



Shasta County

OFFICE OF THE AUDITOR-CONTROLLER

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BRIAN MUIR
AUDITOR-CONTROLLER

NOLDA SHORT
ASST. AUDITOR-CONTROLLER

June 24, 2016

The Honorable Gregory Gaul
Presiding Judge, Shasta County Superior Court
1500 Court Street, Room 205
Redding, CA 96001

Re: Response of the Auditor-Controller to Fiscal Year 2015-2016 Grand Jury Report – Shasta County Joint Audit Committee

Dear Judge Gaul:

The Auditor-Controller appreciates the dedication of the Grand Jurors as well as the courtesy and professionalism shown in completing their work.

Findings

F4. The Auditor-Controller failed to follow Joint Audit Committee Policies and Procedures and County Policy 6-101 by not issuing a Request for Proposal for a multi-year contract for audit services or providing justification for not doing so.

Response. The Auditor-Controller disagrees wholly with the finding. Contrary to the Grand Jury finding that early renewal of the audit contract saved the County \$7,000 over five years, the contract actually saved taxpayers \$7,000 in the first year and an estimated \$35,000 over the life of the contract. Auditing California counties requires a specialized accounting firm. The firm chosen has a staff of 30 employees that specialize in government audits, and it provides audit services to the majority of the northern California counties. The report to the Board of Supervisors included a detailed list of the firm's qualifications. By approving the contract in a public meeting the Board of Supervisors recognized the significant savings offered by an early renewal and waived the need for a competitive procurement process.

F5. The Auditor-Controller maintains a fraud hotline accessible only by the Auditor-Controller and one other staff member in his office, allowing the possibility for selective complaint (tip) investigation.

Response. The Auditor-Controller disagrees partially with the finding. Complaints, whether received by telephone or anonymously using the electronic form on the Auditor-Controller's website are forwarded to the Auditor-Controller, two managers, and one staff member in the Auditor-Controller Department.

F6. The telephone number for the fraud hotline is not posted or available on the Shasta County web page or the associated Auditor-Controller Office's web page, making it difficult for employees or the public to report fraud via the hotline number.

Response. The Auditor-Controller disagrees partially with the finding. A link to the fraud hotline is currently on the Auditor-Controller's intranet web page.

Recommendations.

R4. The Grand Jury recommends the Auditor-Controller follow the Joint Audit Committee Policies as well as County Policy 6-101 when negotiating a new contract for audit services.

Response. The recommendation has been implemented. The Auditor-Controller will continue to follow County policies when negotiating a new contract for audit services.

R5. The Grand Jury recommends the Auditor-Controller work with the County Executive Officer to develop a fraud hotline voicemail messaging system that ensures that all fraud hotline messages are simultaneously and independently forwarded to both the County Executive Officer and Auditor-Controller no later than August 31, 2016.

Response. The recommendation will not be implemented. California Government Code section 53087.6 permits Auditor-Controllers to maintain a whistleblower hotline to receive calls from persons who have information regarding possible violations by local government employees of state, federal, or local statutes, rules, or regulations. The calls are confidential and can provide information about employees from any department including the County Administrative office.

R6. The Grand Jury recommends the Auditor-Controller and County Executive Officer ensure the fraud hotline telephone number is displayed in a prominent location on the Shasta County website and in all county employee facilities no later than August 31, 2016.

Response. The recommendation has been partially implemented. Since the hotline is designed to allow employees to report fraud it will not be posted on the Shasta County internet website. However, the fraud hotline telephone number is now linked on the Shasta County intranet website homepage as well as the Auditor-Controller's intranet page. New employees will continue to receive information about the fraud hotline at new employee orientation, and the Auditor-Controller will continue to send an annual email to all employees reminding them of the fraud hotline.

Sincerely,

A handwritten signature in black ink, appearing to read "B Muir". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Brian Muir
Shasta County Auditor-Controller

cc: Shasta County Board of Supervisors