

**City of Brawley**  
Brawley, California

Single Audit Report on Federal Awards

Year Ended June 30, 2023



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

# CITY OF BRAWLEY

## SINGLE AUDIT REPORT ON FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

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Terry P. Shea, CPA (Partner Emeritus)

*Independent Auditor's Report*

To the Honorable City Council  
City of Brawley  
Brawley, California

**MANAGERS / STAFF**

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John Maldonado, CPA, MSA  
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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate remaining fund information and each major fund of the City of Brawley (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 23, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**MEMBERS**

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be a significant deficiency.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Management's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the management's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The management's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
August 23, 2024



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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*Independent Auditor's Report*

To the Honorable City Council  
City of Brawley  
Brawley, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Brawley's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

**MANAGERS / STAFF**

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We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated August 23, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
August 23, 2024



# CITY OF BRAWLEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Program Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through the State of California Housing and Community Development Department:</i>				
Community Development Block Grant/Entitlement Grants	14.228	18-CDBG-12905	\$ 149,910	\$ -
Community Development Block Grant/Entitlement Grants	14.228	21-CDBG-PI-00029	7,493	-
Total AL 14.228			<u>157,403</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>157,403</u></b>	<b><u>-</u></b>
<b>U.S. Department of Justice</b>				
<i>Direct Assistance:</i>				
2021 COPS Hiring Program	16.710	2020-UM-WX-0077	33,121	-
2022 COPS Hiring Program	16.710	15JCOPS-22-GG-03364-UHPX	46,371	-
Total AL 16.710			<u>79,492</u>	<u>-</u>
2022 Edward Byrne Memorial Justice	16.738	15PBJA-22-GG-02883-JAGX	10,097	-
Equitable Sharing Program (Federal Asset Forfeiture)	16.922	Unknown	188,866	-
<b>Total U.S. Department of Justice</b>			<b><u>278,455</u></b>	<b><u>-</u></b>
<b>Executive Office of the President</b>				
<i>Direct Assistance:</i>				
High Intensity Drug Trafficking Areas Program	95.001	HIDTA Best	11,332	-
High Intensity Drug Trafficking Areas Program	95.001	HIDTA DHE	7,747	-
Total AL 95.001			<u>19,079</u>	<u>-</u>
<b>Total Executive Office of the President</b>			<b><u>19,079</u></b>	<b><u>-</u></b>
<b>U.S. Department of Transportation</b>				
<i>Direct Assistance:</i>				
Airport Improvement Program	20.106	3-06-0028-023-2022	32,175	-
<i>Passed through the State of California Department of Transportation:</i>				
Highway Planning and Construction	20.205	CML- 5167 (045)	913,844	-
Highway Planning and Construction	20.205	CML-5167 (044)	922,951	-
Highway Planning and Construction	20.205	STPL -5167(043)	19,845	-
Total AL 20.205			<u>1,856,640</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<b><u>1,888,815</u></b>	<b><u>-</u></b>
<b>U.S. Department of the Treasury</b>				
<i>Passed through the State of California Office of Emergency Services</i>				
American Rescue Plan Act	21.027	Unknown	1,612,502	-
<b>Total U.S. Department of the Treasury</b>			<b><u>1,612,502</u></b>	<b><u>-</u></b>
<b>U.S. Department of Homeland Security</b>				
<i>Direct Assistance:</i>				
Homeland Security Investigations (ICAC)	16.800	ICAC	6,304	-
Homeland Security Grant Program	97.067	OPSG	151,371	-
Homeland Security Investigations (OCDETF)	97.067	SW-CAS-0799	20,742	-
Homeland Security Investigations	97.067	SLOT	25,320	-
Total AL 97.067			<u>197,433</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>203,737</u></b>	<b><u>-</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 4,159,991</u></b>	<b><u>\$ -</u></b>

# CITY OF BRAWLEY

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

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(1) *Basis of Presentation*

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the City of Brawley (the City) under federal programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) *Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program. The City did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

# CITY OF BRAWLEY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2023

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### SECTION I: SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	<u>  X  </u>	No
Significant deficiency(ies) identified?	<u>  X  </u>	Yes	_____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	<u>  X  </u>	No

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	<u>  X  </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u>  X  </u>	None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)?

_____	Yes	<u>  X  </u>	No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
20.205	Highway Planning and Construction
21.027	American Rescue Plan Act

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	_____	Yes	<u>  X  </u>	No
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# CITY OF BRAWLEY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2023

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### SECTION II: FINANCIAL STATEMENT FINDINGS

#### **Finding 2023-001: Year-End Closing** ***Significant Deficiency***

##### Criteria

The organization is required to prepare accurate and timely financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and ensure all adjusting journal entries are reviewed and approved by management before closing the books for the fiscal year.

##### Condition

During the audit, it was noted that several year-end closing processes, such as account reconciliations and adjusting entries, were not performed in a timely manner.

##### Cause

The deficiency occurred due to a lack of adequate internal controls over the financial reporting process, as well as limited staffing available to perform these functions.

##### Effect

As a result of the deficiency, there were significant delays in finalizing the trial balance and issuing the annual financial statements, which could lead to misinformed decision-making by stakeholders. The potential for material misstatements increases without proper review and approval of journal entries, compromising the reliability of the financial reporting process.

##### Recommendation

We recommend that the organization implement a formal policy requiring management review and approval of all adjusting journal entries. Additionally, staff involved in the year-end closing process should receive training on the importance of internal controls and accurate financial reporting. Management should also perform a periodic review of the financial statements to ensure accuracy and completeness.

##### Management Response

See attached Corrective Action Plan.

# CITY OF BRAWLEY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2023

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### SECTION II: FINANCIAL STATEMENT FINDINGS, Continued

#### **Finding 2023-002 – Preparation of the Schedule of Expenditures of Federal Awards *Significant Deficiency***

##### Criteria

In order to have a proper basis for the single audit, the entity must have procedures in place in order to prepare an accurate Schedule of Expenditures of Federal Awards (SEFA).

##### Condition

During the audit, as a result of audit inquiries, SEFA totals were adjusted and we received various revisions to the SEFA.

##### Cause

The City is managing multiple federal award with different reporting timeframes, which could potentially lead to errors and confusion, and complexities in tracking.

##### Identification as a Repeat Finding

This is a new finding for fiscal year 2023.

##### Effect

Errors in the preparation of the SEFA could result in increased difficulties in securing future federal grants or funding, due to a history of noncompliance or audit findings.

##### Context/Sampling

During testing of the Highway Planning and Construction program, auditor reviewed the program expenditures on the SEFA and noted that they were based on balances listed on the grant agreements instead of being reflective of actual program expenditures. This resulted in an overstatement of \$98,325, which was then corrected upon revision of the SEFA.

##### Questioned Costs

No questioned costs.

##### Recommendation

We recommend that the City develop clear policies and procedures for preparation of the SEFA, including guidelines for data collection, reporting and review.

##### Management's Response

See attached Corrective Action Plan.

**CITY OF BRAWLEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

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**SECTION III. FEDERAL AWARD FINDINGS**

No matters to report.

# CITY OF BRAWLEY

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2023

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### CURRENT STATUS OF PRIOR YEAR FINDINGS:

**Finding 2022-001:**  
*Material Weakness*

Corrective action was taken.

**Finding 2022-002:**  
*Noncompliance*

Corrective action was taken.



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August 19, 2024

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**Re: Management response to Schedule of Findings and Questioned Costs for Audit Year-ended June 30, 2023**

We appreciate the thorough review conducted by Rogers, Anderson, Malody & Scott, LLP and the identification of areas for improvement in our financial reporting processes. We value your insights and are committed to addressing the findings to enhance our internal controls and ensure compliance with regulatory standards. Below, we provide our formal responses to the audit findings and detail our corrective action plans.

**Management Response to Finding 2023-001: Year-End Closing**

We acknowledge the finding and agree with the recommendations provided and have developed a Corrective Action Plan to address the issues identified.

Action Plan:

- 1. Formal Policy Implementation:**
  - We will develop and implement a formal policy that mandates the review and approval of all adjusting journal entries by management before the fiscal year-end close. This policy will be documented and communicated to all relevant staff.
  - The policy will outline specific procedures and timelines for the preparation, review, and approval of adjusting journal entries to ensure compliance with GAAP.
- 2. Training and Development:**
  - We will organize comprehensive training sessions for all staff involved in the year-end closing process. This training will focus on the importance of internal controls, accurate financial reporting, and adherence to our new policies and procedures.
  - The training program will be developed and conducted by our finance team in collaboration with external experts and resources if necessary.
- 3. Periodic Review of Financial Statements:**
  - Management will implement a structured process for periodic reviews of financial statements throughout the fiscal year. This will include interim reviews to ensure accuracy and completeness before the year-end close.



- A review schedule will be established, and management will ensure that reviews are performed in a timely manner to avoid last-minute delays.

### **Monitoring and Follow-Up:**

- We will establish a monitoring system to track the implementation of these corrective actions and assess their effectiveness. Regular follow-up meetings will be scheduled to review progress and make necessary adjustments.

### **Management Response to Finding 2023-002: Preparation of the Schedule of Expenditures of Federal Awards (SEFA)**

We acknowledge the findings related to the Schedule of Expenditures of Federal Awards (SEFA) and understand the importance of accurate reporting. To address these issues, we are implementing the following actions:

- 1. Enhanced Procedures:**
  - We will develop and implement clearer procedures for preparing the SEFA to ensure accuracy. This includes a review process to cross-check SEFA totals with actual program expenditures.
- 2. Improved Tracking:**
  - We will enhance our tracking system for federal awards to better manage different reporting timeframes and reduce the risk of errors.
- 3. Staff Training:**
  - Relevant staff will receive training on the preparation and reporting of the SEFA to ensure they understand the importance of accurate data entry and reporting.

We are dedicated to improving our internal controls and financial reporting processes to address the findings and prevent their recurrence. We value the recommendations provided and appreciate your assistance in strengthening our financial management practices. Should you require any further information or wish to discuss our action plans in more detail, please do not hesitate to contact us.



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