

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 4.1
(ID # 19986)

MEETING DATE:
Tuesday, September 20, 2022

FROM : EXECUTIVE OFFICE:

SUBJECT: SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE: Receive and File the 2022 Governance Planning Communication Letter. All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the 2022 Governance Planning Communication Letter from Teaman, Ramirez and Smith, Inc., Certified Public Accountants, to conduct the annual audit of the Successor Agency to the Redevelopment Agency for the County of Riverside for the fiscal year ending June 30, 2022.

ACTION:Consent

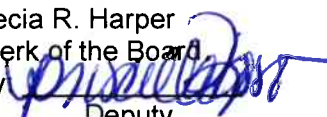


Don Kent, Director of Finance 9/12/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Hewitt and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: September 20, 2022
xc: E.O.

Kecia R. Harper
Clerk of the Board
By 
Deputy



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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS:			Budget Adjustment:	No
			For Fiscal Year:	21/22

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Successor Agency to the Redevelopment Agency for the County of Riverside (Successor Agency) has engaged the services of Teaman, Ramirez and Smith, Inc., Certified Public Accountants to conduct the annual audit of the financial statements of the Successor Agency, 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.

The audit will include examination of evidence supporting the amounts and disclosures in the financial statements, evaluating internal controls, and obtaining reasonable assurance that the financial statements are free from material misstatement.

The 2022 Governance Planning Communication Letter is submitted to the Board of Supervisors to provide notification of the planned scope and timing of the audit, and will meet the requirements of the external auditors conducting the audit of the Successor Agency. Staff requests that the Board receive and file the 2022 Governance Planning Communication Letter from Teaman, Ramirez, and Smith, for the audit of the Successor Agency's financial statements for the fiscal year ended June 30, 2022.

Impact on Residents and Businesses

The annual financial audit of the financial statements of the Successor Agency to the Redevelopment Agency for the County of Riverside provides transparency and oversight.

Attachments:

2022 Governance Planning Communication Letter



SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA

Michael Ambolo
Michael Ambolo, Chief Finance Officer 9/14/2022



August 23, 2022

Board of Supervisors
Successor Agency to the Redevelopment
Agency for the County of Riverside
County of Riverside, CA

We are engaged to audit the financial statements of fiduciary net position of the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Successor Agency") for the year ended June 30, 2022. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated June 17, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the Successor Agency. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Successor Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to *management's discussion and analysis*, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the supplementary combining schedules, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

As part of the audit, we will assist with the preparation of the financial statements, related notes, interest payable, debt reconciliations and related journal entries. However, this assistance does not constitute an audit under *Government Auditing Standards* and is considered nonaudit services. Management is responsible for overseeing and accepting responsibility for these services.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the Successor Agency and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risks of material misstatement as part of our auditing planning:

1. Management Override of Controls.
2. Improper revenue recognition due to fraud.
3. Limited spending based on the Recognized Obligations Payment Schedule (ROPS).

We expect to begin our final audit fieldwork on approximately August 25, 2022 and issue our report approximately in December 2022. Richard A. Teaman is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

Very truly yours,

Teaman Ramirez & Smith, L.L.C.

August 31, 2022

Imelda Delos Santos,
Principal Management Analyst
Riverside County Executive Office
4080 Lemon Street, 4th Floor
Riverside, California 92501

Dear Imelda,

For this year, the Governance Planning Communication Letter (formerly, the SAS 114 Planning Letter) for the audit was issued after interim fieldwork. Normally, we issue it at the same time as the engagement letter but with the updated standards, it requires us to do some preliminary work in order to complete the letter. This includes identifying potential audit risks for our audit planning which is now required to be disclosed in the letter. Some risks we identify during the audit, such as management override of controls and improper revenue recognition, are inherent risks on most audits. These risks identified, for our auditing planning, are what we focus on during our audit and are not necessarily occurring in the Successor Agency. It doesn't mean that there is a problem with that area. It just means there might be more risk in that area than another. If there are any findings, such as internal control deficiencies, those will be communicated at the end of the audit or sooner, if necessary. This letter should be presented to the Board of Supervisors at the next available meeting. Please let us know if you have any questions.

Very truly yours,

TEAMAN, RAMIREZ & SMITH, INC.



Richard A. Gallo
Audit Manager

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