

City of Glendale, California

Compliance Report
Year Ended June 30, 2011

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City of Glendale, California

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
U.S. Department of Agriculture			
Pass-through Los Angeles County Department of Community and Senior Citizens Services:			
Food Distribution Program	10.570	AAA-ENP2-0809-009	\$ 30,591
Total U.S. Department of Agriculture			30,591
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant Entitlement Program	14.218	B-10-MC-06-0518	4,943,189
ARRA: Community Development Block Grant Entitlement Program			
East Garfield Neighborhood Revitalization	ARRA-14.253	B-09-MY-06-0518	185,440
New Horizons Child Care Center	ARRA-14.253	B-09-MY-06-0518	(61,144)
GYA Youth Employment Program	ARRA-14.253	B-09-MY-06-0518	7,209
Employment and Training Program	ARRA-14.253	B-09-MY-06-0518	33,109
CDBG-R Administration	ARRA-14.253	B-09-MY-06-0518	12,787
Subtotal			177,401
Emergency Shelter Grants Program	14.231	S-10-MC-06-0518	145,570
Home Investment Partnership Program	14.239	M-10-MC-06-0512	210,173
Supportive Housing Program			
2004 Chester Street Permanent Supportive Housing	14.235	CA16B412-001	46,006
SHP renewal project – Scattered Site Family Transitional Housing	14.235	CA0730B9D120802	140,781
SHP renewal project – Hamilton Court Transitional Housing Project	14.235	CA0729B9D120802	109,642
Housing Now Permanent Supportive Housing Program-PATH Ventures	14.235	CA0723B9D120801	59,425
SHP renewal project – PATH Achieve SSO	14.235	CA0732B9D120802	565,673
SHP renewal project – HMIS	14.235	CA0728B9D120802	67,438
SHP New Horizons Family Care Center	14.235	CA0727B9D120802	654
SHP Renewal-Next Step	14.235	CA0731B9D120802	150,881
PATH Ventures Chronic Lease Program	14.235	CA0733B9D120802	171,612
SHP renewal project – Scattered Site Family Transitional Housing	14.235	CA0730B9D120801	41,362
SHP renewal project – Hamilton Court Transitional Housing Project	14.235	CA0729B9D120801	90,292
Scatter Site Permanent Housing	14.235	CA0723B9D120800	74,342
PATH Achieve SSO	14.235	CA0732B9D120801	151,456
SHP Renewal – HMIS	14.235	CA0728B9D120801	30,618
SHP New Horizons Family Care Center	14.235	CA0727B9D120801	3,396
Subtotal			1,703,578
Shelter Plus Care (S+C)			
2005 S+C Chronic Homeless Prog	14.238	CA16C512-001	31,208
Special Needs Assistance – 1998 Renewal Shelter Plus Care Grant	14.238	CA0724C9D120802	184,616
Special Needs Assistance – 1998 Renewal Shelter Plus Care Grant	14.238	CA0724C9D121003	39,782
2001 Renewal S+C	14.238	CA0726C9D120801	47,985
2001 Shelter Plus Care Program	14.238	CA0726C9D120802	67,857
1998 and 1999 Consolidated S+C	14.238	CA0882C9D120900	6,907
Subtotal			378,355

(Continued)

City of Glendale, California

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
ARRA: Homeless Prevention and Rapid Re-housing Program			
HPRP – Administration	ARRA-14.257*	S09-MY-06-0518	\$ 28,115
HPRP Data Collection and Evaluation	ARRA-14.257*	S09-MY-06-0518	43,601
HPRP Financial Assistance Program	ARRA-14.257*	S09-MY-06-0518	346,708
Rapid Re-housing Program	ARRA-14.257*	S09-MY-06-0518	110,612
Subtotal			529,036
Section 8 – Housing Choice Vouchers – Housing Assistance Program	14.871	CA114V	14,350,235
Pass-through Other Housing Authorities			
Section 8 – Housing Choice Vouchers – Portable Voucher Program	14.871	CA114V	14,308,733
Subtotal			28,658,968
Total U.S. Department of Housing and Urban Development			36,746,270
Department of the Interior National Park Service			
Pass-through California State – The Resources Agency			
California Historical Resources Inventory Database (CHRID)	15.904	06-09-21810	9,300
Total Department of the Interior National Park Service			9,300
U.S. Department of Justice			
Pass-through California Emergency Management Agency			
Project Safe Neighborhoods	16.609	US100 36 763	6,388
Direct Programs:			
LA Impact	16.000	N/A	14,305
Justice Assistance Grant (JAG) Program Cluster			
2009 Justice Assistance Grant	16.738	2009-DJ-BX-0471	750
2010 Justice Assistance Grant	16.738	2010-DJ-BX-0427	39,720
ARRA: 2009 Justice Assistance Grant	ARRA-16.804	2009-SB-B9-2024	76,664
Total JAG Program Cluster			117,134
Total U.S. Department of Justice			137,827
U.S. Department of Labor			
Pass-through State of California Employment Development Department:			
Workforce Investment Act Cluster			
WIA Adult Program	17.258*	K178699	648,468
WIA Youth Activities	17.259*	K178699	595,741
WIA Dislocated Formula Grant	17.278*	K178699	663,484
WIA Adult Program – New Start Program II	17.258*	K178699	55,125
WIA Dislocated Worker – Learning Lab	17.260*	R970576	20,000
WIA Dislocated Formula Grant – WIA Rapid Response	17.278*	K178699	292,895
WIA Dislocated Worker – WIA Rapid Response	17.260*	R970576	6,705
WIA Adult Program	17.258*	K074180	222,838
WIA Youth Activities	17.259*	K074180	148,053
WIA Dislocated Worker	17.260*	K074180	259,472
WIA Adult Program	17.258*	K074180	126,366
Subtotal			3,039,147

(Continued)

City of Glendale, California

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
ARRA: Workforce Investment Act Cluster			
WIA Adult Program ARRA	17.258*	R970576	\$ 147,555
WIA Dislocated Worker ARRA	17.260*	R970576	485,242
WIA Youth Activities ARRA	17.259*	R970576	47,181
WIA Dislocated Worker ARRA – Rapid Response ARRA	17.260*	R970576	643,605
WIA Dislocated Worker ARRA – ARRA 25% Dislocated Worker	17.260*	K074180	156,620
WIA Adult Program ARRA – ARRA Adult 15% Incentive	17.258*	K074180	4,089
Subtotal			1,484,292
Pass-through Managed Career Solution			
Veteran's Grant	17.258*	R973189	4,000
Veteran's Grant	17.260*	R973189	4,000
Veteran's Grant	17.258*	K079361	25,000
Veteran's Grant	17.260*	K079361	25,000
Subtotal			58,000
Total Workforce Investment Act Cluster			4,581,439
ARRA DPN	17.207	K078483	146,965
Pass-through United Way			
ARRA: United Way – Smart Grid Training	17.275	GJ-20024-10-60-A-25	73,489
Total U.S. Department of Labor			4,801,893
U.S. Department of Transportation			
Pass-through State Department of Transportation:			
Highway Planning and Construction Cluster			
Interstate 5/Western Interchange	20.205*	RPSTPL-5144(028)	77,779
ARRA: CalTrans Tier I Projects			
Street Repair and Rehabilitation Project, Phase I	ARRA-20.205*	ESPL-5144(051)	84,826
Street Repair and Rehabilitation Project, Phase VI	ARRA-20.205*	ESPL-5144(048)	80,124
New Traffic Signal Installation	ARRA-20.205*	ESPL-5144(050)	6,807
Traffic Signal at Monterey Road	ARRA-20.205*	ESPL-5144(047)	(6,194)
North Glendale Type 2070 Traf Signal	ARRA-20.205*	ESPL-5144(052)	(3,132)
South Glendale Type 2070 Traf Signal	ARRA-20.205*	ESPL-5144(049)	(1,671)
Glenoaks Blvd Traffic Signal Modification	ARRA-20.205*	ESPL-5144(055)	1,769,194
Subtotal			1,929,955
Total U.S. Department of Transportation			2,007,734
Institute of Museum and Library Services			
Pass-through California State Library:			
English Literacy and Civics Grant	45.310	0745082382	4,560
Section 231/225 Literacy Grant	45.310	84002022	5,083
Public Library Staff Education Program	45.310	4—7388	1,791
Eureka – Children's Room	45.310	40-7456	4,795
Eureka – Adams Square	45.310	40-7472	5,000
Eureka – Pacific Park	45.310	40-7457	3,475
Public Library Staff Education Program 2010-2011	45.310	40-7648	11,142
Workforce Investment Act Literacy Grant 2010-2011	45.310	1014508238200	500
Total Institute of Museum and Library Services			36,346
U.S. Small Business Administration			
Direct Programs			
Small Business Administration	59.000	SBAHQ-09-I-0022	3,767
Total Small Business Administration			3,767

(Continued)

City of Glendale, California

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ Grant Number	Federal Expenditures
Environmental Protection Agency			
Direct Programs:			
Chromium 6 Removal Studies III STAG: Congressionally Mandated Projects	66.202	XP-96990301	\$ 76,955
Total Environmental Protection Agency			76,955
U.S. Department of Energy			
Direct Programs:			
ARRA: Electricity Delivery and Energy Reliability, Research, Development and Analysis Program	ARRA-81.122*	DE-OE0000248	11,140,943
ARRA: Energy Efficiency and Conservation Block Grant Program – PB Positive Energy	ARRA-81.128*	DE-SC0002992	53,556
ARRA: Energy Efficiency and Conservation Block Grant Program – CS PB City Facilities Retrofits	ARRA-81.128*	DE-SC0002992	800,361
ARRA: Energy Efficiency and Conservation Block Grant Program – PB Greener Glendale	ARRA-81.128*	DE-SC0002992	29,212
Total U.S. Department of Energy			12,024,072
U.S. Department of Health and Human Services			
Pass-through Los Angeles County Department of Community and Senior Citizens Services:			
Aging Cluster			
Special Programs for the Aging – Title III, Part B	93.044	AAA-ENP2-0809-009	878
Special Programs for the Aging – Title III, Part C	93.045	AAA-ENP2-0809-009	230,206
Total Aging Cluster			231,084
Special Programs for the Aging – Title VII	93.042	40126	6,194
Pass-through South Bay Workforce Investment Board			
ARRA: Summer Youth Job Program	93.714*	10-H1046	720,144
Total U.S. Department of Health and Human Services			957,422
Social Security – Work Incentives Planning and Assistance Programs			
Direct Programs:			
Social Security Administration 4/2010 – 6/2011	96.008	14-W-50006-9-05	153,584
Total Social Security Administration			153,584
Department of Homeland Security			
Homeland Security Cluster:			
Pass-through State Office of Homeland Security:			
FY 2005 Metropolitan Medical Response System	97.067	2003-0023	61,567
Pass-through Los Angeles County:			
FY2005 Metro Medical Response Grant	97.067	2007-2008	(749)
FY 2008 State Homeland Security Grant	97.067	2008-0006	157,813
FY2009 State Homeland Security Grant	97.004	2009-019	181,016
Subtotal			338,080
Pass-through City of Los Angeles:			
FY 2007 Urban Area Security Initiative: Homeland Security Grant	97.067	2005-15,2007-0008	828,012
FY 2008 Urban Area Security Initiative: Homeland Security Grant	97.067	2008-0006	621,713
FY 2009 Urban Area Security Initiative: Homeland Security Grant	97.067	2009-019	43,003
Subtotal			1,492,728
Total Homeland Security Cluster			1,892,375
FY 2006 & FY 2007 Urban Area Security Initiative Alliance Grant	97.008	2006-0071	(949)
Total Department of Homeland Security			1,891,426
Total Expenditures of Federal Awards			\$ 58,877,187

CFDA - Catalog of Federal Domestic Assistance

* Denotes major program or cluster

N/A - Not available

See Notes to Schedule of Expenditures of Federal Awards.

City of Glendale, California

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the City of Glendale, California (the City). The Schedule includes federal awards received directly from federal agencies, as well as federal awards passed through other agencies. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position of the City.

The accompanying Schedule is presented on the modified-accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Workforce Investment Act

The City, along with the cities of Burbank and La Cañada Flintridge, established a joint powers agreement on August 23, 2005, named the Verdugo Consortium (Consortium) for the purpose of receiving a Workforce Investment Act (WIA) allocation and administering the WIA program as a single participating jurisdiction. This agreement designates the Arroyo Verdugo Cities Steering Committee, which consists of one elected official from each of the three cities, to appoint Verdugo Workforce Investment Board members. The City, as the Consortium's lead entity, has assumed the overall responsibility for ensuring that the Consortium is compliant with all WIA program requirements, including the receipt and disbursement of, and accounting for, all WIA program and matching funds.

City of Glendale, California

Notes to Schedule of Expenditures of Federal Awards

Note 3. Subrecipients

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Program Title Provided	Federal CFDA Number	Amount
U.S. Department of Health and Human Services		
ARRA: Summer Youth Job Program	93.714	\$ 639,343
Total U.S. Department of Health and Human Services		639,343
 U.S. Department of Housing and Urban Development		
Community Development Block Grant	14.218	529,952
ARRA: Community Development Block Grant	14.253	(20,826)
Emergency Shelter Grant	14.231	145,570
ARRA: Homeless Prevention and Rapid Re-housing	14.257	110,612
Supportive Housing Program	14.235	1,579,706
Total U.S. Department of Housing and Urban Development		2,345,014
 U.S. Department of Labor		
Workforce Investment Act Cluster: WIA Adult Activities	17.258	66,235
Workforce Investment Act Cluster: WIA Dislocated Worker Activities	17.260	1,415
Workforce Investment Act Cluster: WIA Dislocated Worker Activities	17.278	93,813
Workforce Investment Act Cluster: WIA Rapid Response Activities	17.278	219,244
Workforce Investment Act Cluster: WIA Youth Activities	17.259	376,078
ARRA: United Way – Smart Grid Training	17.275	33,000
ARRA: Workforce Investment Act Cluster – WIA Dislocated Worker Activities	17.260	89,846
ARRA: Workforce Investment Act Cluster – WIA Rapid Response Activities	17.260	101,832
ARRA: Workforce Investment Act Cluster – WIA Youth Activities	17.259	12,958
Total U.S. Department of Labor		994,421
Total Amount Provided to Subrecipients		\$ 3,978,778

City of Glendale, California

Notes to Schedule of Expenditures of Federal Awards

Note 4. California Emergency Management Agency (CalEMA) Disclosures

The following schedule represents the detail of expenditures related to a federal program passed through California Emergency Management Agency (CFDA #16.609 in the Schedule) for the year ended June 30, 2011:

	Federal/State		
	Match	Local Match	Total
Project Safe Neighborhoods			
Grant Award Number US08 01 6763:			
Personal Services	\$ -	\$ -	\$ -
Operating Expenses	6,388	-	6,388
Equipment	-	-	-
	<u>\$ 6,388</u>	<u>\$ -</u>	<u>\$ 6,388</u>



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Honorable Members of the City Council
City of Glendale, CA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Glendale, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon, dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, Audit Committee, management of the City, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Los Angeles, CA
November 28, 2011



Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program on Internal Control Over Compliance in Accordance With OMB Circular A-133, and on the Schedule of Expenditures of Federal Awards

To the Honorable Members of the City Council
City of Glendale, CA

Compliance

We have audited the City of Glendale, California's (City) compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended June 30, 2011, and have issued our report thereon, dated November 28, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, Audit Committee, management of the City, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Los Angeles, CA
November 28, 2011

City of Glendale, California

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.714	Summer Youth Job Program
14.257	Homeless Prevention and Rapid Re-housing
17.258, 17.259, 17.260 & 17.278	Workforce Investment Act Cluster
20.205	Highway Planning and Construction Cluster
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis Program
81.128	Energy Efficiency Community Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 1,766,316

Auditee qualified as low-risk auditee? X Yes _____ No

City of Glendale, California

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

II. Financial Statement Findings

A. Internal Control Deficiencies

None reported.

B. Compliance Findings

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control Deficiencies

None reported.

B. Compliance Findings

None reported.

City of Glendale, California

**Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2011**

The Financial Statement Finding and Questioned Costs for federal awards reported at June 30, 2010 was as follows:

SD #2010-1 Bank Reconciliations –

Condition: Certain bank statements are not reconciled by the Treasurer's Office to the general ledger on a timely basis. The Treasurer's Office is currently four months behind in reconciling the City's bank accounts and providing those reconciliations to the Finance Department for recording into the City's general ledger. These delays are due to the Treasurer's Office not fully implementing and utilizing systems available to them to efficiently prepare the bank reconciliations.

Criteria: Internal controls, when properly implemented and functioning, are designed to provide reasonable assurance about the achievement of the City's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Effect: Not performing bank reconciliations on a timely basis could cause the financial records and interim financial statements to be unreliable, and allows for possible irregularities, including fraud, to exist without being noticed.

Recommendation: Bank statement reconciliations should be prepared and reviewed on a timely basis to provide assurance that all transactions have been entered by the bank and recorded in the books properly. Ideally, all bank accounts should be reconciled and reviewed no later than the 10th working day of the following month or within a week of receipt of the bank statements. If bank reconciliations are to serve as an effective control over the cash accounts, they must be prepared and reviewed on a timely basis and all reconciling items should be investigated and disposed of properly.

Management Response: The City concurs with the Auditors' observation. The City Treasurer's office experienced a shortage in staffing due to retirement and long-term staff illness which resulted in untimely monthly bank reconciliations. The City Treasurer's office will work with Internal Audit and Finance to automate the reconciliation process to improve efficiency. Furthermore, the City Treasurer's office will strive to complete the monthly cash reconciliation within 20 days of the following month but no later than 30 days of the following month.

Current year status: Fully corrected.