

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

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

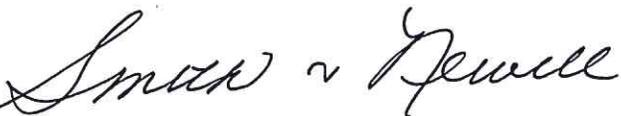
In planning and performing our audit of the financial statements of the County of Plumas, (County) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government 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 26, 2015

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**COUNTY OF PLUMAS**  
**Appendix A: Management Letter Comments**  
**For the Year Ended June 30, 2014**

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**Lack of Timely Processing**

**Condition**

At the time of our fieldwork, we noted two disbursements that were paid in excess of 30 days past the invoice date of the vendor billing. This is a repeat of a prior year finding.

**Cause**

The Auditor staff was not able to perform this function in a timely manner due to departments not submitting claims for payment to the Auditor's office in a timely manner.

**Criteria**

Invoices should be process by both the receiving department and the Auditor in a timely manner.

**Effect of Condition**

Vendor invoices were not processed and paid within 30 days of the invoice date.

**Recommendation**

We recommend that procedure be modified to ensure that invoices are submitted by the County departments to the Auditor for processing and payment in a timely manner.

**Corrective Action Plan**

The Auditor's office will insist that departments send claims in in a more timely manner, and will assist departments in understanding the proper documentation necessary so that claims can be processed quickly. Claims are sometimes stalled because they are sent back to the departments for proper backup or signatures. The Auditor's office has been working with departments to expedite the claims process and will continue to do so.

**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.

**COUNTY OF PLUMAS**  
**Appendix A: Management Letter Comments**  
**For the Year Ended June 30, 2014**

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

**Risk Management - Landfill (Continued)**

**Effect of Condition**

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

**Recommendation**

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

**Corrective Action Plan**

The Risk Manager continues to recommend that Landfill insurance be purchased by Plumas County. The topic will be discussed with the appropriate departments during the budget process for next fiscal year.

**Reconciliation of Monies Held in Evidence Trust**

**Condition**

At the time of our fieldwork we noted that approximately \$10,756 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.

**Corrective Action Plan**

The Auditor will work with the Sheriff's Office to review the evidence trust and determine whether any of the deposits should be transferred or refunded. This will be done for the current fiscal year (2014/2015).

**COUNTY OF PLUMAS**  
**Appendix A: Management Letter Comments**  
**For the Year Ended June 30, 2014**

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS (CONTINUED)**

**Budget**

**Condition**

We noted that for the year ended June 30, 2014, the County did not adopt a budget for the Local Revenue 2011 Fund. This fund had revenue but did not have any expenditures for the year ended June 30, 2014. This is a repeat of a prior year finding.

**Cause**

The County did not adopt a budget for one major special revenue fund.

**Criteria**

Generally accepted accounting principles require that all special revenue funds have a legally adopted budget.

**Effect of Condition**

One major special revenue fund did not have a legally adopted budget.

**Recommendation**

We recommend that all special revenue funds have legally adopted budgets.

**Corrective Action Plan**

The revenue and expenditures for the realignment dollars that flow through the Local Revenue Fund are currently budgeted in the respective departments that ultimately receive the funds. The revenue is recorded in the Local Revenue Fund and is then transferred out to the appropriate departments. If the revenue and expenditures were budgeted in the Local Revenue Fund, there would be duplication of revenue and expense. The departments determine the budget for spending the funds, therefore the budgets are done at the department level.

**COUNTY OF PLUMAS**  
**Appendix A: Management Letter Comments**  
**For the Year Ended June 30, 2014**

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**Year-End Closing Process**

**Prior Year Recommendation**

We recommend that the County strive to record all adjustments in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

**Status**

Not Implemented, reclassified to significant deficiency

**EFT Deposits Lack of Timely Processing**

**Prior Year Recommendation**

We recommend that the County record all deposits to the County's bank accounts in a timely manner.

**Status**

Not Implemented, reclassified to significant deficiency

**Lack of Timely Processing**

**Prior Year Recommendation**

We recommend that procedures be modified to ensure that invoices are submitted by the County departments to the Auditor for processing and payment in a timely manner.

**Status**

Not Implemented

**Sheriff Inmate Welfare Reconciliation**

**Prior Year Recommendation**

We recommend that the Inmate Trust bank account be reconciled to an open listing of balances held for each inmate on a monthly basis. The detail of inmate balances should be printed and maintained

**Status**

Implemented

**COUNTY OF PLUMAS**  
**Appendix A: Management Letter Comments**  
**For the Year Ended June 30, 2014**

**STATUS OF PRIOR YEAR RECOMMENDATIONS (CONTINUED)**

**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

**Outside Bank Accounts**

**Prior Year Recommendation**

We recommend that all bank accounts be properly recorded on the general ledger, and that all outside bank accounts be reconciled monthly and the information provided to the Auditor-Controller.

**Status**

Implemented

**Budget**

**Prior Year Recommendation**

We recommend that all special revenue funds have legally adopted budgets.

**Status**

Not Implemented

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