

**MEMORANDUM  
PLACER COUNTY AUDIT COMMITTEE**

**TO: Honorable Board of Supervisors**

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

**DATE: July 12, 2011**

**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 2010-11, members of the Committee were Supervisor Jim Holmes, Wayne Nader, public member, Supervisor Rocky Rockholm for July through December, and Supervisor Jack Duran for January through June.

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 four times. At those meetings, Macias, Gini & O'Connell LLP, the external auditors, met with the Committee to discuss the audits being performed of the County, the First 5 Commission, the Redevelopment Agency, Flood Control District, Mosquito and Vector 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, 2010. 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 reviewed and commented on the FY 2010-11 Audit Plan for the Internal Audit Division of the Auditor-Controller's Office.

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:

- Western Placer Waste Management Authority cash controls review
- Countywide employee reimbursement claims review
- Countywide tool reimbursement claims
- Countywide gift card review
- Countywide cash handling review
- Inventory reviews
- Credit card reviews (monthly monitoring and departmental audits)
- Quarterly Treasury reviews
- Confidential documents review
- Department head change audits
- Financial audit of District Attorney grant
- Department of Public Works operational audit
- North Lake Tahoe Resort Association contract compliance
- Sheriff Inmate Welfare Trust review

### **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 and Single Audit Report have previously been submitted to your Board. 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.