

## RESPONSE TO GRAND JURY REPORT

Report Title: Best Practices in Purchasing/Procurement

Report Date: June 26, 2016

Response by: Joseph Mellett Title: Auditor-Controller

### FINDINGS

1. I (we) agree with the findings numbered: 13
2. I (we) disagree wholly or partially with the findings numbered: 4,6,7,9,15,16  
(Attach a statement specifying any portions of the findings that are disputed; include an explanation of the reasons.)

### RECOMMENDATIONS

1. Recommendations numbered \_\_\_\_\_ have been implemented.  
(Attach a summary describing the implementation actions.)
2. Recommendations numbered \_\_\_\_\_ have not yet been implemented, but will be implemented in the future.  
(Attach a timeframe for the implementation.)
3. Recommendations numbered 4 & 9 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 the publication of the Grand Jury report.)
4. Recommendations numbered \_\_\_\_\_ will not be implemented because they are not warranted or are not reasonable.  
(Attach an explanation.)

Date: August 26, 2016

Number of pages attached: 2

Signed: 

Response to Grand Jury Report

“Best Practices in Purchasing/Procurement”

August 28, 2016

Joseph Mellett, CPA

Auditor-Controller

Findings:

4. We disagree with this finding. While a stronger, more centralized purchasing system under the supervision of the Auditor-Controller might make more sense for this organization than the current decentralized system that has evolved over decades, the statement that the current system lacks accountability and transparency is not factual.

6. We disagree with this finding. The process of procurement is governed by ordinance in Humboldt County. Our understanding is that the Grand Jury was provided a copy of the procurement ordinance during its research.

7. We partially agree with this finding. While there is no large centralized purchasing department, our current system has layers of review, including the Auditor-Controller and County Counsel that prevent fraud and illegality.

9. We disagree with this finding. While there are times when communication within and among departments is less than perfect, a blanket statement that there is a lack of communication countywide is simply untrue. Our managers and employees recognize the importance of good communication and consistently work to improve it.

13. We agree with this finding. Our Auditor-Controller’s office is much smaller than those of comparably-sized counties in this region and monitoring contracts for the organization as a whole is beyond our current capabilities.

15. We partially agree with this finding. A unified, consistent and independent procurement process might be of benefit to the county organization, but the processes currently in place appear to be functional. One should recognize that centralizing all procurement processes would require significant costs in staffing, and one would have to weigh that against all the other competing needs for county resources.

16. We disagree with this finding. The decision of whether to combine these offices or make an appointed Finance Director is not the responsibility of the Board of Supervisors – that responsibility rests solely with the voting public.

## Responses to Recommendations:

Recommendation 4 has been in part implemented. Revenue Recovery was moved under the supervision of the office of the Treasurer-Tax Collector effective July 1, 2016.

The proposal to combine the offices of the Auditor-Controller and Treasurer-Tax Collector will be put to the voters in November. My sense is that the proposed combination will do nothing to improve the efficiency or effectiveness of these financial offices. If Humboldt County has more problems in financial control and accounting than is acceptable, the reason is not due to the design of the financial departments or the attributes of the individuals who lead those departments. The reason is because Humboldt County spends far less on staffing its financial offices than similarly-sized counties in the region. Counties that properly staff their financial departments don't experience as many of these sorts of problems. No reorganization is going to alter that basic reality.

Recommendation 9 requires further analysis but should be implemented when resources become available. Most counties of Humboldt's size have an internal audit function.