



COUNTY OF HUMBOLDT

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Honorable Joyce Hinrichs, Presiding Judge
Humboldt County Superior Court
825 5th Street
Eureka, CA 95501

July 23, 2019

Re: Response to Grand Jury Report Titled 'The Mis-Fortunes of Humboldt County'

Honorable Judge Hinrichs;

As requested in the above referenced Grand Jury report my responses to said report are as follows:

FINDINGS:

F1. Continued diligence, cooperation, and teamwork among the Auditor-Controller, the County Administrative Office, and all Department Heads is vital in balancing the financial sources and revenues in the budget.

- I agree.
- The Treasurer-Tax Collector (T-TC) and Staff believe that it is only through the collective intelligence of everyone involved that the very best results can be achieved; therefore, we strive for cooperation and teamwork at all times.

F2. The County lacks a year-end reporting process established to guarantee that all Generally Accepted Accounting Practices (GAAP) entries are made for financial reporting.

- To the best of my knowledge I agree
- The T-TC Department will follow all GAAP requirements.

F3. The financial reports currently available to the County Administrative Office and Auditor-Controller are inadequate to produce a balanced budget.

- To the best of my knowledge I agree
- Since the T-TC is only responsible for T-TC departmental budget units I have no insight to confirm or deny this finding; but am concerned that the financial reports currently available are inadequate.

F4. The tracking of the funding sources and uses are not being adequately documented for numerous programs and departments.

- To the best of my knowledge I agree

- The T-TC department adequately documents everything about which we are responsible.

F5. Identification and reclassification of County trust funds are essential to improve transparency and accountability.

- I agree.

F6. The miscellaneous revenue account has been used, and is continuing to be used, to include revenues that should be posted in specific accounts.

- I now disagree with this finding because as of July 1, 2019 revenue is being receipted to the specific account (or fund) to which it is intended once posting information is received; and credit is given as of the day it was deposited to the bank.
- Proper financial record keeping is absolutely critical for the reconciliation of all transactions.

F7. Improved diligence, cooperation, and teamwork are vital in determining the appropriate object code listings required for the proper management of Inter-Fund transfers.

- I agree.
- The T-TC Department does, and will, fully cooperate in helping to determine object code listings for the management of inter-fund transfers.

F8. The Accounting Services Improvement Working Group was formed to develop the Auditor-Controller Policies and Procedures for all County departments. This committee is not functioning as envisioned by the consultants.

- To the best of my knowledge I agree.
- The T-TC is happy to be of service in any way possible to help develop and implement those policies and procedures.

F11. The County has adopted a Capital Asset Policy but has not implemented this policy.

- To the best of my knowledge I agree.
- The T-TC is happy to be of service in any way possible to help develop and implement that policy.

F15. Assets in the County Treasury are not being audited on a regular schedule due to a significant lack of staffing in the Auditor-Controller's Office.

- I agree.
- The T-TC Department welcomes being audited by the A-C Office.

F16. There is a high risk of fraud in a number of County departments due to their poor cash handling policies and procedures, improper accounting, and lack of accountability.

- To the best of my knowledge I agree.

- The T-TC looks forward to helping to ensure that proper cash handling and procedures are implemented in all departments; just as they are required and practiced in the T-TC Department.

RECOMMENDATIONS:

R10. The Humboldt County Civil Grand Jury recommends the Treasurer's Office continue to work with Auditor-Controller's Office to establish and implement Cash Handling Procedures by October 1, 2019.

- Implementation of this recommendation has been started and the T-TC will continue to work with the A-C towards establishing those procedures by October 1, 2019.

R11. The Humboldt County Civil Grand Jury recommends that consultants specializing in organizational communication and team building be retained to train staff and management in the (as a minimum): Auditor-Controller's Office, County Administrative Office, Human Resources Office, Information Technology Office, and Department of Health and Human Services. This should be done by October 1, 2019.

- Training for organizational communication and team building has been implemented and been available to many employees through leadership management academy courses for a number of years, and many employees have participated; but it should continue and be enhanced to include as many employees as possible.
- As stated in F1 the T-TC Department totally supports and believes in open communication and team building between all Staff and Departments.

R15. The Humboldt County Civil Grand Jury recommends the Auditor-Controller and the County Administrative Office complete the reconciliation of all trust funds in every department within the County. This should be completed by October 1, 2019.

- To the best of my knowledge this recommendation has not yet been implemented but that there are plans to do so in the near future. Since this recommendation is directed at, and will be accomplished by, the A-C and County Administrative Offices respectively I cannot specify when the reconciliation will be completed.

Best Regards;

John Bartholomew

Cc: Humboldt County Civil Grand Jury