



## COUNTY OF PLACER

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February 15, 2022

Ms. Michelle McIntyre, Executive Officer  
Placer County Local Agency Formation Commission  
110 Maple Street  
Auburn, CA 95603

Re: Transfer of Accountability of the Local Agency Formation Commission Assets

Dear Ms. McIntyre:

The purpose of our review was to determine whether there has been a proper transfer of accountability of the assets under the control of the former Executive Officer, Kristina Berry, to the new Executive Officer, Michelle McIntyre. During our review, we made inquiries with Local Agency Formation Commission (Agency) personnel, physically verified non-capitalized equipment, and reviewed financial assets and related documentation as of August 27, 2021.

The funds and cost centers included in our review are listed in Attachment A.

As a result of our review, we have determined the accountability of assets of the Agency has been properly transferred. However, during the course of our review, we noted other areas where internal controls could be strengthened. Accordingly, our observations and recommendations are as follows:

### **SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS**

#### **Observation #1 – Non-Capital Assets Tracking and Employee Exit Procedures**

During our review, we noted the Agency is not currently tracking all non-capital equipment such as printers, monitors, a docking station, and projector. We also noted the Agency does not utilize any type of "employee exit checklist" or "returned property checklist", thus making it difficult to ensure all Agency property is returned upon separation of an employee.

#### Recommendation

We recommend the Agency track and perform annual inventory on all non-capital equipment with details such as brand, make, model, serial number, asset number, item location, or any other identifiable information that would be useful in identifying specific equipment.

Also, we recommend the Agency follow best practices that state that employers utilize some form of an "employee exit checklist" to ensure all required exiting procedures such as disabling building, computers and confidential data access, along with utilizing some form of a "returned property checklist", as part of

the Agency's exit checklist to ensure all Agency issued property is returned upon separation of an employee.

*Agency's Response:*

*The Commission has updated policies and procedures under its new Executive Officer and adopted an Asset Management Policy at the December meeting. The Commission has directed its Executive Officer to continue to update policies for their consideration and internal administrative procedures.*

**Observation #2 – Administrative Duties**

During our review, we noted the Agency submitted past due supplier invoices for payment to the Placer County Auditor-Controller's Office going back to fiscal year 2020. We also noted that the Agency was holding multiple checks for deposit going back to October 2020 to August 2021. This weakness in controls over deposits and supplier payments is due to an Administrative Technician position that has been vacant since December 2019; thereby placing all the administrative responsibilities on the Agency Executive Officer and creating a lack of segregation of duties at the Agency for administrative tasks, such as paying supplier invoices.

Recommendation

We recommend the Agency fill the Administrative Technician position to perform the Agency's administrative duties, relieving the Executive Officer. This will strengthen controls, increase productivity over administrative tasks, and add a segregation of duties.

Additionally, we recommend the Agency have a financial audit performed by an independent auditor every two years to provide assurance over internal controls and financial reporting.

*Agency's Response:*

*The Commission has filled all funded vacant positions and is able to consider contracts as part of the budgetary process.*

The Agency's responses to our recommendations identified by our review are included above. We did not audit their responses and, accordingly, we do not express an opinion on them.

We appreciate the courtesy and cooperation of the Local Agency Formation Commission staff throughout the course of this review.

Respectfully,



Nicole C. Howard, CPA  
Assistant Auditor-Controller

cc: Placer County Audit Committee

Local Agency Formation Commission  
Funds and Cost Centers  
Attachment A

<b>FUND</b>	<b>FUND TITLE</b>	<b>COST CENTER</b>	<b>COST CENTER TITLE</b>
FD30154	Local Agency Formation Commission	CC72000	Local Agency Formation Commission