

June 27, 2003

Mr. James Kuykendall, Foreperson
San Joaquin County Grand Jury
222 E. Weber Avenue, Room 605
Stockton, California 95202

Dear Mr. Kuykendall:

**SUBJECT: Grand Jury Case #0602 - Sheriff's Department/S.T.A.R.S Program - Sheriff's
Team of Active Retired Seniors**

Pursuant to Section 933.05 of the Penal Code, the San Joaquin County Sheriff's Department S.T.A.R.S. program shall report to the Presiding Judge of the San Joaquin County Superior Court in writing within 90 days of publication of this report. The text below constitutes the response required for each finding and recommendation contained within the final report.

FINDINGS

Allegation #1 - Regarding general allegation that donated funds have not been properly accounted for since the founding of the program in 1991:

Finding #1

Our review of these records revealed that all donated monies have been routed to the San Joaquin County Sheriff's Foundation and all payments have been paid through that same foundation. All transactions (payment or income) are submitted through the Sheriff's administrative planning requests, with copies of the actual currency donations (for \$5 bills and up), thus keeping records of serial numbers.

A specific review of the activities scheduled for fund raising revealed a detailed accounting of each function, tracking the success and helping to promote growth in funds as this program expanded. A review of the list of donors showed continued support from thousands of San Joaquin citizens. All donated funds are separately accounted for and reflected in quarterly accounting reports prepared to maintain status as a non-profit charitable organization.

No separate independent audit reports of the S.T.A.R.S. accounts are available, but the S.T.A.R.S. Trust Fund (50436) was included in the March 2002 County Auditor-Controller's audit of the Administration/Support Services Division of the San Joaquin

County Sheriff-Coroner-Public Administrator and the San Joaquin County Metropolitan Narcotics Task Force (document #17, referenced above).

That audit found that the trust ledger did not indicate whether monthly reconciliations were performed and the description of revenues and expenditures was not complete, and that the trust ledger had not been posted since October 31, 2001. It recommended the following:

"The trust reconciliation should be completed each month and submitted to the accounting supervisor for review. The accounting supervisor should initial and date the reconciliation when the review is completed. All expenditures should include a brief explanation of its purpose and all revenue entries should identify the source of the revenue."

With the exception of the above recommendation, the facts do not substantiate the allegation. In fact we found that, from its inception, adequate and acceptable records of donated funds have been maintained and forwarded to the established Sheriff's Foundation for appropriate dispersal.

Response to Finding #1

The respondent (San Joaquin County Sheriff's Department / S.T.A.R.S. program) agrees with the finding.

* See the Recommendations Responses for action regarding the italicized recommendation listed above.

Allegation #2 - Regarding alleged failure to account for S.T.A.R.S program monies:

Finding #2

Accounting records show a slow and deliberate growth of funds and expenditures as the program succeeded. In the beginning double accounting methods were used. More recently computer spreadsheets have been used to account for monies received and spent. Accountings of Foundation receipts and S.T.A.R.S. expenditures are maintained via transaction forms and are entered daily for month-end spreadsheet. The determination of donations required to meet expenditures is done through the quarterly accounting reports, and additional fundraisers are scheduled as required. The Sheriff's Foundation expenditures and the S.T.A.R.S. Program costs appear to be in balance and are appropriate to the function and purpose of both entities.

Response to Finding #2

The respondent (San Joaquin County Sheriff's Department / S.T.A.R.S. program) agrees with the finding.

Allegation #3 Regarding alleged use of S.T.A.R.S. funds for trips to foreign countries by
- Program Coordinator:

Finding #3

No record was found by SJCCGJ that supports the allegation that S.T.A.R.S. funds were used for trips to foreign countries. No record was found of any payment paid through the Sheriff's Foundation or the S.T.A.R.S. Program for any expenses for trips to foreign countries. In addition, witnesses deny that such activity occurred.

These facts do not substantiate the allegation.

Response to Finding #3

The respondent (San Joaquin County Sheriff's Department / S.T.A.R.S. program) agrees with the finding.

Allegation #4 Regarding alleged use of S.T.A.R.S. funds for out-of-state lecture expenses by
- Program Coordinator:

Finding #4

The S.T.A.R.S. Program in San Joaquin County has established itself to be a trendsetter in at least four areas of activity.

- a. Search and rescue that includes waterways.
- b. Evidence gathering.
- c. Evidence transporting.
- d. Newsletter.

As a result of these unique successes, the Program Coordinator has been asked by many communities across the nation to share his knowledge and expertise in the areas. In each incidence, the requesting agency has paid all expenses for his trip. No record of payment by S.T.A.R.S. Program or Sheriff's Foundation was located showing any payments for out of state travel. Witnesses deny any such activity.

These facts do not substantiate the allegation.

Response to Finding #4

The respondent (San Joaquin County Sheriff's Department / S.T.A.R.S. program) agrees with the finding.

Allegation #5 - Regarding alleged kickback from Tracy Ford to Program Coordinator:

Finding #5

A review of the purchase of vehicles from Tracy Ford shows that Mr. Burson tacked on his purchase of vehicles with the City of Lathrop purchase of Ford vehicles thus gaining an additional volume discount. The Program Coordinator followed all correct purchasing procedures as well as the County Purchasing Department reviewing the transaction. No evidence was found of a kickback paid to the Program Coordinator, the Sheriff's Foundation, or the S.T.A.R.S. Program.

These facts do not substantiate the allegation.

Response to Finding #5

The respondent (San Joaquin County Sheriff's Department / S.T.A.R.S. program) agrees with the finding.

Allegation #6 Regarding alleged transfer of a County station wagon to a S.T.A.R.S. volunteer -
by Program Coordinator:

Witnesses deny any transfer to any county vehicle occurred. No record of transfer from the S.T.A.R.S. program to any volunteer was discovered.

This allegation is unfounded.

Response to Finding #6

The respondent (San Joaquin County Sheriff's Department / S.T.A.R.S. program) agrees with the finding.

Allegation #7 - Regarding the allegation that Sheriff Baxter Dunn told a S.T.A.R.S. volunteer to cover up mishandling of S.T.A.R.S. funds:

Finding #7

All witnesses denied that there was any direction from the Sheriff to cover up any mishandling of funds. In fact, each individual involved, Sheriff Dunn and S.T.A.R.S. volunteer #2 stated that the matter referred to in this allegation actually involved the

separating of volunteer generated flower funds from the Sheriff's Foundation funds. The letters of December 3rd and 9th of 1996 established this separation, and from that date to the present the volunteer organization handles and dispenses these funds.

We could find no validity to this accusation.

Response to Finding #7

The respondent (San Joaquin County Sheriff's Department / S.T.A.R.S. program) agrees with the finding.

RECOMMENDATIONS:

Recommendation #1

The leadership of the S.T.A.R.S. program should at the earliest scheduled meeting after receiving this report discuss its findings with S.T.A.R.S. volunteers.

Response to Recommendation #1:

This recommendation has been implemented. On May 6, 2003, Captain Esau discussed the findings and recommendations of the Grand Jury Final report with all S.T.A.R.S. volunteers present at the May S.T.A.R.S. monthly meeting at the Scottish Rite Hall in Stockton. On June 3, 2003, at the Scottish Rite Hall in Stockton, Captain Moore read the final report in its entirety to all S.T.A.R.S. volunteers present at the June S.T.A.R.S. monthly meeting followed with a question and answer session.

Recommendation #2

It is further recommended that at this same meeting a review of the personnel policy regarding "personnel conflicts", page - 130 of the Training Manual be communicated to resolve conflicts at the lowest possible level within the chain of command.

Response to Recommendation #2:

This recommendation has been implemented. At the conclusion of Captain Moore's presentation of the final report at the June 3, 2003, meeting, copies of page 130 of the S.T.A.R.S. Training Manual were distributed to the S.T.A.R.S. volunteers present. The Program Coordinator Weldon Burson then reviewed the "personnel conflicts" section with all S.T.A.R.S. volunteers present. Additionally, with the next publication of the S.T.A.R.S. newsletter, a copy of the "personnel conflicts" page 130 will be

attached directing each S.T.A.R.S. volunteer to read, sign and return the form to S.T.A.R.S. administration for filing in each individual personnel file.

Recommendation #3

Periodic audits by independent auditors, perhaps through the County Auditor-Controller, should be initiated and maintained for both Sheriff's Foundation account and the S.T.A.R.S. program account.

Response to Recommendation #3

This recommendation has not been implemented, but will be within six months. Through the Sheriff's Accounting Officer Mr. Naseem Rehman, an annual audit of both the Sheriff's Foundation account and the S.T.A.R.S. program account shall be scheduled and conducted by the County Auditor-Controller's Office. In an effort to assist the Auditor-Controller in this process, the Sheriff's Foundation account and S.T.A.R.S. program account will be transferred over to the "Quick Books" accounting program effective July 1, 2003. This new accounting software purchased by the Sheriff's Foundation will facilitate greater reporting capabilities to be shared with the S.T.A.R.S. volunteers on a quarterly basis.

Recommendation #4

The Auditor-Controller's March 2002 recommendation for the S.T.A.R.S. Trust Fund (50436) should be implemented, namely: "The trust reconciliation should be completed each month and submitted to the accounting supervisor for review. The accounting supervisor should initial and date the reconciliation when the review is completed. All expenditures should indicate a brief explanation of its purpose and all revenue entries should identify the source of the revenue."

Response to Recommendation #4

This recommendation has been implemented. The reconciliation is conducted monthly by Sheriff's Management Services staff and reviewed by Sheriff's Accounting Officer Mr. Naseem Rehman. With the implementation of the "Quick Books" Accounting system on July 1, 2003, all sources of revenue and expenditures will be more readily identified with accompanying brief explanation.

The San Joaquin County Sheriff's Department is committed to operational efficiency and employee accountability, as well as ensuring the issues and concerns raised by the Civil Grand Jury are properly addressed and satisfactorily resolved. The measures outlined above are assisting the department in meeting these goals. In conclusion, I

would like to thank the 2002-03 Grand Jury for their dedication, hard work, cooperation and understanding during the past year. I am confident their efforts will help all of us in government be more responsive to the needs of our community.

Sincerely,

BAXTER DUNN
Sheriff-Coroner

c: The Honorable Jack Sieglock, Chairman of the Board of Supervisors
 Clerk of the Board
 Manual Lopez, County Administrator