

**MEMORANDUM  
PLACER COUNTY AUDIT COMMITTEE**

**TO: Honorable Board of Supervisors**

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

**DATE: July 12, 2016**

**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 FY 2015-16, members of the Committee were Supervisor Jim Holmes, Supervisor Jack Duran, 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 four times. At those meetings, Vavrinek, Trine, Day & Co., LLP, the external auditors, met with the Committee to discuss the audits being performed of the County: the Comprehensive Annual Financial Report, Single Audit, First 5 Commission, Mosquito and Vector Control District, Tahoe Area Regional Transit, Western Placer Waste Management Authority, Golden Sierra Job Training Agency, the Treasury Review Panel, Housing Authority REAC/FDS submission, and the Gann Limit Agreed Upon Procedures for the fiscal year ended June 30, 2015, as well as the Air Pollution Control District for fiscal years ended June 30, 2014 and 2015. Those discussions included information regarding the scope and timing of the audits and procedures, 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.

Vavrinek, Trine, Day & Co., 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. There were also no material weaknesses or significant deficiencies noted in the County's internal control over financial reporting.

The Committee reviewed and commented on the FY 2015-16 Audit Plan for the Internal Audit Division of the Auditor-Controller's Office. In addition, the Committee approved the County's Fraud Reporting Policy.

The Assistant Auditor-Controller apprised the Committee of internal audit projects completed and in process and the resulting findings and recommendations. Projects included, but were not limited to, the following:

- Quarterly Treasury reviews
- Confidential document review
- Countywide payroll review (routine monitoring)
- Voyager Card review
- Annual inventory reviews
- Regional Sewer Construction, Operations and Joint Exercise of Powers Agreement (COJA) review
- Credit card reviews (routine monitoring and departmental audits)
- Placer County Fair Association reviews and audit
- Departmental head change reviews (Air Pollution Control District and Clerk Recorder/Registrar)
- Accounts Receivable Subsidiary Ledger Systems review
- Internal Service Fund review – Administrative Services Department, IT Division
- Human Resource Departmental review – Phase 2
- Transient Occupancy Tax compliance audits and enforcement

### **CONCLUSION**

Based on the conversations with Vavrinek, Trine, Day & Co., LLP, the Auditor-Controller, and the Assistant Auditor-Controller, 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, County's Single Audit Report and Report to the Board of Supervisors have previously been submitted to your Board. In addition, copies of all other audit reports issued by the CPA firms or the Internal Audit Division have been presented to the Audit Committee and are available to the full Board upon request.