

COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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October 26, 2009

Dr. Richard Burton, Director Health and Human Services Department 379 Nevada Street Auburn, CA 95603

Re: "VW" Document Type Review

Dear Dr. Burton:

The Internal Audit Division of the Auditor-Controller's Office performed a review of confidential "VW" document types generated by County Departments during the period from September 1, 2008 through June 30, 2009. Confidential "VW" documents are those that contain "personal information" as deemed by the California Civil Code Section 1798. "Personal information" means any information in any record about an individual that is maintained by an agency, including, but not limited to, his or her education, financial transactions, medical or employment history.

Based on our review, which consisted of determining whether adequate internal controls exist to provide reasonable assurance that document type "VW" is used appropriately, "VW" payments are properly authorized, documentation is adequately retained and supports the payment and sensitive information is not being submitted to our office, we feel internal controls in place are not operating as designed.

Our findings and recommendations are as follows:

Coding/description and calculation errors

We noted the following:

- One instance in which purchases needed to be itemized to correctly classify amounts into the appropriate Object Level 3. When the items were recalculated with tax, they were incorrectly figured, causing incorrect amounts in each Object Level 3.
- One instance where the invoice description incorrectly named one person as the recipient of service from a dentist when the receipt stated a different name.
- A reimbursement claim from an employee for \$19.90, but the actual amount should have been \$21.34. The tax was not included in the reimbursement calculation.
- One instance in which the supporting documentation for an adoption costs reimbursement didn't contain detailed descriptions of expenditures incurred.

• A claim for \$10 was erroneously coded to Program Meals, when it should have been coded to Miscellaneous Expense.

We recommend the department carefully review calculations and supporting documentation to ensure amounts recorded in Object Level 3's accurately reflect actual expenditures including sales tax and ensure accurate transfer of data regarding patient's information from supporting documentation to the VW document invoice description field.

Department Response:

Department concurs with the majority of these findings. However, department feels that employees that choose to <u>not</u> add applicable tax to their reimbursement claims are making a choice just as they do when claiming less than per diem on taxable meals. The department is open to reconsider this approach if inconsistent with the broader county approach. If CAPP staff find an obvious error (transposition, etc.), they will correct that error. If they find other mistakes that require follow-up with the employee, they will discuss the errors and ask the employee if they want any amounts claimed without tax to be changed or not.

Duplicate Payments

We noted one instance in which the client submitted another claim for the same expenditure that had already been submitted and reimbursed several months prior. The claim contained identical information except for the invoice description line was slightly different.

We recommend the Department develop policies and procedures to verify all payments prior to issuance to avoid overpayment.

Department Response:

Department concurs. Procedures for researching '99999999' vendor payments are being developed and will be shared with all CAPP staff.

Paid Stamp

We noted numerous instances in which the supporting documentation for claims were not stamped paid to ensure no duplicate payments occurred.

We recommend that all supporting documentation be stamped paid in order to avoid the possibility of a duplicate payment.

Department Response:

Department practice has been to stamp "PAID" on original receipts, invoices, etc. and not internal department forms. Forms can easily be reproduced with the proper signatures but would not be sufficient for payment without original supporting receipts or copies of receipts with a signed Liability Statement.

Confidential "VW" Document Type

We found instances where the Confidential "VW" Document Type was not necessary because either no names or only the first name was included in the supporting documentation.

We recommend the Department only use the Confidential "VW" Document Type if the supporting documentation contains "personal information" as deemed by the California Civil Code Section 1798.

Department Response:

Department concurs. In the audited document for this finding, first names were on one of the invoices, so it was believed that the entire package should be paid with the VW doc type. We will implement this recommendation for future documents so will only be using VW doc types for those particular invoices with client first and last names.

Multiple Receipts

We noted one petty cash claim in which the same four children were taken for ice cream outings to Baskin Robbins on the same night two times.

We recommend the Department carefully review claims submitted to ensure the expenditures are reasonable and necessary activities for the children in their care.

Department Response:

Per Richard Knecht, the Director of Children's System of Care, these expenditures were reasonable and necessary because service plans for foster children use these outings for opportunities to learn a variety of social and pro active behavioral skills (standing in line, requesting service, expressing appreciation, etc.) and the details show the "outings" were only thirty minutes apart. Because additional children joined the group after the first four were served and only single cones were served, the original four were given permission to stand in line with the others to get a second cone. Petty cash disbursements as well as employee claims must be approved by the direct supervisor and program staff before reimbursement is made.

The Department's responses to the recommendations identified in our review are described above. We did not audit the Department's responses and, accordingly, we express no opinion on them.

We appreciate the Department staff's courtesy and cooperation throughout the course of this review.

Nicole C. Howard, CPA Internal Audit Manager

cc: Lori Boone, Administrative and Fiscal Operations Manager Graham Knaus, Administrative Services Director Katherine Martinis, Auditor-Controller Placer County Audit Committee