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September 19, 2023

The Honorable Michael Jurkovich
Supervising Judge of the Grand Jury
Madera County Superior Court
200 S. G Street
Madera, CA 93637

Subject: Response to the 2022-23 Grand Jury Report entitled "Madera County Auditor-Controller Key to Achieving Excellence in County Government"

Honorable Judge Jurkovich:

Pursuant to the California Penal Code 933.05, the Madera County Board of Supervisors submits this response to the findings and recommendations in the 2022-23 Madera County Grand Jury report entitled "Madera County Auditor-Controller Key to Achieving Excellence in County Government" See Attachment #1.

Finding 1:

The MCGJ finds that County departments and activities designated as selected for audit by utilization of the Risk Assessment worksheets are in most cases left unaudited, potentially resulting in risk to County operations.

Response

Respondent partially disagrees with the finding per California Penal Code 933.05 (a) (2). Under separate cover, the Auditor-Controller has responded to this finding and stated:

"During every year, issues arise during the year (and after the risk assessment and creation of the audit plan) that are of a higher and more urgent risk than certain items selected for audit. It is very important for the Audit Division to be flexible enough to address items of a critical nature timely, when they arise. So, while some items selected for audit may be delayed to a later audit year, it is normally due to issues of higher risk arising that require attention of the Audit Division. The A/C department strives to continually address any noted high-risk areas."

The response of the Auditor-Controller to the above Finding is considered appropriate and is submitted as the Board of Supervisors' response.

Finding 2:

The MCGJ finds that County departments and activities planned to receive an audit in the Annual Audit Schedule in many cases do not align with County activities previously designated in

the Risk Assessment worksheets, resulting in many high-risk designated activities remaining unaudited.

Response

Respondent partially disagrees with the finding per California Penal Code 933.05 (a) (2). Under separate cover, the Auditor-Controller has responded to this finding and stated:

“...the Audit Division and the A/C address items of the highest risk, based on the resources available. Therefore, not all items selected for audit may be addressed in any given year.”

The response of the Auditor-Controller to the above Finding is considered appropriate and is submitted as the Board of Supervisors’ response.

Finding 3:

The MCGJ finds that when in-depth internal audits are performed by the A/C Department, value-added Findings and Recommendations are made to management affording opportunities to improve effectiveness and efficiency of government operations.

Response

Respondent agrees with the finding per California Penal Code 933.05 (a) (1).

Finding 4:

The MCGJ finds that since the dissolution of the Internal Audit Committee as originally created by the BOS Resolution 2016-315, public visibility, and awareness of internal audit publications are minimized, thereby resulting in a clouded transparency of government operations.

Response

Finding 5:

The MCGJ finds the County did not sufficiently understand and test the capability of NEOGOV’s payroll program to deliver reliable and accurate payroll services to the employees of Madera County, resulting in payroll errors for many County employees.

Response

Respondent partially disagrees with the finding per California Penal Code 933.05 (a) (2). Under separate cover, the Auditor-Controller has responded to this finding and stated:

“In retrospect, while more testing could have been performed, the County did understand and test the capability of NEOGOV’s payroll program. Our extensive testing resulted in numerous suggestions to NEOGOV’s programming staff for correction or errors in the program’s processing of payroll transactions. Subsequent testing indicated processing errors were corrected, but in some instances, when final payroll was processed, new processing errors occurred in the NEOGOV program, resulting in payroll errors. It should be noted that all known pay errors were subsequently corrected to ensure that County employees were paid properly.”

The response of the Auditor-Controller to the above Finding is considered appropriate and is submitted as the Board of Supervisors’ response.

Finding 6:

The MCGJ finds that the County and NEOGOV did not provide sufficient training necessary to implement the new payroll system effectively and efficiently, thereby compounding payroll and reporting errors.

Response

Respondent partially disagrees with the finding per California Penal Code 933.05 (a) (2). Under separate cover, the Auditor-Controller has responded to this finding and stated:

"The Payroll Division of the A/C department provided numerous instances of both in-person and remote training to all departmental payroll representatives to ensure efficient and effective implementation of the new NEOGOV system. The implementation of any new payroll system in a California County government is a very complex and intricate undertaking due to the hundreds of different pay codes and pay types for all employees. It was expected that there would be a learning curve for both employees in the Payroll Division and in for all County department's payroll representatives. We did not expect to have a significant learning curve exist with the NEOGOV staff on their own software and in payroll processing in general, but this did occur. There was no compounding of payroll and reporting errors due to insufficient training. Instead, problems occurred due to the intricacies of the new software and the steep learning curve to the new program during implementation. It should be noted that payroll errors resulting in the issuance of variance checks have been minimal for the last 4 months of pay processing (approximately ½ of 1%) and that the issues were not related to the NEOGOV system, nor due to lack of understanding of system functionality."

The response of the Auditor-Controller to the above Finding is considered appropriate and is submitted as the Board of Supervisors' response.

Finding 7:

The MCGJ finds that the reputation of the Audit Controllers department was compromised resulting from the undue burden of the payroll conversion to NEOGOV, thereby adversely impacting the A/C Department's ability to fully execute the wide range of responsibilities.

Response

Recommendation 1:

The MCGJ recommends that the A/C Department return to a robust utilization and application of the Risk Assessment worksheet to all County entities, with implementation by November 1, 2023.

Response

The recommendation has not been implemented but will be implemented in the near future. The Auditor-Controller has committed to implementation by November 1, 2023 consistent with the Grand Jury's recommendation.

Recommendation 2:

The MCGJ recommends that in preparing the Annual Audit Schedule, The A/C, with input from the Audit Committee, should demonstrate a more rigorous adherence to those County activities previously identified in the Risk Assessment worksheet by December 31, 2023.

Response

The recommendation requires further analysis or study. As noted by the Grand Jury, the A/C should receive input from the Audit Committee. To the extent that the Audit Committee and the A/C identify activities that were identified in a previous Risk Assessment Worksheet, those activities should not be excluded based solely on the fact that they were identified in the past.

Recommendation 3:

The MCGJ recommends that the A/C, with input from the Audit Committee, should establish and execute a minimum number of in-depth audits to be performed annually by December 31, 2023.

Response

The recommendation requires further analysis or study. Under separate cover, the Auditor-Controller has responded to this recommendation and stated:

"... Internal Audits require a varying investment of time; therefore, it is not feasible to establish an explicit minimum number of in-depth audits. However, goals are and will continue to be set on an annual basis and progress analyzed at the end of each year."

The response of the Auditor-Controller to the above Recommendation is considered appropriate and is submitted as the Board of Supervisors' response.

Recommendation 4:

The MCGJ recommends that the A/C should publish on its webpage the results of all internal audits performed on County activities by December 31, 2023.

Response

The recommendation requires further analysis or study. Under separate cover, the Auditor-Controller has responded to this recommendation and stated:

In reviewing the websites of all California Counties of an approximate similar size to Madera County (with populations of +/- 20% of Madera's population), none publish internal audit reports. Many publish, like Madera County, various financial and statistical reports either prepared internally or by external accounting firms. We will continue to publish these items on the A/C website.

The response of the Auditor-Controller to the above Recommendation is considered appropriate and is submitted as the Board of Supervisors' response.

Recommendation 5:

The MCGJ recommends that prior to purchasing or subscribing to new computer software programs, the County adheres to the guidance provided by the 2015 Internal Control Guidelines of California stating: "Changes in software should be subject to extensive evaluation and testing in order to identify and manage risks associated with use."

Response

The recommendation has not been implemented but will be implemented in the near future. Under separate cover, the Auditor-Controller has responded to this recommendation and stated:

The recommendation has not yet been implemented but will be implemented immediately for any new computer software programs purchased or subscribed to by the A/C office.

The response of the Auditor-Controller to the above Recommendation is considered appropriate and is submitted as the Board of Supervisors' response.

Recommendation 6:

The MCGJ recommends that prior to initiating a computer software conversion plan, a training plan should be fully developed and fully implemented with app personnel expected to use the new software program. Both on and off-site training should be a mandatory component of the training plan.

Response

Recommendation 7:

The MCGJ recommends that the A/C Department personnel should continue to work with HR and other departments to close the remaining gaps associated with the NEOGOV payroll conversion in order to exemplify the core values stated in the 2023 Madera County Strategic Plan: Professionalism, Loyalty, Accountability, Compassion, and Excellence.

Response

The Board acknowledges the Grand Jury's review and time involved in this matter and appreciates the opportunity to respond to the findings and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "David Rogers", written in a cursive style.

David Rogers
Chairman of the Board of Supervisors