

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Board of Supervisors and the Grand Jury
County of Plumas
Quincy, California

In planning and performing our audit of the financial statements of the County of Plumas, (County) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are described in the attached appendix.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. It is our intention to use our knowledge of the County gained during our work to make comments and suggestions that will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This communication is intended solely for the information and use of management, the Board of Supervisors and others with the County and is not intended to be, and should not, be used by anyone other than these specified parties.



Smith & Newell CPAs
Yuba City, California
March 23, 2018

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COUNTY OF PLUMAS
Appendix A: Management Letter Comments
For the Year Ended June 30, 2017

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Risk Management - Landfill

Condition

During our audit we noted the County did not have insurance coverage for the landfill. This is a repeat of a prior year finding.

Cause

The County did not have adequate insurance coverage.

Criteria

Insurance coverage should be maintained in order to minimize the risk of loss.

Effect of Condition

The County is exposed to increased loss without insurance coverage of the landfill.

Recommendation

We recommend that the County maintain insurance coverage for the landfill to minimize the risk of loss.

Reconciliation of Monies Held in Evidence Trust

Condition

At the time of our fieldwork we noted that approximately \$17,959 held in the evidence trust had been held for more than ten years.

Cause

Old deposits had not been reviewed to determine whether they should be transferred or refunded.

Criteria

Good internal control requires that all deposits be reviewed periodically to determine if they should be refunded or forfeited.

Effect of Condition

Monies have been held in trust for over ten years and may need to be forfeited or refunded.

Recommendation

We recommend that all monies held in trust be reviewed periodically to determine if they should be forfeited or refunded.

COUNTY OF PLUMAS
Appendix A: Management Letter Comments
For the Year Ended June 30, 2017

CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

Reconciliation of Monies Held in the Public Guardian Trust

Condition

At the time of our fieldwork we noted that there were 7 cases of the 23 cases that were being managed in which the cash balance in the County treasury was different from the detail ledger maintained at the department.

Cause

The department was not reconciling the cash account at the County treasury to the cash ledger kept at the department.

Criteria

Good internal control over the cash held for conservatees requires that the cash ledger at the department be reconciled to the cash in the County treasury.

Effect of Condition

There were differences in the cash held for the conservatees cash ledger and the cash balance held in the County treasury.

Recommendation

We recommend that the cash ledger at the department be reconciled to the cash in the County treasury and that all differences be resolved.

Museum - Cash Shortage

Condition

During our department cash count we noted cash on hand was short by \$10.

Cause

The department's cash on hand at the time of fieldwork did not agree to supporting receipts.

Criteria

Good internal control over collections requires that amounts collected agree to receipts issued.

Effect of Condition

The department's cash on hand was short by \$10.

Recommendation

We recommend that the Museum implement cash handling procedures that ensure that receipts are issued for actual amounts collected.

COUNTY OF PLUMAS
Appendix A: Management Letter Comments
For the Year Ended June 30, 2017

CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

Fairgrounds - Restrictive Endorsement Stamp/Imprest Cash

Condition

During our department cash count we noted that Fairgrounds does not restrictively endorse checks as they are received. We also noted although the County records show an imprest cash balance of \$300, the department does not have that amount on hand.

Cause

The department has not been issued a restrictive endorsement stamp. Also, according to the department, the imprest cash amount of \$300 was returned to the Auditor's Office several years ago.

Criteria

Good internal control over collections requires that checks be restrictively endorsed when received in order to reduce the possibility of cash misappropriation. Also, imprest cash on hand should agree to the accounting records.

Effect of Condition

The department is not using approved cash handling procedures. There is an unresolved difference between the County accounting records and the amount of imprest cash on hand.

Recommendation

We recommend that the Fairground obtain and use a restrictive endorsement stamp and resolve imprest cash.

Animal Control - Issuing Non-Official Receipts

Condition

During our department cash count we noted that the County Animal Control Shelter issues generic receipts for collections

Cause

The receipts issued for collections are generic store-bought receipt books without County information printed on them.

Criteria

Good internal control over collections requires that departments only issue official County receipts for collections.

Effect of Condition

The department is not using approved cash handling procedures.

COUNTY OF PLUMAS
Appendix A: Management Letter Comments
For the Year Ended June 30, 2017

CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)

Animal Control - Issuing Non-Official Receipts (Continued)

Recommendation

We recommend that the Animal Control Shelter only issue official County receipts for collections.

Sheriff Inmate Account

Condition

At the time of our fieldwork, we noted that the Inmate Trust Account had not been reconciled.

Cause

The department did not reconcile the account in a timely manner.

Criteria

Good internal control over cash held in the bank requires that bank reconciliations be completed timely and that all reconciling items be resolved.

Effect of Condition

The Inmate Trust Account was overstated and required adjustment.

Recommendation

We recommend that all bank accounts be reconciled and all adjustments be recorded in a timely manner.

Welfare Trust

Condition

At the time of our audit, we noted \$90,480 held in the Welfare Trust fund from EBT overpayments.

Cause

Funds from EBT overpayments were recorded in the Welfare Trust fund rather than the Welfare operating fund.

Criteria

County assets, including cash, are to be properly recorded and reported in the funds.

Effect of Condition

Cash in the Welfare Trust fund is overstated and cash in the Welfare operating fund is understated.

Recommendation

We recommend that these funds be reviewed and reclassified to the appropriate fund.

COUNTY OF PLUMAS
Appendix B: Status of Prior Year Findings and Recommendations
For the Year Ended June 30, 2017

STATUS OF PRIOR YEAR RECOMMENDATIONS

Risk Management- Landfill

Prior Year Recommendation

We recommend that the County maintain insurance coverage for the landfill to minimize the risk of loss.

Status

Not Implemented

Reconciliation of Monies Held in Evidence Trust

Prior Year Recommendation

We recommend that all monies held in trust be reviewed periodically to determine if they should be forfeited or refunded.

Status

Not Implemented

Reconciliation of Monies Held in the Public Guardian Trust

Prior Year Recommendation

We recommend that the cash ledger at the department be reconciled to the cash in the County treasury and that all differences be resolved.

Status

Partially Implemented

COUNTY OF PLUMAS
Appendix C: Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2017

Risk Management - Landfill

We recommend that the County maintain insurance coverage for the landfill to minimize the risk of loss.

Responsible Individual: Director of Solid Waste

Corrective Action Plan: Plumas County has obtained pollution coverage through Trindel.

Anticipated Completion Date: Done

Reconciliation of Monies Held in Evidence Trust

We recommend that all monies held in trust be reviewed periodically to determine if they should be forfeited or refunded.

Responsible Individual: Sheriff's Office Staff

Corrective Action Plan: The Auditor will discuss with the Sheriff's office and establish review procedures.

Anticipated Completion Date: June 30, 2018

Reconciliation of Monies Held in the Public Guardian Trust

We recommend that the cash ledger at the department be reconciled to the cash in the County treasury and that all differences be resolved.

Responsible Individual: Director of Social Services

Corrective Action Plan: The Auditor's office will work with Social Services to resolve this issue.

Anticipated Completion Date: June 30, 2018

Museum - Cash Shortage

We recommend that the Museum implement cash handling procedures that ensure that receipts are issued for actual amounts collected.

Responsible Individual: Museum Director

Corrective Action Plan: The Auditor will work with the Museum to ensure that proper cash handling procedures are in place.

Anticipated Completion Date: Immediately

COUNTY OF PLUMAS
Appendix C: Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2017

Fairgrounds - Restrictive Endorsement Stamp/Imprest Cash

We recommend that the Fairground obtain and use a restrictive endorsement stamp and resolve imprest cash.

Responsible Individual: Fairgrounds Director

Corrective Action Plan: The Auditor will discuss with the department and ensure that these issues have been resolved.

Anticipated Completion Date: Immediately

Animal Control - Issuing Non-Official Receipts

We recommend that the Animal Control Shelter only issue official County receipts for collections.

Responsible Individual: Sheriff's Department

Corrective Action Plan: The Auditor will discuss with department and conduct training on proper cash handling procedures per County Cash Handling Policy.

Anticipated Completion Date: June 30, 2018

Sheriff Inmate Account

We recommend that all bank accounts be reconciled and all adjustments be recorded in a timely manner.

Responsible Individual: Jail Commander

Corrective Action Plan: Commander Hermann reconciles the Inmate Bank account and verifies the balance in the account per the Keefe accounting system and the activity logs. The Jail Commander is printing monthly reports that list the inmates and their respective balances. This practice was started during 16/17, but due to oversight, the inmate balance reports were not printed for all months during 16/17. Once a new month starts it is not possible to print a prior month. The Jail Commander has begun printing those individual reports and they will be available for the 2017/18 reconciliation.

Anticipated Completion Date: Done

Welfare Trust

We recommend that these funds be reviewed and reclassified to the appropriate fund.

Responsible Individual: Social Services Director

Corrective Action Plan: The Auditor will follow up with the department on this issue.

Anticipated Completion Date: June 30, 2018

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