



StanCOG
Stanislaus Council of Governments

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August 20, 2026

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The Honorable Judge Kellee Westbrook, Presiding Judge
Superior Court of California, County of Stanislaus
P.O. Box 3488
Modesto, CA 95353

Re: 2025-2026 Stanislaus County Civil Grand Jury Report - Riding Into the Sunset on Unapproved
Cash: Misuse of Vacation Policy at the Stanislaus Council of Governments (Case #26-22GJ)

Dear Judge Westbrook:

The Stanislaus Council of Governments (StanCOG) is providing the following responses to the findings and recommendations in Case #26-22GJ pursuant to California Penal Codes § 933 and § 933.05.

Findings and Recommendations:

Finding 1. StanCOG executives and the Policy Board did not fulfill their signed agreement to ensure that the work of StanCOG is implemented in the most efficient and cost-effective manner possible.

Response: The respondent disagrees partially with the finding.

The language the Stanislaus County Civil Grand Jury references in its report is contained in the Resolution adopting the agency's Overall Work Program and it states in full: "BE IT FURTHER RESOLVED that the Executive Director is authorized to make administrative changes, as needed, to ensure that the Overall Work Program is implemented in the most efficient and cost effective manner possible." The quoted language is delegation language and is about implementation flexibility, not a substantive promise that every aspect of the agency will be implemented in the most efficient and cost-effective way possible. The language gives authority to the Executive Director to adjust staffing levels and other internal details within the approved work program to accomplish the agencies required tasks. It does not transform the adopted resolution into a broad mandate about all agency operations.

Recommendation 1a. The Policy Board should direct the Executive Director to implement a process that documents all leave/vacation accruals and use. This ensures that items entered in the payroll system are approved by someone other than the employee entering the data. This should be completed by September 30, 2026.

Response: The recommendation has been implemented.

StanCOG uses Payroll People and Asureforce/iSolve timekeeping software to track all vacation accruals, paid time off, and worked time. The system was implemented in 2015 and updated in 2026 and requires time entry by employees, who verify their time, which is then approved by a managing supervisor before going for final review by the payroll specialist who runs payroll. This has always been the process. However, the agency acknowledges with staff turnover in the finance department and with the Director of Finance position vacant since January 2024, the proper oversight was not consistently exercised.

The agency also acknowledges rates of vacation accrual were changed in 2023 without Policy Board approval. At the September 17, 2025 Policy Board meeting, the Board adopted an amendment to the employee handbook that reaffirmed 2021 rates of vacation accrual. A subsequent amendment was adopted April 15, 2026 and vacation accruals were capped at 450 hours for regular and supervisory employees and 500 hours for management employees. Regular and supervisory employees are required to have taken at least one week of vacation prior to receiving any cash conversion and management employees must have used all of their management leave prior to receiving any cash conversion. Cash conversion is limited to a maximum of 120 hours per year.

Recommendation 1b. The Policy Board should include in their annual evaluation of the Executive Director to what degree employees are using their allotted vacation. Also, that it is truly an exception when cash in lieu of vacation is used and that this extra expense is documented and placed in their employee file. The format for this should be put in place by September 30, 2026.

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

The Policy Board respectfully disagrees with the recommendation to include Recommendation 1b as part of the Executive Director's annual evaluation. The current Executive Director was hired on March 30, 2026 and inherited preexisting vacation accrual and administration issues described in the report.

StanCOG's vacation policies in effect in 2025 were consistent with other local government agencies. As stated in the response to Recommendation 1a, StanCOG has made recent changes to its vacation accrual and cash out policies. The instances cited in the report were not usual or typical transactions and should not be used as examples of normal business practices of an agency in existence for over 55 years. Additionally, vacation cashout policies are part of the agencies' benefit package, and are also consistent with other government agencies. Setting accrual caps will encourage employees to use time off. Allowing employees to cash out excess time allows employees to receive vacation cashouts at their current hourly rate rather than paying out vacation years later when the employee's salary and corresponding hourly rate could be higher.

Recommendation 1c. The Policy Board should include in their annual evaluation of the Executive Director that there is cross training of staff. This should be in place by September 30, 2026.

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

The Policy Board respectfully disagrees with including staff cross-training in the Executive Director's annual evaluation. Cross-training is an agency-wide operational practice that depends on staffing levels, budget, turnover, and historical organizational structure. The current Executive Director was hired on March 30, 2026 and inherited preexisting administration issues described in the report.

The Policy Board does agree cross training is an important part of professional planning and agency viability and is being implemented. Documenting procedures that align with best practices and policies are being updated and implemented.

Recommendation 1d. The Policy Board should include in their annual evaluation of the Executive Director the amount of staff turnover, which points to the health of the agency. High staff turnover can make it difficult to have office coverage so that people can take vacation. This should be put into place by September 30, 2026.

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

The Policy Board respectfully disagrees with including staff turnover in the Executive Director's annual evaluation. While the Board may review turnover as a governance and retention metric, it should not be treated as a direct individualized performance measure attributable to the current Executive Director.

The Policy Board does agree that high staff turnover in recent years contributed to established procedures being ignored or not adequately followed. The current executive team is actively recruiting qualified employees to provide long-term stability for the agency. It is also working towards implementing best practices and policies to provide adequate oversight, proper training, and support staff to ensure work-life balance, proficiency of positions and support to all employees.

Recommendation 1e. The Policy Board should explicitly be the only authority to approve any Executive Director's cash outs of vacation time. Past practice was the Executive Director approved their own cash in lieu of vacation. This should be documented in Executive Committee's minutes as this is income being received above the employment contract. This change should be made by September 30, 2026.

Response: The recommendation has not yet been implemented, but will be implemented in the future.

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The Policy Board agrees with additional oversight and approval authority for any Executive Director leave/vacation cash-outs. StanCOG will be bringing additional amendments to its employee handbook and financial policies and will recommend the Policy Board chair or vice chair be appointed to authorize the Executive Director cash-out requests. This recommendation will be presented to the Policy Board by December 31, 2026.

Recommendation 1f. The Policy Board should keep current on the amount of money spent on cash paid in lieu of vacation for all staff and the Executive Director as this is an extra expense. The amount paid for such expenses should be identified in their financial reporting as a separate line item. This change should be made by September 30, 2026.

Response: The recommendation has not yet been implemented, but will be implemented in the future.

While StanCOG currently reports compensated leave balances annually in its financial reports as a liability for employee benefits, the Director of Finance and Administrative Services will provide the Policy Board with quarterly reporting on the amount of cash paid in lieu of vacation, including payments made to staff and the Executive Director. This information will be separately identified to provide the Policy Board with ongoing visibility into the expenditures.

Finding 2. One of StanCOG's JPA requirements, the fidelity bond, was not implemented for years, but it is now.

Response: The respondent disagrees wholly with the finding.

StanCOG provided the Grand Jury with evidence of its Crime Insurance policy and stated the policy had been in effect for at least seven years.

Recommendation 2. The Policy Board should direct the accounting firm that performs the annual external audit to check whether StanCOG's financial systems comply with all provisions in its JPA requirements. This should be in place by September 30, 2026.

Response. The recommendation has been implemented.

If you require additional information or have any questions, please contact me at
conditb@stancounty.com

Sincerely,



Matthew "Buck" Condit
Chair of the Policy Board
Stanislaus Council of Governments