


County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Mark Lorenzen, Fire Chief

Date: October 1, 2013

From:  Jeffery S. Burgh, Assistant Auditor-Controller

Subject: **AUDIT OF CHANGE IN DEPARTMENT HEAD FOR THE VENTURA COUNTY FIRE PROTECTION DISTRICT**

We have completed our audit of the change in department head for the Ventura County Fire Protection District ("VCFPD"). The results of our audit are summarized below.

BACKGROUND

VCFPD is a special district that provides services for the unincorporated areas of Ventura County ("County") and six cities in the County: Camarillo; Moorpark; Ojai; Port Hueneme; Simi Valley; and Thousand Oaks. The purpose of VCFPD is to protect life and property by providing fire suppression, protection, emergency medical aid, education, hazardous material monitoring, rescue and related emergency services.

The outgoing Fire Chief, Bob Roper, retired effective March 31, 2012. Mark Lorenzen was appointed as Fire Chief by the Board of Supervisors effective March 30, 2012, at 5:00 p.m. VCFPD was authorized 583 positions for fiscal year 2012-13 and a budget of over \$137 million.

SCOPE

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 County property was collected from the prior Fire Chief and accounted for properly;
- 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 approvals, were completed;
- determined whether expenses incurred by the outgoing Fire Chief in the months before retirement were appropriate;
- confirmed that fixed assets were accounted for properly and evaluated controls over sensitive non-fixed assets; and
- verified that the petty cash fund and trust funds were accounted for properly and that balances were reasonably stated.

We performed audit tests and evaluations using documents provided by VCFPD, the Clerk of the Board of Supervisors, and the Auditor-Controller's Office for the period July 1993 through May 2013. Our procedures included a surprise count of the \$200 petty cash fund. 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 VCFPD satisfactorily transferred accountability and administrative functions from the preceding to the succeeding department head. For example, we confirmed that County property was returned and signature approvals were updated. California Form 700, *Statement of Economic Interests*, was filed by both the outgoing and incoming department head. Expenses incurred by the prior Fire Chief in the months before retirement were supported with receipts. Annual fixed asset inventories were completed timely, trust fund accounts were reconciled, and the petty cash fund was intact and safeguarded properly.

However, we identified areas where improvements were needed in managing the transition upon a change in department head and strengthening information technology controls. Specifically, we noted that the current Fire Chief did not take an oath of office and that the prior Fire Chief, currently as a VCFPD volunteer, did not sign the required Non-Employee Information Technology ("IT") Usage Agreement.

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

1. **Oath of Office.** The incoming Fire Chief did not take an oath of office that was certified and filed with the County Clerk and Recorder upon assuming the position as Fire Chief. California Government Code Section 1363 states that the oath of office is a requirement of all officers elected or appointed for any county. Therefore, as department head of VCFPD, the incoming Fire Chief is required to file an oath of office, the timely filing of which will maintain the County's compliance with the Government Code.

Management Action. VCFPD management stated:

"California Government Code Section 1363 clearly states that all officers elected or appointed shall take and subscribe the oath or affirmation set forth in Section 3 of Article XX of the Constitution of

California. This code section also clearly states that the oath shall be taken before the County Clerk, who is also the clerk for the Fire District. This code section is not clear in regards to who is responsible to ensure the oath is given. Furthermore, nowhere in the County Administrative Manual does it state that all officers elected or appointed shall take an oath of office. It seems logical to assume that it would be either the appointing authority or the County Clerk would be responsible to ensure that statutory oaths are given.

"At the time Mark Lorenzen was appointed Fire Chief, he was unaware of the oath requirement. The Fire Chief has scheduled to take his oath of office with the County Clerk Recorder on October 1, 2013."

2. **Computer Access.** VCFPD did not require that volunteer staff with access to County systems, including the prior Fire Chief, acknowledged and signed the Non-Employee IT Usage Agreement ("Agreement"). Any non-employee who has access to County IT resources must sign the Agreement acknowledging the guidelines of acceptable use of County computers, electronic mail, Internet access, or other electronic systems. Although VCFPD requires signed application forms and liability release forms from volunteers, none of these forms contain informational statements regarding the appropriate use of County IT resources. Awareness and acknowledgement of the policy helps to ensure that non-employees do not expose County systems to risk of data loss or inappropriate access.

Management Action. VCFPD management stated: "The Non-Employee Information Technology Usage Agreement is intended for non-county employees and does not mention volunteers. The Fire District was under the impression that the form did not apply to volunteers. By the end of calendar year 2013, the Fire District will ensure that all of its current and future volunteers, who have access to Fire computers, sign this agreement. The prior Fire Chief signed the agreement on 09/03/13."

AUDITOR'S EVALUATION OF MANAGEMENT ACTION

We believe that VCFPD management actions taken or planned were responsive to the audit findings. Management planned to complete corrective actions by December 31, 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