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August 21, 2018

FILED

AUG 24 2018

**Superior Court of California
County of Tuolumne**

By: Diana Neely 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 offered in response to the 2017-18 Grand Jury Report as it pertains to the Tuolumne County Economic Development Authority (TCEDA).

Grand Jury Findings

The Board of Supervisors is choosing not to comment on the Grand Jury's findings with respect to the TCEDA as not all members have had the opportunity to serve on the TCEDA Board and therefore lack the intimate knowledge necessary to provide thoughtful and informed comments.

Grand Jury Recommendations

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 County Auditor in retaining an independent firm. (F2, F3, F4, F5, F7)

The audit will include:

- a. Best practice for comparable agencies with specific recommendations on implementing a check and balance system for pre-approval and post-approval of travel and entertainment.
- b. A set of minimum disclosure requirements that includes the purpose of each meeting/trip/meal, specific entertainment participants and their organizations, who accepted a meal.

- c. **Performance metrics and management reporting.**
- d. **Identification of a process for specific independent review and approval of exceptions to policies.**
- e. **Policies in regard to TCEDA interactions and disclosures with private businesses.**
- f. **Policies regarding meals and alcohol.**
- g. **Identifying whether the CEO is correctly identifying work time on time cards**

Response: This recommendation has not yet been implemented, but will be as outlined below:

- The Board of Supervisors will immediately request that the TCEDA Board take the necessary budgetary actions to fund the management audit. Based on numbers provided by the Auditor-Controller, \$26,250 should be set-aside for this purpose; and
- This management audit should cover all of the points requested by the Grand Jury with the exception of those related to TCEDA interactions and disclosures with private business. On behalf of the TCEDA, County Counsel is already addressing this matter.

In addition, the Board of Supervisors will also immediately request the TCEDA Board to:

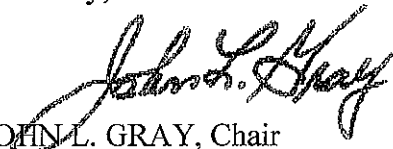
- Take the necessary budgetary actions to fund a full financial audit of the TCEDA. Based on numbers provided by the Auditor-Controller, \$15,000 should be set-aside for this purpose; and
- Request the California Association of Local Economic Development (CALED) to poll its membership to help identify best practices in the area of setting goals, establishing related performance measures and reporting. CALED has already committed to performing this service at no cost except for any travel (lodging and/or food) costs that may be incurred to come to Tuolumne County to present and/or assist the TCEDA with implementation of same. The TCEDA should likewise budget \$2,000 for this purpose. CALED has also offered to help gather information that could assist the audit firm in complying with the Grand Jury's work point "a" outlined above.

It is the Board's desire that: 1) the Auditor-Controller coordinate completion of both the management audit and financial audit; and 2) all of this work be completed expeditiously. If the work cannot be completed before the end of calendar 2018, it should be completed as early in 2019 as possible.

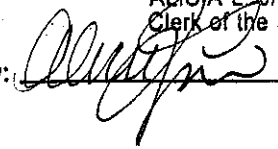
This response is intended to address all of the points raised by the Grand Jury and more (i.e. requesting the financial audit) to demonstrate the Board's commitment to transparency in the conduct of governmental affairs.

Thank you for the opportunity to respond to the above findings and recommendations.
Please feel free to contact me should you have any questions regarding same.

Sincerely,


JOHN L. GRAY, Chair
Tuolumne County Board of Supervisors

I hereby certify that according to the
provisions of Government Code
Section 25103, delivery of this
document has been made.

By: 
ALICIA L. JAMAR
Clerk of the Board