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July 21, 2014

Presiding Judge
Madera County Superior Court
209 West Yosemite Avenue
Madera, CA 93637

Mad
Madera County Grand Jury
PO Box 534
Madera, CA 93639



RE: Responses to Grand Jury Findings and Recommendations
For 2013-2014

Itemized below are the Auditor-Controller responses to the Grand Jury Findings and Recommendations. Please be advised that the Auditor-Controller in charge when these findings were developed resigned June 4, 2014. The Board of Supervisors appointed Todd E. Miller as Auditor-Controller on June 24, 2014.

Answers to Findings:

1. The Auditor's management style is top down and autocratic causing undue tension and low morale of the staff. **Answer: Agreed at time of investigation. The new Auditor's management style is completely different and encourages employees to be innovative, creative and does not micro-manage employees.**
2. The County needs more degreed accountants for the Auditor's department. **Answer: Agreed. The Auditor-Controller's office has been attempting to hire more degreed accountants but has not been able to find qualified candidates to fill the position. The department will continue to try to recruit more degreed experienced accountants.**
3. The attempt of the Auditor to change practices has been inhibited by the inherited culture. **Answer: Agreed at the time of the investigation. This culture began to change under the old Auditor and the new Auditor is resolved to make major changes to the status quo.**
4. The review of approximately 16,000 line items delayed the timely preparation of the Single Audit. **Answer: Agreed. The Auditor's office is resolved to reduce the size of the chart of accounts and to significantly reduce the number of funds in use in the financial records of the County.**

5. The Auditor has implemented procedures and policies to improve the financial record keeping and reporting for the County which will enable the timely filing of Single Audits in future years. Answer: Agreed. The results of this action are already evident. The 2013 Single Audit should be finished and audited by approximately August 31, 2014, a full seven months sooner than the prior year audit. The County reports will no longer be delinquent at this time. The Auditor-Controller department anticipates completion of the 2014 audit by March 31, 2015 which would make the statements timely by California regulations.
6. Lack of timely filing of the Single Audit has caused the county to lose the opportunity to apply for grants. Some grants have been lost entirely or in part due to lack of filing the Single Audit in a timely manner. Delays in receiving grants can result in extra cost to the county. Answer: Agreed. This will be resolved with the completion of the 2013 audit. The Auditor-Controller's office anticipates that the 2014 and future years will be filed timely.
7. The IFAS software is inadequate for the needs for the county's financial record keep and reporting. Answer: Agreed in part. The IFAS software had not been updated for several years and, therefore, the County was not operating with the most recent version. The County is now in the process of the update and will be able to re-assess the adequacy of the software after the updated have been fully installed.
8. The lack of ongoing training and supervision of personnel in the accurate entry of data resulted in substantial staff time to correct past data errors. Answer: Agreed. This issue has been addressed with more staff and more training and cross-training of staff as workload allows.
9. The loss of senior staff members prior to the Auditor's appointment in January, 2012 inhibited the timely filing of the 2011 Single Audit. Answer: Agreed.
10. There was a delay of one year in the payment to the independent outside auditor who was owed by the county the sum of \$21,000 for additional work to complete the 2011 Single Audit. Answer: False. The longest delay in paying the independent auditor was five months for \$12,000. During this payment delay the auditors continued to work.
11. Because of the additional time invested in attempting to complete the Single Audit, the Auditor did not have available time or staff to perform the financial watch dog function over other county departments. Answer: False. The watchdog function was delayed due to lack of qualified personnel to plan and conduct internal audits. The newly appointed Auditor-Controller has met with County CAO and Board of Supervisors to request a new position and funding to hire an experienced government internal auditor.

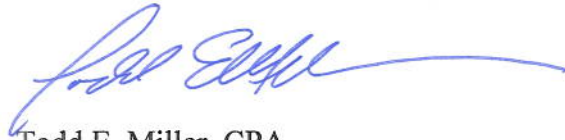
12. The County is rated as a financial High Risk agency by the SCO requiring additional work and an increase in fees for the independent auditor to complete the Single Audits. **Answer: False.** While the County may be rated a financial High Risk agency there is no indication that this has resulted in additional work within the Auditor-Controller's office or to the independent outside auditor.
13. Because the County is under sanctions by the SCO, the County is inhibited from applying for grants or from receiving some pass-through funds. **Answer: Agreed.** This matter shall be resolved by approximately August 31, 2014 when the 2013 Single Audit should be complete. At that time the County will no longer be delinquent.
14. The investigation revealed that morale is low in the Auditor's office. **Answer: Agreed at the time of investigation.** The appointment of a new Auditor-Controller seems to have resolved this issue.
15. The Auditor's office has: insufficient training of staff; minimal empowerment of staff; an unclear chain of command; and inadequate communication through regularly scheduled meetings of entire staff. This has inhibited the Auditor's Office from performing all of its intended functions in a timely manner. **Answer: Agreed at the time of investigation.** The Auditor-Controller has instituted regular bi-weekly meetings; managers have been appointed to each of the several functions performed by the Auditor-Controller's office; employees have been empowered to freely communicate and train subordinates without having to directly involve the Auditor-Controller

Recommendations:

1. Madera County should immediately obtain a financial software package to meet the needs of the Auditor-Controller and other county departments. **Answer: The current financial software was under utilized by the Auditor-Controller's office and other departments were not properly trained to use the system.** The County has recently upgraded to the current version of the software and will be receiving training in August from the software vendor. This software is used by 21 other government entities in California. The purchase of a new software package was investigated and, at of cost in excess of \$2 million, is not feasible at this time.
2. The Auditor-Controller should request funds for sufficient degreed accountants in order to meet the needs of the Auditor-Controller and other county departments. **Answer: The Auditor-Controller's office has positions open for degreed accountants and has been trying to recruit for those positions.**

3. The Auditor-Controller conduct regularly scheduled staff meetings to build teamwork and inform the staff of upcoming activities, changes, and new initiatives impacting the department. *Answer: The Auditor-Controller has already implemented this with bi-weekly staff meetings.*
4. The Auditor-Controller should perform regularly scheduled employee evaluations per Madera County Code 2.60.440. *Answer: The new Auditor-Controller will endeavor to timely conduct employee evaluations.*
5. The BoS contract for an outside managerial study of the Auditor-Controller's office to examine and make recommendations regarding supervisory practices, staffing, systems, procedures, and employee morale. *Answer: The Auditor-Controller would support such a study should the BoS decide to authorize such study.*
6. The Auditor-Controller increase on-going cross-training of personnel. *Answer: The Auditor -Controller agrees and is attempting to hire the additional personnel needed to be able to cross-train employees.*

Very truly yours,



Todd E. Miller, CPA
Auditor-Controller