AUDIT PLAN SUMMARY

Town of Los Gatos

Audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS)

FOR THE FISCAL YEAR ENDED

June 30, 2026

Chavan and Associates, llp
Certified Public Accountants

Attachment 1

OVERVIEW

What We'll Cover

01

Auditing Standards & Framework

The professional standards and principles that govern the engagement

02

Our Audit Approach

A risk-based methodology from planning through reporting

03

Interim Testing Results

Key findings from procedures performed to date

04

Year-End Focus Areas

Significant accounts and risk areas for remaining fieldwork

05

Timeline & Deliverables

Key dates from fieldwork through final reporting

PROFESSIONAL STANDARDS

Auditing Standards & Framework

AICPA Statements on Auditing Standards

Professional standards issued by the AICPA governing the conduct of the financial statement audit (SAS 134–142).

GAO / GAGAS (Yellow Book)

Generally Accepted Government Auditing Standards issued by the U.S. Government Accountability Office for engagements involving government funds.

Auditor's Objective

To obtain reasonable assurance that the financial statements are free of material misstatement, whether due to error or fraud.

Reasonable Assurance

A high, but not absolute, level of assurance — audits are designed to detect material, not all, misstatements.

Materiality

The threshold at which a misstatement, individually or in aggregate, could influence the decisions of financial statement users.

Independence

The auditor maintains independence in mind and appearance, consistent with GAGAS and AICPA independence requirements.

METHODOLOGY

Our Risk-Based Audit Approach

1

Planning

Understand the entity, its environment, and internal control

→

2

Risk Assessment

Identify significant accounts and risk areas requiring focused testing

→

3

Testing

Perform interim and year-end procedures, including controls and substantive testing

→

4

Reporting

Communicate results, adjustments, and recommendations to management and those charged with governance

Interim testing focuses on internal controls; year-end testing emphasizes account balances, disclosures, and compliance.

Significant Areas & Risk Areas — Interim

Area	Result	Procedures Performed
Federal Compliance	**N/A**	Not applicable for the current period.
Cash Receipts	**No Exceptions**	5 sites and 26 transactions tested.
Payroll & Allocations	**No Exceptions**	5 employees over 4 pay periods recalculated; onboarding controls and position control tested; 13 key controls tested.
Disbursements & Purchases	**Zero Deviations**	36 transactions sampled; 13 key controls tested.
Credit Cards	**Zero Deviations**	5 employees and 15 transactions sampled; 7 key controls tested.
Bid Testing	**No Exceptions**	3 contracts / projects sampled.
Measure G	**Pending**	Testing to be completed at year-end.

REMAINING FIELDWORK

Significant Areas & Risk Areas — Year-End

1. Journal Entries
2. Cash and Investments
3. Accounts Receivable and Revenue
4. Capital Assets
5. Measure G
6. Fund Balance and Net Position
7. Interfund Transactions
8. Accounts Payable and Expenditures
9. Pensions and OPEB
10. Liabilities

KEY DATES

Audit Timeline

Complete
Interim testing done

9/28 – 10/2
Year-end testing

10/9
Year-end exit conference

10/16
List of recommendations

10/16
List of audit adjustments

10/23
Draft reports and letters

11/13
Final reports and letters

As needed
Report to commission and council

Milestone dates reflect the current audit plan and are subject to change based on fieldwork progress.

THANK YOU

Questions & Discussion

We welcome your questions on the audit plan, scope, or timeline for the fiscal year ended June 30, 2026.