



**FY2018 Comprehensive
Annual Financial Report
(CAFR)
and Annual Audit Follow UP**

City Council Meeting

May 6, 2019

Background

- February 4, 2019
 - Comprehensive Annual Financial Report
 - Audit Results
 - Material weaknesses
 - Deficiencies



Definitions

- Internal controls: rules, systems, procedures to ensure financial integrity, support accountability, prevent fraud
- Deficiencies: internal controls may not prevent or detect an error



Opportunities for Improvement

Deficiencies

- Inventory
- Procurement cards
- Capital asset capitalization policy
- Information technology user rights
- Development impact fees

Material Weaknesses

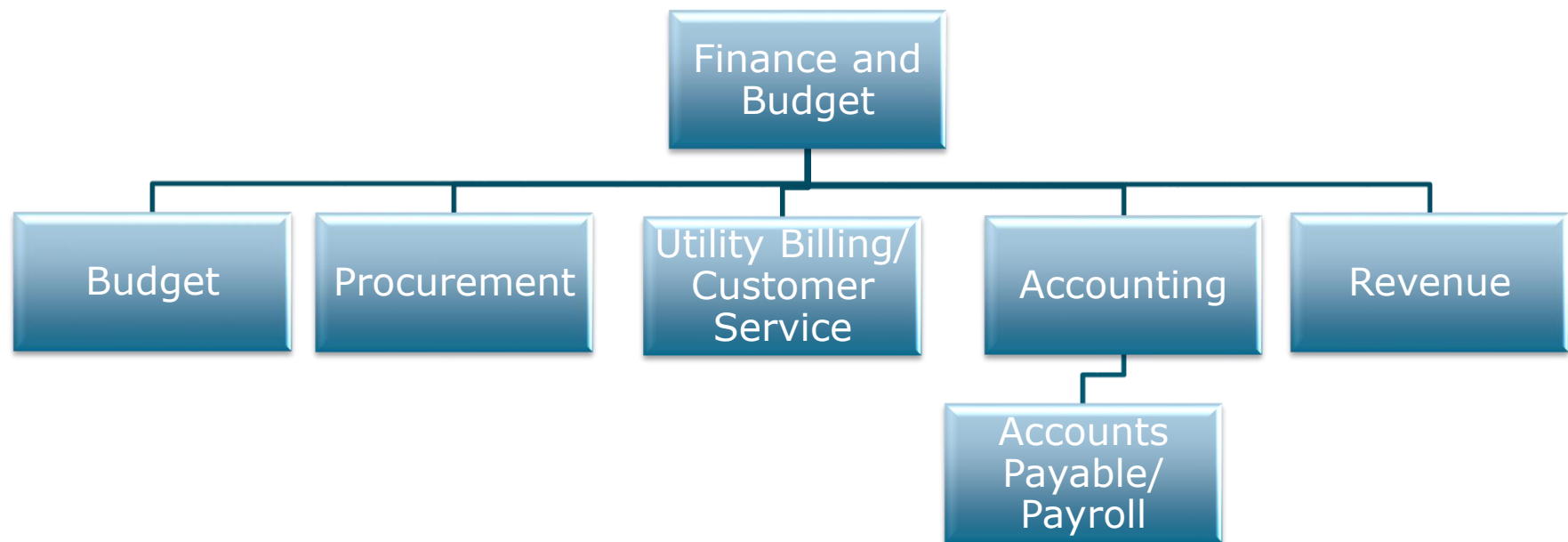
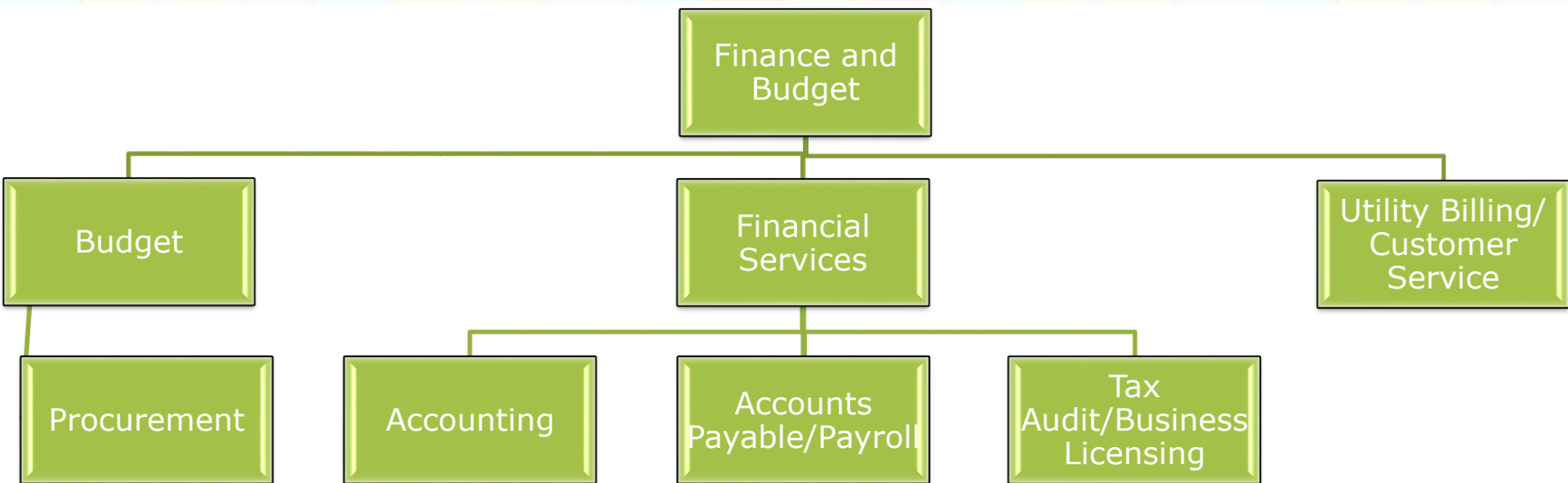
- Long-term storage credits on inventory
- Bank reconciliations
- Material audit adjustments



Evaluation

- Department structure
 - Alignment
 - Leadership for daily operations
- Availability of resources (time, technology)
- Experience and training
- Policies and desk procedures
- Communications





Opportunities for Improvement

Deficiencies

- Inventory (training, communications)
- Procurement cards (resources, training, policies)
- Capital asset capitalization policy (policies)
- Information technology user rights (policies, structure)
- Development impact fees (training, policies)



Opportunities for Improvement

Material Weaknesses

- Long-term storage credits on inventory (communications)
- Bank reconciliations (structure, training)
- Material audit adjustments (structure, training)





CAFR and Annual Audit Follow Up

Questions/Comments?