

The Honorable Clifford R. Anderson, III
Santa Barbara County Superior Court
P.O. Box 21107
Santa Barbara, California 93121-1107

Santa Barbara County Grand Jury
Charles Foley, Foreperson
1100 Anacapa Street
Santa Barbara, CA 93101

**Auditor-Controller Department Response to the 2004-05 Grand Jury Report on:
County Finances**

Dear Judge Anderson:

Attached is response to the current grand jury report entitled Money Matters. The Grand Jury requested that we respond to finding number 2. I want to thank the Grand Jury for its efforts at improving County government over the past year and commend the efforts of its members.

Sincerely,

Robert W. Geis, C.P.A.
Auditor-Controller

Cc: Charles Foley, Grand Jury Foreperson 2004-05
Michael Brown, County Executive Officer

AUDITOR-CONTROLLER'S DEPARTMENT RESPONSE
SANTA BARBARA COUNTY 2004-05 GRAND JURY

FINDINGS AND RECOMMENDATION

**MONEY MATTERS
COUNTY FINANCES
HOW IT ALL ADDS UP**

FINDING 2

The Auditor-Controller's office designed, implemented and continues to improve its in-house accounting system, possibly saving the County millions of dollars in development and maintenance costs. The high quality of the Auditor-Controller's staff is the result of vigorous recruiting at local university.

RESPONSE TO FINDING 2

The respondent agrees with the finding.

We believe that our ability to design and implement systems has saved the County millions of dollars in systems acquisition, implementation and on-going maintenance costs. The on campus recruiting for our New Auditor Training and Development Program is also a successful component that enhances the quality of the Auditor-Controller's department. These efforts flow from the management philosophy adopted within the office. Following is the introduction to our department employee manual.

**Management Philosophies
of the Auditor-Controller's Office**

"Our office has been profoundly influenced by the management philosophies of the late W. Edwards Deming. Though Dr. Deming's work is difficult to summarize in a few sentences, we hope you will see some of the key concepts at work in our Department.

One is a focus on cooperation rather than competitiveness. We strive to keep information flowing between the people and Divisions of the Department, and encourage every employee to gain a broad perspective and understanding of the work of the Department. We assemble teams from different Divisions to work on new projects, and try to spread information about creative solutions throughout the organization. In addition, many employees rotate between Divisions.

Another tool that we have borrowed from Deming is a measurement focus. We evaluate our current systems by measuring their output and accuracy, then tinker with the systems to see if we can make improvements. By creating tangible ways to measure success, we can tell if we've improved.

This emphasis on process improvement is key to Deming. He notes that employees are often blamed if things take too long, or if products are flawed. In Deming's view, errors and inefficiencies are invariably the result of bad processes rather than deficient employees. He urges continual evaluation of processes to determine if there's a better way to accomplish a goal. We find this particularly true in our age of rapidly advancing technology, where our old habits may be the only thing holding us back from new solutions.

We are very proud of the work that has been accomplished in the Auditor-Controller's Office over the past ten years. Within a framework of these management philosophies, we have achieved greater control over financial information and radically shortened the time it takes to perform many operations. Our output has increased in complexity and accessibility. The excellence of our Comprehensive Annual Financial Reports has been recognized by the Government Finance Officers Association with a string of Certificate of Achievement for Excellence in Financial Reporting awards for the past several years.

We desire to provide greater public service, maintain high standards of accountability, work in cost-effective ways and constantly develop our human resources. You are encouraged to evaluate all the work processes you encounter. Keep asking, "Why do we do it this way and not this way?" We encourage you to ask questions, make suggestions, and envision better processes, better results, and a better work environment. "

To maintain these efforts we have to continue to invest in management, our employees, technology and training. We focus on conveying to the people in the County the meaning of a system and seek to work in cooperation with the components. We learn constantly, share our knowledge, encourage freedom and innovation, seek continuous improvement and share our successes. We leverage technology as a tool to improve our business processes. We continuously evaluate our staff resources and have committed to training now and forever.