

CITY OF PORTSMOUTH, VIRGINIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2010

2009-1 Internal Control over Financial Reporting

Criteria:

Proper interperiod cutoff should be determined to ensure all accounts payable and expenditures are recorded in the appropriate period.

Condition:

While performing our audit procedures to test the valuation of accounts payable, we determined there were invoices received after year end that should have been accrued as accounts payable as of June 30, 2009. Conversely, invoices which had been previously paid were still included in the accounts payable balance at June 30, 2009.

Resolution:

Corrected.

2009-2 Internal Control over Financial Reporting

Criteria:

Bank reconciliations should be performed monthly throughout the year.

Condition:

While performing our audit procedures to test the accuracy of cash balances, we determined that bank reconciliations were not prepared during the year for the Public Utilities account.

Resolution:

Corrected.

2009-3 Internal Control over Financial Reporting

Criteria:

Generally accepted accounting principles require that receivables be reviewed for collectibility and a provision be made for uncollectible amounts.

Condition:

The year end closing process at the School Board did not identify all uncollectible amounts.

Resolution:

Corrected.

2009-4 Internal Control Over Budget and Spending

Criteria:

The Codes of the Commonwealth of Virginia and the City of Portsmouth require that the School Board not expend amounts that are not appropriated.

Condition:

For the year ended June 30, 2009, the School Board expended approximately \$2,400,000 of funds that were available to them but were in excess of their appropriation for the General Fund.

Resolution:

Corrected.

2009 -5 Record-keeping in the Constitutional Officers' Information Network system for the State Stabilization Fund reimbursements

Criteria:

Localities and regional jails must maintain documentation that individuals paid under the State Stabilization Fund program did work or were entitled to payment as required by the Compensation Board. This information must be entered into the Constitutional Officers' Information Network (COIN) system to obtain reimbursement.

Condition:

While performing our audit procedures to ensure compliance with the State Stabilization Fund program requirements, we noted one instance of an employee who was terminated during the month but was not removed from the COIN system until the following month.

Resolution:

Corrected.

2009-6 – Recordkeeping for Local Inmate Data System report

Criteria:

Localities and regional jails must maintain documentation of the number of state inmates recorded in the Local Inmate Data System (LIDS) as required by the Compensation Board.

Condition:

While performing our audit procedures to ensure compliance with the State Stabilization Fund requirements, the Sheriff's department could not produce documentation supporting the number of inmates which was submitted through the LIDS system for reimbursement.

Resolution:

Corrected.

2009-7 Subrecipient Monitoring for Community Development Block Grant (CDBG)

Criteria:

Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall include provisions concerning: the statement of work, records and reports, program income and uniform administrative requirements (24 CFR section 570.503).

Condition:

While performing our audit procedures to ensure compliance with the CDBG program, we noted that there was no signed agreement between the City and the subrecipient using these funds.

Resolution:

Corrected.

2009-8 Department of Social Services System Controls

Criteria:

Anti-Virus software must be active and virus definition files must be current on all personal computers and servers.

Condition:

While performing our audit procedures to ensure compliance with the Social Services section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*, we determined that anti-virus software was not on, and virus definition files were not current on all personal computers and servers.

Resolution:

Corrected.

2009-9 Department of Social Services LASER reconciliations

Criteria:

The Virginia Department of Social Services reimburses local governments for the state and federal shares of expenses using the Locality Automated System for Expenditure Reimbursement (LASER). Amounts reported in LASER must be periodically reconciled to the local government's general ledger.

Condition:

While performing our audit procedures to ensure compliance with the Social Services section 3-15 of the *Specifications for Audits of Counties, Cities and Towns*, we noted that LASER reports were not being properly reconciled to the City's general ledger.

Resolution:

Corrected.

2009-10 Sheriff Work Release Procedures

Criteria:

In accordance with chapter 5 of the *Virginia Sheriff's Accounting Manual*, the Sheriff must always deposit with the local Treasurer or Director of Finance the fees collected for work release inmate care and custody and the home/electronic incarceration program to cover the cost of equipment rental. The Sheriff should never deposit these fees into the Sheriff's official bank account.

Condition:

While performing our audit procedures to ensure compliance with the Sheriff's Internal Controls section 2-8 of the *Specifications for Audits of Counties, Cities and Towns*, which references the requirements set forth in the *Virginia Sheriff's Accounting Manual*, we noted that fees collected from work release participant were not being remitted to the Treasurer. The funds were being deposited to and disbursed from the Sheriff's office without going through the Treasurer or the City's procurement and accounts payable offices.

Resolution:

Corrected.