

**RESPONSE TO GRAND JURY REPORT:**

Report Title: Distrust, Disagreements, Dysfunction: Non-Communication Minus Cooperation Divided by Variable Policies and Multiplied by Missing Reports Equals Financial Chaos

Report Date: June 27, 2022

Response by: Amy Christensen, Interim Treasurer-Tax Collector

**FINDINGS**

The Interim Treasurer-Tax Collector agrees with findings numbered 7, 8 and 13.

**RECOMMENDATIONS (R11, R12, R14)**

Recommendations numbered 12 and 14 will be implemented.

Recommendation numbered 11 is in the process of being implemented.

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

Number of pages attached: 2



## COUNTY OF HUMBOLDT

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### INTEROFFICE MEMORANDUM

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**TO:** COUNTY ADMINISTRATIVE OFFICE, BOARD OF SUPERVISORS  
**FROM:** AMY CHRISTENSEN, INTERIM TREASURER-TAX COLLECTOR  
**SUBJECT:** RESPONSE TO 2021-22 GRAND JURY REPORT "DISTRUST, DISAGREEMENTS, DYSFUNCTION"  
**DATE:** JULY 22, 2022

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#### FINDINGS

Finding 7: *With transactions of more than \$5 million per day by the Treasurer-Tax Collector, failure to reconcile cash and investment accounts creates a general lack of transparency and possible General Ledger posting errors. These include bank transactions or debits and credits to funds overseen by the Treasurer-Tax Collector and the Auditor-Controller, which may be over or understated, thereby compromising the integrity of financial statements.*

**Response: Agree.**

Finding 8: *The Auditor-Controller notified the Treasurer-Tax Collector that a "certificate of the auditor" would no longer be provided as a receipt for deposits to the Treasury but did not establish an alternative control procedure as provided by statute and recommended by the Treasurer-Tax Collector.*

**Response: Agree.**

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.*

**Response: Agree**

Finding 13: *The County paid unnecessary credit card interest; lost bank interest; paid for consultants to assist with finances and other professional or personnel services; faced delays in receiving funds; paid fines and late fees; and missed opportunities to secure grants. These losses were the results of payments or required reports not submitted on time by the Auditor-Controller.*

**Response: Agree.**

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## **RECOMMENDATIONS (R11, R12, R14)**

Recommendation 11: *The Humboldt County Civil Grand Jury recommends the Auditor-Controller and Treasurer-Tax Collector begin reconciling cash and investment accounts for which they are responsible no later than the last day of each month for the preceding month as required by Government Code §26905. The Grand Jury recommends this commence at the beginning of the new fiscal year on July 1, 2022.*

**This recommendation is in the process of being implemented.** Bank reconciliations are critical to county operations. The Treasurer-Tax Collector's Office is currently working to bring bank reconciliations for Fiscal Year 2019-20 to current up to date in partnership with the Interim Assistant Auditor Controller and Interim Auditor Controller. Government code §27002 requires the Treasurer-Tax Collector to keep daily records of all banking activities for all accounts and this process is current within the department. Government code §26905 requires the Auditor-Controller to reconcile the monthly bank statements for all accounts using the Treasurer-Tax Collector's daily reconciliation records as a guide to trace transactions from the monthly bank statement to the general ledger. The check and balance are critical between the two departments, and it is not appropriate for staff in the Treasurer-Tax Collector's office to perform the reconciliation of the monthly bank statements because this would essentially be auditing their own work. Staff in the Treasurer Tax Collector's office currently available to answer questions, provide additional information or run reports from the bank website that can assist the Auditor Controller in reconciliation of the monthly bank statement.

Recommendation 12: *The Humboldt County Civil Grand Jury recommends the Auditor-Controller either reinstate issuing "certificates of the auditor" or reach an agreement with the Treasurer-Tax Collector for an alternative control procedure as directed by Government Code §27008. The Grand Jury recommends this commence at the beginning of the new fiscal year on July 1, 2022.*

**This recommendation will be implemented.** The Interim Treasurer-Tax Collector strongly agrees with this recommendation. The check and balance between the Treasurer-Tax Collector and Auditor Controller are critical to county operations. Any department or pool participant that deposits funds into the county Treasury should receive a certificate of the auditor that confirms the funds being deposited with the Treasurer and where in the general ledger that deposit is being posted at the time of deposit. Staff in the Treasurer-Tax Collector's office are ready and willing to discuss how to update and potentially modernize the deposit process between the two departments and conversations have begun to get this implemented as soon as possible.

Recommendation 14: *The Humboldt County Civil Grand Jury recommends if the Auditor-Controller anticipates a*

*required financial report or audit cannot be filed on time, the Board of Supervisors be notified and assistance be requested from the County Administrative Officer, and if needed, from the Treasurer-Tax Collector, impacted departments or agencies, and the State Controller's Office.*

**This recommendation will be implemented.** If the Auditor Controller anticipates needing assistance with meeting a deadline for a required financial report or audit, the Treasurer-Tax Collector's Office will assist as needed. The office of the Treasurer-Tax Collector has an open door and is known countywide for being responsive, prompt, helpful and professional. Any department, including the Auditor-Controller, may contact staff in the department with questions or ask for help and we are always available. We have access to banking reports and websites that can provide critical information that not all staff have access to, and we are happy to provide documentation or clarification. We are available to meet in person, over the phone or respond to email every business day.