

Management Letter
For Fiscal Year Ended June 30, 2025
County of Solano, California



To the Board of Supervisors
County of Solano, California

In planning and performing our audit of the financial statements of the County of Solano, California (County), as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

During our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that are opportunities for strengthening internal controls and operating efficiency. The observations and recommendations are summarized below. This letter does not affect our report dated December 19, 2025, on the financial statements of the County.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

1. Information Technology – User Access Reviews

OBSERVATION:

A user review of OneSolution and the County Assessment and Taxation System (CATS) permissions is not performed and formally documented at least annually. Failure to review systems access on a periodic basis could allow unnecessary or unauthorized users the ability to modify or view County data inappropriately.

RECOMMENDATION:

We recommend that the County conduct and document periodic reviews of user access level permissions to ensure that users only have access to system(s) necessary for their job duties and to identify any conflicting roles or permissions, at least annually.

MANAGEMENT'S RESPONSE:

As previously reported, DoIT administers a countywide practice for access control for systems that are centrally secured by DoIT. A role based access control (RBAC) framework and review process is under development with new IT Security Management leadership. This framework will be generalized to be applicable to all county systems and DoIT will seek to partner with the Auditor-Controller's Office (ACO) to apply this framework to systems under the ACO umbrella of control. Access control to Finance Enterprise (FE) system is controlled and administered by ACO. ACO will develop a process for annual review of access controls and DoIT will collaborate closely with the ACO to use best practices for frequency of this RBAC review of FE user access permissions.

For the CATS system, DoIT's primary role is as a system steward of access control. The End Users Services team in DoIT grants and withdraws access control the CATS at the request of authorized designees from the system owners (the ACO, ASR, Tax Collector departments). With coordination of system owner departments, ACO will also develop a process for annual review of access controls for the CATS system, and DoIT management could aid in this effort by producing access control reporting.

2. Information Technology – Security Management

OBSERVATION:

The County relies upon the security of its vendor's County Assessment and Taxation System (CATS) application for property taxation. The CATS application is hosted by its vendor and the vendor provides the County with its service organization controls (SOC) report annually. We observed that the County's review of the SOC report is not formally documented to evidence the County's consideration of exceptions identified in the SOC report and the impact on the County's user entity control activities.

RECOMMENDATION:

We recommend the County strengthen its procedures to include formally documenting its review of the SOC reports for critical financial reporting applications, including the CATS application.

MANAGEMENT'S RESPONSE:

DoIT agrees with this recommendation. A new IT Security Manager was hired on December 22, 2025 with the goal of modernizing the IT security program with a focus on Governance Risk and Compliance (GRC). The intent is to build business processes and increase staffing in a way that would allow this type of work to be regularly scheduled for critical systems across the county – including CATS.

3. Capital Assets Transactions

OBSERVATION:

Delays were noted in transferring completed CIP projects to capital assets and starting depreciation. We observed an asset that was placed in service in May 2023 that was not capitalized until FY2025, resulting in a catch-up depreciation adjustment and prior period amounts not recorded.

RECOMMENDATION:

We recommend the County implement periodic reviews and documented controls to ensure timely CIP transfers and depreciation commencement. Strengthen coordination among project management, accounting, and fixed asset teams.

MANAGEMENT'S RESPONSE:

General Services Department (GSD) Management recognizes certain delays in communicating CIP in-service dates to the Auditor-Controller's Office (ACO) on projects for starting depreciation. GSD agrees with the recommendation and will implement periodic reviews and documented controls to ensure timely CIP transfers and depreciation commencement. Recent meetings and discussion among project management, accounting, and fixed asset teams will help to ensure timely reporting:

- Quarterly synchronization meetings between GSD and ACO will be established as checkpoints to strengthen communication and alignment between both departments.
- These will serve as structured checkpoints to ensure consistent communication between departments.

PRIOR YEAR MANAGEMENT LETTER COMMENTS

Information Technology – Business Continuity Plan

Status: Implemented

Information Technology – User Access Reviews

Status: Not implemented. See current year observations.

Information Technology – Security Management

Status: Not implemented. See current year observations.

Information Technology – Physical Access Controls

Status: Implemented

Other Postemployment Benefit Census Data

Status: Implemented

Assessor Property Valuation Change Review

Status: Implemented

Capital Assets Transactions

Status: Not implemented. See current year observations.

**NEW FINANCIAL REPORTING STANDARDS
INFORMATIONAL ONLY**

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement is effective for reporting periods beginning after June 15, 2025 (June 30, 2026).

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital asset. This Statement is effective for reporting periods beginning after June 15, 2025 (June 30, 2026).

GASB Statement No. 105 – In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. This Statement is effective for reporting periods beginning after June 15, 2026 (June 30, 2027).

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the County gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

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



Sacramento, California
December 19, 2025