

THE CITY OF HEALDSBURG

SINGLE AUDIT REPORT

For the Fiscal Year Ended June 30, 2012

The City of Healdsburg
Single Audit Report
For the Fiscal Year Ended June 30, 2012
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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the City Council of
the City of Healdsburg
Healdsburg, California**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Healdsburg as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (Findings 2012-01, 2012-02, and 2012-04). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters, items 2012-05 and 2012-06, that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City, in a separate letter dated February 25, 2013.

This report is intended solely for the information and use of the City Council and management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
February 25, 2013



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CULVER CITY, CA 90230
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**To the City Council of
the City of Healdsburg
Healdsburg, California**

Compliance

We have audited the compliance of the City of Healdsburg (City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2012. The City's major federal program is identified in the summary of the auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Healdsburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstance. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding procurement that are applicable to its Highway Safety Improvement Program (ARRA). (Finding 2012-5 and 2012-6) Compliance with such requirements is necessary, in our opinion, for the City, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2012.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2012-03 to be a significant deficiency.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated February 25, 2013 which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the City Council, management, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
February 25, 2013

The City of Healdsburg
 Single Audit Report
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity ID Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
<i>Passed through Program From:</i>			
<i>County of Sonoma</i>			
Community Development Block Grant	14.218		\$ 188,645
Total U.S. Department of Housing and Urban Development			<u>188,645</u>
U.S. Department of Homeland Security:			
<i>Direct Program:</i>			
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2008-FF-00613	<u>180,282</u>
Total U.S. Department of Homeland Security			<u>180,282</u>
U.S. Department of Education:			
<i>Passed through Program From:</i>			
<i>Boys & Girls Clubs of Central Sonoma County</i>			
Twenty-First Century Community Learning Centers	84.287		<u>48,318</u>
Total U.S. Department of Education			<u>48,318</u>
U.S. Department of Transportation:			
<i>Passed through Programs From:</i>			
<i>State of California Department of Transportation</i>			
ARRA - Highway Safety Improvement Program	20.205	HISP-5027(015)	83,800
ARRA - Highway Safety Improvement Program	20.205	BHLS-5027(010)	574,459
ARRA - Highway Safety Improvement Program	20.205	CML-0527(013)	<u>130,498</u>
Total U.S. Department of Transportation			<u>788,757</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,206,002</u></u>

See accompanying notes to schedule of expenditures of federal awards

The City of Healdsburg

Single Audit Report

Notes to the Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2012

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of Healdsburg (City), and (b) component units which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit of the City is:

- Healdsburg Public Financing Authority (HPFA)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Funds received under the various grant programs have been recorded within the general fund, special revenue funds, capital project funds, and enterprise funds of the City. The City utilizes the modified accrual method of accounting for the general, special revenue, and capital project funds and the accrual method of accounting for enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The accompanying schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California Department of Transportation, the County of Sonoma, and the Boys and Girls Clubs of Central Sonoma County are included in the schedule.

The schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

3. PROGRAM DESCRIPTIONS

U. S. Department of Housing and Urban Development

Community Development Block Grant (CDBG)

The Community Development Block Grant (CDBG) Program was authorized under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG Program is the development of viable urban communities, including adequate housing, a suitable living environment, and expansion of economic opportunities principally for persons of low to moderate income. Under this program, the Department of Housing and Urban Development (HUD) distributes funds based upon approved applications to eligible local governmental units for the purpose of community improvement and betterment. The City uses CDBG funds to finance a comprehensive home improvement program that assists low and moderate income residents through low interest subsidies and deferred loans.

The City of Healdsburg

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Notes to the Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2012

3. PROGRAM DESCRIPTIONS (CONTINUED)

U. S. Department of Homeland Security

Staffing for Adequate Fire and Emergency Response (SAFER)

The objectives of these grants are to provide financial assistance directly to fire departments and nonaffiliated EMS organizations to enhance their capabilities with respect to fire and fire related hazards, to help meet their firefighting and emergency response needs, and to support organizations that lack the tools and resources necessary to more effectively protect the health and safety of the public and their emergency response personnel with respect to fire and all other hazards.

U. S. Department of Education

Twenty-First Century Community Learning Centers

The objective of the grant is to support the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children, particularly students who attend high-poverty and low-performing schools. The program is intended to help students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that should complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

U. S. Department of Transportation

Highway Safety Improvement Program

The Highway Planning and Construction program assists State transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS), including the Eisenhower Interstate System (EIS); and for transportation improvements to most other public roads; to provide aid for the repair of Federal-aid highways following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes.

The City of Healdsburg

Single Audit Report
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses?

 X Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

 X Yes _____ None reported

Type of auditor’s report issued on compliance for major programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)

 X Yes _____ No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

 20.205

Highway Safety Improvement Program-ARRA

Dollar threshold used to distinguish between Type A and Type B programs:

 \$ 300,000

Auditee qualified as low-risk auditee:

_____ Yes X No

The City of Healdsburg

Single Audit Report

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2012

Section II – Findings – Financial Statement Audit

Significant Deficiencies

2012-01 Finding – Deficiencies in internal control over cash receipts at the Swim Center and Foss Creek:

During our review of cash receipts internal control at the Swim Center and Foss Creek, we noted the following deficiencies:

- a) Various Shift Summary Sheets were either not reconciled on a daily basis or signed by the Manager for one out of eight cash receipts reviewed.
- b) For drop-in customers, participants could simply sign in and pay the instructor. In addition, no receipts were given to drop-in participants.
- c) There was a lack of segregation of duties over cash receipts at the Swim Center and Foss Creek. The person who collects money also reconciles the cash receipts at the end of the day. In addition, no other person reviews or approves the reconciliation.
- d) The cash box at the swimming pool area was kept in an unlocked drawer and all lifeguards or part-time staff had access to the cash box during operating hours.

Effect:

A lack of segregation of duties and controls over cash receipts increases the risk that errors and irregularities may occur and go undetected, which could lead to a misappropriation of funds.

Recommendation:

We recommend that the City implement policies that will strengthen the City's internal controls at the Swim Center and Foss Creek, such as establishing a tracking system on the number of customers entering, implementing reconciliation of cash being turned in with the amount of cash receipts collected, segregating the duties of cash receipts process, and keeping cash receipts properly secured.

Management's Response:

Staff has been counseled on the importance of following cashiering guidelines setup by Finance. The staff at the Swim Center has been counseled on the importance of proper cash handling. The individuals staffing the swim center are young and we make every effort to have them follow our procedures.

2012-02 Finding – Deficiencies in internal control over cash receipts at the Senior Center:

During our review of internal control over cash receipts at the Senior Center, we noted the following:

- a) There was a \$1 fee charged per participant for Bridge that was not on the fee schedule.
- b) One out of 6 cash receipts reviewed did not have the registration form for review.
- c) There was a lack of segregation of duties over the cash receipts at the Senior Center. The person who collects money also reconciles the cash receipts at the end of the day. In addition, no other person reviews or approves the reconciliations.

Effect:

A lack of segregation of duties and controls over cash receipts increases the risk that errors and irregularities may occur and go undetected, which could lead to a misappropriation of funds.

The City of Healdsburg

Single Audit Report

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2012

Section II – Findings – Financial Statement Audit (Continued)

Significant Deficiencies (Continued)

2012-02 Finding – Deficiencies in internal control over cash receipts at the Senior Center (Continued):

Recommendation:

We recommend that the City ensure that all cash receipts are properly charged based upon the approved fee schedule and booked into the correct account. The City also needs to ensure that there is a sufficient segregation of duties over cash receipts at the Senior Center.

Management's Response:

The Senior Center front counter is staffed by senior volunteers. Finance staff has counseled them on the appropriate steps to follow. Due to staffing levels, staff is unable to segregate duties any more than we already do.

2012-03 Finding – Non-compliance with use of impact fee:

During our review of revenues and expenditures, we noted there appears to be non-compliance with the use of impact fees. Transfers of funds are made to the General Fund with no support as to what the use is.

Effect:

The City is not in compliance with the intended purpose of impact fees.

Recommendation:

We recommend the City ensure expenditures of impact fee revenue is compliant.

Management's Response:

Staff has been counseled on the appropriate use of these funds.

2012-04 Finding – Lack of control over capital assets:

During the review of internal controls over capital assets, the following were noted:

1. Assets purchased with federal funds may not be identified;
2. There is no listing by department of potential impaired assets.
3. Physical inventory should be performed and reconciled with the capital asset listing annually.

Effect:

Without an annual review, the City's capital assets schedule may not be updated for obsolete, impaired, and disposed capital assets, which could result in a misstatement of the value of capital assets. Consistent use of the capitalization policies is needed to have an accurate classification of the City's capital assets.

Recommendation:

We recommend the City implement procedures to review capital assets at least annually and update the capital assets schedule, accordingly.

Management's Response:

Staff will, in the future, identify all capital assets purchased with federal money and will identify assets which are no longer in service during Fiscal Year 2012-2013.

The City of Healdsburg

Single Audit Report

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2012

Section III – Findings and Questioned Costs – Major Federal Award Program Audit

2012-05 Finding – Lack of supporting documentation:

Program: US Department of Transportation - Highway Safety Improvement Program-ARRA – CFDA 20.205

Criteria:

OMB Circular A-133 Compliance Supplement requires that a qualification based selection process in conformance with the Brooks Act be utilized by any contracting agency to procure engineering and design-related services using Federal-aid highway funding. All supporting documentation in regards to the selection process must be documented and available for review.

Condition:

During our review of procurement, we noted a lack of supporting documentation for the Healdsburg Bridge project for design and engineering per the Brooks Act requirements.

Effect:

The City is not in compliance with the retention of documents requirement under the Brooks Act and the requirements of *OMB Circular A-133 Compliance Supplement* in regards to procurement and record retention.

Questioned Cost:

Unknown

Recommendation:

We recommend the City retain all procurement related documents for the required time period in accordance with Federal requirements.

Management's Response:

Supporting documentation was inadvertently discarded with all non-successful proposals approximately 24 months after the City Council awarded the design contract to the most qualified proposer. Supporting documentation for federal aid contract procurement will hereafter be immediately scanned and archived along with other relevant information into the project files.

2012-06 Finding – Lack of documentation for sole source justification:

Program: US Department of Transportation - Highway Safety Improvement Program-ARRA – CFDA 20.205

Criteria:

OMB Circular A-133 Compliance Supplement requires that a qualification based selection process in conformance with the Brooks Act be utilized by any contracting agency to procure engineering and design-related services using Federal-aid highway funding. All supporting documentation in regards to the selection process must be documented and available for review.

Condition:

During our review of procurement, we noted a lack of documentation showing procurement procedures were conducted for a sole source contract award for Foss Creek Segment 6 design and engineering services, in accordance with the Brooks Act requirements.

The City of Healdsburg

Single Audit Report

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2012

Section III – Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2012-06 Finding – Lack of documentation for sole source justification (continued):

Effect:

The City is not in compliance with the retention of documents requirement under the Brooks Act and the requirements of *OMB Circular A-133 Compliance Supplement* in regards to procurement and record retention.

Questioned Cost:

Unknown

Recommendation:

We recommend the City retain documentation supporting the conduct of proper procurement procedures for sole sourcing.

Management's Response:

Procurement procedures were not documented and preserved in the project files. The City was notified by the office of its U.S. Representative (Mike Thompson, California 1st Congressional District) of an impending loss of \$1.3 million in funding he had procured for the City, if a deadline was not met. As the timeframe was extremely short, staff had to contact full-service design consultants (including civil engineering, surveying, landscape, structural and irrigation) by phone to discuss the project scope, needs, and timing urgency, and to request a proposal for providing services.

Regardless of scheduling challenges and resource shortages, senior staff responsible for the project shall document in writing all steps and procedures taken in procuring professional service contracts. Furthermore, supporting documentation for contract procurement will hereafter be immediately scanned and archived along with other relevant information into the project files located on the City's network files.

The City of Healdsburg

Single Audit Report

Status of Prior Year's Findings

For the Fiscal Year Ended June 30, 2012

Section IV – Prior Year Findings and Questioned Costs

2011-01 Finding – Deficiencies in internal control at the Swim Center:

During the review of internal controls at the Swim Center, we noted the following:

- a. Various daily pool reports were not signed by the cashier at the end of the day, and numerous daily pool reports were only signed by one person (same person was the cashier and the end of the day balancer).
- b. For drop-in customers, participants could simply sign in and pay the instructor. No receipts were given to drop-in participants.

Effect:

Lack of control over cash receipts increases the risk of misappropriation of funds.

Recommendation:

We recommend the City implement policies that will strengthen the City's internal controls at the swim center, such as establishing a tracking system on implementing reconciliation of cash being turned in with the amount of cash receipts collected and daily entry of number of customers.

Status:

Not implemented, see Finding 2012-1.

2011-02 Finding – Lack of proper internal control over cash receipts at the Community Development Center:

During our test of cash receipts, we noted the following internal control deficiencies at the Community Development Center:

- a. Two out of 6 receipts reviewed where zoning plan fees were incorrectly charged when calculated according to the fee schedule.
- b. No restriction for access to the petty cash box.
- c. There is a lack of segregation of duties with respect to the money received. The lack of segregation of duties exists because no close out at each shift, the same employee counts the money, reconciles with the receipts, prepares, signs off, and delivers the money to the City Hall.

Effect:

- a. By not correctly calculating fees, these customers may be under or over charged.
- b. Without restricted access to the cash drawer, a misappropriation of cash is more likely to occur.
- c. A deficiency in internal control increase the risks that errors and irregularities may occur and go undetected. It adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably, which can lead to a misappropriation of funds.

The City of Healdsburg

Single Audit Report

Status of Prior Year's Findings

For the Fiscal Year Ended June 30, 2012

Section IV – Prior Year Findings and Questioned Costs (Continued)

Recommendation:

We recommend the City establish procedures over the cash receipts system in the Community Development Center:

- a. All service fees charged are calculated correctly according to the council approved fee schedule.
- b. The key to the cash drawer should be locked and access limited to employees with cash handling responsibilities only.
- c. Someone other than the cashier should reconcile the cash and prepare the count sheet at the end of the day. Also management should review and sign off on the report.

Status:

Implemented.

2011-03 Finding – Unrestricted access to cash drawer at the Police Department:

During the review of internal control at the Police Department, it was noted that the police cash drawer is always unlocked and all employees have the access to the drawer.

Effect:

Without restricted access to the cash drawer, a misappropriation of cash is more likely to occur.

Recommendation:

We recommend the City ensure that all cash drawers are locked and access limited to an employee with cash handling responsibilities only.

Status:

Implemented.