



**CITY OF PLACENTIA
FINANCIAL AUDIT OVERSIGHT COMMITTEE
SPECIAL MEETING AGENDA
6:00 P.M.
OCTOBER 8, 2012
401 E CHAPMAN AVENUE
PLACENTIA, CA 92870**

CALL TO ORDER:

ROLL CALL: Committee Members DeRose, Larson, Mooberry, Padilla, Chough

ORAL COMMUNICATIONS:

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

1. MINUTES

**Financial Audit Committee Meeting
March 22, 2012; April 30, 2012; September 17, 2012
Recommended Action: Approve**

2. REVIEW OF AUDIT STATUS (FY 2011-12)

Recommended Action: Report out

COMMITTEE MEMBER REQUESTS:

FINANCE DIRECTOR REPORT:

ADJOURNMENT:

The Financial Audit Oversight Committee will adjourn to the next regular meeting on January 7, 2013, 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 October 3, 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

**CITY OF PLACENTIA
FINANCIAL AUDIT OVERSIGHT COMMITTEE
SPECIAL MEETING MINUTES
September 17, 2012
6:00 P.M. – City Community Room
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER: Director of Finance Karen Ogawa called the meeting to order at 6:03 p.m.

ROLL CALL:

Present: Committee Members DeRose, Mooberry
Absent: Committee Member Larson

ORAL COMMUNITCATIONS: City Treasurer Craig Green introduced himself to the new Committee Members. Mr. Green stated that he had asked City Administrator Butzlaff to have copies of May, June and July Treasurer reports available to this Committee, and that since they were not given to them he would be obtaining the Members email addresses so that he can email the Treasurers reports to them.

Mr. Green then stated that he had questions regarding the negative balances in the cash funds; they disappeared in February, March, April and May but then in June negative balances returned; and the General Fund has \$5.5 million dollars in it. His question is why did it happen now and stated that he just wants to make sure that this is the correct way of doing things because it doesn't seem right to him. Mr. Green stated that he knows that there is money that can readjust the negative balances and that he received an email form the Mr. Butzlaff stating that it was an anomaly that happens with the year end close; Mr. Green stated that "it just bothers him" and that he wants to get opinions from the Committee and get this item on the agenda for the next meeting.

Mr. Green then requested a meeting with Haskell and White principal auditor Ken Gundersen to chat about this subject, and asked Mr. Gundersen to call him at his convenience to set up a meeting.

Mr. Gundersen asked Director Ogawa if it was permitted to meet with Mr. Green.

Mr. Green then commented "why wouldn't it be ok"?

Director Ogawa stated that Mr. Butzlaff was out today so he was not able to review/return any emails he had received; however, he was going to address them when he was back in the office on Tuesday.

Mr. Gundersen stated that he would be happy to meet with Mr. Green it just that he doesn't wish to have the City Attorney upset with him.

Director Ogawa stated that Mr. Butzlaff will facilitate a meeting at Mr. Green's request.

PUBLIC PRESENT: None

PUBLIC COMMENT: None

STAFF PRESENT:

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

AUDITORS PRESENT: Kenneth Gundersen, Principal of Haskell & White, LLP

ORAL COMMUNICATIONS: None

1. Swearing in of new Committee Members

Director of Administration/Community Services, Steve Pischel performed the swearing in of Members James Chough and Vincent Padilla.

2. Selection of Chairman and Vice-Chairman

a. Director Ogawa called for the selection of Chairman of the Financial Audit Oversight Committee.

Recommended Action: Approve

(APPROVED 4-0-1 for Committee Member DeRose)

b. Chairman DeRose called for the selection of Vice-Chairman of the Financial Audit Oversight Committee.

Recommended Action: Approve

(APPROVED 4-0-1 for Committee Member Mooberry)

3. Approval of Minutes of March 22, 2012

Financial Impact: None

Recommended Action: Approve

(DEFER until October 8, 2012 meeting)

Approval of Minutes of April 30, 2012

Financial Impact: None

Recommended Action: Approve

(DEFER until October 8, 2012 meeting)

4. Introduction of audit firm, Haskell and White, LLP

Ken Gundersen introduced himself to the new members and gave a brief discussion regarding fraud; and asked if any member of this board is aware of any fraud that has happen in the last year or if there is any suspicion of fraud. The Committee Members did not identify any fraud within the City. Mr. Gundersen stated that Haskell and White conducts certain procedures during that audit process that looks for fraud; however they do not design their audit to specifically for fraud.

5. Review of Audit Plan (FY 2011-12)

Director Ogawa presented a brief overview of the Audit Plan for fiscal year 2011-2012. Director Ogawa stated that staff and Haskell and White are going to conduct status update meetings. It has not been determined if they will be weekly or bi-weekly telephone meetings. After the meeting she will report to the Committee the status of the audit via email.

6. Review Fiscal Year 2010-11 Corrective Action Plan

Financial Impact: None

Recommended Action: Director Ogawa reported out on the Corrective Action Plan

COMMITTEE MEMBER REQUESTS:

Member Mooberry requested an explanation on negative balances that Mr. Green had brought up earlier. Mr. Gundersen gave a brief overview on fund balances and how negative balances occur.

FINANCE DIRECTOR REPORT:

Director Ogawa reiterated that she will procure educational materials and set up a meeting/training with regards to deficit cash and fund accounting per Vice Chairman-Mooberry's request.

Director Ogawa stated that staff will hold weekly or bi-weekly telephone meetings with Haskell and White and that she will report to the Committee the status on how the audit is progressing via email.

ADJOURNMENT:

The Financial Audit Oversight Committee adjourned at 7:12 p.m. to the next regular meeting on Monday, October 8, 2012 at 6:00 p.m.

ATTEST:

Karen Ogawa, Director of Finance