

CITY OF FOWLER

AUDITOR'S
COMMUNICATION LETTER
AND
SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2020

**CITY OF FOWLER
SINGLE AUDIT REPORTS**

FOR THE YEAR ENDED JUNE 30, 2020

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To the City Council of the
City of Fowler
Fowler, California

We have audited the financial statements of the City of Fowler (City), for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated October 1, 2021. Professional standards require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Accounting estimates are used in determining the depreciable lives and methods used for capital assets, compensated absences, and funding progress of CalPERS pension liability. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures about the employee retirement plan disclosed in Note 10 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We did not identify any significant audit adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings and Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", is written over a faint, circular embossed seal.

June 30, 2022

**INDEPENDENT AUDITOR'S 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***

To the City Council of the
City of Fowler
Fowler, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fowler, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2022.

Internal Controls 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 determining 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.

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 controls that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal controls* 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 controls, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs identified as items 2020-002, 2020-003, 2020-004, 2020-005, 2020-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls 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 identified as items 2020-001 to be a significant deficiency.

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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion in it.

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.



Bryant L. Jolley, CPA

June 30, 2022

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Fowler
Fowler, California

Report on Compliance for Each Major Federal Program

We have audited the City of Fowler, California's (the "City") compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of 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, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in black ink, appearing to read 'Bryant Jolley', is written over a faint, circular official stamp.

Bryant Jolley, CPA

June 30, 2022

CITY OF FOWLER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Community Facilities Loans and Grants Cluster:			
Community Facilities Loans and Grants	10.766	N/A	\$ 954,266
Total U.S. Department of Agriculture			<u>954,266</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through County of Fresno:			
Entitlement Grants Cluster:			
Community Development Block Grants/Special Purpose Grants/ Insular Areas	14.225	CDBG-19231	<u>22,500</u>
Total U.S. Department of Housing and Urban Development			<u>22,500</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through California Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	CML 5173 (025)	240
Highway Planning and Construction	20.205	STPL 5173 (028)	22,376
Highway Planning and Construction	20.205	CML 5173 (030)	700
Highway Planning and Construction	20.205	ATPL 5173 (031)	76,345
Highway Planning and Construction	20.205	STPL 5173 (033)	28,831
Highway Planning and Construction	20.205	CML 5173 (034)	10,559
Highway Planning and Construction	20.205	STPL 5173 (035)	24,465
Highway Planning and Construction	20.205	STPL 5173 (036)	<u>32,994</u>
Total U.S. Department of Transportation			<u>196,510</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,173,276</u>

CITY OF FOWLER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of Fowler, California (the City). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the schedule. The information in this SEFA 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).

BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting except for programs recorded in the City's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 1 of the City's basic financial statements.

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the City's basic financial statements.

INDIRECT COST RATE

The City has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

CITY OF FOWLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- | | | | | |
|--|-------------------------------------|-----|-------------------------------------|---------------|
| • Material weaknesses identified? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | None reported |
| • Non-compliance material to financial statements noted? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No |

Federal Awards

Internal control over major programs:

- | | | | | |
|--|--------------------------|-----|-------------------------------------|---------------|
| • Material weaknesses identified? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | None reported |

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

Unmodified

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

<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
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Identification of Major Programs

CFDA Number

Name of Federal Program or Cluster

10.766

Community Facilities Loans and Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
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CITY OF FOWLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

B. Findings – Financial Statements Audit

Finding 2020-001

Internal Controls – Water Consumer Deposits (Significant Deficiency)

Condition:	During our audit of the water consumer deposits collected by the City from residential and commercial consumers we noted that while the City hired a CPA consultant firm to review the balance and record adjustments as considered necessary according to the City's Ordinance, this exercise was done in arrears during the FY 2020-21 rather than on a routine basis during FY 2019-20.
Criteria:	<p>Accounting principles generally accepted in the United States of America require internal controls which generate relevant and quality data to support the City's financial information reporting.</p> <p>Per City Ordinance, "A guarantee deposit with the Water Department made by a consumer who owns the property receiving services and whose account has not been in arrears at any time during the first year of such deposit shall be returned after the expiration of said year. If the service is discontinued in less than one year, the deposit will be returned provided all outstanding bills against the consumer for water services have been paid. Any deposit uncalled for or returned within five (5) year after the date the deposit was made will become the property of, and be retained by, the Water Department. Deposits of renters will be retained until water services are discontinued."</p>
Cause:	The City likely did not have timely and accurate financial information on hand related to the water consumer deposits balance for residential and commercial customers during FY 2019-20, this can cause the decision-making process of the City to be faulty.
Effect:	Expenditures and/or expenses may be materially overstated or understated throughout the City's accounting records, adversely affecting the fund balance and/or net position in several funds.
Recommendations:	We recommend City staff administer water deposits accordingly to City ordinance, management ensure the balance is routinely reviewed for accuracy and a proper audit trail is maintained on file as evidence to support the balance on the books.
Status:	Repeat finding from prior year.

CITY OF FOWLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Finding 2020-002

Internal Controls - Water Consumer Overpayments and Accounts Receivable (Material Weakness)

Condition:	During our audit of the payments received by the City for water service from residential and commercial consumers we noted that while the City hired a CPA consultant firm to review the water overpayments liability balance and the accounts receivable balance and record adjustments as considered necessary, this exercise was done in arrears during the FY 2020-21 rather than on a routine basis during FY 2019-20. The consultant firm also found it was not possible to acquire a proper listing of the balances by consumer as the cutoff timeline for generating reports from the financial information system was missed.
Criteria:	Accounting principles generally accepted in the United States of America require internal controls which generate relevant and quality data to support the City's financial information reporting.
Cause:	The City management was not available to implement a proper review and reconciliation exercise of the balances on a routine basis.
Effect:	The City likely did not have timely financial information on hand related to the water overpayments and accounts receivable balances for residential and commercial consumers during FY 2019-20; this can cause the decision-making process of the City to be faulty.
Recommendation:	We recommend City management ensure that balances are routinely reviewed for accuracy and that a proper audit trail is maintained on file as evidence to support the balance on the books.
Status:	Repeat finding from prior year.

Finding 2020-003

Internal Controls- Closing Books (Material Weakness)

Condition:	While conducting our audit, we noted the City did not close its books on a timely basis. We also noted a high volume of transaction recorded through the adjusting journal entries process rather than the usual recording processes. Soon after the resignation of the finance director working for the City during FY 2018-19, the City hired a CPA consultant firm to assist with the close of the books. The CPA consultant firm prepared almost 100 adjusting entries and commented on a general lack of internal controls and procedures in the financial transaction recording process at the City. In addition, we prepared several audit adjustments related to proper cutoff balances for accounts receivable, revenues, accounts payable and expenditures.
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CITY OF FOWLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Finding 2020-003

Internal Controls- Closing Books (Material Weakness) continued

Criteria:	Accounting principles generally accepted in the United State of America require adequate internal controls to ensure accounting transactions are properly recorded on the books.
Cause:	While City management seemed to have made efforts during FY 2019-20 to implement better internal control processes to safeguard the City's assets and properly record financial transactions at the City with retaining better audit trails; the process of implementation seemed inconsistent, at times incomplete and with accounting errors.
Effect:	When a proper and timely closing process is not performed, City staff and constituents may be relying on faulty and incomplete financial data in making real time decisions or external reporting. This can lead to a potential material errors in financial presentation at the city, and cause delays in proper cutoff at year end and a delay the City's annual audit report issued.
Recommendations:	We recommend the City management continue to work on improving the closing process and internal control processes in accounting of City's financial transactions.
Status:	Repeat finding from prior year.

Finding 2020-004

Internal Controls - Cash (Material Weakness)

Condition:	While auditing the City's cash balances, we noted bank reconciliations were prepared by the CPA firm consultant hired by the City during FY 2020-21 rather than on a periodic basis during FY 2019-20. We also noted the CPA Firm consultant made large adjustments to the books due to financial transactions observed on the bank statements but not recorded on the books, transactions recorded with errors or duplications on the books, and transactions recorded with timing lags on the books.
Criteria:	Accounting principles generally accepted in the United States of America require internal controls to safeguard and preserve assets, protect against improper fund disbursement, and to ensure transactions are properly recorded.
Cause:	The City management was not available or lacked the technical proficiency to implement proper review and reconciliation of the cash balances on a routine basis.

CITY OF FOWLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Finding 2020-004

Internal Controls - Cash (Material Weakness) continued

Effect:	The City operated during the FY 2019-20 with cash balances which were inaccurate and if relied on could have caused the decision-making process at the City to be relying on inaccurate financial balances. The lack of periodic review and reconciliations of cash balances is likely to increase the opportunities for misappropriations and or misuse of City's cash.
Recommendation:	We recommend the City management ensure to implement an appropriate process for the review and reconciliation of cash balances on a periodic basis with internal controls to ensure the safeguard of the asset.
Status:	Repeat finding from prior year

Finding 2020-005

Internal Controls – Expenditures and Credit Cards (Material Weakness)

Condition:	<p>During our audit of a sample of cash disbursements including disbursements through credit cards issued by the City to staff we noted the following items of concern:</p> <ol style="list-style-type: none">1. The City's policy is to have a credit card use agreement signed by each employee issued a credit card; we noted not every employee issued a credit card had a signed credit card agreement on file for the credit card. The documentation on credit cards being issued with the credit card use agreement was unclear, incomplete or outdated at times and overall a complete and current list of credit card holders and agreements was not on file for proper tracking and accountability.2. An audit trail of payment authorization on the credit card balance was lacking on some instances; even though a copy of the warrant was kept on file in some cases the warrant was issued prior to approval signatures.3. City Manager's charges were not reviewed and approved.4. We noted payment on a credit card balance was paid through automatic withdrawal from the City's bank account without proper internal control procedures for preapproval of disbursement.5. We noted expenses paid through credit card being posted to the books in an untimely basis.
Criteria:	Accounting principles generally accepted in the United States of America require internal controls to safeguard and preserve assets, protect against improper fund disbursement, and to ensure transactions are properly recorded.

CITY OF FOWLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Finding 2020-005

Internal Controls – Expenditures and Credit Cards (Material Weakness) Continued

Cause:	The City management seems to have had a difficult time implementing a proper internal control process over cash disbursements of the City.
Effect:	The above issues are the result of breaks on internal controls over cash disbursements and the use of credit cards. This can result in improper fund disbursement and misuse of credit cards issued by the City.
Recommendations:	We recommend the City implement an appropriate process for the authorization of cash disbursements with proper audit trail documentation on file as well as implement its Credit Card Use Policy properly.
Status:	Repeat finding from prior year.

Finding 2020-006

Internal Controls - Building Permit and Impact Fees (Material Weakness)

Condition:	<p>During our audit, we selected a sample of building permits and performed procedures to review supporting documentation for the proper implementation of safeguarding and recording procedures over billing, collection and recording of the receipts. We noted the following weaknesses in internal controls:</p> <p>We noticed a handful of the building permits in our sample did not have the signed copy of the building permit application on file. We viewed an unsigned copy printed from the City's tracking software during our audit.</p> <p>For the sample of building permit receipts collected by the City during the year contemporaneous documentation for calculations and itemizations completed by the building official for assessment of fees like grading permit fees, electrical permit fees, mechanical permit fees and plumbing permit fees was not available for audit in considering whether the fees were assessed according to City policy. The building official in the past audit indicated he used a building permit software in calculating the fees for building permits at the time of billing the customer, however, documentation on these calculations was not kept on file. Through verbal recalculations provided by the building official it seemed assessment of fees had been completed based on adopted City policy. In addition, the building official seemed to be the only staff responsible for assessment of fees without a level of review and oversight over his work in this area.</p>
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CITY OF FOWLER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

Finding 2020-006

Internal Controls - Building Permit and Impact Fees (Material Weakness) continued

Criteria:	Accounting principles generally accepted in the United States of America require internal controls to safeguard and preserve assets, and to ensure transactions are properly recorded.
Cause:	The City seems to have struggled with the accountability aspect in the building department as well as the communication and record retention in this department. The finance department expressed implementing efforts to better the process during FY 2019-20 however, it seems the implementation was not addressed as planned. The building official during FY 2019-20 is no longer employed by the City, this may have also led to the lack of signed building permit applications or the misplacement of them.
Effect:	The lack of proper documentation for fees assessed and the lack of review and oversight over the building officials' duties is a weakness in internal controls which can lead to the City's assessment of fees to be considered questionable and open to conflict with the City's citizen's trust in the appropriateness of the City's procedures and policies when assessing fees.
Recommendations:	We recommend the following: the City retains signed building permit applications on file for accountability and support of building and impact fees assessed on each build permit issued; the City implement an audit trail that includes documentation of calculations and itemizations prepared to arrive at all fees assessed when issuing building permit fees and we recommend a process of review and oversight over the building officials work of fees assessment is implemented to help identify any possible omissions or errors in the assessment of fees and ensure assessment of fees is according to City adopted policies.
Status:	Repeat finding from prior year.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

No findings and questioned costs for Federal Awards, which includes audit findings and defined in section 200.516 of the Uniform Guidance.

CITY OF FOWLER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2020

Finding 2019-001:	Internal Controls - Water Consumer Deposits – Not Implemented. See current year Finding 2020-001
Finding 2019-002:	Internal Controls - Water Consumer Overpayments and Accounts Receivable – Not Implemented. See current year Finding 2020-002.
Finding 2019-003:	Internal Controls - Closing Books – Not Implemented. See current year Finding 2020-003
Finding 2019-004:	Internal Controls - Cash – Not Implemented. See current year Finding 2020-004.
Finding 2019-005:	Internal Controls - Expenditures and Credit Cards – Not Implemented. See current year Finding 2020-005.
Finding 2019-006:	Internal Controls - Building Permit and Impact Fees – Not Implemented. See current year Finding 2020-006.



CORRECTIVE ACTION PLAN

Finding Number	Finding	Corrective Action Plan	Anticipated Completion Date	Responsible Contact Person(s)
2020-001	Internal Controls – Water Consumer Deposits (Significant Deficiency)	The City is in the process of making the changes to administer water deposits accordingly to City ordinance, and to implement a procedure to review balances on a timely basis for accuracy with all supporting documents to balance the books.	Fiscal Year 21-22	Margarita Moreno, Finance Director
2020-002	Internal Controls - Water Consumer Overpayments and Accounts Receivable (Significant Deficiency)	The City is in the process of making the changes to implement a procedure to review balances on a timely basis for accuracy with all supporting documents to balance the books.	Fiscal Year 21-22	Margarita Moreno, Finance Director
2020-003	Internal Controls- Closing Books (Material Weakness)	The City is in the process of making the changes to implement a procedure manual for the accounting of the City's financial transactions for internal control and closing process.	Fiscal Year 21-22	Margarita Moreno, Finance Director
2020-004	Internal Controls - Cash	The City is in the process of making changes to implement a procedure for the review and reconciliation of cash balances on a periodic basis with internal controls to ensure the safeguard of the asset.	Fiscal Year 21-22	Margarita Moreno, Finance Director
2020-005	Internal Controls – Expenditures and Credit Cards (Significant Deficiency)	The City in the process of making changes to internal control in implementing the appropriate process for the authorization of cash disbursements with proper audit trail documentation on file as well as implement its Credit Card Use Policy properly.	Fiscal Year 21-22	Margarita Moreno, Finance Director



CORRECTIVE ACTION PLAN (continued)

Finding Number	Finding	Corrective Action Plan	Anticipated Completion Date	Responsible Contact Person(s)
2020-006	Internal Controls - Building Permit and Impact Fees (Significant Deficiency)	The City is in the process of making changes to retain the required documents for auditing purposes and support of building and impact fees assessed on each build permit issued; implement an audit trail that includes documentation of calculations and itemizations prepared, implement a process of review and oversight over the building officials work of fees assessment according to City adopted policies.	Fiscal Year 21-22	Margarita Moreno, Finance Director

Margarita Moreno, Finance Director