

**COUNTY OF SONOMA**

Report to the Board of Supervisors

For the Fiscal Year Ended June 30, 2008

**COUNTY OF SONOMA**  
**Report to the Board of Supervisors**  
**For the Fiscal Year Ended June 30, 2008**

*Table of Contents*

	<i>Page(s)</i>
Transmittal Letter.....	1
Required Communications.....	2-5
Current Year Findings and Recommendations .....	6-8
Status of Prior Year Findings and Recommendations .....	9-14
Schedule of Uncorrected Misstatements.....	15



**MACIAS GINI & O'CONNELL** LLP  
Certified Public Accountants & Management Consultants

SACRAMENTO  
3000 S Street, Suite 300  
Sacramento, CA 95816  
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

The Honorable Board of Supervisors  
and Management  
County of Sonoma  
Santa Rosa, California

We have audited the financial statements of the County of Sonoma, California (County), as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. Professional standards require that we provide you with certain information related to our audit, which is included in the Required Communications section of this report.

In planning and performing our audit of the financial statements of the County for the fiscal year ended June 30, 2008, we considered the County's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on internal control.

During our audit, we became aware of certain matters that represent an opportunity for strengthening internal controls and operating efficiency, which are included in the Current Year Findings and Recommendations section of this report.

We also followed up on last year's findings and recommendations in the Status of Prior Year Findings and Recommendations section of this report.

This letter does not affect our report dated December 19, 2008, on the financial statements of the County.

We would like to thank the County's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

This report is intended solely for the information and use of the Board of Supervisors and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & O'Connell LLP*

Certified Public Accountants

Sacramento, California  
December 19, 2008

**COUNTY OF SONOMA**

**Report to the Board of Supervisors  
Required Communications  
For the Fiscal Year Ended June 30, 2008**

**I. Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated April 15, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

**II. Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in documents containing the County's financial statements and our report thereon does not extend beyond financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the County's comprehensive annual financial report; and no matters came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or its manner of presentation, appearing in the financial statements.

## COUNTY OF SONOMA

### Report to the Board of Supervisors Required Communications (Continued) For the Fiscal Year Ended June 30, 2008

#### III. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 26, 2008.

#### IV. Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. Effective July 1, 2007, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and Statement No. 50, *Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Fair market value of investments
- Depreciation estimates for capital assets
- Self-funded insurance liabilities
- Compensated absences liabilities
- OPEB expense and unfunded OPEB obligation
- Landfill closure and post-closure costs

Management's estimate of the fair value of investments is determined based upon quoted market prices. Management's estimate of depreciation is estimated based on the estimated useful lives of the related capital assets. Management's estimate of the County's self funded insurance liabilities is actuarially determined based on the County's loss history. Management's estimate of the County's compensated absences liabilities is based on earned vacation hours and hourly rate of each employee at year-end. Management's estimate of the County's annual OPEB expense and unfunded OPEB obligation are based on the estimated costs of providing benefits to the County's current and retired employees and spouses using actuarial methods and assumptions prescribed by GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for*

COUNTY OF SONOMA

Report to the Board of Supervisors  
Required Communications (Continued)  
For the Fiscal Year Ended June 30, 2008

IV. Significant Audit Findings (Continued)

*Postemployment Benefits Other Than Pensions.* Management's estimate of its landfill closure and post-closure costs determined using methods and assumptions consistent with GASB Statement No 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure regarding the County's Pension and OPEB plans in Notes 12 and 13, respectively. The content of the Pension disclosure was determined in accordance with the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. The content of the OPEB disclosure was determined in accordance with the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management:

The recording of adjustment to landfill closure and post-closure liability to agree to engineering estimates totaling \$2,500,000. The recording of adjustments to self insurance liability to agree to actuarially determined self-insurance liabilities totaling \$1,078,000.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**COUNTY OF SONOMA**

**Report to the Board of Supervisors  
Required Communications (Continued)  
For the Fiscal Year Ended June 30, 2008**

**IV. Significant Audit Findings (Continued)**

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 19, 2008.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the fiscal year ended June 30, 2008, it was discovered during our audit that certain maintenance projects over a five-year period had been incorrectly capitalized, primarily during the County’s implementation for the retroactive reporting of infrastructure pursuant to Governmental Accounting Standards Board (GASB) Statement No. 34. As a result, the County recorded a prior period adjustment and restated beginning net assets for governmental activities and reduced capital assets by \$8,023,704. In the County’s Single Audit Reports, we reported the matter as a material weakness over financial reporting in our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, dated December 19, 2008.

## COUNTY OF SONOMA

### **Report to the Board of Supervisors Current Year Findings and Recommendations For the Fiscal Year Ended June 30, 2008**

#### **I. AUDIT COMMITTEE**

In an effort to enhance the quality of the County's financial reporting, we recommend the establishment of an audit committee. An audit committee assists the County Board of Supervisors (Board) in providing independent review and oversight to the County's financial reporting processes, internal controls, and independent auditors. The audit committee would be responsible for engaging the independent auditors, reviewing the overall audit plan, reviewing the audited financial statements and the related management letter, monitoring internal controls over financial reporting and compliance, and initiating, if necessary, investigations for the Board. An audit committee also provides a forum separate from management in which independent auditors and other interested parties may candidly discuss concerns.

#### **Management Response:**

The County recently explored the formation of an audit committee. During this process it became clear that many of the functions outlined in the above recommendation, including the engagement of the external auditors are currently performed by a combination of the Auditor-Controller-Treasurer-Tax Collector (ACTTC) Internal Audit Division, the Board of Supervisors, and the selection committee for the external auditor. The selection committee for the external auditor is comprised of the ACTTC Internal Audit Division Manager, senior management of the County and an independent member of the Sonoma County Grand Jury. The Board of Supervisors approves as part of the budget adoption the audit plan for the next fiscal year. Furthermore they review all audited financials/reporting packages and related management letters, engage the services of firms to provide management/compliance audits and initiate investigations as needed. The ACTTC Internal Audit Division is responsible for monitoring internal controls over financial reporting and compliance as required by SAS 112 utilizing the COSO Framework. Based on the above, we believe that the functions of the audit committee are being handled by a number of individuals in the organization and as such have not formed a separate audit committee for that reason. We have also determined that a separate committee would not be cost effective, given that the functions are already handled throughout the organization.

#### **II. MONITORING OF FEDERAL AND STATE GRANTS BY THE AUDITOR-CONTROLLER'S OFFICE**

Currently, the Auditor-Controller's office relies on individual County Department's for the identification and monitoring of financial activity related to state and federal funding. This practice enhances the difficulty in compiling the Schedule of Expenditures of Federal Awards (SEFA) for financial reporting purposes. In order to reduce the amount of time necessary to compile the SEFA, we recommend that the Auditor-Controller's office maintain a summary schedule of its government funding. This schedule should include the funding amount, term, dates of receipt, compliance requirements, any restrictions, and other pertinent information. Also, this change would improve internal control over the accuracy/completeness of the SEFA and ensure that all funding sources with compliance requirements are identified.

**COUNTY OF SONOMA**

**Report to the Board of Supervisors  
Current Year Findings and Recommendations (Continued)  
For the Fiscal Year Ended June 30, 2008**

**II. MONITORING OF FEDERAL AND STATE GRANTS BY THE AUDITOR-CONTROLLER'S OFFICE (CONTINUED)**

**Management Response:**

The ACTTC has recently been more proactive in streamlining the Single Audit Reporting and SEFA data collection and preparation process. During the FY 07/08 Single Audit we instituted the following:

- Enhanced and expanded the reporting requirements from grantee departments.
- Created a County-Wide Grant Compilation worksheet.
- Created a library of grant award agreements and subrecipient contracts.

We concur that the process can be further improved and will implement the following for FY 08-09:

- Monitor the minutes of the Board of Supervisors to track the approval of grant awards.
- Require grantee departments to provide copies of grant agreements, subrecipient contracts and Financial Accounting and Management Information System (FAMIS) general ledger activity reports.
- Pursue feasibility of implementing a grant module in our FAMIS accounting system, which in addition to providing grant accounting functionality, will facilitate the Single Audit reporting and SEFA preparation.

**III. GUIDELINES FOR THE RECEIPT OF SEPERATELY AUDITED COMPONENT UNIT FINANCIAL STATEMENTS REPORTED IN THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

The County lacks formal guidelines for the receipt of separately audit component unit financial statements which are included in its CAFR. Many times, the lack of formal guidelines results in these financial statements being received late in the County's financial reporting process which has resulted in significant delays in the preparation of government-wide financial statements and the notes to the financial statements. We recommend the County develop standard reporting guidelines for the independent auditor's of all component units to facilitate the County's year-end CAFR preparation. These guidelines should include discussion on financial statement presentation to facilitate in the blending of the statements into the County CAFR and define timelines for providing the County with draft and final audited financial statements. The management of these component units should be informed concerning the background and the importance of these guidelines and be required to complete this reporting package in a timely manner to facilitate the County's CAFR preparation.

## COUNTY OF SONOMA

### Report to the Board of Supervisors Current Year Findings and Recommendations (Continued) For the Fiscal Year Ended June 30, 2008

#### III. **GUIDELEINES FOR THE RECEIPT OF SEPERATELY AUDITED COMPONENT UNIT FINANCIAL STATEMENTS REPORTED IN THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) (CONTINUED)**

##### **Management Response:**

The County currently maintains open communication with the component units and their independent auditors to ensure timely reporting and submission of the CAFR. Formal guidelines currently exist and are reflected in the deliverables and completion dates required in the contracts for services between the component units and their external auditors.

Implementation of new Accounting and Auditing Standards although common to the industry creates ongoing challenges for staff and auditors. In addition, recent changes in auditors and staff turnover with some of the component units have created challenges for staff and auditors. The delay in deliverables though regrettable is not always within the control of the County. However, we understand the need for timely submission of financial reporting information of the County's component units.

We concur that the process for receiving the component unit financials can be improved. We will implement the following procedures to enhance and improve the process:

- The County's CAFR Team will request to attend the opening conference between the component unit(s) and external/internal auditor(s) to ensure they understand the importance of their audit to the timely completion of the CAFR.
- The County's CAFR Team will request to attend the closing conference between the component unit(s) and external/internal auditor(s) provide feedback and discuss improvements to the process.
- The County's CAFR Team will require regular communication and status updates from the lead staff responsible for the audit of the component units and their auditors.
- The County's CAFR Team will create a comprehensive timeline for the CAFR audit that includes the component units.
- The County's CAFR Team will seek to improve communications with component units to help ensure timely submission of their financial information for the CAFR.

## COUNTY OF SONOMA

### Report to the Board of Supervisors Status of Prior Year Findings and Recommendations For the Fiscal Year Ended June 30, 2008

#### 1) IDENTIFICATION AND EVALUATION OF INTERNAL CONTROLS

The County has a responsibility for the stewardship and safeguarding of public resources. In order to fulfill this responsibility, the County has implemented internal controls that serve as the first line of defense in safeguarding assets. Additionally, these controls are designed to ensure: (1) effective and efficient operations, (2) reliable financial reporting and (3) compliance with applicable laws and regulations. The Committee on Sponsoring Organizations of the Treadway Commission (COSO) has established a nationally recognized framework for internal control in its *Internal Control – Integrated Framework* and its related *Guidance for Smaller Public Companies: Reporting on Internal Controls over Financial Reporting*. The COSO framework establishes five elements of internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring. Risk Assessment and Monitoring are integral parts of internal control and management should periodically evaluate the risks and monitor the changes facing the System. This process involves evaluating both previously identified risks and potential new risks and providing assurance that (1) controls are designed properly to address significant risks and (2) controls are operating effectively. The Auditing Standards Board (ASB) of the American Institute of Certified Public Accountant's (AICPA) recently adopted a set of eight Statements of Auditing Standards (SAS No. 104 through 111), which, among other things, require auditors to assess an organization's design of controls and determine whether the controls have been placed in operation for all elements of internal control over financial reporting. If controls do not exist, are poorly designed or not operating effectively, the auditor must evaluate the control deficiency and report the deficiency to management, including whether the control deficiency is a significant deficiency or material weaknesses. These standards are also incorporated in *Government Auditing Standards (July 2007 Revision)* issued by the Comptroller General of the United States. The County should perform a comprehensive risk assessment analysis and document its risk assessment policies and procedures for each fiscal year beginning July 1, 2007. We recommend the County should review the COSO *Internal Control – Integrated Framework* and its related *Guidance for Smaller Public Companies: Reporting on Internal Controls over Financial Reporting* and comply with the best practices outlined therein.

#### **Management Response:**

The County has taken a proactive stance to ensure we are in compliance with SAS No. 104 through 111 and SAS No. 112 using the COSO framework. We have reviewed the new Statements of Auditing Standards and how they apply to the County and are taking steps to ensure their implementation.

To comply with SAS 112 in accordance with the COSO framework the County has appointed a steering committee that will direct the implementation of SAS 112. This steering committee will designate an implementation team that will coordinate the identification and documentation of SAS 112. The County is in the process of hiring an outside consultant to assist in the identification of key processes and areas that pose risk. The implementation team will document these processes and areas thus reducing the County's exposure to risk.

## COUNTY OF SONOMA

### Report to the Board of Supervisors Status of Prior Year Findings and Recommendations (Continued) For the Fiscal Year Ended June 30, 2008

#### 1) IDENTIFICATION AND EVALUATION OF INTERNAL CONTROLS (CONTINUED)

##### Status:

The County performed a comprehensive risk assessment, identified its significant transaction cycles and documented its internal controls over the identified transaction cycles. During fiscal year 2009 the County will design and implement a monitoring program to ensure its internal controls over its financial reporting transaction cycles are being properly and consistently applied. We consider this matter to be resolved.

#### 2) INFORMATION TECHNOLOGY (IT) AGENCY LEVEL CONTROLS

Risk assessment is the process that allows an agency to balance the operational and economic costs of protective measures and achieve gains in mission capability by protecting and securing the information systems, applications, and data that support the County's mission. A risk assessment is used to determine which IT systems and data must be protected and secured and will help to identify threats to, and vulnerabilities of the Agency. The County has not performed a comprehensive IT risk assessment. A proper risk assessment will determine the current operational environment of the County, determining the types of data and applications being used and the sensitivity of the data. Threats to the County will then be assessed. These threats may be internal to the County such as employee misconduct, or external such as hacker activity. Natural and man-made threats are also accounted for such as fire, flood, or other disaster. Next, vulnerabilities of the County are assessed to determine weaknesses in IT security defenses. The likelihood of any possible risk is ascertained and weighted against possible impact of a security breach. From this, a determination of which controls the County should use is made. In this way, the cost of the controls is weighted against the benefit of the controls and the likelihood they will be needed. The County IT Department should have an IT risk assessment performed as soon as possible. The IT risk assessment should examine the following components:

##### *Administrative Safeguards*

These include, but are not limited to, those control measures that ensure

- classification of data handled by the unit and determination of controls to protect those assets;
- documentation of procedures, standards, and recommended practices to ensure that applicable policies and controls are implemented appropriately for a given business process;
- identification of personnel who are authorized to access systems;
- assurance that appropriate authorization controls are implemented;
- security awareness training and education for all personnel; and
- background checks prior to the selection and hiring of new personnel into critical positions.

**COUNTY OF SONOMA**

**Report to the Board of Supervisors  
Status of Prior Year Findings and Recommendations (Continued)  
For the Fiscal Year Ended June 30, 2008**

**2) INFORMATION TECHNOLOGY (IT) AGENCY LEVEL CONTROLS (CONTINUED)**

*Logical Safeguards*

These encompass the range of technical controls that

- ensure access by only authorized users and session termination when finished;
- enforce secure password management;
- manage tracking of development, maintenance, and changes to application software and information systems;
- manage access to the network; and
- ensure event logging.

*Physical Safeguards*

These protect physical resources through controls that

- allow access by only authorized individuals, through the use of physical means, such as locks, badge readers, or access cards;
- ensure the prevention, detection, early warning of and recovery from emergency disruptions, such as flooding, power failures, or earthquakes; and
- govern the receipt and removal of hardware and electronic media, including equipment reassignment, and final disposition of equipment.

**Management Response:**

The Information Systems Department conducts a variety of risk assessments throughout the year and monitors the health and security of the data systems as a routine course of business. Administrative, logical, and physical safeguards are all considered within the internal risk assessments.

**Status:**

While not consolidated into a comprehensive periodic report, the County IS Department does perform various risk assessment activities that are designed to identify risks to the information technology environment. We consider this matter to be resolved.

## COUNTY OF SONOMA

### Report to the Board of Supervisors Status of Prior Year Findings and Recommendations (Continued) For the Fiscal Year Ended June 30, 2008

#### 3) ACCESS TO PROGRAMS AND DATA

Controls should exist that ensure only authorized users have access to accounting data and programs through use of a secure complex password and may only perform functions for which they are authorized. A secure complex password should meet the following requirements:

1. Cannot contain any or all of the user's name.
2. Must be at least 8 characters.
3. Must contain characters from 3 of the following categories.
  - a. Uppercase English letters, (A to Z)
  - b. Lowercase English letters, (a to z)
  - c. Number 0 to 9
  - d. Non-alphanumeric characters, (!, @, #, \$, etc.)
4. Or, phrase passwords (>14 characters, up to 128 characters) can be the best possible protection

The County of Sonoma has not fully implemented secure complex passwords within the County. The current password configuration is 8 characteristics. If a complex password is not used County data is vulnerable to hackers who may use highly successful automated systems capable of attempting many thousands of passwords in a short period of time. The County should immediately require security complex passwords or phrase passwords to help meet basic standard for system security.

#### **Management Response:**

Complex passwords should be implemented for all systems that provide access to sensitive information or processes. Complex passwords are required for access to the Integrated Justice System. Where they are not used, other control procedures are in place, such as limiting authentication and access to batch and scheduling systems, physical restrictions, etc.

The current mainframe operating system and hardware does not support complex password formats. It is estimated that costs would exceed \$100,000 to upgrade the software and hardware for this to be implemented. ISD has concerns about making additional investments in the mainframe since we are contemplating switching technologies as financial systems are replaced.

The primary control point into the County network for authentication and application access is Microsoft Active Directory directory services which provide the means to manage identity. Complex passwords should be implemented at this entry point. The primary effort in undertaking complex passwords is the education and acceptance of the user community about the benefits of reducing vulnerabilities and increasing security. In the interim, administrative processes may require other controls to ensure that County meets the same control objectives.

## COUNTY OF SONOMA

### Report to the Board of Supervisors Status of Prior Year Findings and Recommendations (Continued) For the Fiscal Year Ended June 30, 2008

#### 3) ACCESS TO PROGRAMS AND DATA (CONTINUED)

**Status:**

The County's Microsoft Active Directory environment does not enforce the use of "strong" passwords that would require the use of a variety of numerics, special characters, or capital and lower case letters. The status of this matter will be reviewed during the fiscal year ending June 30, 2009.

#### 4) CENTRAL SECURITY PROGRAM

A central security program should manage or coordinate the use of security-related resources across the County. A central program can disseminate security-related information throughout the County in an efficient and cost-effective manner. Information to be shared includes policies, regulations, standards, training opportunities, and security incident reports. Internal security-related information, such as procedures which worked or did not work on virus infections, security problems and solutions also should be shared within an organization. Often these issues are specific to the operating environment and culture of the organization.

A central security program should have a central office or officer which speaks for the entire County. The office or officer should serve as an independent evaluation or enforcement function to ensure that organizational subunits secure resources cost-effectively and follow applicable policy. The County of Sonoma does not have formal county-wide security program. The County should establish a centralized security program. The County should consider the following components.

- A program manager should be selected as the IT security program manager. The program should be staffed with able personnel and linked to the program management function and IT security personnel in other parts of the organization. The security program requires a stable base in terms of personnel, funding, and other support. Additionally, the benefits of an oversight function cannot be achieved if the security program is not recognized within an organization as having expertise and authority.
- To be effective, a central security program must be an established part of organization management perhaps within the CAO's office.
- A security policy provides the foundation for the IT security program and is the means for documenting and promulgating important decisions about IT security. The central security program should also publish standards, regulations, and guidelines which implement and expand on policy.
- A published mission and function statement should be developed. The statement should clearly establish the function of the IT security program, define responsibilities for the IT security program and other related programs and entities, and provide the basis for evaluating the effectiveness of the IT security program.

**COUNTY OF SONOMA**

**Report to the Board of Supervisors  
Status of Prior Year Findings and Recommendations (Continued)  
For the Fiscal Year Ended June 30, 2008**

**4) CENTRAL SECURITY PROGRAM (CONTINUED)**

- A compliance program should be developed which enables the County to assess conformance with county specific policies and requirements.

**Management Response:**

An Information Security Officer at the CAO office has been discussed. ISD is undertaking a joint project with the Department of Health Services (DHS) to develop an Information Security Program. Currently, ISD has two certified security professionals on staff – one Certified Information Systems Security Professional (CISSP) and one Cisco Certified Security Professional (CCSP) that support our business requirements and serve as our de-facto security personnel.

DHS and ISD has agreed that in lieu of a centrally designated position, i.e., Chief Information Security Officer, that our respective departments would benefit from a document that identifies current practices, responsibilities and recommendations for our own business operations and requirements. These documents could be used as a template by other departments for their own information security programs. Some agencies have their own information technology support staff that manages other processes and their own security protocols.

**Status:**

This recommendation is in the process of implementation. A job description of an Information Security Officer within the ISD has been created and approved by the CAO analyst and the Department is currently seeking funding for the position. Additionally, ISD has continued to work with DHS to prepare recommendations on an Information Security Program which is anticipated to be completed by the end of FY 08/09.

**COUNTY OF SONOMA**

**Report to the Board of Supervisors  
Schedule of Uncorrected Misstatements  
For the Fiscal Year Ended June 30, 2008**

**Impact of Adjustments on Financial Statements - Increase (Decrease)  
Amounts Expressed in Thousands**

Description (Nature) of Audit Difference	Statement of Net Assets		Changes of Net Assets		
	Assets	Liabilities	Current Year	Prior Year	Total
<b>Government-Wide</b>					
To adjustment cash investments held by treasury to the amount recorded in the general ledger	\$ (4,350)	\$ -	\$ (4,350)	\$ -	\$ (4,350)
<b>Financial statement amounts</b>	<u>\$ 2,405,347</u>	<u>\$ 1,163,204</u>	<u>\$ 1,242,143</u>		<u>\$ (320,223)</u>
<b>Impact as a percentage of financial statement amounts</b>	0.18%	0.00%			1.36%
<b>Other Aggregate Funds</b>					
To adjustment cash investments held by treasury to the amount recorded in the general ledger	\$ (4,350)	\$ -	\$ (4,350)	\$ -	\$ (4,350)
<b>Financial statement amounts</b>	<u>\$ 1,484,009</u>	<u>\$ 409,775</u>	<u>\$ 1,074,234</u>		<u>\$ 193,926</u>
<b>Impact as a percentage of financial statement amounts</b>	0.29%	0.00%			0.00%