



**2011-2012
Madera County Grand Jury
Final Report
Citizen Complaint Regarding the Office of
Madera County Auditor-Controller**

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Introduction:

In August 2011 the Grand Jury received a Citizen Complaint regarding the Office of the Madera County Auditor-Controller. The complaint addressed the following issues:

- Accumulated oversight of \$11,176,110 General Fund Revenue
- Trust funds not reviewed and/or audited
- Lack of written procedures and guidelines for the office

The Grand Jury interviewed 14 individuals in its investigation of the complaint.

Findings:

1. The Grand Jury found that on June 7, 2011, the Board of Supervisors (BoS) recognized that \$11,176,110 had not been transferred from various trust funds to the County General Fund.
2. The Grand Jury found that the Auditor-Controller maintains approximately 700 accounts and trust funds.
 - a. Many of the accounts and trust funds have not been reviewed or audited annually.
 - b. The report prepared for the County by MGT of America showed that 165 of the accounts and trust funds pertain to the school districts.
 - c. The Auditor-Controller duplicates the record keeping performed by the Madera County Office of Education (MCOE) for these funds.
3. The Grand Jury found that in 2010 the Auditor-Controller developed policies and procedures covering accounting, capital assets, fraud, and travel.
4. The Grand Jury found that since 2009 there have been three appointed, acting, or elected Auditor-Controllers.
5. The Grand Jury found that the BoS recently considered and rejected a proposal to combine the elected offices of Auditor-Controller and Treasurer-Tax Collector into an appointed Director of Finance.
6. The Grand Jury found that the BoS appointed a new Auditor-Controller who assumed her duties in January 2012.
7. The Grand Jury found that the Auditor-Controller's Office has experienced vacancies in

key positions over the past several years.

8. The Grand Jury found that in the past the County has been ineligible for grant awards due to lack of timely completion of financial reports.
9. The Grand Jury found that the County uses the Integrated Financial Accounting System (IFAS).
 - a. IFAS is built on an obsolete platform which does not provide a solid foundation upon which to build or attach other functional components.
 - b. IFAS requires routine operational assistance from the analyst staff of the County Information Technology Department (IT).
 - c. Some of the system's capabilities, e.g., the budget component, are not being utilized.
10. The Grand Jury found that use of the IFAS payroll component is made considerably more complex because of the County's practice of issuing employee paychecks prior to the end of the pay period.

Conclusions:

1. The Grand Jury concluded that the lack of adequate fund accounting procedures and end of year review of fund balances resulted in the accumulated oversight of over \$11 million.
2. The Grand Jury concluded that for a period of several years the Auditor-Controller's Office has been inadequately staffed, resulting in late financial reporting, costly errors, and embarrassing mistakes.
3. The Grand Jury concluded that the Auditor-Controller's Office has made progress with the development of some policies and procedures for specific functions of the office and County.
4. The Grand Jury concluded that the Auditor-Controller's Office performs unnecessary tasks by duplicating record keeping done by MCOE.
5. The Grand Jury concluded that IFAS is outdated and may not meet the County's needs in the long term.
6. The Grand Jury concluded that the current payroll process creates additional work for the Auditor-Controller, IT, and each of the County Departments who must make all of the necessary leave balance and pay adjustments after the fact.

Recommendations:

1. The Grand Jury recommends that the Auditor-Controller continue to develop policies and procedures for the office and County functions.

2. The Grand Jury recommends that duplicate record keeping of MCOE accounts and funds be eliminated and the Auditor-Controller perform only those procedures required by law.
3. The Grand Jury recommends that the County form a task force comprised of key stakeholders to evaluate the ongoing adequacy of IFAS and determine the appropriate course of action.
4. The Grand Jury recommends that the County's payroll process be changed to allow sufficient time for pay adjustments to be made prior to issuance of paychecks.

Respondents: written response required pursuant to PC 933(c)

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Madera County Board of Supervisors
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Informational: response optional

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Director
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Madera, CA 93637

Madera County Office of Education
Superintendent of Schools
14123 Avenue 14
Madera, CA 93638

Madera County Administrative Officer
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