

# SHERIFF'S DEPARTMENT

=====**Madera County**=====

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GOVERNOR'S OFFICE OF HOMELAND SECURITY  
Grants Administrative Section, Monitoring and Audits  
State Capitol  
Sacramento, CA 95814

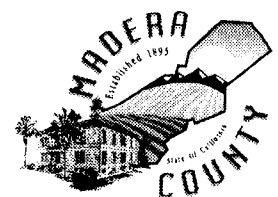
The County of Madera has received Monitoring Report #M07-24 assessing the grants and programs specified. It has been read by the undersigned. The report was shared with the County Administrative Office, The County Auditor's Office, and the County Counsel's Office. This letter, and the Corrective Action Plan now proposed, was reviewed by each and the content is accepted by all.

The monitor, Mr. James Lewis, was effective in his review. He provided appropriate and timely notification for his requests for records. He provided sufficient time for response in his secondary requests as well. The findings noted in the report are not contested.

The County's ability to respond to Mr. Lewis' request was limited. While the County routinely meets state and federal audit standards for funds accountability and grants management, Mr. Lewis' review shows major deficiencies in past management of the State Homeland Security Grant Program (SHSGP). We acknowledge those deficiencies in the attached summary, and we propose a comprehensive Corrective Action Plan to resolve system failures.

The County was hindered by several factors in providing records to the Monitor. It is necessary to provide clear explanation. First, early in the program history, the County elected to contract in good faith with a private grant management consultant. Appropriate levels of expertise were evident and promised. The Contract required compliance with basic standards of fiscal management and grant records maintenance. The Contractor received guidance from the County Auditor Controller repeatedly, over time, to assure specific accounting practices were understood and used. The Anti-Terrorism Task Force (ATTF) relied upon the services of the Contactor for project progress reports, compliance with programmatic rules, and submission of accurate claims.

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Over several years, and multiple grant cycles, it became increasingly obvious that the Contractor was unresponsive to the ATTF requests for clear, coherent reports and proof of effective administration. After several specific requests were made, and unmet, during FY 05-06, the Contractor was terminated in July 2006. When demanded records were subsequently submitted by the Contractor, the clarity of the failures became evident. There were no organized grant administrative documents provided. The fiscal documents were in extreme disarray as well. The County committed a senior Administrative Analyst to the purpose of records reconstruction and diligent efforts were made for nine months to restore the grant records, to assemble appropriate invoices, and complete an equipment inventory. The effort received the highest priority yet proved insufficient to meet the appropriate tests applied by Mr. Lewis. The County acknowledges responsibility for these deficiencies, and has already established internal administrative changes and made personnel investments to assure compliance. Please see the Corrective Action Plan for specifics of those efforts.

Another elemental reason for the County's deficiencies should be seen in the evolution of the SHSGP. The program was an aggressive and immediate response by Congress to meet perceived nationwide threats from terrorism. The program was created and funds were disbursed quickly through new and evolving state and federal agencies. Programmatic rules changed annually in the early period, and some records indicate that rules were modified even as projects were being implemented during a single fiscal year.

Congress' specification that these funds be UNIQUELY administered by a council of emergency response executives (the Anti-Terrorism Task Force in this County), outside of the normal control of elected officials, and beyond the internal procedures of local agencies, required innovative management approaches. The ATTF had no dedicated staff. Also, there were limits on the amount of grant funds available for management work needed to administer such a large program. The County attempted to meet this burden through a part-time contract using "Planning" and "Management/Administrative" funds within the program. Our effort proved unsuccessful.

In addition, the County made an initial administrative error that exacerbated the problems noted above. The County did not account these grant funds in unique cost centers, tied exclusively to one specific grant. When combined with the failure of the contract manager to clearly annotate the invoices for payment (to vendors) with information relating to the Grant Number, Fund Source and Project Designator, this agency lost the ability to retroactively recover and assign payments to specific Grant Awards, and the Fund Source (SHSGP, LETTP) – even though the invoices are still available.

Further, County accounting process and timeliness were impacted by the death of the Assistant County-Auditor, the person generally responsible for the management of the Single Audit Report process. Her death led to delays in meeting the normal obligation to submit the SAR. Also, the Auditor-Controller's Office relied on records retention standards of the State Controller's Office in determining whether certain fiscal records could be destroyed when the office relocated in January 2007. Unfortunately, while several SHSP Grants were still "open" and records maintenance was still required until those grants were "closed", some records from 2001-02 were destroyed.

Records show that the State Office of Homeland Security has been helpful throughout the program period, starting in 2001. However, programmatic changes by OHS and Federal fund sources were disruptive to standardizing our local record-keeping. In addition, it would have been helpful if regular and early site-monitoring had occurred. Such effort would have revealed the deficiencies of our systems, and of our Contractor, and allowed implementation of new controls and systems. We look forward to that positive outcome from this monitoring visit, and verification of our system improvements through future monitoring visits.

Towards our improvement goal, the County has developed an aggressive, specific Corrective Action Plan to restore accountability. The County proposes to use General Fund money to implement the CAP. Indeed the County has already funded and implemented many of the changes in the current operating year. The County's proposed administrative and grant management changes have been used during implementation of the 2005 award over the last 6 months.


The County of Madera does declare that independent forensic auditing of actual records on hand would demonstrate compliance with grant commitment and the purchasing intentions of the Anti-Terrorism Task Force. However, the expense of such investigation would be prohibitive and would divert limited public funds. Clearly, Mr. Lewis' monitoring visit did not allow for the location and detailed analysis of actual records necessary to prove the above, nor should he have been expected to make such effort given the disarrayed nature of those records.

The County of Madera also declares that intensive local record review, and assessment, by internal administrative professionals, over 14 months, has revealed no indication of misuses or misdirection of grant funds.

The County of Madera also declares that expected equipment was found in the custody of proper agents as field investigations were made. The County is confident that no equipment has been stolen, misappropriated or converted to non-public use. The County will continue to work on a complete accounting of all equipment and to maintain that inventory document.

With the concurrence of the State Office of Homeland Security, the County proposes to certify the above declarations are true. We further propose to implement the suggested Corrective Action Plan, assuring full administrative and accounting compliance under the State Homeland Security Grant Program. We finally propose, and request, regular assistance and site monitoring to assure that our efforts lead to excellent performance.

Very Respectfully,

  
John P. Anderson,  
Sheriff

ATTACHMENT

CC: Stell Manfredi, County Administrative Officer  
Bob Dewart, County Auditor-Controller  
David Prentice, County Counsel  
Grant Monitoring File