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Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts

“FAILURE OF ANY CONTRIBUTES TO PUBLIC DISTRUST OF ALL”

ISSUE

San Mateo County, Cities, Special Districts, Joint Power Authorities, or Schools are not assessing internal controls and are not reporting the results of assessments to governing boards and the public.

SUMMARY

Our government faces risks, including fraud and waste.

Internal controls are put in place by an entity's oversight body, management, and other personnel to provide reasonable assurance that the entity will achieve its objectives. Internal controls in our government are key to ensuring that goals are met without fraud and waste and are critical to the public trust. An example of an internal control is having separate people approve a transaction before paying the bill for that transaction.

Internal controls hit the public eye back in the 1990s, after the scandals at Enron, WorldCom and other organizations, all of which served as examples of fraud and waste. The United States Congress reacted in 2002 by enacting the laws known as Sarbanes–Oxley that impact publicly-traded companies. In 2015, the State of California issued “Internal Control Guidelines - California Local Agencies” covering the need for internal controls in government entities.

Given the enormity of the challenge of reviewing individual controls at any one agency, the Civil Grand Jury looked into the way government entities in San Mateo County assess their internal controls and how the results of those assessments are reported to governing boards and to the

public. Assessments and reporting should follow the State of California guidelines and the underlying referenced guidelines from the Green Book and the Committee of Sponsoring Corporations. Management’s assessment of internal controls and communication, both internally within an entity and externally to the entity’s constituents, are key principles of internal controls.

Too many examples of lack of or failed internal controls exist, including recent news stories about taxpayer money used for constructing personal residences in train stations in Burlingame and San Mateo that are referenced in the attached Appendix.

The Civil Grand Jury learned from survey respondents that all of them do have established internal controls and publish external audit reports. Most of them, however, do not assess internal controls and do not communicate with governing boards or the public regarding management of internal controls. Of the few entities that do assess internal controls, they do not report those results.

The Civil Grand Jury recommends timely and documented assessments of internal controls with clear, appropriate reports from management to governing-boards and to the public to reduce the risk of failed internal controls, to enhance public confidence in our government and to improve the efficiency of external audits.

By rule of the Civil Grand Jury, the recommendations included in this report can only be sent to entities that participated in interviews with the Civil Grand Jury. While the Civil Grand Jury could not efficiently interview all entities that participated in surveys, common sense suggests that these recommendations are applicable to all entities within San Mateo County. The current Civil Grand Jury encourages future civil grand juries to investigate the recommendations in this report as appropriate, to help optimize trust in the integrity of internal controls in San Mateo County government.

GLOSSARY

Assessment and Evaluation

Assessment for the purpose of this report is defined in the Green Book as follows: “To determine if an internal control system is effective, management assesses the design, implementation, and operating effectiveness of the five components and 17 principles.” Examples in an internal control assessment include to confirm and document that all requisitions are properly approved and that payments for goods or services are made by authorized individuals. This process helps management and stakeholders have confidence in the reliability of financial reporting, compliance with laws and regulations, and the overall integrity of the organization's operations. In general, Assessment and evaluation can be used interchangeably.

Committee of Sponsoring Organizations of the Treadway Commission (COSO)

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is an organization that develops guidelines for businesses to evaluate internal controls, risk management, and fraud deterrence.

Enterprise Risk Management (ERM)

Enterprise risk management is an entity-wide strategy to identify and prepare for hazards with the entity's finances, operations, and objectives.

Entity

An Entity for this report is San Mateo County, Cities, Special Districts, Joint Power Authorities, or Schools.

External Auditor

An external auditor is a public accountant who conducts audits, reviews, and other work for its clients. An external auditor is independent, and so is in a good position to make an impartial evaluation of the financial statements and systems of internal controls of those clients.

Green Book

Standards for internal control in the Federal Government issued by the General Accounting Office of the U.S. Government.

Internal Auditor

An internal auditor is responsible for reviewing a company's processes, identifying anomalies, and reporting any issues found to management. An internal auditor is an employee of a company, so is not independent of the company.

Internal Controls

A process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use or disposition may include controls relating to financial reporting and operations objectives.

Management

Management consists of those individuals directly responsible for all activities of an entity, including design, implementation and operation of an internal control system.

Oversight Body

The oversight body is the group responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including management's design, implementation and operation of an internal control system. The oversight body may include elected or appointed officials and employees of the Entity.

BACKGROUND

Internal controls help an entity's management achieve its objectives. Also, internal controls help an entity run its operations efficiently and effectively, report reliable information about its operations and comply with applicable laws and regulations.

The need for internal controls applies to all entities, regardless of size. Large complex entities have different risk profiles than small, less-complex entities. All entities seek to control risk

appropriate for its operations, designing and implementing internal controls for its own particular risk profile. Even small, less-complex entities face risks that demand related internal controls.

Whether an internal control is followed or not is not a matter of materiality. A failure in what might seem to someone to be a trivial control is the same as a failure in what everyone might consider to be a very important control. There are no big or small controls, just controls. Failure in any contributes to public distrust of all.

The Green Book, which sets the standards for an effective internal control system for federal agencies, identifies five components of an internal control system:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Each of these components applies to different levels of an organizational structure, such as a Parks and Recreation Department within a City Government.

The Green Book summarizes 17 Principles of Internal Control for these five components as:

Control Environment

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Risk Assessment

6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

Source: GAO. | GAO-14-704G

Control Activities

10. Management should design control activities to achieve objectives and respond to risks.
11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
12. Management should implement control activities through policies.

Information and Communication

13. Management should use quality information to achieve the entity's objectives.
14. Management should internally communicate the necessary quality information to achieve the entity's objectives.
15. Management should externally communicate the necessary quality information to achieve the entity's objectives.

Monitoring

16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
17. Management should remediate identified internal control deficiencies on a timely basis.

Each entity's oversight body is specifically responsible for oversight of internal control. Each entity's management is responsible for the design, implementation and maintenance of internal controls.

Each entity's internal controls are its own – no one would expect all entities to have the same internal controls, because all entities are different.

The Civil Grand Jury found examples of fraud and waste in government listed in the appendix. Each of these examples likely reflects a failure of internal controls to prevent or detect fraud and waste. In other words, you ordinarily can't have a problem with fraud and waste without a failure in internal controls.

Focus on the Control Environment, Information and Communication and Monitoring principles

The Civil Grand Jury focused on the control environment, information and communication and monitoring principles of internal control, seeking information about:

- *Control Environment Principle* - how governing boards oversee internal controls, such as a review of management's report on its assessment of internal controls.
- *Information and Communication Principle* - how management reports to the governing board regarding its assessment of internal control and how management's assessment of internal controls is communicated to the public, such as through an agenda item in a public meeting of the governing board.
- *Monitoring Principle* - information about how management monitors its internal control systems, such as management's assessment of internal controls.

It is of note that this investigation did not evaluate the quality of any entity's internal control or the effectiveness of an entity's internal controls.

The Civil Grand Jury sent a survey, received responses and confirmed survey responses via interviews with the 28 entities from whom it requests responses. However, common sense suggests each of the recommendations included in this report apply to all entities in the County.

The Civil Grand Jury recognizes that for a variety of reasons, management may not want to publicly report its controls and results of investigations. For example, an internal report might include details of needs for improving controls that might be considered a roadmap for fraud until the improvements are in place. Management reports available to the public through public release or materials for a public meeting could exclude such details, while the report available to the public could include an appropriate summary of information from an assessment.

METHODOLOGY

Preliminary Research

The Civil Grand Jury reviewed the websites of San Mateo County public entities and public media related to fraud and waste in government.

Preliminary Interview

To better understand, as a baseline, how the County Controller's Office oversees its internal controls, the Civil Grand Jury interviewed the Controller's Office of the County of San Mateo.

Survey and Survey Response Analysis

The Civil Grand Jury designed a survey focused on an entity's assessment of its internal controls, reporting, training and risk evaluation. See Appendix A for the survey. The Civil Grand Jury sent the survey to 75 entities.

The Civil Grand Jury reviewed and analyzed the responses.

Interviews with Entities

By rule, the Civil Grand Jury must interview an entity to use that entity's responses to a survey as a matter of fact. The Civil Grand Jury interviewed 28 entities, mostly focusing on entities that did not conduct an assessment of its internal controls in the last 18 months.

The Civil Grand Jury also interviewed a Certified Public Accountant with experience serving as external auditor of entities within San Mateo County.

DISCUSSION

Regulatory History

In 2013, our California Assembly approved Bill No. 1248, to require the state controller to establish internal controls for California local agencies. Bill No. 1248 applies to the County of San Mateo and the cities, special districts and other local government entities, except school districts. Bill No.1248 appears in the California Government Code section 12422.5.

In 2014, The General Accounting Office (GAO) of the U.S. Government issued the Green Book. The U.S. Comptroller General prescribes internal control standards in the Green Book for the federal government. The Green Book says that state, local and quasi-governmental agencies and not-for-profit organizations may adopt the Green Book as a framework for an internal control system.

In 2015, the California State Controller's Office issued "Internal Control Guidelines - California Local Agencies" to comply with California Government Code section 12422.5. The State Guidelines refer to the Green Book, among other resources.

The State Guidelines refer to the same structure of internal controls in the Green Book as well as the Committee of Sponsoring Organizations of the Treadway Commission (COSO) publications, both of which refer to the Governing Board's responsibility to ensure completion of periodic risk assessments and to oversee internal controls.

Schools in San Mateo County are governed by the California Education Code (EDC). The county superintendent of schools may review or audit internal controls of any school district in its county per the California Education Code section 1241.5. The guidance in the Green Book and the State Guidelines naturally apply.

Tone at the Top

The oversight body and management set the tone at the top and throughout the organization by its example. Tone at the top is fundamental to effective internal controls. The tone at the top helps ensure:

- the entity's risk identification is complete
- risk responses are appropriate
- control activities are appropriately designed or implemented
- information and communication are effective
- results of monitoring are understood and acted upon.

Accountability for Performance

The State Guidelines include a section on Accountability for Performance, including:

- establishing mechanisms for holding individuals accountable for internal control responsibilities, which naturally include the oversight body and management
- establishing performance measures for all levels of the organization
- performing timely evaluations and aligning incentives with the fulfillment of internal control responsibilities.

All governing bodies and its management have basic responsibilities regarding internal controls, even if the State Guidelines do not specifically refer to those basic responsibilities. Those responsibilities naturally include:

- Oversight boards must demonstrate its oversight of management's internal controls, such as clear and timely reporting on its review of internal controls
- Management's reports on internal controls should be clearly and readily available to the public
- Management must be evaluated for its assessments of internal controls and its external reporting.

Role of the External Auditor

External auditors are not considered a part of an entity's internal controls. While management may look into and use recommendations by external auditors, management owns the entity's internal controls. Management may communicate with and get quality information from its external auditors as it monitors and maintains internal controls.

Management may hire an external service provider to conduct assessments of internal controls. Data from these assessments can aid management ensuring that the entity's internal controls are appropriate for that entity. In conducting an audit, external auditors may rely on these assessments, which could result in a more efficient and less expensive external audit.

The Civil Grand Jury found through its research **that audits uncover only about 4% of fraud.**

Several entities we interviewed stated that they rely on or interact with its external auditors as part of its internal controls. Comments from respondents included:

- We have been using the external auditors and have been reviewing the internal controls with them annually.
- This is done with the regular annual audit. We do not have reasons to justify an additional assessment.
- Annually, the internal controls are updated as part of our external audit, not separately from the external audit process.

The reports from external auditors include limitations on the results of its review of internal controls they conduct in connection with an audit. These limitations include statements like “we did not identify any deficiencies in internal control that we consider to be material weaknesses” and “material weaknesses may exist that have not been identified.” The external auditor reports are clear that they do not express an opinion on the effectiveness of internal controls.

The Civil Grand Jury interviewed a Certified Public Accountant who audits local governments and agencies and confirmed that management should assess its internal controls independently of the external auditor’s work, noting management can separately refer to the independent auditor’s work in its report to its governing board regarding internal controls.

Furthermore, the Certified Public Accountant and interviewees generally agreed that if management performed its own assessment of its internal controls, the results of that assessment can be shared with the external auditor and the auditor may use those results in designing audit work, increasing efficiency. Increases in efficiency in external audits likely at least partially offset any incremental staff work in conducting management’s assessment.

Survey Responses

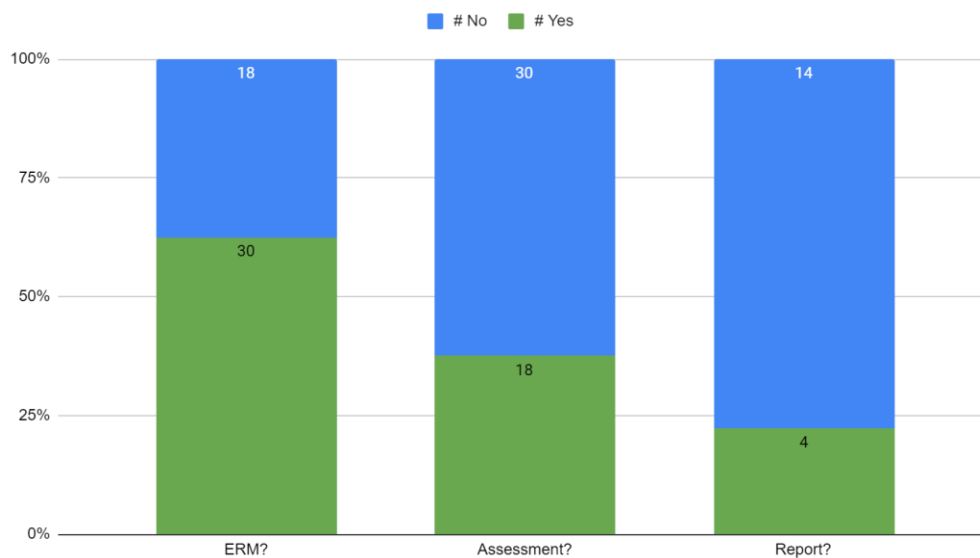
Survey requests were sent to 75 entities, including municipalities, school districts, independent special districts and joint power authorities. Responses were received from 54 entities.

Given the enormity of the challenge of reviewing individual controls at any one agency, the Civil Grand Jury looked into the way government entities in San Mateo County assess its internal controls and how the results of those assessments are reported to governing boards and to the public. This assessment and reporting should follow the State of California guidelines and the underlying referenced guidelines from the Green Book and the Committee of Sponsoring Corporations. Management’s assessment of its internal controls and communication, both internally within an entity and externally to the entity’s constituents, are key principles of internal controls.

The Civil Grand Jury focused on responses to three questions from the survey:

1. Do you have an established process in place to identify organizational risks (also known as Enterprise Risk Management, or ERM)? The tables below refer to this question as ‘ERM?’.
2. Other than outside audits of your organization's financial statements, have you or your organization performed an assessment of your organization's "internal controls" within the last 18 months? The tables below refer to this as ‘Assessment?’.
3. Was a written report of the assessment produced? The tables below refer to this as ‘Report?’.

All Responses to Survey



Identifying risks to an entity is a critical part of effective internal controls. See Principle 7 in the Green Book Principles of Internal Controls Table above.

Eighteen entities responded that they had performed an assessment of internal controls in the prior 18 months. Each entity must assess its internal controls. State guidelines require established mechanisms to hold management responsible for internal control responsibilities and to align incentives with the fulfillment of internal control responsibilities.

Four entities responded that they prepared a report regarding assessments of internal controls. Each governing board must oversee its entity’s internal controls. State guidelines require established mechanisms to hold management responsible for internal control responsibilities and to align incentives with goals and objectives. Management should both internally and externally communicate the results of its assessments of internal controls. If management does not communicate the results of its assessments of internal controls, others may see this as an opportunity to commit fraud or waste government assets. Management should communicate the results of its assessments of internal controls in writing to its governing board.

These data led the Civil Grand Jury to conduct interviews with selected entities that responded to the survey.

Interviews with Selected Entities

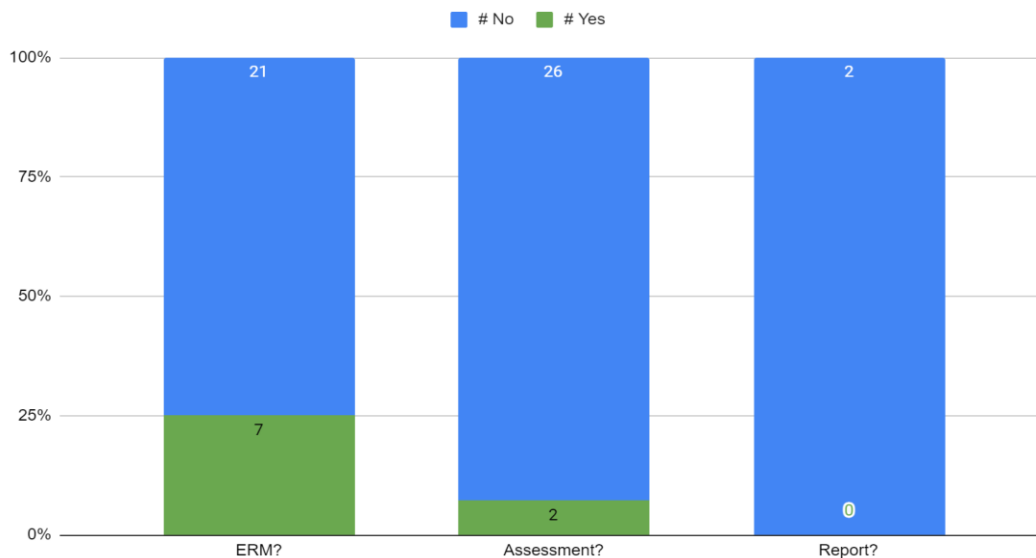
By rule of the Civil Grand Jury, the findings and recommendations included in this report can only be sent to entities that responded to the survey and participated in interviews with the Civil Grand Jury. In other words, the survey responses do not suffice to be considered a matter of fact and be used to come to a conclusion or make a recommendation.

The 28 Entities we interviewed are listed below in the section titled “Request for Responses.”

Of the Entities interviewed to confirm survey responses:

- Seven Entities reported that they did not have an established process in place to identify organizational risks.
- Twenty-six entities reported that, other than outside audits, its organization had not performed an assessment of its internal controls in the last 18 months.
- Two entities that did perform an assessment of its internal controls did not produce a written report of its assessment.

Survey Responses Confirmed by Interview



Identifying risks

Identifying risks in an organization is a critical part of effective internal controls - see Principle 7 in the Green Book Principles of Internal Controls (Table above).

When an entity does not have a process to identify organizational risks, the entity does not demonstrate how its internal controls address identified risks, and the likelihood of a failure in internal controls that results in fraud or waste increases.

Assessing Internal Controls

Entities must assess its internal controls. State guidelines require established mechanisms to hold management responsible for internal control responsibilities and to align incentives with the fulfillment of internal control responsibilities.

When an entity does not periodically assess its internal controls, the entity cannot demonstrate that they are monitoring its internal controls, and the likelihood of a failure in internal controls that results in fraud or waste increases.

Reporting Results of Assessments

Each governing board must oversee its entity's internal controls. State guidelines require established mechanisms to hold management responsible for internal control responsibilities and to align incentives with goals and objectives.

Management should both internally and externally communicate the results of its assessments of internal controls. If management does not communicate the results of its assessments of internal controls, others may see this as an opportunity to commit fraud or waste government assets.

Management should communicate the results of its assessments of internal controls in writing to its governing board.

When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others may see this as an opportunity to commit fraud or avoid waste increases.

FINDINGS

- F1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.
- F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.
- F3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

RECOMMENDATIONS

- R1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.
- R2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.
- R3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity’s internal controls.

REQUEST FOR RESPONSES

The following responses from governing bodies are required pursuant to Penal Code sections 933 and 933.05:

<u>Entity</u>	<u>Findings</u>	<u>Recommendations</u>
Belmont-Redwood Shores SD	F1, F2, F3	R1, R2, R3
Brisbane School District	F1, F2, F3	R1, R2, R3
City of Burlingame	F1, F2, F3	R1, R2, R3
City of East Palo Alto	F1, F2	R1, R2
City of Half Moon Bay	F1, F2, F3	R1, R2, R3
City of Menlo Park	F1, F2, F3	R1, R2, R3
City of Redwood City	F2, F3	R2, R3
Coastside Fire Protection District	F1, F2, F3	R1, R2, R3
Colma Fire Protection District	F1, F2, F3	R1, R2, R3
Jefferson Union High School District	F1, F2, F3	R1, R2, R3
La Honda-Pescadero USD	F1, F2, F3	R1, R2, R3
Menlo Park City School District	F2, F3	R2, R3
Menlo Park Fire Protection District	F1, F2, F3	R1, R2, R3
Mid-Peninsula Water District	F2, F3	R2, R3
North Coast County Water District	F1, F2, F3	R1, R2, R3
Pacifica School District	F1, F2, F3	R1, R2, R3
Portola Valley School District	F1, F2, F3	R1, R2, R3
Ravenswood City School District	F1, F2, F3	R1, R2, R3
Redwood City School District	F1, F2, F3	R1, R2, R3

San Mateo County Libraries	F1, F2, F3	R1, R2, R3
San Mateo Foster City School District	F1, F2, F3	R1, R2, R3
San Mateo Union High School District	F1, F2, F3	R1, R2, R3
Sequoia Healthcare District	F2	R2
Silicon Valley Clean Water	F2, F3	R2, R3
South Bayside Waste Management Authority	F1, F2, F3	R1, R2, R3
Town of Atherton	F2, F3	R2, R3
West Bay Sanitary District	F1, F2, F3	R1, R2, R3
Woodside School District	F1, F2, F3	R1, R2, R3

RESPONSE REQUIREMENTS

California Penal Code Section 933.05 provides: For purposes of subdivision of Section 933, as to each Civil Grand Jury finding, the responding person or entity shall report one of the following:

- (1) The respondent agrees with the finding.
- (2) The respondent disagrees wholly or partially with the finding; in which case the response shall specify the portion of the disputed finding and shall include an explanation of the reasons.

For purposes of subdivision of Section 933, as to each Civil Grand Jury recommendation, the responding person or entity shall report one of the following actions:

- (1) The recommendation has been implemented, with a summary regarding the implemented action.
- (2) The recommendation has yet to be implemented but will be implemented in the future, with a timeframe for implementation.
- (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall be at most six months from the Civil Grand Jury report's publication date.
- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

APPENDIXES

Appendix A - Form of Survey

Appendix B - Examples of Fraud and Waste

Form of Survey

1. Please list your name, title and organization
2. Other than outside audits of your organization's financial statements, have you or your organization performed an assessment of your organization's "internal controls" within the last 18 months? (Yes/No)
3. If your organization has not performed an assessment of its internal controls or has not completed one in the last 18 months, why?
4. What was the date of your internal controls assessment?
5. What type of tool was used to assess your internal controls? If "Other", please provide a brief description of the tool. (Checklist/Guided questions/Other)
6. Was a written report of the assessment produced? (Yes/No)
7. Was this assessment report shared with your governing board? (Shared/Not shared/Written assessment report was not produced)
8. Does your governing board require or suggest that your organization periodically review its internal controls?
9. Have the personnel in your organization received training specific to building effective internal controls?
10. If your organization has received training in building effective internal controls, who provided the training?
11. Do you have an established process in place to identify organizational risks (also known as Enterprise Risk Management or "ERM")?
12. When substantial risks are identified, does your process require changes or improvements to the applicable internal controls?
13. Have you shared the organizational risk assessment findings with your governing board?
14. Internal controls assessment tool:
15. Internal controls assessment report:
16. Risk assessment report:
17. Other links, please describe and include link(s):

Examples of Alleged Fraud and Waste

Broadmoor Police Protection District Fraud

<https://www.chronline.com/stories/outrageous-pension-double-dipping-triggers-criminal-investigation-into-california-cops,281359>

San Mateo County Pay to Play Prosecution

<https://www.almanacnews.com/news/2023/02/10/community-college-district-lawsuit-alleges-pay-to-play-in-construction-projects-under-former-chancellor/>

Reporting of Personal Residences paid for with government funds.

<https://www.nbcbayarea.com/news/local/former-caltrain-manager-secret-apartments-bay-area-train-stations/3496068/>

Release Date: June 27, 2024
2023-2024 San Mateo County Civil Grand Jury

September 12, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The Belmont-Redwood Shores School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District disagrees partially with the finding, believing that if an organization identifies operational risks within its internal controls but those risks are not capable of being immediately eliminated, then the act of publicly drawing attention to those risks (such as through a public Board meeting) would itself increase the likelihood that others might see an opportunity to commit fraud or waste.

RECOMMENDATIONS

1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity, and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. The recommendation will not be implemented because it is not warranted. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections

19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the District believes that the intent of this recommendation is already met.

2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

The District appreciates this recommendation, recognizing the importance of regular review of internal controls. The recommendation will not be implemented because it is not warranted. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the District believes that the intent of this recommendation is already met.

3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

The District appreciates this recommendation, recognizing the importance of prompt communication to the Board and overall transparency about the District's operations. That being said, the recommendation will not be implemented because it is not warranted or is not reasonable. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including

the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the District believes that its existing internal control processes are already quite robust. Moreover, as noted above in finding #3, the District believes that if an organization identifies operational risks in its internal controls but those risks are not capable of being immediately eliminated, then the act of publicly drawing attention to those risks (such as through a public Board meeting involving public discussion of those operational deficiencies or vulnerabilities) would itself increase the likelihood that others might see an opportunity to commit fraud or waste.

Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustees at its regularly scheduled Board meeting on September 12, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,



Daniel Deguara
Superintendent
Belmont-Redwood Shores School District



Board of Trustees
Raul Alcaraz
Sharon L. Boggs
Sarah Duffy
Karen Lentz
Lillian Markind

Superintendent
Nancy Bui

[Via Email \(grandjury@sanmateocourt.org\)](mailto:grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Re: *Assessing and Reporting Internal Controls*

Dear Judge Lee:

The Brisbane School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

1. *When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

2. *When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

- 3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District partially disagrees with the finding, believing that if an organization identifies operational risks within its internal control but those risks are not capable of being immediately eliminated, then the act of publicly drawing attention to those risks (such as through a public Board meeting) would itself increase the likelihood that others might see an opportunity to commit fraud or waste.

RECOMMENDATIONS

- 1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risks. The recommendation will not be implemented because it is not warranted. California Education Code Sections 41000-41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operation of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should included detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the District believes that the intent of this recommendation is already met.

- 2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the District believes that the intent of this recommendation is already met.

- 3. Beginning by no later than June 30, 2025, and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.*

The District appreciates this recommendation, recognizing the importance of prompt communication to the Board and overall transparency about the District's operations. That being said, the recommendation will not be implemented because it is not warranted or is not reasonable. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes,

reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the District believes that its existing internal control processes are already quite robust. Moreover, as noted above in finding #3, the District believes that if an organization identifies operational risks in its internal controls but those risks are not capable of being immediately eliminated, then the act of publicly drawing attention to those risks (such as through a public Board meeting involving public discussion of those operational deficiencies or vulnerabilities) would itself increase the likelihood that others might see an opportunity to commit fraud or waste.

Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustees on September 11, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,

Nancy Bui
Superintendent
Brisbane School District



DONNA COLSON, MAYOR
PETER STEVENSON, VICE MAYOR
MICHAEL BROWNRIGG
ANDREA PAPPAS
STEPHANIE LEE

The City of Burlingame

CITY HALL -- 501 PRIMROSE ROAD
BURLINGAME, CALIFORNIA 94010-3997

TEL: (650) 558-7200
FAX: (650) 566-9282
www.burlingame.org

September 16, 2024

Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

Subject: City of Burlingame's response to 2023-2024 Civil Grand Jury Report entitled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts"

Dear Judge Lee:

After reviewing the 2023-2024 Grand Jury report entitled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts," the City of Burlingame provides the following responses to the Grand Jury's findings and recommendations:

Response to Findings

F1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure internal controls that results in fraud or waste increases.

Response: The City of Burlingame agrees with this finding.

F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

Response: The City of Burlingame agrees with this finding.

F3. When management does not report the results of its assessment of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

Response: The City of Burlingame agrees with this finding.

The Honorable Amarra A. Lee
September 3, 2024
Page 2

Response to Recommendations

R1. Beginning by no later than December 31, 2024, and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual assessment of internal controls.

Response: The recommendation will be implemented by December 31, 2024.

F2. Beginning by no later than March 31, 2025, and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

Response: The recommendation will be implemented by March 31, 2025.

F3. Beginning by no later than June 30, 2025, and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

Response: The recommendation will be implemented by June 30, 2025.

The Burlingame City Council approved this response letter at its public meeting on September 16, 2024.

Sincerely,



Donna Colson
Mayor



CITY OF EAST PALO ALTO

OFFICE OF THE MAYOR

Hon. Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, Ca 94063-1655

Dear Judge Lee:

The City Council of the City of East Palo Alto (City) voted at its public meeting on September 17, 2024, to authorize this response to San Mateo County's civil grand jury 2023-2024 report "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts"

RESPONSES TO FINDINGS

The City agrees with the first two findings in the report, which state:

Finding #1 (F1): When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

City Response: The City agrees with this finding.

Finding #2 (F2): When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

City Response: The City agrees with this finding.

RESPONSES TO RECOMMENDATIONS

The City reports the following action for each of the recommendations below:

Recommendation #1 (R1): Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

City Response: The recommendation has not yet to be implemented. Given that there are just over two months left in 2024, the City of East Palo Alto will document its organizational risks and address those risks in its annual Assessment of Internal Controls beginning by no later than December 31, 2025 (and annually thereafter).

Recommendation #2 (R2): Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

City Response: The recommendation has not yet to be implemented. Given that there are just over two months left in 2024, the City Council of the City of East Palo Alto will require its management to complete its annual assessments of internal controls beginning by no later than March 31, 2026 (and annually thereafter).

Sincerely,

A handwritten signature in black ink, appearing to read 'Antonio D. Lopez', written over a horizontal line.

Antonio D. Lopez
Mayor
City of East Palo Alto



September 4, 2024

Honorable Amarra A. Lee
Judge of Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

RE: San Mateo County Civil Grand Jury Report: Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts

Honorable Judge Lee:

The City of Half Moon Bay hereby submits this letter in reply to your request for responses to the San Mateo Grand Jury Report, "San Mateo County Civil Grand Jury Report: Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts". Pursuant to Penal Code Section 933.05 and the Brown Act, this response was approved by the City Council at the September 3, 2024 public meeting.

Response to Findings

The City of Half Moon Bay reviewed the three (3) Findings in the Grand Jury report. Since the findings are based on information collected by the Grand Jury from specific agencies who responded to a survey in San Mateo County, the City does agree in principle with the statements made in the findings. However, while the findings are theoretically correct, they do not accurately reflect the City's protocols. These protocols will be detailed in our response to the recommendations.

Responses to Recommendations

City staff offers the following responses to the Grand Jury's three recommendations:

R1: Beginning by no later than December 31, 2024, and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

Response: The City of Half Moon Bay has not recently formally assessed and documented its organizational risks, also known as an Enterprise Risk Assessment. The City agrees that regular Enterprise Risk Assessments are a best practice.

While the City does not have a formal internal controls assessment process, it does conduct an annual audit that includes a high-level review of internal controls by an outside auditing firm. The City agrees that a formal internal controls assessment, separate from the external audit, would help prevent fraud and waste.

The City is currently evaluating firms to provide both services in an effort to comply with this recommendation. Due to the City's small size and current cost constraints, it is considering performing an Enterprise Risk Assessment every three years and conducting an internal controls assessment annually.

R2. Beginning by no later than March 31, 2025, and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

Response: *The City Council will work with Staff to adopt a schedule of assessments of internal controls.*

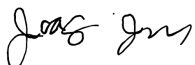
R3. Beginning by no later than June 30, 2025, and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

Response: *The City Council will work with Staff to schedule annual reporting of assesment of internal controls.*

While the City does not have a formal interal control assessment process, the City does have procedures to help prevent fraud and waste,including separation of duties, public reporting of all warrants, and rountine reconciliations. In addition, the City prepares an Annual Comprehensive Financial Report (ACFR) that is audited by an independent auditor using generally accepted government auditing standards.

In closing, the City of Half Moon Bay thanks the Civil Grand Jury for its efforts to address one of the biggest challenges that face local governments throughout the state and we appreciate the opportunity to share our perspective.

Sincerely,



Joaquin Jimenez
Mayor
City of Half Moon Bay





September 24, 2024

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

RE: Civil Grand Jury Report: “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts”

Dear Honorable Judge Lee,

Thank you for the opportunity to review and respond on the above-reference Grand Jury Report filed on June 27, 2024. The City Council of the City of Menlo Park (City) voted at its public meeting on September 24, 2024, to authorize this response to the findings and recommendations of the report.

Response to the Grand Jury Findings

F1: When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

City response: The City agrees with the finding. In addition to formal risk assessments, the City recognizes the importance of established procedures and routine oversight activities, relying on the experience and judgment of management and staff, and a strong organizational culture that emphasizes ethical behavior, accountability, and responsiveness to deter fraud and waste.

F2: When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

City response: The City agrees with the finding. In addition to periodically assessing and monitoring internal controls, the City recognizes that supervisory activities, employee training, and fostering a strong organizational culture also serve as critical safeguards against fraud and waste. A practical and tailored approach is also needed when conducting these assessments to ensure they are both efficient and effective

for the City.

F3: When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

City response: The City agrees with the finding. In addition to communicating the results of these assessments to the governing board, the City recognizes the importance of ensuring internal controls are effective through robust ongoing monitoring and taking corrective actions in a timely manner while balancing the limited resources and staff time on these internal efforts.

Response to Grand Jury Recommendations

R1. Beginning by no later than December 31, 2024, and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

City Response: By December 31, 2024, the City will develop a framework to review and document organizational risk and internal control policies and procedures on an annual basis in a way that complements ongoing risk management activities, ensuring that internal controls remain relevant and effective throughout the year.

R2. Beginning by no later than March 31, 2025, and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

City Response: By March 31, 2025, the City will review the risk environment and make a recommendation for the frequency and scope of assessments that is tailored to the City's specific needs and risks, while balancing limited resources, staff time, and operational efficiency. The City Council will require its management to complete internal control assessments in accordance with the established scope and frequency.

R3. Beginning by no later than June 30, 2025, and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

City Response: By June 30, 2025, the City will determine the approach for reporting internal control assessments to the City Council and recommend a suitable frequency and format of such reporting, taking into account the City's specific needs, risk profile, and demands on staff time. Once this approach is established, staff will report to the City Council in accordance with the identified scope and frequency.

The City currently has procedures in place to help prevent fraud and waste, such as segregation of duties, software application controls, and routine reconciliations, which correspond with our agency profile. In addition, the City prepares an Annual Comprehensive Financial Report (ACFR) that is audited by an independent auditor using generally accepted government auditing standards. The internal control recommendations of the Civil Grand Jury will complement existing internal processes and external reporting via the independent auditor. The City is committed to continuous improvement of its internal control systems to ensure that processes operate as designed and that risks are mitigated.

On behalf of the City Council of the City of Menlo Park, I would like to thank you for the opportunity to review and comment on the above referenced Civil Grand Jury Report. If you need any additional information, please contact City Manager Justin Murphy at (650) 330-6610.

Sincerely,

Signed by:

945DFA9DFF3C4AB...
Cecilia Taylor
Mayor

Mayor Jeff Gee
Vice Mayor Lissette Espinoza-Garnica

Council Members
Alicia C. Aguirre
Kaia Eakin
Diane Howard
Elmer Martinez Saballos
Chris Sturken



1017 MIDDLEFIELD ROAD
Redwood City, California 94063
Telephone (650) 780-7220
www.redwoodcity.org

August 27, 2024

Hon. Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

Re: San Mateo County Civil Grand Jury Report titled: "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts" issued on June 27, 2024.

Dear Judge Lee:

The City of Redwood City (City) received the San Mateo County Civil Grand Jury Report titled, "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts" on June 27, 2024. The report instructed the City of Redwood City to respond to Findings 2 and 3 and Recommendations 2 and 3.

Pursuant to Penal Code § 933, the following response to the Grand Jury was reviewed and approved by the City Council at its meeting on August 26, 2024:

Findings

F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

Response: The City agrees with the finding.

F3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

Response: The City agrees with the finding.

Recommendations

R2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

Response: The recommendation has not been implemented but will be implemented by March 31, 2025.

R3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

Response: The recommendation has not been implemented but will be implemented by June 30, 2025.

On behalf of the City Council of the City of Redwood City, I would like to thank you for the opportunity to review and comment on the above referenced Civil Grand Jury Report.

Respectfully,



Jeff Gee, Mayor
City of Redwood City

Cc: City Council, City of Redwood City
Melissa Stevenson Diaz, City Manager
Veronica Ramirez, City Attorney
Yessika Castro, City Clerk



COASTSIDE FIRE PROTECTION DISTRICT

1191 Main Street, Half Moon Bay, CA 94019 | Tel: (650) 726-5213 | Fax: (650) 726-0132
Web: www.coastsidefire.org | Email: cfpdadmin@fire.ca.gov

November 25, 2024

Hon. Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Dear Judge Lee:

The Coastside Fire Protect District (aka Coastside Fire) Board of Directors has had an opportunity to review the 2023-2024 Grant Jury report entitled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts." The Board of Directors, after reviewing the report and allowing for public comment at its regular Board meeting on November 20, 2024, offers the following responses to the Findings and Recommendations as directed in the report:

Response to Findings

Finding F1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

Response: Coastside Fire agrees with this finding.

Finding F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

Response: Coastside Fire agrees with this finding.

Finding F3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

Response: Coastside Fire agrees with this finding.

Responses to Recommendations

Recommendation R1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

Response: This recommendation will be implemented.

Recommendation R2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

Response: This recommendation will be implemented.

Recommendation R3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

Response: This recommendation will be implemented.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gary Burke". The signature is written in black ink and is positioned above a horizontal line.

Gary Burke
President of the Coastside Fire Board of Directors

Board of Fire
Commissioners
Maryanne Hazard
Gina Sheridan
Peter Dabai



COLMA FIRE DISTRICT

50 REINER STREET
COLMA, CALIFORNIA 94014
Phone (650) Plaza 5-5666
Fax (650) 755-5691



Fire Chief
Geoffrey C. Balton

August 31, 2024

Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Subject: District response Grand Jury Report: Assessing and Reporting Internal Controls in San Mateo County Agencies and School District.

Dear Honorable Judge Lee,

Thank you for the opportunity to respond to the above-mentioned Grand Jury report. On behalf of the Colma Fire District and the Board of Directors, thank you for the information related to this topic.

The Grand Jury report and our response was discussed and approved at the September 17th, 2024, Board of Directors meeting. We will continue this topic to future meetings.

FINDINGS:

- F1: We agree with this finding.
- F2: We agree with this finding.
- F3: We agree with this finding.

RECOMMENDATIONS:

- R1: We accept this recommendation and will comply by December 31st, 2024

Serving the Unincorporated Areas of:
Broadmoor Village, Garden Village, Sterling Park and the Incorporated Town of Colma
Organized June 8, 1925

R2: We accept this recommendation and will comply by March 31st, 2025

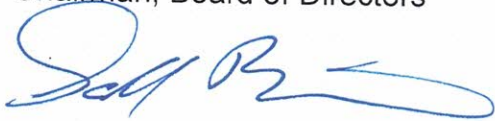
R3: We accept this recommendation and will comply by June 30, 2025.

We want to thank you again for the opportunity to respond to the Grand Jury.

Sincerely,



Peter Dabai
Chairman, Board of Directors



Geoffrey Balton
Fire Chief



Jefferson Union High School District

ADMINISTRATIVE OFFICES – SERRAMONTE DEL REY

123 Edgemont, Building A
Daly City, CA 94015
650-550-7900 · FAX 650-550-7888

Board of Trustees

Jerome Gallegos
Andrew Lie
Kalimah Y. Salahuddin
Rosie U. Tejada
Sherrett Walker

Toni Presta
Superintendent

September 3, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: *Assessing and Reporting Internal Controls*

Dear Judge Lee,

The Jefferson Union High School District (the "District") has received and reviewed the 2023-2024 Grand Jury Report entitled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts." We appreciate the Grand Jury's interest in this matter. Having reviewed and considered the Grand Jury's Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

1. *When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

2. *When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

- 3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

- 1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity, and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

- 2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of

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The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

3. *Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustees on September 3, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,



Toni Presta
Superintendent

Menlo Park City School District
181 Encinal Avenue
Atherton, CA 94027
Phone (650) 321-7140
Fax (650) 321-7184
www.mpcsd.org



Board of Education
David Ackerman
Sherwin Chen
Scott Saywell
Jed Scolnick
Francesca Segre

Superintendent
Kristen Gracia

Associate Superintendent
Educational Services
Jammie Behrendt

Assistant Superintendent
Student Services
Stephanie Sheridan

Chief Business Officer
Marites Fermin

September 12, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The Menlo Park City School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

- 1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

- 2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

- 3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

RECOMMENDATIONS

- 1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

This recommendation relates to “each entity.” The District cannot respond on behalf of any other entity, and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District’s accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district’s financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District’s internal controls and accounting and reporting practices. Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District’s internal controls and accounting and reporting practices, the intent of this recommendation is already met.

- 2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District’s accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district’s financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District’s internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District’s internal controls and accounting and reporting practices, the intent of this recommendation is already met.

3. *Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustees on September 12, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'K. Gracia', with a long horizontal flourish extending to the right.

Kristen Gracia
Superintendent
Menlo Park City School District



Menlo Park Fire Protection District

170 Middlefield Road · Menlo Park, CA 94025 · Tel: 650.688.8400 · Fax: 650.323.9129

Website: www.menlofire.org · Email: mpfd@menlofire.org

September 18, 2024

Hon. Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

RE: 2023-24 Grand Jury Report "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts"

Dear Hon. Amarra A. Lee,

The Menlo Park Fire Protection District received a Grand Jury Report, titled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts," on June 27, 2024. At its public board meeting on September 17, 2024, the District's Board of Directors reviewed and approved the District's response to the Grand Jury, addressing the findings and recommendations outlined in the Grand Jury Report.

Findings

- **Finding #1:** When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.
- **Finding #2:** When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.
- **Finding #3:** When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

"Excellence In Service"

District Response: The District agrees in the abstract with all three Findings, but disagrees to the extent that the Findings were intended to apply in particular to the District. The District takes a proactive approach by regularly reviewing processes to identify potential risks, monitoring control effectiveness, and adapting as needed. In addition, the District undergoes regular audits and assessments to ensure compliance, including an annual review of the District’s financial controls by an independent outside auditor. These audits and assessments are reviewed by both the Finance Committee of the District’s Board of Directors and by the full Board.

Recommendations

- **Recommendation #1:** Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.
- **Recommendation #2:** Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.
- **Recommendation #3:** Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity’s internal controls.

District Response: With regard to R1, R2, and R3, the recommendations require further analysis.

The District understands the importance of a systematic approach to identifying and evaluating risks, which is essential for developing effective internal controls. Accordingly, beginning on July 1, 2025, and assuming that the Board includes appropriate funds in the FY 2025-2026 budget, the District intends to initiate a project that will formally document organizational risks and assess internal controls, as included in the Recommendations. Also as stated in the Recommendations, the District will report the results of the project to its Board of Directors. Based on the results of the project described above, the District will determine whether there is a need for annual reassessments.

Thank you for the opportunity to respond. Please feel free to contact me should you have any questions.

Sincerely,



Mark Lorenzen
Fire Chief

cc: grandjury@sanmateocourt.org



July 29, 2024

Hon. Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

RE: 2023-24 Grand Jury Report “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts”

Judge Amarra Lee,

The Mid-Peninsula Water District has received the San Mateo County Civil Grand Jury’s above referenced report dated June 27, 2024. This response has been approved by the District’s Board of Directors at its July 25, 2024, regular meeting.

Pursuant to the requirements of the Grand Jury Report, our responses to the applicable findings and recommendations are as follows:

BOARD OF DIRECTORS

MATTHEW P. ZUCCA
President

CATHERINE M. JORDAN
Vice-President

BRIAN SCHMIDT
Director

KIRK R. WHEELER
Director

LOUIS J. VELLA
Director

OFFICERS

KAT WUELFING
General Manager

RENE A. RAMIREZ
Operations Manager

ALISON BELL
Board Secretary

JULIE SHERMAN
District Counsel

JOUBIN PAKPOUR, PE
District Engineer

JAMES W. RAMSEY, CPA, CFE
District Treasurer

FINDINGS

- F2: When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.
- F3: When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

DISTRICT RESPONSE: The District agrees with these findings.

RECOMMENDATIONS

- F2: Beginning by no later than March 31, 2025, and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.
- F3: Beginning by no later than June 30, 2025, and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity’s internal controls.



DISTRICT RESPONSE: This recommendation has not been fully implemented and will be implemented no later than March 31, 2025.

On April 25, 2024, the MPWD Board of Directors adopted a new and comprehensive Financial Management Policy, which is available on our website: <https://www.midpeninsulawater.org/boardoverview>. This Policy identifies many, but not all of the District's internal control procedures that are and have been in practice and highlights the value and importance of internal controls to the MPWD Board of Directors and staff.

The District undertakes an annual audit that includes an assessment of internal controls and will continue to do so. Additionally, the District will assess and report on internal controls in accordance with the Committee of Sponsoring Organizations (COSO) framework. This assessment will include the following elements of internal controls: control environment (tone at the top), risk assessment (identifications of possible risks to the District), control activities (performed at the transaction level), information and communication, and monitoring. The results of this assessment will report to the Board of Directors annually, beginning no later than June 30, 2025.

Respectfully submitted,

DocuSigned by:

Kathryn Wuelling

Kathryn Wuelling

General Manager

Mid-Peninsula Water District

(650) 591-8941

DIRECTORS
JOSHUA COSGROVE, *President*
RON ASH, *Vice-President*
ANNE DE JARNATT, *Director*
WILLIAM HAUSER, *Director*
JOHN VALLERO, *Director*
80 Eureka Square, Suite 219
P.O. Box 1039
Pacifica, CA 94044
www.nccwd.com



STAFF
ADRIANNE CARR, Ph.D.
GENERAL MANAGER
SCOTT DALTON
ASSISTANT GENERAL MANAGER
- OPERATIONS
Phone (650) 355-3462
Fax (650) 355-0735

September 18, 2024

Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

**Subject: North Coast County Water District Response to Grand Jury Report:
"Assessing and Reporting Internal Controls in San Mateo County Agencies and
School Districts"**

Honorable Judge Amarra A. Lee:

The North Coast County Water District (District) hereby submits its responses to the findings and recommendations of the Grand Jury regarding its review of the Grand Jury Report: "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts." The District's Board of Directors reviewed the report and approved this response at the September regular Board of Directors meeting. The Grand Jury made three (3) findings and three (3) recommendations that require a response from the District. Each finding and recommendation will be addressed separately.

Findings

F1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

The District agrees with this finding.

F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

The District agrees with this finding.

F3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

The District agrees with this finding.

Recommendations

R1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

Recommendation R1 has not yet been implemented but will be implemented by December 31, 2024. It should be noted that the District practices internal controls, including authorization procedures, separation of duties, and physical controls, and those internal controls are regularly internally assessed and informally communicated to the Board of Directors on a regular basis.

R2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

Recommendation R2 has not yet been implemented but will be implemented by March 31, 2025. While the North Coast County Water District practices internal controls, District management will complete the recommended annual Assessment of Internal Controls.

R3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

Recommendation R3 has not been implemented but will be implemented by June 30, 2025. The results of the requested Assessment of Internal Controls will be presented to the Board of Directors.

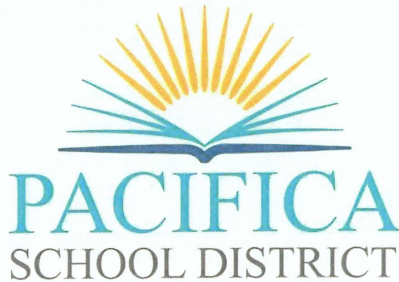
The District appreciates this opportunity to respond to the Grand Jury report on internal controls. Should you require any additional information please do not hesitate to contact Adrienne Carr, General Manager at (650) 355-3462 or at acarr@nccwd.com.

Sincerely,



Joshua Cosgrove, President
Board of Directors
North Coast County Water District

cc: Board of Directors
Adrienne Carr, General Manager



Pacifica School District

375 Reina Del Mar Avenue ★ Pacifica, California ★ 94044
(650) 738-6600 ★ (650) 557-9672 (fax)
www.pacificasd.org

Preparing Students for an Evolving World

Cabrillo ★ Ingrid B. Lacy ★ Ocean Shore
Ortega ★ Sunset Ridge ★ Vallemar

Board of Trustees

Elizabeth Bredall
Lynda Brocchini
Kai Doggett
Nidhi Patel
Laverne Villalobos

Superintendent

Darnise R. Williams, Ed.D.

August 29, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2 nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The Pacifica School District (the "District") has received and reviewed the 2023-2024 Grand Jury Report entitled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts." We appreciate the Grand Jury's interest in this matter. Having reviewed and considered the Grand Jury's Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity, and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risks. The District will review its current practice and bring to the District Governing Board for consideration any suggested change in operational process. The analysis will be conducted and prepared for discussion by the Governing Board by December 31, 2024.

2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

The District appreciates this recommendation, recognizing the importance of regular review of internal controls. The recommendation has not yet been implemented, as it requires discussion among District administration, and analysis of current practices and roles and responsibilities. Depending upon the results of that analysis, the matter may be brought to the District Governing Board for consideration by March 31, 2025 for a determination of whether the District intends to implement the recommendation.

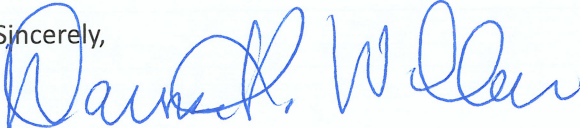
3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

The District appreciates this recommendation. It has not yet been implemented, as it requires discussion among District administration, and analysis of current practices, roles and responsibilities, and reporting procedures. Depending upon the results of that analysis, the matter may be brought to the District Governing Board for consideration by June 25, 2025 for a determination of whether the District intends to implement the recommendation.

August 29, 2024
The Honorable Amarra A. Lee
Page Three

Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustees on August 28, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,

Dr. Darnise Williams
Superintendent

Pacifica School District

Portola Valley School District

Ormondale School (K-3) • Corte Madera School (4-8)

Board of Trustees: Aimee Armsby, Robert Bauer, Gary Hanning, Kimberley Morris Rosen, Amod Setlur

Roberta Zarea, Superintendent

September 6, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The Portola Valley School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

- 1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

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The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

Portola Valley School District

Ormondale School (K-3) • Corte Madera School (4-8)

Board of Trustees: Aimee Armsby, Robert Bauer, Gary Hanning, Kimberley Morris Rosen, Amod Setlur

Roberta Zarea, Superintendent

- 3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

- 1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity, and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the County Superintendent of Schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

At the District level, several board policies and administrative regulations are related to internal controls. The Governing Board has, within its fiduciary responsibilities, expressly adopted language governing internal controls. To name a few, Board Policy 3100 (Budget) recognizes the Board's critical responsibility for adopting a sound budget, including appointing a Budget Advisory/Audit Committee. Board Policy 3300 (Expenditures and Purchases) recognizes the Board's fiduciary responsibility to oversee the prudent expenditure of district funds. Board Policy 3311 (Bid) is to promote public accountability and ensure prudent use of public funds.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which

Portola Valley School District

Ormondale School (K-3) • Corte Madera School (4-8)

Board of Trustees: Aimee Armsby, Robert Bauer, Gary Hanning, Kimberley Morris Rosen, Amod Setlur

Roberta Zarea, Superintendent

govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

- 2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 govern the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the County Superintendent of Schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

At the District level, several board policies and administrative regulations are related to internal controls. The Governing Board has, within its fiduciary responsibilities, expressly adopted language governing internal controls. To name a few, Board Policy 3100 (Budget) recognizes the Board's critical responsibility for adopting a sound budget, including appointing a Budget Advisory/Audit Committee. Board Policy 3300 (Expenditures and Purchases) recognizes the Board's fiduciary responsibility to oversee the prudent expenditure of district funds. Board Policy 3311 (Bid) is to promote public accountability and ensure prudent use of public funds.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

- 3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.*

Portola Valley School District

Ormondale School (K-3) • Corte Madera School (4-8)

Board of Trustees: Aimee Armsby, Robert Bauer, Gary Hanning, Kimberley Morris Rosen, Amod Setlur

Roberta Zarea, Superintendent

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 govern the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the County Superintendent of Schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide school districts with detailed financial reporting and accounting procedure requirements.


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The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustees on September 5, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,


Roberta Zarea
Superintendent
Portola Valley School District



2120 Euclid Ave.
East Palo Alto, CA 94303
p: (650) 329-2800
f: (650) 323-1072
www.ravenswoodschools.org
@RavenswoodCSD

September 12, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The Ravenswood City School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

- 1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

- 2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

- 3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

- 1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity, and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

2. *Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

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3. *Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.*

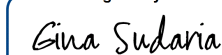
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Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustee's on September 12, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,
DocuSigned by:



164BA86290B9496...

Gina Sudaria
Superintendent
Ravenswood City School District

REDWOOD CITY SCHOOL DISTRICT

750 Bradford Street • Redwood City • CA 94063 • (650) 423-2200 • FAX: (650) 423-2204

Mission: RCSD creates a safe and supportive, inspirational and rigorous, joyful and inclusive environment for all learners

Board of Education

Janet Lawson, President
Mike Wells, Vice President
Alisa MacAvoy, Clerk
David Weekly
Cecilia I. Márquez



REDWOOD CITY
SCHOOL DISTRICT

Superintendent

John R. Baker, Ed.D.

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The Redwood City School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

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District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity, and responds only as to this District.

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The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably,

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3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

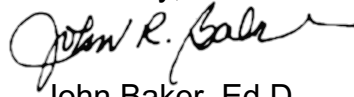
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Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustee's on September 11, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,

A handwritten signature in black ink that reads "John R. Baker". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Baker, Ed.D
Superintendent
Redwood City School District



SAN MATEO-FOSTER CITY
SCHOOL DISTRICT



Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The San Mateo Foster City School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

- 1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

- 2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.*

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1170 Chess Drive
Foster City, California 94404
650.312.7408 Telephone
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www.smfcsd.net

Board of Trustees

LaTisa Brooks Maggie Trinh
Gene Kim Shara Watkins
Alison Proctor

Superintendent

Diego R. Ochoa

conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

- 3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

- 1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

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- 2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.*

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Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustee's on August 29, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Diego Ochoa', with a stylized flourish extending to the right.

Diego Ochoa
Superintendent
San Mateo Foster City School District

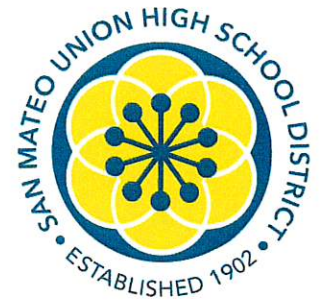
San Mateo Union High School District

Randall Booker, Superintendent

Kirk Black, Ed.D., Deputy Superintendent, Human Resources and Student Services

Yancy Hawkins, CPA, Associate Superintendent Chief Business Officer

Julia Kempkey, Ed.D., Assistant Superintendent of Curriculum and Instruction



September 12, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The San Mateo Union High School District (the "District") has received and reviewed the 2023-2024 Grand Jury Report entitled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts." We appreciate the Grand Jury's interest in this matter. Having reviewed and considered the Grand Jury's Findings and Recommendations, the District responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

1. *When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

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San Mateo Union High School District

Randall Booker, Superintendent

Kirk Black, Ed.D., Deputy Superintendent, Human Resources and Student Services

Yancy Hawkins, CPA, Associate Superintendent Chief Business Officer

Julia Kempkey, Ed.D., Assistant Superintendent of Curriculum and Instruction



3. *When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

1. *Beginning by no later than December 31, 2024, and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

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San Mateo Union High School District

Randall Booker, Superintendent

Kirk Black, Ed.D., Deputy Superintendent, Human Resources and Student Services

Yancy Hawkins, CPA, Associate Superintendent Chief Business Officer

Julia Kempkey, Ed.D., Assistant Superintendent of Curriculum and Instruction



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The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

- 3. Beginning by no later than June 30, 2025, and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 govern the District's accounting practices, budget controls, and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections 42100-42105 pertaining to a district's financial audits include the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, California Code of Regulations Title 5, Sections 19800-19808 provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to and regularly present on the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

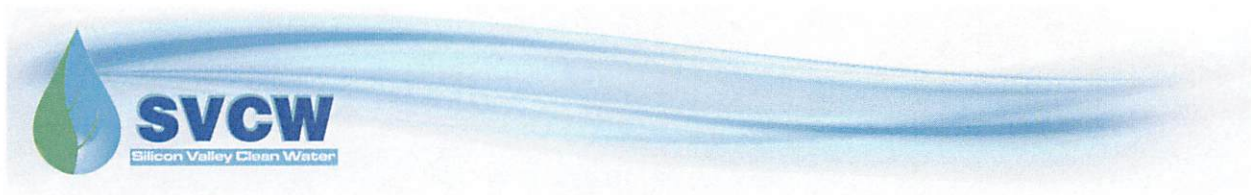
Both the Grand Jury Report and the responses of the District were presented to and approved by the District's Board of Trustees on September 11, 2024.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Randall P. Booker", with a long horizontal flourish extending to the right.

Randall Booker
Superintendent
San Mateo Union High School District



September 19, 2024

Hon. Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

Re: San Mateo County Civil Grand Jury Report titled: "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts" issued on June 27, 2024.

Dear Judge Lee:

Silicon Valley Clean Water (SVCW) received the San Mateo County Civil Grand Jury Report titled, "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts" on June 27, 2024. The report instructed Silicon Valley Clean Water to respond to Findings 2 and 3 and Recommendations 2 and 3.

Pursuant to Penal Code § 933, the following response to the Grand Jury was reviewed and approved by the SVCW Commission at its regular public meeting held on September 09, 2024:

Based on the results of its surveys and interviews, the Civil Grand Jury report identified two findings (F2 and F3) and made two recommendations (R2 and R3) for SVCW:

Findings:

- F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.
 - SVCW agrees with this finding

- F3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.
 - SVCW agrees with this finding

Recommendations:

- R2. Beginning by no later than March 31, 2025, and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.
 - SVCW has not yet implemented this recommendation. SVCW will implement this recommendation with one deviation: Assessment of internal controls will be completed by March 31, 2025, and if independent findings establish strong internal controls are present, may be repeated not less than every three years thereafter. The reason for the deviation is that SVCW believes it has all internal controls in place via numerous policies and procedures and management reviews all policies and procedures at least annually. To do an annual assessment separate from current practice is redundant and may not efficiently nor effectively use ratepayers' monies.
- R3. Beginning by no later than June 30, 2025, and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls. that requires SVCW to respond to its findings and recommendations.
 - SVCW has not yet implemented this recommendation. SVCW will implement this recommendation with one deviation: Assessment of internal controls will be completed by June 30, 2025, and will be repeated every three years thereafter. The reason for the deviation is that SVCW has all internal controls in place via numerous policies and procedures and management staff and the Commission reviews and updates, when warranted, all policies and procedures at least annually. To do an annual assessment separate from current practice is redundant and does not efficiently nor effectively use ratepayers monies.

Respectfully,
SILICON VALLEY CLEAN WATER



Teresa Herrera
Manager

Copy: Commission of Silicon Valley Clean Water
Christine Fitzgerald, Fitzgerald Law, SVCW Counsel



A Public Agency

October 8, 2024

Hon. Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Dear Judge Lee:

The South Bayside Waste Management Authority's (aka RethinkWaste) Board of Directors has had an opportunity to review the 2023-2024 Grant Jury report entitled "Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts." The Board of Directors, after reviewing the report and allowing for public comment at its regular Board meeting on September 26, 2024, offers the following responses to the Findings and Recommendations as directed in the report:

Response to Findings

Finding F1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.

Response: RethinkWaste agrees with this finding. By design, the South Bayside Waste Management Authority outsources much of the tasks requiring internal control processes to ensure proper controls. Most notably the majority of accounting functions are currently outsourced to one of our Member Agency's municipal finance department.

Finding F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

Response: RethinkWaste agrees with this finding. By design, the South Bayside Waste Management Authority outsources much of the tasks requiring internal control processes to ensure proper controls. Most notably the majority of accounting functions are currently outsourced to one of our Member Agency's municipal finance department.

Finding F3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

1245 San Carlos Ave, Suite E | San Carlos, CA 94070 | Phone: (650) 802-3500 | [RethinkWaste.org](https://www.RethinkWaste.org)

MEMBER AGENCIES:

City of Belmont • City of Burlingame • City of East Palo Alto • City of Foster City • Town of Hillsborough • City of Menlo Park
City of Redwood City • City of San Carlos • City of San Mateo • County of San Mateo • West Bay Sanitary District

Response: RethinkWaste agrees with this finding. By design, the South Bayside Waste Management Authority outsources much of the tasks requiring internal control processes to ensure proper controls. Most notably the majority of accounting functions are currently outsourced to one of our Member Agency's municipal finance department.

Responses to Recommendations

Recommendation R1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.

Response: This recommendation will be implemented.

Recommendation R2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

Response: This recommendation will be implemented.

Recommendation R3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

Response: This recommendation will be implemented.

Respectfully submitted,

Adam Rak
Chairperson of RethinkWaste



RESOLUTION NO. 2024-28

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS APPROVING TWO RESPONSE LETTERS TO THE TWO 2023-2024 GRAND JURY REPORTS THAT REQUIRE THE AGENCY TO RESPOND TO: “ASSESSING AND REPORTING INTERNAL CONTROLS IN SAN MATEO COUNTY AGENCIES AND SCHOOL DISTRICTS” AND “THE STATE OF COMPOST COMPLIANCE IN SAN MATEO COUNTY.”

WHEREAS, the San Mateo County Civil Grand Jury issued two reports dated June 27, 2024 and July 11, 2024 regarding the agency on Assessing and Reporting Internal Controls and the State of Compost Compliance and requested a response to the Report within ninety (90) days, and;

WHEREAS, attached hereto are Exhibits A and B as letters addressed to the Presiding Judge of the Civil Grand Jury (the Responses), and;

WHEREAS, the Responses have been reviewed and considered by the SBWMA Board at its meeting in open session on September 26, 2024.

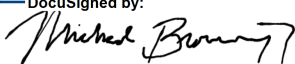
NOW, THEREFORE, BE IT RESOLVED that the Responses are approved, and the Board Chair is authorized to send the Responses to the Presiding Judge of the Civil Grand Jury.


PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on this 26th day of September, 2024 by the following vote:

Agency	Yes	No	Abstain	Absent	Agency	Yes	No	Abstain	Absent
Belmont	X				Redwood City	X			
Burlingame	X				San Carlos				X
East Palo Alto	X				San Mateo	X			
Foster City	X				County of San Mateo				X
Hillsborough	X				West Bay Sanitary Dist	X			
Menlo Park	X								

I HEREBY CERTIFY that the foregoing Resolution No. 2024-28 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on September 26, 2024.

ATTEST:

DocuSigned by:

Michael Browning Acting Chairperson of SBWMA

DocuSigned by:

Cyndi Urman, Clerk of the Board



TOWN OF ATHERTON

OFFICE OF THE MAYOR
80 FAIR OAKS LANE
ATHERTON, CALIFORNIA 94027
(650) 752-0500

September 19, 2024

Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA. 94063-1655

Re: San Mateo County Civil Grand Jury Report titled: “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts” issued on June 27, 2024.

Dear Judge Lee:

The Town of Atherton received the San Mateo County Civil Grand Jury Report titled, “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts” on June 27, 2024. The report instructed the Town to respond to Findings 2 and 3 and Recommendations 2 and 3.

Pursuant to Penal Code § 933, the following response to the Grand Jury was reviewed and approved by the City Council at its meeting on September 18, 2024:

Findings

F2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.

Response: The Town agrees with the finding. However, the Town regularly assesses its internal controls and monitors its processes and procedures. The Town conducts an annual audit that includes a high-level review of internal controls by an outside auditing firm.

F3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.

Response: The Town agrees with the finding. However, the Town assesses and reports its internal controls process through its Fiscal Year end Memorandum of Internal Controls reporting with its reporting of

Annual Basic Financial Statements. The Town conducts an annual audit that includes a high-level review of internal controls monitoring of its processes and procedures by an outside auditing firm.

Recommendations:

R2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.

Response: Staff will strive to schedule annual reporting of assessment of internal controls by March 31, 2025 or a future date in 2025.

R3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.

Response: Staff will strive to report results of its annual assessment of internal controls by June 30, 2025 or a future date.

With respect to all recommendations, the Town believes that its current process to review and plan for its internal controls is adequate for our agency profile. The Town does have procedures to help prevent fraud and waste, including separation of duties, limit on access to financial software, public reporting of all warrants, IT overview assessment, risk management, and routine reconciliations. In addition, the City prepares an Annual Basic Financial Statement Report that is audited by an independent auditor using generally accepted government auditing standards and performs internal control environment review and questionnaires on Town accounting processes and procedures. A Memorandum of Internal Controls report is produced and reviewed during review of the Audited Basic Financial Statements.

Should you have any questions concerning the response, please contact City Manager, George Rodericks at (650) 752-0504.

Sincerely,



Diana Hawkins-Manuelian, Mayor
TOWN OF ATHERTON



3195 Woodside Road, Woodside, CA 94062
Office: 650.851.1571 | Fax: 650.851.5577

August 20, 2024

Via Email (grandjury@sanmateocourt.org)

The Honorable Amarra A. Lee
Judge of the Superior Court
c/o Bianca Fasuescu
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655
grandjury@sanmateocourt.org

Re: Assessing and Reporting Internal Controls

Dear Judge Lee:

The Woodside Elementary School District (the “District”) has received and reviewed the 2023-2024 Grand Jury Report entitled “Assessing and Reporting Internal Controls in San Mateo County Agencies and School Districts.” We appreciate the Grand Jury’s interest in this matter. Having reviewed and considered the Grand Jury’s Findings and Recommendations, the District Responds as follows, pursuant to section 933.05 of the California Penal Code:

FINDINGS

- 1. When an entity does not have a process to identify organizational risks, and the entity does not demonstrate how its internal controls address identified risks, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that not having a process to identify organizational risks increases the likelihood of a failure in internal controls. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury’s Findings for the purposes of this response.

- 2. When an entity does not periodically assess its internal controls and the entity cannot demonstrate that it is monitoring its internal controls, the likelihood of a failure in internal controls that results in fraud or waste increases.*

The District agrees that when an entity does not periodically assess its internal controls the likelihood of a failure in internal controls that results in fraud or waste increases. The District lacks information to fully agree or disagree with the remainder of this finding, given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

- 3. When management does not report the results of its assessments of internal controls to its governing board and the entity has not communicated externally, the likelihood that others see this as an opportunity to commit fraud or waste increases.*

The District lacks information to fully agree or disagree with this finding given that it did not conduct the actual research related to this report. However, the District accepts the Grand Jury's Findings for the purposes of this response.

RECOMMENDATIONS

- 1. Beginning by no later than December 31, 2024 and at least annually thereafter, each entity will document its organizational risks and address those risks in its annual Assessment of Internal Controls.*

This recommendation relates to "each entity." The District cannot respond on behalf of any other entity, and responds only as to this District.

The District appreciates this recommendation, recognizing the importance of regular review of organizational risk. California Education Code Sections 41000 - 41024 governs the District's accounting practices, budget controls and audit practices. Notably, Education Code Sections 41000-41003 outline the general provisions related to the financial operations of school districts, including the management of school funds and the responsibilities of school district officials. Education Code Section 41020 mandates that each school district must prepare and submit a budget to the county superintendent of schools, which should include detailed financial information and adhere to state regulations. Education Code Sections **42100-42105** pertain to a district's financial audits, including the requirement for school districts to undergo regular audits and the specific requirements for audit reports. Additionally, Education Code Sections 42120-42129 regulate and govern the manner in which a district completes, reviews, publicizes, and submits budgets and financial reports. Moreover, **California Code of Regulations Title 5, Sections 19800-19808** provide detailed financial reporting and accounting procedure requirements for school districts.

The District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices. Because the District must adhere to the above-noted non-exhaustive list of statutes and regulations which govern the District's internal controls and accounting and reporting practices, the intent of this recommendation is already met.

- 2. Beginning by no later than March 31, 2025 and at least annually thereafter, each governing board will require its management to complete its annual assessments of internal controls.*

The District appreciates this recommendation, recognizing the importance of regular review of internal controls. The recommendation has not yet been implemented, as it requires discussion among District administration, and analysis of current practices and roles and responsibilities. Depending upon the results of that analysis, the matter may be brought to the District Governing Board for consideration by December 27, 2024 for a determination of whether the District intends to implement the recommendation.

- 3. Beginning by no later than June 30, 2025 and annually thereafter, each governing board will require management to report the results of its annual assessment of the entity's internal controls.*

The District appreciates this recommendation. It has not yet been implemented, as it requires discussion among District administration, and analysis of current practices, roles and responsibilities, and reporting procedures. Depending upon the results of that analysis, the matter may be brought to the District Governing Board for consideration by December 27, 2024, for a determination of whether the District intends to implement the recommendation.

Both the Grand Jury Report and these responses of the District were presented to and approved by the District's Board of Trustee's on **August 27, 2024**.

Please do not hesitate to contact me if you have questions or require additional information.

Sincerely,



Steve Frank
Superintendent
Woodside Elementary School District