

Town of Los Gatos

Audit Plan Summary

JUNE 30, 2023



Chavan and Associates, LLP
Certified Public Accountants

Audit Process

1

- Audit Planning & Preparation

2

- Audit Execution

3

- Audit Reporting

4

- Follow-up

Auditing Standards

- **AICPA's Statements on Auditing Standards**
- **GAO/GAGAS**
 - We will conduct our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States



Audit Objective/Responsibilities

Objective

- To express an opinion on the financial statements based on our audit.

Responsibilities

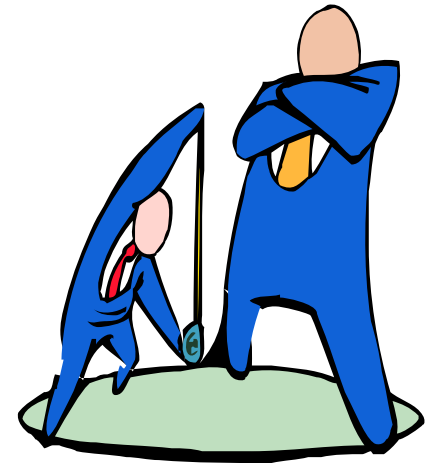
- Plan and perform the audit to obtain ***reasonable assurance*** about whether the financial statements are free from material misstatement.



Audit Objective/Responsibilities

Responsibilities Continued

- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.
- The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but ***not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.***



Significant Areas and Risk Areas - Interim

- Federal compliance: ARPA grant. **Revenue Loss Method.**
- Cash receipts. **No Exceptions, 3 sites.**
- Payroll and payroll allocations between departments, funds and sources. **Sampled 12 employees over four pay periods and recalculated their pay in addition to onboarding controls testing and position control.**
- Disbursements and purchases. **Samples 25 transactions with zero deviations.**
- Credit cards. **Sampled 5 employees with zero deviations.**
- Bid testing. **Sampled 9 contracts/projects.**
- Measure G. **Tested 70% of expenses with no exceptions.**



Significant Areas and Risk Areas - Year-end



- Journal Entries
- Cash and Investments
- AR and Revenue
- Capital Assets
- Interfund Transactions
- Accounts Payable and Expenditures
- Pensions and OPEB
- GASB 96: SBITA's

Questions

