



**CITY OF PLACENTIA
FINANCIAL AUDIT OVERSIGHT COMMITTEE
SPECIAL MEETING AGENDA
6:00 P.M.
SEPTEMBER 17, 2012
401 E CHAPMAN AVENUE
PLACENTIA, CA 92870**

CALL TO ORDER:

ROLL CALL: Committee Members DeRose, Larson, Mooberry

ORAL COMMUNICATIONS:

At this time the public is invited to address the Committee concerning any items on the agenda.

1. SWEARING IN OF NEW COMMITTEE MEMBERS

2. SELECTION OF CHAIRMAN AND VICE-CHAIRMAN

Recommended Action: Approve

3. MINUTES

Financial Audit Committee Meeting

March 22, 2012, April 30, 2012

Recommended Action: Approve

4. INTRODUCTION OF AUDIT FIRM, HASKELL AND WHITE

5. REVIEW OF AUDIT PLAN (FY 2011-12)

6. REVIEW OF FISCAL YEAR 2010-11 CORRECTIVE ACTION PLAN

Recommended Action: Approve

COMMITTEE MEMBER REQUESTS:

FINANCE DIRECTOR REPORT:

ADJOURNMENT:

The Financial Audit Oversight Committee will adjourn to the next regular meeting on October 8, 2012 at 6:00 P.M.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Finance Department at (714) 993-8237. Notification 48 hours prior to the meeting will generally enable City Staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

CERTIFICATION OF POSTING

I, Karen Ogawa, Finance Director for the City of Placentia and Secretary of the Financial Audit Committee, hereby certify that the Agenda for the meeting was posted on September 12, 2012.

Karen Ogawa, Finance Director

**CITY OF PLACENTIA
FINANCIAL AUDIT OVERSIGHT COMMITTEE
REGULAR MEETING MINUTES
March 22, 2012
7:00 P.M. – City Community Room
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER: Chairman Member Benuzzi called the meeting to order at 7:01 p.m.

ROLL CALL:

Present: Committee Members Benuzzi, DeRose, Larson, McCallick, Mooberry
Absent: None

PUBLIC PRESENT: None

PUBLIC COMMENT: None

STAFF PRESENT:

Director of Finance, Karen Ogawa; Finance Services Manager, Mike Nguyen; City Administrator, Troy L. Butzlaff; Councilmember Nelson; Councilmember Constance Underhill; City Treasurer Craig Green; Eric Hendrickson, Accountant; Teri Knutson, Accounting Technician.

AUDITORS PRESENT: Kenneth Gundersen, Principal and Mark McGready, Manager of Haskell & White, LLP.

ORAL COMMUNICATIONS: None

1. **Approval of Minutes of October 10, 2011, October 24, 2011, and December 13, 2011**
Financial Impact: None
Recommended Action: Approve
(DEFERRED TO THE NEXT MEETING)

Chairman Benuzzi requested to pull the approval of minutes until the next meeting.

2. **Discussion on the Draft Single Audit Report and Draft Management Letter for Fiscal Year 2010-11**
Financial Impact: None
Recommended Action: It is recommended that the Financial Audit Oversight Committee:
1) Submit to City Council for receive and file.
(APPROVED 5 – 0, as recommended)

Auditor Kenneth Gundersen provided a report on item 2. He noted that there is only one significant change to the Cities Financial Statements from the last meeting and that is that the City has adopted GASB 54 which changed the reporting of the fund information and the way it is broken out.

Discussion ensued between Committee Members, Auditors and Staff. Auditors reviewed material weaknesses within the Draft Single Audit Report.

A motion was made by Committee Member Larson, seconded by Committee Member DeRose, was carried (5 – 0) to submit to City Council the Single Audit Report and Management Letter for receive and file.

COMMITTEE MEMBER REQUESTS:

Chairman Benuzzi requested that Staff prepare a Corrective Action Plan with regards to correcting material weaknesses within the Single Audit Report that will be submitted to City Council. The format of the Corrective Action Plan should be in the same format as previous years.

FINANCE DIRECTOR REPORT:

Finance Director Ogawa announced that an RFP for bank services has been awarded to Bank of America. Staff is now able to scan customer's checks immediately alleviating the amount of money transported by Staff on a daily basis. She reminded the Committee that all Form 700 are due to the City Clerk's office by April 2nd.

ADJOURNMENT:

The Financial Audit Oversight Committee adjourned at 9:40 p.m. to a joint City Council AD HOC/Financial Audit Oversight Committee meeting on Monday, April 30, 2012 at 7:00 p.m.

ATTEST:

Karen Ogawa, Director of Finance

**CITY OF PLACENTIA
CITY COUNCIL AD HOC
FINANCIAL AUDIT OVERSIGHT COMMITTEE
SPECIAL MEETING MINUTES
April 30, 2012
7:00 P.M. – City Community Room
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER: Chairman Member Benuzzi called the meeting to order at 7:05 p.m.

ROLL CALL:

Present: Committee Members Benuzzi, DeRose, Larson, McCallick, Mooberry
Absent: None

ROLL CALL CITY COUNCIL AD HOC:

Present: Council Members Nelson, Underhill
Absent: None

ORAL COMMUNITCATIONS: Craig Green informed the committee of changes he believes should be made the agenda, and also the minutes of the March 22nd meeting.

PUBLIC PRESENT: None

PUBLIC COMMENT: None

STAFF PRESENT:

Director of Finance, Karen Ogawa; Finance Services Manager, Mike Nguyen; City Administrator, Troy L. Butzlaff; Councilmember Nelson; Councilmember Constance Underhill; City Treasurer Craig Green; Eric Hendrickson, Accountant; Teri Knutson, Accounting Technician.

ORAL COMMUNICATIONS: None

1. Approval of Minutes of October 10, 2011

Financial Impact: None

Recommended Action: Approve

(APPROVED 3-0, as recommended)

Approval of Minutes of October 24, 2011

Financial Impact: None

Recommended Action: Approve

(APPROVED 4-0, as recommended)

Approval of Minutes of December 13, 2011

Financial Impact: None

Recommended Action: Approve

Ad Hoc (**APPROVED 2-0, as recommended**)

FAOC (**APPROVED 5-0, as recommended**)

Approval of Minutes of March 22, 2012

Financial Impact: None

Recommended Action: Approve

(DEFERRED TO THE NEXT MEETING)

A brief discussion took place regarding the context of the March 22, 2012 minutes and future minutes. City Administrator Butzlaff stated that the Finance Department will send Committee Members an audio recording of the minutes along with a written format, should a Committee Member wish to add to the minutes they may do so at their next meeting.

2. Review Fiscal Year 2010-11 Corrective Action Plan

Financial Impact: None

Recommended Action: It is recommended that the Financial Audit Oversight Committee:

1) Submit to City Council for receive and file at the May 15, 2012 Council meeting.

(APPROVED 5 – 0, as recommended)

COMMITTEE MEMBER REQUESTS:

Member Mooberry requested additional information on the following items: JE 5, JE 15 what is the ending inventory with relation to the amount that was adjusted; JE 20 would like an explanation as to why there are so many adjustments; JE 24 what is the ending auto inventory and expenses.

Member DeRose requested that staff look into using ADP for City payroll services.

FINANCE DIRECTOR REPORT:

Director Ogawa thanked the Committee Members for submitting their Form 700; Committee Member applications are due to the City Clerk's office at the end of May.

ADJOURNMENT:

The Financial Audit Oversight Committee adjourned at 8:27 p.m. to a City Council study session on Monday, May 7, 2012 at 6:00 p.m.

ATTEST:

Karen Ogawa, Director of Finance



SINGLE AUDIT FINDINGS	DESCRIPTION	PROJECTED DATE OF COMPLETION	DATE OF COMPLETION
<p>Finding 2011-1: Oversight by those charged with governance and management</p>	<p>Summary: City should continue to work to develop a plan to address the findings</p>	<p>An independent consulting firm, Pun & McGeedy, LLP, has been hired to assist with developing both a Grant and Year-end Checklists. The Grant and Year-end Checklist has been finalized and implemented.</p>	<p>July 2012</p>
<p>Finding 2011-2: Timely Submittal of Cash and Investment Reports to the City Council</p>	<p>Summary: City should provide financial information, cash, and investment reports to the City Council in a timely manner.</p>	<p>Monthly cash and investment reports will be certified by the both the City Treasurer and Finance Director in a timely manner. Finance Director/Finance Services Manager will meet with the City Treasurer on a monthly basis to review the Cash and Investment Reports so that it can be certified and presented to City Council on a timely basis. On August 7, 2012, the approved January through May 2012 Treasurer's Reports were received and file by City Council. June and subsequent reports are pending until completion of year-end audit.</p>	<p>August 2012</p>
<p>Finding 2011-3: Supporting Documentation was not provided for various accounts</p>	<p>Summary: During the audit it was noted that the City could not provide supporting documentation for certain accounts in the City's general ledger.</p>	<p>Inactive accounts have been closed and approved by the Finance Director.</p>	<p>March 2012</p>

*The date listed is an "estimate" and is not the actual date of implementation



SINGLE AUDIT FINDINGS	DESCRIPTION	PROJECTED DATE OF COMPLETION	DATE OF COMPLETION
Finding 2011-4: Year-end close process	Summary: City should have adequate staffing, policies, and procedures in place to ensure the year-end closing process is performed within a timely manner to allow for the preparation of financial statements and other management reports.		July 2012
Finding 2011-5: Capital Assets	Summary: Process and controls have not been implemented to maintain the capital asset list. The capital asset and inventory list was not properly reconciled.	December 2012	December 2012
Finding 2011-6: Schedule of Federal Expenditures	Summary: City did not ensure that all expenditures for federal awards were reported correctly on the SEFA.		July 2012

*The date listed is an "estimate" and is not the actual date of implementation



SINGLE AUDIT FINDINGS	DESCRIPTION	PROJECTED DATE OF COMPLETION	DATE OF COMPLETION
Finding 2011-7: Deferred Revenue	Summary: Deferred revenue and accounts receivable were overstated in the Miscellaneous Grants Fund.	An independent consulting firm, Pun & McGeedy, LLP, has been hired to assist with developing both a Grant and Year-end Checklists. The Grant and Year-end Checklist has been finalized and implemented.	July 2012
Finding 2011-8: Long Term Debt	Summary: City should use debt official statements to identify all costs of issuance, debt discounts, and that the City reconcile net cash proceeds to the amount of debt issued.	The City will use Official Statements from debt issue(s) to properly identify all costs of issuance, debt discounts, and other reportable items needed to reconcile net cash proceeds to the amount of debt issued.	June 2012
Finding 2011-9: Safe-guarding of Cash	Summary: There are insufficient controls in place to ensure the safe-guarding of all City cash on hand.	Finance Director and Finance Services Manager will conduct periodic surprise cash counts to ensure the cash drawers are secured.	June 2012

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