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Clerk of the Board

BOARD OF SUPERVISORS

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ASSESSOR RECORDER VICTOR MOW
COUNTY CLERK Chairman
GARY FREEMAN Third District

02 AUG 21 AM 10:36
JACK A. SIEGLOCK
SAN JOAQUIN COUNTY Vice Chairman
Fourth District

BY *Potencia Sanchez*
DEPUTY MARIO MARENCO
Second District

June 12, 2002

STEVEN GUTIERREZ
First District

LYNN G. BEDFORD
Fifth District

George J. Abdallah Jr., Presiding Judge
San Joaquin County Superior Court
Courthouse
222 East Weber Avenue – Room 303
Stockton, CA 95202

Response to 2001-02 Grand Jury Case # 0301 Public Conservator's Office

Enclosed is the Board of Supervisors' response to the "San Joaquin County Grand Jury Case #0301 – Public Conservator's Office." Pursuant to Section 933.05 of the California Penal Code, the response is in accordance with the requirement that the San Joaquin County Board of Supervisors respond in writing to the Presiding Judge of the San Joaquin County Superior Court within 90 days of the publication of the report.

Should you have any questions or need additional information, please contact the appropriate Department(s) as referenced in the response.

Sincerely,

Victor Mow, Chairman
San Joaquin County
Board of Supervisors

VM

Attachment

c: Foreperson of the 2001-02 Grand Jury
County Administrator
Director, Health Care Services
Mental Health Services

BOS06-01



San Joaquin County Health Care Services

P.O. Box 1020 • Stockton, CA 95201 • (209) 468-6600

JUN 11 2002

May 22, 2002

Board of Supervisors
Courtthouse
Stockton, CA

Dear Board Members:

Mental Health Services
Response to Grand Jury Report—Case #0301
Public Conservator's Office

Recommendation

That the Board of Supervisors accept the Mental Health Services Response to the Fiscal Year 2001-02 Grand Jury Report, Case #0301 regarding the Public Conservator's Office; and

That the Chairman be authorized and directed to transmit the Response to the Presiding Judge of the Superior Court.

Reason for Recommendation

The 2001-02 San Joaquin County Civil Grand Jury (SJCCGJ) provided a follow-up report regarding the operations of the Public Conservator's Office and alleged improper activity on the part of senior management of that office. This letter to your Board is the response to indicate actions to be taken to follow up on the Grand Jury report and to provide some background on why the allegations were made.

The incident which prompted the original investigation occurred in FY 2000-01. A part-time Deputy Public Guardian functioning as the property manager was discovered to have taken funding from conservatees for inflated and sometimes non-existent services. This resulted in a dismissal from County service and a felony conviction of embezzlement.

The 2000-01 Grand Jury investigated the operations of the Public Conservator's Office and issued a report with a number of recommendations. One of the recommendations was to have the following year's Grand Jury review progress on the responses to the recommendations. Your Board received a report and approved the response to the recommendations on September 11, 2001 (B-01-1234).

A new Grand Jury was empanelled. In November, 2001, a subcommittee of three members of the Grand Jury met with the Public Conservator, Mental Health Deputy Finance Director, Mental Health Director, and Health Care Services Director. A meeting of over two

hours allowed the committee to walk through the responses to the recommendations. At the end of the meeting the committee indicated they were generally satisfied with the responses. They requested a written report.

In January 2002, the Public Conservator delivered a draft memo to the Mental Health Director for his review. The memo had the pertinent policy and procedures attached. Approximately the same date the Health Care Services Director received a telephone call from the Chairperson of the Grand Jury asking where the report was. The Health Care Services Director had his administrative assistant go to the Conservator's Office, collect the material and place it into an envelope with Grand Jury Chairperson's name on it. It was hand delivered that same day to the Grand Jury office.

Since January, the Health Care Services Director has received one other phone call regarding the report. That was a request for a copy of a voucher. The copy was made and sent to the Grand Jury.

The Health Care Services Director has had no other requests for information or clarification since January regarding this report. One phone call was received from the Grand Jury Chairperson regarding information concerning another case, not the one under discussion.

The Public Conservator was requested to put into writing his recollection of events around this issue. He recalls that since the call in January for the information he has received no requests or calls from the Grand Jury asking for follow-up. He has received no calls saying a report was missing.

Neither the Mental Health Director nor the Health Care Services Director has received any information that the report was missing since the original phone call in January.

Under the section titled, Method of Investigation, allegations of "stonewalling" or "lying" were mentioned. While delays did occur that shed a poor light on the operations, there was no intention of deliberate slowness or deceit involved from the Public Conservator, the Mental Health Director or the Health Care Services Director.

The following are the responses to the specific findings, conclusions and recommendations in the Grand Jury Report:

FINDINGS:

1. The 2001-02 SJCCGJ found that the Conservator's Office, through correspondence with the Board of Supervisors dated August 28, 2001, concurred with last year's Grand Jury on nine (9) of the ten (10) findings. This concurrence assured the Board of Supervisors that all nine findings had merit and would be implemented. Additionally, the response of the Board of Supervisors assured the Presiding Judge of the Superior

Court, County of San Joaquin, and last year's Grand Jury, that the Conservator's Office would not only implement said findings but would make additional recommendations, above and beyond those recommendations contained in last year's Grand Jury report.

RESPONSE: Attached, as Exhibit A, is a report from the Mental Health Director to the Health Care Services Director indicating the status as of May 14, 2002 regarding the response to the 2001-02 SJCCGJ recommendations concerning the Conservator's Office. The report demonstrates that substantial progress has been accomplished.

2. During our review, several times we requested documentation supporting the Public Conservator's claim that nine (9) of the ten (10) findings, in last year's Grand Jury Report CASE #1800 had been implemented. We received no documentation.

RESPONSE: The response to the 2001-02 SJCCGJ follow-up on CASE #1800 from the previous year is discussed in detail in the general introductory comments above.

3. The Public Conservator purchased, at taxpayer expense, new, sophisticated software to track and inventory citizen assets under the Conservator's control. On numerous occasions the Grand Jury asked for, and failed to receive, a printout showing that this new software had been installed and is being used correctly. Failure to utilize this software to its capacity will continue to perpetrate an environment wherein employee theft and/or embezzlement has and will continue to occur.

RESPONSE: The Conservator's Office has used a computerized accounting system, CompuTrust, for a number of years. This system was developed specifically for Public Guardian operations and is used in most Public Guardian Offices throughout the state. In September, 2000 the CompuTrust system in the Conservator's Office was upgraded from an older version that utilized terminals, to a new version that was Windows-based. This newer version of CompuTrust also contains significantly enhanced functionality. In September, 2001 the Conservator's Office began fully implementing the CompuTrust Inventory Module. This implementation has been completed; all assets of conservatees are now entered in the Inventory Module. This has significantly reformed and strengthened the system for tracking the assets of conservatees. Examples of two inventory listings from the system are contained in Exhibit B.

CONCLUSION:

1. It is this Grand Jury's conclusion that many, if not all, accounting irregularities previously reported, and subsequently acknowledged by senior administration at the Conservator's Office, with the assurance to correct, remain. As such, the Grand Jury concludes that efforts to correct these problems have received only token attention from administration.

RESPONSE: Exhibit A demonstrates that substantial progress has been achieved. Much of the remaining work involves personnel, such as developing a new classification for Chief Deputy Public Conservator/Guardian, conducting a compensation study for Deputy Public Guardians, and hiring employees in new positions authorized by your Board to provide an enhanced system of checks and balances. All of these personnel items have been addressed and are in the process of completion.

2. The Public Conservator should be held accountable for failing to implement recommendations from previous Grand Jury reports, when through communication with the Board of Supervisors, he indicated that said recommendations had merit and would be implemented.

RESPONSE: As indicated throughout this report to your Board, the recommendations have been substantially implemented, with ongoing follow-up to fully complete the implementation of the recommendations. Coincidentally, the Public Conservator is retiring effective June 1, 2002, after more than 20 years of service in San Joaquin and Los Angeles Counties. A statewide recruitment will be conducted to select a replacement. Emphasis will be placed on selecting a candidate with strong administrative, management, legal and accounting skills.

3. It is clear that if any corrective measures have been taken, they are not nearly enough, nor do they go far enough to clear the dark cloud hovering over the Conservator's Office.

RESPONSE: The administration of Health Care Services and Mental Health Services is committed to implementing all needed changes, including procedural, policy, organizational and personnel changes, that are necessary to place the Conservator's Office on a solid foundation.

RECOMMENDATIONS:

1. It is time for a complete independent review of the Public Conservator's Office; this is not to say one or more haven't already been done.

RESPONSE: The Public Conservator's Office will cooperate with any review deemed necessary by the Board of Supervisors. Two reviews have already been done; one by the Auditor Controller and one by the CPA firm of Moss Adams. Recommendations from both have been substantially implemented. The Mental Health Director recommended that Moss Adams be retained on a yearly basis for the foreseeable future in order to do follow up reviews and ensure recommendations have been implemented. Mental Health Services has a current Term Agreement with Moss Adams and has arranged for Moss Adams to provide the annual review in June, 2002. Additionally,

the Accounting Officer from San Joaquin General Hospital will review the accounting operations of the Conservator's Office beginning May 23, 2002.

2. The 2001-2002 SJCCGJ recommends that the Public Conservator's Office continue to have annual compliance audits by either the Office of the County Auditor-Controller or an independent CPA firm. A response to that audit should be filed with the Board of Supervisors within 90 days of completion.

RESPONSE: As above, the Public Conservator's Office will comply and cooperate with any review deemed necessary by the Board of Supervisors. Mental Health Services has requested an audit of the Public Conservator's Office from the Auditor's Office, and the Auditor-Controller has indicated that the audit will be performed within the next three months.

3. The 2001-2002 SJCCGJ strongly recommends that the 2002-2003 SJCCGJ follow-up on the above recommendations to determine their level of implementation.

RESPONSE: We concur.

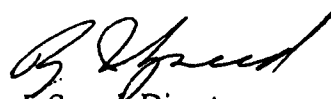
Fiscal Impact

There is no fiscal impact associated with this response to the Grand Jury Report.

Action To Be Taken Following Approval

After acceptance of the Mental Health Services Response to the Fiscal Year 2001-02 Grand Jury Report Case #0301 regarding the Public Conservator's Office, the Chairman will be authorized and directed to transmit the Response to the Presiding Judge of the Superior Court.

Sincerely,



Roger I. Speed, Director
Health Care Services

(1 BOS/02GRANDJURY1)

c: Auditor-Controller
Mental Health Services
Clerk of the Board

Before the Board of Supervisors
County of San Joaquin, State of California

B- 02-720

MOTION: **Sieglock/Gutierrez**

**MENTAL HEALTH SERVICES
RESPONSE TO GRAND JURY REPORT – CASE #0301
PUBLIC CONSERVATOR'S OFFICE**

IT IS HEREBY ORDERED that the Board of Supervisors accept the Mental Health Services Response to the Fiscal Year 2001-02 Grand Jury Report, Case # 0301 regarding the Public Conservator's Office; and

IT IS FUTHER ORDERED that the Chairman be authorized and directed to transmit the Response to the Presiding Judge of the Superior Court.

I HEREBY CERTIFY that the above order was passed and adopted on 6/11/02 by the following vote of the Board of Supervisors, to wit:

AYES: **Bedford, Sieglock, Gutierrez, Marengo, Mow**

NOES: **None**

ABSENT: **None**

ABSTAIN: **None**

Clerk of the Board of Supervisors
County of San Joaquin
State of California

By: **Lois Sahyoun**
Clerk