

BOARD OF COUNTY COMMISSIONERS
SARPY COUNTY, NEBRASKA

RESOLUTION AUTHORIZING AGREED-UPON PROCEDURES WITH HSMC
ORIZON, LLC

WHEREAS, pursuant to Neb. Rev. Stat. §23-104(6) (Reissue 2007), the County has the power to do all acts in relation to the concerns of the County necessary to the exercise of its corporate powers; and,

WHEREAS, pursuant to Neb. Rev. Stat. §23-103 (Reissue 2007), the powers of the County as a body are exercised by the County Board; and,

WHEREAS, Sarpy County needs a review of and recommendations for the internal control procedures at the Fleet Services department; and,

WHEREAS, HSMC Orizon, LLC is a CPA firm with the experience and ability to provide the required services related to internal control procedures; and,

WHEREAS, the attached letter describes in detail the services HSMC Orizon LLC will provide related to internal control procedures at the Sarpy County Fleet Services department.

NOW, THEREFORE BE IT RESOLVED, By the Sarpy County Board of Commissioners that the attached letter describing internal control procedures to be performed is hereby approved and the Chairman of this Board is authorized to sign the same.

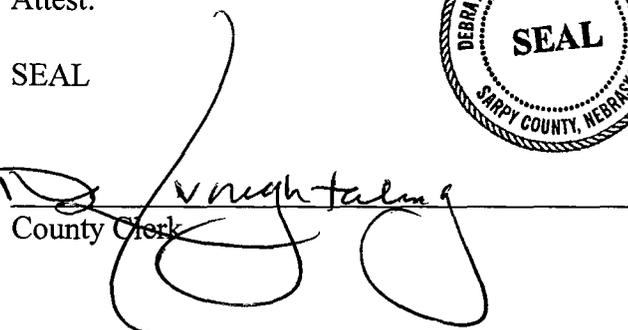
The above Resolution was approved by a vote of the Sarpy County Board of Commissioners at a public meeting duly held in accordance with applicable law on the 30th day of October, 2012.


 Sarpy County Board Chairman

Attest:

SEAL




 County Clerk

Sarpy County Board of Commissioners

1210 GOLDEN GATE DRIVE
PAPILLION, NE
593-4155
www.sarpy.com

ADMINISTRATOR Mark Wayne
DEPUTY ADMINISTRATOR Scott Bovick
FISCAL ADMIN./PURCHASING AGT. Brian Hanson



<u>COMMISSIONERS</u>	
Rusty Hike	District 1
Jim Thompson	District 2
Tom Richards	District 3
Jim Nekuda	District 4
Jim Warren	District 5

Memo

To: Sarpy County Board

From: Brian Hanson

RE: Agree-upon procedures

Recently there were some alleged discrepancies regarding the use of fuel cards and the purchase of shop tools at the Fleet Services Department. It is necessary to have a review of the internal control procedures at the Fleet Services Department to ensure that County assets are not misused. At the October 30, 2012 County Board meeting, the Board will be asked to authorize the Chairman to sign the attached letter authorizing HSMC Orizon LLC (Orizon) to assist the County in improving internal controls over the Fleet Services Department.

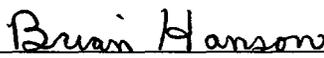
Specifically, Orizon will review 15 fuel purchases made by the Fleet Services manager and determine if the purchase was authorized. This will allow Orizon to determine the weaknesses in the current internal controls. In addition, Orizon will:

1. Review the procedures for issuance of gas cards and for authorization of purchases with those gas cards.
2. Review the procedures for the utilization of and accounting for fuel at the County's Public works shops.
3. Review the procedures for the purchase of and accounting for tools in the Fleet Services department.
4. Review procedures utilized by the Fleet Services parts department to determine if internal controls are adequate.

The estimated fees for these services will be \$5,000 to \$7,000.

Please let me know if you have any questions.

October 25, 2012



Brian Hanson Fiscal Administrator

cc: Mark Wayne
Scott Bovick
Debra J Houghtaling
Mike Smith
Denny Wilson
George Funderburk
Rich Weber

HSMC ORIZON LLC
CPAs, BUSINESS & TECHNOLOGY CONSULTANTS
16924 FRANCES STREET
OMAHA, NEBRASKA 68130



402.330.7008 / PHONE
402.330.6851 / FAX
www.hsmcorizon.com

October 25, 2012

**Mr. Brian Hanson, Fiscal Administrator
and Board of Commissioners
Sarpy County, Nebraska**

This letter is to confirm our understanding of the services we are to provide for Sarpy County, Nebraska (the "County"). This letter will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply procedures to the cash disbursements of the Fleet Service department of the County for the period from January 1, 2011 to September 30, 2012. These procedures will be applied for the purpose of reporting our findings in regards to the results of the procedures performed as compared to the policies and procedures of the County. The procedures we will perform have been agreed to by the County. The agreed-upon procedures we are going to perform are as follows: Select a sample of 15 fuel purchases made by the Sarpy County Fleet Services department manager using County issued gas cards and determine if the purchase was unauthorized.

Our engagement will be made in accordance with the attestation standards for agreed-upon procedures engagements of the American Institute of Certified Public Accountants and in accordance with the attestation standards of *Government Auditing Standards*. The specified parties listed above are solely responsible for the sufficiency of the agreed-upon procedures for their purposes. Therefore, we make no representation as to the sufficiency of these procedures for the purposes of the specified parties or for any other purpose. The agreed-upon procedures are not designed to constitute an examination or review of the subject matter. Therefore, we will not express reasonable or limited assurance on the subject matter. We have no obligation to perform any procedures beyond those agreed to by the specified parties as enumerated in this letter of engagement. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

Our procedures are also not designed to detect error or fraud that is material to the subject matter information. However, we will inform you of any material errors or fraud that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our procedures and does not extend to matters that might arise during any later periods for which we are not engaged. At the conclusion of our engagement, we may also request certain written representations from you about the subject matter information and related matters. We will present a written report listing the procedures and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted-use language. We will maintain the confidentiality of your personal information and apply procedures to protect against any unauthorized release of your personal information to third parties.

With regard to the agreed upon procedures over cash disbursements, the County's management is responsible for establishing and maintain a sound system of internal control in regards to the presentation of the cash disbursements in accordance with the County's procedures. These controls are the best means of preventing or detecting errors or fraud. Management is also responsible for selecting and determining the suitability and appropriateness of the criteria upon

**Mr. Brian Hanson, Fiscal Administrator
and Board of Commissioners
Sarpy County, Nebraska**
October 25, 2012
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which the subject matter will be evaluated. Management is responsible for making all financial records and related information available to us. We understand that you will provide us the basic information required for our procedures and that you are responsible for the accuracy and completeness of that information.

In addition to the agreed-upon procedures noted above, we will also assist the County in improving internal controls over the Fleet Service department. We will obtain information about the County and its internal controls over the Fleet Service department through interviews, observations and other procedures. We will document the results of this engagement in a separate formal report communicating our observations and recommendations. The internal control areas that we will focus on, as requested by the County, are:

1. Review the procedures for issuance of gas cards and for authorization of purchases with those gas cards.
2. Review the procedures for the utilization of and accounting for fuel at the County's Public Works shops.
3. Review the procedures for the purchase of and accounting for tools in the Fleet Services department.
4. Review procedures utilized by the Fleet Services parts department to determine if internal controls are adequate.

We will not express any form of assurance on the effectiveness of internal controls, the financial statements, or any other matter. Please also note that our engagement cannot be expected to detect fraud, however, we will inform you of any fraudulent financial reporting, misappropriation of assets, or violations of laws or government regulations that may come to our attention.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of the latest external peer review report of our firm for your consideration and files.

During the course of the engagement, we may communicate to you or with your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

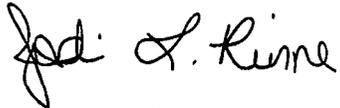
Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. We estimate that the fees for this engagement will be between \$5,000 - \$7,000. We will notify you immediately of any circumstances that we encounter that could significantly affect this initial fee estimate. Invoices will be rendered monthly and are payable upon presentation.

We agree to retain our attest documentation or work papers for a period of at least five years from the date of our report.

**Mr. Brian Hanson, Fiscal Administrator
and Board of Commissioners
Sarpy County, Nebraska**
October 25, 2012
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If the foregoing is in accordance with your understanding, please indicate your agreement by signing the duplicate copy of this letter and returning it to us. If you have any questions, please contact me at your convenience.

Sincerely,

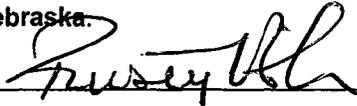


Jodi L. Rinne, CPA
For the Firm

RESPONSE:

This letter correctly sets forth our understanding.

Sarpy County, Nebraska

Approved by:  _____

Title: Chairman _____

Date: 10/30/2012 _____

SYSTEM REVIEW REPORT

December 14, 2011

To the Owners
Orizon CPAs LLC

We have reviewed the system of quality control for the accounting and auditing practice of Orizon CPAs LLC (the firm) in effect for the year ended April 30, 2011. Our review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of performing and reporting in conformity with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitation of and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Orizon CPAs LLC in effect for the year ended April 30, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Orizon CPAs LLC has received a peer review rating of *pass*.

Hansen, Barnett & Maxwell P.C.