

City of Avondale Annual Audit Results Year Ended June 30, 2017

City Council Work Session
May 21, 2018

Background

- City Charter requires an annual audit of the City's financial statements
- Federal regulations (Uniform Guidance) requires the City to have a Single Audit
- Half-cent sales tax expenditures are subjected to an annual public audit.

Background

- City entered a new, five-year contract with CliftonLarsonAllen LLP (CLA) in May 2017
- CLA completed audit services at the end of March

Financial Status

- General fund balance level remains strong
- City Bond ratings remain strong
- City continues to receive unmodified (clean) opinions on its CAFR, HURF, Single Audit Compliance, and Expenditure Limitation Report
- CAFR has been awarded GFOA, *Certificate of Excellence in Financial Reporting* award for the past 15 years

Single Audit Report

- **Identified Several Internal Control Deficiencies**

- **Control Deficiencies – Defined**
 - *Deficiency* – either the design or operation of the City’s internal controls may not prevent or detect an error.
 - *Significant Deficiency* – a deficiency is present, but it is not material and in all likelihood would not cause something to be materially misstated, but it is important enough that it should be reported to governance.
 - *Material Weakness* – a deficiency is present and it is either material or it could cause a material misstatement.

Single Audit Report

- **Material Weaknesses Reported**
 - Bank reconciliations not completed timely and several items were not recorded correctly
 - Audit adjustments were made to our accounts

- **Significant Deficiencies Reported**
 - Procurement policies were not updated timely to comply with federal requirements
 - Procurement card activity was not posted timely

- **Major Program Finding (CDBG)**
 - Cash Management – The City did not request reimbursement timely for eligible CDBG expenditures

Management Letter

- Inventory – Opportunity to improve controls over inventory

Corrective Action Plan

- Staff developed a corrective action plan and is working diligently to correct the deficiencies in a timely manner.
- Staff anticipate that all corrective actions will be completed by June 30, 2018, except for the bank reconciliations.
 - Bank reconciliations will be completed by September 30, 2018.

Questions?