

Tulare Public Cemetery District

900 EAST KERN AVENUE**TULARE, CALIFORNIA 93274**PHONE (559) 686-5544

AUDIT COMMITTEE AGENDA

Audit Committee Meeting

May 26, 2020

1:00 P.M.

IF ANY PERSON WOULD LIKE TO ATTEND THERE WILL BE SEATING AVAILABLE FOR 6 PEOPLE. FIRST COME FIRST SERVE.

PRELIMINARIES:

- 1.1 Call to Order
- 1.2 Roll Call
- 1.3 Recognition of Visitors

OPEN SESSION:

- 2.1 Review of RT Dennis Accountancy letter titled: Communication of Material Weaknesses and Non-Compliance

ADJOURNMENT:

OPEN SESSION AGENDA ITEMS NOTICE TO THE PUBLIC

ALL WRITINGS, MATERIALS AND INFORMATION PROVIDED TO THE BOARD FOR THEIR CONSIDERATION RELATING TO ANY OPEN SESSION AGENDA ITEMS OF THE MEETING ARE AVAILABLE FOR PUBLIC INSPECTION DURING NORMAL BUSINESS HOURS MONDAY THROUGH FRIDAY 8:00 AM – 5:00 PM AT THE ADMINISTRATION OFFICE OF THE DISTRICT LOCATED AT 900 E. KERN AVE., TULARE, CA 93274

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU SHOULD NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE BOARD OFFICE AT (559) 686-5544 TWENTY-FOUR (24) HOURS PRIOR TO THIS MEETING.

COMMUNICATION OF MATERIAL WEAKNESSES AND NON-COMPLIANCE

Tulare Public Cemetery District

In planning and performing our audits of the financial statements and internal control over financial reporting of Tulare Public Cemetery District as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we noted certain matters involving internal control and its operation that we consider to be significant deficiencies and/or material weaknesses as defined by the AICPA.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ❖ *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- ❖ *Probable.* The future event or events are likely to occur.

We consider the following deficiencies in the entity's internal control to be material weaknesses:

2019-01 Accounts Payable ("AP")/Expenditures:

It appears invoices are posted as of the date of AP processing, which is generally not the date the expenditure was incurred. This creates a situation whereby expenditures may not be posted to the correct period. Typically, the date the expenditure is incurred is the date of receipt of the good or date the service was performed.

Additionally, receiving documentation or packing slips are not kept. Maintaining receiving documentation is a good internal control practice to evidence actual receipt of the good or service.

Recommendation:

The District should post AP to the date of receipt of good or service performed. Also, it would be a good idea to start keeping packing slips, receipts, and any acknowledgement of performance of services.

2019-02 Chart of Accounts:

The *Special District Uniform Accounting and Reporting Procedures* defines a funds as follows: "A fiscal and accounting entity with a self-balancing set of accounts that record cash and other financial resources, together with all related liabilities and transfers or balances, and changes therein."

The current chart of accounts is not robust enough to have each fund (General Fund, Endowment Care Fund, and full accrual adjusting accounts (capital assets, and long-term liabilities)) as self-balancing sets of accounts. This would be were each account in the general ledger is identified to the fund they belong, including fund balance.

Recommendation:

Identify, in the account string, the fund which the object (salaries, benefits, supplies, services, etc.) belongs. For example, 01 for General Fund or 772 as was used by the County of Tulare. This would be done for all the accounts in the general ledger.

I consider the following an area of non-compliance:

2019-03 CalPERS PEPRA Retirement Contributions:

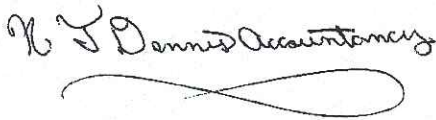
As was allowed by the board as a part of employee compensation, the District contributed to CalPERS the employer as well as employee required pension contribution. The practice of employers contributing on the employees' behalf, was known as "pick-ups." However, as of January 2017, CalPERS no longer allowed pick-ups for PEPRA members of CalPERS.

During the fiscal year, 2018-19, there were no employee withholdings for CalPERS contributions.

Recommendation:

District needs to start withholding CalPERS contributions from employee salaries.

This communication is intended solely for the information and use of management and Board of Trustees and is not intended to be, and should not be, used by anyone other than these specified parties.



April 20, 2020