

## RESPONSE TO GRAND JURY REPORT

Report Title: Distrust, Disagreements, Dysfunction

Report Date: June 2, 2022

Response by: Department of Health & Human Services

### FINDINGS

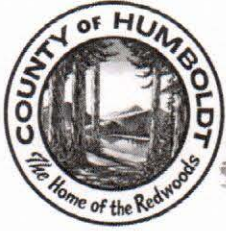
1. The county agrees with the findings numbered F9, F11, F12, F14 and F15.
2. The county partially agrees with the findings numbered F4 and F10.

### RECOMMENDATIONS

1. Recommendations numbered R3 will be implemented.

Date: \_\_\_\_\_ Signed: \_\_\_\_\_

Number of pages attached: \_\_\_\_\_



Administration  
Connie Beck, Director  
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INTEROFFICE MEMORANDUM

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**TO:** BOARD OF SUPERVISORS  
**FROM:** CONNIE BECK, DIRECTOR  
**SUBJECT:** RESPONSE TO 2021-22 GRAND JURY REPORT "DISTRUST, DISAGREEMENTS, DYSFUNCTION"  
**DATE:** AUGUST 16, 2022

In the Grand Jury Report, "Distrust, Disagreements, Dysfunction" the Grand Jury has requested that the Department of Health & Human Services respond to Findings F4, F9 through F12, F14, and F15 and Recommendation R3. I am proposing the following response as detailed below.

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**FINDINGS**

Finding 4: The Auditor-Controller and County departments have different interpretations of fiscal policies; therefore, they utilize different operational reporting structures and technology resulting in inefficient operations and delayed budget and audit reporting. (R1, R2, R3, R4)

**Partially Agree**

DHHS partially agrees and/or agrees with this finding. However, DHHS would need to hear the specific instances the Grand Jury is citing in this finding to fully agree.

DHHS is primarily funded by the Federal and State government and therefore must adhere to these agency's claiming and reporting requirements, timelines, templates, and technological systems that go beyond the County's financial reporting requirements and timelines.

DHHS worked to inform the Auditor-Controller about the Federal and State claiming and reporting requirements, timelines, and technological systems it must use. While DHHS must adhere to the Federal and State agencies it has also complied with all of the county's operational structures and timelines and submitted all documentation requested timely and therefore did not delay the budget and audit reporting.

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There were also instances in which the Auditor-Controller (without consultation with DHHS) interpreted DHHS contracts or components thereof in ways DHHS nor the contractor intended.

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Finding 9: The Auditor-Controller did not file financial reports and audits on time as required by the Federal Government and the State of California in 2019, 2020, 2021 and 2022, causing loss of substantial public funds to the County, schools and special districts, and putting past, current, and future funds at risk. (R13, R14)

**Agree**

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Finding 10: The Auditor-Controller made changes to the chart of accounts and object lines resulting in deletion of data leading to the inability for County programs to make claims for reimbursements. (R2, R3, R4)

**Partially Agree**

When then Auditor-Controller made changes to the chart of accounts and object lines DHHS suffered the loss of data integrity and tracking from the Board of Supervisors approved budget where costs were planned to be posted to where the Auditor-Controller ultimately decided to post charges to throughout the Fiscal Years. These impromptu changes made it nearly impossible to track where all the department's charges for a specific program were posting to over the course of a fiscal year.

DHHS is not aware of any changes that resulted in the deletion of data, however, that does not mean another county department did not experience such an event.

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Finding 11: Department financial managers have reported changes by the Auditor-Controller to financial procedures made without timely notification or consultation are disruptive to their departments. (R2, R3, R4)

**Agree**

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Finding 12: Departments, other than that of the Auditor-Controller, are not able to utilize Finance Enterprise workflow modules to submit journal entries, invoices and accounts receivable as well as run reports. This requires information to be entered into spreadsheets and transmitted to the Auditor-Controller's office, where staff in that office, in a duplication of effort, enters the same information into Finance Enterprise. (R15)

**Agree**

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Finding 14: The County's financial procedures are decentralized in that different processes for accounting are used by different departments, including the use of spreadsheets and some use of paper timecards. (R1, R2, R3, R4, R16)

**Agree**

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Finding 15: Adjustments or corrections to financial items in the accounting system, called journal entries, were not posted in a timely manner by the Auditor-Controller resulting in County departments not having accurate information to determine current budget funds and bank balances. (R17)

**Agree**

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## **RECOMMENDATIONS**

Recommendation 3: The Humboldt County Civil Grand Jury recommends the Auditor-Controller, in cooperation with financial managers from County departments, develop an agreed-upon written process for recommending, implementing, and giving notice of changes to financial procedures. This should be completed by Oct. 1, 2022. (F1, F4, F10, F11, F14)

**This recommendation will be implemented.**

If implemented by the Auditor-Controller DHHS will cooperate.