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READ AND CONSIDERED

DATE 8/21/24 BY 

August 14, 2024

Honorable Shelly J. Averill, Presiding Judge
Superior Court of California
County of Sonoma
600 Administration Drive
Santa Rosa, CA 95403

RE: Response to Grand Jury Report: Often Reported, Never Repaired

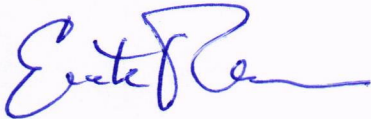
Dear Judge Averill,

The Sonoma County Auditor-Controller-Treasurer-Tax Collector's Office respectfully submits the attached response to the findings and recommendations presented in the 2023-2024 Grand Jury investigation titled "Often Reported, Never Repaired." The attachment outlines our office's responses to the Grand Jury's findings and addresses the recommendations submitted in their report.

Our office is honored to be a part of this integral process and looks forward to continued collaboration with County departments and the Board of Supervisors on the improvement of Sonoma County government.

On behalf of the Auditor-Controller-Treasurer-Tax Collector staff, I thank the Grand Jury for their integrity, dedication, and time during the 2023-2024 Investigation.

Sincerely,



Erick Roeser
Sonoma County Auditor-Controller-Treasurer-Tax Collector

cc: Sonoma County Board of Supervisors
Christina Rivera, Sonoma County CEO

DEPARTMENT GRAND JURY REPORT RESPONSES

Report Title: Often Reported, Never Repaired

Report Date: June 17, 2024

Response by: Erick Roeser Title: Auditor-Controller-Treasurer-Tax Collector

Agency/Department Name: Sonoma County/Auditor-Controller-Treasurer-Tax Collector

FINDINGS ASSOCIATED WITH REQUIRED RESPONSES:

- F1. DHS contracting practices and procedures are chaotic, inefficient, and take too long. This results in delayed execution of contracts, delays in vendor payments, and local County health services missing for extended periods.

- F3. Chronic short staffing and employee turnover have led to a significant loss of institutional knowledge.

- F4. Inadequate delegation of authority and a toxic work culture inhibits individual decision- making and contributes to DHS's failure to perform effectively.

- F5. DHS Fiscal and County general accounting process doesn't require or retain all information needed for post-fact analysis of who is being paid, whether the payment was the result of a no-bid contract, or whether payment documentation matches funding source requirements.

- F6. County Purchasing and Internal Audit failed to require that DHS follow mandated procurement policies.

- F7. The BoS failed to require changes to DHS procurement procedures despite published reports that DHS has been violating County procurement policy.

I (we) agree with the findings numbered: **F3**

I (we) disagree wholly or partially with the findings numbered: **F1, F4, F5, F6, F7**

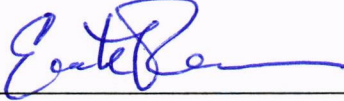
(Please see the attached statement specifying any portions of the findings that are disputed with an explanation of the reasons.)

RECOMMENDATIONS:

R3. By December 31, 2025, the Board of Supervisors will request, and County Auditor will complete and publish, a comprehensive audit report on DHS procurement processes and procedures, contract administration oversight and compliance with County procurement policy and publicly present said report to the Board of Supervisors. (F1, F3, F6, F7)

R4. By January 1, 2025, County Purchasing and the County Controller shall implement a system that ensures all no-bid and sole-sourced contracts are identified, accounted for as such, publicly reported, and have required supporting documentation and waivers on file. (F3, F4, F5 F6)

- Recommendations numbered: **R3, R4** have not yet been implemented, but will be implemented in the future. (Please see attached response for implementation information.)

Date: 8/15/2024 Signed: 

Number of pages attached: 2

The following are the Auditor-Controller-Treasurer-Tax Collector's (ACTTC) required responses to the 2024 Grand Jury Report investigation titled "Often Reported, Never Repaired."

FINDINGS

F1. DHS contracting practices and procedures are chaotic, inefficient, and take too long. This results in delayed execution of contracts, delays in vendor payments, and local County health services missing for extended periods.

ACTTC RESPONSE: We disagree wholly or partially with this finding.

ACTTC staff supports vendor payments after departments have completed their internal process. We agree that vendor payments delays exist. However, ACTTC staff is not involved in the department's contracting process and cannot opine the cause of contract related delays.

F4. Inadequate delegation of authority and a toxic work culture inhibits individual decision- making and contributes to DHS's failure to perform effectively.

ACTTC RESPONSE: We disagree wholly or partially with this finding.

ACTTC staff does not have knowledge of DHS internal workflow structure or work culture.

F5. DHS Fiscal and County general accounting process doesn't require or retain all information needed for post-fact analysis of who is being paid, whether the payment was the result of a no-bid contract, or whether payment documentation matches funding source requirements.

ACTTC RESPONSE: We disagree wholly or partially with this finding.

ACTTC fiscal policies RE-2 and RE-3 define department responsibilities and procedures for grant compliance, monitoring, and reporting. All information uploaded to the County financial system is retained pursuant to adopted retention schedules.

F6. County Purchasing and Internal Audit failed to require that DHS follow mandated procurement policies.

ACTTC RESPONSE: We disagree wholly or partially with this finding.

Internal Audit is not responsible for enforcing procurement policies. Internal Audit issued a procurement audit report in August 2023, which included a DHS procurement related finding. The Procurement Process Audit Report is available on our website under "Fiscal Year End June 30, 2022. Please see the link to our website below:

<https://sonomacounty.ca.gov/auditor-controller-treasurer-tax-collector/audit-reports>

F7. The BOS failed to require changes to DHS procurement procedures despite published reports that DHS has been violating County procurement policy.

ACTTC RESPONSE: We disagree wholly or partially with this finding.

The BOS called for DHS to conduct a new competitive Request For Proposal event for homeless services following the issuance of the Pisenti & Brinker, LLC agreed-upon procedures report regarding DEMA Consulting & Management.

RECOMMENDATIONS

R3. By December 31, 2025, the Board of Supervisors will request, and County Auditor will complete and publish, a comprehensive audit report on DHS procurement processes and procedures, contract administration oversight and compliance with County procurement policy and publicly present said report to the Board of Supervisors. (F1, F3, F6, F7)

ACTTC RESPONSE: This recommendation has not been implemented but will be implemented in the future if warranted.

The ACTTC - Internal Audit Division (IA) issued an audit report of the Sonoma County Procurement Process in August 2023. The report includes a finding that Department of Health Services (DHS) contracts are being single or sole sourced without Purchasing Agent approval. This finding was identified as a Risk Classification B: Significant Control Weakness. The report summarizes testing of 23 of 94 DHS contracts, which found that all 23 were not competitively bid for at least ten years.

The IA countywide risk assessment includes DHS contract administration. ACTTC management will evaluate the appropriate scope and resources needed to complete an audit of DHS procurement processes and procedures, contract administration oversight and compliance with County procurement policy. The size and scope of the audit and available resources will determine when a DHS contract audit can be included in the annual Audit Plan. This recommendation will be completed as soon as possible; however, it is not currently known if it can be completed and presented to the Board by December 31, 2025.

ACTTC management is also aware that the CEO has engaged a procurement consulting firm to review the purchasing lifecycle and grant subaward processes for the seven Safety Net departments including DHS.

An initial report for this engagement is expected in September 2024. The findings and recommendations from this report, as well as the time needed to implement accepted recommendations, may also impact the scope and timing of IA's audit of DHS procurement processes, contract administration and compliance with County policies.

R4. By January 1, 2025, County Purchasing and the County Controller shall implement a system that ensures all no-bid and sole-sourced contracts are identified, accounted for as such, publicly reported, and have required supporting documentation and waivers on file. (F3, F4, F5 F6)

ACTTC RESPONSE: This recommendation has not been implemented but will be implemented in the future.

Pursuant to the Sonoma County Service Agreement Policy (Policy), the Purchasing Agent administers the Policy and approves Single/Sole Source waiver requests.

ACTTC staff is working with the Sonoma County Public Infrastructure – Purchasing Division to implement recommendations in R4. Staff is evaluating identification and reporting strategies, and financial system functionality. The recommendation will be implemented as soon as possible; however, it is not currently known if the recommendation can be fully implemented by January 1, 2025.