

Mitigation Plan for Non-Material Deficiencies Listed in the Audit:

Actual expenditures exceed amounts authorized in the budget – The city creates and adopts a budget for each fiscal year. Amendments are made twice each year; more amendments are made if needed. The city has been in transition over the last year as the previous administrator accepted another job and left in November of 2021. A new administrator was not hired until July of 2022. The city administrator and treasurer, along with department heads, review expenditures monthly to ensure that expenditures align with the adopted budget.

Bank reconciliations were not performed in a timely manner – Staff shortages are attributed to the city's difficulty in performing timely reconciliation of bank statements. The city has hired additional staff and bank reconciliations are now done within 45 days.

Segregation of Duties – The City has resolved these issues by hiring new administrative staff with specific roles with segregation of duties and utilizing accounting consultants to help assist with recording transactions in BS&A, review account balances, and perform reconciliations. The City continues to invest in additional training for employees to enforce best practices and is expecting to rely less on the external auditors for material adjustments.

Water and Sewer Utility Billing – City currently tracks and reviews water usage/billing. The city has pinpointed the cause of the large water loss and is in discussion with SOCWA to repair/replace an oversized water meter. Water loss has been reduced significantly since June 30, 2022.

Revenue Adjustments – Review of financial statements are done monthly by the treasurer and city administrator. Revenues are recorded in a timely manner and adjustments are made as a part of the review process.

Credit Card Documentation – Credit card documentation and receipts are now uploaded into our BS&A software program as part of our recording keeping process. A copy of the city's credit card policy is attached.

Pooled Cash and Interfund Transactions – The City recognizes the importance of timely recording of "due to / due from" transactions rather than letting funds accumulate in the General Fund. The hiring of additional staff has helped to ensure transactions between funds are done in a timely manner. The City performs a periodic review of interfund balances to confirm balances are settled between funds and that cash is reported in the proper funds.

Compensated Absences – Administration is working to resolve this issue using either ADP or BS&A to track compensated absences. If ADP is unable to provide a system to use, then the City will switch to BS&A payroll and timesheets modules to ensure accurate tracking of compensated absences.

Online Banking Policy – An online banking policy was adopted in 2021 and is followed.

Cybersecurity and Informational Technology Controls – A checklist was created by the former City Administrator and is used to remove employee access to the IT system when they leave the City. The City contracts with VC3, formerly I.T. Right, and administration has updated the current list of employee user accounts to ensure unauthorized access does not occur.