

# RESPONSE PROCEDURE

## RESPONSE TO GRAND JURY REPORT

The governance of responses to the Grand Jury Final Report is contained in Penal Code §933 and §933.05. Responses must be submitted within 60 or 90 days. Elected officials must respond within sixty (60) days, governing bodies (for example, the Board of Supervisors) must respond within ninety (90) days. Please submit all responses in writing and digital format to the Advising Judge and the Grand Jury Foreperson.

Report Title: YOLO COUNTY FINANCE Report Date: 4-26-2013  
-TRACKING CHANGES

Response by: HOWARD NEWENS Title: AUDITOR-CONTROLLER

### FINDINGS

I (we) agree with the findings numbered:

F-2, F-3, F-4

I (we) disagree wholly or partially with the findings numbered:

F-5, F-7, F-8, F-9, F-10

### RECOMMENDATIONS

Recommendations numbered: R-1, R-2, R-3, R-5, R-6, R-7  
have been implemented (attach a summary describing the implemented actions).

Recommendations numbered: 6  
require further analysis (attach an explanation of the analysis or study, and the time frame for the matter to be prepared by the officer or director of the agency or department being investigated or reviewed; including the governing body where applicable. The time frame shall not exceed six (6) months from the date of the Grand Jury Report).

Recommendations numbered: 6  
will not be implemented because they are not warranted and/or are not reasonable (attach an explanation).

Date: 5/31/13 Signed: Howard Newens

Total number of pages attached 4



# County of Yolo

www.yolocounty.org

HOWARD H. NEWENS, CIA, CPA

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TREASURER-TAX COLLECTOR

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May 31, 2013

Honorable Daniel P. Maguire  
Judge of the Yolo Superior Court  
725 Court Street, Department 16  
Woodland, CA 95695

Yolo County Grand Jury  
P.O. Box 2142  
Woodland, CA 95776

via e-mail: [grand-jury@sbcglobal.net](mailto:grand-jury@sbcglobal.net)

Dear Judge Maguire and members of the Grand Jury:

## ***Response to the 2012-13 Grand Jury Report on Yolo County Finance: Tracking Changes***

The 2012-13 Grand Jury issued a report on the Yolo County Finance – Tracking Changes on April 30, 2013 and has requested the Yolo County Auditor-Controller to respond to certain findings and recommendations contained therein. Our responses are stated below, under each of the Grand Jury findings and recommendations.

### **F-2: The Finance Manager will replace the Auditor-Controller, but it is not yet clear what the job description for the new position will be.**

Auditor-Controller's Response: We agree that the job description for the new Director of Finance is not yet available. However, this position will not become effective until my term ends on December 31, 2014. A team of finance managers is currently designing the new financial management structure and will make a recommendation to the Board of Supervisors in September 2013. Once the Board approves the structure, the job description for the head of finance will be developed.

### **F-3: Requisite financial reporting is late and bank reconciliations have been from three to six months late because finance operations are understaffed.**

Auditor-Controller's Response: We agree that the issuance of the county annual financial report has taken more than six months from the end of the fiscal year and that bank reconciliations were also performed late. It should be noted that all

financial reports complied with statutes and that there were other compensating controls that mitigate the late bank reconciliations. We have reorganized resources where possible and requested additional resources to improve timeliness in the future.

**F-4: The County uses multiple systems to collect “hours worked.”**

Auditor-Controller’s Response: We agree. Of the 20 county departments, 16 use the countywide E-Schedule to track absences and 4 use their own systems. In addition, some departments use time sheets to certify time worked. The County realizes the need for a more uniform and robust timekeeping system and is preparing request for proposals for a payroll/HR system that includes automated timekeeping.

**F-5: Some finance personnel lack requisite accounting, finance or software backgrounds.**

Auditor-Controller’s Response: We disagree partially. Most finance and accounting personnel in the County possess the basic skills and abilities required by their respective job classifications. What has gradually happened over time is that the nature of the work has evolved while the skill sets contained in the job classifications have not been updated. The Human Resources Division is presently engaged in the tasks of reviewing fiscal classifications countywide, as well as enhancing the training program for fiscal skills.

**F-7: The external auditor has found repeated, uncorrected conditions of non-compliance in grant reporting.**

Auditor-Controller’s Response: We disagree partially. The independent auditors found uncorrected conditions related to the untimely verification of eligibility in the In Home Support Services program, not related to grant reporting. It should be noted that although the findings represent a non-compliance issue, they were within the exception rate allowed by the California Department of Social Services.

**F-8: A Request for Proposal (RFP) for a new external auditor has not been issued in a timely manner.**

Auditor-Controller’s Response: We disagree. The contract with the current audit firm does not expire until 6/30/13. A request for proposal for audit services was issued on 3/7/13 and an independent audit firm was approved by the Board of Supervisors on 5/7/13. The new audit firm will begin fieldwork on 6/18/13.

**F-9: Internal audits need to be performed regularly in all departments. The last internal audit was two years ago.**

Auditor-Controller's Response: We agree partially. The Internal Audit staff have been conducting small audit projects in various departments (such as cash and equipment audits) while also being pulled away to help out in other understaffed areas in the Auditor-Controller department. The last major audit project was a countywide payroll audit that was completed two years ago. The Internal Audit division does not have a manager who can regularly lead the charge on these large countywide projects. We have requested additional resources to remedy this gap.

**F-10: Financial off-line adjustments are made without formal supervisory sign-off, as required by good business practice.**

Auditor-Controller's Response: We disagree partially. Although we agree with the nature of the finding it should be noted that this deficiency was corrected in the FY 2011-12 financial audit.

**R-1: Internal controls for payroll should be reviewed and regulated.**

Auditor-Controller's Response: This recommendation has been implemented. We have scheduled audits of payroll timekeeping at various departments in 2013-14.

**R-2: Human Resources and Finance should review the multiple systems currently used by departments to collect "hours worked" related to task, funding source and/or project to determine if a single or integrated system may be more efficient to collect payroll and cost accounting data.**

Auditor-Controller's Response: This recommendation is being implemented. County staff is developing the specifications for a new payroll/HR system that includes uniform timekeeping component. We expect the request for proposal to be issued in the summer of 2013.

**R-3: Deadlines for closing bank reconciliations and financial statements should be established and met.**

Auditor-Controller's Response: This recommendation has been implemented. The deadline for the monthly bank reconciliations has been set as the end of the following month; and the deadline for issuing financial statements has been set as December 31.

**R-5: As a priority, financial staff should be strengthened through recruitment, training, career path planning and motivation.**

Auditor-Controller's Response: This recommendation is being implemented. The Human Resources Division is working with our office on a countywide fiscal staff upgrade project that includes analyses of classifications, career path

and training standards. We are confident that the results of this project will increase staff motivation.

**R-6: The finance department should assign a staff member to assist departmental finance employees with training, coaching and motivation.**

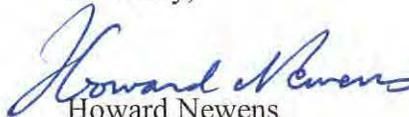
Auditor-Controller's Response: This recommendation has been implemented. It has been standard practice for the three managers of the Auditor-Controller's office to stay in touch with finance staff at the departments to answer their questions and provide necessary training. Increased workload had caused us to temporarily discontinue this practice. However, we have requested additional resources to allow us to resume this activity. Furthermore, the change management activity that is taking place with regard to the transition to a new financial system will have a positive effect on staff motivation.

**R-7: Financial off-line adjustments should be approved and signed by the Auditor-Controller.**

Auditor-Controller's Response: This recommendation has been implemented. All off-line adjustments to the financial statements are being approved by the Auditor-Controller or his designee, depending on the nature of the adjustments.

We appreciate the opportunity to respond and thank the Grand Jury for highlighting some long-term issues that need to be addressed during our transition to a new financial infrastructure.

Sincerely,



Howard Newens  
Auditor-Controller &  
Treasurer-Tax Collector

Cc: Yolo County Board of Supervisors via Clerk of the Board