



BROWN ARMSTRONG

Certified Public Accountants

AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING

Commissioners
San Luis Obispo Local Agency Formation Commission
San Luis Obispo, California

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We have audited the financial statements of the San Luis Obispo Local Agency Formation Commission (the Commission) for the year ended June 30, 2016, and have issued our report thereon dated March 31, 2017. In planning and performing our audit of the financial statements of the Commission, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of our audit, we noted a certain agreed upon condition. This condition and recommendation, which has been discussed with the appropriate members of management, is intended to improve the internal control structure or result in other efficiencies and is summarized as follows:

Current Year Condition and Recommendation

Condition 1 – Credit Card Policy

Condition

It is the Commission's practice to require expense sheets to be completed for credit card expenses. The Commission lacks a credit card policy establishing the proper use of a company issued credit card and the dollar limit for individual purchases.

Recommendation

We recommend the Commission adopt a credit policy to include the following:

- Establish the proper use of a company issued credit card, detailing allowable purchases.
- Establish the dollar limit for individual purchases.

Management Response

Management agrees with the recommendations and will implement the recommendations in its policy.

Status of Prior Year Conditions and Recommendations

None.

This information is intended solely for the use of the Commissioners and management of San Luis Obispo Local Agency Formation Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
March 31, 2017