

CHRISTINE L. COHEN
AUDITOR-CONTROLLER
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July 30, 2001

Honorable Bruce A. Clark
Presiding Judge of the Superior Court
800 South Victoria Avenue
Ventura, California 93009-2130

Dear Judge Clark:

The following represent comments from the Auditor-Controller to the Ventura County Grand Jury Final Report FY 2000-2001, as required by Penal Code section 933.

We have specifically been requested to respond to Recommendation 1 of the section entitled: Oversight Responsibilities in Ventura County Government, and Recommendations 1 and 2 of the section entitled: Tobacco Moneys.

Oversight Responsibilities in Ventura County Government:

We agree with the spirit and intent of the Grand Jury report comments, but only partially agree with the suggested implementation procedures outlined in the "conclusions" paragraph.

On February 27, 2001, the Board of Supervisors approved five additional auditor positions, increasing the audit staff to a total of 11. With the additional staffing, the Audit Division will be able to increase the number of performance audits accomplished annually, assist departments in establishing control self-assessment programs, implement a fraud hotline, and accomplish information technology audits.

Unfortunately, due to budgetary constraints, up to three auditor positions may have to be held vacant. Additionally, due to the complexity of the job and salary considerations, the Audit Division has had difficulty in recruiting and retaining quality performance auditors. This area may be improved with the countywide accounting classifications study which is currently being performed by the Human Resources department.

We disagree with the finding concerning lack of regular oversight of County operations by the Auditor-Controller's office. On the contrary, most of the functions performed in the Auditor-Controller's office are of an oversight nature. While not packaged in the form of an audit report, these functions emphasize good stewardship of the County's resources, requiring that assets be properly safeguarded, managed and accounted for. Some of the quality assurance elements that are, have been, and will continue to be performed on an ongoing basis occur, for example, with the daily review of all requests for payments and establishment of all encumbrances. These are very important elements of control in the disbursement

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process and require knowledge of the various codes, policies and procedures to maintain the integrity of the financial reporting system.

Tobacco Moneys:

Within the scope of the contract to provide financial and accounting services, the Auditor-Controller has an active role in monitoring the accounting operations of the Children and Families First (Prop. 10) Commission of Ventura County. The Auditor-Controller's office also performed the fiscal year 1999-00 audit in full compliance with the audit guidelines issued by the State Commission. However, the Auditor-Controller is not, and should not be, involved in the allocation decisions, which are resource allocation policy issues belonging to the "legislative" arm of the commission (and the Board of Supervisors with respect to the Tobacco Settlement funds).

We appreciate the opportunity to respond to the recommendations of the Grand Jury. Please do not hesitate in contacting me at (805) 654-3151 if you have any questions or require additional information.

Sincerely yours,



CHRISTINE L. COHEN
Auditor-Controller

cc: Honorable Frank Schillo, Chair, Board of Supervisors
Honorable Steve Bennett, Board of Supervisors
Honorable Kathy Long, Board of Supervisors
Honorable Judy Mikels, Board of Supervisors
Honorable John Flynn, Board of Supervisors
John F. Johnston, County Executive Officer