

**CITY OF NEWPORT BEACH  
FINANCE COMMITTEE STAFF REPORT**

June 11, 2012

**TO:** HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Tracy McCraner, Finance Director  
(949) 644-3123 or [tmccraner@newportbeachca.gov](mailto:tmccraner@newportbeachca.gov)

**SUBJECT: ENTRANCE CONFERENCE WITH EXTERNAL AUDITORS RE: FY  
2011-12 CAFR AUDIT**

---

**ABSTRACT:**

External auditors, White Nelson Diehl Evans LLP, are beginning the Comprehensive Annual Financial Report (CAFR) audit for fiscal year ending June 30, 2012. This meeting provides the committee an opportunity to meet with the auditors and discuss the scope and work plan for the audit as well as any other issues or concerns.

**BACKGROUND:**

Auditing standards require external auditors to provide certain communications regarding financial statement audits to those charged with governance. At a minimum, this should include the Finance (audit) Committee. The auditor should have full access to the Finance Committee; the chair and other members of the committee should meet with the auditor periodically (as needed) throughout the audit; and the committee should meet with the auditor without management present at least annually.

This entrance conference will serve as the first meeting between the auditor and the committee for the FY 2011-12 CAFR audit and should focus on the review of the external auditors' proposed audit scope and approach. New or amended accounting standards and disclosure requirements should be discussed as well as any audit areas the committee wants addressed during the audit process. The committee has the option at this meeting to request time with the auditor without management present to address any issues or concerns they may have at this time.

**CONCLUSION:**

This is the first meeting scheduled with the Finance Committee with others to follow. The committee may request as many meetings they deem necessary. There will be at least one more meeting for the auditor to discuss findings and recommendations, and to provide an opportunity for the committee to meet with the auditors without management present if they deem not to do so at this meeting.

Prepared by:

/s/Tracy McCraner

Tracy McCraner  
Finance Director