



## Scope of Audits

1. Comprehensive Annual Financial Report (CAFR)
2. Single Audits
3. Retirement System
4. Successor Agency of the Redevelopment Agency
5. General Hospital and Laguna Honda Hospital
6. Port
7. Finance Corporation

## Audit Results

- Comprehensive Annual Financial Report (CAFR) and Single Audits
  - Unmodified opinions – *highest level of assurance*
  - Internal Control over Financial Reporting
  - Internal Control over Compliance
- Report to the Government Audit & Oversight Committee
  - Required Communications
  - Current Year Comments
  - Status of Prior Year Comments

## Required Communications

### FY 2013-14 Audit Service Plan

1. Our Responsibility under U.S. Generally Accepted Auditing Standards
2. Planned Scope and Timing of the Audit

## Required Communications (cont'd)

### Report to the Government Audit & Oversight Committee

3. Qualitative Aspects of Accounting Practices
4. Difficulties Encountered in Performing the Audit
5. Corrected and Uncorrected Misstatements
6. Disagreements with Management
7. Management Representations
8. Management Consultations with Other Independent Accountants
9. Other Audit Findings or Issues
10. Required Supplementary Information
11. Other Supplementary Information
12. Other Information in Documents Audited Financial Statements

## Current Year Recommendations – Financial Statements Audit

Item 2014-001 – Information Technology Governance  
*Significant Deficiency*

- The City's decentralized IT environment has contributed to inconsistent IT controls being utilized throughout the City.
- The City does not have policies to regularly review activities of high-level users (i.e. administrative, master, and super user activities).

## Prior Year Recommendations – Financial Statements Audit

Item 2013-1 – Governance of Payroll Process  
*Other Matter*

- *Condition:*  
Payroll policies and procedures used by City departments became outdated as a result of the new eMerge system.
- *Status:*  
Corrective action has been implemented.  
The Controller's Office issued formal policies and procedures for using the eMerge system, and has implemented monitoring controls.

## **Prior Year Recommendations – Financial Statements Audit (cont'd)**

Item 2012-2 – New Pension Accounting Standards

*Informational*

- *Condition:*  
GASB Statements No. 67 and 68 would significantly change the Retirement System's and the City's financial statement presentation, respectively.
- *Status:*  
The Retirement System implemented Statement No. 67 in FY 2013-14. The City will implement Statement No. 68 in FY 2014-15.

## **Current Year Recommendations – Federal Awards Audit**

Item 2014-002 – Subrecipient Monitoring

*Significant Deficiency*

- Workforce Investment Act Cluster (CFDA no. 17.258, 17.259, 17.278)
- WIA Pilots, Demonstrations, and Research Projects (CFDA No. 17.261)
  
- Both administered by the Office of Economic and Workforce Development

## **Current Year Recommendations – Federal Awards Audit (cont’d)**

Item 2014-003 – Reporting

*Significant Deficiency*

- Continuum of Care Program (CFDA No. 17.268)
  - Administered by Human Services Agency
- WIA Pilots, Demonstrations, and Research Projects (CFDA No. 17.261)
  - Administered by the Office of Economic and Workforce Development

## **Current Year Recommendations – Federal Awards Audit (cont’d)**

Item 2014-004 – Procurement and Suspension and Debarment

*Significant Deficiency*

- Child Support Enforcement (CFDA No. 93.563)
  - Administered by the Department of Child Support Services

## **Prior Year Recommendation – Federal Awards Audit**

Item 2013-001 – Subrecipient Monitoring  
*Control Deficiency*

- Aging Cluster (CFDA No. 93.044, 93.045, 93.053)
  - Administered by the Human Services Agency

# **FY 2014-15 AUDIT SERVICE PLAN**

## Audit Service Plan

1. Planned Scope – pg. 11
  - Same as in FY 2013-14:  
Comprehensive Annual Financial Report (CAFR), Single Audits,  
Retirement System, Successor Agency of the Redevelopment  
Agency, General Hospital and Laguna Honda Hospital, Port,  
Finance Corporation
2. Timing of the Audit – pg. 5
3. Our and Management's Responsibilities  
under U.S. Generally Accepted Auditing Standards – pg. 11

Questions?