

**BROADMOOR POLICE PROTECTION DISTRICT/Broadmoor  
Police Department**

Management Letter for the  
Year Ended June 30, 2017

## **Broadmoor Police Protection District dba BPPD**

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**INDEPENDENT AUDITOR'S REPORT ON SIGNIFICANT DEFICIENCIES  
AND OTHER COMMENTS AND RECOMMENDATIONS**

The Board of Directors/Commissioners  
Broadmoor Police Protection District  
Broadmoor, California

In planning and performing my audit of the financial statements of Broadmoor Police Protection District (BPPD) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, I considered BPPD's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BPPD's internal control. Accordingly, I do not express an opinion on the effectiveness of BPPD's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I have identified certain deficiencies in internal control that I consider to be significant.

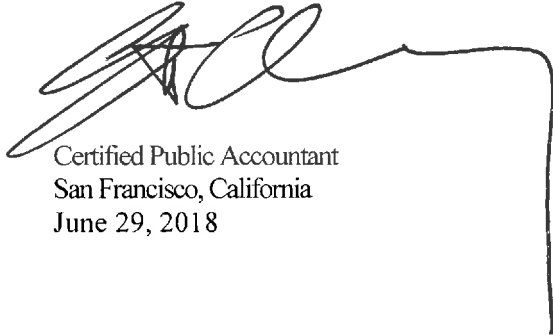
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The memorandum that accompanies this letter summarizes deficiencies that I consider to be significant deficiencies in internal control.

The accompanying memorandum also includes comments and recommendations with respect to other matters that came to my attention during the course of my audit of the financial statements. These matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting control and other financial and administrative practices and procedures.

This communication is intended solely for the information and use of the Board of Directors' (Commissioners) and management, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

I will review the status of these comments during my next audit engagement. Note that I have already discussed many of these comments and suggestions with various BPPD personnel, and I will be glad to discuss them in further details at your convenience, to perform any additional studies of these matters, or to assist you in implementing the recommendations.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke that ends in a vertical line extending downwards.

Certified Public Accountant  
San Francisco, California  
June 29, 2018

**BROADMOOR POLICE PROTECTION DISTRICT  
MANAGEMENT LETTER  
JUNE 30, 2017**

**CURRENT YEAR**

No new management recommendation for fiscal year 2017

**BROADMOOR POLICE PROTECTION DISTRICT  
MANAGEMENT LETTER  
JUNE 30, 2017**

**PRIOR YEAR**

**FINANCIAL ACCOUNTING AND REPORTING**

**RECOMMENDATION**

I recommend that Broadmoor Police Protection District develops monthly closing procedures to ensure that the general ledger accounts reflect proper and complete activity consistent with their basis of accounting. I believe that a review and evaluation of transactions and proper monthly closing procedures would expedite the year-end closing process and produce more accurate financial statements without any material adjustments.

I also recommend an increase of contracted accountant hours to better manage the accounting function and provided additional support to BPPD management. For entity in BPPD size, I would estimate minimum of 24 to 30 hours per month (increase of 1 to 15 hours from its current level of approximately 16 hours).

**STATUS**

In Progress

**BROADMOOR POLICE PROTECTION DISTRICT  
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JUNE 30, 2017**

**PRIOR YEAR**

**IMPROVE CONTROLS OVER CASH DISBURSEMENTS-Credit Card**

**RECOMMENDATIONS**

- In order to avoid any unauthorized purchases, all supporting invoices and documents must be reviewed and statements must be reconciled by staff or management before payments are made.
- All transactions should be attached to original invoices (or expense report/affidavit) as backup to prove that those expenses are applicable and appropriate to BPPD.
- All statements should be coded and journalized into proper expense GL account each month.
- Support documentation should be obtained and retained for all transactions and kept at BPPD office.

**STATUS**

Implemented

**BROADMOOR POLICE PROTECTION DISTRICT  
MANAGEMENT LETTER  
JUNE 30, 2017**

**PRIOR YEAR**

**DEPRECIATION AND PROPERTY SCHEDULES THROUGHOUT THE YEAR**

**RECOMMENDATION**

- I recommend that BPPD count their fixed asset inventory on a regular basis (such as every two to three years) to ensure that only active, in-service property and equipment is included in the general ledger, and depreciation expense is calculated accurately.
- Periodic reviews should be made for obsolete and idle assets. Write-off any obsolete assets that they cannot be sold.
- The Board should set and follow a capitalization policy for BPPD.
- In order to track asset movements and ensure accuracy of management information, I recommend a quarterly reconciliation be performed to ensure that the property and equipment acquisition and depreciation register reconciles to the general ledger. Fixed asset schedules should be maintained up-to-date.
- The accounting staff should have good understanding of all the developments that affect the accounting function.
- Leases (if any) need to be tracked properly so that the appropriate plans can be put into place for future replacement.

**STATUS**

In Progress



**BROADMOOR POLICE PROTECTION DISTRICT  
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**PRIOR YEAR**

**ACCOUNTING/ACCRUAL LIABILITY**

**RECOMMENDATION**

In order to strengthen internal control and have proper retention of document and records tracking, I recommend that the Board consider the following:

- Assign board member or management to review both assets and liability accounts reconciliation and records on monthly or quarterly basis to ensure all reconciliation is prepared.
- Assign designated person to review payroll reports periodically to ensure pay rates, validity of employees' overtime, vacation hour earned and used. are processed accurately before processing.
- Monthly accrual schedules details should be reviewed.

**STATUS**

Implemented

**BROADMOOR POLICE PROTECTION DISTRICT  
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**CONSTRUCTIVE SERVICES COMMENTS**

**BROADMOOR POLICE PROTECTION DISTRICT  
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JUNE 30, 2017**

**PRIOR YEAR**

**CREATE A SAFE HAVEN TO REPORT FRAUD**

**RECOMMENDATION**

In order to protect employees and to encourage compliance, I recommend that BPPD develop protocols to address whistle-blower protection and to address fraud.

**STATUS**

In Progress

**BROADMOOR POLICE PROTECTION DISTRICT  
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**PRIOR YEAR**

**DEVELOP AN ACCOUNTING PROCEDURES MANUAL**

**RECOMMENDATION**

I recommend that a comprehensive accounting procedures manual be prepared.

**STATUS**

In Progress

**BROADMOOR POLICE PROTECTION DISTRICT  
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**PRIOR YEAR**

**IMPROVE DOCUMENT RETENTION POLICIES**

**RECOMMENDATION**

I recommend that all documentation that supports financial data should be kept for future reference.

**STATUS**

Implemented