

**Auditor-Controller Response to the FY 2007-2008 Grand Jury Report entitled:
Silver Strand Mid-Beach Public Restroom Construction.**

F-35: The Agency has a budget of approximately \$10,000,000 per year and the last comprehensive County audit was in the late 1990's.

Response: Partially agree. The Harbor's fiscal year 2007-2008 budget was over \$10 million. However, to state that "the last comprehensive County audit was in the late 1990's" is not accurate. The Harbor is audited every year as part of the County's all funds financial audit. The audit the Grand Jury is referring to was a performance audit of Harbor's financial management.

R-06: The Auditor-Controller should perform a comprehensive audit of the Agency at least every three years.

Response: Partially agree. The Harbor is audited by external auditors every year as part of the financial audit of the County's Comprehensive Annual Financial Report. If the Grand Jury is referring to a performance audit by our Internal Audit Division every three years, I agree that this is an ideal goal. However, auditing the Harbor every three years may come at the expense of auditing other County departments within current budgetary and staffing constraints, which may not be in the best interest of the County as a whole. As a matter of record, we have recently re-initiated a performance audit of the Harbor's administration of lease agreements, which is scheduled for completion during fiscal year 2008-2009. Note: On July 1, 2008 the Harbor audit was suspended until appropriate staffing resources again become available.

R-07: The Auditor-Controller should audit the use of funds for this Project when it is completed.

Response: Agree. We will schedule this audit in our fiscal year 2008-2009 Audit Plan.

Please note, the Grand Jury Report requires the Auditor-Controller to respond to recommendations R-05 and R-06. However, we believe this is erroneous, as recommendation R-05 is directed to the Agency. This report is responsive to the actual recommendations pertaining to the Auditor-Controller (R-06 and R-07).