



CITY OF DALY CITY

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October 15, 2013

Honorable Richard C. Livermore
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

RE: Response to the 2012-2013 Civil Grand Jury Report Titled "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?"

Dear Judge Livermore:

On behalf of the City Council of Daly City, I have been directed to submit the following City response to the Civil Grand Jury findings and recommendations pertaining to the above-referenced report:

Findings:

F1. The Board and the Manager share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur.

Response: Concur with the finding.

F2. The Manager and the Board's finance committee did not recognize red flags in the financial reports that could have revealed the embezzlement far sooner.

Response: Neither agree or disagree with the finding.

F3. The insurance company's denial of the District's embezzlement loss claim reinforces the conclusion that there were inadequate management practices, insufficient accountability, and inadequate oversight of the District.

Response: Neither agree or disagree with the finding.

F4. The District's Manager did not follow policies and procedures in the hiring of one of the employees subsequently charged with embezzlement.

Response: Neither agree or disagree with the finding.

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F5. The District did not have adequate internal financial controls in place to prevent the embezzlement or lead to its early discovery.

Response: Neither agree or disagree with the finding.

F6. Trustees and senior District staff should receive monthly financial reports.

Response: Concur with the finding.

F7. The Board in general and its finance committee in particular did an inadequate job of overseeing the District's operations.

Response: Concur with the finding.

F8. The Board's evaluation of the Manager revealed significant differences in the levels of confidence in the Manager's ability to manage the District.

Response: Neither agree or disagree with the finding.

F9. The District would benefit from a redesigned Manager evaluation process.

Response: Neither agree or disagree with the finding.

F10. Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feel they have more oversight responsibility.

Response: Neither agree or disagree with the finding.

F11. Even though LAFCo Commissioners rejected the recommendation to dissolve the District and transfer its functions to the CEHD, this issue needs further evaluation.

Response: Neither agree or disagree with the finding.

F12. Cost savings could possibly be achieved with a transfer of the District's functions to the CEHD.

Response: Neither agree or disagree with the finding.

F13. LAFCo would benefit from additional resources to ensure Service Reviews, as mandated by state law, are performed in a timely fashion.

Response: Neither agree or disagree with the finding.

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F14. Not all cities appoint a representative to the Board in a timely fashion or select a qualified individual as stipulated in the Health Code.

Response: Neither agree or disagree with the finding.

Recommendations:

R1. Instruct the Manager to follow the Policies and Procedures manual at all times.

Response: Neither agree or disagree, recommendation is directed to the Board of Trustees of the District.

R2. Instruct the Manager to provide complete financial reports to the Board on a monthly basis.

Response: Neither agree or disagree, recommendation is directed to the Board of Trustees of the District.

R3. Improve its oversight of the District through an improved governance structure and hold the Manager accountable for its operations.

Response: Neither agree or disagree, recommendation is directed to the Board of Trustees of the District.

R4. Evaluate its Policies and Procedures manual on an annual basis and make the manual available to employees and the public.

Response: Neither agree or disagree, recommendation is directed to the Board of Trustees of the District.

R5. Emphasize the importance of the finance committee's role in ensuring that internal controls and policies are in place and are being followed.

Response: Neither agree or disagree, recommendation is directed to the Board of Trustees of the District.

R6. Hire a human resources consultant to redesign the Manager's evaluation process in order to better assess the Manager's job performance.

Response: Neither agree or disagree, recommendation is directed to the Board of Trustees of the District.

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R7. Clarify Trustees' roles and reinforce and discuss expectations of the position at an annual meeting.

Response: Neither agree or disagree, recommendation is directed to the Board of Trustees of the District.

R8. Provide increased resources to LAFCo so it can meet state mandates with regard to Service Reviews.

Response: Neither agree or disagree, recommendation is directed to the County Board of Supervisors.

R9. Further Study the dissolution of the District and evaluate the cost savings that might result from transferring the function to the County Environmental Health Department.

Response: Neither agree or disagree, recommendation is directed to the County Board of Supervisors.

R10. Appoint a Council member to the District Board if a representative cannot be found after vetting applicants.

Response: Concur with recommendation.

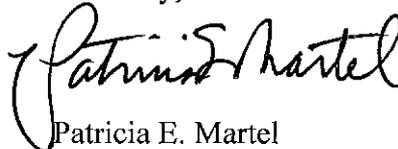
R11. Require regular reporting about the District's operations by their representative at a scheduled council meeting.

Response: Concur with recommendation.

In conclusion, the City of Daly City appreciates the opportunity to provide written responses to the Civil Grand Jury's Report on the San Mateo County Mosquito and Vector Control District. The City Council approved the responses contained herein at a public meeting on October 14, 2013.

Should you or the Grand Jury require additional information or clarification concerning the response provided, please contact me directly at (650) 991-8127.

Cordially,



Patricia E. Martel
City Manager