

City of Brawley
Brawley, California

Single Audit Report on Federal Awards

Year Ended June 30, 2024



CITY OF BRAWLEY

SINGLE AUDIT REPORT ON FEDERAL AWARDS YEAR ENDED JUNE 30, 2024

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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**

Independent Auditor's Report

To the Honorable City Council
Town of Brawley, California

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brawley (the entity) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated September 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-004 and 2024-005.

Entity's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the entity's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 16, 2025

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

Independent Auditor's Report

To the Honorable City Council
City of 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, 2024. 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, 2024.

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.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005. Our opinion on each major federal program is not modified with respect to these matter. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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.

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated September 16, 2025, 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 basic financial statements as a whole.

Rogers, Anderson, Maloddy & Scott, LLP.

San Bernardino, California
September 16, 2025

CITY OF BRAWLEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Program Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Passed through the State of California Housing and Community Development Department:</i>				
<i>CDBG - Entitlement/Special Purpose Grants Cluster:</i>				
Community Development Block Grant/Entitlement Grants	14.218	21-CDBG-PI-00028	\$ 340,910	-
Community Development Block Grant/Entitlement Grants	14.218	21-CDBG-PI-00029	332,675	-
Total CDBG - Entitlement/Special Purpose Grants Cluster			673,585	-
Community Development Block Grant/Entitlement Grants	14.228	18-CDBG-12905	28,767	-
Total U.S. Department of Housing and Urban Development			702,352	-
U.S. Department of Justice				
<i>Direct Assistance:</i>				
2021 COPS Hiring Program	16.710	2020-UM-WX-0077	46,759	-
2022 COPS Hiring Program	16.710	15JCOPS-22-GG-03364-UHPX	247,387	-
Total AL 16.710			294,146	-
Homeland Security Investigations (ICAC)	16.543	ICAC	7,061	-
2023 Edward Byrne Memorial Justice	16.738	15PBJA-23-GG-03134-JAGX	10,875	-
2023 Rural and Small Department Violent Crime Reduction Program	16.039	15PBJA-23-GG-05320-RURA	32,735	-
Equitable Sharing Program (Federal Asset Forfeiture)	16.922	Unknown	37,393	-
Total U.S. Department of Justice			382,210	-
Executive Office of the President				
<i>Direct Assistance:</i>				
High Intensity Drug Trafficking Areas Program	95.001	HIDTA IV Best	70,324	-
Total Executive Office of the President			70,324	-
U.S. Department of Transportation				
<i>Direct Assistance:</i>				
Airport Improvement Program	20.106	3-06-0028-023-2022	140,232	-
<i>Passed through the State of California Department of Transportation:</i>				
Highway Planning and Construction	20.205	CML- 5167 (045)	-	-
Highway Planning and Construction	20.205	CML-5167 (044)	-	-
Highway Planning and Construction	20.205	STPL -5167 (043)	513,155	-
Total AL 20.205			513,155	-
<i>Direct Assistance:</i>				
Selective Traffic Enforcement Program (STEP)	20.608	PT24018	8,386	-
<i>Highway Safety Cluster:</i>				
Selective Traffic Enforcement Program (STEP)	20.600	PT24018	16,310	-
Traffic Records Improvement Project	20.616	TR24005	90,123	-
Total Highway Safety Cluster			106,433	-
Total U.S. Department of Transportation			768,206	-
U.S. Department of the Treasury				
<i>Passed through the State of California Office of Emergency Services</i>				
American Rescue Plan Act	21.027	Unknown	3,493,258	-
Total U.S. Department of the Treasury			3,493,258	-
U.S. Department of Homeland Security				
<i>Direct Assistance:</i>				
Homeland Security Grant Program	97.067	OPSG	147,658	-
Homeland Security Investigations (OCDETF)	97.067	SLOT-SW-CAS-0880H	6,134	-
Homeland Security Investigations	97.067	SLOT SW-CAS-0851H	3,158	-
Total AL 97.067			156,950	-
Total U.S. Department of Homeland Security			156,950	-
Total Expenditures of Federal Awards			\$ 5,573,300	\$ -

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF BRAWLEY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards.

(a) *Scope of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of the City of Brawley (City) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared 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 operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows, where applicable, of the City.

(b) *Basis of Accounting*

The expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(c) *Subrecipients*

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development to subrecipients. The City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. There were no amounts passed through to subrecipients in the fiscal year ending June 30, 2024.

(d) *De Minimis Indirect Cost Rate*

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, 2024

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

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u>	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)?	<u> </u>	Yes	<u> X </u>	No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
21.027	American Rescue Plan Act

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
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CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS

Finding 2024-001 – Year-End Closing *Material Weakness*

Criteria

The City is required to prepare and submit financial statements prepared in accordance with generally accepted accounting principles (GAAP) and applicable governmental accounting standards. Timely and accurate financial reporting is essential to maintain compliance with regulatory requirements and support informed decision-making.

Condition

The City experienced significant delays in completing its annual audit due to excessively late financial statement preparation and inefficiencies in the year-end closing procedures. The lack of timely and accurate financial reporting impairs the City's ability to meet regulatory deadlines and ensure transparency in its financial operations.

Cause

The delays and deficiencies in financial statement preparation were primarily due to inadequate internal controls over the financial reporting process, insufficient staffing or training in accounting functions, and ineffective communication among departments responsible for financial reporting. Additionally, the implementation of a new accounting software caused unforeseen challenges, including technical issues, data migration complexities, and extended processing times, which further disrupted the financial closing process.

Effect

The late completion of the audit resulted in noncompliance with reporting deadlines, potential penalties, and a lack of reliable financial data for stakeholders. Additionally, the inefficiencies in the closing procedures increased the risk of material misstatements, errors, and omissions in the financial statements, which could impact the accuracy and integrity of the City's financial position.

Recommendation

We recommend that the City implement stronger internal controls over the financial reporting process, including: Establishing a structured and documented year-end closing schedule with clear responsibilities and deadlines.

- Providing additional training to accounting personnel to ensure proficiency in governmental accounting standards and the newly implemented accounting software.
- Enhancing communication and coordination among finance staff to ensure timely reconciliation and review of financial records.
- Investing in financial management systems or resources to improve efficiency and accuracy in financial reporting, while ensuring proper testing and contingency plans for future software implementations.

Management Response

See corrective action plan.

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS, CONTINUED

Finding 2024-002 – Bank Reconciliation Review ***Material Weakness***

Criteria

Regular and timely bank reconciliations are a fundamental internal control requirement to ensure the accuracy of financial records and the detection of discrepancies. Government accounting standards require entities to perform and document reconciliations as part of their financial management practices.

Condition

The City did not complete bank reconciliations in a timely and consistent manner, leading to incomplete and late reconciliations. This issue increases the risk of undetected errors, misstatements, and potential fraud.

Cause

The delays in completing bank reconciliations were due to inadequate staffing, insufficient training, and a lack of structured processes to ensure timely completion. Additionally, workflow inefficiencies and competing priorities within the finance department further contributed to the issue.

Effect

Failure to perform timely bank reconciliations increases the risk of financial reporting errors, undetected misappropriation of funds, and inaccurate cash balances. This issue can undermine stakeholders' confidence in the reliability of financial information and create difficulties in financial decision-making.

Recommendation

We recommend that the City strengthen its internal controls over bank reconciliations by:

- Implementing a formal reconciliation schedule with clear deadlines and accountability.
- Providing additional training to finance personnel on best practices for timely and accurate reconciliations.
- Allocating sufficient resources to ensure reconciliations are completed consistently.
- Regularly reviewing reconciliation reports and promptly addressing any discrepancies.
- Exploring automation tools or financial management systems to improve the efficiency of the reconciliation process.

Management Response

See corrective action plan.

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS, CONTINUED

Finding 2024-003 – Segregation of Duties ***Significant Deficiency***

Criteria

Having appropriate segregation of duties within the IT environment is important to ensure that physical security and access to programs and data are appropriately controlled to prevent modification, damage or loss of data.

Condition

During our audit of the City, we noted a lack of segregation of duties within the disbursement process. The accounts payable staff has the ability to add/remove vendors along with performing additional functions in the accounts payable process.

Cause

The City does not have appropriate segregation of duties within the disbursements processing function.

Effect

Unauthorized changes in vendors could be made without detection of the Finance Department and have the potential of the creation of fictitious vendors.

Recommendation

As stated above, an adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. We believe it is important for management and the City Council to be aware that whenever there is a lack of segregation of duties, the system is far more susceptible to errors or other irregularities, either intentional or unintentional, not being discovered. It is recommended that the City restrict the ability to add/remove vendors to another more appropriate individual.

Management Response

See corrective action plan.

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS, CONTINUED

Finding 2024-004 – Debt Reporting *Noncompliance*

Criteria

In order to maintain compliance with bond requirements, annual filings must be made in a timely manner to Electronic Municipal Market Access (EMMA).

Condition

During the audit, we noted reporting of continuing disclosure on the Tax Allocation Refunding Bonds Series 2016A, and the Taxable Pension Obligation Bonds Series 2017 had not been submitted to Electronic Municipal Market Access (EMMA) agency in a timely manner.

Cause

Due to the delay of financial reporting and issuance of the June 30, 2023 financial statements, the City fell out of compliance with the requirements noted above.

Effect

The City is not in compliance with bond reporting requirements.

Recommendation

We recommend the City prioritize timely financial reporting in the future to allow for timely reporting to EMMA.

Management Response

See corrective action plan.

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS, CONTINUED

Finding 2024-005 – Single Audit Filing *Noncompliance*

Criteria

Per the Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200.507(c)(1), regulations state the audit must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Condition

The City was subject to a single audit as more than \$750,000 of federal funds were expended during the fiscal year. As of the date of the issuance of the financial statements, the single audit has not been completed and therefore not submitted to the federal clearinghouse or other relevant granting agencies within the prescribed deadline.

Cause

Due to delay of financial reporting and issuance of the June 30, 2024, financial statements, the City fell out of compliance with the requirements noted above.

Effect

The City has put their federal funding status at risk for the delays in reporting.

Questioned Costs

None.

Recommendation

We recommend the City implemented internal controls to perform a timely closing of the audit, which would include the preparation of the schedule of expenditures of federal awards. This would allow for the timely submission of required report to the federal government.

Managements Response

See Corrective Action Plan.

CITY OF BRAWLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS **Year Ended June 30, 2024**

SECTION III. FEDERAL AWARD FINDINGS

None identified.

CITY OF BRAWLEY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS **Year Ended June 30, 2024**

CURRENT STATUS OF PRIOR YEAR FINDINGS:

Finding 2023-001 *Significant Deficiency*

Not implemented; reported as Finding 2024-001.

Finding 2023-002 *Significant Deficiency*

Corrective action taken.



City of Brawley, Finance Department
400 Main Street
Brawley, CA 92227
760-344-8941

September 19, 2025

Rogers, Anderson, Malody & Scott, LLP
735 E Carnegie Drive, Suite 100
San Bernardino, Ca 92408

Re: Management response to Schedule of Findings and Questioned Costs for Audit Year-ended June 30, 2024

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 2024-001: 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 2024-002: Bank Reconciliation Review

The City concurs with the finding. We recognize the importance of timely and accurate bank reconciliations as a critical internal control to ensure the integrity of financial reporting, detect discrepancies, and safeguard public funds.

To address this finding, the City has taken the following corrective actions:

- **Formal Reconciliation Schedule:** A monthly reconciliation schedule has been established with defined deadlines. Reconciliations will be completed within 45 days of month-end close.
- **Accountability:** The Finance Director will review and sign off on all reconciliations to ensure timely completion and accuracy.
- **Training:** Finance staff assigned to bank reconciliations have received additional training on reconciliation procedures and best practices.
- **Resource Allocation:** Duties have been restructured within the Finance Department to ensure sufficient resources are dedicated to reconciliation and review.

These measures are intended to strengthen internal controls, improve efficiency, and ensure reconciliations are completed consistently and on time. In November 2024, the City hired an Accountant dedicated to completing and processing bank reconciliations.

Management Response to Finding 2024-003: Segregation of Duties

The City concurs with the finding. We acknowledge that adequate segregation of duties is critical to reducing the risk of unauthorized transactions and strengthening internal controls within the disbursement process.

To address this issue, the City has taken and will continue to implement the following corrective actions:

- **Vendor Maintenance Restriction:** Accounts Payable staff will no longer have the ability to add or remove vendors. This function was reassigned to the Accountant effective January 2025.
- **System Controls:** The City is reviewing system permissions to ensure appropriate segregation of duties is embedded in the financial management system.
- **Monitoring and Review:** A monthly vendor change report will be generated and reviewed by the Assistant Finance Director to confirm that all vendor additions or modifications are valid and properly supported.

- **Training:** Staff have received updated training on their roles and responsibilities under the revised process to ensure compliance.

These measures will ensure that no single individual has the ability to initiate, authorize, and complete a vendor transaction. The City anticipates full implementation of these controls by October 30th, 2025.

Management Response to Finding 2024-004: Debt Reporting

The City concurs with the finding. We recognize the importance of timely EMMA reporting to maintain compliance with bond covenants and to preserve transparency and credibility with stakeholders and bondholders.

To address this issue, the City has taken the following corrective actions:

- **Assignment of Responsibility:** The Finance Director has formally assigned responsibility for preparing and submitting EMMA filings to the Assistant Finance Director, with oversight and review by the Finance Director.
- **Compliance Calendar:** A debt compliance calendar has been established to track all reporting deadlines, including EMMA continuing disclosure requirements, with reminders set well in advance of due dates.
- **Integration with Audit Timeline:** The City will ensure financial reporting timelines are closely monitored so that delays in audit issuance do not impact required EMMA filings. If necessary, draft financial information will be used to ensure timely submission.
- **Ongoing Monitoring:** A quarterly review of debt compliance obligations will be performed by Finance management to confirm reporting requirements are met.

The City anticipates that these measures will ensure all future EMMA filings are completed accurately and on time.

Management Response to Finding 2024-005: Single Audit Filing

The City concurs with the finding. We recognize the importance of timely completion and submission of the Single Audit to the Federal Audit Clearinghouse (FAC) to ensure compliance with federal regulations and to protect continued access to federal funding.

To address this issue, the City has implemented and will continue to strengthen the following corrective actions:

- **Audit Timeline Management:** A formal audit timeline has been established, including deadlines for the preparation of the Schedule of Expenditures of Federal Awards (SEFA) and coordination with auditors.
- **Early Preparation of SEFA:** The Finance Department will prepare the SEFA in advance of the year-end close to minimize delays in audit testing.
- **Resource Allocation:** Additional staffing and cross-training have been implemented within the Finance Department to ensure adequate coverage and support for timely audit preparation.

- **Oversight and Accountability:** The Finance Director will monitor progress against the audit timeline and report quarterly to the City Manager on compliance with reporting deadlines.
- **Continuous Improvement:** The City is evaluating options for workflow improvements and financial system enhancements to further streamline reporting and audit preparation.

These measures are intended to ensure that all future Single Audits are completed and submitted within the prescribed federal deadlines. The City anticipates full compliance beginning with the June 30, 2025 audit cycle.

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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