



Office of the Auditor-Controller
COUNTY OF HUMBOLDT
825 5th Street, Room 126, Eureka, CA 95501-1153
Telephone (707) 476-2452 Fax (707) 445-7449

September 21, 2023

The County of Humboldt respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 to June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below.

The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2021-001 Number of funds

Recommendation: We recommend the Auditor-Controller's Office implement the following procedures:

Analyze each of its governmental trust funds to determine if there is a particular need to account for resources separately from the operating funds of the County. Close several of these trust funds to combine the balances and activities of these funds with existing County operating funds.

Explanation of disagreement with audit finding: No disagreement.

Action planned in response to finding: Once audits, accounting and reporting in the department are caught up and stabilized, staff will review each fund and determine the necessity of each fund and whether it is structured appropriately. Staff will develop a policy for creating and closing funds and work with departments to close all unnecessary funds.

Name(s) of the contact person(s) responsible for corrective action:
Cheryl Dillingham, Auditor Controller

Planned completion date for corrective action plan: 6/30/2024

2021-002 Fortuna Fire District

Recommendation: We recommend the district engage with its current auditors or another entity to complete audits in a timely matter to remove the adverse opinion from its audit report.

Explanation of disagreement with audit finding: No disagreement.

Action planned in response to finding: The Auditor-Controller will assist the district as needed to help with timely completion of audits.

Name(s) of the contact person(s) responsible for corrective action:
Cheryl Dillingham, Auditor Controller

Planned completion date for corrective action plan: The FY 2020-21 audit was completed on 8/25/2023, estimated completion of the FY 2021-22 audit is 12/31/2023.

2021-003 Receivables

Recommendation: We recommend the County establish procedures to ensure subsequent receipts are reviewed for the correct revenue recognition period. This review should include checking bundles of receipts which may contain receipts for multiple periods.

Explanation of disagreement with audit finding: No disagreement.

Action planned in response to finding: As part of the year end closing procedures the Auditor-Controller's office will request that departments forward their year-end Accounts Receivable amounts along with backup documentation to substantiate the amounts and validity of the account.

Auditor-Controller staff will review back-up received and determine the correct reporting period.

Name(s) of the contact person(s) responsible for corrective action:
Cheryl Dillingham, Auditor Controller

Planned completion date for corrective action plan: 10/31/2023

2021-004 Transfers

Recommendation: We recommend the County develop formal procedures for reconciling the County's interfund activity throughout the

year. The County should identify all interfund transactions that do not meet the definition of “transfers” and report those transactions appropriately.

Explanation of disagreement with audit finding: No Disagreement.

Action planned in response to finding: Additional training and guidance will be provided to departments and Auditor Controller staff to use when drafting and reviewing journal entries. Providing a base level of training will assist in properly reporting these transactions. Developing and implementing quarterly financial reporting processes, which include reconciling interfund transfers and transactions will make reconciling interfund activity more manageable by limiting the number of transactions to reconcile and allowing for proper reporting of transactions going forward.

Name(s) of the contact person(s) responsible for corrective action:
Cheryl Dillingham, Auditor Controller

Planned completion date for corrective action plan: 12/31/2023

2021-005 Outstanding Checks and Cash Reconciliation

Recommendation: We recommend the County review their listing of outstanding checks for any items that seem to have not been cashed for long periods of time.

Explanation of disagreement with audit finding: No disagreement.

Action planned in response to finding: Staff will review and reconcile all outstanding checks with a focus on the oldest items. A regular schedule and process for stale dating checks needs to be developed and implemented.

Name(s) of the contact person(s) responsible for corrective action:
Cheryl Dillingham, Auditor Controller

Planned completion date for corrective action plan: 10/31/2023

FINDINGS-FEDERAL AWARDS

2021-006 COVID-19 Epidemiology and Laboratory Capacity Program Reporting

Recommendation: We recommend the County review their reports in a timely fashion and complete their closing procedures in time to comply with grant requirements.

Explanation of disagreement with audit finding: No disagreement.

Action planned in response to finding: The County continues to work to get all audits, accounting and reporting caught up. Once this occurs the closing procedures should happen in time to comply with grant requirements.

Name(s) of the contact person(s) responsible for corrective action:
Cheryl Dillingham, Auditor Controller

Planned completion date for corrective action plan: 12/31/2023

For questions regarding this plan, please call Cheryl Dillingham, (707) 476-2452.