



## Legislation Text

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Staff Report on the Independent Auditor's City of San Leandro Memorandum on Internal Control and Required Communications for the Year Ended June 30, 2013

### **SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council accept the City's Memorandum on Internal Control (MOIC) and Required Communications for the year ended June 30, 2013.

### **BACKGROUND**

On February 3, 2014, the City Council accepted the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013. In planning and performing the audit of the financial statements, the City's independent auditors considered the City's internal control over financial reporting (internal control) as a basis for designing the auditing procedures for the purpose of expressing opinions on the financial statements. At the completion of the audit, an unqualified, clean opinion was rendered by Maze & Associates.

### **DISCUSSION**

The City's independent auditor completed audits of the City's financial statements, including the MOIC. The audit found material weaknesses in the internal controls. Maze identified one "material weakness", which is the timeliness of the General Ledger Closing and the Private Purpose Trust Fund accounting. Other matters discussed in the MOIC are Super-User Rights of the Financial System, Investment Policy, new accounting rules and progress toward addressing items mentioned in the prior year MOIC.

Based on the MOIC, staff has increased its efforts during fiscal year 2013-14 to comply with the standards identified by Maze & Associates.

Attached is the MOIC from the City's external auditor which includes constructive recommendations to ensure the City's accounting function is timely, complete and accurate.

### **ATTACHMENT(S)**

- Memorandum on Internal Control and Required Communications for the year ended June 30, 2013

**PREPARED BY:** David Baum, Finance Director, Finance Department