

**County of Ventura**  
**AUDITOR-CONTROLLER**  
**MEMORANDUM**

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**To:** Honorable Mark A. Lunn, County Clerk and Recorder

**Date:** March 14, 2012

**From:** Christine L. Cohen

**Subject:** AUDIT OF CHANGE IN DEPARTMENT HEAD FOR THE COUNTY CLERK AND RECORDER

We have completed our audit of the change in department head for the County Clerk and Recorder ("CCR"). The results of our audit are summarized below.

**BACKGROUND**

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The mission of the CCR's office is: "To serve the public by recording and maintaining an accurate record of real property and vital records, issuing marriage licenses, filing public records, and conducting fair and impartial elections in an ethical, transparent, efficient and cost-effective manner."

The outgoing CCR, Philip J. Schmit, retired effective January 4, 2009. Mark A. Lunn was elected to the position on June 8, 2010, and was appointed by the Board of Supervisors to assume the duties on July 27, 2010. During the interim period when a permanent CCR had not yet been elected, James Becker, Assistant CCR, was delegated the duties and responsibilities of the CCR. The CCR was authorized 54 positions for fiscal year 2011-12 and a budget of over \$9 million.

**SCOPE**

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

- confirmed that fixed assets were accounted for properly and transferred to the incoming department head, and evaluated controls over sensitive non-fixed assets;
- verified that petty cash, change funds, and trust funds were accounted for properly and balances were reasonably stated;
- verified that required documents, such as *Statements of Economic Interests* (i.e., Form 700) and signature authorizations, were completed;
- reviewed actions taken to update security measures, including the deactivation of access cards and termination of computer access;
- confirmed that County equipment was collected from the outgoing department head and accounted for properly; and
- verified that expenses incurred by the outgoing department head in the months before the department head's retirement were appropriate.

We also noted an issue during our audit that required that we expand our procedures on a limited basis to address acting department head assignment pay concerns relating to the County Executive Office-Human Resources Division ("CEO-HR").

The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors. For our audit, we used documents and records for the period March 2007 through November 2011.

## **FINDINGS**

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Overall, we found that the CCR satisfactorily transferred accountability and administrative functions from the preceding to the succeeding department head. We verified that petty cash, change funds, and trust fund accounts were properly accounted for and balances were reasonably stated. We confirmed that County equipment was collected and that electronic security controls were properly updated upon the retirement of the prior CCR. We confirmed that fixed asset inventories were completed in a timely manner and that personal expenses were appropriate and finalized. In addition, controls over the safeguarding, recording, and tracking of sensitive non-fixed assets were in accordance with County policy.

However, we noted that accountability had not been established over a CCR "stamp" fund and that the prior CCR's Form 700 had not been properly maintained in the Form 700 files. Summarized below are details of the areas where improvements were needed. CCR management initiated corrective action during the audit as noted.

1. **Cash Accountability.** Our surprise count of cash on hand at the CCR's Elections Division disclosed that expected cash on hand did not equal the actual cash count. Although the delegated \$50 petty cash fund and the \$50 change fund were in accordance with authorized amounts, an additional "stamp" fund was found in the amount of \$23.75. The "stamp" fund was used for sending County mail and for the purchase of stamps by employees; however, the Elections Division did not record or track "stamp" fund usage. Although the "stamp" fund had not been used for an unspecified period of time, fund accountability had not been established, which exposed the funds to risk of loss, theft, or misappropriation.

**Management Action.** CCR management stated: "I respectfully concur. The Elections postage stamp fund was discontinued in late 2007 or early 2008. The remaining \$24.00 balance has been deposited into the Elections Division (Org 3010) Account 2174."

2. **Form 700.** The prior CCR's Form 700 could not be located in the Form 700 files at the time of the audit. Although the prior CCR filed Form 700 upon leaving office in 2009, the form had been inadvertently placed in the prior CCR's personnel file rather than the Form 700 files. As the CCR could not locate the Form 700, the form was not accessible for public inspection and resulted in the prior CCR re-filing a leaving office Form 700 on May 5, 2011.

**Management Action.** CCR management stated: "I respectfully concur. The former CCR filed a leaving office Form 700 on December 23, 2008. As a result of this original leaving office Form 700 not

being able to be located in the Form 700 files prior to this audit being commenced, the prior CCR filed a leaving office Form 700 again on May 5, 2011. The former CCR's leaving office Form 700 could not be located in the Form 700 files during this audit. However, on March 1, 2012, the original leaving office Form 700 was located in our office. The document was discovered to have been filed in the prior CCR's personnel file attached to similar separation documents that the prior CCR completed at the same time. The original leaving office Form 700 is now located in the Form 700 files."

#### **AUDITOR'S EVALUATION OF MANAGEMENT ACTION**

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We believe that management actions were responsive to the audit findings. Management stated that corrective actions have been completed as of the date of this report.

#### **ADDITIONAL LIMITED AUDIT PROCEDURES**

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Our audit also disclosed a matter that pertained to the CEO-HR, which is presented to CCR management in this report for informational purposes only. Specifically, we noted that CEO-HR processes did not ensure proper designation and timely revocation of acting department head assignment pay for the Assistant CCR. Because this matter was not reflective of or contingent upon action taken by CCR, our concerns will be addressed to the CEO-HR in a separate report. Therefore, a response from CCR management regarding this matter is not required.

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

cc: Honorable John C. Zaragoza, Chair, Board of Supervisors  
Honorable Peter C. Foy, Vice Chair, Board of Supervisors  
Honorable Steve Bennett, Board of Supervisors  
Honorable Linda Parks, Board of Supervisors  
Honorable Kathy Long, Board of Supervisors  
Michael Powers, County Executive Officer