



To the Honorable Members of the City Council
City of Lompoc, California

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number: 2025-001
Energy Conservation Rebate Program
Significant Deficiency

Condition

LSL tested 81 rebate payments from February 2024 – October 2025. LSL noted that 11 of the tested samples lacked documentation that the work was performed by contractors with an active license and/or in good standing with California Contractors State License Board (CSLB).

Criteria

The rebate applicants were not subject to the typical vetting and inspection procedures required for the City's regular vendors. As a result, the City needed to ensure that any work related to rebate applications was performed by contractors with a valid and current license from the California Contractors State License Board (CSLB). Accordingly, any rebate application missing key information—such as the contractor's name, city, or state license number—should not have been processed.

Cause

The City verified that rebate applications included receipts, invoices, and photographs as proof of completed work; however, it did not confirm if contractors' licenses were active with the California Contractors State License Board because some invoices lacked license numbers.

Effect or Potential Effect

The City may process rebate applications with supporting documentation from fictitious contractors.

Recommendation

The City should update the policies and procedures for all its conservation rebate programs to require work to be performed by licensed contractors. In addition, the City should clarify that it will not process any rebate applications unless they contain the contractor's name, city, or state license number.

Management's Response

The City agrees with the auditor's recommendation. The City has updated its rebate application and now requires the applicant to write their contractor license number along with their other related information. The license number was not previously part of the application. After receiving the completed application, the City is now verifying that the contractor license is valid and current, and sending that verification along with the application on to Efficiency Services Group, the third-party rebate program administrator. All applications are now saved in the City ERP as well.