2025-2026 Santa Clara County Civil Grand Jury

County of Santa Clara Budget Inventory Items:

A matter of accountability

May 29, 2026

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SUMMARY

The 2023-24 Santa Clara County Civil Grand Jury (2023-24 Civil Grand Jury) issued a report titled "No Strings Attached: County of Santa Clara Board Inventory Items" (Civil Grand Jury, 2024).

The report reviewed the County of Santa Clara's Board of Supervisors (Board) program to allocate budget for grants or sponsorships to support community-based organizations. This is referred to as Santa Clara County's Budget Inventory Grant program (Program).

The County of Santa Clara (County) budget inventory items are proposals from each of the five members of the Board to modify the County Executive's recommended budget. This is to add the total dollar amount allocated for one-time grants or sponsorships to support community-based organizations.

Each fiscal year, the County opens budget inventory requests allowing community-based, 501(c)(3) nonprofit organizations to seek funding for programs that provide services within the County. The Board refers to this annual funding program as "inventory items."

The 2023-24 Civil Grand Jury investigated and identified several concerns about the Program, including a lack of standardized rules, transparency, and an audit trail. The 2023-24 Civil Grand Jury made five recommendations intended to improve and standardize the Program and its processes across the County's five supervisorial districts. The report concluded, "The inventory item program, as outlined by the Board, purports to have merit and admirable intentions; however, without a fundamental change in how the program is managed, it continues to have the appearance of being a tool for political favoritism."

In response, the County Executive largely disregarded the concerns of the 2023-24 Civil Grand Jury report. Despite agreeing or partially agreeing with three of its five findings, the County rejected all five of its recommendations (County, 2024).

The 2025-26 Santa Clara County Civil Grand Jury (Civil Grand Jury) received a complaint from a concerned resident requesting it revisit the County's response and determine whether further action was warranted.

The arrival of the new complaint coincided with two other developments:

- A recommendation from the County Executive that the Board suspend the Program for FY2026-2027 because of an anticipated budget deficit (County of Santa Clara, Board of Supervisors, February 10, 2026).

- The release of the first Program management audit (Audit) requested by the Board. This Audit reviewed three larger grants to verify if the FY2023-24 recipient organizations complied with the terms of their grant agreements (County of Santa Clara, Board of Supervisors Management Audit Division, 2026). The Audit also made 11 recommendations, 10 of which focused on process improvement. Of the 11 Audit recommendations, the Clerk of the Board of Supervisors (Clerk of the Board) agreed with eight, partially agreed with one, tentatively agreed with one, and tentatively disagreed with one.

The day after the Audit was published, the Board rejected the County Executive's recommendation to suspend the program when it voted to allocate $5 million for budget inventory items for FY2026-27 (County of Santa Clara, Board of Supervisors, March 10, 2026). On March 10, 2026, the Board voted to adopt a resolution memorializing the $5 million allocation in the Board Policy Manual (County of Santa Clara, Board of Supervisors, March 10, 2026).

A fresh review of the facts has revealed that the deficiencies identified two years ago remain and are just as pressing today. The Board must step up as a vigilant steward of the County's General Fund and implement all the Audit's recommendations in FY2027-28.

BACKGROUND

About the Annual Budget Process

Every year, the County Executive proposes a recommended budget for the following fiscal year (July 1 through June 30), with suggested funding for each County department. The Board reviews the County Executive's recommendations and makes revisions during budget workshops and public hearings. After the hearings, the Board approves and publishes the adopted budget.

At the end of the fiscal year, Supervisors may add inventory items to the budget hearing agenda, and the Board votes on them for inclusion in the adopted budget.

About the Inventory Item Program

The inventory item program dates back more than 25 years (Civil Grand Jury, 2024). Budget inventory requests allow community-based, 501(c)(3) nonprofit organizations to apply annually for funding for programs that provide community services in Santa Clara County.

Budgeting in the public sector follows a defined set of laws and regulations. Government entities can grant funds to organizations consistent with a public purpose, for example, to provide a service that complements or enhances a service provided by the public agency itself.

In 2012, the Board agreed that all inventory items greater than $100,000 had to be presented to a Board committee prior to the budget hearing.

In 2020, due to budget challenges related to the COVID-19 pandemic, the Board approved Board Policy Manual Section 4.21, which capped the value of inventory items at $500,000 per supervisorial district for FY2020-21 (County of Santa Clara, Board of Supervisors, 2025).

Four years later, the Board approved an amendment doubling the limit to $1 million per supervisorial district, plus budgeting another $2 million to be distributed among the districts to support the Program for FY2024-25 (Civil Grand Jury, 2024). The Board also approved a requirement that all applicant organizations fill out the same standardized cover sheet to add a layer of consistency (County, n.d.).

The Program has grown in popularity in recent years. The number of inventory items approved by the Board increased from 45 items in FY2020-21 to 372 items in FY2025-26 (County of Santa Clara, Board of Supervisors Management Audit Division, 2026).

METHODOLOGY

To conduct its investigation, the Civil Grand Jury:

- Reviewed the 2023-24 Civil Grand Jury's report and cross-referenced it with the 2026 Audit;
- Reviewed the Board's meeting agendas, minutes, agenda item reports, public comment submittals, and associated discussions where the Program was a topic for the FY2026-27 budget;
- Interviewed individual Board members;
- Reviewed documents requested from all Board members and the Clerk of the Board;
- Attended a meeting of the Board's Finance and Government Operations Committee;
- Reviewed local media reports regarding the County budget.

The Civil Grand Jury also reviewed:

- The 2023-24 Civil Grand Jury report, "No Strings Attached: County of Santa Clara Board Inventory Items," and the County's response;
- The 2026 Audit report, "Management Audit of Inventory Item Grants," and the Clerk of the Board's response;
- Additional documents supplied by the County.

INVESTIGATION

The Program is popular among Supervisors and is expected to continue.

Supervisors viewed the program as their personal opportunity to do good in their districts. Board members accept that each Supervisor handles the funds differently and sets their own rules regarding applying for and awarding the grants.

The Supervisors acknowledged to the Civil Grand Jury that the Program does not have consistent rules for how funds are to be allocated, and that it also lacks an audit trail. The Supervisors indicated they had no direct knowledge of the process their Board colleagues use to decide how to allocate funds to organizations under the Program.

While these Supervisors agreed the Program needed to be reformed, the Board's actions make clear that it does not see reform as a priority. Despite the 2023-24 Civil Grand Jury investigation and the 2026 internal audit, the Board has not implemented any of the suggested reforms as of April 2026.

Several Supervisors dismissed the dollar amounts approved for the Program, including the $5 million for FY2026-27, as trivial relative to the County's overall $13.5 billion budget.

Summary of the 2023-24 Civil Grand Jury Report

Two years ago, the 2023-24 Civil Grand Jury issued a report calling out the inventory item Program for multiple deficiencies, including its lack of consistent operational rules or controls, permanent funding limits, and accountability. The report also noted that the Program's application requirements – including details about the applicant organization's mission, funding purpose, and expenditure and progress reporting – were inconsistent from one Supervisor to the next. These findings raised serious concerns about whether the Board was fulfilling its responsibility to provide oversight of how public funds were being spent.

Agency Response to the 2024 Civil Grand Jury Report

The County rejected all five recommendations (detailed below), saying "the overall program has been determined to be of value by several successive Boards over the years" (County, 2024).

The County also said the Board continues to evaluate the Program's guidelines and believes that extensive efforts to track how funds are used might represent a significant burden on recipient organizations.

Finally, the County noted that the Board had to give final approval for any award funding, regardless of an individual Supervisor's discretion to select proposed recipients of inventory grant items.

Summary of the 2026 Management Audit Division Report

The Board directed its Management Audit Division to conduct an audit of the Program as part of the County's FY2024-25 Management Audit Work Plan. The purpose of the audit was to examine whether the organizations that received funds through inventory items were complying with the terms of their grant agreements, and to assess potential improvements related to County processes (County of Santa Clara, Board of Supervisors Management Audit Division, 2026).

Out of 197 total inventory items awarded in the FY2023-24 adopted budget, the auditor reviewed only three items, all of which received larger grants in the $100,000 to $250,000 range.

The February 9, 2026, Audit found that:

- The audited organizations spent their Program funds appropriately; however, none complied with the required timelines for acknowledgement of receipt of funds and reporting.
- The Clerk of the Board has not been given the authority and tools to compel recipients to comply with the requirements of their agreements.
- The Clerk of the Board lacks the means to take corrective action if an organization fails to meet requirements.
- The Board uses inconsistent criteria to award funds.
- Each Board office creates and manages its own application process for inventory items, with no standardized requirements imposed across the Program.
- The limited staffing capacity within the Program prevents timely disbursement of funds.
- The Program's process lacks budget and receipt requirements for applicant organizations.
- The number of inventory items rose 142% from FY2021-22 to FY2025-26, increasing the administrative burden.

The Audit also noted that most organizations do not use the full grant amount immediately and that Board offices sometimes impose additional monitoring requirements on grantees, creating confusion due to overlapping requests. "Overall, the inventory items program lacks strict oversight, compromising the integrity of the grant process and leaving room for organizations to misuse or divert funds for purposes outside the intended scope of the grants" (County of Santa Clara, Board of Supervisors Management Audit Division, 2026).

Agency Response to the 2026 Management Audit Division Report

The Clerk of the Board wrote that the Audit "fairly and accurately identifies challenges faced by the Office of the Clerk of the Board in the administration of the program" (County of Santa Clara, Board of Supervisors Management Audit Division, 2026). The Clerk offered to utilize "existing alternatives to support this program, such as the County's student intern program, in addition to evaluating the feasibility of obtaining grant management software as proposed by the management auditor."

The Civil Grand Jury determined that the findings and recommendations of the 2023-24 Civil Grand Jury report remain factually sound today. Additionally, the Audit recommends additional safeguards and structure to the Program and in its response to the Audit, the Clerk of the Board tentatively disagreed with only one of 11 recommendations (*Id.*).

The following table reflects recommendations by the Management Audit Division (Auditor) aligned with those of the 2023-24 Civil Grand Jury. The recommendations from both reports center on three areas: application process, review and approval process, and progress report on recipients.

Table 1: Comparison of Recommendations from the 2023-24 Civil Grand Jury and the Audit.

Civil Grand Jury Recommendations	Management Audit Division Recommendations
(2023-2024)	**(February 2026)**
Program Area Reviewed: Application Process	
Recommendation 2: Rejected by County The County should use a common online application process for all applicants, regardless of Supervisorial District. The application should include, at a minimum, the following information: applicant organization's mission, size of the applicant organization, specific amount being requested, applicant organization's annual budget, proposed summary program budget, including any direct and/or administrative fees, description of how funds will be used and what County priorities they support, the amount of matching or other grant or contract funds available or already received by the organization, and anticipated measurable outcomes for the proposed program.	*Recommendation 1.2:* Clerk of the Board Tentatively Agreed Note that grant recipients awarded above a certain dollar threshold would be Tier 1 and would sign agreements designated with post-award reporting obligations, while those below the threshold would be designated Tier 2 and would be exempt from this requirement. The Board should require Tier 1 organizations to submit a detailed spending plan for the requested funds, as part of their grant application. Applications should not be accepted without this information.

Civil Grand Jury Recommendations	Management Audit Division Recommendations
	Recommendation 2.3: Clerk of the Board Agreed The Board should standardize the information required in the application process across all Board offices, and request, at the time of application, all documentation needed by the Clerk of the Board for disbursement, such as proof of an active bank account in the organization's name, contact information for at least three individuals within the organization, the authorized signer's contact details, verification of vendor number information, among others. The Board should forward this information to the Clerk of the Board as soon as grantees are selected.
	Recommendation 2.4: Clerk of the Board Agreed The Board should use the same grant management software as the Clerk of the Board during the application process, requiring applicants to submit information and documentation directly through the platform.
Program Area Reviewed: Review and Approval Process	
Recommendation 3: Rejected by County The County should create a consistent set of rules and guidelines for review and approval of inventory item awards that meets their goal of supporting smaller organizations, considering but not limited to the following: limit inventory item grants to organizations that do not have an existing contract with the County, and set an annual $250,000 cap on total inventory item grants that each Supervisorial District can award.	*Recommendation 1.1:* Clerk of the Board Agreed The Board should discontinue the use of grant versus sponsorship distinctions within the inventory item program and adopt a two-tier agreement structure based on an award amount to be defined. Recipients awarded above the threshold (Tier 1) should sign agreements with post-award reporting obligations, while those below (Tier 2) should be exempt.

Civil Grand Jury Recommendations	Management Audit Division Recommendations
	Recommendation 2.1: Clerk of the Board Agreed The Clerk of the Board should implement grant management software. All communication with grantees and document uploads should be centralized on a single platform. The platform should automate several process steps, such as creating grant agreements, sending documentation for signatures, and issuing reminders to grantees. Additionally, it should provide visibility into the progress of each grant, indicating which step of the process each grant is in, and generate reports on grant approval timelines, compliance with reporting requirements, and any outstanding action items.
	Recommendation 2.6: Clerk of the Board Agreed The Board should approve a cap on the total number of inventory items awarded each year, regardless of dollar amounts.
Program Area Reviewed: Progress Report on Recipients	
Recommendation 4: Rejected by County The County should require recipients to provide annual progress reports and financial reports, and, if needed, the County should audit the organization's expenditure records.	*Recommendation 1.3:* Clerk of the Board Tentatively Disagreed The Board should revise the Tier 1 grant agreement language to define "proof of compliance," requiring grantees to submit itemized receipts and documentation of expenditures after the funds have been used.

Civil Grand Jury Recommendations	Management Audit Division Recommendations
	Recommendation 1.4: Clerk of the Board Partially Agreed The Board should adopt a policy stating that organizations that significantly fail to comply with the terms of the grant agreement, such as failure to retain documentation showing how funds were used, will be deemed ineligible for the next three inventory item grants application cycles and may be prohibited from entering into any future partnerships with the County.
	Recommendation 2.5: Clerk of the Board Agreed The Board should integrate additional reporting or monitoring on grantees into the centralized platform.
	Recommendation 2.7: Clerk of the Board Agreed The Board should revise the grant agreement language to replace the 30-day requirement with a progress report due midway through the fiscal year. If recommendation 1.1 is adopted to structure agreements into Tier 1 and Tier 2, this change should apply to Tier 1 agreements involving larger dollar amounts.
Other Areas	
Recommendation 1: Rejected by County The County should put the direction and management of the inventory item grant program under the County Executive's Office, and the Board should provide the County Executive with whatever policy direction the Board finds appropriate for an inventory item grant program.	*No Equivalent*

Civil Grand Jury Recommendations	Management Audit Division Recommendations
Recommendation 5: Rejected by County If the County does not agree with the previous four recommendations, then it should eliminate the current inventory item program entirely.	*No Equivalent*
No Equivalent	*Recommendation 2.2:* Clerk of the Board Agreed The Clerk of the Board should hold an annual Inventory Items training for Board office staff before the Board offices' application cycles. The training should explain how the disbursement process works, familiarize Board office staff with the grant management software, and clarify why certain documentation is required during the initial application stage.

Sources: 2023-2024 Santa Clara County Civil Grand Jury report, "No Strings Attached: County of Santa Clara Board Inventory Items," June 11, 2024; County of Santa Clara, Board of Supervisors Management Audit Division, "Management Audit of Inventory Item Grants," February 9, 2026.

As part of the agenda for the February 10, 2026, Board meeting, the County Executive recommended that the Board approve the temporary suspension of the Program for FY2026-27. The Board disregarded the guidance and funded the Program at $5 million, to be allocated proportionally using an equity metric based on Medi-Cal enrollment. The equity metric description is documented in an "off-agenda" memorandum (County, 2026) (see Table 2). (Off-agenda reports provide background information that the Board requests on topics such as County programs, services, community conditions, and departmental updates. These documents are published for transparency and public access.)

Table 2: Breakdown of Medi-Cal Enrollment by Supervisorial District and Allocation Amount for Inventory Items, FY2026-27.

District	Share of Medi-Cal Enrollees	Funds Based on Equity Measure
District 1	20.19%	$1,009,542
District 2	36.76%	$1,837,994
District 3	16.60%	$829,946
District 4	17.56%	$878,049
District 5	8.89%	$444,469
Total	**100%**	**$5,000,000**

Source: Data extracted from memo to the Honorable Board of Supervisors and James R. Williams, County Executive from Ezequiel Vega, County Budget Director, and Curtis Boone, Clerk of the Board, February 27, 2026.

Other California Counties Have Similar Programs

The Civil Grand Jury found that the County's Program is not unique in California. At least six other counties have similar programs, but with more structured rules and rigorous controls. While other county programs operate under similar funding parameters, none directly mirrors the County's Program.

At the April 17, 2026, meeting of the Board's Finance and Government Operations Committee, the Auditor presented the findings and recommendations of the Audit. The committee directed the Auditor to further analyze the Program's equity metrics and sponsorships versus grants, and to present this analysis at the committee's September 2026 meeting. The committee then voted to receive the report. The committee is targeting a Board discussion of its recommendations by mid-2027.

As of the date of this report, the full Board has yet to act on the Audit, electing instead to move forward with the Program for FY2026-27 (including the $5 million for the grants) without first considering the Audit's findings and recommendations.

CONCLUSION

The County's stated purpose of its Program is to create a positive impact by supporting small community-based organizations. Each year, the Board approves millions of dollars in one-time funding, continuing the Program despite a County budget deficit. While the intent behind the Program is laudable, and even though some Board members consider this year's $5 million allocation modest compared to the County's $13.5 billion budget, the current form of the Program continues to raise questions about the validity of its intended purpose.

The 2023-24 Civil Grand Jury report and the 2026 Management Audit Division's Audit identify similar deficiencies regarding how the Program is implemented, noting that its processes lack consistency, uniformity, accountability, and transparency. Both reports make similar recommendations, including standardizing the application requirements, creating a set of consistent rules and guidelines for program review and approval, monitoring recipients' compliance, and capping the number of inventory items.

The Civil Grand Jury's investigation supports the Audit's conclusions and agrees with its recommendations. The flaws noted by the Audit compromise the integrity of the grant process and leave open the possibility that organizations could misuse or divert funds for purposes outside the intended scope of the grants.

Two years have passed since the Board was alerted to issues with the Program, yet it still refuses to take formal action to implement the recommended reforms. The Board should now demonstrate its commitment to the Program's intended purpose – and to the community it serves – by acting upon the Audit's important and common-sense recommendations without further delay.

FINDINGS AND RECOMMENDATIONS

Finding 1

The County acknowledges that the Program lacks transparency, an audit trail, and a consistent set of rules. The Civil Grand Jury agrees based on its investigation. However, the Board has not prioritized the changes needed to improve it and has yet to act on any of the recommendations in the Audit report.

Recommendation 1a

The Board should immediately meet and discuss how to implement the recommendations from the February 9, 2026, Audit. The Board should then implement those recommendations for FY2027-28.

This should be implemented by October 30, 2026.

Recommendation 1b

The Clerk of the Board should continue to re-evaluate the Program annually to identify potential process improvements and take appropriate action.

This should be implemented by December 31, 2026.

Finding 2

The findings and recommendations of the 2023-24 Civil Grand Jury report remain factually sound. The Audit confirmed its findings, identified additional weaknesses, recommended stronger oversight, and extended the analysis beyond the original report. Of the 11 Audit recommendations, the Clerk of the Board agreed with eight, partially agreed with one, tentatively agreed with one, and tentatively disagreed with one.

Recommendation 2

The County should establish comprehensive, consistent, objective, and measurable criteria for the Program to mitigate any appearance of political favoritism.

This should be implemented by December 31, 2026.

REQUIRED RESPONSES

Pursuant to California Penal Code section 933(a) et seq. and California Penal Code section 933.05, the 2025-2026 Santa Clara County Civil Grand Jury requests responses from the following governing body:

Responding Agency	Findings	Recommendations
The County of Santa Clara	1, 2	1a, 1b, 2

REFERENCES

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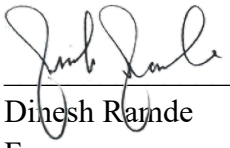
This report was **ADOPTED** by the 2025-2026 Santa Clara County Civil Grand Jury on this 29th day of May, 2026.



Dinesh Ramde
Foreperson