



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800
www.scag.ca.gov

REGIONAL COUNCIL OFFICERS

President
Art Brown, Buena Park

First Vice President
Curt Hagman, County of San Bernardino

Second Vice President
Cindy Allen, Long Beach

Immediate Past President
Jan C. Harnik, Riverside County Transportation Commission

COMMITTEE CHAIRS

Executive/Administration
Art Brown, Buena Park

Community, Economic & Human Development
Frank Yokoyama, Cerritos

Energy & Environment
Deborah Robertson, Rialto

Transportation
Tim Sandoval, Pomona

Corrective Action Plan

Finding 001 Summary:

During the performance of the FY 2022-23 audit, SCAG identified the following misstatements:

- Capital assets, net of accumulated amortization, were incorrectly recorded as expenditures in the general fund, resulting in understatement of fund balance in the governmental balance sheet and governmental activities net position totaling \$210,481.
- Revenue totaling \$805,580 was incorrectly recognized in prior years in nonmajor funds, resulting in an overstatement of fund balance in the governmental balance sheet.
- Capital assets were not recorded in the statement of net position, resulting in an understatement of net position totaling \$366,040.

Responsible Individual for the Implementation of the Corrective Action Plan:

Cindy Giraldo, Chief Financial Officer
Beatriz Valdez, Controller

Corrective Action Plan:

SCAG has implemented new and strengthened procedures for the review of financial transactions. These procedures led to management’s discovery of the misstatements noted above. Management will continue these new procedures to ensure the continued accurate accounting of financial transactions.

Anticipated Completion Date:

Completed.

Finding 002 Summary:

During the performance of the FY 2022-23 audit, Eide Bailly identified the following adjustments, which were posted as part of the audit:

- \$353,713 to remove REAP AB101 receivable and advance from grantor.
- \$6,326,402 to remove REAP 2021 unbilled receivable and deferred inflow of resources.
- \$375,500 to remove LACMTA receivable and advance from grantor.
- \$337,067 to remove MSRC unbilled receivable and deferred inflow of resources.

Responsible Individual for the Implementation of the Corrective Action Plan:

Cindy Giraldo, Chief Financial Officer
Beatriz Valdez, Controller

Corrective Action Plan:

SCAG identified three of the four transactions as unique and had discussions with Eide Bailey on the proper classification. Based on those discussion, SCAG management classified the transactions as described above and followed the same presentation for the fourth transaction. SCAG staff will document the proper classification and ensure any future transactions are classified correctly. In addition, SCAG staff has received additional training on the presentation of accounts receivable and unearned revenue.

Anticipated Completion Date:

Completed.