector.

Finding F13

“The Public Administrator’s Office has no established mentorship training or leadership program in place for developing talented current employees. This has resulted in experienced Public Administrator employees being passed over for promotional and leadership opportunities.”

Response: Disagree partially with the finding.

One of the first things that the District Attorney-Public Administrator did in March, 2014 was to recognize that continuing education and training was an issue. There had been no formal mentorship program in place at the prior Public Administrator organization. In recognizing the deficiency in this area, the District Attorney-Public Administrator immediately addressed this issue by providing continuing education and training to all employees including ensuring that Deputy Public Administrators received mandated training by a statewide association. This was a priority for the District Attorney/Public Administrator, to ensure that Public Administrator deputies have regular training, as mandated by statute. This local and regional training was immediately implemented allowing staff to catch up with mandated training.

The Public Administrator is a very small unit that has only one supervisor and one manager. There has not historically been a lot of staff turnover. Over the years and since 2014, upward staff mobility has involved moving up to positions in other agencies within the county. Employees have been offered informal mentorship advice and guidance in leadership, and supervisors attend county sponsored training. In 2015, one Public Administrator staff member completed the Orange County Leadership Academy. That person was recently hired in a leadership position in another county agency.

While there is no formal leadership training relating to supervision and leadership within the Public Administrator's Office, small but significant training is offered and made available to employees who wish to develop their expertise or leadership skills.

Finding F14

“The E-CMDS case management system is antiquated, unreliable, does not have the ability to quickly and accurately cull reliable data, and does not meet the current business needs of the Public Administrator/Public Guardian. Although there have been several attempts to replace the current E-CDMS, each has failed to produce tangible results”

Response: Agree with the finding.

During 2015, criteria was created as well as funding available to prepare a Request for Proposal (“RFP”) to seek bids to replace E-CMDS, known as “ePages.” After a long process of vetting proposals by applicants, none of the vendors was chosen based on the views of the committee member from various parts of the District Attorney-Public Administrator and HCA-Public Guardian. Public Administrator and Public Guardian staff continue to meet monthly to develop an alternative that will allow multiple vendors to bid to replace or repair E-CDMS, which includes discussion with vendor about an upgraded version of current system. The District Attorney/Public Administrator totally agrees that a new system is needed.

Finding F15

“The Public Administrator’s Office is considering pursuing the purchase of a case management system that will be completely separate from whatever case management system the Public Guardian pursues which has the potential to result in fragmented communication and duplicative processes when cases are handed over from the Public Guardian to the Public Administrator”

Response: Partially agrees with the finding.

When the Public Guardian and Public Administrator separated, it was determined that there would be a joint RFP which occurred in 2015 but did not produce a successful bid to replace the aging computer system E-CDMS. Because the Public Guardian clients are living persons, there are significant privacy restrictions and access overlays that govern internal access to case information. The function of the Public Administrator is probate of decedent assets, and HIPAA restrictions do not apply to Public Administrator cases.

Since the Public Administrator’s Office in other California counties is often not consolidated with the Public Guardian, it may be easier and less expensive to purchase software for Public Administrator through vendors who provide the software for 20+ counties in the state. In the joint ePages replacement committee meetings, all participating agencies agreed to allow the Public Administrator to explore purchase of an “out of the box” system and to explore the potential cost and benefits. Alternatively, Public Administrator may choose to participate in a joint system with each agency housing its own program package to avoid access issues that have plagued ePages.

The Grand Jury subcommittee misunderstands the ePages system as it relates to the small number of cases that move from Public Guardian to Public Administrator, and the District Attorney-Public Administrator disagrees with this part of the finding. If asked, any member of the Public Administrator staff could have explained this to the subcommittee. Cases transfer from Public Guardian to Public Administrator only after a conservatee dies and has sufficient assets to require Public Administrator to act, which occurs infrequently. Probate is a separate legal process requiring a new case to be opened and information to be entered separately because of Public Guardian restrictions relating to legal privacy issues so that access to Public Administrator staff is denied.

RECOMMENDATIONS AND RESPONSES

Recommendation R12

“The District Attorney’s Office should coordinate with county Centralized Human Resources to develop and initiate training to ensure that District Attorney Human Resources Department complies with the Merit Selection Rules (MSR) for both temporary and permanent positions by December 31, 2016.”

Response: Previously Implemented by District Attorney-Public Administrator.

The District Attorney’s Office does not agree with the allegation/finding that there has been any violation of the Merit Selection Rules (MSR) since March 2014 when the District Attorney’s Office took over the operation of the Public Administrator’s Office (See response to Finding F9 and F11). The recommendation was and continues to be the current practice of the District Attorney’s Office. District Attorney Human Resources staff attend countywide regular training on all aspects of hiring employees, which includes Merit Selection Rules (MSR) so that recommendation has already been implemented.

Recommendation R13

“The District Attorney’s Office should instruct the District Attorney Human Resources Department to develop and implement a formal process for validating that candidates meet all minimum qualifications for any Public Administrator position advertised as well as validating work experience relevant to any Public Administrator position advertised, regardless of whether the position is temporary or permanent with such processes to be in place by December 31, 2016”

Response: Previously implemented by District Attorney-Public Administrator.

The recommendation was and continues to be the current practice of the District Attorney’s Office. All Human Resources personnel are aware of and know the correct regulations and practices relating to minimum qualifications review. Minimum qualification practices were provided in writing to the two Grand Jury subcommittee members. They either misunderstood the written information or ignored it and wished to substitute their personal opinions and personal views to the contrary. District Attorney/Public Administrator will continue to follow the practice of having the Human Resources Department screen for minimum qualifications for both temporary and permanent hiring.

Recommendation R14

“The District Attorney’s Office should develop a plan to implement a mentorship/leadership program for Public Administrator deputies by December 31, 2016”

Response: A portion of the Recommendation has previously been implemented. However a formal mentorship program is impractical for a small agency and will not be implemented.

The recommendation of mentorship continues to be the current practice of the District Attorney’s Office as it relates to informal mentoring and personal leadership development of Public Administrator staff. As it relates to a formal mentorship/leadership program, the District Attorney’s Office will not be implementing the recommendation because of the small size of the unit, but will continue to offer Deputy Public Administrators access to and an opportunity to participate in leadership training that may be offered by the County or by Central Human Resources such as the Leadership Academy as well as relevant training offered through the District Attorney’s Office for criminal prosecutors and staff.

Recommendation R15

“The Public Administrator and Public Guardian Offices, in conjunction with the IT Project Manager, should meet with the County Executive Office (CEO) by December 31, 2016 to recommend to the Board of Supervisors the purchase of a new case management system that will meet the business needs of both the Public Administrator and Public Guardian deputy staff.”

Response: The recommendation has been implemented previously.

Since 2014, the District Attorney-Public Administrator has worked closely with HCA-Public Guardian in an active effort to replace or upgrade the outdated case management system. The District Attorney-Public Administrator participated with HCA-Public Guardian and the Board of Supervisors to allocate funding for the project and in determining the needs of the new system prior to the Grand Jury review. The District Attorney-Public Administrator is an active part of monthly meetings to discuss progress with a large group that includes County Executive Office (“CEO”), Information Technology (IT), Health Care Agency (HCA), Public Guardian staff and management as well as Auditor Controller. We agree and support progress on obtaining a new or upgraded case management system.

Recommendation R16

“The Public Administrator and Public Guardian Offices should re-establish a steering committee, with a designated Project Manager, by December 31, 2016 to acquire a replacement case management system.”

Response: The recommendation has been implemented previously

The District Attorney-Public Administrator and HCA-Public Guardian began cooperation on replacing the outdated case management system in March, 2014. The steering committee has been involved in determining the needs of a new system, obtaining appropriate bids in a failed RFP and is continuing to explore options including obtaining an upgrade from original system contractor. While the shared responsibilities between Public Administrator and Public Guardian placed IT projects including replacement of ePages with HCA-Public Guardian, the District Attorney-Public Administrator continues its full cooperation with HCA in finding a suitable replacement system.

Recommendation R17

“The Public Administrator and Public Guardian Offices should work together with the IT Project Manager to ensure the new case management system meets the Public Administrator and Public Guardian business needs through a comprehensive report function that can accurately track data and produce meaningful reports by June 30, 2017.”

Response: The recommendation has been implemented previously

During the initial transition in March, 2014, the District Attorney-Public Administrator and HCA-Public Guardian management were made aware by staff of the problems in the outdated ePages system that made it difficult to accurately track cases and produce accurate reports. Both agencies made data collection and tracking an important part of the requirements for the new system or any upgraded system. Until a new system is purchased or the current system upgraded, Public Administrator staff and managers also track statistics in spreadsheet form that can be compared to data from ePages to ensure that data is accurate for business forecasting and other necessary purposes in the interim.

ATTACHMENT A



Orange County Auditor-Controller Internal Audit



Internal Control Audit:
District Attorney/Public Administrator
Selected Processes & Controls
As of December 31, 2015

Audit Number 1523
Report Date: July 20, 2016



O R A N G E C O U N T Y
AUDITOR-CONTROLLER
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ERIC H. WOOLERY, CPA
AUDITOR-CONTROLLER



Transmittal Letter

Audit No. 1523

July 20, 2016

TO: Tony Rackauckas
District Attorney/Public Administrator

SUBJECT: Internal Control Audit:
District Attorney/Public Administrator –
Selected Processes & Controls

We have completed our audit of internal controls over selected processes and controls in the District Attorney/Public Administrator as of December 31, 2015. Our final report is attached for your review.

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

Additionally, we will request your department to complete a **Customer Survey** of Audit Services. You will receive the survey shortly after the distribution of our final report.

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

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Eric Woolery, Auditor-Controller
- Frank Kim, County Executive Officer
- Michael Lubinski, Senior Assistant District Attorney
- Jenny Qian, Director of Administrative Services, District Attorney
- Kim Dinh, Manager, Financial Services, District Attorney
- Ron Freeman, Chief Deputy Public Administrator, District Attorney/Public Administrator
- Elizabeth Henderson, Senior Deputy District Attorney, District Attorney/Public Administrator
- Ana Roach, Revenue & Compliance Manager, District Attorney/Public Administrator
- Michele Gorey, Fiscal Services Manager, District Attorney/Public Administrator
- 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
Audit No. 1523*

As of December 31, 2015

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Internal Auditor's Report

Audit No. 1523

July 20, 2016

TO: Tony Rackauckas
District Attorney/Public Administrator

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

SUBJECT: Internal Control Audit: District Attorney/Public Administrator –
Selected Processes & Controls

OBJECTIVES

We have completed our audit of internal controls over selected processes and controls in the District Attorney/Public Administrator (DA/PA) as of December 31, 2015. Our audit objectives were 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 2014-15 Performance Measures as noted in the Public Administrator's 2015-16 Recommended Final Budget to ensure those measures are adequately supported.

RESULTS

Objective #1: Our audit found that seven (7) of the 10 audit issues noted in the former Internal Audit Department's Audit Withdrawal Letter dated February 19, 2014 (Audit No. 1325) were resolved. Three (3) issues have not yet been resolved. We identified **one (1) Critical Control Weakness** regarding the need to prioritize the replacement of DA/PA's antiquated case management system referred to as ePAGES. We also identified **three (3) Control Findings** regarding the need to clarify inventory procedures and shared responsibilities between DA/PA and Health Care Agency/Public Guardian (HCA/PG), the need to conduct regular inventories of personal property, and the need to conduct regular inventories of serially-numbered forms.

Objective #2: Based on our interviews of key personnel to determine any issues or concerns related to the transition of the Public Administrator function to the District Attorney's Office, several positive comments were made regarding the transition. Interviewees also made several suggestions to enhance the efficiency and effectiveness of DA/PA functions. By partnering with DA/PA, we identified **five (5) Efficiency/Effectiveness Findings** that DA/PA should implement to further enhance process efficiency and effectiveness. Two (2) findings identified **(Finding Nos. 5 and 6) could save DA/PA approximately \$138,600 annually**. Note: these findings and recommendations do not represent areas of non-compliance with County or DA/PA policy.

Objective #3: Our audit found the 2014-15 Performance Measure, as noted in the Public Administrator's 2015-16 Recommended Final Budget, was supported. As DA/PA was able to generate documents that supported the reported results, we have no reportable audit findings for this objective.



Internal Auditor's Report

BACKGROUND

On February 4, 2014, the Board of Supervisors approved consolidation of the Office of the Public Administrator with the Office of the District Attorney. Prior to the consolidation, the Office of the Public Administrator was combined with the Public Guardian under the Public Administrator/Public Guardian Department. During that time, the former Internal Audit Department was conducting an Internal Control Audit and issued an audit withdrawal letter dated February 19, 2014 containing 10 audit issues. At that time, the Internal Audit Department had not fully audited the issues and were not aware of the plans to mitigate or address them. This audit addresses the status of those issues.

The Public Administrator is committed, when no viable alternatives exist, to compassionately and effectively protect, assist, and manage the affairs of resident decedent estates as mandated pursuant to California Probate Code sections 7601-7604.

The Public Administrator has three divisions: (1) Estate Services, (2) Personal Property, and (3) Real Property. Some key functions performed by the Public Administrator include:

- Inventory and Appraisal. Assets of a decedent which are in possession or control of the Deputy Public Administrator are inventoried and appraised accurately and timely pursuant to the Probate Code. A document is filed with the Court within 90 days of appointment as conservator or as temporary conservator of an estate. An inventory is completed by the deputy in the field then keyed into the case management system, ePAGES.
- Court Accountings. Court accountings are required to be filed with the Court. A current court accounting is filed at least annually after the PA has been appointed personal representative of a decedent's estate. The court accountings filed include an overview of the decedent's case, Department of Health Services notice, tax clearance letters, real property sales, revolving fund outstanding balances, and outstanding payment requests.
- Warehousing and Property. The responsibilities of the PA include locating, taking control, and protecting the assets of decedents. Assets are primarily stored in a warehouse and vaults at DA (one for small valuables, one for firearms only). The personal and real property belonging to the estates of decedents may be sold at periodic public auctions.

SCOPE AND METHODOLOGY

Our audit was as of December 31, 2015 and included:

1. Follow-up to 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. Interview 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 2014-15 Performance Measures as noted in the Public Administrator's 2015-16 Recommended Final Budget to ensure those measures are adequately supported.

Scope Exclusions. Our audit did not include a review of controls over cash receipt or cash disbursement transactions. Our audit did not include a detailed audit of application controls over DA/PA's case management system.



Internal Auditor's Report

FOLLOW-UP PROCESS

Please note we have a structured and rigorous **Follow-Up Audit** process in response to recommendations and suggestions made by the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS). Our **First Follow-Up Audit** will begin at six months from the official release of the report. A copy of all our Follow-Up Audit reports is provided to the BOS as well as to all those individuals indicated on our standard routing distribution list.

The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our **Second Follow-Up Audit** will begin at six months from the release of the first Follow-Up Audit report, by which time **all** audit recommendations are expected to be addressed and implemented. We bring to the AOC's attention any audit recommendations we find still not implemented or mitigated after the second Follow-Up Audit. Such open issues appear on the AOC agenda at their next scheduled meeting for discussion.

We have attached a **Follow-Up Audit Report Form**. Your department should complete this template as our audit recommendation is implemented. When we perform our first Follow-Up Audit approximately six months from the date of this report, we will need to obtain the completed form to facilitate our review.

MANAGEMENT'S RESPONSIBILITIES FOR INTERNAL CONTROLS

In accordance with the Auditor-Controller's County Accounting Manual Section S-2 Internal Control Systems: "All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls." Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating an entity's internal control structure is the Committee of Sponsoring Organizations (COSO) control framework. Our Internal Control Audit enhances and complements, but does not substitute for the DA/PA's continuing emphasis on control activities and self-assessment of control risks.

Inherent Limitations in Any System of Internal Control

Because of inherent limitations in any system of internal controls, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the DA/PA's operating procedures, accounting practices, and compliance with County policy.

The Auditor-Controller Internal Audit Division is available to partner with your staff so that they can successfully implement or mitigate difficult audit recommendations.

ACKNOWLEDGEMENT

We appreciate the courtesy extended to us by the personnel of the District Attorney/Public Administrator during our audit. If you have any questions regarding our audit, please contact me directly at 714-834-5442, or Scott Suzuki, Assistant Director at 714-834-5509.



Detailed Findings, Recommendations, and Management Responses

Objective #1: Follow-Up to determine the status of audit issues noted in the former Internal Audit Department's Audit Withdrawal Letter dated February 19, 2014 (Audit No. 1325).

RESULTS

Our audit found that DA/PA resolved seven (7) of the 10 issues listed in the audit withdrawal letter. Based on our audit, the following is the current status of the 10 original audit issues:

IAD Withdrawal Letter Issue	Current Status
<p>1. <u>Information Technology</u> – PA/PG (Public Administrator/Public Guardian) uses ePAGES (Enhanced Public Administrator Guardian Electronic Systems) as its case management and accounting application. While this system helps PA/PG fulfill its responsibilities, it has significant limitations requiring additional workarounds, and does not contain an asset management module to provide data used for Court Accountings and physical inventory records.</p>	<p>Not resolved. See Finding No. 1 below. (Critical Control Weakness)</p>
<p>2. <u>Court Accountings</u> – PA/PG is required by the court to maintain records and fiduciary accounting of all income, expenses, assets, and disposition of assets through Court Accountings. We were informed of a significant backlog (about 176) in Court Accounting resulting from process inefficiencies in preparing, monitoring, and reviewing Court Accountings.</p>	<p>Resolved. DA/PA management informed us that it classifies Court Accountings as “backlogged” if over one-year old. We reviewed DA/PA’s “Pending Formal Accountings” spreadsheet and noted there are no Court Accountings over one-year old. Since DA/PA has addressed the backlog of Court Accountings, we consider this issue resolved.</p>
<p>3. <u>Warehouse Relocation</u> – On January 21, 2014, the CEO notified PA/PG that their existing warehouse space was to be vacated by March 1, 2014 for use by the Registrar of Voters. Because the warehouse contains assets and property of estates and conservatees that are under the fiduciary responsibility of PA/PG, a plan should be developed to <i>protect</i> and <i>safeguard</i> these assets and property during and after the relocation.</p>	<p>Resolved. In March 2014, the warehouse for both DA/PA and HCA/PG was relocated to a temporary facility managed by HCA. In October 2015, the warehouse for both DA/PA and HCA/PG was relocated to a facility managed and leased by HCA at 1301 Warner Avenue in Santa Ana. DA/PA and HCA/PG inventories are physically separated from the HCA portion of the warehouse. DA/PA staff operate the warehouse. HCA/PG bills DA/PA for warehouse space and DA/PA bills HCA/PG for staffing costs. Since the warehouse has been successfully relocated and assets safeguarded, we consider this issue resolved.</p>



Detailed Findings, Recommendations, and Management Responses

IAD Withdrawal Letter Issue	Current Status
<p>4. <u>Handling of Firearms</u> – PA/PG handles and stores firearms belonging to estates. We were informed that the PA/PG inventory clerk was responsible for receiving, disengaging and storing the firearms. The inventory clerk had minimal training on handling firearms. We also noted firearms are maintained in a vault; however, multiple staff have access to the vault. Policy and procedures need to be revised to require only individuals with proper firearm training to handle and inspect firearms prior to storage, and to ensure the firearms are safeguarded.</p>	<p>Resolved. This issue was resolved shortly after the audit withdrawal letter was issued. Based on a memo from the former Internal Audit Department to Members of the Audit Oversight Committee dated March 5, 2014, “all firearms have been satisfactorily inventoried and secured at the Office of the District Attorney.”</p> <p>DA/PA has created a procedure entitled “Managing and Inventory of Firearms” describing the steps to take to manage and inventory the firearms. The procedure requires only individuals with proper firearm training to handle and inspect firearms prior to storage. We observed the firearms contained in the DA’s vault. Based on DA/PA’s records, there were 79 firearms related to DA/PA and HCA/PG cases in DA’s possession. Since the DA/PA maintains all firearms for DA/PA and HCA/PG, a policy and procedure has been created regarding managing and inventorying firearms, and the firearms are safeguarded, we consider this issue resolved.</p>
<p>5. <u>Policies and Procedures</u> – PA/PG’s policy and procedure manual is outdated, and efforts are underway to update the written documentation. The department has drafted revisions to sections of the manual, but these revisions have yet not been approved by management and made available to all employees.</p>	<p>Resolved. DA/PA has recently created or revised key policies and procedures including procedures regarding Inventory & Appraisal, Court Accountings, Real Property, Personal Property, and Firearm Handling. Since policies and procedures have been created or revised, we consider this issue resolved.</p>
<p>6. <u>Physical Inventory Count</u> – PA/PG’s most recent count of personal property stored in the warehouse occurred in November 2011. The estate inventory clerk with custody and access to estate properly led the physical inventory counts and controlled the perpetual inventory records. Physical inventory counts could not be reconciled to the estate records in ePAGES due to the absence of an asset management module, and the results of the physical inventory counts were not reviewed and approved by management.</p>	<p>Not resolved. See Finding Nos. 2 and 3 below. (Control Findings)</p>



Detailed Findings, Recommendations, and Management Responses

IAD Withdrawal Letter Issue	Current Status
<p>7. <u>Safe and Vault</u> – PA/PG stores money, valuables, records, and documents belonging to estates in a safe and vault. We were informed that PA/PG does not keep a record to show the date the combination last was changed and names of persons knowing the present combination. We noted the combination was not changed after individuals having knowledge of the combination separated from the department.</p>	<p>Resolved. DA/PA created a policy and procedure for “Vault and Daily Cabinet Storage Access Controls.” The procedure states that when an employee “no longer assumes the responsibilities for which vault and daily storage was granted, or is no longer employed with the Public Administrator, within 30 days staff will request recalibration of vault combination and replace combination lock on cabinet.” It also states “the Accounting Manager will create and maintain a report showing employees that have knowledge of the combinations to the vault and day safe...report will be updated when an employee joins or separates from the accounting unit.”</p> <p>PA staff moved to the DA building in September 2015. In October 2015, the vault combination was recalibrated. DA/PA Accounting maintains a written record of the last combination changes/calibrations and notes the names of staff who have the combination. No DA/PA staff have left the department since the vault was recalibrated in October 2015.</p> <p>Since a procedure was created regarding combination changes when an employee is no longer with the DA/PA, and since a report was created to record the names of staff that have knowledge of the vault and day safe, we consider this issue resolved.</p>
<p>8. <u>Serially Numbered Forms</u> – PA/PG issues handwritten cash receipts and property Inventory & Appraisal forms on serially numbered documents. These are considered critical business forms because there is potential monetary value associated with them due to their nature. As such, physical controls are required over these documents to prevent unauthorized acquisition, use, or disposition. We were informed that the blank serially numbered documents have <i>not</i> been subject to an independent physical inventory and reconciliation with the respective inventory records.</p>	<p>Not resolved. See Finding No. 4 below. (Control Finding)</p>



Detailed Findings, Recommendations, and Management Responses

IAD Withdrawal Letter Issue	Current Status
<p>9. <u>Signature Authorization for Payments</u> – Department procedures require PA/PG Accounting to maintain a signature authorization list of all Deputies authorized to approve invoices and payment requests on behalf of their clients. Accounting is to use the list to verify the propriety of the signatures as needed. We noted that the signature authorization list is maintained in Administration and is not maintained in Accounting.</p>	<p>Resolved. The authorized signature list is maintained in a shared drive available to all Accounting staff. Accounting staff review the list prior to processing payments (compare signature on authorized list to signature on payment request). The authorized signature list was created shortly after DA/PA staff physically moved to the DA building. Because the signature list is available to and used by Accounting staff prior to processing payments, we consider this issue resolved.</p>
<p>10. <u>Outstanding Payment Requests</u> – PA/PG Deputies make payment requests on behalf of their clients through ePAGES and forward the supporting documentation to Accounting for processing. The payment requests are entered into ePAGES and are closed by Accounting after a payment is processed. As of January 30, 2014, ePAGES shows approximately 650 outstanding payment requests totaling about \$490,000. We were told most of these have been paid, and we found there is no process in place to periodically review outstanding payment requests to close them out.</p>	<p>Resolved. DA/PA recently created a policy and procedure regarding “Closing of Unapproved Payment Requests” which states that “any unapproved payment transactions will be automatically closed after 6 months.” We reviewed a report from ePAGES showing outstanding unapproved payment requests as of February 2016. There were no outstanding unapproved payment requests over 6 months old. Therefore, we consider this issue resolved.</p>

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

Overview

DA/PA uses ePAGES (Enhanced Public Administrator Guardian Electronic System) as its case management and accounting application. Cash receipts and disbursements are input and processed through ePAGES. ePAGES is a stand-alone application with no interfaces to other systems; however, cash receipt and disbursement information from ePAGES is regularly uploaded into the Auditor-Controller’s General Ledger. ePAGES resides on DA/PAs local area network and is maintained by Health Care Agency/Public Guardian’s Information Technology (IT) Section.

DA/PA continues to use the antiquated case management system, ePAGES, and the following items were noted:

- DA/PA is not able to quantify the dollar amount of Court Accountings processed during the year because ePAGES does not contain an asset management module. Current and final Court Accountings are required to be filed with the court and include a case overview, Department of Health Services notice, tax clearance letters, real property sales, revolving fund outstanding balances, and outstanding payment requests.
- DA/PA is not able to reconcile its physical inventory records because of the lack of an asset management module (assets of decedents are not recorded in ePAGES). They would have to reconcile to each individual Property Inventory Sheet, which is not feasible. As a result, assets are tracked manually on Excel spreadsheets.



Detailed Findings, Recommendations, and Management Responses

- ePAGES is increasingly unreliable with weekly outages. System failure problems occur sometimes more than once a week.
- There is no automated workflow process in ePAGES. Currently, documents are printed and manually routed for approval.
- ePAGES does not have the capability to report historical data regarding open and closed cases.

As part of our audit, we considered application findings identified during a 2005 audit of the former Public Administrator/Public Guardian Department (Audit No. 2528) regarding ePAGES that were going to be addressed in a future system upgrade or replacement; however, the upgrade or replacement has not yet occurred. The following is a listing of the issues identified in that audit which remain unresolved:

Data Processing Issues

- A lack of input controls has reportedly caused data integrity issues in case management (when an employee enters case information, there is no systematic controls to validate the integrity, completeness, and accuracy of the data).
- The vendor no longer supports ePAGES and it cannot be upgraded as PA/PG does not possess the application's source code.
- IT support documentation for the application is not available.
- The system has an unacceptable rate of downtime.
- ePAGES does not perform property inventory tracking, a function that is critical to PA/PG.

Audit Trails

- ePAGES does not have audit trails that record user activity in an unalterable form. There are no security logs that record invalid log-on attempts and other security breaches.

Logical Security

ePAGES does not have commonly found security features that:

- Lock a user account out after a preset number of incorrect passwords have been entered.
- Automatically log-off the application after a period of user inactivity.
- Ensure passwords are controlled by the users (passwords are controlled by the IT Manager).
- Limit password reuse and requires periodic password changes.
- Encrypt the password database.

Furthermore, ePAGES was evaluated during a 2016 Grand Jury audit of the Public Administrator/Public Guardian functions ("Changing of the Guardian: Life After Reorganization of the Public Administrator and Public Guardian Offices"), the following findings were noted regarding ePAGES:

- The E-CMDS case management system (ePAGES) is antiquated, unreliable, does not have the ability to quickly and accurately cull reliable data, and does not meet the current business needs of the Public Administrator/Public Guardian deputies. Although there have been several attempts to replace the current E-CMDS, each has failed to produce tangible results.
- The Public Administrator's Office is considering pursuing the purchase of a case management system that will be completely separate from whatever case management system the Public Guardian pursues, which has the potential to result in fragmented communication and duplicative processes when cases are handed over from the Public Guardian to the Public Administrator.



Detailed Findings, Recommendations, and Management Responses

Status of Replacement

The former PA/PG attempted a system replacement implementation in 2011. In November 2011, the implementation was canceled because of concerns with the contractor's ability to complete the project in a timely and satisfactory manner.

Currently, DA/PA is working together with HCA/PG to upgrade ePAGES. In May 2016, management from both departments attended a presentation by the vendor that created ePAGES. The ePAGES vendor indicated an upgraded version of ePAGES would not allow for an asset management module. As a result, DA/PA is considering implementing either (1) a barcoding system or (2) working with HCA/PG and HCA Information Technology to utilize an existing asset management module currently in use by HCA that can be linked to the upgraded ePAGES system for inventory tracking purposes.

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.

District Attorney/Public Administrator Management Response:

Concur. The Request for Proposal created by HCA/PG to replace the ePAGES failed. The DA/PA is currently working with HCA/PG to determine if ePAGES can be upgraded by the original vendor. In addition, DA/PA is engaged in research to determine if a DA/PA-based, separate, out-of-the-box system to replace the obsolete ePAGES system is a more cost effective and efficient solution for DA/PA. Funding for the ePAGES replacement system is included in CEO's FY 2016-17 Adopted Budget under Budget Control 038. Anticipated completion date is approximately nine (9) months.

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

The responsibilities of the DA/PA include locating, taking control, and protecting the assets of decedents. Assets are primarily stored in an offsite warehouse and vaults at the DA/PA office. We found the following regarding inventories of personal property:

1. **DA/PA – warehouse assets.** An inventory was conducted in February 2015. This was the first inventory of the warehouse containing DA/PA assets since the 2014 merger. Warehouse merchandise has not been inventoried since. HCA/PG assets were not inventoried at this time as staff was unclear as to whether HCA/PG assets needed to be included in the inventory (See **Finding No. 3** below).
2. **HCA/PG – warehouse assets.** An inventory was conducted in February 2016. This was the first inventory of the warehouse containing HCA/PG assets since the 2014 merger.
3. **Vault – valuables.** An inventory was conducted in January 2016. This was the first inventory of the vault containing valuables since the 2014 merger.
4. **Vault – firearms.** An inventory was conducted in March 2016. This was the first inventory of the vault containing firearms since the 2014 merger.

Prior to the merger in 2014, the most recent inventory for both PA and PG was conducted in 2011.

In addition, the physical inventory counts were not reconciled to the estate records in ePAGES because ePAGES does not have an asset management module (see **Finding No. 1**). Performing periodic inventories on selected valuable items reduces the risk of theft or loss of property and assets.



Detailed Findings, Recommendations, and Management Responses

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.

District Attorney/Public Administrator Management Response:

Concur. The DA/PA has already implemented this recommendation. The physical inventory of personal property will continue to be performed semi-annually (vault) and annually (warehouse/automobiles/firearms).

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

DA/PA works in partnership with HCA/PG in two key areas:

- Real property services – DA/PA and HCA/PG share a real estate broker that is responsible for sales of real property owned by DA/PA decedents and HCA/PG conservatees.
- Personal property services – DA/PA and HCA/PG clients' personal property is maintained in a warehouse facility managed by HCA/PG and staffed by DA/PA staff.

DA/PA has recently revised its procedures for real property and personal property services; however, the procedures do not describe shared responsibilities between DA/PA and HCA/PG in areas such as responsibilities for conducting physical inventory counts, interdepartmental billing for warehouse rent, or staff costs for both real property and personal property services.

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.

District Attorney/Public Administrator Management Response:

Concur. The DA/PA is currently working in conjunction with HCA/PG in the development of an MOU describing the shared responsibilities in the areas of real and personal property services. Anticipated completion date is approximately three (3) months.

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

DA/PA issues handwritten cash receipt forms and prepares property inventory forms on serially numbered documents. These are considered critical business forms because there is a potential monetary value associated with them due to their nature. As such, physical controls are required over these documents to prevent unauthorized acquisition, use, or disposition.

Blank handwritten cash receipt forms and property inventory forms were not subject to an independent physical inventory and reconciliation with the respective inventory records until April 2016 (during the audit).

Periodic inventories should be documented and be conducted in a frequency determined by management. Records of the inventories should be retained for audit. The absence of periodic counts of critical business forms and comparison to control records increases the risk of theft, loss, or unauthorized use of serially number documents.



Detailed Findings, Recommendations, and Management Responses

Recommendation No. 4:

We recommend DA/PA perform documented, periodic physical inventories of unused handwritten cash receipt forms and property inventory forms.

District Attorney/Public Administrator Management Response:

Concur. The DA/PA has already implemented this recommendation. The physical inventories of unused handwritten cash receipt forms and property inventory forms are performed semi-annually.

Objective #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.

RESULTS

We interviewed DA/PA staff from various levels regarding any issues or concerns related to the transition of the PA to the DA's office. Based on the interviews, the following common responses were given to the question "what is working well?"

- ✓ All firearms in possession of DA/PA and HCA/PG are now securely stored in a vault at the DA/PA's Office.
- ✓ DA/PA staff, including Deputies, Property Clerks, and Accounting staff work well together. They are now physically located in the same room, which makes case processing more efficient.
- ✓ Morale has improved since the transition.
- ✓ There are good relationships and strong communication between management and staff.
- ✓ There is strong support from County Counsel.
- ✓ DA/PA is considering performing a job classification study to ensure all DA/PA staff are properly classified.

Based on the interviews, we identified opportunities where DA/PA can further enhance its efficiency and effectiveness in its operations. The following common responses were given to the questions "what are transitional issues that are pending?" and "is there anything in the Public Administrator process that can be improved?"

- ✓ ePAGES is old, unreliable, and requires replacement (see **Finding No. 1** above).
- ✓ Having in-house County Counsel would increase efficiency and decrease costs (see **Finding No. 5** below).
- ✓ Obtaining a "Medallion Guarantee Transfer Stamp" would increase efficiency by reducing the time required to liquidate decedents securities (see **Finding No. 6** below).
- ✓ Expanding the potential witness pool to ensure witnesses are always available (see **Finding No. 7** below).
- ✓ There is a need for more succession planning (See **Finding No. 8** below).
- ✓ It would be beneficial to increase staff participation in the California Association of Public Administrators, Public Guardians and Public Conservators (See **Finding No. 9** below).



Detailed Findings, Recommendations, and Management Responses

Through the interviews, we identified the following **five (5) Efficiency/Effectiveness Findings** that DA/PA should implement to further enhance process efficiency and effectiveness. Note: these findings and recommendations do not represent areas of non-compliance with County and DA/PA policy.

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

County Counsel provides legal services to the DA/PA from County Counsel's 10 Civic Center Plaza location. We were informed by DA/PA management that it would be more efficient and cost-effective to have the County Counsel staff stationed at the DA's Office (401 Civic Center Drive West).

DA/PA should pursue the most efficient and cost-effective way to obtain County Counsel services. DA/PA management believe petitions would be executed sooner and cases would be processed quicker with County Counsel staff onsite.

DA/PA management stated it would cost about \$500,000 for two full-time dedicated County Counsel staff. Last FY, DA/PA was billed over \$625,000 for County Counsel services. **This could save DA/PA approximately \$125,000 annually** and would increase availability of County Counsel staff.

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.

District Attorney/Public Administrator Management Response:

Concur. The DA/PA will be working in conjunction with the Office of County Counsel to evaluate the benefit and cost-effectiveness of having County Counsel staff stationed at the DA/PA office location to increase the case resolution efficiency. Anticipated completion date is approximately six (6) months.

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

DA/PA's responsibilities include selling marketable securities on behalf of its clients. When selling a security, DA/PA staff must go to the County's bank to obtain the required "Medallion Guarantee Transfer Stamp." This stamp is a guarantee by the transferring institution that the signature is genuine and the financial institution accepts liability for any forgery. The stamp is required and the County currently does not own such a stamp. As such, the average time it takes DA/PA staff to obtain the stamp is approximately six hours. Approximately 50 stamps are obtained annually, resulting in an estimated cost of \$16,000 annually ($\$16,000 / (50 \text{ stamps} \times \text{six hours}) = \53.33 per hour average staff rate).

The County may purchase the stamp which would cost approximately \$2,400 annually and reduce the staff time from obtaining the stamp at the County's bank. **This could save DA/PA approximately \$13,600 annually.** Other intangible savings would occur as a result of obtaining the stamp. For example, costs for legal services caused by appearing on continuance and other related hearings that sometimes result from medallion driven delays would be reduced. Cases would not encounter delays in completion caused by the bank, resulting in a positive benefit in terms of more efficient service to the public, the heirs, family members, and beneficiaries of estates.

DA/PA is currently working with the Treasurer-Tax Collector (T-TC) to purchase the stamp. The T-TC would maintain the stamp.



Detailed Findings, Recommendations, and Management Responses

Recommendation No. 6:

We recommend DA/PA continue to work with the T-TC to acquire a “Medallion Guarantee Transfer Stamp.”

District Attorney/Public Administrator Management Response:

Concur. The DA/PA is currently working in conjunction with T-TC on the Medallion Guarantee Transfer Stamp contract and plan to file an Agenda Staff Report to obtain Board approval on the execution of the contract and for T-TC to provide Medallion Guarantee Transfer Stamp services to DA/PA, HCA/PG, County Counsel, and other county agencies needing a medallion guarantee stamp to transfer securities. Anticipated completion date is approximately three (3) months.

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

DA/PA staff must complete a “Property Inventory Form” document for each of its clients which lists the property collected. The Property Inventory Form must be completed by the DA/PA deputy with an independent witness present. Both must sign the form. There is a small pool of witnesses that are available to serve as a witness at any given time. Having a small pool of witnesses increases the risk that witnesses will not be available when needed.

DA/PA staff feel if they had a larger pool of potential witnesses (possibly using retired DA/PA investigators), this would ensure witnesses are always available for form completion.

Recommendation No. 7:

We recommend DA/PA evaluate the benefit of expanding the pool of potential witnesses.

District Attorney/Public Administrator Management Response:

Concur. The DA/PA has already implemented this recommendation by recruiting additional independent witnesses for use on a rotation basis.

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

Several DA/PA staff informed us of the need for continued succession planning as there are some long-term deputized staff who could be retiring in the near future. Long-term deputized staff have extensive knowledge of DA/PA operations and their potential retirements create the need for succession planning. Some DA/PA staff have participated in cross-training to address this issue.

Strong succession planning will ensure when key members of staff retire over the next few years, they will be succeeded by qualified employees with the skills, knowledge, and abilities required to continue the DA/PA’s mission.

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.

District Attorney/Public Administrator Management Response:

Concur. The DA/PA has already implemented this recommendation. Experienced staff is being encouraged to share their knowledge formally with other newer staff, and meetings are held to promote group engagement in legal and program issues. Management is engaged in making sure institutional knowledge is preserved and staff development occurs.



Detailed Findings, Recommendations, and Management Responses

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

The California Association of Public Administrators, Public Guardians, and Public Conservators is a non-profit association representing the Public Administrators, Guardians, and Conservators from each of California's 58 counties. The association's mission is to foster communication between counties, provide education and certification to its members, and provide legislative advocacy on behalf of individuals served by these programs. Not many DA/PA staff are currently involved in this association although DA/PA's new Chief Deputy PA is now on the board of the association.

Having involvement in this association with help DA/PA to partner, share ideas, and best practices with other county PAs.

Recommendation No. 9:

We recommend DA/PA consider increasing employee participation in the California Association of Public Administrators, Public Guardians, and Public Conservators.

District Attorney/Public Administrator Management Response:

Concur. The DA/PA has already implemented this recommendation. All Deputy Public Administrator (DPA) deputies are members of the California Association of PA/PG/PC and have completed the mandatory training for continuing education requirements. The DA/PA hosted a regional training for statewide Public Administrators. DA/PA Chief Deputy was elected to the Board of organization. The DPAs also attended statewide trainings, and some DPAs are scheduled to be speakers at the statewide annual conference.

Objective #3: Review 2014-15 Performance Measures as noted in the Public Administrator's 2015-16 Recommended Final Budget to ensure those measures are adequately supported.

RESULTS

We reviewed documentation supporting DA/PA's reported results of its performance measure in its 2015-16 Recommended Final Budget. DA/PA's Key Outcome Indicator was **Referred Public Administrator Case Closures**, which measured the percentage of DA/PA cases closed within 24 months. DA/PA reported that 100% of the cases were closed within two years of the investigation, and that 45% of cases were closed within two years of the appointment.

As DA/PA was able to generate documents that supported the reported results, we have no reportable audit findings for this objective.



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT A: Report Item Classifications

For purposes of reporting our audit findings and recommendations, we will classify audit report items into three distinct categories:

▶ **Critical Control Weaknesses:**

These are Audit Findings or a combination of Auditing Findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the Department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to their attention immediately.

▶ **Significant Control Weaknesses:**

These are Audit Findings or a combination of Audit Findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.

▶ **Control Findings:**

These are Audit Findings concerning internal controls, compliance issues, or efficiency/effectiveness issues that require management's corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: District Attorney/Public Administrator Management Responses



OFFICES OF THE
**DISTRICT ATTORNEY
PUBLIC ADMINISTRATOR**
ORANGE COUNTY, CALIFORNIA



TONY RACKAUCKAS
DISTRICT ATTORNEY-PUBLIC ADMINISTRATOR

MICHAEL LUBINSKI
ASSISTANT
PUBLIC ADMINISTRATOR
SENIOR ASSISTANT D.A.

Ronald Freeman
CHIEF
DEPUTY PUBLIC ADMINISTRATOR

July 15, 2016

To: ERIC WOOLERY, Auditor-Controller

Subject: Response to Draft Report on Internal Control Audit of the District Attorney/Public Administrator Selected Processes & Controls

This letter is written in response to the findings and recommendations listed on the Draft Report on Internal Control Audit of the District Attorney/Public Administrator (DA/PA) Selected Processes & Controls dated July 11, 2016. Our response to the audit findings and recommendations are as follows:

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

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.”*

DA/PA Management Response – Concur. The Request for Proposal created by HCA/PG to replace the ePAGES failed. The DA/PA is currently working with HCA/PG to determine if ePAGES can be upgraded by the original vendor. In addition, DA/PA is engaged in research to determine if a DA/PA-based, separate, out-of-the-box system to replace the obsolete ePAGES system is a more cost effective and efficient solution for DA/PA. Funding for the ePAGES replacement system is included in CEO’s FY 2016-17 Adopted Budget under Budget Control 038. Anticipated completion date is approximately nine (9) months.

Finding No. 2 – Physical Inventories of Personal Property

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.”*

DA/PA Management Response – Concur. The DA/PA has already implemented this recommendation. The physical inventory of personal property will continue to be performed semi-annually (vault) and annually (warehouse/automobiles/firearms).

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



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: District Attorney/Public Administrator Management Responses (continued)

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July 15, 2016

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.”*

DA/PA Management Response – Concur. The DA/PA is currently working in conjunction with HCA/PG in the development of an MOU describing the shared responsibilities in the areas of real and personal property services. Anticipated completion date is approximately three (3) months.

Finding No. 4 – Inventories of Serially-Numbered Forms

Recommendation No. 4 – *“We recommend DA/PA perform documented, periodic physical inventories of unused handwritten cash receipt forms and property inventory forms.”*

DA/PA Management Response – Concur. The DA/PA has already implemented this recommendation. The physical inventories of unused handwritten cash receipt forms and property inventory forms are performed semi-annually.

Finding No. 5 – County Counsel Staff Onsite

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.”*

DA/PA’s Management Response – Concur. The DA/PA will be working in conjunction with the Office of County Counsel to evaluate the benefit and cost-effectiveness of having County Counsel staff stationed at the DA/PA office location to increase the case resolution efficiency. Anticipated completion date is approximately six (6) months.

Finding No. 6 – Medallion Guarantee Transfer Stamp

Recommendation No. 6 – *“We recommend DA/PA continue to work with the Treasurer-Tax Collector (TTC) to acquire a “Medallion Guarantee Transfer Stamp.”*

DA/PA’s Management Response – Concur. The DA/PA is currently working in conjunction with TTC on the Medallion Guarantee Transfer Stamp contract and plan to file an Agenda Staff Report to obtain Board approval on the execution of the contract and for TTC to provide Medallion Guarantee Transfer Stamp services to DA/PA, HCA/PG, County Counsel, and other county agencies needing a medallion guarantee stamp to transfer securities. Anticipated completion date is approximately three (3) months.

Finding No. 7 – Witness Pool

Recommendation No. 7 – *“We recommend DA/PA evaluate the benefit of expanding the pool of potential witnesses.”*

DA/PA’s Management Response – Concur. The DA/PA has already implemented this recommendation by recruiting additional independent witnesses for use on a rotation basis.

Finding No. 8 – Succession Planning



Detailed Findings, Recommendations, and Management Responses

ATTACHMENT B: District Attorney/Public Administrator Management Responses (continued)

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July 15, 2016

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."

DA/PA's Management Response - Concur. The DA/PA has already implemented this recommendation. Experienced staff is being encouraged to share their knowledge formally with other newer staff, and meetings are held to promote group engagement in legal and program issues. Management is engaged in making sure institutional knowledge is preserved and staff development occurs.

Finding No. 9 - California Association of Public Administrators (PA), Public Guardians (PG), and Public Conservators (PC)

Recommendation No. 9 - "We recommend DA/PA consider increasing employee participation in the California Association of PA/PG/PC."

DA/PA's Management Response - Concur. The DA/PA has already implemented this recommendation. All Deputy Public Administrator (DPA) deputies are members of the California Association of PA/PG/PC and have completed the mandatory training for continuing education requirements. The DA/PA hosted a regional training for statewide Public Administrators. DA/PA Chief Deputy was elected to the Board of organization. The DPAs also attended statewide trainings, and some DPAs are scheduled to be speakers at the statewide annual conference.

If you have any questions, please contact Mike Lubinski, Assistant Public Administrator/Senior Assistant DA, via email mike.lubinski@da.ocgov.com or by phone at (714) 347- 8640. We appreciate your staff's professionalism and courtesy extended during the audit. Thank you.

Sincerely,


Tony Rackauckas

TR:vlb

cc: Toni Smart, Director, Auditor-Controller Internal Audit Division

ATTACHMENT B

Public Administrator Major Accomplishments

(Since DA-PA Consolidation)

- Reduction in decades long case backlog by 61% (3/2014-6/2015)
- Achieved successful transition in cooperation with HCA and other county agencies including shared services between PA & PG where cost effective
- Restructured PA Accounting Unit adding appropriate internal controls and reduced PA accounting staff backlog to zero.
- Provided necessary safety equipment (respirators/protective clothing) to PA staff for biohazard and hoarder situations and put PA into compliance with federal, state and county safety regulations
- Increased the number and frequency of real estate and personal property auctions to speed case completion
- Created secured storage location for firearms seized by PA & PG
- Cooperated in successful warehouse and personal property relocation and inventory of personal property, vault and real property
- Streamlined indigent burial process for PA, PG, Coroner and SSA to reduce unnecessary investigation workload through improving communication with other agencies about statutory responsibilities
- Reinstated regular staff training and providing statutory mandated training to PA staff including mandatory continuing education through state mandated association
- Revised job descriptions within PA and worked with County HR in recruiting and filling positions needed to operate PA efficiently
- Improved both morale and efficiency of PA deputies and provided excellent service to the public when PA services are needed.

ATTACHMENT B