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OFFICE OF THE AUDITOR-CONTROLLER

"Proudly Serving the Financial Needs of Tuolumne County"

DEBORAH BAUTISTA, CPA
Clerk & Auditor-Controller

August 17, 2018

FILED
AUG 22 2018
Superior Court of California
County of Tuolumne
By: Diana Neeley Clerk

Judge of Superior Court
Honorable Kate Powell Segerstrom
Tuolumne County Superior Court
60 North Washington Street
Sonora, Ca 95370

RE: Response to Grand Jury Report- **Tuolumne County Economic Development Authority**

Dear Judge Powell-Segerstrom,

The following is my response to the 2017-18 Grand Jury Report as it pertains to the Tuolumne County Economic Development Authority (TCEDA).I did not respond to any of the findings. Due to the fact, that I was not asked to and in some of the findings I did not have enough information. For some of the findings I would need some clarifications from the Grand Jury.

Grand Jury Recommendation:

R2. The County Auditor retain an independent firm to perform a Management Audit of TCEDA operating policies and practices. The Board of Supervisors and the City Council of Sonora fund the Auditor in retaining an independent firm.

Response: Recommendation has not been implemented. I have contacted the County's outside auditors for an estimate of both a financial audit and a management audit. Since this will be the first year for a financial audit the cost will be between $10,000 and $15,000. For a management audit the cost will not exceed $26,250. I have attached proposed estimate and scope of work for a management audit provided by MGO, the County's external auditors. I would need authorization from the TCEDA board to enter into a contract for either of both of these audits.

Thank you for the opportunity to respond to the above recommendation. Please feel free to contact me any question you may have regarding the same.

Sincerely,

Debl Bautista

Deborah Bautista

County Clerk & Auditor-Controller

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County of Tuolumne
Office of the Auditor-Controller
Initial Estimate - Evaluation of TCEDA System of Internal Control Elements

Advisory Engagement under *Statements on Standards for Consulting Services*
(*add 20% more for performance or operational audit conducted in accordance with IIA or GAGAS standards*)

Entrance
Determine initial engagement objectives
Progress reports, monthly
Preliminary survey:
Finalize engagement objectives: (*Are criteria suitable and does sufficient appropriate data readily available?*)
Fieldwork

a. Deliver implementation recommendations on internal controls over travel and entertainment over authorization and approvals to travel, and approvals of actual expenditures based on best practices of no more than 3 comparable agencies selected by the County and City.

b. Deliver recommendations for minimum disclosure requirements for business travel and business entertainment. The minimum requirements shall meet the accountable plan rules that require no tax reporting for fringe benefits.
c. Compare TCEDA performance metrics and management reporting to no more than 3 comparable agencies selected by the County and City.
d. Deliver a recommendation (identification) for a specific independent review and approval policy and process for exceptions to established policies.
e. Compare TCEDA disclosures regarding interactions with private businesses to County and City standards/guidelines for interactions with private businesses.
f. Deliver recommendations for policy elements addressing subsistence meals, lodging, business entertainment, and alcohol to meet the requirements of 2 CFR 200 for federal allowable costs and the minimum requirements shall meet the accountable plan rules that require no tax reporting for fringe benefits.
g. Identify instances where the TCEDA CEO reported time is inconsistent with his/her employment agreement and referenced compensation documents based on a no statistical sample that includes scanning 12 months

Draft report
Transmittal letter, brief scope, methodology, and standards paragraphs, background, summary matrix, plus deliverables a through g.
Exit meeting
Final report

Not to exceed **$26,250** contingent upon the timely access to accurate and complete information.