



JOHN CHIANG
California State Controller

January 8, 2009

David Kears, Vice-Chair
First 5 California
2389 Gateway Oaks Drive, Suite 260
Sacramento, CA 95833

Dear Mr. Kears:

I want to thank my staff, First 5 California, and the county First 5 commissions for their exemplary efforts to implement a new accountability reporting system for the First 5 Program.

Senate Bill (SB) 35 (Chapter 243, Statutes of 2005) mandated an expanded independent audit of every county commission funded by the California Children and Families Act (Proposition 10 of 1998). Each commission was required to adopt a range of policies on contracting and procurement, administrative expenditure limits, conflict of interest, staff compensation, and long-range financial planning. SB 35 required each commission to undergo an independent audit of its adoption of, and adherence to these policies, and requires the State Controller's Office to review every one of those audits annually.

My staff worked diligently to develop standards and procedures for the expanded audit under a tight timeline mandated by the legislation. The county commissions similarly worked under this deadline to develop and adopt mandated policies, hold all the required public hearings, and undergo the first round of expanded audits.

We completed our review of the 2006-07 independent audits of the local county commissions. Our review focused on determining whether the independent auditors complied with audit standards and the expanded audit guidelines. As required by law, our annual report summarizes the results of our review and assessment of the audit reports issued by the independent auditors. We wish to emphasize that the deficiencies noted in our annual report focus exclusively on how the independent auditors presented information in their audit reports.

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In addition, the audit findings and follow-up section of our report compiles the findings reported by the independent auditors in each local commission's audit report.

I congratulate everyone involved in the smooth transition to this new accountability reporting system and look forward to our continuing collaboration.

Sincerely,



JOHN CHIANG
California State Controller