

**MEMORANDUM**

To: Richard C. Martin
Presiding Judge.

From: Pam Cochrane
County Clerk Auditor-Controller

Ref No.: 12M-032

Date: August 30, 2011

Subject: Response to 2010-2011 Grand Jury Report

Pursuant to Penal Code 933.5 I am responding to the 2010-2011 Grand Jury Report findings and recommendations related to my department.

Page 10.....,

Recommendation, R-3. "Lake County Auditor-Controller-Clerk compile a list of JPA's operating within the County of Lake and that the list be made available to the Grand Jury and the public."

Response: A complete list of JPA's and special districts audits has always been maintained by the dept and has always been available to the Grand Jury and public. The content of the list was confirmed with the State Controllers office. If the Grand Jury feels the list is incomplete and would be willing to share which JPA they feel was missed, I would be happy to confirm and add the missing JPA to the list maintained by the department.

Recommendation, R-4, "Clarification of responsibilities and procedures of the Auditor-Controller Clerk be made with respect to the mandatory filing and monitoring of financial audits submitted by JPA's."

Response: Shortly after the visit, the State Controller's office was contacted. They confirmed the practices and procedures currently in place in place follow the law.

Recommendation, R-5 & R-6 "Future Grand Juries perform routine oversights on JPA's operating within Lake County to determine that the JPA's annual audits are being monitored by the Auditor-Controller Clerk and is within the letter of the law."

Response: The State Controller's office was contacted with regard to audit of outside agencies and the responsibility of my office. They confirmed the practices currently in place follow the law. This information was shared with members of the grand jury, who would not accept the current practice as following the letter of law. I was told it was the Grand Juries interpretation of the law that mattered, not the State Controller or County Counsel.

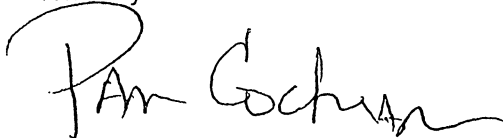
Page 45, Recommendation, R 4. "Require annual examination and comparison between physical inventory and financial audit by the County the County Auditor-Controller. The finding indicated, "no examination is done".

Response. This recommendation is confusing in that it refers to "comparison between physical inventory and financial audit." Inventory are for those items less than \$5,000 that do not meet the threshold for a Capital Asset. Capital Assets are reflected on the audited financial statements, inventories are not. The county fixed asset policy has delegated that responsibility to each department. Each department is responsible for maintaining an inventory. The requirement for the Auditor to conduct an audit is a requirement of the fixed asset policy.

With regard to capital assets, a very thorough balancing of each fixed asset account is made with the Counties Financial system. Every account is balanced to the system, to the department and to the financial audit. This is audited extensively by external auditors.

If you have any questions, or need another statement, please feel free to contact me at (707) 263-2311.

Thank you.

A handwritten signature in black ink that reads "Pam Cochrane". The signature is written in a cursive, flowing style.

Pam Cochrane
County Clerk-Auditor/Controller

Cc Board of Supervisors