Board of Directors
Oakland Business Improvement District

In planning and performing our audit of the financial statements of the Oakland Business Improvement District (District) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

The comments denoted with an asterisk (*) were reported in the prior year management letter and continue to require attention.

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 following deficiency in internal control to be a significant deficiency:

Audit Adjustments (*)

During the audit process, various adjustments were made to record current year depreciation expense, to adjust accounts receivable and revenue to the proper balances, to roll net assets, to record accounts receivable and accounts payable balances that related to 2023, and to adjust right of use assets and lease liabilities for current year lease activity. Entries were also posted to record in-kind revenues and expenses and to adjust unearned revenue balances. We recommend that the District take steps to eliminate audit adjustments, as adjustments indicate that the financial records of the District as initially prepared were not in accordance with generally accepted accounting principles and therefore, could not be fully relied upon to provide an accurate financial picture, and also could impact interim financial statements and decision making throughout the year. We recommend that management implement financial reporting controls and a thorough review of final figures as part of the year-end closing process to ensure that the trial balance is materially accurate prior to the audit.

We have recommendations on other matters. These other matters, which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies. Our comments are summarized as follows:

Review of Invoices and Bank Reconciliations (*)

During our review of cash disbursements, it was noted that 3 out of 38 invoices tested were not signed as reviewed and approved by the Executive Director, as per our understanding of the District's disbursement process. The District asserted that these invoices were reviewed and approved; however, this review was not formally documented. Per review of the canceled check images, we noted that these checks were signed by the Executive Director, who is also responsible for approving invoices. We recommend that all invoices be signed to indicate approval, or that the District's process be updated to consider the signing of the check to serve as evidence of approval of the invoice.

Additionally, we noted that bank reconciliations were not signed as reviewed and approved. The District asserted that bank reconciliations are reviewed by the Finance Committee during their meetings; however, there is currently no formal documentation of this review. We recommend that this review be documented, either by signature on the bank reconciliations or via notation in the minutes.

Check Signatures

During our review of the cash disbursements process, it was noted that 2 checks larger than $5,000 only contained one signature. We recommend that the District ensure that all checks larger than $5,000 contain two signatures from authorized check signors, prior to mailing of the checks, per the District's disbursement process.

Credit Card Receipts

Receipts were not able to be provided to support purchases made on the November 2023 credit card statement that was selected for testing. A second credit card statement from August 2023 was selected for testing; however, supporting receipts could not be provided for eight purchases, totaling $704, which made up 94% of the total purchases for the month. We recommend that the District obtain and review supporting receipts for all purchases made with the credit card to ensure that expenses appear to be for a proper business purpose.

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

Maher Duessel

Pittsburgh, Pennsylvania
September 27, 2024