

## **Audit Findings Notice to Plumas County Board of Supervisors**

February 4, 2025

Feather River College

I was directed by the FRC Board of Trustees to communicate with the Plumas County Board of Supervisors that external auditors found two repeat issues of FRC finances under the control of the Plumas County Treasurer: (1) FRC not receiving investment income from the County Treasury within the deadline for Federal/State reporting, and (2) failure to pay required IRS and unemployment taxes from the County Treasury. This is the second year of these repeat findings.

With this repeat audit finding, I want to be clear that FRC is not interested in pointing fingers, nor is FRC interested in assigning blame. We have been trying to work proactively to solve the problem of missing investment interest income and late payments. FRC will continue to work with the office to solve the problem. My only goal here is to make the Board of Supervisors aware that FRC now has a two-year repeat audit finding due to circumstances beyond the control of FRC, with our suggestions for a solution below.

### **Finding 1 from CWDL Auditors**

Condition: “During our testing of interest revenues, we noted that the District had not received its quarterly interest revenue from the county Treasury in a timely manner.”

Effect: “The County’s failure to apportion interest quarterly, as required by the Plumas County Investment Policy and Guidelines, has the potential for material misstatement of revenue and receivables based on unknown figures related to the ongoing delinquency of interest apportionment.”

To be clear, FRC did receive Q4 interest payments, it was after FRC had closed the books at the end of the fiscal year and started the auditing process.

### **Finding 2 from CWDL Auditors**

Condition: “During our review of internal controls over cash disbursement, we became aware of instances where paychecks were returned due to processing issues between the County and their bank. We also found instances of unemployment taxes and IRS payments not remitted in a timely manner causing the district to incur the late fees and interest.

Effect: “The District incurred various penalties and interest expenses related to these issues. Total expenses have amounted to \$53,906, including \$1.496 of credits forfeited by the District.”

To be clear, the County covered the expenses, minus the credit forfeit, so it was not paid by FRC. Instead, it was paid by Plumas County taxpayers through the County budget.

FRC is grateful for the improved communication with the County Treasurer's Office. As I stated last year, FRC again advocates for the approval of the County Investment policy and the establishment of the Treasurer Oversight Committee noted in the policy. FRC volunteers to be a participant in the Treasurer Oversight Committee, should one be established, and is willing to help in any manner possible to avoid both FRC future audit findings and unnecessary penalty payments at the expense of Plumas County taxpayers.

Thank you for your time on behalf of the FRC Board of Trustees who asked me to deliver this information.