

Municipality of Anchorage, Alaska

Government Auditing Standards Report Year Ended December 31, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Municipality of Anchorage, Alaska

Government Auditing Standards Report
Year Ended December 31, 2023

Municipality of Anchorage, Alaska

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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*

Honorable Mayor and
Members of the Assembly
Municipality of Anchorage, Alaska

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska (Anchorage), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Anchorage's basic financial statements, and have issued our report thereon dated August 15, 2025. Our report includes a reference to other auditors who audited the financial statements of Alaska Center for the Performing Arts, Inc., as described in our report on Anchorage's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Anchorage Police and Fire Retirement System were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Anchorage Police and Fire Retirement System.

Report on Internal Control Over Financial Reporting

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

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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 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005 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 2023-006, 2023-007 and 2023-008 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anchorage'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Anchorage's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Anchorage's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Anchorage's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

BDO USA, P.C.

Anchorage, Alaska
August 15, 2025

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2023

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> </u> yes	<u> X </u> no
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Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2023-001 Closure of Books and Records - Material Weakness in Internal Control Over Financial Reporting

Criteria *Governmental Accounting Standards Board* Concepts Statement No. 1, *Objectives of Financial Reporting*, which establishes the conceptual framework around which GAAP is formed, identifies the objectives of external financial reporting by state and local government entities. These objectives encompass concepts of financial reporting that will promote public accountability. Users of these financial reports include the citizenry, legislative and oversight bodies, and investors and creditors. In order for information in financial reporting to be useful and of value, the information needs to be sufficiently detailed and encompass the basic characteristics of understandability, reliability, relevance, timeliness, consistency, and comparability.

Specifically, GASB Concepts Statement No. 1 states “If financial reports are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had.”

Condition The Municipality failed to perform closure of books and records in a timely manner after its fiscal year end. This resulted in delayed completion of reconciliations and final period-ending trial balances necessary for the production and issuance of annual financial reports. In addition, significant adjustments were required to the financial statements in order to properly present results after final reconciliations and adjustments were processed.

Cause Personnel resources at the Municipality were not sufficient to ensure the timely completion of the Municipality’s close of books and records for its fiscal year end and accuracy in financial reporting.

Effect or potential effect The delay in issuing the Municipality’s financial statements could diminish their usefulness to the users of the financial statements and undermine public accountability.

Recommendation Management should prepare a close schedule and perform timely reconciliations of the Municipality’s books and records to its supporting schedules. Management should reconcile draft financial reports to underlying books and records. Management should incorporate a review process for reconciliations and financial reports.

Views of responsible officials Management concurs with the finding and will strengthen both the monthly close and the year-end closing process by implementing enhanced review procedures, clear timelines, and standardized documentation requirements. Training and process improvements will ensure timely, accurate, and complete financial reporting.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*, continued

Finding 2023-002 Level of Precision of Management's Review - Material Weakness in Internal Control Over Financial Reporting

Criteria

Governmental Auditing Standards states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Government Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, states that proprietary fund financial statements, including financial data for enterprise funds, should be prepared using the economic resources measurement focus and the accrual basis of accounting; whereas governmental funds should be prepared using the modified accrual basis of accounting.

The level of precision of management's review is designed to prevent or detect and correct material misstatements. A deficiency in the level of precision of management's review arises when the level of precision is not clearly defined nor documented to effectively perform the review.

Condition

Adjustments were identified during the audit related to reconciliations performed by management in closing of the books and records. In addition, certain issues were identified as part of understanding internal controls over financial reporting. Overall reconciliation and review controls were not performed at a level of precision to detect errors in the following areas:

- Proper reconciliation of modified and full accrual basis of accounting, including adjustments for presentation of balances for governmental-activities and duplications in trial balances for modified and full accrual accounts.
- Significant changes to disclosures for cash and investments and capital assets, along with various internal consistency errors.
- Grant revenues and related receivables, unearned revenues, and deferred inflows.
- Identified errors in reconciliations for lease amortization, lease completeness (at Port of Alaska), accounts receivable reconciliations, and intergovernmental charges.

Cause

Along with staffing gaps during the year, certain key personnel were new to their positions and some financial statement areas were not delegated to appropriate personnel, which led to insufficient supervisory review of the general ledger and related financial reporting elements against reconciliation details and activity throughout the fiscal year. In addition, the general ledger system parameters allow for multiple bases of accounting for all fund types.

Effect or potential effect Financial statements and trial balances required multiple material adjustments. This results in inaccurate and delayed financial reporting.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards, continued

Recommendation Management should ensure supervisory review of the reconciliation details and activity throughout the fiscal year are performed at a sufficient level of precision to support the financial reporting elements. The CFO should consider having a single person in a position of authority who oversees accurate and comprehensive financial reporting and coordinates between various control owners. Management should also consider changing the parameters of the general ledger system and train staff to ensure proper reporting of transactions according to the appropriate basis of accounting.

Views of responsible officials Management concurs with the finding and will refine supervisory review procedures to increase the precision and effectiveness of oversight. Enhanced checklists, documented review steps, and targeted training will ensure timely detection and correction of discrepancies.

Finding 2023-003 Journal Entry Review - Material Weakness in Internal Control Over Financial Reporting

Criteria *Governmental Auditing Standards* states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

COSO Internal Control Integrated Framework defines internal control at the organization level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principal Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels, which includes components to design controls to ensure appropriate segregation of duties. A deficiency in segregation of duties arises when preparation and review functions are accessible by one party, in particular parties expected to operate in monitoring roles.

Condition Certain manual adjustments in the general ledger were not appropriately prepared, reviewed, and approved. During the year, a system design change was made that does not require review and approval of all journals. Adjustments were posted with improper review and approval, segregation of duties issues, and/or insufficient supporting documentation.

Cause The general ledger system parameters allowed for a single person to prepare and post entries without review. Supporting documentation was not always sufficient to allow a reviewer to detect errors.

Effect or potential effect Lack of segregation of duties could result in material errors or allow users to be able to perpetrate fraud. Material audit adjustments were identified.

Recommendation Management should ensure the roles of preparer, reviewer, and approver are appropriately segregated between multiple personnel to prevent, detect and deter misstatements.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards, continued

<i>Views of responsible officials</i>	Management concurs with the finding and has updated permissions in the financial reporting system. Management will strengthen journal entry controls by requiring documented support, formalized review, and approval prior to posting. Ongoing monitoring and staff training will ensure accuracy, compliance, and timely recording.
<u>Finding 2023-004</u>	Grant Reconciliations - Material Weakness in Internal Control Over Financial Reporting
<i>Criteria</i>	<p>Governmental Auditing Standards states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>GASB IV.N50.118 stipulates that recipients should recognize receivables and revenues for voluntary nonexchange transactions when all applicable eligibility requirements are met. Governments should also evaluate the reasonable collectability of all receivables for inclusion in the financial statements.</p>
<i>Condition</i>	BDO identified material inaccuracies in reconciliations and the related financial statements for grant revenue, unearned grant revenue, grant receivables, and deferred inflows. In addition, grant revenue on the financial statements was initially misstated by approximately \$50 million for the Don Young Port of Alaska, \$2 million for Disposal, and \$5 million for other funds.
<i>Cause</i>	The Municipality failed to perform grant reconciliations timely to identify material inaccuracies between the reconciliations and underlying books and records. There was not a systematic process in place to document grant-related cash receipts, reports, or entries. The Municipality does not have identified internal controls nor identified control owners to perform final close out reconciliations of grants to ensure that the grant schedules are complete and accurate and that all available grant funds have been expended, reported, and received.
<i>Effect or potential effect</i>	Inaccurate recording of grant revenue, liabilities, deferred inflows and receivables throughout the year could impact management financial decisions.
<i>Recommendation</i>	Management should ensure grant reconciliations are prepared, reviewed, and approved throughout the fiscal year, and adjustments for grant revenues should be posted at least quarterly.
<i>Views of responsible officials</i>	Management concurs with the finding and will improve grant reconciliation processes through standardized templates, timely reviews, and documented support for all transactions. Enhanced coordination between grant management and accounting teams will ensure accuracy and compliance with reporting requirements.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards, continued

Finding 2023-005 Tracking of Capital Assets - Material Weakness in Internal Control Over Financial Reporting

Criteria Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Specifically, the general ledger and accounting records used to maintain capital asset information for the Municipality should be updated and reconciled timely to ensure that such information is reliable and properly recorded.

Condition Reconciliations and related details for construction in progress and capital asset schedules contained significant inaccuracies and required multiple revisions. Closure of construction in progress to capital assets of \$8.4 million were placed in service but did not have sufficient supporting documentation at the time the adjustment was made to support that construction had been completed. Disposals of capital assets of \$1.3 million were recorded without readily available support to document and approve the asset being removed from service.

Cause There was insufficient review of the capital assets schedules against the general ledger to ensure the details of capital assets schedules were complete and accurate. Insufficient communication between departments also contributed to the issue.

Effect or potential effect Capital assets schedules were not initially supported by adequate documentation, which resulted in financial reporting delays.

Recommendation Management should ensure reconciliations and adequate reviews of capital assets include inputs from other control owners for capital assets to ensure construction in process, additions, and disposals are accurately accounted for and the schedules are complete and accurate.

Views of responsible officials Management concurs with the finding and will strengthen controls by enhancing review and approval of capital asset reconciliations, requiring adequate supporting documentation, and improving interdepartmental communication. Targeted staff training and periodic internal reviews will ensure accuracy, completeness, and timely reporting.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*, continued

Finding 2023-006 Procurement and Purchasing Policies - Significant Deficiency in Internal Control Over Financial Reporting

Criteria Municipality Policies & Procedures 48-16, Policy & Procedures 24-23 and the Municipality's Procurement Card Guide dictate the requirements for purchasing and procurement at the Municipality, in order for the Municipality to follow best practices, ensure proper accountability for use of public funds, and comply with federal and state procurement requirements under 2 Code of Federal Regulations 200.317-.319 and Alaska Statute 36, where applicable.

Condition There were several items reported by Internal Audit where procurement activities did not comply with Municipality Policies & Procedures 48-16, Policy & Procedures 24-23 and the Municipality's Procurement Card Guide. Procurement card purchases were identified as having exceeded the single transaction limit, mandatory annual supply contracts were not always utilized, and supporting documentation was not always readily available or properly approved. In addition, a contract within Solid Waste Services division was entered into without the proper Municipal Manager signatory authority. Internal audit identified questionable or prohibited procurement card purchases and transactions amongst multiple departments for approximately \$386,811.

Cause The Municipality's policies and procedures were not enforced properly in certain situations by those with review and approval authority.

Effect or potential effect Certain purchases may have not been competitively priced.

Recommendation We recommend the Municipality implement the recommendation of internal audit to improve compliance with existing policies related to purchasing and purchasing cards.

Views of responsible officials Management concurs and will strengthen compliance with procurement policies through employee training, enhanced approvals, contract oversight, and periodic monitoring of procurement card transactions to ensure proper accountability and adherence to municipal and federal requirements.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards, continued

Finding 2023-007 Monitoring of Restricted Cash - Significant Deficiency in Internal Control Over Financial Reporting

Criteria *Governmental Auditing Standards* states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Specifically, restricted cash calculations should be performed on a periodic basis throughout the year to ensure compliance with the legal, legislative, or external restrictions.

Condition BDO identified an adjustment for \$1.95 million to restricted cash balances and related restricted net position in the Don Young Port of Alaska.

Cause Restricted cash calculations were not performed nor reviewed on a periodic basis to ensure compliance with legal, legislative, and external restrictions.

Effect or potential effect Incorrect reporting of restricted cash and related net position during the year could affect management's financial decisions.

Recommendation Management should ensure restricted cash is monitored and reconciled on a quarterly basis. Management should identify control owners for this process to ensure compliance is appropriately monitored.

Views of responsible officials Management agrees with the finding and will strengthen controls over restricted cash by providing training to designated Finance Division staff on the requirements and procedures for restricted cash management. Management will implement a review process to verify the accuracy of restricted cash balances and related net positions before financial statements are finalized.

Finding 2023-008 Use of Fund Classifications - Significant Deficiency in Internal Control Over Financial Reporting

Criteria Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); this includes the evaluation of proper fund reporting in line with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), and recording related fund activity in the proper fund classification in the financial records.

Condition The Municipality does not have adequate controls in place to document cost coding is in line with GASB 54 requirements. During the year, a new form was created to document approval from various departments before any new fund is created. However, this does not address the risk of improper coding for expenditures within existing funds.

Municipality of Anchorage, Alaska

Schedule of Findings and Questioned Costs, continued For the Year Ended December 31, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards, continued*

<i>Cause</i>	The design of the internal controls related to fund classification is such that coding for changes to the budget are performed by individuals outside of the Controller Division. The initial resolution whereby the Assembly authorizes project costs indicates the funds to be used, and budget codes are set up accordingly. However, there is no review of this accounting with individuals who have the requisite skills, knowledge, and experience to ensure proper financial reporting under the requirements of GASB 54.
<i>Effect or potential effect</i>	Incorrect reporting of costs could result if budget codes are set up that are not in compliance with accounting requirements.
<i>Recommendation</i>	We recommend the Municipality review and enhance the design of internal controls related to fund classifications to ensure that the books and records properly reflect all financial information in line with GASB requirements. While it is important that budgetary controls be in place related to the spending of funds in line with Assembly approvals, the classification of expenditures into funds for financial reporting purposes typically would rest with those responsible for the statements themselves. Determinations of classifications should be reviewed and approved by individuals with the appropriate skills, knowledge and experience to apply the financial reporting requirements of GASB 54.
<i>Views of responsible officials</i>	Management concurs and will strengthen internal controls over fund classification to ensure compliance with GASB requirements.

**Municipality of Anchorage's Response to
Government Auditing Standards Reports
(Unaudited)**

MUNICIPALITY OF ANCHORAGE

Office of the Chief Fiscal Officer



Phone: (907) 343-6610

Philippe D. Brice, CFO

Summary Schedule of Prior Audit Findings Year Ended December 31, 2023

<u>Finding 2022-001</u>	Closure of Books and Records - Material Weakness in Internal Control Over Financial Reporting
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Condition:	The Municipality failed to perform closure of books and records in a timely manner after its fiscal year end. This resulted in delayed completion of reconciliations and final period-ending trial balances necessary for the production and issuance of annual financial reports.
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Status:	This is repeated as Finding 2023-002.
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<u>Finding 2022-002</u>	Reconciliations and Review Controls - Material Weakness in Internal Control Over Financial Reporting
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Condition:	Significantly material adjustments were identified during the audit related to reconciliations performed by management in closing of the books and records, preparation of the basic financial statements, and preparation of the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance. These adjustments impacted the following areas:
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- Rollforward of prior year balances impacted General Fund and aggregate nonmajor funds fund balance, transfers, capital contributions and grant revenue.
- Landfill closure liability related to the Disposal Utility (business-type Activities) with related expense effect.
- Grant revenues and related receivables, unearned revenues, and deferred inflows for the General Fund, nonmajor governmental funds, and the Disposal Utility.
- Interfund balance classifications between the General Fund and aggregate nonmajor funds.

There were also adjustments to cash and investment balances and their classifications, investment income, interest expense, transfers, debt disclosures, and accounts payable.

Status:	Prior year balances, landfill closure liabilities, and interfund balances were corrected. Ongoing areas are repeated as Finding 2023-002 and Finding 2023-004.
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Summary Schedule of Prior Audit Findings, continued
Year Ended December 31, 2023

Finding 2022-003

Internal Communication - Material Weakness in Internal Control Over Financial Reporting

Condition: During the course of the audit, we noted that there were several key areas impacting financial reporting for which the personnel responsible for this reporting did not readily have access to information necessary to perform their duties. Specifically, this was identified during review of the cash and investment footnote, testing of debt covenants, review of restricted assets, testing of indirect rates and proposals submitted, and capital assets (disposals, reconciliations, and completeness reviews).

Status: This finding is considered resolved.

Finding 2022-004

Use of Fund Classifications - Material Weakness in Internal Control Over Financial Reporting

Condition: The Municipality incorrectly recorded costs incurred for general government capital assets in an internal service fund instead of as capital outlays in a governmental capital projects fund.

Status: This finding is considered partially resolved. A new process is in place for creation of funds. See Finding 2023-008.

Finding 2022-005

Implementation of Governmental Accounting Standards Board Statement No. 87 (GASBS No. 87), Leases - Material Weakness in Internal Control over Financial Reporting

Condition: The Municipality failed to include extension factors within multiple lessor and lessee leases and incorrectly recorded intra-entity leases in the Disposal Utility Enterprise Fund and the Refuse Utility Enterprise Fund, during the implementation of GASB 87.

Status: This finding is considered resolved.

Finding 2022-006

Tracking of Capital Assets - Material Weakness in Internal Control Over Financial Reporting

Condition: Reconciliations and related details for Construction Work in Progress contained significant inaccuracies and required multiple revisions. Capital assets were disposed on the capital asset schedules that were still in service and operational.

Status: This finding is partially resolved. Ongoing areas are repeated as Finding 2023-005.

Summary Schedule of Prior Audit Findings, continued
Year Ended December 31, 2023

<u>Finding 2022-007</u>	Monitoring of Restricted Cash and Debt Covenant Compliance - Significant Deficiency in Internal Control Over Financial Reporting
Condition:	Restricted cash calculations and debt covenant calculations were not performed nor reviewed on a periodic basis to ensure compliance with debt covenant requirements or financial reporting requirements.
Status:	This finding is resolved, except related to the Don Young Port of Alaska. See Finding 2023-007.

MUNICIPALITY OF ANCHORAGE

Office of the Chief Fiscal Officer



Phone: (907) 343-6610

Philippe D. Brice, CFO

Corrective Action Plan Year Ended December 31, 2023

Finding 2023-001

Closure of Books and Records - Material Weakness in Internal Control Over Financial Reporting

Corrective Action Plan:

Management will implement an annual monthly close calendar with defined deadlines, require timely reconciliations with assigned reviewers, begin year-end preparations in the final quarter, augment staff resources during peak periods, establish documented review and approval processes with sign-offs, and monitor progress monthly to address schedule variances promptly.

Anticipated Completion Date:

Initial rollout by September 30, 2025; full implementation by December 31, 2025.

Finding 2023-002

Level of Precision of Management's Review - Material Weakness in Internal Control Over Financial Reporting

Corrective Action Plan:

Management will establish documented review checklists with defined criteria and dual sign-offs, designate a single point of accountability for financial reporting oversight, assign tasks by expertise with balanced workloads, provide targeted training on accounting bases and complex areas, review system parameters to prevent errors, and conduct quarterly interim reviews of key reconciliations and statements.

Anticipated Completion Date:

Review protocols and oversight assignment by September 30, 2025; training and system review by December 31, 2025; first interim review by March 31, 2026.

Corrective Action Plan, continued
Year Ended December 31, 2023

Finding 2023-003

Journal Entry Review - Material Weakness in Internal Control Over Financial Reporting

Corrective Action
Plan:

Management will update general ledger permissions to maintain segregation of duties, require supporting documentation for all manual journal entries, mandate system approval by a reviewer prior to posting, develop and use a compliance checklist, monitor monthly for compliance, and provide refresher training on segregation of duties, documentation, and workflow processes.

Anticipated
Completion Date:

December 31, 2025

Finding 2023-004

Grant Reconciliations - Material Weakness in Internal Control Over Financial Reporting

Corrective Action
Plan:

Management will implement a standardized process for documenting and reconciling all grant-related transactions, assign control owners for performance and review, require quarterly reconciliations with prompt posting of adjustments, establish final grant close-out procedures, and provide staff training on reconciliation requirements and GASB standards, with compliance monitoring.

Anticipated
Completion Date:

December 31, 2025

Finding 2023-005

Tracking of Capital Assets - Material Weakness in Internal Control Over Financial Reporting

Corrective Action
Plan:

Management will implement a formal review and approval process for all capital asset reconciliations, establish minimum documentation requirements, improve interdepartmental communication for project, acquisition, and disposal information, provide targeted staff training on documentation and reconciliation standards, and perform periodic internal audits of capital asset schedules.

Anticipated
Completion Date:

June 30, 2026

Corrective Action Plan, continued
Year Ended December 31, 2023

Finding 2023-006

Procurement and Purchasing Policies - Significant Deficiency in Internal Control Over Financial Reporting

Corrective Action Plan:

Management will train staff on procurement policies, transaction limits, documentation standards, and contract use, strengthen supervisory review of procurement card transactions with checklists, implement contract tracking to ensure proper signatory authority, and perform periodic audits with reporting of non-compliance.

Anticipated

Completion Date:

June 30, 2026

Finding 2023-007

Monitoring of Restricted Cash - Significant Deficiency in Internal Control Over Financial Reporting

Corrective Action Plan:

Management will provide targeted training to Finance staff on restricted cash requirements, implement quarterly reconciliations of restricted cash and related net positions, assign control owners for reconciliations and compliance, and require periodic leadership review of reconciliations to ensure accuracy and adherence to restrictions.

Anticipated

Completion Date:

March 31, 2026

Finding 2023-008

Use of Fund Classifications - Significant Deficiency in Internal Control Over Financial Reporting

Corrective Action Plan:

Management will strengthen internal controls over fund classification to ensure compliance with GASB requirements. Classification determinations will be reviewed and approved by qualified financial reporting staff, with procedures updated to clearly assign responsibility while maintaining budgetary controls in line with Assembly approvals.

Status:

June 30, 2026