

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Deborah D. Frahm, Director, Department of Child Support Services

Date: September 20, 2013

From: Jeffery S. Burgh, Assistant Auditor-Controller

Subject: AUDIT OF CHANGE IN DIRECTOR FOR THE DEPARTMENT OF CHILD SUPPORT SERVICES

We have completed our audit of the change in director for the Ventura County Department of Child Support Services ("DCSS"). The results of our audit are summarized below.

BACKGROUND

DCSS is responsible for promoting the best interests of children and families by working to ensure that children receive adequate and appropriate support from both custodial and non-custodial parents. DCSS provides a full range of child support services for County residents and responds to intergovernmental requests from other states, tribal authorities, and other countries for assistance. Services include: locating non-custodial parents; establishing paternity; establishing and modifying court orders for child and medical support; collecting child support; and answering incoming telephone calls for Humboldt County, Monterey County, Santa Barbara County, and Yolo County DCSS.

The outgoing DCSS director, C. Stanley Trom, formally retired effective March 5, 2011. Deborah D. Frahm was appointed by the Board of Supervisors as DCSS director effective March 6, 2011. DCSS was authorized 242 positions for fiscal year 2011-12 and a combined budget of \$20.7 million.

SCOPE

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

- confirmed that County property was collected from the outgoing DCSS director and accounted for properly (e.g., vehicle, cell phone, etc.);
- reviewed actions taken to update security measures, including the deactivation of facility access cards and termination of computer access;
- verified that required documents, such as *Statements of Economic Interests* and signature authorizations, were completed;
- verified that expenses incurred by the outgoing DCSS director in the months before the director's retirement were appropriate;
- confirmed that fixed assets were accounted for properly and evaluated controls over sensitive non-fixed assets (e.g., laptop computers, cell phones, cameras, etc.);
- verified that petty cash, change funds, and outside bank accounts were properly accounted for and balances were reasonably stated; and
- determined whether record retention and storage policies were properly established and followed.

We performed audit tests and evaluations using documents provided by DCSS Administration and the Auditor-Controller's Office for the period September 2010 through October 2012. Except as discussed in the following paragraph, the audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors ("*IIA Standards*").

In connection with our audit, certain disclosures are necessary pursuant to *IIA Standards*. Specifically, *IIA Standards* state: "If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment." In the temporary absence of an appointed or elected Auditor-Controller, the County Executive Officer ("CEO") has designated the Assistant Auditor-Controller as acting department head with an associated assignment pay premium. This necessarily impairs *IIA Standards* regarding independence because the Assistant Auditor-Controller currently receives the acting department head assignment pay premium as approved by the CEO and because the department under audit is subject to CEO oversight. However, as the integrity of our audit findings have not been subject to inappropriate influence by the CEO, the reader of this report can rely on the information contained herein.

FINDINGS

Overall, we found that DCSS satisfactorily transferred accountability and administrative functions from the preceding to the succeeding director. For example, we confirmed that signature approvals and access codes were updated in a timely manner and that accountability for fixed assets was properly transferred from the former to the current director. We also verified that expense reimbursements received by the prior director during the 6 months before retirement were appropriate and that petty cash and change funds were accounted for properly.

However, we identified areas where action was needed to better manage the transition upon a change in director. Specifically, the current DCSS director did not take an oath of office, and the prior DCSS director's County identification badge was never collected.

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

1. **Oath of Office.** The incoming DCSS director did not take an oath of office that was certified and filed with the County Clerk and Recorder before beginning the term as department head. California Government Code Section 1360 states that "before any officer enters on the duties of his office, he shall take and subscribe the oath or affirmation set forth in Section 3 of Article XX of the Constitution of California." Additionally, Government Code Section 1363 states that "every oath of office certified by the officer before whom it was taken shall be filed within the time required." Timely filing of the oath of office before an officer begins a term of duty will maintain the County's compliance with the Government Code.

Management Action. DCSS management stated:

"DCSS was not aware that an 'Oath of Office' was required for the new Director. On January 11, 2011 the new Director, Deborah Frahm, was appointed to her office by the Board of Supervisors. A 'Consent for At-Will Employment' was provided to the CEO's office. Six months prior to the retirement of departing Director, Stan Trom, DCSS requested guidance from the Auditor-Controller's Office for requirements for the Change in Director. The Auditor-Controller's Office referred DCSS to the Admin Policy Manual and informed DCSS

to update the Authorized Signature Forms. There was no information in the Admin Manual regarding the 'Oath of Office' for incoming department heads. It was first brought to DCSS' attention during this audit, which began in June 2012, 21 months after our initial inquiry about the audit. Upon this notification, DCSS Director, Deborah Frahm sought guidance from the CEO's office. DCSS, with the help of the CEO's office, has coordinated this effort with the County Clerk and Recorder's Office. The Oath of Office was completed on Friday, September 13, 2013.

"Although the Admin Policy Manual provides general guidelines for departments, it would be beneficial to departments if there were more guidance and direction provided in the manual or by the Auditor-Controller's Office. As discussed during the audit exit conference, a transition checklist for Change in Director, established by the County, would be helpful for all departments in the future."

2. **County Identification Badge.** DCSS could not account for the County-issued identification badge for the former director. Ventura County Administrative Policy No. Chapter IV(B)-5, *Employee Identification Badge*, requires that each department be responsible for retrieving an employee's identification badge prior to the effective date of separation. Although the General Services Agency confirmed that electronic badge access was deactivated in March 2011, the physical badge was not collected and could still be presented to inappropriately obtain access to County buildings. Badges do not contain an expiration date and could be used for prolonged periods. Retrieving employees' identification badges upon separation prevents improper use of badges by former County employees and is vital to the maintenance of a secure workplace.

Management Action. DCSS management stated:

"Despite multiple requests to the departing Director, he did not submit his badge. However, the badge was deactivated on his final day, March 4, 2011 in order to prevent unauthorized access into DCSS.

"It is DCSS' policy to obtain, deactivate and destroy the badge of all exiting employees. This task has been outlined in DCSS' Out-Processing Form."

AUDITOR'S EVALUATION OF MANAGEMENT ACTION

We believe that management actions taken or planned were responsive to the audit findings. DCSS management planned to complete corrective action by September 13, 2013.

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

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