

**MEMORANDUM  
PLACER COUNTY AUDIT COMMITTEE**

**TO: Honorable Board of Supervisors**

**FROM: Wayne Nader, Chair, Placer County Audit Committee**

**DATE: July 27, 2010**

**SUBJ: Annual Report**

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**ACTION REQUESTED**

Receive the Annual Report of the Placer County Audit Committee (Committee).

**BACKGROUND**

In May 2008, your Board created the Placer County Audit Committee primarily in response to new auditing standards issued by the American Institute of Certified Public Accountants. For fiscal year 2009-10, members of the Committee were Supervisor Jim Holmes, Supervisor Rocky Rockholm, and Wayne Nader, public member.

The purpose of the Committee is to assist your Board in fulfilling your oversight responsibilities by monitoring the financial reporting process, the overall systems of internal control and risk mitigation, compliance with laws and regulations, and the independence and performance of the County's internal and external auditors. To that end, the Committee is required to present annually to the full Board a written report of how it has discharged its duties and met its responsibilities.

**REPORT**

Over the past year the Committee met three times. At the initial meeting the Committee 1) reviewed the contract with Macias, Gini & O'Connell, external auditors, 2) reviewed the 2009-10 Audit Work Plan for the Internal Audit Division of the Auditor-Controller's Office, and 3) reviewed the Internal Audit Division reports issued since the last meeting as well as an update on projects in process.

In subsequent meetings, Macias, Gini & O'Connell LLP met with the Committee to discuss the audits being performed of the County, the First 5 Commission, the Redevelopment Agency, Air Pollution Control District, Tahoe Area Regional Transit, Western Placer Waste Management Authority, Golden Sierra Job Training Agency, and the Treasury Oversight Committee for the fiscal year ended June 30, 2009. Those discussions included information regarding the

scope and timing of the audits, their understanding of the County's internal controls, significant accounting policies and their affect on the financial statements, and management's use of estimates in the financial statements. Macias, Gini & O'Connell LLP also reported that there were no serious difficulties encountered in performing the audits, no disagreements with management and no significant adjustments or disclosures not reflected in the financial statements.

The Committee approved the Internal Audit Activity Charter, which is the formal document outlining the responsibility, scope of work, accountability, independence, and authority of the Internal Audit Division.

The Internal Audit Manager apprised the Committee of audit projects completed and in process and the resulting findings and recommendations. Projects included, but were not limited to, the following:

- Transient Occupancy Tax (TOT) audits
- Countywide purchasing practices review
- Inventory reviews
- Credit card reviews (monthly monitoring and bi-annual audit)
- CDRA operational audit
- Peer Reviews
- Quarterly Treasury reviews
- Confidential and voluminous documents review
- Department head change audits
- Financial audit of District Attorney grant
- Public Guardian audit
- Department of Public Works (Fleet) operational audit
- North Lake Tahoe Resort Association contract compliance

### **CONCLUSION**

Based on the conversations with Macias, Gini and O'Connell LLP and the Internal Audit Manager, the Committee believes that the County's system of internal controls is in place and operating effectively and its financial reporting processes are adequate to ensure the financial statements fairly present its financial position.

Copies of the County's Comprehensive Annual Financial Report have previously been submitted to your Board. Copies of the County's Single Audit Report are included in this packet for your review. In addition, copies of all other audit reports issued by Macias, Gini and O'Connell or the Internal Audit Division have been presented to the Audit Committee and are available to the full Board upon request.

Enclosures