

# AUDIT/FISCAL COMMITTEE

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## **AUDIT/FISCAL COMMITTEE**

The Audit/Fiscal Committee is responsible for the following county departments:

Assessor

Auditor/Controller-Recorder/County Clerk

Treasurer-Tax Collector/Public Administrator

The Assessor Subcommittee performed a thorough review of the Assessor function. As part of this process, 25 subpoenas were issued and 29 interviews were conducted. Thousands of documents were reviewed.

The Audit/Expense Subcommittee did extensive work in reviewing expenses and credit cards. Many interviews were conducted and thousands of expense records were reviewed.

The committee wishes to thank the many dedicated county employees who aided in our investigations. Their many hours of extra work are sincerely appreciated.

The following reports give a summary of our findings.

# ASSESSOR

## SAN BERNARDINO COUNTY TAX ASSESSOR FUNCTION

### **BACKGROUND**

The current Assessor took office in January 2007. Before assuming the Assessors position, while he was still Chairman of the Board of Supervisors, that body approved several new positions for the Assessors Office and additional budget amounts to fund them. The new positions included Communications Officer, Intergovernmental Relations Officer, Two Special Assistants, Facilities/Safety Manager, Project Administrator, Executive Secretary and Office Specialist.

According to the 2006-2007 San Bernardino County Final Budgets, The Board approved an appropriation increase of \$1,803,900 for 28.0 positions and their corresponding services and support costs.

The final approved 2006-2007 San Bernardino County Budget and the 2007-2008 San Bernardino County Budget for the Assessors Office show the increases in salaries and personnel for the Assessors Office:

	<u>2005-2006</u>	<u>2006-2007</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and Benefits Actual	\$11,971,812	\$13,267,033	\$1,295,221	10.82%
Staff County Budget	175.6	204.5	+28.9	16%

Under the current Assessor, the Assessors office was reorganized to absorb a portion of the newly created positions in a new administrative level called the “Executive Support Staff”. These positions were not found in the previous Assessors organization charts. The resulting structure is a two-tiered bureaucracy: The Operations staff, managed by a newly appointed Assistant Assessor with 200+ employees, that does the property valuation function, and the Executive Support staff, managed by a second newly appointed Assistant Assessor with 8+ employees that reports directly to the Assessor.

### **INVESTIGATION**

The function of the Executive Support staff was the main focus of our investigation. The Grand Jury interviewed 17 current employees and former employees of the Assessors Office, an Assessors Office consultant, and the current Assessor. The Grand Jury reviewed several thousand emails from the Assessors Office; Executive Support staff expense records; Executive Support staff weekly meeting minutes; Executive Support staff payroll records; educational reimbursement records for university attendance; a separation agreement between the former Assistant Assessor in charge of

Operations and the Assessors Office; and Purchase order # Z3073, dated July 13, 2007 for consulting services.

The Grand Jury also reviewed San Bernardino County policies for Purchase Order agreements; use of County email systems; separation agreements and tuition reimbursement. Any references to “Assistant Assessor” within the report refers to individuals originally appointed to those positions when the current Assessor was elected and does not refer to individuals who were subsequently appointed to the position of Assistant Assessor as the result of changes in office personnel.

## **FINDINGS**

The reorganization of the Assessors Office created two distinct management groups within the Assessors office. The Grand Jury found striking contrast in the level of management expertise, technical knowledge, and productive contributions to the duties and responsibilities between the two management groups. The Grand Jury found that these two management groups had very little interaction.

The Operations managers oversee the day-to-day operations of the Assessors Office. These managers are currently career employees who provide departmental competency and expertise. They have high levels of experience, training and education and are indispensable to the everyday operations of the Assessors Office. These managers report directly to the Assistant Assessor for Operations.

As part of the reorganization, the current Assessor reclassified key operational management positions from “civil service protected” to “at-will.” Testimony from Assessor’s employees indicated career employees may be reluctant to give up their civil service status for an “at will” political appointment. The reclassification of these top positions from “civil service protected” to “at will” threatens the professionalism and competency of those positions. These reclassifications could make these positions vulnerable to political cronyism or undue influence from administrative political appointees.

The Executive Support staff was created when the current Assessor took office in January 2007. In contrast to the Operations managers, the individuals appointed to the positions in the Executive Support staff lacked experience or training directly associated with assessor work. The lack of management and assessor function experience of the two Assistant Assessors originally appointed by the Assessor caused the Grand Jury great concern. According to the Revenue & Taxation Code, within 30 days of appointment, the Assistant Assessor must hold a valid temporary appraiser’s certificate issued by the Board of Equalization. A four-year college degree or a high school degree and relevant work experience is a requirement for receiving a temporary appraiser’s certificate. The Assistant Assessor for Executive Support did not meet these requirements, but a waiver was obtained from the Board of Equalization.

Most of the Executive Support staff is made up of individuals with previous associations with the Assessor when he was on the Board of Supervisors and/or was Republican Central Committee Chairman.

In order to determine the purpose and work activities of the Executive Support Staff, the Grand Jury elicited testimony from employees of the Assessors Office regarding their own projects and their knowledge of tasks assigned to other employees. The Grand Jury also reviewed the minutes from the weekly meetings held by the Executive Support Staff. Based on this information, the Grand Jury determined that staff members used considerable time on planning and implementing such projects as completing and publishing the annual Assessors Office report, creating website links, and planning outreach meetings. Such projects are at best “public image” work and determined to be generally peripheral to the core activities of the Assessors Office. This assessment was confirmed by the testimony of individuals from the Assessors Office that the Executive Support Staff had little impact on the everyday operations of the office.

The increase in personnel and funding to staff the new bureaucracy group appears unjustified based on the contribution of this group to the office in terms of expertise, education, training and work product. It is important to note the former Assessor did not have a two-tiered management staff. Under the previous assessor, the operations staff and two executive secretaries performed many of functions listed for the current Executive Support Staff.

During the investigation, the Grand Jury reviewed thousands of emails sent and received in the County email system by the Executive Support staff members. There is evidence from emails and testimony that the Executive Support Staff members have been engaged in political activities for various national, state, and local political candidates during normal working hours.

Numerous emails were political in content. Examples of such content were arranging of political meetings, solicitations for campaign contributions, instructions to move monies from one campaign fund to another, solicitation of political proxies, and activity on and discussions of a Republican Party website called redcounty.com. A sampling of email received by the Assistant Assessor for the Executive Support Staff over a two-week period in the year 2008, on the county email system, revealed 91 emails sent by campaign organizations for national political candidates. The use of the county email system to send or receive messages with political content violates County Policy #14-01 on email use by county employees.

In July of 2007, the Assessors Office entered into an agreement, in the form of a purchase order, for consulting services. According to San Bernardino County policy, a purchase order of \$50,000 or more must receive Board of Supervisors approval. The valuation of the purchase order just below the amount requiring Board of Supervisors review raised concerns that the Assessors Office intended to circumvent policy and avoid board review. The purchase order was originally valued at \$49,992. This was later reduced to \$49,200. By valuing the purchase order \$800 below the value requiring

Board of Supervisors review, the Assessors Office circumvented county policy in the hiring of the consultant. When interviewed, the current Assessor could not explain how the original amount of \$49,992 was determined or why the amount was later reduced to \$49,200. The consultant was never asked to make a proposal specifying fees, hourly rates or projects. The Assessors Office did not solicit for consulting services through the Request for Proposal (RFP) process, which would have allowed for competitive bidding by qualified consultants.

The consultant was not required to provide detailed invoices to show work done but was instructed to submit monthly invoices for \$4100. Under the purchase order, the consultant was to provide the Assessors Office bi-weekly reports. The Grand Jury found no evidence that written reports were ever generated. The consultant was not on the distribution list for the “executive” staff’s weekly meetings, and did not regularly attend them. While in the Assessors employ, the consultant continued to perform political work for a number of Republican candidates in California. The most significant work produced by the consultant was assisting others in producing the annual Assessors Report, created a program to hand out certificates when the Assessor and taxpayer advocates attended events, and tracking all legislation that affected the Assessors Office. The Grand Jury found very little results from this contract that benefited the Assessor’s function and that the work product failed to justify the cost of the contract.

Article 7 of the County Employee Exempt Compensation plan provides for two educational benefits for exempt employees regarding tuition reimbursement. The first benefit allows employees to be compensated up to \$1,000 per fiscal year for tuition expenses incurred for job-related education or career development. The second benefit allows for department heads, within their discretion, to reimburse employees for expenses related to obtaining advance degrees which will advance the employee’s career in service to the county. Such advance degrees must be obtained outside regular work hours.

Pursuant to Article 7, the current Assessor used his discretion to reimburse the tuition expense of the Assistant Assessor for Executive Support in the amount of \$8,280. The reimbursement covered tuition for classes the employee attended while pursuing an undergraduate degree. The term “advance degree” is generally defined as degrees conferred upon the completion of a master’s or doctorate program, not a degree conferred upon completion of an undergraduate program. Furthermore, the total amount of tuition reimbursement far exceeded the amounts provided to other county employees.

The Assessors Office’s use of discretion to reimburse an employee in the amount of \$8,280 for undergraduate classes violated the spirit and intent of Article 7. Such expenses related to classes taken for an undergraduate degree may only be reimbursed up to \$1,000 per fiscal year and must be incurred for job-related education or career development.

The Assessors Office also approved tuition reimbursement for another employee for undergraduate classes. The reimbursement for this employee was limited to \$1,000 per fiscal year. However, the reimbursed expenses were for history classes unrelated to

the employee's county job. The approval of reimbursement for classes not job related violated Article 7.

Review of this employee's payroll and school records indicated that he was allowed to use absence without pay and other leave time to facilitate his attendance at scheduled classes. The use of such leave time regularly reduced the employee's work attendance to almost half a forty-hour work week. A review of the class schedule indicated that these classes were scheduled during county work hours.

Although Article 7 only addresses the attendance of classes outside regular work hours for advanced degrees, the intent of the policy is plain on its face and should have been applied to undergraduate degrees. The Assessors Office approval of extensive employee leave of absence for the purpose of class attendance during work hours was an abuse of managerial discretion.

The former Assistant Assessor for Operations resigned his position after a disagreement with the Assessor. Soon after, the current assessor entered into a separation agreement that allowed the employee to be placed on a six-month paid administrative leave. This separation agreement, amounting to more than \$63,000 plus benefits was agreed to by the Assessors Office for the employee after only 10 months of employment. The interested parties of the separation agreement were unable to justify the contractual terms. The Grand Jury was unable find an instance in the County of a separation agreement longer than 4 months. The separation agreement was excessive for the time served in the position.

## **RECOMMENDATIONS**

- 08-01            Review Executive Support staff requirements in the Assessors Office for potential consolidation of positions to increase efficiency.
- 08-02            Reclassify Operations management positions to civil service protected.
- 08-03            Enact policy that requires competitive bidding for consulting services.
- 08-04            Revise the education reimbursement policy to limit discretionary reimbursement for exempt employees. It is ambiguous and open to broad interpretation. Require employees receiving tuition assistance while working towards a college degree, guarantee the county that they will remain in its employ for a fixed period after graduating.
- 08-05            Enact policies for separation agreements of County employees that link the length of employment with terms of severance.
- 08-06            Require that County email system have automatic firewalls in place to preclude all political email from being accessed on the County email system and equipment.

# **AUDITOR/CONTROLLER-RECORDER AND PURCHASING DEPARTMENT**

## **CREDIT CARD PROCEDURES AND CONTROLS WITHIN THE SAN BERNARDINO COUNTY SYSTEM**

### **BACKGROUND**

During this year's Grand Jury term, there have been many public concerns regarding the use of credit cards within the San Bernardino County system. The popular refrain has been that credit card utilization could foster misuse of county funds. Consequently, this Grand Jury has opted to examine the controls and policies in place for use of county credit cards.

### **FINDINGS**

The Grand Jury's review encompassed the types of credit cards, the department responsible for their issuance, control, and control procedures.

#### **Cal Cards – Issuing Department, Purchasing**

Cal Cards are "brand name" Visa cards issued through U.S. Bank, the current contractor for San Bernardino County. Cal Cards are utilized in all 58 counties within California. Currently there are approximately 725 Cal Cards that have been issued to employees of San Bernardino County.

When employees are to be issued a Cal Card (they are issued in the cardholder's name), a "Procurement Card Request" must be filed with the Purchasing Department (Attachment A). This form, while requesting needed information in order to establish a new account, more importantly lists allowable, dollar limit, and non-allowable credit card transactions. Additionally, the Procurement Card Program Procedures Manual lists restricted uses of the Cal Card and disciplinary actions for unauthorized use of the card (Attachment B).

#### **Temporary Credit Cards – Issuing Department, Auditor/Controller-Recorder**

This is a credit card that may be checked out from the Auditor/Controller-Recorder, with appropriate departmental authorization, by employees who have an infrequent need to use a credit card in the course of conducting county business. The same control procedures apply for temporary cards as for Cal Cards.

### Vendor Credit Cards

These cards were obtained from various merchants without authorization from the Auditor/Controller-Recorder or the Purchasing Department. They were, in effect, unauthorized use of the county's credit. Once it was determined that these vendor cards existed, the Auditor/Controller-Recorder took immediate and effective steps to terminate their use. After the termination of vendor cards, the use of credit cards within the county system are monitored closely and competently monitored by the Auditor/Controller-Recorder.

After examining the use of credit cards within the county system, the Grand Jury has found that credit card transaction controls are stringent and effective. All credit card purchases are reviewed at the department level and then again at the Auditor/Controller-Recorder's Office. Additionally, all credit card purchases in excess of \$3,000 are reviewed at the County Administrative Office level.

Consequently, the public concern should not be the use of credit cards as they are simply the currency vehicles for the transactions. It is the expenditures that must be planned, justified and closely reviewed.

### **COMMENDATION**

The Purchasing Department and the Auditor/Controller-Recorder are to be commended for implementing strict controls over the use of credit cards within the county system.



**COUNTY OF SAN BERNARDINO  
PROCUREMENT CARD PROGRAM**

**PROCUREMENT CARD REQUEST**

New     
  Change in Credit Limit     
  Reissue     
  Change in Card Holder Info

Accounting Codes				CARDHOLDER NAME		
Fund	Dept	Org	GRC			
Cardholder Title			Department		Telephone	
Cardholder Address			E-mail Address		Fax Number	

**CARD LIMITS: (choose one)**

**Other \$ Limits**

Single Purchase Limit (Required)	# of Transactions (Check one only)		30 Day Dollar Limit (Required)	Weekly
	<input type="checkbox"/> Per Day (Up to 9)	<input type="checkbox"/> Per Month		Quarterly
<input type="checkbox"/> \$250			\$2,500	\$ <input type="checkbox"/>
<input type="checkbox"/> \$1,000			\$10,000	\$ <input type="checkbox"/>
<input type="checkbox"/> \$3,000			\$15,000	\$ <input type="checkbox"/>
<input type="checkbox"/> Other (please specify) \$ _____	_____		\$ _____	\$ _____

**ALLOWED MERCHANT CATEGORY CODE: (check all that apply)**

- A Airlines, Airports
- B Vehicle Rental, Gasoline
- C Hotel, Motel
- D Misc. Transportation (R.R., Taxi, Bus, Freight)
- E Telephone
- G Catalog Orders, Telephone Purchases
- H Food/Dairy Stores, Sundries
- I Restaurants, Caterers-Food Only (no set-up or service charges)
- J Discount/Department/Variety Stores, Misc. General Merchandise
- K Misc. & Specialty Retail Stores – Lumber/Hardware, Lawn, Garden, Clothing, Household Appliances, Government Services, Not Elsewhere Classified
- M Camps, Camp Sites, Amusement Parks
- R Membership Organizations (work-related)
- T Postage
- U Government-to-Government Sales



# PROCUREMENT CARD REQUEST

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CARDHOLDER NAME: \_\_\_\_\_

Approving Official Name	Approving Official Title	Telephone
Department	Approving Official Address	Fax Number
Contact Person	Telephone	Email Address

CARD PURPOSE (required): (Attach additional information as necessary)

**REMINDER: NO FIXED ASSETS OR SERVICES MAY BE PURCHASED WITH COUNTY PROCUREMENT CARDS.**

The Department will be responsible for monitoring and reviewing the use of Procurement Cards issued to the Department. Approving Official(s) and Cardholder(s) will ensure that sound fiscal practices are maintained utilizing the established procedures and available reports.

Department or Agency Director <i>(Print and Sign)</i>	DATE
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# PROCUREMENT CARD REQUEST

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## PROCUREMENT CARD REQUEST – REVIEW AND APPROVAL

### County Program Administrator:

COUNTY PROGRAM ADMINISTRATOR (PRINT & SIGN)	Date
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### CAL-Card Committee Approval:

<input type="checkbox"/> Approved	Comments:
<input type="checkbox"/> Denied	

### CAO ANALYST APPROVAL: (Single Purchase limit over \$3,000 or referral from CAL-Card Committee)

<input type="checkbox"/> Approved	Comments:
<input type="checkbox"/> Denied	
CAO Analyst (Print & Sign))	Date

*Purchasing Office Use Only*

Date Dept Notified	Date Card Received	Card Number	Date Card Issued	Date Account Setup Form to Bank



County of San Bernardino  
PROCUREMENT CARD PROGRAM  
PROCEDURES MANUAL

### USE POLICIES

Use of the card requires the cardholder to adhere to all County of San Bernardino and Agency/Department acquisition regulations, policies, and procedures, including competitive procurement requirements. The following conditions must be met when using the card.

1. Cardholders must follow their Agency/Department administrative procedures to ensure that sufficient appropriations are available prior to making a purchase.
2. As with any purchase, at least three (3) competitive quotes should be obtained. A record of the quotes should be maintained by the department.
3. Use of the procurement card is not intended to replace effective procurement planning which enables volume discounts.
4. Each single purchase may be composed of multiple items, but the total transaction cannot exceed the single purchase dollar limit on the procurement card.
5. When purchases exceed the limit established by the Agency/Department, the standard requisition and purchase order process must be followed or a payment request (PR) number requested.
6. Purchases must not be split to circumvent procurement regulations.
7. Procurement card must not be used for purchases which would violate County Policy 11-02 - Procurement Code of Ethics ("To avoid engagement in any transaction that might conflict with the proper discharge of our employment duties by reason of a financial interest, family relationship, or any other circumstance causing a breach of confidence in the acquisition process.")

### RESTRICTED USES

The procurement card is intended to be used for small dollar purchases. **The procurement card is not to be used for services.** In addition, the procurement card must not be used to purchase the following items:

- Alcohol or alcohol products
- Alcoholic beverages
- Ammunition and weapons
- Automotive repairs or maintenance
- Cash advances through bank tellers or teller machines
- Catering (use a low value purchasing authorization for catering that includes setup and services)
- Chemicals and hazardous materials
- Consultants, instructors, or speakers
- Drugs and narcotics
- Fixed asset purchases (equipment with a unit valuation of \$5,000 or more)
- Gift cards
- Insurance
- Items available through Internal Service departments (i.e., Fleet Management, Information Services, Purchasing/Printing Services, etc.)
- Legal fees
- Maintenance contracts and service
- Material requiring a license to purchase and/or use
- Non-approved merchant type codes
- Operated and maintained equipment rentals (i.e., trucks, tractors, and heavy equipment)
- Rental, lease, or purchase of real property
- Systems office furniture
- Telecommunications equipment
- Work performed on County property by outside contractors

County of San Bernardino  
PROCUREMENT CARD PROGRAM  
PROCEDURES MANUAL

Agency/department specific regulations may restrict purchases further. Questions regarding the procurement card or program procedures should be directed to Purchasing at 909.386.8046.

### **DISCIPLINARY ACTIONS**

Any unauthorized use of the procurement card or failure to adhere to the program procedures will result in the following:

1. Unauthorized charges will be considered a personal liability and, therefore, will be subject to immediate collection.
2. Failure to adhere to the program procedures will result in termination of card privileges.
3. Abuse in the use of this card will result in an immediate termination of card privileges.
4. Repeated and/or flagrant violation of the authorized use of the procurement card by the cardholder will result in disciplinary action up to and including termination of employment.
5. Fraudulent use of the procurement card may be referred to a law enforcement agency.

### **AREAS OF RESPONSIBILITY**

#### **US Bank Government Services**

1. Issue VISA credit cards to the County Program Administrator for distribution.
2. Make changes as requested by the County Program Administrator.
3. Have available on line, the day after the end of the billing cycle, the Cardholder Statement of Account and the Corporate Account Summary.

#### **CAL-Card Committee**

1. Review applications for procurement cards received from County Program Administrator.
2. Determine need and appropriateness of requests.
3. Approve requests for procurement cards.
4. Forward to appropriate County Administrative Analyst for additional approval, if single purchase limit exceeds \$3,000.
5. Provide administrative oversight to procurement card program.
6. Assist in monitoring program in conjunction with Purchasing, County Program Administrator, and Auditor/Controller-Recorder.

#### **County Program Administrator**

1. Establish and maintain County of San Bernardino Procurement Card Program Procedures.
2. Set up accounts with US Bank and maintain changes.
3. Request and obtain procurement cards.
4. Provide Auditor/Controller-Recorder a weekly report of canceled cards. Report should include card number, cardholder name, and date of cancellation.
5. Review monthly and quarterly reports for compliance with policies and procedures.
6. Develop program training materials and provide training to cardholders and approving officials.
7. Audit program in conjunction with Auditor/Controller-Recorder.
8. Follow up and document any suspected inappropriate use of the procurement card and/or failure to follow program procedures.
9. Ensure and document destruction of unneeded and canceled cards.

#### **Auditor/Controller-Recorder**

1. Review procurement payment package received from the department accounting office.
2. Adjust Statement of Account for disputed transactions as directed by cardholder.
3. Ensure all purchases are appropriately charged to the procurement card accounting codes.
4. Ensure that department's claim for unbilled sales and use taxes are paid to the State.
5. Authorize payment of invoices to US Bank.

# **ECONOMIC DEVELOPMENT DEPARTMENT AND LEGISLATIVE LIAISON**

## **REVIEW OF DEPARTMENT TRAVEL AND MISCELLANEOUS EXPENDITURES**

### **BACKGROUND**

When reviewing the effectiveness of an organization, there are two primary functions to be examined. The first is how that entity utilized its financial resources, with the second being operational efficiency. This Grand Jury elected to review that segment of financial data consisting of the travel and miscellaneous expenditures of the Economic Development and Legislative Liaison Departments.

The mission of the Economic Development Department is multi-faceted:

1. The facilitation of new and higher paying jobs within the county,
2. The expansion, growth, development and retention of small businesses, and
3. The enhancement of international marketing and trade.

The mission of the Legislative Liaison Department is to assist San Bernardino County by developing and supporting legislation that is beneficial to the county.

### **FINDINGS**

While travel and miscellaneous expenditures may be reasonable costs in the attainment of mission goals, they must be carefully planned and executed. During the investigation, the Grand Jury found a lack of written expenditure guidelines for achieving those project goals. Following are examples, in excess of a quarter of a million dollars total, which the Grand Jury questions as to the effective rate of return for county taxpayers, because the expenditures do not seem to be part of a cohesive, objective-directed strategic plan.

	<b><u>ECONOMIC DEVELOPMENT DEPARTMENT (EDD)</u></b> <b>Expense</b>	<b>Expenditure</b>
1	Corenet Global Summit – Orlando, FL 2 attendees and presentation booth Payment requests to Auditor/Controller 11/06-2/07	\$ 8,825.31
2	Promotional Items – EDA Business Golf Tournament Payment request to Auditor/Controller 10/06	\$ 2,422.23
3	Interviewee for Director of Economic Development Paid for travel for one person Payment request to Auditor/Controller 6/06	\$ 718.70
4	Corenet Conference – Philadelphia, PA 4 attendees and presentation booth Payment requests to Auditor/Controller 3/06-5/06	\$15,854.55
5	International Council of Shopping Centers Conference - Las Vegas, NV 11 attendees, includes some elected officials, staff members and key department heads Payment requests to Auditor/Controller 3/06-6/06	\$42,552.14
6	Virtual One Stop Training Conference - Clearwater, FL 2 attendees Payment request to Auditor/Controller 5/06	\$ 3,698.79
7	National Rapid Response Conference - St. Louis, MO 2 attendees Payment request to Auditor/Controller 5/06	\$ 3,497.41
8	NACO Conference - Washington, DC 11 attendees, some elected officials and staff Payment requests to Auditor/Controller 2/06-3/06	\$49,500.99
9	NACO Legislative Conference - Sacramento, CA 15 attendees, some elected officials and staff Payment request to Auditor/Controller 2/06	\$ 5,443.36
10	Air Freight Asia 2006 Conference – Shanghai, China 1 attendee Payment request to Auditor/Controller 2/06	\$ 1,745.21
11	Environmental Assessment Workshop – Los Angeles, CA 4 attendees Payment request to Auditor/Controller 3/06	\$ 1,602.81
12	CSAC Conference – Sacramento, CA 3 attendees and hospitality suite Payment request to Auditor/Controller 3/06	\$ 6,653.33
13	Limousine Service – Orange, CA Payment request to Auditor/Controller 12/06	\$ 503.55
14	Men’s Warehouse – San Bernardino, CA Payment request to Auditor/Controller 12/06	\$ 284.33
15	International Council Shopping Centers – Western Division Conference – San Diego, CA	\$ 3,610.88

	3 attendees and business dinner Payment request to Auditor/Controller 10/06	
16	Building Industry Association – Rancho Cucamonga, CA Table of 10 (attendees) – Installation dinner and awards Payment request to Auditor/Controller 10/06	\$ 1,250.00
17	At International Council Shopping Centers Conference – San Diego, CA (September 2007) 2 attendees stayed at US Grant Hotel 1 attendee stayed at Sheraton Payment request to Auditor/Controller 10/07 (why did they not all stay at the less expensive Sheraton?)	\$ 9,623.66
18	Corenet Global Summit – Denver, CO 2 attendees and presentation booth Payment requests to Auditor/Controller 4/07-5/07	\$12,723.60
19	40” TV for EDA Director’s monitor Payment request to Auditor/Controller 8/07	\$ 1,453.83
20	Economic Development Advisory Council – Flemings Steakhouse – Rancho Cucamonga, CA 17 attendees – cost per attendee \$148.90 Payment request to Auditor/Controller 8/07	\$ 2,531.29
21	Economic Development Advisory Council – Flemings Steakhouse – Rancho Cucamonga, CA 18 attendees – cost per attendee \$146.76 Payment request to Auditor/Controller 4/07	\$ 2,641.74
22	Lunch meeting with employee – San Bernardino, CA 2 attendees (why do taxpayers pay for lunch in San Bernardino?) Payment request to Auditor/Controller 8/07	\$ 22.88
23	International Council of Shopping Centers Conference – Las Vegas, NV 16 attendees, includes some elected officials, staff members, and key department heads Payment requests to Auditor/Controller 4/07-5/07	\$44,687.69
24	Investigative Reporters and Editors Conference, Phoenix, AZ 1 attendee Payment request to Auditor/Controller 5/07	\$ 2,708.43
25	Interviewee for Director of Community Development and Housing Paid for travel for one person being interviewed Payment request to Auditor/Controller 5/07 Note: individual has since left county employment	\$ 1,366.50
26	Two Classes (over 7 days) – San Diego, CA a. Governmental Financial Management and Control b. Governmental Accounting, Financial Reporting and Budgeting	\$ 2,446.32

	1 attendee Payment request to Auditor/Controller 4/07	
	<b><u>LEGISLATIVE LIAISON DEPARTMENT</u></b> <b>Expense</b>	<b>Expenditure</b>
27	California State Association of Counties 113 <sup>th</sup> Annual Conference 11/13/07 through 11/16/07 – Oakland, CA 6 attendees Payment requests to Auditor/Controller 10/07 – 11/07	\$18,679.92
28	NACO Conference – Washington, DC 3 attendees Payment request to Auditor/Controller 3/07	\$ 9,967.19

NOTE: Attention should be directed to the following points:

- Amounts expended – examples 4, 5, 8, 23, 27
- Location of conferences – examples 1, 4, 18
- Number of attendees at conferences – examples 5, 8, 9, 20, 21, 23
- Purpose or effectiveness of all example expenditures

As it is difficult for taxpayers to determine the value of these expenditures to the county in general, and to themselves in particular, the Grand Jury would make the following recommendations.

**RECOMMENDATIONS**

- 08-07        At the time the EDA and Legislative Liaison budgets are established, a “Plan, Justification and Implementation Report” should be generated for each project (each conference, show, class or trip should be an individual project).
- 08-08        For ease of tracking, each project should be assigned a case number. This case number should be used on all documentation pertaining to that project.
- 08-09        The total of attendees to conferences, shows, classes or trips should be limited to only the most cost-effective number (see examples 5, 8, 9, 20, 21, 23 and 27). The Grand Jury questions the value to taxpayers of the numbers of officials and employees attending some of the above noted functions.
- 08-10        The relevance of the location of the conference to San Bernardino County must be taken into account (see examples 1, 4, 6, 7, 10 and 18).

- 08-11        The type of conference or class should return value to the county for tax dollars invested. Therefore, both EDD and Legislative Liaison proposed spending should be examined closely during the annual budget preparation process. Proposed expenditures should be justified on a “return on investment” basis.
- 08-12        Once the project is completed, a “goal attainment” report should be filed with the Board of Supervisors. The report should reiterate the strategic or tactical objective of the project, the cost, number of persons attending, if the goal was accomplished, or if not, corrective action to be taken, and finally, the value of the project to the county and the taxpayers.
- 08-13        As examples 5, 8 and 23 illustrate, elected officials attend some of these conferences. In order to provide clarity to the taxpayers for such expenditures, the Grand Jury recommends that all county elected officials file a quarterly “Expense Accountability Report.” This report would be comprised of “overnight travel” expenses and “out of state” travel expenses, with appropriate justification. These reports should be presented to the public as part of the Board of Supervisors’ agenda.