

county of ventura

COUNTY EXECUTIVE OFFICE
MICHAEL POWERS
County Executive Officer

J. Matthew Carroll
Assistant County Executive Officer

Catherine Rodriguez
County Chief Financial Officer

Shawn Atin
Assistant County Executive Officer/
Human Resources Director
Labor Relations

July 24, 2017

Sent Via Email

Honorable Patricia M. Murphy
Presiding Judge of the Superior Court
Superior Court of California, Ventura County
800 South Victoria Avenue
Ventura, CA 93009

Subject: Board of Supervisors' Response to 2016-2017 Grand Jury Final Report on Ventura County Performance Auditing

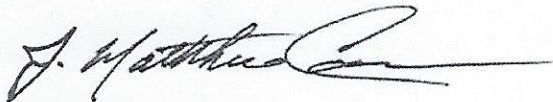
Honorable Judge Murphy:

In accordance with State requirements, responses from the Ventura County Board of Supervisors to the 2016-2017 Final Grand Jury report referenced above is hereby submitted.

By way of this email, copies of the response to the subject report (Exhibit #1), the Minute Order and the July 18, 2017 board letter were provided to the Ventura County Clerk, to Superior Court Jury Services and to the Foreperson of the 2017-18 Ventura County Grand Jury. As has been the usual practice in past years, Jury Services will provide copies of the responses to the State Archives.

Should you have any questions, please call me at 654-2864; or Kathleen Van Norman at 654-2566.

Respectfully submitted,



J. Matthew Carroll
Assistant County Executive Officer

Attachments:
Board of Supervisors' Response to 2016-17 Grand Jury Final Report on:
Ventura County Performance Auditing (Exhibit #1)
Minute Order
Board Letter dated July 18, 2017

Copies:
County Executive Officer, Michael Powers
County Clerk, Mark A. Lunn
Foreperson, Andrew Ludlum, 2017-18 Ventura County Grand Jury
Superior Court Jury Services, Nan Richardson, Manager

EXHIBIT 1

FY 2016-2017 GRAND JURY FINAL REPORT

RESPONSES TO FINDINGS AND RECOMMENDATIONS

Report Number (&Date)	Report Title	Respondents (With FI, C and R #)
REPORT NO. 03 April 5, 2017		
Title:	Ventura County Performance Auditing	
Required Respondent: (for approval)	Board of Supervisors (R-05 and R-07)	
Requested Respondent: (for approval)	County Executive Office * (C-06, R-02 and R-05) - NOTE: CEO response is consolidated with the BOS response)	
Required Respondent: (for information only)	Auditor-Controller (C-01, C-02, C-03, C-04, C-05, C-06, C-07 and R-01, R-02, R-03, R-04, and R-06)	

Response to Grand Jury Report Form

Report Title Ventura County Performance Auditing

Report Date: April 5, 2017

Response by: Robert Bravo Title: County Executive Office

FINDINGS/CONCLUSIONS

- I (we) agree with the findings/conclusions numbered: C-06 (CEO)
- I (we) disagree wholly or partially with the findings/conclusions numbered: _____
(Attach a statement specifying any portions of the findings/conclusions that are disputed; include an explanation of the reasons.)

RECOMMENDATIONS

- Recommendations R-05 (BOS); R-05 (CEO); R-07 (BOS) have been implemented.
- Recommendations numbered _____ have not yet been implemented, but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered _____ require further analysis.
(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of publication of the grand jury report.)
- Recommendations numbered R-02 (CEO) will not be implemented because they are not warranted or are not reasonable.
(Attach an explanation.)

Date: 7/18/17 Signed: _____

Chair, Board of Supervisors

Number of pages attached 3



ATTEST: MICHAEL POWERS
Clerk of the Board of Supervisors
County of Ventura, State of California

By: Lou Harris
Deputy Clerk of the Board

GRAND JURY REPORT RESPONSE
Ventura County Performance Auditing

The County welcomes the Grand Jury's interest in performance audits conducted by the Internal Audit Division of the County Auditor-Controller. The Board of Supervisors (BOS) also appreciates and understands the roles that the County Executive Office and the Board play in this audit function. As such, we have provided the following responses to the Grand Jury's recommendations.

Grand Jury Conclusions:

C-06 (CEO). Providing the Auditor – Controller with the CEO's evaluations of an audited department's corrective actions would assist the Internal Audit Division in determining the need and scope of follow-up audits. (FA-10, FA-11, FA-12)

RESPONSE:

We agree with this conclusion and the recommended procedures have been implemented.

It is correct that providing the Auditor-Controller with the CEO's evaluations of audited department's or agencies' corrective actions would improve the audit follow-up process and may assist with identifying higher risk audit areas. While this has been County policy, as noted within the Grand Jury's report this has not always occurred on a regular basis.

The CEO is in the process of working with agencies and departments to improve our procedures for tracking all outstanding audit corrective actions and ensure status reports for these outstanding corrective actions are submitted by agencies and departments to the CEO's office on a consistent basis. This will in turn enable CEO Analysts to provide the Auditor - Controller with evaluations of the corrective actions taken by departments or agencies, consistent with County policy. For newly issued reports, initial status reports will be provided to the CEO's office for all outstanding corrective actions within 90 days of the issuance of the audit report or sooner, if corrective action is completed prior to 90 days. Evaluations of these corrective actions will in turn be provided by the CEO's office to the Auditor Controller within 30 days following receipt of the agency and department status. These procedures are in place and will now be followed for *all* newly issued audit reports and the CEO's office will status all outstanding actions for any reports issued over the past 24 months by September 30, 2017.

Grand Jury Recommendations:

R-02 (CEO). The Grand Jury recommends the Auditor – Controller, in consultation with the CEO, reduce the number of Future Potential Audit Subjects in the Internal Audit Plan to a realistic and achievable number. Each subject should be assigned a risk level based on the Internal Audit Division's annual risk analysis. (C-02, C-03)

RESPONSE:

This recommendation will not be implemented.

GRAND JURY REPORT RESPONSE
Ventura County Performance Auditing

We do not believe consulting with the Auditor – Controller on the *number* of future potential audits is appropriate. While the CEO's office does review and provide input on the potential subjects of audits each year, we believe that it is appropriate for the Auditor – Controller's to retain the independence to determine the final subjects and specific numbers of audits to be performed each year.

R-05 (BOS and CEO). The Grand Jury recommends the BOS direct the CEO, per existing County policy, to consistently provide the Auditor-Controller with written results of evaluations of the corrective action taken by all audited County departments and agencies. (C-05, C-06)

RESPONSE:

We agree with this recommendation and it has been implemented.

As previously noted in response to Conclusion C-6, the CEO's is in the process of working with agencies and departments to improve our procedures for tracking *all* outstanding audit corrective actions and ensure status reports for these outstanding corrective actions are submitted by agencies and departments to the CEO's office on a consistent basis. This will in turn enable CEO Analysts to provide the Auditor - Controller with evaluations of the corrective actions taken by departments or agencies, consistent with County policy.

Initial status reports will be provided to the CEO's office for all outstanding corrective actions within 90 days of the audit report, or sooner if corrective action is completed prior to 90 days. Evaluations of these corrective actions will in turn be provided by the CEO's office to the Auditor Controller within 30 days following receipt of the agency and department status. These procedures are in place and will now be followed for *all* newly issued audit reports and the CEO's office will status all outstanding actions for any reports issued over the past 24 months by September 30, 2017.

R-07 (BOS). The Grand Jury recommends the BOS direct that additional funding be allocated to the Auditor-Controller to be specifically used to increase the number of auditors in the Internal Audit Division. (C-03, C-08)

RESPONSE:

We agree with the recommendation and it has been implemented.

We agree that additional funding be allocated to the Auditor – Controller to increase the number of auditors in the Internal Audit Divisions. On March 7, 2017, just prior to the release of the Grand Jury's report, the BOS approved the CEO's recommendation to add two positions to the Auditor-Controller's Office. One of the two positions was an Information Systems Auditor position for the

GRAND JURY REPORT RESPONSE
Ventura County Performance Auditing

Audit Division. As elected by the Auditor-Controller, the second position, a Senior Financial Analyst, was utilized in the Financial Reporting Division to address various workload issues.

The Information Systems Auditor position will be charged with assessing the County's critical systems, technology architecture, and processes to ensure information assets are protected, reliable, available, and compliant with policies, procedures, laws, and regulations. The Information Systems Auditor will also apply specialized knowledge on data analytics that can help identify opportunities to increase the efficiency and effectiveness of services, and prevent and detect fraud, waste, and abuse.

Response to Grand Jury Report Form

Report Title: Ventura County Performance Auditing

Report Date: April 5, 2017

Response by: Jeffery S. Burgh Title: Auditor-Controller

FINDINGS / CONCLUSIONS

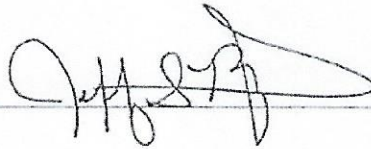
- I (we) agree with the findings / conclusions numbered: C-03; C-04; C-06
- I (we) disagree wholly or partially with the Findings / Conclusions numbered: C-01; C-02; C-05; C-07
(Attach a statement specifying any portions of the Findings / Conclusions that are disputed; include an explanation of the reasons.)

RECOMMENDATIONS

- Recommendations numbered R-06 have been implemented.
(Attach a summary describing the implemented actions and date completed.)
- Recommendations number R-01; R-03; R-04 have not yet been implemented, but will be implemented in the future.
(Attach a time frame for the implementation.)
- Recommendations numbered _____ require further analysis.
- Recommendations numbered R-02 will not be implemented because they are not warranted or are not reasonable.

Date: June 2, 2017

Signed: _____



Number of pages attached: 3

Response to Grand Jury Report Form

Report Title: Ventura County Performance Auditing

Report Date: April 5, 2017

Response by: Jeffery S. Burgh

Title: Auditor-Controller

Date: June 2, 2017

CONCLUSIONS

C-01. There is no written evaluation or reporting available on the cost savings or revenue enhancing opportunities derived from audits conducted. These items are not routinely discussed with the CEO or the BOS. Budget requests for additional Internal Audit Division resources, including personnel, are rarely, if ever, presented as potential cost savings for the County. (FA-01, FA-02, FA-03, FA-07, FA-08)

Response: Disagree. The Internal Audit Division has been tracking and documenting its performance measurement results, including cost savings and revenue enhancements, every quarter for over 20 years. Over the past 5 years, for example, the Internal Audit Division identified an average of \$375,000 in cost savings per year. Cost savings and revenue enhancements are identified in audit reports, which are provided to the CEO and BOS. Our latest budget request for additional Internal Audit Division resources explicitly included potential cost savings and revenue enhancements as a basis for the request.

C-02. The purpose and intent of the Internal Audit Plan's list of Future Potential Audit Subjects is unclear. The understanding varies among stakeholders and within the Internal Audit Division. The number of Future Potential Audit Subjects has escalated each fiscal year to the point where it is not realistic or achievable. (FA-04, FA-05)

Response: Disagree. The introduction to Internal Audit Plan's list of Future Potential Audit Subjects states: "The following have been identified as potential audit subjects to be pursued in future years as Internal Audit Division staff resources allow." The list serves a variety of purposes, mainly to assist the Auditor-Controller in identifying audit subjects to bring forward to the current year's planned engagements.

C-03. The sheer size of the number of Future Potential Audit Subjects suggests there could be high risk audits that are not being addressed. (FA-04, FA-05, Att-01)

Response: Agree. During our annual audit planning process, we judgmentally assess which audit subjects are higher risk to bring forward to the current year's planned engagements.

C-04. The goals, objectives, and performance measurements of the Internal Audit Division have been essentially unchanged for the past five fiscal years. (FA-06, FA-07, FA-09)

Response: Agree. However, we re-assess our goals, objectives, and performance measurements at least annually for continuing relevance and value.

C-05. The Internal Audit Division does designate some, but not all audits, for follow-up. Follow-up has not been a primary concern. Its performance measurement stating "100% of corrective action: has been initiated

by management during the course of the audit" cannot be confirmed by the number of follow-up audits conducted. (FA-09, FA-10)

Response: Partially Disagree. While true that some audits are designated for follow-up, the Internal Audit Division must weigh the cost/benefit of conducting follow-up audits. Designating all audits for follow-up would divert staff resources away from higher risk audits that should be prioritized.

C-06. Providing the Auditor-Controller with the CEO's evaluations of an audited department's corrective actions would assist the Internal Audit Division in determining the need and scope of follow-up audits. (FA-10, FA-11, FA-12)

Response: Agree. The CEO's evaluations would help us prioritize follow-up audit areas that are higher risk.

C-07. The Auditor-Controller's Internal Audit Division does not issue an annual report. In the Internal Audit Plan, there is no evaluation of the Internal Audit Division's performance. (FA-06, FA-13, FA-14, FA-15)

Response: Disagree. The Internal Audit Plan reports on the current status of the prior year Internal Audit Plan under the section entitled "Status of Prior Year Internal Audit Plan". In this section, we identify which of the prior year engagements were completed and in progress, along with the number of audit findings. We also report several other accomplishments of the Internal Audit Division, including the number of Employee Fraud Hotline issues handled. Within the County Adopted Budget, we state the number of audit reports issued.

RECOMMENDATIONS

R-01. The Grand Jury recommends the Auditor-Controller clearly define the purpose and intended use of the list of the Future Potential Audit Subjects in the Internal Audit Plan. (C-02)

Response: Will be implemented. In the upcoming FY 2017-18 Internal Audit Plan, we will identify the main purpose of the list of Future Potential Audit Subjects: to assist the Auditor-Controller in identifying audit subjects to bring forward to the current year's planned discretionary engagements.

R-02. The Grand Jury recommends the Auditor-Controller, in consultation with the CEO, reduce the number of Future Potential Audit Subjects in the Internal Audit Plan to a realistic and achievable number. Each subject should be assigned a risk level based on the Internal Audit Division's annual risk analysis. (C-02, C-03)

Response: Will not be implemented. The list of Future Potential Audit Subjects, which we consider to be a valuable resource, assists the Auditor-Controller in identifying audit subjects to bring forward to the current year's planned discretionary engagements. We take into account the results of our annual risk assessment, which assigns risk levels by department, and the current operating environment in determining which audit subjects to bring forward. Therefore, assigning each subject a risk level is not merited.

R-03. The Grand Jury recommends the Auditor-Controller review and update the Internal Audit Division's goals, objectives, and performance measurements; they have been essentially unchanged for five years. (C-04)

Response: Will be implemented. Although most of our goals, objectives, and performance measurements generally remain relevant each year, we acknowledge that documenting a clear link between each goal, objective, and performance measurement will provide clarity. This will be included in the upcoming FY 2017-18 Internal Audit Plan.

R-04. The Grand Jury recommends the Auditor-Controller publish an annual report evaluating the Internal Audit Division's success in meeting all its goals, objectives, and performance measurements. The report should share key metrics with stakeholders and the public including:

- The number of recommendations made.
- The percentage of recommendations with agreement or disagreement
- The percentage of recommendations implemented.
- Cost savings or revenue enhancements
- The number of follow-up audits conducted.

(C-01, C-07)

Response: Will be implemented. We will begin publishing our performance measurement results in the upcoming FY 2017-18 Internal Audit Plan.

R-06. The Grand Jury recommends the Auditor-Controller make regular presentations to key stakeholders, such as the BOS and the CEO. These presentations would highlight and promote the work of the Internal Audit Division and increase its perceived value, particularly in the area of saving taxpayer's money. (C-01, C-07)

Response: Has been implemented. The Auditor-Controller believes the current level of communication of the Internal Audit Division's efforts and accomplishments is appropriate. For example, the Internal Audit Plan is presented on the BOS agenda each year, and every audit report is provided to the BOS and CEO.



BOARD MINUTES
BOARD OF SUPERVISORS, COUNTY OF VENTURA, STATE OF CALIFORNIA

SUPERVISORS STEVE BENNETT, LINDA PARKS,
KELLY LONG, PETER C. FOY AND JOHN C. ZARAGOZA
July 18, 2017 at 8:30 a.m.

COUNTY EXECUTIVE OFFICE - Approval of the Response to 2016-17 Ventura County Grand Jury Report Entitled: Ventura County Performance Auditing for Submittal to the Presiding Judge of the Superior Court in Accordance with State Statute; and Receive and File the Response from the Auditor-Controller.

- (X) All Board members are present.
- (X) The following person is heard: Matt Carroll.
- (X) Upon motion of Supervisor Foy, seconded by Supervisor Long, and duly carried, the Board hereby approves recommendations as stated in the Board letter.

I hereby certify that the annexed instrument is a true and correct copy of the document which is on file in this office.

Dated: MICHAEL POWERS
Clerk of the Board of Supervisors
County of Ventura, State of California

7/20/17

By: Low Jenkins
Deputy Clerk of the Board

By: Brian Palmer
Brian Palmer
Chief Deputy Clerk of the Board



July 18, 2017

County of Ventura
Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

Subject: Approval of Response to 2016-2017 Ventura County Grand Jury Report: Ventura County Performance Auditing for Submittal to the Presiding Judge of the Superior Court in Accordance with State Statute; and Receive and File the Response from the Auditor-Controller.

Recommendations:

- 1) It is recommended that your Board approve the response to the subject Grand Jury report Ventura County Performance Auditing (Exhibit 1) pertaining to County government under your authority for submittal to the Presiding Judge of the Superior Court in accordance with State statute.
- 2) Receive and File the response from the Ventura County Auditor-Controller for information only, as approval by the Board of Supervisors is not required.

Discussion:

Penal Code §933.05 requires that your Board comment on the Findings and Recommendations of the Grand Jury pertaining to County government under your authority. The 2016-17 Ventura County Grand Jury issued a report on April 5, 2017 entitled Ventura County Performance Auditing. The Grand Jury required a response from the Board of Supervisors, which was prepared on your behalf by the County Executive Office for your approval. The Grand Jury also requested a response from the County Executive Office, and that response has been consolidated with the response from the Board of Supervisors.

The response pertaining to County government under your control will serve as your Board's response to the subject 2016-2017 Grand Jury Report to be filed as indicated in the recommended action along with any additional comments your Board may wish to make.

If your Board elects to amend the response prepared on your behalf to the subject report before you for approval, then CEO staff, at your direction, will make such changes or additions prior to submitting the response to the Presiding Judge.

A response to the subject report was also required from the Auditor-Controller. As an elected official, the Auditor-Controller responds directly to the Presiding Judge. Although the official's response does not require your Board's approval, it is provided for informational purposes only.

July 18, 2017

Response to 2016-2017 Grand Jury Report

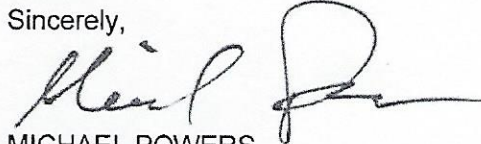
Board Approval: Ventura County Performance Auditing (Response Required from BOS & Requested from CEO)

Receive and File: Auditor-Controller Response (Information only)

Page 2 of 2

This letter was reviewed by County Executive Office, Auditor-Controller's Office and County Counsel. Should you have any questions or require additional information, please contact Matt Carroll at 654-2864 or Kathleen Van Norman at 654-2566.

Sincerely,



MICHAEL POWERS

County Executive Officer



Attachments:

Exhibit 1 - Ventura County Performance Auditing (BOS and CEO responses for approval)

- Ventura County Performance Auditing (Auditor-Controller's response for information only)